

**MINUTES OF THE CALLED MEETING
OF THE BOARD OF REGENTS OF THE DEL MAR COLLEGE DISTRICT**

July 26, 2022

The Called Meeting and Public Hearing of the Board of Regents of the Del Mar College District convened at the Center for Economic Development, 3209 S. Staples, Room 106, Corpus Christi, Texas, at 12:00 p.m. on Tuesday, July 26, 2022, with the following present:

From the Board:

Ms. Carol Scott, Dr. Nicholas Adame, Ms. Libby Averyt, Mr. Rudy Garza, Jr., Mr. Bill Kelly, and Dr. Laurie Turner.

Dr. Linda Villarreal joined the meeting in progress.

Regents Bennett and Hutchinson joined the meeting virtually.

From the College:

Dr. Mark Escamilla, President and CEO; Ms. Lenora Keas, Executive Vice President and COO; Mr. Raul Garcia, Vice President and CFO; Dr. Jonda Halcomb, Vice President and Chief Academic Officer; Ms. Tammy McDonald, Vice President of Administration and Human Resources; Ms. Patricia Benavides-Dominguez, Vice President for Student Affairs; Ms. Cheryl Sanders, Associate Vice President for Student Affairs; Mr. Augustin Rivera, Jr., General Counsel; Mr. John Strybos, Vice President and Chief Physical Facilities Officer; Ms. Lorette Williams, Executive Director of Communication and Marketing; Ms. Mary McQueen, Executive Director of Development; Ms. Delia Perez, Executive Administrative Assistant and Board Liaison, and other staff and faculty.

CALL TO ORDER/QUORUM CALL

Chair 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.

GENERAL PUBLIC COMMENTS – The public was given the opportunity to provide public comments (both general and specific to any agenda item).

There were no public comments.

ITEMS OF BUSINESS:

1. Discussion of the proposed Maintenance & Operations Budget and Debt Service Budget for Fiscal Year 2022-2023

.....Mr. Raul Garcia
(Goal 6: Financial Effectiveness and Affordability)

Dr. Escamilla provided opening comments and thanked the Business Office team, and all involved for their hard work. Mr. Garcia thanked the entire College, including his team for their collective effort in preparing for this meeting.

Mr. Garcia reviewed the Budget Plan Calendar for fiscal year 2023 and highlighted a few important dates.

Mr. John Johnson provided information regarding the proposed 2023 budget revenues. He discussed revenue challenges and assumptions which are considered in compiling the budget for fiscal year 2023. He discussed tuition and Fees: \$2 in-district tuition rate increase; and 2019 enrollment projection reduced by 10%. He provided information regarding property tax which included the overall unchanged tax rate, a 6% valuation growth, and \$450 million in new construction. The certified totals from the Nueces County Appraisal District show property values have increased by over 11%. This increase will lower the overall tax rate, but it does not increase anticipated revenues.

Mr. Johnson also discussed state appropriations and the increase in insurance and retirement contribution. He reported that the College is in the second year of the biennium and there are no significant changes in the state appropriations. He reviewed the preliminary budget numbers which included an increase in insurance and retirement contributions and a decrease in tuition and fees as well as the tax rate history.

Dr. Cathy West provided information regarding resource allocation during the annual budgeting process and stated all new requests for additional funds must be tied to the College's Strategic Plan. She also provided information regarding the goals included in the Strategic Plan.

Ms. Tammy McDonald discussed salary increase scenarios associated with the budget. Ms. McDonald stated the Administration is proposing faculty to receive the year experience pay at the current rate of \$829 and the other three pay components of base, education, and rank for faculty receive a 2% increase to their respective rate schedules; for exempt employees, they receive a 2% increase, and for non-exempt employees, they receive a 3% increase. The total salary and benefit increase would total \$1.6 million. She provided a detailed review of preliminary employee compensation changes for the budget for fiscal year 2023 that will include the Oso Creek Campus support services, ground services, facilities services needed, and commissioned officers.

Discussion was held among Dr. Escamilla, Mr. Garcia, and Regents regarding a request to provide salary information for a 4% salary increase to non-exempt employees.

Jackie Landrum provided information regarding the fiscal year 2023 non-salary expense budget with most of the expenses being related to the Oso Creek Campus including but not limited to custodial services, ground maintenance, property insurance, computer equipment, and fire and safety monitoring, security contracts, and election expense. A 3% change has been estimated increasing the budget from fiscal year 2022 to 2023 in the amount of \$3.4 million.

Dr. Escamilla provided commentary regarding campus security, the College's own police department, and mental health services.

Mr. Garcia provided opening remarks regarding the presentation for the College's estimated five-year financial forecast for fiscal years 2023 to 2027. Mr. Garcia then introduced Mr. Johnson who stated the forecast is changing significantly as they receive new information each month. He provided an estimated forecast for revenue assumptions as follows:

- **Tuition & Fees:**
 - Enrollment growth at 1% per year
 - Tuition & Fee increase of \$1 per semester credit hour per year
- **Property Tax:**
 - Overall tax rate declines from FY 2023 to FY 2027 due to decrease in debt service requirement
 - Assumes a 3% valuation growth
 - \$300M in new construction
 - 4.5% increase over-estimated no new revenue tax rate
- **State Appropriations:**
 - Assume College will maintain FY 2023 levels of funding

Ms. Landrum provided an estimated forecast for expenditure assumptions as follows:

- **Salaries & Benefits**
 - Salary increases 2% for FY 2024 to 2027
 - Benefits increase in relation to level of salaries
- **Other Non-Salary Operating Expenses**
 - Increase of 8.5% from FY 2023 to 2024, 5% per year for FY 2025 to 2027 to accommodate rates of inflation and other types of cost increases

Mr. Johnson provided tax rates over the next five years from 0.283340 to 0.269200 and the debt service rate will continue to decline – in year 2023 the debt service rate is 0.072882 and in year 2027, it will be 0.047613.

Mr. Garcia provided the Regents with a list of tasks to be completed by the Business Office and will be presented to the Board at the August 9th meeting.

Discussion among the Regents, Dr. Escamilla, and Mr. Garcia was held regarding enrollment, contingency fund, revenue caps, employee one-time bonus, and employee raises.

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

Dr. Escamilla introduced Del Mar College's new Chief Information Officer, Mr. Ali Kolahdouz.

At 1:07 p.m., the Chair announced that the Board was going into Closed Session pursuant to:

2. 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 or contemplated legal matters or claims, with possible discussion and action in open session; and
- B. **TEX. GOV'T CODE § 551.074(a)(1):** (Personnel Matters), regarding the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; including, 1) Personnel Update, with possible discussion and action in open session.

The Board reconvened in Open Session at 1:40 p.m. with no action taken.

CALENDAR: Discussion and possible action related to calendaring dates.

The Called Meeting was adjourned at 1:42 p.m.

MINUTES REVIEWED BY GC: /s/ARjr