

Navajo County Community College District Governing Board Study Session Minutes

January 20, 2009 – 9:30a.m.

2251 North Navajo Boulevard, Holbrook, Arizona, 86025

Governing Board Members Present: Bill Jeffers, Dusty Parsons, and Ginny Handorf.

Absent: A.T. Sinquah and Daniel Peaches

Staff Present: President, Dr. Jeanne Swarthout; Vice President, Blaine Hatch; Vice President, Mark Vest; Director of Information Services, John Velat; Recording Secretary to the Board, Brandy Shumway; Maderia Ellison, Director of Financial Services .

Reports:

1. 2009-2010 Budget Development – Vice President Hatch

Vice President Hatch reviewed the activity items in the proposed Budget Development Calendar, Fiscal Year 2009-2010. Discussion included lobbyist involvement, dual enrollment, potential operational and equalization cuts, property tax revenues, fee considerations, tuition increases, classroom cap increases, impact on Apache County, and possible stimulus package funding.

President Swarthout summarized a list of options for balancing the state budget for fiscal years 2009 and 2010, recently released from the Joint Legislative Budget Committee. Dr. Swarthout emphasized that the document is an options list and not a proposal. President Swarthout stated that she will consolidate the information and update Board members as new information becomes available. President Swarthout stated that she will also keep the Board apprised of the progress with the formation of the Arizona Community College Presidents' Council (ACCPC).

Vice President Hatch stated that NPC's tuition increase is in line with what has been recommended over the years and that, even with small incremental increases, NPC continues to be the least expensive option in the state. Mr. Hatch stated that NPC will continue to connect expenditures to the Strategic Plan that the Board adopted last year. Mr. Hatch stated that health insurance is a major part of wages and benefits and that Administration will do everything possible to maintain the level of benefits and benefits costs. Mr. Hatch expects that health insurance costs will remain stable through the Navajo County Schools Employee Benefit Trust (NCSEBT). The Arizona State Retirement System announced the contribution rate will decrease from 9.45% to 9.4%.

Vice President Vest stated that the College, in conjunction with the NPC Foundation, is looking at providing scholarships for individuals who are experiencing joblessness. Mr. Vest also stated that the college is taking steps to address job retraining needs that might be considered by community colleges when there is an economic downturn.

Dr. Swarthout informed the Board that NPC plans to go forward with the Higher Learning Commission accreditation visit in October and that she is keeping the Commission abreast of the economic situation.

2. Agenda Item 8.A.: 2008 Single Audit – Vice President Hatch

Vice President Hatch stated that the audit report was submitted to the US Department of Education three and a half months before the deadline, and commended the Financial Services Director and the Controller for their



tremendous work and effort. Mr. Hatch reviewed the format of the audit, and noted that the Management's Discussion and Analysis is the only section that contains prior year comparative information. The Audit Committee is scheduled to meet at the end of January.

Mr. Hatch informed the Board that Staff is working to improve and eliminate all weaknesses and findings that exist. Maderia Ellison stated that much work has been done to improve the timing of bank statement reconciliations and internal controls have been put into place to address the findings. Staff anticipates that the findings will be completely eliminated within the next two audit cycles.

3. Agenda Item 8.B.: Dry Lake Tower Lease – John Velat

John Velat summarized Staff's recommendation to ratify a lease with Rocking chair Ranch, Inc. Mr. Velat anticipates that subletting the facilities will cover costs of rent plus depreciation of the facility and that the lease will cover most of the lifespan of the facility.

Responding to Board questions, Mr. Velat stated that licensed microwave paths are covered by federal law through the FCC and that any disturbances caused by the incoming wind farm will be negotiated via the lease. Mr. Velat stated that the equipment installed on the tower provides services between the north and south parts of the college's facilities.

Regarding the lease financing of the WAN equipment, Vice President Hatch commented that the intended finance firm has declined to sign the agreement that required by state law that mandates that the financial institution cannot have any dealings in Sudan or Iran. The firm is very large and is unwilling to go through the process of determining whether or not they deal in Sudan or Iran. Mr. Hatch anticipates that the lease financing of the WAN equipment will be brought to the Board again soon.

4. Agenda Item 8.C.: Reimbursement to Town of Taylor for Greater Arizona Development Authority (GADA) Loan Payment for Northeast Arizona Training Center (NATC) – Vice President Hatch

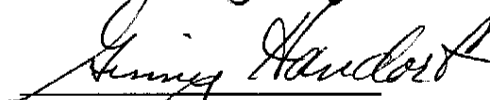
Vice President Hatch summarized Staff's recommendation for approval of a reimbursement to the Town of Taylor for a GADA bond debt service payment of \$10,484.31. Mr. Hatch stated that approximately \$75,000 of the \$1,000,000 of capital funding provided by the State of Arizona will remain unencumbered in capital funds for the NATC project. Mr. Hatch stated that the most recent information indicates that a change order of approximately \$35,000 is expected for the installation of the draft pit and that this information will be presented at a future Board meeting.

Study session ended at 10:45a.m.

Respectfully submitted,

Brandy Shumway
Recording Secretary to the Board


Bill Jeffers
Chairman



Ginny Handorf
Secretary to the Board

