The annual board retreat of the Board of Trustees was held at The Landing in Van Buren, MO on Wednesday, June 11, 2014, at 9:10 a.m.

Those present included: Randy Grassham, chairman; Ben Ressel, vice-chairman; Phil Davis, secretary; Chris Williams, treasurer; Eric Schalk, member; Darren Garrison, member; and college administrators: Dr. Devin Stephenson, president; Dr. Wesley Payne, vice president for learning; Dr. Angela Totty. Vice president for student success; Charlotte Eubank, chief financial officer; and Janine Heath, recording secretary. Guest: Ben Gordon, project technician for college; Jonathan Atwood, coordinator of media services and Donna Farley, Daily American Republic.

JUNE 11, 2014

ATTENDANCE

Randy Grassham called the board meeting to order. Darren Garrison delivered the invocation.

CALL MEETING TO ORDER

Dr. Stephenson welcomed the two new members to the Board of Trustees. He reviewed the Mission and Vision of the college.

PRESIDENT'S FY15 PLANNING PRIORITIES

Dr. Stephenson reviewed with the board our service area pointing out that we have a taxing district of 4 counties and a total service area of 15 counties comprised of 9,000 square miles. After a review of credit hour production and revenue totals from FY13, the out of district credit hours have surpassed in district credit hours by 3% and the revenues in out of district are 19% greater than our in district revenues. Adding the tax revenue received from the four in district counties, out of district revenues are still in excess of $447,565.

Dr. Stephenson then reviewed the Missouri budget picture. James R. Moody and Associates have reported the following:

- Revenues in April were very, very weak. Net general revenue for April 2014 receipts were -5.0%.
- It appears that the revenue estimates for FY2014 will be missed by a great margin, thus making the current revenue estimates for FY2015 unattainable.
- In looking at these number, Dr. Stephenson reminded the trustees that the Governor is using 2.8% growth for the current fiscal year. So, a 0% growth rate would be a shortfall of 2.8%. The General Assembly is using 2% growth for FY2015.
- Revenue shortfall total could be in the 4% to 5% range, which would mean a shortfall potentially of $300 to $400 million.
Dr. Stephenson discussed the Governor’s Press Conference that was called for today. The expectation is that some of the bills passed by the General Assembly will be vetoed. If the bill that increases our sector equity dollars is vetoed, then the extra money that was included in the legislature’s bill could be lost. If the Governor does not veto the bill but enacts a withhold of the money, the increase to the sector equity will stand for the future.

As we move into the fall, the budgeted revenues will be reviewed based on any veto’s, withholds, and actual credit hour production to determine if we should make adjustments to budgeted expenditures.

Dr. Stephenson reminded the trustees of our outstanding FY13 independent audit:

- Unmodified opinion
- No reportable findings
- No material weaknesses in internal controls
- Designation as a low risk auditee
- Net Asset position advanced $4.2 million

Dr. Stephenson reviewed the success of the President’s Leadership Academy informing the board that there were 15 participants including faculty, professional and support staff members. This program is designed to increase awareness of the college’s impact on the region, organizational behavior, and, ultimately, to develop the leadership skills of the emerging leaders at the college.

Vision 2015 was reviewed. This initiative was the pathway for focus and was created in 2010 as the methodology for structuring the college’s planning and continuous improvement system. Over the course of the next several months, college personnel will begin work on 2020 Vision that will expand on the components of Vision 2015 and guide the college’s work for the next five years.

The current strategic planning themes resident within VISION 2015 are:

- Partnerships
- Communication
- Resources
- Technology
- Leadership
- Culture
- Learning

Dr. Stephenson reviewed that now is the time to look forward to the next 5 years. “The best way to predict the future is to create it.” There will be challenges as we move forward but the rewards will be greater and it is anticipated that the future will be bright for Three Rivers College.
Dr. Stephenson then provided an update on the current capital projects which are:

- Social Sciences and Humanities Building on the Poplar Bluff campus.
- Eastern Campus building – complete in fall 2014.
- Main Entrance/Poplar Bluff campus – projected to be complete in August 2014.
- Landscaping design update – working with City and Robertson Construction to coordinate design elements and installation.
- Phase I of the Event Center, including full design of construction drawings.

The President’s focus for FY2015 will be

- Physical Plant Development
- Asset/Acquisition & Connections with Influencers and Decision Makers
- Implementation of Strategic Financial Management Plan and Stabilization of Financial Position upon completion of Capital Improvement Projects
- Continue Personnel Development/Leadership
- Promote Aggressive External Grant Procurement
- Demonstrate Executive Leadership and Advocacy (MCCA)
- Expand Footprint in Cape Girardeau (Programs & Services)
- Create New Advancement Division to Improve External Relations and College Branding/Promotion
- Explore Opportunities in Specific Bachelor Degree Offerings – BAT

Dr. Stephenson reviewed the college organizational chart with the newly formed division of College Advancement.

He ended with his “keys to success for 2014-2015”

- COMMUNICATION
  - Transparency
  - Respect and Appreciation
- COLLABORATION
  - Problem Solving
  - Team Innovation
- CONVOCATION
  - Working Together – Staying Together

Dr. Payne presented his planning priorities:

- Increase Student Learning
  - The Learning Division will increase student learning through the strategic use of data from program review, SLO assessment outcomes, use of data
informed decision making in planning, and quality assurance in all online and on-ground courses.
  o The Learning Division will increase student achievement by providing comprehensive support programs and innovative instructional programs for students of all abilities.

- Increase Faculty Capacity
  o The Learning Division will increase the capacity of faculty through the targeted use of meaningful and innovative development activities.

- Quality and Use of Technology
  o The Learning Division will increase the use of technology by ensuring appropriate technology is available and that all faculty and staff are trained in the use of available technology.
  o The Learning Division will improve collaboration with the Student Success Division through the development of programs and strategies that improve student retention and success.

- Educational Opportunities
  o The Learning Division will expand Academic Programs to meet the needs and demands of the community.

Dr. Payne then outlined the resources that were and were not funded in the FY15 budget.

- FUNDED
  o Transitional Studies Coordinator
  o Off-Campus Technology Technician
  o Workforce Development Director
  o Fire Training Coordinator
  o PT Librarians – Sikeston
  o Cosmetology Program
  o Reporting Software
  o ITV Upgrades
  o Technology Training
  o User Licenses for Datatel
  o Theater Upgrades
  o PT Computer Techs
  o Instructional Supplies and Upgrades

- NOT FUNDED
  o Faculty in Science, Math, English and Economics
  o Salary increases to Adjuncts
  o FT Tutors
  o LPN-RN Bridge Program
  o Professional Development and Training
  o Instructional Supplies and Upgrades

After the presentation there was a discussion on retention and completion with the board members.
Dr. Totty presented the priorities for the Student Success Division

- Communication
  - Student Success will strengthen and expand communication with all constituents with focus on inter-division communication.

- Collaboration
  - Student Success will strengthen and expand collaboration in order to develop strategies to address student engagement and success. During FY15 Student Success will collaborate with the Learning Division to transition online orientation course to faculty and shift to blended advising model. Student Success will work with Financial Services to blend messages to students and strengthen process for ease of student process tracking.

- Recruitment and Retention
  - Student Success will place priority on efforts toward recruitment and retention of first-year students. Special emphasis in FY14 will be given to stream the recruitment to admission process, supporting additional recruitment activities and early engagement.

- Assessment
  - Student Success will evaluate and assess outcomes and monitor continuous quality improvement in all programs through strategic planning. Special emphasis will be placed on completion of the Council for the Advancement of Standards (CAS) for program review and its use in SPOL, creating measurable objectives, establishing learning outcomes and making data informed decisions.

- Student Involvement
  - Student Success will foster an environment of student involvement by offering students opportunities of leadership, wellness and developing personal safety. Emphasis will be placed on providing avenues for involvement through student organizations and activities, a focus on physical wellness and training for personal safety and response to crisis.

- Infrastructure
  - Student Success will continue to explore opportunities to strengthen the infrastructure and improve efficiency within the workplace and participate in the development of campus facilities. Focus will be given to the physical space of the division and technology needs to better serve students.
Charlotte Eubank presented the planning priorities for the Financial Services Division.

- Support the Campus Master Plan
  - New Projects
    - Poplar Bluff Social Science & Humanities
    - Eastern Campus
    - Poplar Bluff Campus Main Entrance
    - Activity Center Safe Room Design
  - Existing building maintenance
    - Tinnin Fine Arts Center interior damage repair
    - Annual classroom maintenance
    - Housing Improvements
    - Crisp Industrial Technology building fire alarm system

Trustee Ressel asked for clarification as to whether or not the entire design of the Event Center was approved at the last board meeting. The Trustees all gave their comments as to their understanding. With the exception of Trustee Davis, all board members had understood the approval was given for the design of the building to include construction drawings for both the FEMA and non-FEMA portions.

Trustee Williams called Ben Traxel to clarify whether or not the FEMA portion could be designed without the rest of the building. Mr. Traxel indicated that it would be difficult to accomplish this and that the design could possibly change.

It was decided that negotiations with Dille & Traxel would continue for the design of the complete building. A meeting will be set with Ben Traxel, Dr. Stephenson, Chris Williams and Ben Ressel.

Charlotte Eubank continued with her priority presentation

- Cost Reduction
  - Financial Services will maximize cost savings to the college by:
    - Managing contractual relationships
    - Seeking competitive bids for goods & services
    - Developing new procurement partnerships
    - Increasing efficiencies
- Improve Communication and Collaboration with other college Divisions
  - Collaborate with Student Success to prevent student problems by delivering consistent messages to students; initiate early intervention for potential student roadblocks; and recognizing and addressing interconnectedness of problems.
  - Support for faculty and staff by training budget managers; training grant managers and delivering
more efficient processes.

- Assessment
  - Assess effectiveness at communicating and responding to the needs of the students, vendors, faculty and staff
  - Measure cost savings created by updated methods, processes, policies and procedures
  - Evaluate our ability to utilize new systems and their effectiveness at delivering intended improvements

- Promote an environment of compliance
  - Develop written financial policies and procedures
  - Enforce financial policies and procedures by establishing internal review procedures
  - Strengthen the college’s compliance with laws and regulations by improving our reporting quality

- Technology
  - Implement online requisitioning
  - Expand document imaging to purchasing
  - Utilize Colleague more effectively

At the conclusion of Charlotte Eubank’s presentation, the meeting was adjourned for lunch.

Charlotte Eubank presented the proposed balanced budget for FY15.

FY15 PROPOSED BUDGET PRESENTATION

The assumptions in building the budget were:

- Credit hour production was based on calendar year 2013 actual enrollment
- Consensus on revenue from local, state and federal sources
- The state core allocation increased more than $500K - including $6M sector equity and 5% core increase (over $256K in Performance Funding – all Key Performance Indicators met)
- Recurring expenses must be covered by recurring revenues

The challenges the administration faced:

- Expenses include administration-recommended and board-approved comparative salary and COLA adjustments effective March 2014
- Expenses include increased personnel benefits costs, deferred maintenance, renovations and new construction costs
- Includes increased debt service for bond issues
- Increased costs due to inflation

Charlotte reviewed the methodology that the staff follows in the budget preparation. It begins with the Planning Retreat in January where all budget managers hear the administration’s planning priorities for the subsequent year. Throughout the spring, budget managers build their plans and proposed budgets in SPOL with a
review in May with their specific cabinet members. Throughout the process the cabinet members work together to create a balanced budget by reviewing requests and determining priorities for the overall advancement of the college.

The Proposed FY15 Balanced Operating Budget is presented at $26,008,391. Revenues by source show that net tuition and fees are 47% and State Appropriations are 20% of the budget. Expenses by Natural Class are 56% salaries and benefits and 34% operating expenses.

Charlotte Eubank reviewed the Operating Expenses by function and pointed out that Instruction accounts for 30% of all expenses. She also explained that Institutional Support includes all IT expenses as the college does not break out these costs into the functional areas.

Comparisons of Budget year FY14 and FY15 were presented. In FY14, salaries and wages were 53% of the expenses as compared to FY15 at 56%. These percentages are low as compared to the national average of other community colleges.

Trustee Ressel requested that Ms. Eubank include a comparison to actual on the financial statements. He requested that the comparison be in dollars and percentage.

Ms. Eubank presented a FY15 balanced proposed capital budget of $9,914,020.

The source of funding for the capital budget is 25% from FEMA/SEMA grants and 75% from the bonding dollars. Ms. Eubank reviewed the expenses by project. There was discussion concerning budgeted funds for the Event Center architectural plans. As noted above there will be a meeting with Ben Traxel prior to the final presentation of the budget at the June 25 board meeting to determine if there are additional costs that should be included.

Ms. Eubank then led the presentation on the Primary Reserve Ratio and Viability Ratio.

She explained that the national target for the Primary Reserve Ratio (expendable net assets as compared to total expenses) is .40. The college has been considerably higher in the most recent years which is normal as the institution was ramping up for building and next year we are right on target to maintain the .40.

She then reviewed the Viability Ratio which is a comparison to expendable net assets compared to plant related debt. The acceptable ratio is 1. As is a common occurrence, the college has seen a decline in this ratio as the capital improvement projects have been planned and started. Ms. Eubank predicts that as we move into 2014 the college will slip below the 1.0 target to .67. This ratio will be an evaluation point with the Higher Learning Commission.
during their onsite review (2017) of the college’s financial health. It is acceptable to slip below the 1.0 during building phases but the expectation of the HLC is a continued growth at the end of construction and within two years the ratio should have stabilized back at 1.0.

Ms. Eubank reviewed the highlights of the budget and presented challenges that were not addressed in the budget.

- Deferred maintenance, development of the Poplar Bluff campus, roadways, campus greening and actualization of the Master Plan
- Maintenance and storage space
- Increased demand for faculty and instructional support personnel
- Demand for Three Rivers College’s active involvement in industry recruiting
- New program development for middle skills jobs
- Need to provide resources for academic advisement that lead to higher rate of student achievement & persistence
- Need to professional development that facilitates the maturing of young leaders and personnel with leadership aspirations
- Increased cost of doing business.

Charlotte Eubank presented the Certificate of Deposit bid. She explained the process of emailing the bids and then proceeding to follow up with a phone call to each of the listed banks. The results show that the Bank of Grandin will return the greatest rate of return.

Trustee Davis made a motion to proceed with a 12 month CD with the Bank of Grandin. With a second by Trustee Garrison the board was polled as follows: Trustee Davis, yes; Trustee Williams, yes; Trustee Grassham, yes; Trustee Garrison, yes; Trustee Schalk, yes; Trustee Ressel, abstain.

Trustee Garrison made the motion with a second from Trustee Davis to move into executive session. The board was polled as follows: Trustee Garrison, yes; Trustee Schalk, yes; Trustee Williams, yes; Trustee Davis, yes; Trustee Ressel, yes; Trustee Grassham, yes.
There being no further business, the board unanimously approved to adjourn the meeting at 4:30pm on a motion by Trustee Garrison and second by Trustee Davis.

Randy Grassham, Chairman

Phil Davis, Secretary

ADJOURNMENT

06/25/14
APPROVAL DATE

06/25/14
APPROVAL DATE