

MINUTES OF THE WORKSHOP AND CALLED MEETING  
OF THE BOARD OF REGENTS OF THE DEL MAR COLLEGE DISTRICT

August 3, 2020

The Workshop and Called Meeting of the Board of Regents of the Del Mar College District convened at the Isensee Board Room, Del Mar College, Corpus Christi, Texas at 10:34 a.m. on Monday, August 3, 2020, by video teleconference, with the following present:

From the Board:

Ms. Carol Scott, Dr. Nicholas Adame, Ms. Libby Averyt, Mr. Ed Bennett, Ms. Elva Estrada, Mr. Hector Salinas, and Dr. Mary Sherwood.

From the College:

Dr. Mark Escamilla, President and CEO; Mr. Raul Garcia, Vice President and CFO; Ms. Lenora Keas, Executive Vice President and COO; Ms. Tammy McDonald, Vice President of Administration and Human Resources; Mr. August Alfonso, Vice President and Chief Information Officer; Dr. Rito Silva, Vice President of Student Affairs; Mr. Augustin Rivera, Jr., General Counsel; Mr. John Strybos, Vice President and Chief Physical Facilities Officer; Ms. Lorette Williams, Executive Director of Strategic Communication and Government Relations; Dr. Natalie Villarreal, Director of External & Board Relations; Ms. Mary McQueen, Executive Director, Development; Ms. Delia Perez, Executive Administrative Assistant to the President & Board Liaison, and other staff and faculty.

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

Ms. Scott called the meeting to order with a quorum present. She requested a moment of silence followed by the Pledge of Allegiance and Del Mar College Vision Statement.

Due to the health and safety concerns and the Coronavirus Pandemic Crisis, this meeting was conducted by video and/or teleconference and was conducted in accordance with guidance from the Texas Governor's Office and the Texas Attorney General's Office. Provisions were made for the public to participate in this meeting with public comments.

ITEMS FOR DISCUSSION AND POSSIBLE ACTION:

**1. Discussion of the proposed Maintenance & Operations Budget and the Debt Service Budget for Fiscal Year 2020-2021**  
*(Goal 6: Financial Effectiveness and Affordability)*

President Escamilla provided an opening statement regarding the College's 2020-2021 budget that is being developed under the COVID-19 pandemic and asked for the Board of Regents' feedback for the final budget.

Mr. Garcia began the presentation with information regarding the Risk Reserve Fund and the College's long-term risk management financial plan which included the following:

**RISK MANAGEMENT GOALS:** • To have financial resources that are sufficient and flexible enough to support the mission of the College throughout COVID-19 and the recession crises • To maintain steady and modest tuition increases • To continue to maintain a good credit status by maintaining a double AA bond rating

**OBJECTIVES:** • To maintain a \$5 to \$7 million risk management reserve throughout the crises

**FINANCIAL RESOURCE RISKS (with an outlook through FY 2023):** • Reduced state base appropriations (\$3.3 million) • Health and Safety Supplies and Equipment (\$1.5 million) • Reduced property tax collections (\$2.4 million) • Incremental instructional costs due to reduced class size driven by social distancing (\$800,000) • Catastrophic loss deductibles or not insured (\$250 thousand to \$1 million)

**ACTION PLAN:** • Risk Management Reserve (\$5 to \$7 million) • Reduced Spending • Travel • Non-essential equipment • Food • Hiring restrictions/freeze • Energy

**FUNDING:** • 2020 Surplus with an estimated value of \$5 to \$7 million • Financial activity will be tracked in our general ledger

**ANNUAL TRANSFERS FOR UNDERESTIMATED:** • health and safety supplies and equipment • Instruction • Property tax revenue • Tuition and Fee revenues • State appropriations • Other catastrophic related costs

**BOARD FINANCIAL REPORTING:** New fund balance reporting on the balance sheet into three categories. • GASB related Fund Balance (\$-97 million) • Risk Management Fund Balance (\$5 \$7 million) • Operating Fund Balance (fund balance that is not assigned)

**FUND DURATION:** • Continue throughout COVID 19 and recession crises • Consideration for an extension for the next financial crises

Ms. Tammy McDonald continued the discussion regarding proposed revisions to Board Policy B4.1.1 to include language for the Plant Fund and Risk Fund.

Mr. Garcia advised that the College has completed the final 2021 Budget Plan Proposal and that it was planned accounting for COVID-19, the recession and a possible catastrophic event.

Dr. Escamilla provided comments regarding the proposed Budget plan and how the work helped achieve the College's accreditation.

Dr. Catherine West stated that they are refining the budget process and in the Fiscal Year 2020, the Budget Team began working with Dr. Kristina Wilson's team to improve the College's resource allocation process to ensure that there are adequate resources to support the strategic initiatives of the College.

Dr. Wilson stated that there were not a lot of budget increases in the 2021 Budget Plan because they were going to stay flat and concentrated on Goal One: Completion; Goal Two: Recruitment and Persistence; Goal Three: Learning Environment; and Goal Four: Workforce Development, Community Partnerships, and Advocacy.

Dr. Garcia continued presenting the Strategic Plan Initiative for the Risk Reserve Funds Goal Six: Financial Effectiveness and Affordability as follows:

Risk Reserve Fund - Potential Financial Resource Risks: • Reduced state base appropriations (\$3.3 million) • Emergent Health and Safety Supplies and Equipment (\$1.5 million) • Reduced property tax collections (\$2.4 million) • Incremental instructional costs due to reduced class size driven by social distancing (\$800,000) • Catastrophic loss deductible or not insured event \$250 thousand to \$1 million)

Mr. John Johnson provided information regarding the Revenue Assumptions which included a \$2 tuition rate increase (new rate \$69); 1% decrease in collection rate - 96% to 95%; 4.49% increase in net taxable value; Maintenance and Operations Tax Rate will decrease by 0.6 cents; debt service rate increases by 1.4 cents attributable to new tax bond issue for an overall tax increase of 0.8 cents.

Mr. Johnson continued with his presentation regarding the proposed 2020-2021 tax rates. The College is proposing a combined tax rate of 0.288600 in order to achieve strategic activities built into the board-approved M&O Budget of \$107.8 million. The annual tax is \$496 on property with an appraisal of \$172,000 and it will scale down to \$390 by fiscal year 2025. The debt service rate is \$23.4 million.

The proposed M&O rate will be used to fund various student-focused activities. The FY 2021 M&O Expense Budget is \$80.2 million in faculty and staff salaries. The total expenditures amount is \$107.8 million.

Mr. Garcia continued with the presentation and stated that the M&O Expense Budget Detail has not changed since the July Board meeting. The Budget Team has a balanced Budget of \$107.9 million. The net impact reclassification shuffled between salary and non-salary expenses is \$964,000.00.

Ms. Tammy McDonald provided information regarding the proposed employee compensation which includes a 1% raise for exempt and non-exempt employees and a total benefit change in the amount of \$135,381.00.

Mr. Johnson and Ms. Jackie Landrum provided information regarding future revenue and expense assumptions including the following:

- Risk Reserve Fund of \$5-7 million
- Revenue
  - Tuition & Fees Assumptions of \$2 tuition rate increase for each year; enrollment growth projections-flat for each year
  - Tax Assumptions
    - 95% collection rate for each year (a 1% decrease from the norm)
    - 3% increase in net taxable value for each year
  - State Appropriations
    - 10% decrease - FY 2022 & FY 2023
    - 5% decrease - FY 2024 & FY 2025
- Expenses
  - Salary Increases for each year:
    - 2% each year-F/T Faculty, Exempt, F/T Non-Exempt
  - Non-Salary:
    - Average 2.07% on most categories for each year
    - Utilities average 4.67% for each year
    - Supplies & Library average 5.23% for each year
  - Energy Cost Savings:
    - \$125,000 FY 2021
    - \$500,000 FY 2022-2025

Mr. Garcia reviewed and discussed the dates on the Budget Timeline and Process.

Ms. McDonald, Mr. John Johnson, Mr. Garcia, and Dr. Escamilla responded to questions from the Board of Regents.

**2. Discussion and possible action related to the adoption of the Order to Conduct a Public Hearings on the 2020-2021 College Budget.....Mr. Raul Garcia  
(Goal 6: Financial Effectiveness and Affordability)**

Mr. Augustin Rivera, Jr., General Counsel, read the proposed Order to Conduct a Public Hearing on the 2020-2021 College Budget:

ORDER OF THE BOARD OF REGENTS  
OF THE  
DEL MAR COLLEGE DISTRICT  
**BUDGET**  
**2020-2021**

BE IT ORDERED, by the Board of Regents of the Del Mar College District that, for the purpose of adoption of a budget for the 2020-2021 fiscal year, the Board schedule and conduct a

meeting and public hearing on Tuesday, August 25, 2020, at 11:00 a.m., via video and/or teleconference at the Isensee Board Room, Harvin Center, Del Mar College, East Campus, Baldwin and Ayers Street, Corpus Christi, Nueces County, Texas.

Due to the COVID-19 (Coronavirus) pandemic crisis, this meeting and public hearing will be conducted in accordance with guidance from the Offices of the Governor and Attorney General, and the provisions of Sections 551.122 and 551.127 of the Texas Government Code and other open meeting requirements, that have not been suspended by order of the Governor.

BE IT FURTHER ORDERED, that proper publication and notice of such meetings and public hearings be given as required by law.

Regent Averyt made a motion to approve the Order for Public Hearings on the 2020-2021 College Budget. Dr. Sherwood seconded the motion. There was no further discussion from the Board. There were no public comments. A roll call vote was taken and the motion carried unanimously, 7-0, with Regents Adame, Averyt, Bennett, Estrada, Salinas, Sherwood, and Scott in favor.

**3. Discussion and possible action related to the adoption of the Order to Conduct Public Hearings on the 2020-2021 Tax Rates.....Mr. Raul Garcia (Goal 6: Financial Effectiveness and Affordability)**

Mr. Augustin Rivera, Jr., General Counsel, read the proposed Order to Conduct a Public Hearing on the 2020-2021 Tax Rates:

ORDER OF THE BOARD OF REGENTS  
OF THE  
DEL MAR COLLEGE DISTRICT  
**TAX RATE**  
**2020-2021**

BE IT ORDERED, by the Board of Regents of the Del Mar College District that the Board consider a proposal to increase total tax revenues from properties on the roll in 2019 by 6.32 percent and that the Board schedule and conduct a meeting and public hearing on such proposal to consider such tax increases on Tuesday, August 25, 2020, at 11:30 a.m., via video and/or teleconference at the Isensee Board Room, Harvin Center, Del Mar College, East Campus, Baldwin and Ayers Street, Corpus Christi, Nueces County, Texas. Due to the COVID-19 (Coronavirus) pandemic crisis, this meeting and public hearing will be conducted in accordance with guidance from the Offices of the Governor and Attorney General, and the provisions of Sections 551.122 and 551.127 of the Texas Government Code and other open meeting requirements, that have not been suspended by order of the Governor.

BE IT FURTHER ORDERED, that proper publication and notice of such meetings and public hearings be given as required by law.

Regent Estrada made a motion to approve the Order to Conduct Hearings on the 2020-2021 Tax Rates. Regent Averyt seconded the motion. There was no further discussion from the Board. There were no public comments. A roll call vote was taken and the motion carried unanimously, 7-0, with Regents Adame, Averyt, Bennett, Estrada, Salinas, Sherwood, and Scott in favor.

CALENDAR: Discussion related to calendaring dates.

ADJOURNMENT: The meeting was adjourned at 11:59 a.m.

MINUTES REVIEWED BY GC: /s/ARjr