

Navajo County Community College District Governing Board Meeting Minutes

January 17, 2012 – 9:30 a.m.

2251 East Navajo Boulevard, Holbrook, Arizona, 86025

Governing Board Member Present: Bill Jeffers, Ginny Handorf, E.L. “Dusty” Parsons and Daniel Peaches.

Staff Present: President, Jeanne Swarhout; Vice President, Blaine Hatch; Vice President, Mark Vest; Information Services Director, Eric Bishop; Recording Secretary to the Board, Kristin Thomas.

Others Present: Everett Robinson, Ann Hess, Stuart Bishop, Maderia Ellison, Ken Wilk, Eric Henderson, Dan Wattron, Beulah Bob-Pennypacker, Melissa Luatua, Peggy Belknap, Jake Hinton-Rivera, Brian Burson, John Bremer, Ina Sommers, Dave Roberts, Jay Zsorey, Kathleen Woods, Curtis Jacobs, Mario Serrano and Bev Kay.

Agenda Item 1: Call to Order and Pledge of Allegiance

Chairman Jeffers called the meeting to order at 9:30am and led the Pledge of Allegiance.

Agenda Item 2: Adoption of Agenda

Ms. Handorf moved to adopt the agenda as presented. Mr. Peaches seconded the motion. *The vote was unanimous in the affirmative.*

Agenda Item 3: Election of Board Officers

Mr. Jeffers asked for nominations of Northland Pioneer College Chairman. Mr. Peaches nominated Bill Jeffers as Chairman. Mr. Jeffers asked for any other nominations. None. Mr. Peaches moved to approve as nominated. Ms. Handorf seconded the nomination of Mr. Jeffers as Chairman of the Northland Pioneer College District Governing Board. *The vote was unanimous in the affirmative.*

Mr. Jeffers asked for nominations of Northland Pioneer College Secretary. Mr. Parsons nominated Ginny Handorf as Secretary. Mr. Jeffers requested that Ms. Handorf continue to serve as the Navajo County Community College District representative on the Community College Association of District Governing Boards, Ms. Handorf accepted. Mr. Jeffers asked for any other nominations. None. Mr. Peaches moved to approve and close as nominated. Mr. Parsons seconded the motion. *The vote was unanimous in the affirmative.*

Agenda Item 4: Call for Public Comment:

Bev Kay, chair of the Snowflake Community Values Committee expressed the group's concerns about Northland Pioneer College performing arts productions. Ms. Kay requested Ryan Montgomery be placed on the February NPC District Governing Board agenda to represent the Snowflake Community Values Committee.

Agenda Item 5: Reports

5.A. – Financial Position – Vice President Hatch

Mr. Hatch presented the first five months of fiscal budget period with 42% expired. Mr. Hatch reports the general unrestricted fund primary tax levy for November is \$3.4 million or 54%, which is higher than expected. It appears more taxpayers are paying their entire year's property tax as opposed to splitting it into two payments. Mr. Hatch noted tuition and fees stand at 44% as expected. Mr. Hatch reported lagging investment earnings at 37% instead of 42% as expected at this time. Mr. Hatch stated total revenues are at 55%. Operating Expenditures are at 37%, where expected to be. The unrestricted plant fund's only source of revenue is a transfer from the general fund. Capital expenditures are 38% year-to-date, tracking closely to the budget period expired. Mr. Hatch noted the restricted fund year-to-date total expenditures are \$2.2million. Mr. Hatch stated the auxiliary fund total revenues are 35%, which required a small transfer from the general fund to balance. Net cash, year-to-date, for all activities is \$4,942,714.



5.B. – NPC CASO – Ina Sommers

Ms. Sommers reports the group raised \$900 to staff for textbooks and professional development reimbursement. Ms. Sommers stated that again this spring CASO are collecting non-food items to donate to local charities. Last year, five different charities received donations estimated at nearly \$1,500 each. Ms. Sommers added Valentines Candygrams are being sold to benefit student scholarships.

5.C. – NPC Faculty Association – Brian Burson

Brian Burson, faculty association president, reports that convocation was a success as for faculty and staff exchanged ideas.

5.D. – NPC Student Government Association- Melissa Luatua

Ms. Luatua reports the Student Government Association has seven Senators in place. Election of officers is next week. All student government officer positions have been filled. Student Government Association President is April Overstreet from the Silver Creek campus in Snowflake however she is unable to attend since today is the first day of classes. Ms. Luatua stated convocation was a success in terms of fundraising and SGA is grateful for all of the support. SGA will attend the leadership conference at the University of Arizona February 17-19, 2012. Ms. Luatua reports many activities are happening with SGA; talent contest is April 14, transfer trip in March and a basketball tournament is planned as well. Ms. Luatua stated the SGA president, April Overstreet, plans to present the monthly report in the future.

5.E. – NPC Foundation- Lance Chugg

No report.

Agenda Item 6: Consent Agenda

Mr. Peaches moved to approve the Consent Agenda, as presented. Ms. Handorf seconded the motion.

The vote was unanimous in the affirmative.

Consent Agenda (Action):

- A. December 13, 2011 Study Session Minutes (T2)
- B. December 13, 2011 Regular Board Minutes (T2)

Agenda Item 7: Old Business

None.

Agenda Item 8: New Business

8.A. –Request to approve 2012-2013 Budget Assumptions and Guidelines (Action) – Vice President Hatch

Mr. Hatch stated the guidelines and assumptions are categorized in three main areas: General Assumptions, Revenue Assumptions and Expenditures Assumptions. The primary focus is to receive feedback from the board on what direction to proceed based on these guidelines and assumptions. Mr. Hatch stated the budget development calendar will be followed as approved on December 13, 2011. Preliminary budget analysis will include additional details compared to last year as requested by the board. Mr. Parsons asked if capital budget is to be reviewed before adopted. Mr. Hatch referenced the calendar: the tentative three-year capital budget will be reviewed and preliminarily adopted April 17; both final budgets will be adopted May 16, 2012. Mr. Jeffers asked to confirm the items in the three-year capital budget are included in the preliminary budget review analysis on March 20. Mr. Hatch confirmed. The statutory expenditures limit is partially based on preliminary estimate FTSE: 2013 is 2400. Mr. Parsons asked if the statutory expenditure limit is based solely on FTSE. Mr. Hatch stated no, it has three components: FTSE, base expenditures and inflation.

Mr. Hatch noted the NPC budget is tied directly to the NPC strategic plan. Mr. Hatch added the state funding is expected to be reduced FY11-12 by approximately \$1.4 million. The Arizona Community College Presidents Council requested the system retain level funding. Operating state aid is based on a decline in enrollment. Mr. Hatch reiterated the Arizona community college system has agreed to support and follow the equalization formula.



Mr. Hatch stated annual tuition and fees during 2012 reflects NPC as second lowest in Arizona at \$1,870. The NPC 2012 tuition and fees per credit hour are \$62, the lowest in the state. The statewide increase average last year was 8.52%, NPC was below average at 6.9%. Mr. Hatch stated the staff recommends to incrementally increase the tuition and fees rate in the \$4 range. Mr. Hatch added that a one-dollar increase is approximately \$50,000. Ms. Handorf asked if the tuition and fees graph presented represents the actual number. Mr. Hatch confirmed. Mr. Jeffers asked if it is too early to know what the other community colleges plan to implement. Mr. Hatch stated several other institutions have created a multi-year plan in respect to this increase by board adoption. Mr. Parsons asked if we needed to increase at all to make the budget complete. Mr. Hatch responded to say the increase assumption proposed is not the issue the issue is to prevent a large increase in the future. Mr. Jeffers stated dramatic increases have been made in the past and a wish to avoid those in the future by small consistent increases. Mr. Jeffers added the main question the board will answer is: will the quality of education and programs be maintained amidst the state cuts without the small increases in other areas? Mr. Parsons asked the increase at two dollars and three dollars per credit hour. Mr. Hatch responded to say for a full time student at two-dollars is a \$60 annual increase or 3.2%, three-dollars is a \$90 annual increase or 4.8%, four-dollars is an \$120 annual increase or 6.4%. Mr. Hatch added to maintain a competitive market rate is in the best interest for the future of the college.

Mr. Hatch presented property tax options. Mr. Hatch explained how in 2006 the legislature limited any increases in the tax levy to the current amount plus 2% beyond growth for new construction.

Mr. Hatch commented on the expenditure side that the colleges wage compensation had fallen behind the state's other community colleges over a two-year period. Staff is reviewing salary schedule compression in part because of wage freeze and wage reductions. Mr. Hatch stated minimal changes are expected in respect to the state retirement contributions. Mr. Hatch added the employee health benefits have yet to be set. Mr. Hatch referenced the approved budget development calendar and stated the next steps in process will be with budget department managers and executive staff. Ms. Handorf moved to approve the recommendation as presented. Mr. Peaches seconded the motion. Mr. Parsons requests to add dollar amounts in writing, not only percentages. *The vote was unanimous in the affirmative.*

8.B. – Request to Accept the Single Audit Reporting Package for Fiscal Year ended June 30, 2011 (Action) – Vice President Hatch

Mr. Hatch introduced Jay Zsorey, CPA, Financial Audit Director of the Arizona Office of the Auditor General. The unqualified audit for the Fiscal Year ending June 30, 2011 was filed with the U.S. Department of Education on December 22, 2011 well ahead of the March 31, 2012 deadline. It was also reviewed by the college's Audit Committee on January 12. Mr. Zsorey reported three financial findings: the district should strengthen access and change management controls over its information systems, the district should develop a test disaster recovery plan for its information systems, the district needs to improve its policies and procedures for capital assets. Mr. Zsorey reported the issue of non-compliance in regard to general session law and funds received for the construction of the Jake Flake Emergency Services Institute (Northeast Arizona Training Center- NATC). Mr. Zsorey stated the use of public funds were appropriate; however, the District must "control and operate" the facility as required by general session law. Mr. Zsorey's recommendation is that the District should review the existing arrangements with the involved parties and consult legal counsel in an effort to remedy the legal noncompliance. In addition the District needs to consider the effect of any changes that may affect financial reporting.

Mr. Zsorey reported two federal award findings: Career and Technical Education Carl Perkins funding in respect to equipment and real property management and procurement and suspension debarment. Mr. Zsorey reports the audit in this area did show no contractors as suspended or debarred. Mr. Zsorey stated the District has taken effective measures to begin corrective action to address all of these reported findings. Mr. Zsorey concluded the brief overview of the audit and opened the floor for questions. Mr. Jeffers asked a question in reference to the training facility; is the bottom line for the District to own the facility to control and operate as stated by session law? Mr. Zsorey responded to say that would be the easiest, but there are other options. Mr. Zsorey stated with the direction of legal counsel agreements could be reached with other groups to demonstrate control and operation without complete ownership. Mr. Jeffers asked if the college assumes ownership, are we committed to keeping the facility? Mr. Zsorey stated the ownership is recorded on financial statements; more legal research is necessary to determine the final answer in keeping the facility. Mr. Jeffers stated several years ago upon training facility discussion the initial intent



was to be a partner without realizing the money granted to NPC from the legislature meant the college was to control and operate facility. Mr. Zsorey commented the main reason for Auditor General's office to analyze these expenditures is to ensure they were used to benefit the public, and that has been confirmed.

Mr. Jeffers asked if the college is responsible for the foundation reporting. Mr. Zsorey confirmed it is not; the foundation is a legally separate entity to be governed by an independent board. Mr. Zsorey stated the foundation auditors are separate. Ms. Handorf stated the foundation report is an agenda item each month. Ms. Handorf added there has not been a report for at least five months and it is missed.

Mr. Hatch noted the District's responses to the Auditor General's recommendations are included in packet.

Mr. Parsons moved to approve the recommendation as presented. Ms. Handorf seconded the motion. ***The vote was unanimous in the affirmative.***

8.C. – Request Approval of Quit Claim Deed (Action)- Vice President Hatch

Mr. Hatch reported the staff was recently made aware of an error in recording a donation of property to the District. The attached quit claim deed resolves the improperly filed deed and clears the record to show correct ownership of the forty acres in question. Navajo County records correctly show a different ownership of the parcel, #104-06-38.

Ms. Handorf moved to approve the request as presented. Mr. Peaches seconded the motion. ***The vote was unanimous in the affirmative.***

8.D. – Institutional Effectiveness Report (Informational)- Director Wasson

Ms. Wasson stated the infrastructure needs based on reporting with respect to information collection, requested and shared that it is her priority to create a process to weave these needs together as a coherent narrative. Ms. Wasson listed current projects to increase relationship with National Student Clearinghouse and ASSIST for comparison and tracking purposes. Ms. Wasson reports another ongoing project is a survey software data package to improve communication with graduate and ongoing value of NPC education experience as it relates to individuals over time.

8.E. – Title III Project EAGLE: End of Year Report (Informational)- Director Bishop

Mr. Bishop stated seven of the ten objectives for year one of the Title III grant have been completed: Hire Systems Administrator, Increase Internet Connectivity at WMC, Add Internet Connectivity at PDC, Evaluate technologies for Model Classroom Design, Install Model Classrooms 1-4, Virtual Desktop Infrastructure (rollout this semester), Conduct Formative Evaluation for Project Year 1. Mr. Bishop commented one item is underway to revise project tasks as necessary. Mr. Bishop added process objective to increase connectivity to Hopi and Kayenta are delayed due to Kayenta center relocation. Hopi center improvements are expected in Spring 2012 when a more suitable provider is available to bring more bandwidth and value. Mr. Bishop reports process objective to install secondary WAN path between Green's Peak and Holbrook is delayed due to FCC licensing, an alternate path is being designed. Mr. Bishop added exploration of partnership for network resources sharing infrastructure with Navajo County to accomplish same task to mitigate risk of network downtime.

Agenda Item 9: Standing Business

9.A. – Strategic Planning and Accreditation Steering Committee (SPASC) Report – Director Bishop

Mr. Bishop reports no new SPASC activity since last meeting. Mr. Bishop stated the upcoming spring semester overview. Mr. Bishop stated a new "Bert-Bert character revisited" strategy has been designed to gather input from faculty and staff with hopes of improved discussion participation. Mr. Bishop stated a content portfolio team has been formed to begin forming the next Higher Learning Commission Portfolio. Accomplishments will be recorded and strategic plan revisions will be presented to the Board as a first read in May 2012 and approved in June 2012. President Swarthout noted SPASC will move more smoothly once the Higher Learning Commission confirms the new accreditation model with criteria and components.



9.B. – Human Resources Update – Dan Wattron

Mr. Wattron reports three positions were filled and there are four positions open. Employee of the year: Rickey Jackson, Director of Developmental Services.

Agenda Item 10: President's Report – President Swarthout

10.A.- Governor Jan Brewer 2012 Policy Objectives for Community Colleges

President Swarthout stated the Governor has requested the old P-20 council to move structure forward in performance based funding operations. Since completing the Strategic Vision for Community Colleges last year we are in a relatively good position to drive that conversation.

10.B.- Initiation of Discussions with Petrified Forest National Park Service Concerning Future Collaboration

President Swarthout stated discussions have initiated with the new superintendent of the Petrified Forest National Park. Discussion could potentially provide partnerships for students with training and background resulting in a positive outcome for all groups involved. President Swarthout stated as more develops items will be presented to the board for review.

10.C.- Community College Day, January 19, at the Capitol

President Swarthout stated meetings with legislators are developing as we speak. We recently learned of the Arizona Association of District Governing Board luncheon, which we plan to attend. President Swarthout noted there are set with Representative Jack Jackson and Representative Brenda Barton. The meeting with Senator Hale is still in the scheduling process. President Swarthout noted the meeting of significant interest is at 2:30pm with Dale Frost, the new Governor's Education Policy Advisor. President Swarthout encouraged faculty, staff and board members to attend. President Swarthout anticipates the schedule to become richer over the next 24 hours.

10.D.- Governors Budget was released Friday

President Swarthout commented it is uncertain if this year the Governor's budget will be the only one presented, as it was last year. The Governor's budget generally respects the ten districts community colleges funding requests.

Agenda Item 11: Board Report/Summary of Current Events

Ms. Handorf stated the AADGB meets prior to luncheon the same day of Community College Day at the Capitol.

Ms. Handorf stated the AADGB is in the process of preparing a handbook for Trustees.

Ms. Handorf noted the AADGB is in agreement to create a semi-annual or annual workshop or retreat to develop relationships to benefit all of the members of District Governing Boards across the state of Arizona.

Mr. Weber, NAVIT Superintendent, has a meeting with Representative Crandell to obtain more information in regard to his new bill introduced aimed at allowing JTED to award college credit. Mr. Weber stated this is concerning for several reasons. Mr. Weber will report more as the information develops but stated NAVIT is not in favor of awarding college credit and enjoys the existing relationship with the college. Mr. Weber hopes to encourage language to be provided in the bill to preserve existing relationships such as the one shared with NAVIT and NPC.


Agenda Item 12: Announcement of Next Regular Meeting: Tuesday, February 21, 2012.

Agenda Item 13: Adjournment



The meeting was adjourned upon a motion by Ms. Handorf, a second by Mr. Peaches and with a unanimous affirmative vote.

Respectfully submitted,



Kristin Thomas
Recording Secretary to the Board



Bill Jeffers
Chairman



Ginny Handorf
Board Secretary

APPROVED

