

MINUTES OF THE REGULAR MEETING
OF THE BOARD OF REGENTS OF THE DEL MAR COLLEGE DISTRICT

April 10, 2018

The Regular Meeting of the Board of Regents of the Del Mar College District convened in the Isensee Board Room, Del Mar College, Corpus Christi, Texas at 1:00 p.m. on Tuesday, April 10, 2018, with the following present:

From the Board:

Mr. Trey McCampbell, Dr. Nicholas Adame, Mr. Ed Bennett, Ms. Elva Estrada, Ms. Susan Hutchinson, Ms. Sandra Messbarger, Mr. Gabriel Rivas, Ms. Carol Scott, and Mr. Guy Watts.

From the College:

Dr. Mark Escamilla, President and CEO; Dr. Beth Lewis, Executive Vice President and Chief Academic Officer; Mr. Augustin Rivera, Jr., General Counsel; Dr. Rito Silva, Vice President for Student Affairs; Mr. August Alfonso, Vice President for Facilities and Operations & Chief Information Officer; Ms. Tammy McDonald, Vice President of Human Resources and Administration; Ms. Claudia Jackson, Executive Director of Strategic Communication and Government Relations; Ms. Mary McQueen, Executive Director of Development; Ms. Natalie Villarreal, Director of External and Board Relations; Ms. Delia Perez, Board Liaison; and other staff and faculty.

CALL TO ORDER/QUORUM CALL/MOMENT OF SILENCE/PLEDGE OF ALLEGIANCE/MISSION STATEMENT

Mr. McCampbell called the meeting to order with a quorum present. He requested a moment of silence followed by the Pledge of Allegiance and Mission Statement.

RECOGNITIONS:

Students and Staff:

Dr. Leonard Rivera, Dean of Continuing Education and Off-Campus Programs.....Dr. Beth Lewis

- Received the 2018 I-Achieve Postsecondary Advocacy Award issued by CCISD
(Goal 3. Professional Initiatives: Provide Innovative, Relevant, and Meaningful Opportunities)
- Graduated from the Fellows Program offered by the National Community College Hispanic Council (NCCHC), associated with the American Association of Community Colleges (AACC)
(Goal 3. Professional Initiatives: Provide Innovative, Relevant, and Meaningful Opportunities)

Dr. Lewis congratulated Dr. Leonard Rivera for receiving the 2018 I-Achieve Postsecondary Advocacy Award from CCISD on March 29th. The award recognized him for working closely with schools, primarily South Park and Cunningham Middle Schools through the Parent Academy, DMC campus visits and completion of adult basic education.

Dr. Lewis congratulated him also for another recent accomplishment: graduation from the Fellows Program offered by the National Community College Hispanic Council (NCCHC) which

is associated with the American Association of Community Colleges. He was one of twenty-two Hispanic community college administrators from across the country to successfully graduate from the program.

- Robert Muilenburg, Scott Beckett, and Foghorn staff: Finalists for two prestigious national awards, Associated College Press (ACP) Pacemaker Award, and College Media Advisors (CMA) Pinnacle Award.....Ms. Claudia Jackson
(Goal 3. Professional Initiatives: Provide Innovative, Relevant, and Meaningful Opportunities)

Ms. Jackson asked Robert Muilenburg, Scott Beckett and the Foghorn students to join her at the podium. She reported that the students that work on the Foghorn newspaper reached a national level of recognition. The Foghorn was named a Pacemaker finalist for overall excellence from the Associated Collegiate Press Association and a pinnacle finalist for overall excellence from the College Media Advisors organization. Ms. Jackson provided information regarding individual awards attained by the students.

- College Relations Staff: Earned four national and five district awards for radio and television advertising campaign and other promotional, mobile app graphic design projects
.....Ms. Claudia Jackson
(Goal 3. Professional Initiatives: Provide Innovative, Relevant, and Meaningful Opportunities)

Ms. Jackson thanked her College Relations team for earning four national and five regional professional awards this Spring. Ms. Jackson described the awards the staff received from The National Council for Marketing and Public Relations and the awards received from District 5 of the Council for Advancement and Support of Education.

STAFF REPORTS:

- Civitas Update.....Dr. Rito Silva
(Goal 2. Student Access and Support Services: Maximize Affordable Access and Excellence in Student Services)

Dr. Silva reported that the College partnered with Civitas in December 2016 and has experienced successes. He introduced Ms. Lauren Hammonds, Senior Partner Success Consultant with Civitas.

Ms. Hammonds provided an overview of the Illume student platform that the College uses and additional programs the College will begin in the near future. She described Illume as the College's command center for student success, which personalizes the College's student experience. The program identifies at-risk students with precision and accuracy and delivers the right message to the student at the right moment. The presentation included information on the Nudge Campaign; the College has initiated the Graduation Nudge Campaign, and Graduation Outreach and they have seen positive outcomes, with 26% increase in

applications in Spring 2016-2017 and an increase in graduation of 31%. An additional Nudge Campaign is the Men of Color Initiative, headed by Dean Cheryl Sanders. Ms. Hammond stated that Civitas is proud of the College's successes and what they do for students.

Dr. Escamilla, Dr. Silva and Ms. Hammonds responded to questions from the Regents throughout the presentation.

- DMC Police Department Update.....Dr. Beth Lewis/Lauren M. White
(Goal 2. Student Access and Support Services: Maximize Affordable Access and Excellence in Student Services)

Dr. Lewis and Ms. White provided an update on DMC's effort to establish an on-campus police department and described the process for transitioning the security office into a police department. They provided information on current security on campus; what has been completed; what remains to be completed by September 2018; and the tasks remaining to complete by January 1, 2019. In Spring 2019 they will begin hiring 8 officers, with the goal of being staffed with 16 officers by Fall 2020.

Dr. Lewis and Ms. White responded to questions from the Regents.

- 2014 & 2016 Bond Updates - Capital Improvement Projects.....Mr. August Alfonso
(Goal 7. Resources: Ensure Strong Financial and Operational Capacity)

Mr. Alfonso introduced Amos Byington, assigned to the College as Project Manager for the 2014 and 2016 Bonds and Nathan Swinney, Vice President, AG/CM.

Mr. Alfonso provided a 2014 Bond Update, providing details on completed projects: Central Plant Phase I & II, projects under construction: Emerging Technologies Expansion, Workforce Development Center, and General Academic/Music Phase II and also provided information on the Master Planning/Site Development of the South Side Campus. Mr. Alfonso presented a video showcasing the three projects.

Mr. Alfonso and Dr. Escamilla responded to questions from the Regents.

- Preliminary 2019 Budget Update.....Ms. Lenora Keas
(Goal 7. Resources: Ensure Strong Financial and Operational Capacity)

Dr. West reported that Dr. Escamilla, Ms. Keas, John Johnson, and the Executive Team have been working on the 2019 preliminary budget.

Dr. West's presentation included information on the following:

- Budget timeline and process;
- 2019 Strategic Initiatives Review (allocating resources according to the Strategic Plan);

- Preliminary Budget Assumptions (tuition & fees and tax assumptions): Projected increase of \$137,702, projected 2018-2019 budget is \$97,685,317;
- Projected Expenditures: Salaries including benefits, other M&O operation expenses are approx. \$1 - \$1.5M; and
- Five-Year Budget Forecast: The FY 2018-2019 budget will include a five year forecast.

Dr. Escamilla and Dr. West responded to questions from the Regents throughout the presentation.

COLLEGE PRESIDENT’S REPORT.....Dr. Mark Escamilla

- March 8, 2018: TACC Legislative Committee Meeting
(Goal 5. Advocacy: Advance the College Mission Through Effective Governance and Positioning)

Dr. Escamilla reported that he remains on the Texas Association of Community College’s Legislative Committee and they are in the process of setting the agenda and they may have the agenda by mid-Summer or sooner.

- March 22, 2018: Pizza with the President
(Goal 2. Student Access and Support Services: Maximize Affordable Access and Excellence in Student Services)

Dr. Escamilla stated that each semester he meets with the students and there were many great questions and he continues to receive feedback from the students that influences the day to day operations at the College.

- Junior College Audit Report (JCAR)
(Goal 1. Student Learning Success: Ensure Exceptional Educational Opportunities for all Students)

Dr. Escamilla provided the Board an update regarding the Junior College Audit Report (JCAR). The College received a letter from the Governor’s Office asking the College to confirm its compliance with the JCAR reporting requirements. Dr. Escamilla reported that the College successfully confirmed that it is in compliance and up to date, and reminded the Board that it was provided the JCAR report in 2015.

REGENT’S COMMENTS:

- ACCT Governance Leadership Institute, March 21 – 23, 2018
(Goal 5. Advocacy: Advance the College Mission Through Effective Governance and Positioning)

Regents Messbarger, Bennett, Adame, Scott, and McCampbell attended the Governance Leadership Institute in March; each Regent provided highlights from the conference.

PENDING BUSINESS:

Status Report on Requested Information

(Goal 5. Advocacy: Advance the College Mission Through Effective Governance and Positioning)

CONSENT AGENDA

Notice to the Public

The following items are of a routine or administrative nature. The Board of Regents has been furnished with background and support material on each item, and/or it has been discussed at a previous meeting. All items will be acted upon by one vote without being discussed separately unless requested by a Board member or a citizen, in which event the item(s) will immediately be withdrawn for individual consideration in their normal sequence after the items not requiring separate discussion have been acted upon. The remaining items will be adopted by one vote.

CONSENT MOTIONS:

(At this point the Board will vote on all motions not removed for individual consideration.)

ITEMS FOR DISCUSSION AND POSSIBLE ACTION:

1. Approval of Minutes:
Regular Meeting, February 13, 2018
(Goal 5. Advocacy: Advance the College Mission Through Effective Governance and Positioning)
2. Acceptance of Investments for March 2018
(Goal 7. Resources: Ensure Strong Financial and Operational Capacity)

Mr. Rivas made a motion to approve the consent agenda items. Ms. Messbarger seconded the motion. There was no further discussion from the Board. There were no public comments. A voice vote was taken and the motion carried unanimously, 9-0, with Regents McCampbell, Adame, Bennett, Estrada, Hutchinson, Messbarger, Rivas, Scott, and Watts in favor.

REGULAR AGENDA

3. Discussion and possible action related to the College’s Quarterly Investment Report for the period ending February 28, 2018.....Mr. Ronald Ross
(Goal 7. Resources: Ensure Strong Financial and Operational Capacity)

Mr. Ross discussed the uncertainty in the market due to the US-China trade tariff tantrum. In fixed income markets there was a gradual increase in the portion that the College’s

portfolio operates on, but on the longer end there is more of a flattening which compares to last year around this time frame. He reported that GDP is showing general, steady growth, from 2.5 % to 2.9%, unemployment rates are staying low, and inflation is picking up. The Feds anticipate rate increases in 2018, 2019 and 2020, and those are positive signs for the economy.

The College's fiscal quarter earnings were \$237,800 in February 2018, in February 2017 the fiscal quarter earnings were \$127,224. Series 2016 and 2017 Tax Bond Funds fiscal quarter earnings were \$252,941.

Mr. Ross responded to questions from the Regents.

Mr. Rivas made a motion to accept the agenda item.

Ms. Scott seconded the motion. There was no further discussion from the Board. A voice vote was taken and the motion carried unanimously, 9-0, with Regents Adame, Bennett, Estrada, Hutchinson, McCampbell, Messbarger, Rivas, Scott, and Watts in favor.

4. Discussion and possible action to approve the issuance of Series 2018A and Series 2018B Del Mar College District Limited Tax Bonds for the purpose of financing portions of the capital improvements approved by the voters.....Ms. Lenora Keas
(Goal 7. Resources: Ensure Strong Financial and Operational Capacity)

4a. 2014 Bond Election: Resolution authorizing the issuance of up to \$48,625,000 in principal amount of Del Mar College District Limited Tax Bonds, Series 2018A for the purpose of financing a portion of the capital improvements approved by the voters at the November 4, 2014 Bond Election; approving and authorizing the execution of a Paying Agent/Registrar Agreement, a Purchase Contract and Other Instruments and Procedures related thereto; delegating authority to certain District Officials to approve all final terms of the Bonds; and approving the preparation and distribution of an Official Statement.....Ms. Lenora Keas

4b. 2016 Bond Election: Resolution authorizing the issuance of up to \$61,500,000 in principal amount of Del Mar College District Limited Tax Bonds, Series 2018B for the purpose of financing a portion of the capital improvements approved by the voters at the November 8, 2016 Bond Election; approving and authorizing the execution of a Paying Agent/Registrar Agreement, a Purchase Contract and Other Instruments and Procedures related thereto; delegating authority to certain District Officials to approve all final terms of the Bonds; and approving the preparation and distribution of an Official Statement.....Ms. Lenora Keas

Dr. West introduced Dave Gordon of Estrada Hinojosa, who made a combined presentation on Agenda Items 4, 4a, and 4b.

Mr. Gordon stated that they were present to discuss the issuance of bonds from the 2014 and 2016 elections. He stated that rates have begun to rise over the last months but from a historical perspective they are still quite low. His presentation included information on the

AAA yield curve history, with the College still being below the average. He reviewed the College's general obligation outstanding debt, with the next call date being 2021. Because of law changes made affecting advance refunding, the College will not have an opportunity to refinance any of this debt until May 2020. He discussed the combined fee revenue debt outstanding, with one series left, with the next call date being 2026 with slightly lower rating. He provided information on the tax rate impact prior to 2018 transactions. The proposed issuances will model the construction plans. If the College issues the debt as planned there will be approximately a two penny increase in debt tax rate.

Mr. Gordon explained the two debt resolutions before the Board for their consideration. Series 2018A, issuance of obligations from the 2014 Bond Election in the amount of \$48,625,000, with final maturity being in 2048, 30 year debt, with interest rate limitation of 4.5%.

The Series 2018B Bonds of the 2016 Bond Election, the maximum amount of \$61,500,000 and also 30 year debt with rate limitation of 4.5%. Mr. Gordon reviewed the preliminary schedule.

Mr. Gordon and Mr. Spurgeon responded to questions from the Regents.

Ms. Scott made a motion to approve the issuance of Series 2018A Bonds. Mr. Rivas seconded the motion. There was no further discussion from the Board. A roll-call vote was taken and the motion carried unanimously, 9-0, with Regents Adame, Bennett, Estrada, Hutchinson, McCampbell, Messbarger, Rivas, Scott, and Watts in favor.

M. Rivas made a motion to approve the issuance of Series 2018B Bonds. Ms. Messbarger seconded the motion. There was no further discussion from the Board. A roll-call vote was taken and the motion carried unanimously, 9-0, with Regents Adame, Bennett, Estrada, Hutchinson, McCampbell, Messbarger, Rivas, Scott, and Watts in favor.

5. Discussion and possible action related to the designation of a contractor for the turnkey installation of low voltage infrastructure for Communication, Audio, Visual, and Electronic Security Systems in response to RFP #2018-01 and authorizing the administration to proceed with awarding a contract.....Mr. August Alfonso
(*Goal 7. Resources: Ensure Strong Financial and Operational Capacity*)

Mr. August Alfonso reported that on March 5, 2018 the College issued RFP #2018-01 for the Low Voltage Infrastructure Installation Services for the following 2014 bond construction projects: Emerging Technology Expansion, Workforce Development Center Building, General Academic / Music Phase II.

The following six firms submitted qualification of statements and competitive sealed proposals for consideration: Carroll Systems; Convergence Cabling Inc.; National Cabling Services; Rosendin Electric L V; Schneider Electric; and Telepro Communications.

Mr. Alfonso identified the Evaluation Committee Members. The Evaluation Committee's recommendation for the contractor for the Low Voltage Infrastructure Installation services is Carroll Systems. The contract amount is \$1,851,298.

Ms. Scott made a motion to accept the agenda item.
Mr. Rivas seconded the motion. There was no further discussion from the Board. A voice vote was taken and the motion carried unanimously, 9-0, with Regents Adame, Bennett, Estrada, Hutchinson, McCampbell, Messbarger, Rivas, Scott, and Watts in favor.

Note: Mr. Watts left the meeting at this point in the Agenda.

6. Discussion and possible action related to the College's Quarterly Financial Statement for the period ending February 28, 2018.....Ms. Lenora Keas
(Goal 7. Resources: Ensure Strong Financial and Operational Capacity)

Mr. Johnson stated that the operating statement for the first six months show that the revenue for tuition and fees is down 7% over last year and that constitutes approximately \$1.8M reduction in tuition. They anticipated that shortfall this year and it was due to Hurricane Harvey and a 2% increase in student discounted tuition.

The revenues are at 75% versus 76% last year at this time but as the year closes out the change will be seen. Right on target with total salaries and benefits, non-salary are at 37% this year versus 44% last year, these items are down 7%. On property taxes there is a contingency of \$600,000 because of protest by industry, they are in fine shape in that area. He believes they may be able to make up at least \$300,000 of that contingency amount. In non-salary items Consultants and Contract Labor has gone down by over \$1M but it's a timing issue and difficult to predict when those costs will come in. May will give them a good projection of year-end, they will have summer enrollment information and know how the taxes have come in.

Dr. Escamilla reminded the Board that it was the mid-year adjustment of \$1.9M that was held.

Mr. Rivas made a motion to accept the agenda item.
Ms. Scott seconded the motion. There was no further discussion from the Board. A voice vote was taken and the motion carried unanimously, amongst Regents present, 8-0, with Regents Adame, Bennett, Estrada, Hutchinson, McCampbell, Messbarger, Rivas, and Scott in favor.

GENERAL PUBLIC COMMENTS (Non-Agenda Items) – 3-minute time limit

Jack Gordy: General Public comment regarding Closed Session Item regarding article written by G. Watts.

Ofelia Chavez: General Public Comment regarding various issues.

7. CLOSED SESSION pursuant to:

- A. **TEX. GOV'T. CODE § 551.071**: (Consultation with legal counsel), regarding pending or contemplated litigation, or a settlement offer, with possible discussion and action in open session; and, the seeking of legal advice from counsel on pending legal or contemplated matters or claims, with possible discussion and action in open session; and,
- B. **TEX. GOVT. CODE § 551.074(a)(1)**: (Personnel Matters), regarding the employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; including 1.) Annual Evaluation of College President, with possible discussion and action in open session; and, 2.) Regent's Duties, Responsibilities and Statement of Ethics. including March 2, 2018 article and other statements by Regent Guy Watts, with possible discussion and action (including under Board Bylaw I.J and DMC Policy B2.1.4) in open session.

The Board went into Closed Session at 3:44 p.m.

The Board reconvened in Open Session at 5:20 p.m.

Ms. Hutchinson made the following motion: In accordance with Section I.J of the Board Bylaws and B2.1.4 of College Policy, she moved to authorize the Board Chair and General Counsel to initiate an investigation (including engaging an outside investigator, if necessary), to determine if Regent Guy Watts has again violated a specific statute or law, Board Bylaw, or Board Policy defining the Board member's duties and responsibilities including Bylaws 1.A.2, IX.B, IX.E, IX.G, IX.N, IX.P, and other College policies and the Board's Code of Ethics. The investigation may include a review of whether there has been gross ignorance of duties or gross carelessness in the discharge of those duties. Dr. Adame seconded the motion. A roll-call vote was taken and the motion carried unanimously, amongst Regents present, 8-0, with Regents Adame, Bennett, Estrada, Hutchinson, McCampbell, Messbarger, Rivas, and Scott in favor.

CALENDAR: Discussion and possible action related to calendaring dates.

ADJOURNMENT: The meeting was adjourned at 5:24 p.m.

MINUTES REVIEWED BY GC: /s/AR