

MINUTES

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT GOVERNING BOARD REGULAR MEETING

Tuesday, January 10, 2017
Sierra Vista Campus
6:00 p.m.

1. GENERAL FUNCTIONS

1.01 Call to Order

Mr. Nelson called the meeting to order at 6 p.m.

Board Members Present:

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

1.02 Pledge of Allegiance

1.03 Adoption of Agenda

Dr. Rottweiler stated there was one minor adjustment – Consent Agenda Item 2.01.6, the retirement of Rosa Ortega, the effective date was revised to February 3, 2017. Other than that change, the agenda remained as published.

1.04 Governing Board Organization/Orientation for 2017

1.04.1 Oath of Office

Chair Nelson administered the Oath of Office to recently re-elected Governing Board members Danny Ortega and Tim Quinn.

1.04.2 Election of Board Chair

Mr. DiPeso moved to nominate Dennis Nelson for Board Chair, and Mr. Quinn seconded the motion. Mrs. Strain moved that the nominations cease, and Mr. Quinn seconded the motion. There was no further discussion by the Board. The Board unanimously approved (Mr. Nelson abstained from voting). MOTION CARRIED.

1.04.3 Election of Board Secretary

Mrs. Strain moved to nominate Mr. Danny Ortega as the incoming Board Secretary, and Mr. DiPeso seconded the motion. Mrs. Strain moved that the nominations cease, and Mr. DiPeso seconded the motion. There was no further discussion by

the Board. The Board unanimously approved (Mr. Ortega abstained from voting).
MOTION CARRIED.

Dr. Rottweiler thanked the Board and stated he appreciates their willingness, dedication, and commitment to serve and enhance educational opportunities in the county. He thanked Mr. Ortega and Mr. Quinn for their willingness to run again to be on the Board. He added he looks forward to working with Mr. Nelson as Board Chair for another year, and thanked Mr. Ortega for his willingness to serve as Board Secretary.

1.04.4 Appointment of Arizona Association of District Governing Boards (AADGB) Representative and Alternate Representative

Chair Nelson appointed Mrs. Jane Strain as representative to the Arizona Association of District Governing Boards. Mrs. Strain stated she would work with the remaining trustees and present Mr. Nelson with an alternate representative to AADGB.

1.05 Citizen's Interim

There were no requests to address the Board.

1.06 Standing Reports

1.06.1 Representative to the Arizona Association of District Governing Boards (AADGB)

An Arizona Association of District Governing Boards report was not provided. The next meeting of the AADGB is scheduled to be held on March 9, 2017, with a report anticipated to be provided at the March 14th Governing Board meeting.

1.06.2 Senate

The Senate did not meet in December; therefore, a report was not provided.

1.06.3 Student Government Association (SGA)

A Student Government Association report was not provided.

1.06.4 College President

Dr. Rottweiler stated that there was no SGA or Senate report provided this evening in light of school just getting back after the holidays. He then wished the Board a Happy New Year and welcomed them to the new Governing Board room. He shared that he is extremely pleased with how it turned out and acknowledged Frank Dykstra and his team, who pulled together a facility that is very appropriate for the actions the Board takes. He also made the Board aware that we would be testing for the first time, Cochise Connect, which will allow the Board to meet in this room frequently and be able to broadcast to locations they deem necessary. The Sierra Vista Board room was connected to the Douglas Board room for this evening's meeting, which will most likely be an ongoing practice. Dr. Rottweiler wanted the Board to

understand how the process will work as we move through Truth in Taxation and Budget hearings in the upcoming months.

Regarding legislative matters, Dr. Rottweiler shared that the governor provided his State of the State address yesterday, with the main theme being K-12 education and increasing teacher's salaries. There was no mention of community colleges and universities outside of a recognition of setting up teacher's academies at universities, which would provide students the opportunity to attend at a greatly reduced rate, that they would leave with guaranteed jobs with Arizona school districts, and no debt. None of this came as a surprise, as Dr. Rottweiler has briefed the Board a number of times that he expected K-12 would be an area of concern.

The governor's budget will be released this Friday. Community colleges did request full funding of the state formula, and there are no indications that that will not be included. They have also been asked to schedule, for the Joint Legislative Budget Committee (JLBC), a hearing on the community colleges on January 18th. AC4 will coordinate their presentation to that body, based heavily on what comes out of the governor's budget.

Dr. Rottweiler stated he briefed the Board last month related to initiatives coming out of Prop 301. Representative Carter indicated that she would be forwarding some things related to Prop 301; however, there's been a 'squabble' at the governor's office regarding texting. He's not sure where that will go, but complicating matters is that the Democrats brought forth an initiative to do Prop 301. There is a consensus that Prop 301 needs to be done, needs to be looked at, and everyone is supportive of it because of the funding it provides to our education system – the question is when that is presented, how that's done, and when it's brought back to the voters. He will keep the Board updated as this moves forward.

Dr. Rottweiler stated he is on the AACC Executive Committee, and he participated in a conference call today where they received a briefing related to preparing for the new administration. He provided the Board with two documents coming from AACC, as well as ACCT, one of which is preparing for the Trump Administration that contains some information Dr. Rottweiler feels the Board needs to be aware of, as well as discussions taking place. Clearly, as he, Mr. Nelson, and Mr. Ortega travel to Washington, DC in February, they will address many of those things. Key areas needing to be addressed is the reauthorization of the Higher Education Act, financial aid through Title IV, Hispanic Serving Institutions (HIS) through Title V, along with all things related to TRiO, of which the college participates. He is hopeful some of these things will come out of the reauthorization. Exactly how that process goes through will likely depend upon the confirmation of the President-Elect's nominee for Secretary of Education.

Dr. Rottweiler stated that one of the issues they think will come heavily out of the reauthorization is a year round Pell – which is one of the critical issues. All reports show there are plenty of resources to do year round Pell based on what has been saved. They will continue to watch that. This would clearly help students complete if that year round opportunity for Pell resources is there.

Dr. Rottweiler made the Board aware of an issue related to loan default rates, which we are not nearly as concerned about thanks to Karen Emmer, where there is a movement related to what is being referred to as risk-sharing on loan default rates.

Those colleges or universities that have high default rates may be asked to share some of the costs. By sharing the risk, they will be much more prudent in who they award loans to. The problem with that is, you may be punishing the wrong end – in the end we don't have a lot of say in that. However, there is much talk around those things. Another key part in reauthorization deals with the Perkins Act, and Dr. Rottweiler hopes we can see some of those things related to vocational and technical education.

Other areas of concern included:

- Significant concern to community colleges, which is coming out of the administration transition, is what happens to DACA students. As the Board is aware, the president-elect made strong statements during the campaign regarding walking back several presidential executive orders in the first 100 days – one of which being DACA. Since that time, there has been a softening of that, and we're already seeing some of the effects at the college. Dr. Rottweiler stated he met with a couple DACA students who were interested in what the college is planning to do. He reassured those students that we will do our very best to serve them, and will make sure they are able to receive the education for which they have paid for.
- A key area potentially coming out of the Trump administration deals with regulatory relief. Some of those key areas where we see some regulatory issues center on Title IX - the gender equity title within education. The key area deals with the Violence Against Women Act, as well as all things related to sexual assault and sexual harassment.
- A regulation that is costing millions of dollars is gainful employment, as part of the student loan and Pell grant operation. Results were released this week; there are 800 programs on the 'beware of' list as it relates to gainful employment. Of those, 98% come from proprietary, for-profit institutions. Of all the community college programs, which are well into the tens of thousands that were submitted, 99.7% of them met all of the guidelines. Dr. Rottweiler believes that, with the changes of administration, there may be some different attitudes towards for-profit institutions.
- In regulatory relief is an issue that deals with state authorization, or on-line and other educational services provided in other states. The Board has previously been briefed by Mr. Self regarding our state authorization, and there is some talk around those things as well.
- Discussion around accreditation and the federal government's role in accreditation in establishing who our accrediting agencies are. There is a concern around quality, but what role should the federal government play in that is a question that continues to play out. Much of this is based around the critical issue which is campus climate, nature of education programs, faculty, endowments, etc. There is sensitivity around many of those issues. There will be a lot of discussion around the value proposition of higher education.
- An area Dr. Rottweiler will be watching closely deals with the president-elect's desire for infrastructure. The question is, will there be some opportunities for infrastructure at colleges and universities – in providing the necessary

infrastructure in training facilities to help bring jobs and to “make America great again”. There are two sides to the infrastructure equation – what opportunities the colleges and universities could have to access resources for infrastructure, and what programming could we develop that might assist in the development of creating a workforce to do some of that infrastructure.

Dr. Rottweiler stated that, as previously mentioned, he, Chair Nelson, and Mr. Ortega will travel to Washington, DC next month. He has arranged an appointment with Congresswoman McSally, and he will continue to review our other members of the delegation to make sure issues can be addressed, including some that are specific to Cochise College, particularly the UAV systems and partnering with the Border Patrol.

Regarding master facilities, Dr. Rottweiler reported that there will be a report on the closeout of Downtown Center this evening, about which he is very pleased. Phase 2 of the domino effect, which included the Human Resources Building and the Board Room, have been completed. The upgrades to the Student Union have been completed, and the Student Development Center is fully operational. Building 700, the new Business Education and Music Education Building, is now complete and is occupied. The question now is what to do with the old portable buildings – P1, P2, P3, and P4; everyone has been moved out of those buildings. He will keep the Board apprised on this matter.

Also, we have completely vacated the old Fort Huachuca Center (old Colonel Smith Middle School), and he will meet with accommodation school’s senior leadership to do a walk-through and close that phase out.

In his general comments, Dr. Rottweiler provided the following:

- The Board was provided a document coming out of the Tucson Daily Star – Cochise College was named one of the most affordable on-line schools in the country (#8), and the only one in Arizona.
- On January 18th, the Sierra Vista Chamber’s Leadership Academy will be at our Downtown Center for Education Day. They will be provided a tour, and they have requested that Dr. Rottweiler provide a keynote and leadership session with the participants.
- Related to the Santa Cruz County Provisional Community College District, he has been invited to a meeting on Friday, January 20th, with their staff, as well as Pima County Community College, to discuss a potential transition plan. He will brief the Board when he has additional information.
- He reminded the Board that on Saturday, January 21st, a Board retreat will be held in the Governing Board room on the Sierra Vista campus. He has received a couple agenda items from Board members, and will include them on the agenda. His hope is to have the Board articulate, in a less formal meeting, what their goals and desires are as we move into 2017.
- He reminded the Board that the February 2017 Board meeting is being moved forward one week to February 7th to accommodate Chair Nelson’s, Mr. Ortega’s, and his travel to Washington, DC.

- The Arizona County Treasurer's Association conference will be held in Tombstone, and he has been asked by the Cochise County Treasurer, Catherine Traywick, to provide a keynote address around risk taking and getting outside the box. He is excited that the college can provide leadership in the county and across the state.
- The Cochise College's Leadership Academy (II) will be held May 15th – 17th. Dr. Rottweiler wanted the Board to be aware of this because, in his planning and response from those who participated last year, as well as the Board's response, he will invite Board members to attend the lunch. He has also scheduled a 45-minute session called "Learn from the Board", where, if they should choose, the Board will be invited to provide their leadership vision. Mrs. Strain and Mr. Quinn participated last year, and their messages were very well received, with zero preparation time. Dr. Pam Fisher will once again facilitate the discussion; others invited to participate are Dr. Jerry Migler, a campus president in North Dakota; Dr. Maria Hesse from Arizona State University and President Emeritus of Chandler-Gilbert; Dr. Bubba Hall, who is currently the Vice President of Academic Services at Sheridan College; and Kristen Boilini, the Acting Executive Director of the Arizona Community College Coordinating Council and the college's chief lobbyist.

Mr. Nelson stated he'd been remiss – Dr. Rottweiler had mentioned our access to the Douglas Campus via modern technology; Ms. Hoyos was in attendance there and Mr. Nelson thanked her for attending and showing the Board how well the technology works. He had no idea of the efficacy of this. Dr. Rottweiler stated that we can arrange for people to participate from various locations in future meetings.

1.06.5 Monthly Financial Report – December 2016

The Financial Report for December 2016 was presented and accepted as submitted.

2. NEW BUSINESS	ACTION
2.01 Consent Agenda	
2.01.1 * Classified Staff; Appointment (<i>Marla Barcelo, Division Assistant, Academics, Douglas Campus</i>)	
2.01.2 * Faculty; Appointment (<i>Garry Nix, Instructor of Administration of Justice, Douglas Campus</i>)	
2.01.3 * Aviation Faculty; Appointment (<i>James Squire, Aviation Pathways Instructor, Douglas Campus</i>)	
2.01.4 * Administrative Staff; Resignation (<i>Marisela Nunez, Director, Prison Education, Douglas Prison Complex</i>)	
2.01.5 * Aviation Faculty; Resignation (<i>Timothy Timmons, Instructor, Professional Flight/Assistant Chief Flight Instructor, Douglas Campus</i>)	
2.01.6 * Classified Staff; Retirement (<i>Rosa Ortega, Department Assistant, Admissions and Registration, Douglas Campus</i>)	
2.01.7 * Faculty; Retirement (<i>Elizabeth Bonfim, American Sign Language Instructor, District-wide, based on Sierra Vista Campus</i>)	
2.01.8 * Faculty; Retirement and .49 Appointment Rescinded (<i>Belinda Burnett, Chief Flight Instructor, Douglas Campus</i>)	

- 2.01.9 * Curriculum Changes
- 2.01.10 * Acceptance of Minutes for December 13, 2016 – Regular Meeting

Mr. Ortega moved and Mrs. Strain seconded a motion to approve the Consent Agenda. There was no further discussion by the Board. The Board unanimously approved. MOTION CARRIED.

***** Introduction of New Employees *****

Beth Krueger, Dean of Mathematics and Sciences, introduced Marla Barcelo; and Belinda Burnett, Chief Flight Instructor, introduced James Squire.

2.02 Revised Governing Board Policy 644 – Performance Evaluations

Dr. Rottweiler stated the major adjustments to the policy include the addition of administrative staff, professional staff, and coach employee classifications, as well as some general cleanup and aligning of the policy with our current practice as it relates to evaluations. Mr. DiPeso moved and Mr. Ortega seconded a motion to approve the revised Governing Board Policy 644 – Performance Evaluations. There was no further discussion by the Board. The Board unanimously approved. MOTION CARRIED.

3. INFORMATION ITEMS

INFORMATION

3.01 Communications

The college received the following communications:

- Kristy Ritter, Math Instructor, received a letter from Jessica Vannoy, expressing her gratitude for the extra time, attention, and coaching afforded her by Ms. Ritter during this Fall semester.

3.02 Administrative Computing Support Services Update

Dr. Rottweiler introduced the individuals who were on campus this week from CampusWorks – Mr. David Boman, who will be the Interim Director of Administrative Computing; Mr. Jerry Smith and Ms. Crystal Smith, who are being referred to as ‘smoke jumpers’ who will provide on-the-ground training and upgrade. Dr. Rottweiler turned the floor over to Mr. Smith.

Mr. Smith thanked the college not only for having confidence in CampusWorks and providing them with the business opportunity, but also for the opportunity to work with the college, the people, and the team to ultimately benefit students.

Mr. Smith shared the approach they will take and some of the things to expect as they start a six-month engagement with the college, which began this week.

He began by introducing the team: David Boman, Senior IT Executive, will be the site leader and will be on campus week in and week out for the next six months; Sarah Delegge, a certified project management professional, whose expertise is both managing projects and training people to do project management, will join Mr. Boman next week; and Crystal Smith, a Senior Optimization Executive and Program Manager, will be ‘parachuting in’ from time to time to look at the optimization process. Working behind the scenes will be Alex Larzabel, a Senior Technologist, who is also a Banner programming person, who will be assisting in

writing scripts to automate processes, as well as serving as a general resource as project plans come together; Deirdre Cochran, the Senior Director of client Leadership Practice, will be the primary executive contact, who will address any issues that might arise; and supporting the team is Liz Murphy, the CEO, who will stop in from time to time.

Mr. Smith then provided information on 'smoke jumpers' stating their primary scope is to serve as an interim director of administrating systems, but they do not do a true staff augmentation. Their goal is to not to be a placeholder, but they want to help the college move forward, and move forward quickly. Their engagement role is more than just interim staffing – they want to help the college produce some key deliverables. There were a range of projects explored this week where they believe they can help in getting them on track, and actually complete some of them. The one they can't complete, they can put a project plan and time line on the path to get there together so that they start moving forward. Producing those key deliverables ('low hanging fruit'), they might be able to fix quickly. They can also do some careful planning for longer term areas. Therefore, when the college gets a permanent Director of Administrative Systems in place, they won't need to start at the beginning, they will already be well into the things the college wants to do.

Mr. Smith stated that, another thing they can do is empower the administrative systems team to look at how things are organized, the committees and advising structure that goes along with that, and facilitate good communications between those – IT can't stand alone in its own little room any more, it has to be part of the bigger team. The functional people, admissions, financial aid, etc., have to be part of the same team. As CampusWorks can facilitate that communication across those teams, they will help get the college miles ahead, which is one of their major goals. They also want to work with the president and IT leadership, and look at the organization itself to see if the right people are in the right places, are there skill sets that need to be acquired, and is there training that people need – to look at the overall IT organization well. They will work on all those things over the next six months. They are excited to get started and will be keeping the Board in the loop on their progress.

In closing, Mr. Smith explained a little about their approach. They really want to listen carefully to what is going on and what the needs are at Cochise College. They're not going to come in and say, "This is our plan, this is what you need to do." It needs to be a team effort, and listening to what the college needs, where the college is at, and what the college needs to move ahead. They will also try to find and deliver that 'low hanging fruit'. They will also look at how they collaborate across the college (a team effort), and along with the collaboration, they will really focus on planning – to put project plans together so they know why they're doing it, what the benefit to the college will be, and what it will take to implement it in the timeline for doing it. They will be helping to both build some project plans and to work with people at the college to develop their own capability – the goal being to maximize the return on investment being made in IT. Mr. Smith shared that, one of the things they pride themselves on doing is talk about the 'teaching people to fish' approach. Their goal is not to come in and take over, and when the group leaves ask, 'what do we do now'. Their goal is to come in and prepare the college for self-sufficiency, so that when they leave six months from now, the college will have a team in IT and across campus that's ready for ongoing success. They will have plans, capabilities in place, and will be able to move the college forward in a lot of areas, but particularly in better serving the students through the use of IT.

Mr. Smith concluded his update by thanking the Board for their confidence and business, and for providing him the opportunity to come and speak with them.

Mr. Nelson stated that the consultant's report spoke of a lot of IT technical problems; however, it also pointed out what he would consider a cultural problem – the attitude of 'us vs. them', the IT department vs. the users. He asked if CampusWorks will deal with that type of problem. Mr. Smith replied, "Yes". Mr. Nelson then asked how they would do that. Mr. Smith stated mainly by listening to both sides.

Dr. Rottweiler stated he is appreciative of CampusWorks' willingness to work with us. They have committed to become part of the college.

3.03 Downtown Center Construction Close Out and Cost Summary

Dr. Rottweiler stated he wanted to provide the Board with the close out of what is frankly the most exciting project he's ever been part of. It was at the January 13, 2015 Governing Board meeting that the Board authorized the college to enter into a letter of intent to acquire the old Sierra Vista Regional Health Center, which was still in operation and remained so until April of that year. Dr. Rottweiler reviewed a two-year timeline related to Governing Board actions and contracting with various groups/partners. On January 12, 2017, we will close the final purchase order for the complete acquisition and remodel of the Downtown Center.

Dr. Rottweiler then reviewed the approved costs against the actual costs: the Board approved a Guaranteed Maximum Price (GMP) of \$12,421,506 – the actual costs came in under budget at \$12,302,173. Likewise, we came in under budget on Architect Fees and pre-construction – approved costs of \$1,424,370/actual costs \$1,352,827. He provided the breakout of approved costs and actual costs for furniture, fixtures, and equipment, as well as owner costs and owner contingency. In the end, as promised to the Board, the final actual cost of \$14,989,269 came in under the \$15,000,000 total approved cost.

Dr. Rottweiler acknowledged Mr. David Jones, stating much of the credit goes to him as project manager, who came in to provide specific guidance and direction. He also acknowledged traditional college staff who worked heavily on the project.

3.04 Administrative Affairs Report

LaMont Schiers, Vice President for Administrative Affairs, stated he will cover the audit, which will conclude on January 20th, the CAFR (previously distributed to the Board), and provide an overview of risk management.

Mr. Schiers began with the 2016 Audit Review – he stated the audit with the Auditor General's Office was just concluded. They reviewed our day-to-day transactions and operation and chose specific areas in which to audit. They always go into our student support cluster (as they do every year), and target different areas. This year they focused on career and technical education, last year their focus was on TRiO, and the previous year they focused on adult education. The purpose is to ensure the college is following federal and financial regulations in our day-to-day operations. Mr. Schiers reviewed the three types of findings based on the lack of controls: a deficiency – when a control is not being performed or is not designed well, are not considered significant, and are not reported publicly; a significant deficiency – significant enough to be considered of interest to the governing body, and are considered significant enough that they are reported publicly; and a material weakness – the most serious of all findings, financial statements can be materially misstated or material noncompliance could occur, and these are reported publicly. Mr. Schiers stated the college has never been found to have a material weakness, but we have had findings in regards to specific programs or transactions.

The Annual Audit is required in order to submit our Comprehensive Annual Financial Report (CAFR). The auditors found one discussion point - there were findings as to last year's activities in regards to procurement, suspension, and debarment of vendors related to CTE. There was one financial finding – this was around IT internal controls (checking the checker), and they requested, based on our policy, that we monitor who accesses information. The auditors came across two concerns on our federal findings – the first being an ongoing issue regarding the National Student Loan Data System (NSLDS), and we're still working out those issues; however, those are beyond our control. The second finding dealt with our career and technical education program regarding fuel vouchers for some of our students.

Dr. Rottweiler stated he thought it was important, as we talk about these findings, that through the course of the auditor's investigation, there were no findings of misappropriated resources – they were really all policy related issues in the sense that we have not lived up to all of our policies. Mr. Schiers stated that the key to any audit process is making sure we have the documentation to support the procedures we're following.

Regarding the CAFR, Mr. Schiers pointed out that the CAFR is comprised of three sections. The Introductory section includes information specific to our district such as history, service area, county economics, capital renewal, enrollment, program initiatives, student achievements and risk management. There is also a welcome letter from the college president, an organizational chart, and a listing of the principal officers of the college. The Financial Section shows our net position (our balance statements), covering all of our financial activities as a district between the months of July 2015 through June 2016. The Statistical Section provides a ten-year summary of various financial activities re. assets, revenue, expense, taxes, and enrollment.

Mr. Schiers then provided a Risk Management (insurance coverages) overview, which included coverage principles (reasonable but not absolute safeguards for people and property); the types of risk insurance, including general, professional and automobile liability and property, aviation and airport liability, workers' compensation, athletics accident and health (including rodeo), allied health student professional liability, international student accident and health, and tenant users liability insurance policies.

We also have insurance coverage through the "Trust", whose main clientele is K-12; however, they also cover the rural community colleges in the state of Arizona. Mr. Schiers stated we have an airport/aviation policy that covers our aircraft, as well as the hangar and airport structures. There are coverages in place for workers' comp, student activities (specifically for athletics, focusing on the rodeo program), the nursing program, and international coverage for traveling abroad. Mr. Schiers also reviewed the limits for property, general and professional liability (primary and administrative practices), automobile liability, excess liability, and crime and cyber.

Regarding logistics, Mr. Schiers stated we have 62 buildings (over 700,000 sq. ft.) valued at almost \$100M, with contents (property coverage) amounting to a little over \$21M, 57 vehicles (valued at \$224K), 15 aircraft, valued at just under \$3M, with \$15M in coverage for the airport and hangar, and \$5M in coverage, per occurrence, for our aircraft. In the area of worker's compensation, we have an annual coverage of \$22.9M. Those limits are industry standards - \$1M per occurrence. Of note, our experience rating has come down since 2012 from 1.05 to .62 in 2016. For student athletes, we have \$25K per student, not to exceed \$5M, \$1M up to \$6M for our allied health student professional student coverages, \$100K per occurrence with an aggregate of \$1M for our international student activities, and \$1M up to \$2M for our rodeo audience.

Mr. Schiers then provided the Board with a summary of the annual total cost to the district in regard to the amounts paid for insurance coverage from 2012 through 2016. Our overall costs have come down since 2016, from \$603,577 to \$537,581.

In conclusion, Mr. Schiers stated the college is insured properly for the activities we are engaged in. Our focus is on students, faculty, and staff (including Governing Board members and volunteers), and our risks are managed appropriately. However, he added that there is no "Perfect Protection", but we do have quite a bit in place to make sure that, should any events take place, we have coverage.

Mr. Quinn inquired how far the auditors go back when looking at the books. Mr. Schiers stated they may go back several years.

Mr. Schiers shared that, in FY'16, we saw adjustments and changes come from both the federal and the state level. There was also Prop 206, which increased the minimum wage from \$8.05 to \$10.00 an hour beginning January 2017. We are managing what we can control, and a lot affects our student workforce. We are working with our department heads to make sure hours do not exceed budgets. In working with our vendors, the first being security, they already pay their lowest paid staff personnel \$10/hr., so that will not affect them for this fiscal year. Over the course of the next several years, that will increase, and we'll need to make adjustments for security coverage. The second is food service, which will translate to an additional cost of approximately \$22K for their services between now and the end of the year. We will make adjustments in regards to the FY'18 budget in regards to food services. The third is the bookstore, which is based on sales, so that will not affect us in regards to any additional costs to the district. Our current relationship with Barnes & Noble is that we receive a percentage based on sales, so this new regulation in regards to minimum wage should not affect that bottom line in our financial activities with them.

Mr. Nelson inquired if the insurance on buildings and aircraft is for replacement value or for stated value at the time of the contract. Mr. Schiers stated it is for replacement value. Mr. Nelson then asked if the liability insurance coverage for Board members is comparable to directors and officers. Mr. Schiers replied yes, it is \$150K per occurrence with an aggregate of \$300K, again per occurrence. However, we have a general liability of \$10M, so based on the scenario it will determine what those coverages are. Mr. Ortega inquired as to the type of findings that were found. Mr. Schiers stated the first was a deficiency, the other three, which will be in our single audit coming out in June 2017, were significant findings. Mr. Quinn inquired if Mr. Schiers was on the clock to fix them. Mr. Schiers replied, yes, he will have to respond to the Auditor General in regards to those findings – what our action plan is and when we believe they will be addressed or taken care of. Dr. Rottweiler added that, as related to the finding on the 'check the checker' – that has already been done and is finished. Related to the vouchers for fuel – we'll run that through the normal process. He'll have a discussion with Dr. Fick regarding the continuation of fuel vouchers. The one related to the clearing house is really one that is outside of our control, but in the end, we're responsible for it. Some of this may get worked out as it relates to the new administration coming on board and some of the new regulations by the Department of Education.

4. COMMENTS FROM GOVERNING BOARD MEMBERS

Mr. Nelson turned the floor over to Governing Board members for comments.

- Mrs. Strain stated she is very excited about the Board room, what it represents, and the quality of work they are enjoying – it's really cool that presenters have a place to stand

to provide their presentations. She also welcomed the visitors, and thanked them for their work.

- Mr. Quinn thanked Ms. Mountjoy for all her assistance.
- Mr. DiPeso extended his congratulations to the people who brought together the hospital project. Congratulations, job well done!
- Mr. Ortega also extended his congratulations – it’s a beautiful building and a treasure for the college.
- Mr. Nelson stated he was at the Downtown Center today on personal business. Ms. Lakosil, while showing him where he needed to go, pointed to a classroom that was just full of students – literally dozens of students in the classroom. It was a great experience to see this happening. He appreciates that, as well as the new facility for the Board room. He was impressed with being able to see and talk to people in Douglas, Willcox, and Benson all at the same time if needed. It’s amazing!
- Mr. Nelson offered his congratulations to Mr. Quinn and Mr. Ortega on being re-elected, stating it was a pleasure to serve with them before, and he’s looking forward to serving with them throughout his term.

5. ADJOURNMENT

Mr. Nelson adjourned the meeting at 7:20 p.m.

Respectfully Submitted:

Loretta Mountjoy, Executive Assistant to the President

Mr. Danny Ortega, Secretary of the Governing Board