

MINUTES

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT GOVERNING BOARD RETREAT

Saturday, October 3, 2015
Douglas Campus
9:30 a.m.

1. GENERAL FUNCTIONS

1.01 Call to Order

Mr. DiPeso called the meeting to order at 9:30 a.m.

Board Members Present:

Mr. David DiPeso
Mr. Dennis Nelson
Mr. Tim Quinn
Mrs. Jane Strain

Board Members Absent:

Mr. Danny Ortega

2. NEW BUSINESS

Dr. Rottweiler thanked the Board for attending the retreat. He then stated that no actions will be taken during this retreat; however, the Board may provide direction in order for senior staff to begin some work and bring back recommendations for the Board at the regular Board meeting(s).

2.01 Cochise College Downtown Center (DTC)

Update – Design/Plans: Dr. Rottweiler stated that one of the more important topics to be discussed deals with the Downtown Center, and he provided each Board member a copy of the design/plans. The Board has already approved a Construction Manager @ Risk (CM@R), which is Diversified Design and Construction, and they are currently in the demolition phase of this project. Mr. Nelson requested photos of the progress in the construction. Mr. Schiers, Vice President for Administrative Affairs, stated he will get those out electronically. Dr. Rottweiler stated these are the final plans as laid out, and he pointed out color-keyed areas.

Dr. Rottweiler provided the Board with an article from the Arizona Capitol Times relating to the incredible nursing shortage; there are 16 states that have significant problems coming up in nursing. Arizona will be first in the nursing shortage. Therefore, the timing for this facility is really key, and really important.

Dr. Rottweiler then provided the Board with the most recent estimate of costs. He explained this is the first time he has been through a CM@R on a remodel, and we need to do some major demolition before we can do bids. He then reviewed the costs. This was originally a

\$14M project – currently, it's coming in at about \$14.7M; however, the \$1M owner contingency item should shrink significantly as we know more about what it actually is. There are other large contingencies in furnishings, etc. He has been holding the line on the expected \$14M project that included everything - all design work, furnishings, equipment, etc. He assured the Board that the college has the resources necessary for this facility, but he did want them to see where we currently stand on the costs. Our plan at this time is to hold a special meeting on November 20th to do the Guaranteed Maximum Price (GMP).

Dr. Rottweiler then provided the Board with a Cochise College Building Inventory, which included all the facilities the college has and operates, square footage, original costs, remodels (all the things that have been done). The DTC has 92,000 square feet. The Sierra Vista campus currently has 209,000 square feet. For just under \$14M, we are bringing on an additional third of the campus – it's significant. It provides us an opportunity to move some things forward. Bottom line – we would have paid \$13-\$14M for a new 38,000 square foot facility when we are getting 92,000 square feet for \$14M

Related to furnishings and nursing equipment, Dr. Rottweiler shared that he turned in a request to the Legacy Foundation of Southeast Arizona, a grant for \$585,000 to help us purchase equipment. He stated he feels there are some on that Board that believe they have given a \$9M gift to the college; therefore we should never need anything again. Yet, when we started in this process they said they might help us on some other things. Dr. Rottweiler stated he needs to continually remind them that, if we didn't take that building from them, they would be burdened with \$1M per year in upkeep for a vacant building sitting in the middle of Sierra Vista.

As a reminder, Dr. Rottweiler shared that we will have three partners coming into the building – the Disabled American Veterans, ViCAP, and Workforce Development Services. They will be billed annually for their percentage of some costs. There was also discussion around the location of doors and parking lots, and the removing of the gift shop, morgue, and the physical therapy building to increase parking on the east side. Dr. Rottweiler stated culinary arts will also be moving into the DTC.

There was discussion around security and the number of exterior doors. Dr. Rottweiler stated the plan is to locate the security desk at the main entrance, with a security camera at each entrance. He then reviewed the location of each entrance. There was also discussion around plans in the event of an active shooter on campus, such as 'Run, Hide, Fight'.

Funding: Dr. Rottweiler stated we have allocated resources, and the Board has a fund balance of approximately \$20M. We have a \$14M project, and now the question is, does the Board want to try to finance. At their last meeting, the Board passed a resolution for reimbursement, which gives them the flexibility to make some key decisions. He felt it wise to bring in some experts. Mr. Schiers introduced Mr. Loren Morales from RBC, and Mr. Tim Stratton from the Gust Rosenfeld Law Offices, who have a long history with the funding activity we've done with bonds previously with the district. They will be able to answer questions, and will be able to walk the Board through any questions or scenarios they might have in regards to financing a portion of this project. They are sharing information only in order for the Board to make a better and informed decision as we move forward.

Dr. Rottweiler stated the Board will see a Board agenda item on Tuesday, selecting RBC as the underwriter, and Gust Rosenfeld as the bond counsel. We are keeping the team that worked on the college's 2008 initiatives.

Mr. Morales provided the Board with a booklet – Debt Financing Options and Profile of Currently Outstanding Debt. He stated that Section 1 – Financing Options, includes all the financing options that are available to community colleges in the state; Section 2 – Summary of Outstanding Revenue Bonds, is a summary of outstanding bonds currently for Cochise College, and Section 3 – Debt Capacity, contains scenarios that Mr. Schiers specifically asked to be run for the Board’s review. Mr. Morales reviewed the specifics of each financing option, which included 1) Pay-as-you-go funding, which is least costly funding method – there is no financing and no interest costs; 2) General Obligation (GO) bonds – community colleges and all municipalities in the state can issue general obligation bonds which pledge the full faith and credit of the college (these are secured by property taxes). They require going to the voters for authorization, they are generally considered the strongest credit of any municipality or community college, and they are the lowest cost financing approach; 3) Revenue bonds, which the college currently has outstanding, do not require voter authorization, they are generally one rating category below a GO bond, and the pledge for paying back the debt service on these bonds is gross revenues; and 4) Lease Purchase Financings, which is the weakest credit of any community college or municipality in the state – even weaker than revenue bonds, therefore, it would be the most expensive from a borrowing perspective. Mr. Stratton provided the Board with a history of past debt and financing in Arizona. Mr. Morales then reviewed Cochise College’s current debt service coverage and scenarios for a \$7M project deposit with a 20-year term, a 15-year term, and a 10-year term; a \$10.5M project deposit with a 20-year term, a 15-year term, and a 10-year term; and a \$14M project deposit with a 20-year term and a 15-year term. There was discussion around options for borrowing money, financing, paying off debt, and interest rates. Governing Board members offered their thoughts on option(s) they would prefer, and requested scenarios be brought back to them specific to the needs Cochise College.

Dr. Rottweiler and the Board thanked Mr. Morales and Mr. Stratton for coming in and providing them this information. The Board took a quick break to get food, and then resumed the meeting.

2.02 Higher Learning Commission

Dr. Rottweiler provided the Board with a binder containing information relating to the upcoming Higher Learning Commission visit. He stated the Board needs to be prepared for Monday, October 26th, when they will have dinner with the site visit team at LaCasita, where the team will lead a very informal conversation with the Board. Dr. Rottweiler stated the binder contains some background information on each site visitor, and the Assurance Argument, showing that we meet each of the five criteria. Key areas for the Board to review would be criteria one – mission, and criteria five – planning and finance. Criteria two pertains to integrity and ethics, and criteria three and criteria four pertain primarily to instruction. The Board doesn’t need to study these; there isn’t going to be a quiz. He assured them that the team is more interested in the role the Board plays in the college in areas such as, are they getting good information from the administration, are they taking their fiduciary and statutory responsibilities seriously, and do they have discussions with the administration about financing and academic integrity. Mr. Quinn requested the Board be given web access to the information that was provided to the site visit team. Dr. Rottweiler stated he will look into this. Dr. Rottweiler then pointed out other information that was included in the binder.

Dr. Rottweiler stated that the Governing Board is probably the college’s greatest strength. When the site visit team sees the Board’s love and commitment to the college, and their

understanding and willingness to fulfill their role as a trustee, the team will see the college is where it's at because of the Board.

Dr. Fick stated the team will already have spent a ton of time going through the arguments ahead of the visit. They will want to confirm that some of what they've read is actually true, and they may want to get additional information in areas in which they may be confused or in areas that weren't addressed. He then reviewed the team's schedule with the Board – upon completion of their visit, they will have 30 days to write their report and submit it. It will then come to us, we will review it for errors of fact, it will go back to the team, and it will continue on through the process until it gets to the final decision-making body at the HLC. They will then make their decisions, and the formal report will be provided to us.

2.03 FY '17 Budget

Dr. Rottweiler shared with the Board, key factors for the FY '17 budget, as they relate to financing options for the DTC, and informed them of things on the horizon, which included funding and resources with which the Board will have access. Should the budget submitted to the governor's office be funded in the legislature, we would be down \$110,000 from what we received last year. This is based primarily on our decrease in FTSE, and is related to the decrease in the number of soldiers we have coming from Fort Huachuca and the decreased programs at the Department of Corrections. There's nothing in there that's shocking. Also, if the Board chooses to increase property taxes next year, they would have approximately \$400,000, plus new construction, available. Discussion followed on what the administration felt comfortable with taking the college's fund balance down to (pertaining to the funding of the DTC), and how much they felt comfortable financing.

2.04 GISS

Dr. Rottweiler stated he wanted to spend a little time regarding the feedback from the GISS-Arizona meeting that took place April 10-11, 2015, in which three Board members participated. He provided the Board an email from Narcisa Polonio, Executive Vice President for Education, Research, and Board Leadership Services at ACCT, requesting the Board provide information that would be helpful in tracking the progress, as well as sharing experiences among other GISS participating colleges about ways in which Boards are advancing the student success agenda. Dr. Rottweiler stated he preferred focusing on the indicators, and Dr. Fick spent a few minutes reviewing the chart "Measuring Up at Cochise College – Numbers That Guide Us", which is similar to the document presented at a previous Board meeting. Columns included and reviewed were: Tier, Category, Measure, Number Now (improvements/ setbacks), Target, Year/Cohort, and Audience/Driver. Categories/measures included and reviewed were: Access – FTSE Enrollment, Community College Going Rate, and Cost of Attendance as % of County Median Household Income; College Preparation – GT6 Gateway Triad 6; Community Support – Youth Not in School and Not Working (16-24); Completion – Graduation (Degree/Certificate Completion) Rate, Overall Transfer Rate, and Percent of Learners Achieving an Successful Outcome; Student Engagement – Percent who reported talking about career plans with an instructor or advisor; Productivity – Cost Per Student; and Retention – College-Level Course Success Rate and Fall-to-Fall Retention. Dr. Fick added that the target column now includes some proposed targets. He requested the Board inform him of any other categories the Board might think would be of value to be added.

2.05 Board Goals

Dr. Rottweiler asked the Board if there were any areas they would specifically like to address. Mr. Nelson inquired about long range planning. Have we thought about 'branding the college' as an aviation training center? Dr. Rottweiler stated the college will be hosting a Chinese airline company and possibly 12 Chinese students for 18 months. Mr. DiPeso inquired about the security force at Cochise College – discussion followed around how well the security force is trained, their carrying of firearms, and the certification program they complete, the emergency system in place for alerting students to not only emergencies, but also for campus closings and class cancellations. Mrs. Strain inquired about the possibility of holding pre-meetings prior to the Governing Board meeting to promote community engagement, with perhaps a theme for each campus/center.

2.06 Board Self-Assessment

A Board Self- Assessment was done during the summer and at the GISS meeting. It was suggested this be addressed again next year. The Chair structures the questions to be used, and areas of improvement will need to be discussed. Regarding Board/President relations – there is no need for discussion as there are no problems in this area.

3. ADJOURNMENT

Mr. DiPeso adjourned the meeting at 1:34 p.m.

Respectfully Submitted:

Loretta Mountjoy, Executive Assistant to the President

Mrs. Jane Strain, Secretary of the Governing Board