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MINUTES OF THE BOARD OF TRUSTEES
INDIAN HILLS COMMUNITY COLLEGE

December 14, 2015

The regular Board of Trustees meeting for Indian Hills Community College was held on December 14, 2015, in the Board Room on the Main Campus, Indian Hills Community College, Ottumwa, Iowa. Board President John Pothoven called the meeting to order at 4:00 p.m.

Roll Call

Members present: Nellie Coltrain, Judith A. Cox, Beth Danowsky, Richard J. Gaumer, Tom Keck, Jerry L. Kirkpatrick, George E. Manning, John Pothoven and Alan M. Wilson.

Members absent: None.

Minutes

The minutes of the November 9, 2015, regular board meeting, the November 9, 2015 Joint Meeting of the IHCC Board of Trustees and the Great Prairie Area Education Agency Board and the November 15 & 16, 2015 IHCC Board of Trustees Retreat were reviewed.

Motion

It was moved by Nellie Coltrain and seconded by Richard J. Gaumer to approve minutes of the November 9, 2015, regular board meeting, the November 9, 2015 Joint Meeting of the IHCC Board of Trustees and the Great Prairie Area Education Agency Board and the November 15 & 16, 2015 IHCC Board of Trustees Retreat were reviewed. The motion carried.

Old Business

None.

Written Communications

Dr. Sprouse read a card that she received in the mail and passed it around to board members.

FY15 Audit Presentation

Bill Meck, Treasurer/CFO, introduced Michelle Meyer, CPA, Manager and Andy Neilson, Deputy Auditor of State.

Ms. Meyer thanked board members for giving her and Andy the opportunity to speak today. Ms. Meyer presented various graphs highlighting numerous aspects of IHCC FY15 operations. Included were:

- Comparative Credit Hours
- Comparative Revenues by Source
- Governmental Revenue Trends
- Comparative Operating Expenditures by Function
- 2015 and 2014 Operating Expenditure by Function

- Comparative Expenditures – Education and Support
- 2015 and 2014 Education and Support
- Comparative Current Funds Expenditures by Object
- 2015 and 2014 Current Funds Expenditures by Object

Ms. Meyer reported that the Auditors of State were able to issue an unmodified opinion of the financial statement audit of Indian Hills Community College. There is something a little different in the opinion and it's called an emphasis of a matter. This is telling people that there was a significant change within the audit report. Something to remind constituents, if they are reading the report, is one of the big things for a governmental audit report is the discussion and analysis. This would give a lay person, unfamiliar with the financial statements, a way to read the report and have an idea of what is happening at the college. Each year the audit is required to include credit contact hours. The Department of Education changed how they wanted credit contact hours reported between 2013 and 2014, and what happened is the summer session fell off a little bit. Credit contact hours should be more comparative because all colleges are reporting exactly the same. IHCC had a little decrease in credit contact hours, but also a spike in tuition. This is due to a tuition increase and Coast Flight Training. Federal Appropriation is going to decrease because that is closely tied to scholarship monies. As enrollment changes so does scholarship funding.

2015 Financial Highlights were as follows:

- As a result of fiscal year 2015 operations, total net position of the College increased approximately \$994,000, or 1.9%, primarily due to increased non-operating revenues
- The College refunded outstanding Series 2007-1A, 2007-1B and 2009-1 certificates payable totaling \$1,760,000 on July 11, 2014, resulting in a savings of approximately \$100,000 in aggregate debt service payments.

In fiscal year 2015, operating revenues totaled approximately \$27.2 million and net non-operating revenues totaled approximately \$32.6 million. Observations regarding the changes in operating and non-operating revenues follow:

- Tuition and fees increased due primarily to a new partnership with Coast Flight Training.
- Iowa Industrial New Jobs Training revenues decreased due to reduced new program activity.
- State appropriations increased due primarily to receipt of funding related to growth in state general aid.
- Property tax revenues increased due to growth in collections necessary to meet current obligations.

The College managed its financial position carefully during the current fiscal year. The economic position of the College is closely tied to the State of Iowa, with the State's overall economy and educational funding remaining a priority of College officials. Like many state assisted college, Indian Hills Community College faces the following potential financial challenges:

- To maintain current levels of services and operations, tuition revenue from rate increases must continue to help offset any shortfall in state funding and enrollment levels.
- Higher tuition is followed by an increased need for student financial aid, scholarship support and student loans.
- To continue to offer current, relevant educational programs and student services to attract and retain the diverse population the College serves.
- To serve students without adversely impacting the student experience and College operations.
- Fifty year-old College facilities and infrastructure require continual maintenance and renovation to meet current technology and delivery needs.
- To continue to provide up-to-date equipment, delivery and operations as technologies change.

The College continues monitoring expenses, implementing process improvements, pursuing new revenue sources and managing budget allocations to best fulfill the mission of the College with student learning as the central unifying purpose.

Ms. Meyer stated that a single audit was performed at the college, which means that federal programs were tested as part of the audit itself. 3 programs were tested, Student Financial Aid, which is always tested because of exposure level, and the other 2 programs were picked by a rotation, which is required by the Federal Government.

Mr. Neilson reported on Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. The revised requirements establish new financial reporting for state and local governments which provide their employees with pension benefits. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions.

Approval of Monthly Claims

Board member Beth Danowsky reviewed the list of bills on behalf of the board and reported that all questions were answered by appropriate staff members.

Motion

It was moved by Beth Danowsky and seconded by George E. Manning to approve the bills list for the month of November, 2015. The motion carried.

Establish January 11, 2016 at 4:00 p.m. for Public Hearing

Bill asked the board to establish January 11, 2016 at 4:00 p.m. in the Board Room at Indian Hills Community College, as the time and place for a public hearing to consider a bid and/or bids received related to the sale of real property, owned by the College, located at 909 East Jackson, Sigourney, Iowa. As part of the approval

the board will be allowing staff to publish a public notice in the newspaper indicating the process that is going to be followed.

Motion

It was moved by Tom Keck and seconded by Beth Danowsky to establish January 11, 2016 at 4:00 p.m. in the Board Room at Indian Hills Community College, as the time and place for a public hearing to consider a bid and/or bids received related to the sale of real property, owned by the College, located at 909 East Jackson, Sigourney, Iowa. The motion carried.

Financial Report

Bill Meck, Treasurer/CFO, reported that financials through the end of November are very comparable, if not a little bit better, than a year ago at this time. We have an increase in the tuition and fee line of \$1,648,742, but \$1,328,000 is an increase related to coast flight over the same time period a year ago. So, we actually have \$320,000 of increase in our tuition and fee line. Going down through the other line items you can see that they are very comparable to what they were a year ago and there is an increase in revenue from line 12, a little over a \$100,000. Going down the expenditures side, salaries and fringe benefits are up a little over \$100,000. It is a little less of an increase than we had a month ago, so it just seems to be ebbing and flowing a little bit. Services line is at \$1,324,695 and Coast Flight is up \$1,328,000. So, those numbers are very comparable. Material and supply line is down as well as expenditures. The bottom part of the summary is Fund 2 which are specific levies.

Motion

It was moved by Jerry Kirkpatrick and seconded by Richard J. Gaumer to approve the Financial Report. The motion carried.

IACCT Report

Richard J. Gaumer reported this is the 50th anniversary of the community college program in the state of Iowa and will be celebrated by the Association and everyone has received a membership directory. Board Members should also receive an invitation for the session being held February 21st and 22nd. The 22nd is the business session, the meat of the program, but you are invited to attend a reception on Sunday evening at 6:00 p.m. – 8:00 p.m. at the IACCT headquarters. Anyone interested in going please let Shelle know so she can reserve a hotel room and register us for the conference.

Rich reported that since IHCC hosted the conference everyone wants to see other campuses. So, the 2017 summer meeting will be in Eastern Iowa, and then we will continue going to other colleges every year. In the winter there will be a one day conference at the capital, where all the community college trustees will be invited and lobby.

Each person has a copy of the Iowa section of the Lumina study. A person can track his/her own county to see what percentage of county residents hold a college degree. Iowa has 46.9% and the national rate is 41.6. However, the recommendation of the Lumina Foundation with regard to Iowa is increasing degree attainment. The present is over 60%. Whether this is a community college certificate, community college AA degree, a bachelor's degree and/or beyond. The



risk there is going to be more difficult, because the students who we will be recruiting to raise that extra 14 or 15% will be more challenging.

Rich also talked about the comprehensive study of Iowa student debt. ACT studied Iowa and student debt in Iowa. The most important finding of the study is that people who borrow the least are least likely to repay.

At the last meeting the association had a very good presentation by Dr. Thompson and President Sprouse about Coast Flight. There was also a visit from the chair, the vice chair and another member of the state board of education, the department of education. They came and had lunch and visited. They are very supportive and think community colleges are doing a great job. For the first time, they are going to have one of their point of action positions be about community colleges. Arts and Sciences education is about half of what we spend on Career and Technical education. Most community colleges in the state of Iowa charge the same rate of tuition for Arts and Sciences and Career and Technical. The push is for us to train workers and to upscale the work force.

There is a final report of the Secondary Career and Technical education Task Force. The state department of education commissioned a task force to look at Career and Technical education and how it needs to be revised to start encouraging more students to pursue post high school career and technical education. There are a couple pieces that refer to community colleges taking on a bigger role, but it didn't come out as strongly as some people would have liked. The Higher Learning Commission has indicated that we need to have professors in our colleges that have 18 graduate hours on the Arts and Sciences transfer side. The state has been at 12. The Higher Learning Commission has been at 18 for a long time, but has not been enforcing it. Matt and Darlas have reviewed all personnel files and faculty credentialing and it was done before the state task force put this structure together.

Rich showed board members how to navigate the ACCT website. There is a list of Webinars that people are able listen to if they are unable to attend. There are also many reports that board members can access.

Personnel Report

Ms. Bonnie Campbell, Human Resources Director, presented the Personnel Report.

Motion

It was moved by George E. Manning and seconded by Beth Danowsky to approve the Personnel Report. The motion carried. The Personnel Report is made a part of these minutes.

New Business

None.

President of the College

A. Facilities Report

Dr. Sprouse reported that Rick Fosdyck and his staff came in at 3:00 a.m. this morning because they needed to run a piece of equipment in the ATC and didn't want to disturb students. So, Rick did not stay for the meeting.

Bill Meck reported that projects are continuing in ATC. One is hallway carpet and a special piece of equipment had to be used, basically like a chipping machine, to remove glue off of the concrete. Once the carpeting is replaced new hallway furniture for the second level will be ordered. Maintenance will be doing some painting in the ATC and other areas throughout campus. Once that is finished there is some tiling and fixtures to be replaced and installed. Maintenance will then move to the Bennett Building and start on remodeling two restrooms. There were some electrical issues and a large number of lamps and ballasts need to be replaced. A minor construction project will occur in room 212. Jill Budde and staff will be planning that remodel. The college has two Ansul sprinkler systems that will be replaced in Culinary and Dining. A North Campus lighting project has been slated to replace the lighting to be more cost efficient. Then, carpeting will be replaced in Centerville and work will be completed on the backstop at the baseball field.

Dr. Sprouse stated that in January she will be asking the board to approve the Master Facilities Plan. Executive Council has now spent some time with OPN as and had their questions answered. So, if board members have any questions about the plan before January, be sure that you get in touch with Bill or Marlene, so they can make sure that all questions have been answered.

B. Retirement Plan Discussion

Dr. Sprouse informed board members that a copy of the proposed Retirement Plan has been included in their board packets. The only changes from last year is the amount of the insurance premiums, and that fluctuated, only because insurance premiums did fluctuate. A gentleman from the IRS questioned, from reading the plan, whether staff had a choice of either the insurance or the \$500 in lieu of the insurance. And they don't. It was worded so it was confusing and there is a tax issue if it's a choice. So the wording was clarified. There is a submission deadline of February 1, 2016 and Dr. Sprouse submitted the proposal to board members for approval.

Motion

It was moved by Jerry Kirkpatrick and seconded by Alan Wilson to approve Dr. Sprouse's recommendation to approve the Retirement Plan for 2016. The motion carried.

C. Special Report: Foundation Update

Dr. Sprouse introduced Rachelle Karstens, Executive Director of Foundation and Development and asked her to visit with board members about some of her background.

Rachelle has lived in 12 different communities in the state of Iowa. She graduated from Clinton High School and from Wartburg College with a degree in



psychology. She has her law degree from the University of Iowa and practiced law for 19 years in Poweshiek County. Rachelle has a daughter who is a freshman at Iowa State and a son who is a junior in high school. About two years ago Rachelle sold her law practice and went to work for the University of Iowa Foundation as the Director of Planned Giving. Earlier this fall she saw the opportunity at Indian Hills to expand her duties and skill set in higher education fundraising. Rachelle served as the President of the Alumni Board at Wartburg College and then was on the Board of Regents for Wartburg.

There are some potential changes with the foundation and with the development program here at Indian Hills moving forward. One of the things Rachelle's department is looking at doing is hiring a consultant to help develop a strategic plan and a vision for the Foundation. Indian Hills has the largest scholarship foundation for community colleges in the state of Iowa. However, we are the only community college in Iowa that has a scholarship only foundation. All other community colleges have a full foundation such as the University of Iowa. Not only do they raise money for scholarship support, but also for faculty endowments for faculty chairs, programmatic support, equipment, capital, all of those things. So, Indian Hills is exploring the idea of possibly changing the mission of the foundation. That decision has certainly not been made, but it is something that is being looked at. We have some funding problems and one of the ways to address those funding problems is potentially through fundraising. Community colleges have traditionally not been in the fundraising arena as much as regent universities and private liberal arts institutions. But, that is changing and we don't want to be left behind.

Rachelle updated board members on the scholarships that have been disbursed for fall term. Indian Hills Community College has helped 537 students and have disbursed \$442,647 in scholarships. Last year was 1.2 million. We are certainly proud of what we have been able to do here at Indian Hills. We are looking at developing a new logo and potential tag line for the Foundation. Rachelle stated that the current logo is from 1975. So, she is working with Amperage in creating a new logo. Employee giving at Indian Hills is at almost 90% and we are hoping for 100%.

D. Community Involvement

Dr. Sprouse had two sheets in board packets. The first one talks about community involvement and places she has visited in the last month with different communities. Martha and Marlene have now met with every legislator that represents the 10-county area.

The second sheet is a place to write down suggestions of places, meetings or activities where Dr. Sprouse could attend in various communities.

Adjournment

Board member Nellie M. Coltrain moved that the meeting be adjourned. Hearing no objections, Board President John Pothoven adjourned the meeting at 5:25 p.m.



BOARD PRESIDENT



BOARD SECRETARY