

MINUTES of the SPECIAL MEETING
of the BOARD OF TRUSTEES of VICTORIA COLLEGE
August 13, 2018

√ V. Bland Proctor	X Dr. Daniel Cano
√ Luis A. Guerra	√ Catherine McHaney
√ John Zacek	√ Dr. Josie Rivera
	X Ron Walker

STAFF

√ Dr. David Hinds	√ Jennifer Yancey
√ Mary Ann Rodriguez	

MEDIA

√ Gabby Canales

Guests: Connie Kacir, Ann Riechers, Jerry Hamilton, Babette Lowe, Shari Gould, Darla Strother, Matt Wiley, Keith Blundell, Cindy Buchholz, Dr. Edrel Stoneham, Terri Kurtz, Dr. Patricia Rehak, Lydia Huber, Darin Kazmir, Jackie Mikesh, Vince Ortiz, Jamie Nobles, Cindy Finch, Jacob Flores, and Sue Prudhomme.

The Victoria College Board of Trustees met Monday, August 13, 2018 at 4:00 p.m. in the Corporate Training Room - 101 of the Academic Building.

A. Call to Order:

1. Mr. V. Bland Proctor called the meeting to order at 4:00 p.m. and announced that a quorum of board members was present
2. Dr. David Hinds certified that the agenda had been properly posted per Texas statute.

Mr. Proctor recognized Dr. Josie Rivera as a returning member to the Board of Trustees. Dr. Rivera was appointed at the last meeting to replace Michelle Yates who resigned due to new employment responsibilities. Mr. Proctor noted that Dr. Rivera had been officially sworn into office. He thanked her for her willingness to serve. Dr. Rivera stated that she was honored and looking forward to her reappointment in service to the college and the students.

B. Citizen Communication:

1. The Public was invited to address the board. Mrs. Connie Kacir, Mayor of the City of Gonzales and Ms. Ann Riechers were signed up for public comments to the board. Mayor Kacir addressed the board first – she wished to express her concern regarding Victoria College Gonzales Center paying rent for their facilities in Gonzales. She asked the board to please consider increasing their rental payment from \$1.00 per year to \$2,500 per month for a five-year term. She also asked the board to consider waiving the out-of-district fees to the students of Gonzales. Ann Riechers then took the podium. She asked the board to please take into account everything that Victoria and its residents have been

through since Hurricane Harvey before they make their final decision on the upcoming 2018 property tax rate. Mr. Bland Proctor thanked them both.

C. Consider Board of Trustees Committee Reports:

1. **Finance & Resources Committee – 07.16.18** – Mr. Luis Guerra reported out the last meeting, the meeting notes are attached for reference only.
2. **Facilities Committee – 08.06.18** – Mr. John Zacek reported out that the committee had met and will come forward with a motion to the full board later on in the agenda.
3. **Facilities Committee – 08.08.18** – Mr. John Zacek reported out that the committee had Also met on this day and will come forward with a motion to the full board later on in the agenda.
4. **Finance & Resources Committee – 08.08.18** – Mr. Luis Guerra reported out that the committee had indeed met prior to this meeting, and will come forward as a motion to the full board later on in the agenda.

D. Items for Consideration:

1. CONSIDER Lease Agreement between Victoria College and City of Gonzales

Mr. John Zacek reported out from the Facilities Committee that their recommendation was to approve the lease as presented from the Gonzales City Council and authorize Dr. Hinds to execute the document. Trustees discussed recent meetings with Gonzales representatives. Trustees noted that it is the long-standing practice of Victoria College when physically serving an area outside of the Victoria County taxing district, for the College to provide the instructional, administrative and student services expenses, but for the hosting City, County or ISD to provide the facilities. The college has also historically assisted in maintaining the facilities. Chair Proctor noted that the expenses that the college incurs in the Gonzales Center operations provide a significant value to the citizens of Gonzales and the surrounding area. Dr. David Hinds noted that through recent discussions, several changes were made to the agreement between the college and the City of Gonzales, including; 1) an increase from \$500 annually in the aggregate contributed for repairs to \$5,000 per occurrence; 2) a commitment to collaboratively work to seek external funding for any capital expenditures and/or expenditures exceeding \$5,000; 3) an invitation to the Council to have a representative serve on the Gonzales Center Advisory Committee and; 4) a commitment to collaboratively research requirements that would allow Gonzales County students to have a reduction in tuition and fees. Mr. Guerra stated that it was the recommendation of the Facilities Committee to approve the Lease Agreement as presented. This was a committee recommendation, no second is required. Motion carried unanimously.

2. CONSIDER Inter-local Cooperation Contract between Victoria College and the City of Gonzales

Mr. John Zacek reported out from the Facilities Committee that their recommendation was to approve the inter-local agreement as presented from the Gonzales City Council and authorize Dr. Hinds to execute the document. Mr. Guerra stated that it was the recommendation of the Facilities Committee to approve the Inter-local Cooperation Contract as presented. This was a committee recommendation, no second is required. Motion carried unanimously.

3. CONSIDER Effective Tax Rate and Rollback Rate Calculations Performed by Rena Scherer, Victoria Tax-Assessor-Collector for 2018

Mr. Keith Blundell presented. In July, the board approved Rena Scherer to calculate the effective tax rate (ETR) and rollback rate for the college. The appraisals were completed by the VCAD and Ms. Scherer has performed those calculations. The taxable values decreased by 1.49%. New improvements are exempted from the ETR calculation and were at \$27,180,231. The ETR assessment of \$0.2235 per \$100 valuation would bring in \$112,697 less than what has been budgeted. The current rate of \$0.2170 per \$100 valuation would generate \$499,199 less than the proposed budget. A rate of \$0.2254 per \$100 valuation would be the rate needed to meet the proposed budget. The Rollback rate of \$0.2406 per \$100 valuation would generate \$904,100 more than the proposed budget. Mr. Blundell provided a ten-year history of tax rates, a worksheet with scenarios for tax planning and an analysis of the change in appraisals. Land increased 2.59%. Homesites increased .83% while Non-Homesites decreased .19% and Personal Property decreased 9.30%. Minerals increased 51.68%, but only represent .77% of the total appraisals for the County. Mr. Luis Guerra reported out that the committee had discussed this at length during the meeting and the committee recommended approval of the tax rate calculations performed by Rena Scherer. This was a committee recommendation, therefore no second was needed – motion passed unanimously.

4. CONSIDER College Tax Rate for 2018

Mr. Keith Blundell presented. Mr. Luis Guerra as chair of the Finance Committee, shared with the board that after discussing several financial scenarios rated to the calculated tax rates and examining the impact on the budget for each, the committee members concurred to recommend the effective tax rate of \$.2235 per \$100 valuation for the 2018-2019 budget. A recommendation for rate adoption will be presented for consideration at the August 27, 2018 special board meeting. Mr. Bland Proctor also commended Mr. Keith Blundell and his team for their hard work and dedication to the college.

5. CONSIDER June 2018 Financial Statements

Mr. Keith Blundell presented. He discussed the Statement of Net Assets as compared to the same time last year, noting most balances are comparable. He noted that the two line items, cash & cash equivalents and restricted cash & cash equivalents are actually consolidated into one bank account and at a positive \$456,000. The continued shift from cash to investments is a result of positive interest rates. Excess operating funds have been invested in TexPool. There are no long-term investments. Investments in June totaled \$15 million. Total net position is \$43.9 million as compared to \$42.3 million the same time last year.

Mr. Blundell then reviewed the Statement of Revenue, Expenses and Net Assets for all funds, including unrestricted, federal/state/local, auxiliary, debt service, budget adjustments and the Gonzales and ETC construction funds. He compared current year actual to 2017 actual and explained any differences. State appropriations are coming in on schedule. Ad valorem taxes are at 100% of budget. Credit tuition and fees are at 94% of budget and continuing education tuition is at 103%. Other income in 2018 includes approximately \$400,000 from the sale of the Crestwood property, while in 2017, it included the sale of land to UHV. All other items were comparable. Total revenue is

97.6% of budget and 97.2% compared to same time last year. June is 83% of the academic year and expenses are right in line at 81.7%. Net increase in net assets is \$5,108,628.

Federal, state and local funds were discussed. Revenues offset expenses in these accounts, with the exception of state funds. As required, the college sets aside a percentage of tuition to provide TPEG (Texas Public Educational Grant) funds to eligible students. Auxiliary revenue is at 65% of budget and expenses are at 72%. Mr. Blundell reminded members that auxiliary funds are subject to timing, specifically the bookstore activities. Inventory is only taken at fiscal year-end and a significant portion of the overall revenue is received in August as students purchase books and supplies for the fall semester. Mr. Blundell noted that budget adjustments are simply between accounts and result in a net zero change to the overall budget. Members reviewed the remaining funds in the ETC and Gonzales constructions funds. The funds remaining from the 2012 general obligation bond will be transferred to the new master plan projects. There are no outstanding projects at the Gonzales Center. Mr. Luis Guerra moved to accept the financial statements as presented. Mrs. Catherine McHaney seconded the motion. Motion carried unanimously.

6. CONSIDER Resolution relating to the Construction Best Method Process & Prevailing Wage Rate

Mr. Keith Blundell presented. He informed the board that the Texas Government Code 2269.056(a) allows the College to determine the best method when considering a construction contract. Ms. Lydia Huber stated that there was an error on the Summary Sheet. The summary noted that the recommended method was Competitive Sealed Proposal. The summary should have stated the recommended method was Construction Manager at Risk. Mr. Blundell reminded Trustees that, while they are approving this method, they always have the opportunity to amend it at a later time. This resolution was to establish the best value to Victoria College is Construction Manager at Risk, except for minor repairs and renovations to existing structures and facilities. Minor repairs and renovations best method is Job Order Contracting.

In conjunction with the best method when considering a construction contract, it is recommended the Board adopt the most current prevailing wage rate(s) used for Victoria County, County of Gonzales, County of Calhoun, County of DeWitt and Lavaca County. Mrs. Catherine McHaney moved to accept the resolution as presented. Dr. Josie Rivera seconded the motion. Motion carried unanimously.

7. CONSIDER Resolution relating to the Delegation of Authority Texas Education Code 44.031

Mr. Keith Blundell presented. He informed the board that the Texas Education Code 44.031, as amended, allows the College Board of Trustees to delegate its purchasing authority under Subchapter B, Chapter 44 of the Texas Education Code to Dr. David Hinds, President. Mr. Luis Guerra moved to accept the resolution as presented. Mrs. Catherine McHaney seconded the motion. Motion carried unanimously.

8. CONSIDER Resolution relating to the Delegation of Authority Texas Government Code 2269

Mr. Keith Blundell presented. He informed the board that the Texas Government Code 2269.053, as amended, allows the College Board of Trustees to delegate its purchasing authority under Subsection (a), Chapter 2269.053 of the Texas Government Code to Dr. David Hinds, President. Mrs. Catherine McHaney moved to accept the resolution as presented. Mr. Luis Guerra seconded the motion. Motion carried unanimously.

9. CONSIDER request of Advisory Board of Leo J. Welder Center for the Performing Arts to move forward with forming a 501(c)(3) Friends of the Leo J. Welder Center for the Performing Arts for the purposes of establishing relationships with cinema distributors and to meet future fundraising needs.

Ms. Sue Prudhomme presented. She shared with the board that Victoria College is unable to contractually enter into agreements with major film distributors due to their guarantee requirements. In addition, future, as yet undetermined, plans for the Welder Center Annex may require fundraising efforts outside of the scope of Victoria College or Victoria College Foundation. Prior precedent is establishment of the 501(c)(3) Friends of the Museum of the Coastal Bend. Mr. Luis Guerra moved to accept the request as presented. Mr. John Zacek seconded the motion. Motion carried unanimously.

There being no further business, the meeting adjourned at 5:19 p.m.

Bland Proctor, Chair

John Zacek, Secretary