

**ALVIN COMMUNITY COLLEGE  
REGULAR MEETING OF FEBRUARY 18, 2016  
OFFICIAL MINUTES**

The Board of Regents of Alvin Community College met in regular session on the 18<sup>th</sup> day of February, 2016 at 6:00 p.m., with the following members, administrative personnel, and guests present:

L.H. "Pete" Nash	Chair
James B. DeWitt	Vice-Chair
Karlis Ercums III	Secretary
Mac Barrow	Regent
Jody Droege	Regent
Cheryl Knape	Regent
Mike Pyburn	Regent
'Bel Sanchez	Regent
Doyle Swindell	Regent
Christal M. Albrecht	President, Alvin Community College
Cynthia Griffith	Alvin Community College
Karl Stager	Alvin Community College
Marilyn Dement	Alvin Community College
Wendy Del Bello	Alvin Community College
Jim Simpson	Alvin Community College
Karen Edwards	Alvin Community College
Linda Austin	Alvin Community College
Nadia Nazarenko	Alvin Community College

Bill Lewis  
Carol Pounds  
Debbie Fontenot  
Deborah Kraft  
Dwight Rhodes  
Elizabeth McLane  
Holly Williams  
Joseph Mills  
Ike Hamrick  
John Tompkins  
Kyle Marasckin  
Laurel Joseph  
Mark Putnam  
Patrick Sanger  
Rhonda Hull

Rhonda Myers  
Stephanie Havemann  
Suzanne Jerabeck  
Tammy Giffrow  
Vicki Marvel  
Wesley Land  
Andy Tacquard  
Benjamin Garcia  
Christina Rice  
Delores Martin  
Dick Tyson  
Erin Machac  
George Tacquard  
Gregg Knape  
John Wennerstrom

Kam Marvel  
Larry Buehler  
Leslie Bartosh  
Mike Myers  
Monica Morgan  
Shirley Brothers  
Terry Sawma  
Andres Diamond-Ortiz  
Geoff Tonini  
Marcus Deitz  
Michelle Morris

**1. Call to Order**

The meeting was called to order by Chairman Nash at 6:03 p.m.

**2. Certification of Posting of Notice**

Certification of the posting of the notice as listed in the agenda was acknowledged. Dr. Albrecht certified that a notice of the meeting was posted in accordance with Title 5, Chapter 551, *Texas Government Code*.

The Board immediately went into Executive Session.

- **Executive Session:** *Section 551.072 - For the purpose of deliberating the purchase, exchange, lease, or value of real property, if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person. Section 551.074 - To deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee.*

The Executive Session ended at 6:57 p.m.

### **3. Call to Order**

The meeting was called to order by Chairman Nash at 7:03 p.m.

- **Pledge**
- **Invocation**  
Invocation by Mr. Mike Pyburn.

### **Approval of Minutes**

The Board of Regents unanimously approved the minutes of the regular meeting of January 28, 2016 as presented.

### **Information Items**

The Dolphin Spotlight for this month included: Ms. Mary Alice Estes, Ms. Lynette McAfee and Joseph Lozano.

### **President's Report**

Dr. Albrecht shared the following comments:

The CEWD grant team received word on 2/9/16 that the department has been awarded a \$1.442 million grant from TWC. This grant will provide training for employees of INEOS, Ascend Performance Materials, and Team Services. Over the next 18 months CEWD will deliver 21,304 hours of instruction in 117 different classes to 579 individuals (934 duplicated enrollments) through this grant.

Our own Chef Mary Bass was recently named as Best Chef in the area in Galveston.com's Best of Galveston. Mary is an adjunct Culinary Arts instructor and former chef Haak Winery in Santa Fe and the Boulevard Restaurant in Galveston. She will also be featured on the Food Network Show Cutthroat Kitchen on March 6 at 9 p.m.

Five ACC Court Reporting students posted a 100 percent pass rate for the Texas Court Reporters Certification Board exam this month. The college routinely has among the highest pass rates of other court reporting programs in the state.

Flute player Karenmaria Oswalt, of Missouri City, was recently named to the Texas Community College All State Band! She will be performed at the ALL State Band concert last week.

More than 70 Alvin ISD students participated in the annual Science Fair event on February 11 at the ACC Gym. Three students were awarded \$200 scholarships to ACC for their projects. Dwight Rhoades leads that project every year.

We hosted nearly 50 students at the Nolan Ryan Center for a reception on February 3 after they were named to the 2015 Fall Dean's list. The students must earn at least a 3.5 grade point average for 12 or more credit hours in a semester and no course with a grade lower than a C to be eligible.

All of these items I mentioned highlight the success of our students, faculty and staff and are a great reminder to me of why we come to work every day and I enjoy taking a few minutes to celebrate our accomplishments.

Tonight the Board has a very long agenda that includes matters of great importance so I am keeping my report short. I see that there are also several community members who wish to address the Board, recognizing the important actions that the Board will consider tonight. I hope everyone in the room appreciates the significance of the decisions that will be made this evening and the thoughtful consideration that the Board will take to move the college forward.

### **Nolan Ryan Center**

Chairman Nash received and read a letter from Mrs. Ruth Ryan to the Board and audience. The Nolan Ryan Foundation has evaluated various considerations related to the curation and maintenance of certain Memorabilia and has deemed it to be in the best interested of all to transfer the Memorabilia from the Nolan Ryan Center in Alvin to the Texas Sports Hall of Fame in Waco, Texas. The lease will terminate effective December 2016. The Ryans thanked Alvin Community College, the Board of Regents and the City of Alvin for their service.

### **Citizen Inquiries**

*Time will be allotted at each regular meeting of the Board of Regents for citizen inquiries. After registering with the Board Secretary prior to the meeting, a citizen shall have an opportunity to address the Board of Regents for the four specific purposes as designated by State laws governing opening meetings: (1) to discuss an item that appears on the agenda/notice of the meeting, (2) to make a request for specific, factual information, (3) to ask for a recitation of existing policy, (4) to redress grievances. In accordance with State law, no deliberation, discussion, or decision will be made other than to consider a proposal to place the subject on the agenda for a subsequent meeting, unless the subject is listed on the Board agenda, in which case it may be discussed by the Board of Regents. A written response / acknowledgment will be provided from the Board of Regents. Oral comments are limited to five minutes in length, unless extended by a majority of the Regents by vote, and must not mention any individuals by name or position or contain any personally identifiable reference (State of Texas Opening Meeting Law). In the event there is a charge or grievance to be made against a specific agent, employee, or student, then it shall be conducted in an Executive Session to comply with State law.*

Joseph Mills – Dr. Mills is an instructor at Alvin Community College. Mr. Mills voiced his concerns regarding the future facilities master plan for the location of the campus astronomical observatory. He has heard that there is the possibility that it could move to the top of one of the buildings and gave reasons as to why he opposed this placement of the observatory. The reasons and concerns included: the observatory needs a very solid foundation isolated from vibration, accessibility for students, needs to be isolated from sources of heat in order not to deteriorate the images from the telescope and proximity to roads and lighting for optimum views.

George Tacquard – Mr. Tacquard is an ACC alumni. Mr. Tacquard commented that after attending the Board Workshop meeting, he had concerns regarding a couple of statements by the gentleman that ran the bond survey (Mr. Tonini). Mr. Tacquard said that the survey stated that the Shadowcreek residents thought they had not received anything for their taxes paid to the district and he suggested that they got the same opportunity to attend a community college with a sterling reputation and in district tuition. He also said that the survey noted that 75% of the Shawdowncreek residents had college degrees and would be surprised if their children aspired to a community college. Mr. Tonini said that his children probably would not go to ACC. Mr. Tacquard stated that if Mr. Tonini's peers feel the same way, then the projection for the west side campus may not be accurate. Mr. Tacquard posed the question, is there a backup plan for the west side campus if the enrollment fails to meet expectations? He thanked the Board.

John Wennestrom – Mr. Wennestrom is the Co-chair of the Long Range Facility Planning Committee. Mr. Wennestrom wanted to let the board know that he applauded them for taking the time out their schedules to work on this important decision for the college and the community. He spoke to the building of a west side

Campus. He sees this as a feeder campus to bring people into the ACC campus and a way to give them an introduction into the Alvin Community College system, by having a campus that is close, but bringing them in to finish out their course work and graduate. He urged the Board to think about those that came before them and that had passed bonds to expand the ACC campus in order that our children and other students could have the opportunity to go here.

Monica Morgan – Ms. Morgan is a taxpayer of Alvin Community College. Ms. Morgan wanted to let the Board know how much she appreciated the time that they are taking to deliberate on this particular bond matter and encourage the Board to take into consideration a milestone decision that could mean a big difference in the future of so many people in the community. During her career she was the director of Human Resources at the University of Houston main campus and during that time significant decisions were made to upgrade campus facilities, build new facilities, and build parking garages, a new stadium - things that would hope to attract new students to the campus. She is very proud of the accomplishments made over the last five years and it has been a significant change. She stated at that time, it was a very difficult decision during a difficult economic time to be making those decisions and investments, but it has certainly paid off. She understands that it is hard to make the decisions that seem as though it could be a burden to taxpayers or may not take advantage of ACC but there are a lot of students who need this opportunity and that there is a high demand and need for what ACC offers. She encouraged the Board to look toward and believe in the future of and the opportunities for students. She did agree that some of the population on the west side area might be very highly educated but that there are a large number of people and for those having more than one child, they all have different needs and will take different paths and they need to have the best alternative available that fits. She believes that ACC is the best source to give them the options and alternatives to prepare them for whatever career future they might have. She wanted the Board to truly look to the future and use the moment they have because she thinks that they will be very proud of whenever they look back and see how ACC has grown to serve the citizens in the district. She thanked the Board for their time.

#### **Data Report – Census Day Enrollment Report by Location**

This month's data report was the Census Day Internal Report by Location report. The report compared census data of spring 2015 to the current spring semester. Contact hours increased from 888,520 to 938,160 – 5.59% increase in spring 2016 and the headcount increased from 4,930 to 5,293 – 7.36% increase in spring 2016. The report will need to be certified by the Texas Higher Education Coordinating Board. The data presented was for information only.

#### **Grant – US Department of Justice OVW Fiscal Year 2016 Grants to Reduce Sexual Assault, Domestic Violence, Dating Violence and Stalking on Campus Program**

The request was made for ACC to submit a \$300,000 grant proposal for the US Department of Justice OVW Fiscal Year 2016 Grants to Reduce Sexual Assault, Domestic Violence, Dating Violence and Stalking on Campus Program grant. This grant is designed to provide training to campus police, ACC employees and students on crime prevention and awareness, communications system for the ACC police department, improved safety procedures and systems across campus and enhanced coordination with Brazoria County Women's Center and Alvin PD for victim's counseling. Motion to approve the college submittal of the grant to the Department of Justice was made by Mr. Pyburn. Seconded by Ms. Knappe. Motion passed unanimously.

#### **Consider Approval of Plat for Pearland Campus Property Located at 2319 Grand Avenue, Pearland, Brazoria County, Texas**

During the feasibility period of the Pearland Center contract for sale, it became known that the property plat did not indicate the abandonment of the alleyways. The college hired a surveyor to re-plat the property to document the abandonment of the alleyways and easements. The plat was presented to the Pearland City Council and was approved as drawn. Motion was made to approve the new plat for the Pearland Campus property located at 2319 Grand Avenue, Pearland, Brazoria County, Texas by Mr. Swindell. Seconded by Mr. DeWitt. Motion passed unanimously.

**Proposed Reorganization of Continuing Education/Workforce Development**

The Continuing Education and Workforce Development Division (CEWD) was established to be a revenue generating center. Over time, in some years the division has been successful in having revenues exceed costs, and in other years the expenses have exceeded revenue. This year the division is likely to be deficient as it was last year. In an effort to reduce expenses and lessen the deficit, the Dean/Executive Director of CEWD has recommended a reorganization.

Motion was made to table the matter to the March Board meeting and discuss in executive session, inviting Mr. Simpson to attend and lend more information to the items for discussion, by Ms. Sanchez. Dr. Albrecht confirmed with legal that it is permissible to bring Mr. Simpson into an executive session. Seconded by Ms. Knape. Motion passed. Votes for: Mr. Ercums, Ms. Sanchez, Ms. Knape, Mr. Barrow, Mr. Nash, Mr. DeWitt, Ms. Droege and Mr. Swindell. Votes against: Mr. Pyburn.

**Facilities Master Plan**

The final draft copy of Facility Master Plan that included the recommendations and prioritization of projects that would be included in a potential general obligation bond election was presented to the Board of Regents prior to the February 18, 2016 meeting for their review. Discussion included the possibility of any changes that may or may not be made to the plan and the adjustment of the plan according to the need within the different phases. Stantec explained that changes could be made since the plan is conceptional and is a living document. Motion was made by Mr. Ercums to adopt the Facilities Master Plan. Seconded by Ms. Droege. Motion passed. Vote for: Mr. Ercums, Ms. Sanchez, Ms. Knape, Mr. Nash, Mr. Pyburn, Mr. DeWitt, Ms. Droege and Mr. Swindell. Vote against: Mr. Barrow.

**Consideration and Approval of an Order Calling Bond Election**

During the February 11, 2016 Special Board Meeting, the Alvin Community College Board of Regents asked questions about the Facilities Master Plan from Stantec, Inc., which described project recommendations for the short term (1–3 years), middle term (4–6 years), and longer term (7-10 years). Regents also discussed recommendations from the Long Range Facility Planning Committee regarding suggested prioritization of the projects. In a report from Decisive Campaigns, Regents were provided information indicating that the bonds have sufficient individual support to be approved. Bond Counsel and Financial Advisors provided information regarding the impact on the local tax payers with various bond amounts.

During this meeting, the Board had an opportunity to ask questions about the survey, bond impact, and the projects in the Facilities Master Plan. Regents requested time to meet in another workshop (February 15, 2016) to further discuss and review suggested scenarios and combinations of projects whose total would be less than \$100,000,000. During the February 15 workshop, the Board discussed the projects in preparation for a final vote on February 18, 2016.

The Regents concluded that \$88,500,000 is a fair proposed bond amount. A motion to approve the order calling bond election was made by Mr. Ercums. Seconded by Mr. Pyburn.

The vote for the first item, was to authorize the election. The posting of the Notice of Election is a statutory requirement along with the requirement that a substantial copy of the election order be posted. After the approval of the election order, the election order, including language throughout the election order, is what will be posted and published as required by Texas law. This will be voted on in the May election.

Mr. Barrow recommended that the tax increase percentage be posted on the order calling for election. Mr. Deitz stated that the modification of the language request could be entered in the order upon motion and approval by the Board. The proposition language itself should not and cannot change, in other words, what shows up on the ballot. However, the notice can include a motion that shows a percentage increase. The change would occur in section 1B and this will then become the notice of election. This is what will be published in the newspaper, posted throughout the district and voting locations during both early voting and Election Day voting.

A draft order calling bond election was brought before the Board and the motion was made by Mr. Barrow to amend the motion to add the language to include the percentage amount of tax increase to section 1B of the order calling bond election in the posting. Seconded by Mr. Pyburn. Amendment motion passed. Vote for: Mr. Nash, Mr. Barrow, Mr. DeWitt, Mr. Pyburn, and Mr. Swindell. Vote against: Mr. Ercums, Ms. Sanchez, Ms. Knappe and Ms. Droege.

Comments regarding the order calling bond election from various Regents are as follows:

Mac Barrow – Mr. Barrow stated the following:

#### ACC Bond Questions/Comments 2016

##### General

- A. As one of nine elected representatives of the people and expressing my own convictions, I will not vote for this bond proposal because:
1. The bond proposal has been hurriedly put together to meet the May voting date. It is my opinion that the board was left out of the loop until urgency of passage and timeline became critical.
  2. The Condition of the campus has been overstated such that a person without direct knowledge would think the place has deteriorated to the point that it is unsafe. The public should know that approximately \$8,000,000 was spent on repair, remodeling and upgrading the campus after Hurricane Ike. This is totally contrary to the rundown condition preached by some. Stantec's assessment of the fourteen major buildings was twelve were "generally in good condition and well-maintained". Building G (the most used on campus) and K building were rated less but the verbiage for G was essentially the same as those that were well maintained. There seems to be an unstated movement to get rid of G. Is it aesthetics to help beautify the courtyard? Is it to reduce the number of unused classrooms to help justify the west side campus?
  3. Classroom Use. Does the public know that our classroom utilization is very poor when compared to national standards? From page 48 of the Stantec document, "Overall classroom utilization, a combination of scheduling and section fill, is approximately 36% versus the goal of 65%. The average classroom is scheduled 16 hours per week compared to the goal of 32 hours per week (or approximately 26 hours per week if the model is informally modified to represent four-day per week scheduling)". How can the taxpayers afford to have their buildings so underutilized on a four day per week schedule? What if the public schools had this same practice? What is the justification for building a new west side campus when we currently have so much underused space in Alvin?
  4. Cost. This proposal will be 4.5 times larger than the last bond that passed (\$90MM vs \$20MM and has 25 year payout versus 20 years. The tax rate will increase by \$.07139 per \$100 valuation and will increase each taxpayer's bill by 34%. How much more in additional taxes can this community afford?
- B. I am for the following:
1. I am for the Technical Building. Our area is in need of trained craftsmen and this need continues to increase with the drop in oil prices.
  2. I am for buying land for a future west side campus. I continue to believe that we should have an initial storefront campus that can provide good data and reasons for building a new facility.
  3. I am for some funds that can be justified based on hard numbers for building improvement. E. g. energy savings should be quantified with real savings that have a predetermined payout.

Respectfully yours, Mac H. Barrow – 2-18-16

Karlis Ercums – Mr. Ercums commented that he is a lifelong resident of Alvin, the first born son of an immigrant, a graduate of ACC, an employer in the Alvin area for 35 years and the only higher education experience he has had has been at ACC. The campus had relatively new buildings when he attended in 1979. The students that are now served are not the same of those in the 70's and 80's. Their needs and aspirations, level of knowledge of the world is so much more.

He understands Mr. Barrow's concerns in that of tearing down buildings, but the students of today are not attracted to these buildings. He stated that he has great memories from being in these buildings when he attended, but again, it does not portray what the students of today want. He recently toured San Jacinto South's new building and during the tour he noticed how many students were there, how full the campus was and how the buildings were being used and that is how ACC needs to become. His analogy of ACC is that it is like a tree that is overgrown, needs some pruning and touching up. He firmly believes that the bond will take care of the needs and thinks it will bring ACC to the level it needs to be to attract students. He fully supports the bond and thinks that something needs to be done now and that costs are not going to down, this area is not going to stop growing and it's on the verge of explosive growth. ACC needs to be prepared to serve our constituents. He stated that the bond will affect his taxes, but fully supports and feels it's important as a community to do this.

Bel Sanchez – Ms. Sanchez stated that she understands that Mr. Barrow felt the process went fast or too hurriedly, but that the Regents had numerous opportunities to attend all the various meetings that were held on campus for the community wide input. She didn't see many of the Regents there, and it was their choice not to attend. She also stated that if the Regents wanted to be up on what the committee members and the community were saying, the Regents could have been at those meetings and gotten more information. She said that a part of the role of being members of the Board is to get as informed as possible and everyone could have attended these meetings, so "I think that it is on us, if we didn't get more information".

Jody Droege – Ms. Droege agreed with Ms. Sanchez. She stated she was at every meeting that was scheduled and that every meeting had various kinds of information presented, answers to questions and if the answer wasn't known it was brought to the next week's meeting. She felt that there was definitely enough information given to be an informed Board, whether Regents chose to be there or not. She stated that being able to listen to the community, students, staff and their needs meant something. She said that having that information and being able to look at it all at one time made it easier to make an informed decision as to what should be done to move the college forward.

Mike Pyburn – Mr. Pyburn stated the following: "I have lived in this district since I was a small child and in Alvin my entire adult life and you don't have to look to hard to see what this college means to this area. There aren't too many towns the size of Alvin that can boast a community college. Although I never attended here, my kids have taken classes here. I have served on the Alvin ISD school board, the ACC board for 14 years, my wife was a teacher, my daughter is an elementary education major - education is very important to me. I see the difference it can make in people's lives and the opportunity this college offers to get an education is incredibly important and with saying all that, it is not an easy call to call a bond issue as these things cost a lot of money. We started this process over a year ago and number one on our priority list for our new President was to develop a strategic plan and part of that included a facilities master plan, which she has done along with a lot of other people. I think it is a good plan. It's not perfect and it will change thru the years and that is ok, as it is a guide in which we were sorely lacking. I think that the Long Range Facilities Planning Committee did a good job of identifying the priorities, although this recommendation tonight does not fully fund every priority, it does at least partially fund eight out of nine elements of phase one to one level or another.

As far as the west campus goes, I think that we have all known intuitively, that we have needed a presence on the 288 corridor. We have talked about it for years. It is one thing to know intuitively, but another thing to have the data to show that we need it. That was always a big question. The bottom line is we have a mandate to provide educational opportunities to people all over our district and not just in Alvin. I understand that people can drive here but having grown up in Manvel and making that trip many times, I understand that those who live in Shawdowcreek and that area, would choose to go north or east where it is closer to them. The question for me was one of timing, when is the best time to build a west campus. The one thing you don't want to do is build a building and not fill it up, as that could have a terrible impact on the M&O. Given that we've been given research and from the team that put together the master plan, I feel fairly confident that between the numbers that we are losing to other community colleges, the students that will transfer from this campus, and the likelihood that we will pick up people from the area that will choose to attend our campus, that the timing is

right now. The other side is, that if the timing is right, where do we get the funding and that is what we are asking the public to support. Certainly we are not perfect, hopefully we learn from any mistakes. There are a lot of issues that we need to deal with and Mr. Tacquard has brought the classroom utilization up and that is something that we have to work on and get better at. But we don't necessarily throw the baby out with the bath water. We need these renovation projects to E building, a new technology building, overall classroom renovations and site safety. These are all worthy projects.

We may not all agree, but we did come to a good balance on the amount of the bond for a fair presentation to the voters. I am fully going to support this bond issue, but I am fully willing to accept what the voters tell us. I hope that they will see the rationale and logic behind this proposal and have to trust that and will work for that".

Doyle Swindell – Mr. Swindell noted that he was in the first class of ACC. He stated that "it's not exactly what I wanted but am willing to compromise and think that we've come pretty close to covering most of what is in the plan". He also thinks the west side of the district does need something. He also said, "We will find out with the bond issue if it is what the people want and hope that we do have good support for the bond issue".

Mac Barrow - Mr. Barrow stated the following: "In anticipation that the Board will vote in favor of posting the bond election, I certainly respect that and respect the Board members to vote their conviction. That is what I will do. The bottom line is that, the ultimate democratic process is that, we will accept the will of the people and their vote. That is fair enough".

Motion to approve the order calling bond election as amended was made by Mr. Ercums. Seconded by Mr. Pyburn. Motion passed. Vote for: Mr. Ercums, Ms. Sanchez, Ms. Knape, Mr. Nash, Mr. Pyburn, Mr. DeWitt, Ms. Droege and Mr. Swindell. Vote against: Mr. Barrow.

### **ACC Board Policy 18.13 on Tax Abatements**

Tax Abatement policy 18.13 was enacted in 2012 under the advisement of local and state political groups to consider tax abatement for businesses considering moving into the Alvin Community College taxing district. Mr. Pyburn felt that the Board should vote to rescind the policy and eliminate the negative effect of the abatement procedure. He feels that it does not promote a fairness aspect to the taxpayers and other businesses who pay full taxes, along with the divisiveness it can bring between the Board of Regents. Mr. Ercums agreed with Mr. Pyburn and also stated that businesses will go where they can best benefit. Ms. Sanchez spoke in favor of an abatement policy from the view of bringing jobs into the community. Ms. Droege had concerns that if the policy is rescinded that it could possibly mean that businesses and the training for their employees may go elsewhere if they are not considered for an abatement and a possible revision of the ACC vision statement. It was noted that grants could be used for training and ACC could be a partner if businesses do choose to locate in the area and do not get an abatement.

Motion made by Mr. Pyburn to rescind Board policy 18.13 regarding tax abatements. Seconded by Mr. Ercums. Motion passed. Votes for: Mr. Ercums, Mr. Barrow, Mr. Nash, Mr. Pyburn, Mr. DeWitt, and Mr. Swindell. Votes against: Ms. Sanchez, Ms. Knape and Ms. Droege.

### **Institutional Reserve**

~~Mr. Dewitt brought before the Board that the remaining cash funds, in which he stated the amount of \$880,000, from last year's budget be moved to the institutional reserve fund. Mr. Stager gave the explanation of the effects of the 2015 exit incentive of \$1.635M on the budget and the Governmental Accounting Standards Board (GASB) Statement 68 related to the TRS liability both combined reduced the college fund balance by more than \$6M. Since these two occurrences leave the unrestricted fund balance in a deficit of \$6.9M as of 1/31/16, Mr. Stager recommends that no entry be made from the unrestricted fund balance until after the audit of 2015-16.~~

~~Motion by Mr. Dewitt to move \$880,000 left over from last year's budget to the institutional reserve fund. Seconded by Mr. Swindell. Motion failed. Vote for: Mr. DeWitt and Mr. Barrow. Vote against: Mr. Nash, Mr. Ercums, Ms. Sanchez, Ms. Knape, Mr. Pyburn, Ms. Droege and Mr. Swindell.~~

**Pete Nash:** Next item on the agenda is “Institutional Reserve.” I am not sure I know what this is about.

**Bart DeWitt:** You’re not sure what that is?

**Pete Nash:** No sir.

**Dr. Albrecht:** I am not sure either.

**Pete Nash:** Would you like to speak to it? Bart?

**Bart DeWitt:** Well, I don’t know whether I need to make a motion first before we discuss this or not.

**Pete Nash:** I think you do.

**Karlis Ercums:** This is an informational item only, right?

**Dr. Albrecht:** I was just asked by the Mr. DeWitt and Mr. Nash to put this on the Agenda so I don’t even know what the “Motion” might be.

**Bart DeWitt:** Okay. Based on information that we received on the end of the year report. The number that I have here is going to be reflected in my “Motion” and so I move that we move \$880K from last year’s budget leftover to the Institutional Reserve.

**Mac Barrow:** I second it.

**Pete Nash:** Seconded by Barrow.

**Pete Nash:** Mr. Swindell, Okay.

**Mike Pyburn:** Where are you getting that number, Bart?

**Bart DeWitt:** I got it from Debbie.

**Pete Nash:** Where is this money now? (Bart speaking to Nash, but inaudible).

**Bart DeWitt:** In the past what we’ve done is whenever there was budget money leftover at the end of the year from the prior year’s budget we moved that into an Institutional Reserve fund and we have kind of gotten away from that in the last couple of years. Usually, we had a report much earlier than this showing what our balance would be. And so we would put it into the reserve fund so that’s what I am proposing that we do. On page 39, shows that our current balance there and if you recall we moved \$150K in that last year when we adjusted the budget.

**Bart DeWitt:** This is ....what I am assuming the number hasn’t changed. \$880K?

**Mike Pyburn:** Is that the residual from 2015? 2014 – 2015 Budget?

**Karlis Ercums:** Isn’t our budget starting in the beginning of August?

**Karl Stager:** Correct.

**Karlis Ercums:** We are still in the middle of our budget year—right?

**Karl Stager:** Correct. And actually before we start I just want to say that on page 39 I have just one little typo that makes a slight difference here. I put summer of 2015 if you’ll see it at the end of line four that should say really say the summer of 2014. Just so you’re clear, because in the summer of 2014 is when y’all voted on the budget for fiscal year 2015 and so that had \$150K set aside for Institutional Reserve so now we’ve completed fiscal year 2015 and then last month in the January board meeting, the Auditors were here and presented the Audit and so forth so once that Audit was presented — this is the first time that we’ve done this if you have the new and updated page with the yellow and blue. We’ve made an entry based on...really what your vote was on when you adopted the budget in the summer of 2014 for fiscal year 2015, because y’all said go ahead and move the \$150K over once the year is over. To me once the year is really finally over is when you finally adopt the Audit for fiscal year 2015. So this is the first time we have done this and I didn’t feel like we had to bring the \$150K back to you to vote again, because really you voted for it in the summer of 2014 so that’s something different and the first time we have ever done that.

**Karl Stager:** Also, but in the summer of 2015 y’all also voted the same type thing. There is \$150K reserve so once we finish this fiscal year, we’ll do the same. You’ve already made that clear in your vote. We even have it lined out in the budget it will go to Institutional Reserve. It even shows on your financial statements month by month during the fiscal year.

**Karlis Ercums:** Karl, where is Bart getting the \$800K from?

**Karl Stager:** I think I know theoretically where he's getting that from. I don't have those pages in front of me. Is that last month's agenda that you're looking at — the blue pages?

**Bart DeWitt:** It's one we got that shows the year end.

**Karl Stager:** Can I just look at the fiscal shortly?

**Mike Pyburn:** It would be the white pages in this Book.

**Bart DeWitt:** No it's going to be in the blue pages — January's. This is what Debbie gave me on that. That's what she gave me. She wrote that. It doesn't show that.

There is discussion between Mike Pyburn and Bart DeWitt regarding which document.

**Bart DeWitt:** This is the year end. Not that.

**Karl Stager:** What I am really prepared for is the pages that I passed out for you so maybe it kind of explains it from what I am prepared for, cause I am not quite prepared for that. I can tell you what I believed what we're dealing with here. I explained some of that at last month's meeting so we have to follow accounting rules therefore we have to do accrual accounting and that's a big part of what the Auditor was explaining last month. It was probably not very understandable. It dealt with accruals and one of the numbers that is new this year is an actuarial estimate that deals with TRS retirement and so the number that came out was about a little over \$6M dollars. So basically that suppressed our overall fund balance for the college by about \$6.2M so when you look at this page here, what this is basically the M&O Fund balance — the two line items. The top one is unrestricted fund balance and the bottom is institutional reserve. You notice on the right-hand-side of the blue numbers, notice that the blue number at the top the \$6,902,651, that is a positive number and you notice the number at the bottom \$2,827,796 is a negative number. In accounting when you are talking about fund balance a negative number is a good sign. It's basically saying, over all the years because it's cumulative number basically your net income over the years and if it's a negative number that general means your revenues were in excess of our expenses so as you can see the top number is a positive at \$6.9M, which isn't good necessarily. That is basically saying in you are in deficit there — basically about \$6.2 M of that is due to the TRS estimate. It's a calculated figure that's not money that left our bank account it's something that we just had to do, due to accounting rules. The difference about \$800K is closer to the actual — even that's not cash, but it's an expense that's a true expense where cash one day will leave our bank account and that relates to the \$1.6M that we had to expense for the PAR's Exit Incentive. The good news is you're not seeing the \$1.6 M as being the difference so that means do to the planning that y'all did with the \$150K in this particular area there is also \$153K of excess revenues. That helps soften and cushion the blow of that PAR's expenditure that we didn't really have. We didn't even know about when we adopted that budget. Even when we did that \$150K entry, we were basically making a deficit number the \$6M number larger. You can see the number of the left hand column is \$6,752,651. By giving it a debt of \$150K, I am sorry this is an accounting lecture, but — it made a \$6.9M number that's even more of a deficit. However, one day we will catch up. I feel that we will catchup this year once we sell the Pearland Center and that revenue that will come in — plus our normal budget operations. I feel we will do well this year based on the ways revenues are coming.

Though we have revenues coming in so I think Mr. DeWitt is talking about the \$800K he is talking about is basically cash that we still have in the bank even though we expensed it on our books, but because of the accounting rules, we aren't totally really a cash basis operation. We have to follow accrual rules and therefore, if we were to move \$800K, and I don't think we should, that would move us up to \$7.7M in unrestricted fund balance and it would bring the Institutional Reserve up higher, but basically it is just a counter balance to the bigger positive balance, which is negative as far as laymen's terms and the unrestricted reserve. I think it will all straighten out and we'll get the benefit, because these numbers are cumulative once we get a year— and I think it will be this year when we sell the Pearland Center and we get that true revenue coming that will be real cash in the bank and then we'll be about to reap the benefits of that. That will pump up our unrestricted fund

balance, it will then have a balance that we can move in the next fiscal year once the audit is over and we can move more money into Institutional Reserve.

**Karlis Ercums:** Karl?

**Karl Stager:** Yes.

**Karlis Ercums:** What you're saying is the \$800k that he's (Bart) is talking about— even though we haven't spent it yet, you're going to have to spend it here, because you had to go ahead and account for it. Correct?

**Karl Stager:** Yes.

**Karlis Ercums:** Okay

**Karl Stager:** We had to recognize it this.

**Karlis Ercums:** It's there, but it's an expense that is going to occur so it needs to stay in that account until that expense comes due and then you're going to pay it.

**Karl Stager:** Right.

**Karlis Ercums:** So if we move it into a general fund, we're going to have to take it right back out to make that payment— right?

**Karl Stager:** Right.

**Karlis Ercums:** Right, so do you understand Bart? He can't move the money even though the money even though the money.....

**Bart DeWitt:** That's not an expense. He's talking about the PAR's and the PAR's.....

**Karlis Ercums:** No, he's talking about what that is. That's money that's in the account that he had to account for as an expense even though it's there it hasn't been spent yet. It's going to be spent soon so he can't go moving it. Their putting \$150K into general fund or whatever account is account that you're wanting to do.

**Dr. Albrecht:** Unrestricted

**Karlis Ercums:** Unrestricted fund balance and you're....it is not something you can do.

**Bell Sanchez:** I just think we need to respect our folks and their doing business as they need to be and I truly, respectfully... I think when we have questions like this we need to either call Karl and Dr. A. and sit down and discuss it, but... I am just totally befuddled right now. But I am going to do what Karl tells me to do, because that's what we pay him for.

**Pete Nash:** Go ahead Karl.

**Karl Stager:** So serious, there is no reason in prolonging this and making it a little more miserable for everybody, but we will try to do while we're in discussions with Lone Star College and I think Austin Community College— what we'd like to do and we're trying to find out if we can do this is segregate the part that relates to TRS out of that unrestricted fund balance and if we can find that we can do it we'll bring that to you and then that way we can see... that'll set that aside because that numbers going to go up and down, its based on accuracies and it will segregate our unrestricted back to the way it used look and it will look much better for you in the future and that's really our next move to try to figure out to make this easier for y'all to understand.

**Bart DeWitt:** Do we have cash left over from last year's budget?

**Karlis Ercums:** Why don't y'all have that discussion?

**Karl Stager:** We have plenty of cash in the bank. We have cash in investments.

**Bart DeWitt:** No, we passed a budget. We pasted the tax rate and we took in all this revenue and so at the end of the year if we spend more than we took in or did we not?

**Karl Stager:** Well there is an easy way to I can check that. I don't have the number right now, but we can look at our cash balance in August 2014 and cash balance of August 2015 and I can let you know if we had more cash or not. Expenses that we had were inflated mainly due because of PAR's, because that was \$1.6M even though not all the cash left the bank.

**Bart DeWitt:** So this \$880K does not represent cash that was left over from last year budget.

**Karl Stager:** The expense, because it was a calculated accrual expense hit the budget. It hit the budget as just as if it had been cash expense. In theory you think we might have a decent amount more cash left in the bank. True money left in the bank, but coming to an income when you're looking at an income statement the expenses were gone and exceeded the budget, because that was an unplanned budget line item we had to put into the financials for that year. That is the down side of an exit incentive. You're hit with all the expenses in that first year once it's measurable and you know that it is actually going to be due. The good news is that we'll be saving money in the future.

**Karlis Ercums:** Do we have a motion.

**Pete Nash:** Yes we do.

**Karlis Ercums:** Has been seconded.

**Pete Nash:** Yes

**Karlis Ercums:** Can we vote on it?

**Pete Nash:** With a discussion? Okay, if all in favor raise your right hand.

**Dr. Albrecht:** Do you want to restate the motion.

**Pete Nash:** Restate the motion just move the \$880K to the Institutional Reserve. Correct?

**Mike Pyburn:** Yes

**Pete Nash:** All in favor raise your right hand. One, two. All opposed? Motion fails. Next item is the resale of trust property.

**Vote for:** Mr. DeWitt and Mr. Barrow. Vote against: Mr. Nash, Mr. Ercums, Ms. Sanchez, Ms. Knape, Mr. Pyburn, Ms. Droege and Mr. Swindell.

### **Resale of Trust Property**

The following properties were brought before the Board of Regents for resale consideration:

Account #7680-0105-000, Brazoria County suit #65822

Account #7680-0024-000, Brazoria County suit #34671

A motion to approve the resale of all properties was made by Mr. Pyburn. Seconded by Mr. Ercums. Motion passed unanimously.

### **Financial Report Ending January 2016**

Discussion included the clarification of the use of the auxiliary (enterprise) accounts. Mr. Pyburn inquired as to whether these accounts are restricted to the use in which they are designated or can that money be used for any discretion. Mr. Stager and Ms. Micki Morris, Legal Counsel, confirmed that these accounts are indeed restricted to the use in which the funds are designated.

Motion by Mr. Ercums that the Board of Regents approves the Financial Report ending January 2016 as presented. Seconded by Ms. Sanchez. Motion passed unanimously.

### **Adjournment**

There being no further business before the Board, the meeting was adjourned at 8:41 p.m.