

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

July 27, 2021

The 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 11:00 a.m. on Tuesday, July 27, 2021, by video and/or teleconference.

Due to health and safety concerns related to 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 via livestream and/or telephonically.

The following were present:

From the Board:

Ms. Carol Scott, Dr. Nicholas Adame, Ms. Libby Averyt, Mr. Rudy Garza, Ms. Susan Hutchinson, Mr. Bill Kelly, Dr. Laurie Turner, and Dr. Linda Villarreal.

Mr. Ed Bennett attended via videoconference.

From the College:

Dr. Mark Escamilla, President and CEO; Mr. Raul Garcia, Vice President and CFO; Ms. Lenora Keas, Executive Vice President and COO; Dr. Jonda Halcomb, Vice President and Chief Academic Officer; Ms. Tammy McDonald, Vice President of Administration and Human Resources; Mr. August Alfonso, Vice President And Chief Information Officer; Ms. Patricia Benavides-Dominguez, Interim 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; Dr. Natalie Villarreal, Executive Director of Government & Board Relations; Mary McQueen, Executive Director of Development; Delia Perez, Executive Administrative Assistant and 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.

PUBLIC COMMENTS – The public was given the opportunity to provide public comments (both general and specific to any agenda item) by calling a toll-free phone line prior to the Board meeting and registering with their name and subject of public comment.

There were no public comments made for this meeting.

ITEMS FOR DISCUSSION AND POSSIBLE ACTION:

At 11:03 a.m., the Chair announced the Board was going into Closed Session pursuant to:

1. 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. 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.) Annual Evaluation of College President and President's Contract, and 2.) Annual Board Self-Evaluation, with possible discussion and action in open session.

The Board reconvened in Open Session at 1:13 p.m.

Mr. Augustin Rivera, Jr., General Counsel read aloud the proposed amendments to the President's employment contract:

- Reappoint Dr. Mark Escamilla as President and Chief Executive Officer of the District for a term of four years effective August 1, 2021, with a one-year automatic renewal following a positive annual evaluation.
- Raise his current 2021 annual base salary five percent (5%) for 2021-2022 which totals to \$340,818.45.
- Pay a performance bonus in the amount of \$85,000.00 by August 1, 2021, based on a positive fiscal year 2021 annual performance evaluation.
- Pay Dr. Escamilla an annual target bonus of \$75,000.00 by August 1, 2022, and on August 1, 2023, subject to Dr. Escamilla's positive annual evaluation from the Board of Regents which will be determined by the Board;
- Add five (5) days of consulting leave to the current ten days in contract;
- Reimburse Dr. Escamilla, upon providing documentation, an amount up to \$50,000.00 for the purpose of buying back or reinstating five years of withdrawn service credit in the State retirement plans by a date to be determined upon finalization of contract;
- Dr. Escamilla will provide the Board of Regents six months notice prior to leaving his employment with Del Mar College District;
- Dr. Escamilla shall retain his College assigned communications technology subject to the removal of all DMC data and information by the College's IT Department;

-Dr. Escamilla shall be entitled to an exit bonus in the amount of his annual base salary in effect at the time of his exit for his dedicated service and outstanding service to the College since 2008. The exit bonus payment is expressly conditioned upon Dr. Escamilla's agreement not to be employed in any capacity by a Texas community college for a period of one year from the date of his conclusion from employment with Del Mar College District.

Regent Averyt made a motion to approve the President's contract with amendments and to allow Chair Carol Scott and General Counsel Augustin Rivera, Jr. to finalize the offered Presidential contract. Regent Hutchinson seconded the motion. A vote by show of hands was taken, and the motion unanimously passed, 9-0 amongst Regents present, with Regents Scott, Adame, Averyt, Bennett, Garza, Hutchinson, Kelly, Turner, and Villarreal in favor.

The Board of Regents provided words of gratitude and appreciation to President Escamilla for his work and dedication to the College and Dr. Escamilla thanked the Board of Regents, the entire College, and the community for the opportunity to serve.

STAFF REPORTS:

- Discussion of the proposed Maintenance & Operations Budget and the Debt Service Budget for Fiscal Year 2021-2022.....Mr. Raul Garcia
(Goal 6: Financial Effectiveness and Affordability)

Dr. Escamilla provided introductory remarks regarding the upcoming budget and introduced Mr. Raul Garcia, Chief Financial Officer. Mr. Garcia began his presentation going over the topics to be discussed including the budget calendar. Mr. Garcia introduced Dr. Kristina Wilson.

Dr. Wilson reviewed the context in which the budget was built and provided information as the budget relates to the College's Strategic Plan: *Aspire. Engage. Achieve.* The Strategic Plan was adopted in September of 2019. Dr. Wilson reviewed the six goals that are included in the Strategic Plan and stated Goal 6: Financial Effectiveness and Affordability will be discussed today.

Dr. Wilson introduced Ms. Lenora Keas to further discuss the College strategic initiatives. Ms. Keas reviewed the long-term Strategic Plan Initiatives and how the budget supports them and provided examples in her presentation that included: 1) implementing new academic and workforce programs; 2) investing in professional growth and leadership; 3) recruiting and retaining exceptional faculty and staff; 4) expanding programming on the Southside Campus; and 5) expanding programming in the service area.

Mr. Garcia discussed the operating expense budget. Economic indicators were discussed including the transitory inflation rate, the statewide labor and material shortages, and the regional unemployment rates.

Mr. Garcia introduced Ms. Keas and Dr. Cathy West who discussed the Fiscal Year 2022 preliminary expenses which included increases to employee compensation, consultants & contract labor, insurance-property & casualty, South Campus, professional development, and other O&M expenses. The decreases to the 2022 Fiscal Year included bank & collection fees, election, and utilities & telephone. Dr. West reviewed the complete 2022 preliminary budget regarding employee compensation and stated the total proposed budget for Fiscal Year 2022 is \$110,924.158. Dr. West introduced Ms. Tammy McDonald to review the employee compensation in detail.

Ms. McDonald reviewed the FY 2022 proposed employee compensation increase and stated their salary is made up of four components which include common base salary, experience, rank, and education. The proposed increased amounts include experience pay of \$829.00 for all full-time faculty, increase base \$1,240.00, summer pay impact would total \$103,713.00, and benefits would total \$182,854.00. The proposed increase for exempt employees would be 3% for a total of \$407,941.00 plus benefits for a total of \$101,986.00. The proposed increase for non-exempt employees would be 3% for a total of \$213,784.00 plus benefits for a total of \$53,446.00.

Dr. Escamilla stated he has been working with the Faculty Council regarding the 3% increase including a multi-year plan to bring to the Board of Regents in order to position the faculty into the future specifically the pay for their lab work. Dr. Escamilla and Ms. McDonald responded and commented further regarding employee compensation changes and challenges including undertaking a future compensation study.

Ms. McDonald continued with her presentation providing information regarding employee compensation changes that relate to new positions, employee turnover, part-time salary/adjunct, raises, and vacancy rate. The total increase to non-exempt salaries is \$317,888.000. The total for compensation and benefits for the South Campus salaries and benefits is \$941,602.00. The impact total to benefits would be \$731,766.00 and the total proposed employee compensation changes will be \$2,761.865.00.

Dr. Escamilla introduced Ms. Jackie Landrum who began her presentation regarding the M&O Expense Budget Detail. Ms. Landrum reviewed the proposed changes to the different categories that are presented on the Monthly Financial Report. Ms. Landrum stated the South Campus expenses are not separated but are included in the appropriate categories. Ms. Landrum reviewed the non-salary categories and stated some of the categories that were reduced last year due to the pandemic are being raised this year to build up the capacity into the budget. Ms. Landrum provided detailed information regarding the following categories: 1) Maintenance and Repairs; 2) Consultants and Contract Labor; 3) Travel and Professional Development; and 4) Insurance. Ms. Landrum also reviewed some of the decreases which include election, utilities, telephone, banking fees and South Campus funds.

Ms. Landrum introduced Ms. Keas who began discussion regarding the proposed Operating Revenue budget. Ms. Keas stated with an increase in COVID-19 cases and its variants, it could directly impact enrollment, but the budget would continue to be balanced like the College handled the challenges last year.

Ms. Keas introduced Mr. John Johnson who presented detailed information regarding the Fiscal Year 2022 Revenue Assumptions which included the following:

- Tuition & Fees Assumptions
 - Tuition and fees remain the same
 - Enrollment budgeted at annualized Fiscal Year 2019 levels
- Tax Assumptions
 - Maintenance and operations tax rate will remain the same
 - Assumes a 3% market valuation growth
 - \$300M in new construction
- State Appropriations
 - Increase \$879,636.00

Mr. Johnson stated the College was able to decrease the overall tax rate by half a cent due to a reduction in the debt obligation on the general obligation bond. Mr. Johnson explained the M&O tax rate is the rate that will impose the amount of taxes needed to fund the maintenance and operations expenditures for the following year. The debt service on taxpayer approved bonds is the tax rate that will impose the amount of taxes needed to fund the College's general obligation bond payments for the following year.

Mr. Johnson reviewed the tax rate history charged to district residents. In 2022, the debt service rate amount will decrease to 0.078044 from the previous year. Based on the 2021 Average Taxable Homestead value of \$182,181 this will show a \$10 decrease over the previous years, from 2021 to 2022.

Mr. Garcia resumed his presentation regarding the estimate five-year financial outlook for the College. Mr. Garcia reintroduced Ms. Landrum and Mr. Johnson who which discussed the remaining financial outlook.

Dr. Escamilla commented regarding the supply issue regarding microchips, copper, and gold as well as prices for these items has been a nightmare in the supply chain which is affecting bringing new technology for the College.

Mr. Johnson and Ms. Landrum reviewed the following revenue and expense data:

- Revenue
 - Tuition and fees assumptions
 - 2% revenue increase
 - South Campus - new enrollment
 - Tax assumptions
 - Assumes a 3% market valuation growth

- \$300M in new construction
- State appropriations
- Flat

Expenses

- Salary increases for each year:
 - 3% FY 2023
 - 2% FY 2024-2026
- Non-salary:
 - Ranges from 1.3% to 2.7%
- Energy cost savings
 - \$500,000 FY 2023-2025

Dr. Escamilla commented for clarity the 2% is not a locked-in amount, only a placeholder.

Mr. Garcia began by reviewing the estimated tax rate forecast for years 2022 through 2026. He stated the homeowner will pay approximately \$61 less by fiscal year 2026. The latest bond refunded yielded the College a savings of \$500,000.00. Mr. Garcia also reviewed the College bonds that are maturing for the years 2011 in the amount of \$36.3 million; 2013 in the amount of \$9 million; and 2014 in the amount of \$8.4 million - these bonds will be paid off by year 2026.

Ms. Landrum provided detailed information regarding the estimated financial forecast and noted the biggest jump for professional development would be from 2022 to 2023. Other notable jumps for years 2022 to 2023 are due to Southside Campus buildings and Aransas County Workforce Development Center becoming fully operational during this timeframe.

Ms. Landrum stated the figures being provided are based on the knowledge they have today which could change depending on a crisis like the pandemic or possible natural disaster.

Dr. Escamilla provided information to Regent Bennett regarding his request for comparison tax rate information stating the information will be provided to him individually as well as to the entire Board at the August 10, 2021 meeting.

Chair Scott noted there will be one more budget meeting before the Board’s approval to adopt the budget.

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

- AG/CM Contract Review.....Mr. John Strybos
(Goal 6: Financial Effectiveness and Affordability)

This report was tabled until the Board meeting in August.

PENDING BUSINESS:

Status Report on Requested Information
(Goal 5: Workforce Development, Community Partnerships, and Advocacy)

REGULAR AGENDA ITEMS

- 2. Discussion and possible action relating to award of Request for Competitive Sealed Proposals, RCSP #2021-14, West Campus Roof Replacements
.....Mr. John Strybos
(Goal 4: Learning Environments and Goal 6: Financial Effectiveness and Affordability)

Mr. Strybos provided information to the Board regarding the request for competitive sealed proposals, RCSP #2021-14, West Campus Roof Replacements. The West Campus Roof Replacements is a 2014 Bond project. The roofs on the following buildings will be replaced: 1) Automotive Shop; 2) Diesel Technology; 3) Maintenance Building; 4) Nutrition Education and Service Center. The College received seven bids and request approval of award to Rio Roofing in the amount of \$1,805,000.00.

Mr. Strybos responded to questions from the Board of Regents.

Regent Adame made a motion to award Rio Roofing in the amount of \$1,805,000.00 for the West Campus Roof Replacements, RCSP #2021-14. Regent Garza seconded the motion. A vote by show of hands was taken, and the motion passed unanimously, 9-0, with Regents Scott, Adame, Averyt, Bennett, Garza, Hutchinson, Kelly, Turner, and Villarreal in favor.

- 3. Discussion and possible action related to award of Request for Competitive Sealed Proposals, RCSP #2021-09, South Campus Pedestrian Bridge and Multi-Use Trail
.....Mr. John Strybos
(Goal 4: Learning Environments and Goal 6: Financial Effectiveness and Affordability)

Dr. Escamilla provided introductory comments stating the College has been working on this project for a very long time with the City of Corpus Christi who has been a fine partner and the two items are integral . Mr. Strybos provided information to the Board regarding the request for competitive sealed proposals, RCSP #2021-09, South Campus Pedestrian Bridge and Multi-Use Trail. The South Campus Pedestrian Bridge and Multi-Use Trail is a 2016 Bond project. The project is part of the Interlocal Agreement between Del Mar College and the City of Corpus Christi. The College received only one bid and request approval of award to Marshall Company in the amount of \$600,000.00.

Dr. Escamilla responded to Regent Garza’s question regarding the Bronx property and previously discussed funding for the pedestrian bridge. Mr. Strybos also responded to questions from the Board of Regents.

Regent Averyt made a motion to award Marshall Company in the amount of \$596,340.00, using the 2016 Bond allocated interest income, for the South Campus Pedestrian Bridge and Multi-Use Trail, RCSP #2021-09. Regent Garza seconded the motion. A vote by show of hands was taken, and the motion passed unanimously, 9-0, with Regents Scott, Adame, Averyt, Bennett, Garza, Hutchinson, Kelly, Turner, and Villarreal in favor.

- 4. Discussion and possible action related to approval of 2016 South Campus Construction Project Change OrdersMr. John Strybos (*Goal 4: Learning Environments and Goal 6: Financial Effectiveness and Affordability*)

Mr. Strybos provided background data as well as information to the Board regarding the approval of 2016 South Campus Construction project change orders. The purpose for the change orders is to address changes in the scope of work that resulted from 1) Architect’s supplemental information, 2) Request for information (RFI) responses issued by the Architect, 3) Bulletin issued by the Architect, and 4) unforeseen sight conditions. Mr. Strybos reviewed the description of several additions that makeup the totals for the proposed change orders. Mr. Strybos stated there have been many meetings with those that will be using the buildings which lead to some changes.

Mr. Strybos responded to questions from the Board of Regents.

Regent Kelly made a motion to approve the Change Order 3 in the amount of \$490,492.70 regarding the Main, STEM and Culinary Arts buildings. Regent Hutchinson seconded the motion. A vote by show of hands was taken, and the motion passed unanimously, 9-0, with Regents Scott, Adame, Averyt, Bennett, Garza, Hutchinson, Kelly, Turner, and Villarreal in favor.

CALENDAR: Discussion and possible action related to calendaring dates.

ADJOURNMENT: The meeting was adjourned at 3:09 p.m.

MINUTES REVIEWED BY GC: /s/ARjr