

**San Jacinto College District Board Workshop
April 8, 2019
District Administration Building, Suite 201**

MINUTES

	Board Workshop Attendees:	Board Members: Erica Davis Rouse, Marie Flickinger, Dan Mims, John Moon, Jr., Keith Sinor, Dr. Ruede Wheeler, Larry Wilson Chancellor: Brenda Hellyer Other: Kacie Allen, Micki Morris via conference call (Rogers, Morris, and Grover), Teri Zamora
	Agenda Item:	Discussion/Information
I.	Call the Meeting to Order	Board Chair, Marie Flickinger, called the workshop to order at 5:17 p.m.
II.	Roll Call of Board Members	Marie Flickinger, Erica Davis Rouse, Dan Mims, John Moon, Jr., Keith Sinor, Dr. Ruede Wheeler, Larry Wilson
III.	Adjournment to closed or executive session pursuant to Texas Government Code Section 551.072 of the Texas Open Meetings Act, for the following purposes: Real Estate	Adjourned to closed session at 5:19 p.m. Kacie Allen and Teri Zamora were present for the closed session. a. Real Estate - For the purpose of discussing the purchase, exchange, lease or value of real property. It was determined that a consultation with an attorney was needed so Micki Morris (Rogers, Morris, and Grover) contacted via conference call to discuss a legal matter (Section 551.071 – For the purpose of a private consultation with the Board’s attorney on any or all subjects or matters authorized by law).
IV.	Reconvene in Open Meeting	Reconvened in open meeting at 6:21 p.m.
V.	Discuss Creation of Second Benefit Plan for Hires After July 31, 2019	Teri Zamora reviewed the second benefit plan that will apply to employees beginning work after July 31, 2019. The plan will be entitled “Optional Plan Effective 8/1/2019” (Later determined to be called Benefit Cost Structure for New Hires Effective August 1, 2019).

		<p>She explained the current employee optional benefit plan. Full time employees receive health insurance at no cost to the employee. Full time employees also have the opportunity to purchase optional coverages primarily: 1) health coverage for spouse and/or children; 2) dental coverage for employee, spouse and/or children; 3) long term disability coverage for employee; and 4) optional life insurance for employee. Optional coverages are paid partially by the employee and partially by the employer. The primary Optional Coverages are provided through the Texas Employee Retirement System (ERS). ERS publishes the premiums that are designed to be paid by the employee for Optional Coverages. On some coverages, San Jacinto College has historically paid, voluntarily, all or a portion of the employee’s portion of the premium. Over time the State funding levels have changed putting more of the cost burden on the College.</p> <p>Teri reviewed the current costs of the voluntary portions of the payments made annually by the College. Currently, these costs total \$3,283,000 annually. Teri explained that she is currently conducting another survey of area colleges to confirm how each provides the optional benefits to employees. This will help with additional modifications to the benefit plan. For now, the proposed second benefit plan for employees hired after July 31, 2019 is employees will pay the full amount of the premiums that are designed for the employee to pay on optional coverages.</p> <p>The benefit package that San Jacinto College offers is very attractive to employees, even without the current additional incentive. It is expected that the College will continue to attract top candidates. No current employees will be affected. Teri stated that the estimated savings in the Fiscal Year 2020 budget is estimated at \$260,000 based on current hiring levels. Each year thereafter, a similar amount of savings will be added to this amount.</p> <p>Erica Davis Rouse asked if we can or plan to change the benefits for current employees. Teri explained that we recommended that current employees be “grandfathered” and the current cost structure continue. With the changes to the plan and estimated new hires each year, the yearly savings to the College will continue to increase. We are building a more sustainable model for the future and</p>
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		<p>would like to maintain current benefit model for current employees.</p> <p>Brenda Hellyer explained that she would like to move forward with this proposed plan. She will have Teri research area colleges for dental, long-term disability, and life insurance to make sure we are in line with other institutions. The Board will be updated on the final plan next month.</p>
<p>VI.</p>	<p>Update on Property Insurance Renewal</p>	<p>Teri Zamora provided an update on property insurance renewal. She explained that the College conducted a thorough review of its property insurance coverage, ensuring that its policies reflected current, not as-built, values of buildings. Major actions taken were:</p> <ul style="list-style-type: none"> • Revalued all buildings at replacement cost which insured values to the level that would actually be rebuilt following a loss. Additionally, buildings slated for demolition were valued at clean-up cost. • Revalued building contents at replacement cost which insured for one-half of replacement cost. • The Per Occurrence Limit was redefined which removed the exclusion that limited the College’s recovery to the value of specific building and contents. Any reasonable combination of losses up to the policy limit can now be claimed. <p>Brenda explained the importance of this revaluation. If the College were to suffer from more significant damages related to a natural disaster or other incident, the current valuation of building and contents would not reflect replacement costs. The intent is to limit the College’s exposure but not to over insure.</p> <p>Teri explained that what resulted from this review was an increase in the College’s total insured value or Statement of Values (SOV), which went from \$681,648,470 to \$848,003,848. This is approximately a 24.4 percent increase. While the increase is significant, the College and the carrier are both in agreement that the updated values more closely reflect the true replacement cost of the College’s buildings and their contents. The addition of the new softball training facility at South Campus was also added to the SOV this year.</p>

		<p>Teri clarified that the College’s current agent for property insurance coverage and sole proposer, has presented a renewal package comprised of various underwriters to provide the proposed coverage at 25 cents per hundred dollars of insured value. The coverage conditions increase our insurance coverage to \$100 million per occurrence for fire, wind, hail, tornado, and vandalism and \$25 million aggregate for flood. The new annual premium will be \$2,161,272 for the next renewal year which is an increase of approximately \$600,000. We are also engaging an insurance consultant to review in detail future valuations.</p> <p>Teri reviewed the future actions regarding property insurance. The plan is to continue to validate replacement cost of buildings using 2015 Bond Program actuals, update replacement cost of contents values based on fixed asset listings by building and improve estimate of potential flood losses. Additionally, we will continue to consider facility changes to limit risk.</p>
<p>VII.</p>	<p>Review of Tuition Exemptions and Waivers</p>	<p>Brenda Hellyer explained that the action item for consideration is to approve the list of tuition exemptions and waivers to be offered to students for Fiscal Year 2020. Brenda clarified that a revised mandatory and optional rate sheet is being presented in the meeting for approval than was distributed with the Board books.</p> <p>Teri Zamora stated that exemptions are relief from tuition/fees offered to some Texas residents and waivers are relief from tuition/fees offered to some out-of-state residents. She also clarified that Texas Education Code codifies exemptions and waivers in Chapters 54 & 130, and the purpose is to encourage success among subsets of students. She explained that mandatory exemptions and waivers say ‘shall’ and optional items say ‘may.’</p> <p>Teri reviewed best practices that are used and will be used going forward regarding exemptions and waivers. The Board will review and approve the lists annually. Student services will post these items more prominently on the website to ensure student awareness. The business offices will manage application and ensure compliance.</p> <p>The net amount of revenues exempted and waived for Fiscal Year 2018 was \$6.0 million. The anticipated amount of exemptions and waivers for Fiscal Year 2019 is</p>

		<p>approximately \$6.5 million. The best estimate at this time of exemptions and waivers for 2020 is \$6.7 million, which includes an expected decrease in the use of the Competitive Scholarship waiver, and an expected increase in the use of the Dual Credit exemption.</p> <p>Brenda explained that the Dual Credit exemptions will be discussed in more detail at future Board strategic planning retreats.</p> <p>Marie Flickinger asked why there was a decrease from 2018 to 2019 for the Hazelwood exemption/waiver. Teri responded that 2019 is an estimation and not an actual number. It changes based on enrollment.</p> <p>Teri reviewed the mandatory and optional lists. Brenda stated that Teri has a committee working on the requirements and processes for the Competitive Scholarship piece.</p> <p>Brenda asked if there were any questions. Members did not have any additional questions.</p>
<p>VIII.</p>	<p>Update on 86th Legislative Session</p>	<p>Brenda provided an overview of the 86th legislative session. She explained that a handout was distributed that shows the Texas community colleges funding priorities for this session. House Bill 1 (HB1) passed which increases formula funding by \$75.2 million over fiscal year's (FY) 2018-2019 biennium. She reviewed the funding increases as follows:</p> <ul style="list-style-type: none"> • \$3.8 million for Core Operations • \$17.1 million for contact hours • \$53.8 million for student success points <p>Brenda stated that the House budget was recently approved and will now go to the Senate. Senate Bill 1 (SB1) increase over FY 18-19 is \$59.9 million. The Senate has made some changes to the student success point allocation. They are making recommendation in how they would like some of those points weighted. For example, they want to increase the transfer points to 2 to 2.75. They want to change the critical fields weight from 2 to 2.5 a point. They want to decrease degrees and credentials in non-critical fields from 2 to 1.2. Brenda explained that she does not agree with that decrease because completion is so important especially in light of the State's 60x30 TX Plan.</p>

		<p>She continues to have conversations on this allocation change.</p> <p>Brenda reviewed other issues at the State. The property tax bill has moved forward in the House with an exemption for community colleges. The Senate is still working through its version of the bill which does not propose exemptions. Brenda stated that she is hoping the Senate will adopt the House bill so there will be exemptions for community colleges. Conversations with legislators continue.</p> <p>Brenda summarized a new bill by Senator West that was proposed on transfers. This is relating to measures to facilitate the transfer, academic progress, and timely graduation of students in public higher education.</p> <p>Dr. Ruede Wheeler asked what discussions are occurring regarding sustainability of small community colleges. Brenda stated that there is conversation about a study during the interim session regarding sustainability, taxing areas, and service areas. The Board discussed the issues that rural populations and community colleges face.</p>
IX.	Review of Calendar	Brenda reviewed the calendar with the Board.
X.	General Discussion of Meeting Items	Brenda asked if there were any items from the meeting agenda that the members would like to review. There were no additional discussion items or questions from the Board members.
XI.	Adjournment	Workshop adjourned at 6:56 p.m.