CALL TO ORDER AND VERIFICATION OF QUORUM

Board Chair Williams called the meeting to order at 4:40 p.m. in the Powderhorn Bay Room of the SUB and verified that a quorum of the Board was present at the meeting. Those in attendance were: Mic Armon, Denny Hague, Rolly Williams, Christie Wood, Michael Burke, Rolly Jurgens, Donna Ward, and Marc Lyons. The following motion was made:

EXECUTIVE SESSION

MOTION: 05-31-06: 10 Motion was made by Trustee Hague and seconded by Trustee Armon to adjourn to executive session under Idaho Code Sections 67-2345(a) to consider hiring a public officer, employee, staff member or individual agent; (b) To consider the evaluation, dismissal or disciplining of, or to hear complaints or charges brought against, a public officer, employee, staff member or individual agent; and (c) to conduct deliberations concerning labor negotiations or to acquire an interest in real property which is not owned by a public agency.

Roll call vote was as follows:

Mic Armon  aye
Denny Hague  aye
Rolly Williams  aye

(Trustee Wood joined the meeting shortly after this vote.)

A discussion took place regarding the possible acquisition of property not owned by a public agency. At 5:50 p.m. the executive session was ended, and the Trustees reconvened as follows:

CALL TO ORDER AND VERIFICATION OF QUORUM

Board Chair Williams called the meeting to order at 6:00 p.m. and verified that a quorum of the Board was present.
ATTENDANCE
Trustees: Mic Armon
Denny Hague
Rolly Williams
Christie Wood
Also present: Michael Burke, President
Paul Olscamp, Interim Vice President for Instruction
Rolly Jurgens, Vice President for Administrative Services
Bruce Gifford, Vice President for Student Services
Robert Ketchum, Assistant Vice President for Instruction
Kent Propst, Assistant to the President for Community Relations
Marc Lyons, Attorney for North Idaho College
Lewis Watkins, Staff Assembly Chair
Bill Richards, Faculty Assembly Chair
Jim DeMoss, Senate Chair

INTRODUCTION OF GUESTS
Linda Ball of the Coeur d'Alene Press was introduced as a guest.

OPEN FORUM FOR PUBLIC REMARKS
None.

APPROVAL OF MINUTES
Motion was made by Trustee Wood and seconded by Trustee Hague to approve the minutes of the April 26, 2006 meeting. The motion was unanimously approved.

HISTORY PROJECT UPDATE
Sheila Wood, History Committee Chair, gave a report on the North Idaho College history book project. She stated that a timeline has been established for completion of the history project. It is the goal of the History Committee to coincide the publication of the NIC history with the college's 75th anniversary in 2008. Wood said that the history project is nearing completion, and she reviewed the bid for publication. The trustees voiced their full support of the project, and thanked Wood for her involvement.

REQUEST FOR LEAVE OF ABSENCE
President Burke told the trustees that Board Policy 3.04.06 requires approval of the Trustees for unpaid leaves of absence. In that regard, Rayelle Anderson, Executive Director of the NIC Foundation, stated that Ana Burton, the full-time administrative assistant in that office, had requested an unpaid leave of absence for 6 ½ weeks (from June 12 through August 23, 2006) in order to volunteer for a non-profit agency in London, England. Anderson explained that a temporary employee has been employed during Ms. Burton's absence, and that no additional funds were necessary, since the leave is unpaid. The Trustees then made the following motion:
MOTION: 05-31-06: 11 Motion was made by Trustee Hague and seconded by Trustee Wood to approve the unpaid leave of absence for Ana Burton in accordance with Board Policy 3.04.06 for the period of June 12 through August 23, 2006. The motion was unanimously approved.

COLLEGE OPERATING BUDGET FY06-07
Vice President Jurgens reviewed the proposed FY06-07 budget and explained the proposed revenue and expenditures. As compared to the previous fiscal year's Operating Budget, FY06-07 is approximately $214,000 less, or $32,892,000.

The budget reflects an increase in the State allocation of 4.02% and the previously approved 5.5% tuition and fees increase. It also includes plans for a decrease in tuition and fees revenue based on actual receipts in FY06 with a projected 2.5% decrease in enrollment for the 2006-07 academic year. The budget details new expenditures for FY07 including minimal salary increases, benefit cost increases, additional grants-in-aid for students, reclassifications, and changes in staffing.

Salary increases are recommended for faculty educational advancement, staff reclassifications, and an adjustment for aligning the academic transfer salary schedule with the professional-technical salary schedule. Overall increases for the respective faculty and staff salary pools for the non-professional-technical staff are budgeted at 1.263%. The cost for health benefits is expected to increase an additional 9.3%.

Jurgens explained changes in employee salaries and benefits including funding for new and vacant positions. Some positions may remain unfilled due to the budget restrictions. Trustee Armon expressed concern about not hiring the Information Security Specialist, and he cited the possible compromise of NIC's computer security as serious. Armon was assured by Steve Ruppel, Director of Information Technology, that the present analyst specialists will be spending time covering security. He feels computer services can manage one more year under the present circumstances.

Trustee Wood noted that the Security Officer position is important as well. She stated that the city and county police forces are stretched to the limit and might not be able to provide support during critical times of the day or night.

In addition, Jurgens explained that the budget includes increases to the maintenance and operations budget for some infrastructure costs, (e.g. utilities) and some other necessary increases. He also reviewed the county property tax funding available, new property on the tax rolls, and explained the impact of the increase in new property on the millage levy. Jurgens said that the budget will be presented for approval at the June board meeting.

PLANT FUND BUDGET FY06-07
Jurgens explained that the Plant Fund budget is a separate budget with the college Operating Budget. It is funded in part by the transfer of funds from the operating budget and from the Department of Public Works. Jurgens reviewed the expenditures
of $1.3 million for previous year and discussed proposed projects for the next fiscal year. Discussion occurred regarding the proposed NIC Center in Bonner County, and Board Chair Williams said it is important to note that NIC has established centers in nearly all of NIC’s service district, which includes the five northern counties of Idaho. The Plant Fund Budget FY06-07 will be brought to the Trustees for approval next month.

**ASNIC BUDGET FY06-07**

Vice President Bruce Gifford introduced Michele Masingill, accountant for the Auxiliary Services office. He said that the ASNIC students have prepared the proposed ASNIC Budget for FY06-07. Included in the budget is the increase in student fees from $25 to $29 for student activities. Gifford explained that increased expenses in several areas made it necessary for the students to seek the fee increase. He said that the ASNIC Budget FY06-07 will be presented at the June meeting for approval by the Board.

**AUXILIARY SERVICES BUDGETS FY06-07**

Vice President Gifford explained that Auxiliary Services budgets comprise several budgets within the SUB operations. He explained that the enrollment patterns affect Food Services revenue, and because of lower enrollments this summer, places that normally sell food and beverages during the summer will have restricted hours or closed. Food Services is facing food price increases, and thus will reluctantly be making menu price increases of 3-4% in the next fiscal year.

Gifford said the bookstore does well and has shown a profit for the last several years. The Residence Hall is operating with good occupancy the past school year, and 100 beds are already rented for the next school year.

Discussion took place about charging rents for the various entities under the Auxiliary Services department. Trustee Armon stated that rent in normal for-profit entities is one of the largest costs, and the various entities within Auxiliary Services eliminate that large cost. He said that showing a loss does not reflect the accurate financial picture when the biggest expense (rent) is not reflected. Groups, other than NIC, using the SUB are charged facilities rental, but on-campus groups are given a higher priority and usually do not pay rent. The Auxiliary Services Budgets FY06-07 will be presented for approval in June, and data reflecting rental costs will be provided to the Trustees.

**REVISION OF TUITION AND FEES RATE FOR REAL ESTATE CLASSES**

Vice President Jurgens told the Trustees that NIC’s tuition for the real estate classes within the Business and Professional program is $379 for a three-credit hour class. Local private institutions are charging $300 for a similar real estate class. A reduction of $79 in the tuition will make NIC competitive with other private sector classes. Discussion took place of other classes that might have tuition rates that inhibit enrollment. The Board then made the following motion:
MOTION: 05-31-06: 12 Motion was made by Trustee Armon and seconded by Trustee Hague to approve the revision of tuition and fee rates for real estate classes from $379 to $300 for a three-credit hour class. The motion was unanimously approved.

BUDGET REPORT FY06
Vice President Jurgens told the Board that revenue and expenditures over a five-year mean compared to this fiscal year are both lower. Internal adjustments have been made by the administration for this occurrence. President Burke and Vice President Jurgens reviewed some of the measures taken to reduce expenditures.

REPORTS
PRESIDENT
President Burke told the Trustees that he had provided them with a memo about the story tour proposal by the Coeur d’Alene Tribe. He said that a committee has been working on the project for a number of years and that it was the last provision of Nine-Point Agreement with the Coeur d’Alene Tribe to be fulfilled. Burke described the proposed Story Tour and explained that the Coeur d’Alene Tribe has approved the plan, has authorized the use of funds given by the Tribe to the Foundation, and has approved the designated spot for the Story Tour exhibit. The following motion was then made:

MOTION: 05-31-06-13 Motion was made by Trustee Armon and seconded by Trustee Hague to approve the construction of the Coeur d’Alene Tribal Story Tour as presented. The motion was unanimously approved.

Burke shared a newspaper article stating that Washington community colleges will lower out-of-state tuition for non-resident students to help increase enrollments. Burke said he will bring forth in the Fall a tuition revision for out-of-state students for next year.

Burke said that several searches for vice presidents and human resources positions had been completed. He expressed his appreciation for Jim Thorpe, Troy Tymeson, and Tom Stoesser, local citizens; Virginia Johnson, Linda Michal, and Lita Burns, chairs of the search committees; as well as the college employees that served on the committees. He noted that the May meeting was the last Board meeting for Bruce Gifford, Brenda Smith, and Paul Olscamp. Board Chair Williams thanked them on behalf of the board for their service to NIC.

SENATE
Senate Chair Jim DeMoss said the Senate met on May 18, but did not have a quorum, so no official business was conducted. The proposed naming of the Grand Bay dining room and several policies will be considered at the August meeting.
FACULTY ASSEMBLY

Faculty Assembly Chair Bill Richards said that election for the next academic year was held, and he was reelected as Faculty Assembly chair. Joe Jacoby is Vice Chair, Jeanne Emerson is Secretary, and Lori Jacobsen is Treasurer. He praised the vice presidential search selection process and the search committee.

Richards then stated his goal for the next year is to improve the climate and culture and communication of the college. He said that faculty would like to see some progress on reaching 50th percentile of salaries at comparator institutions. He said a plan to reach that objective is included in the faculty's reply memo to the administration's response to the Meet & Confer requests for salary and benefits.

Trustee Armon said that he had read the faculty memo and took exception to it. He noted his dismay at the suggestion that the trustees are not doing anything toward the goal of reaching the 50th percentile and cited the increases in faculty salaries over the past 10 years. He stated that the average salary increase over that period was 4.3%, while COLA increases over last 10 years averaged 2.53%. Armon stated that he felt that the board has been very fair.

He then said that faculty suggested that the Board of Trustees adopt a bona fide plan to reach the 50th percentile of the salaries paid at the comparator institutions. Armon feels that the Trustees should eliminate that goal, and thus eliminate the frustration associated with being unable to meet a possibly insurmountable goal given the unknown revenue sources upon which NIC bases the budget.

Discussion took place about the low enrollments, the proposed state funding allocation formula for community colleges (as directed by the State Board of Education,) and the FY06-07 budget.

STAFF ASSEMBLY

Lewis Watkins, Staff Assembly Chair, said that the May meeting was his last. He introduced Patrice Wheeler as the Staff Assembly Chair-Elect. Watkins thanked Trustee Armon for his candid response to the salary and benefit issues. He stated that communication with the college employees is important. The staff have concerns about a number of issues including the staff Meet & Confer proposal, service on committees, enrollment trends, as well as the proposed budget.

Watkins urged the Trustees to consider additional vacation or other benefits when salary increases are constrained due to budgetary issues. He also asked how staff can help the Board with possible solutions.

Discussion took place of the criticism of the Board of Trustees for taking $1 million in foregone taxes the past fiscal year. It was noted that the legislature was critical of NIC for giving a larger percentage salary increase than that recommended by the Governor. President Burke said that a direct correlation existed between the taking of foregone taxes and the proposed elimination of local control by the legislature during the last session.
Trustee Wood said that the legislators clearly expressed their retribution. However, Wood stated that it was her opinion that state leaders should compensate state employees as fairly as NIC compensates their employees. She stated that retribution by the legislators is inappropriate.

Watkins thanked Board for the discussion that had occurred at the meeting, and he expressed his gratitude for working with the administration and Trustees for the past year.

BOARD CHAIR
Board Chair Williams said that the Senate, Faculty Assembly, and Staff Assembly needed to understand that the Board of Trustees had instructed the President to concentrate his time on projects off campus and in the community, and he has not had the adequate time to communicate in the manner that the constituency groups would like. Williams stated he would like to have a goal or target for salaries, and he praised the outreach centers and enrollment plans, which will generate revenue to help alleviate some of the budgetary problems.

ASNIC
No report.

REMARKS FOR THE GOOD OF THE ORDER
Trustee Wood thanked Bill Richards and Lewis Watkins for their candor and their willingness to be “part of the solution” with regard to the budgetary challenges and salary and benefit increases.

ADJOURNMENT
Motion was made by Trustee Armon, seconded by Trustee Hague, and unanimously approved to adjourn the meeting.

Time: 9:50 p.m.

________________________________________  __________________________________
Board of Trustees Chair                  Board of Trustees Secretary