

Memo

To: Members of the Board of Trustees
From: Barry Ballard, President
Date: November 19, 2004
Re: Update on Various Issues

Below is a list of significant items, accomplishments and activities about which I think you will be interested. This report is somewhat short due to the amount of time we have been spending on our major gifts campaign. The items are in no particular order.

1. Congratulations to Mr. Ray Ollar our newest Board member! We received a letter several days ago from Governor Huckabee notifying us that Mr. Ollar of Benton, Saline County, has been appointed to our Board of Trustees for the unexpired term of Mr. Calvin Brown who resigned last year due to family and personal reasons. Mr. Ollar's term runs through July 1, 2008.

We are very pleased to have Mr. Ollar on our Board. He and his wife Sally have been actively involved in their church and with the Saline County Republican Committee for years. Mr. Ollar was in the U.S. Navy for 22 years, worked for Reynolds Aluminum for over 20 years and operated his own automobile business, the South Fork Auto Ranch, that is now owned by his son. His military, industrial and business experience combined with his interest in the College makes him uniquely qualified to make a significant contribution on the Board. His interest in community, business and economic development will be helpful. We will appreciate his unique perspective on the Board as we endeavor to grow, improve and develop the College further.

A revised Ouachita Technical College Board of Trustees Directory sheet is enclosed for your information and file.

Welcome Mr. Ollar!

2. We continue to make good progress on our major gifts campaign. We have completed our Family Campaign including the Board Division. The results so far are very good. We are at 100% participation on both the Board of Trustees and the Foundation Board. The total percentage has gone up because we received 100% participation from the Board Division. The total of gifts and pledges has also increased nicely thanks to the generosity of the Board Division. We expected 100% participation in the Administration Division and we got it with some generous pledge totals there also.

I continue to conduct several executive awareness sessions each week and have completed almost 30 of them at this writing. The focus of these sessions that has a relationship-building goal has now changed. We are now focusing on leadership for a couple of key campaign committees that includes the 1. Selection and Enlistment Committee and 2. The Leadership Awareness Committee.

The Selection and Enlistment Committee helps us to evaluate lead gift prospects, selects and enlists the general campaign chair or co-chairs, and individually serves on a team with me to make three lead gift solicitations. Mr. Floyd Parker is the Chair of this Committee and other members include Mr. Rick Dial, Mr. George Hopkins, Mr. Dale Horn, and Mr. Don Walsh.

The Leadership Awareness Committee is likewise composed of leaders in the community but its role is to influence a larger number of other community leaders who are capable of making substantial gifts as well. Mr. Kinney Black has agreed to chair this committee and we will be enlisting about a dozen other members who will agree to act as hosts/hostesses for group meetings at the College, in their homes, at the country club, or in their business. Our goal is to use this Committee and group meetings that they will host to cultivate and build relationships with 130 to 150 other leaders capable of influencing others. Board members, you would be very good Leadership Awareness Committee members. If you have not already played some roll in the campaign, we will be asking you to be a member of this committee. You have more knowledge about the College and its needs than other citizens in the community and could really help us to communicate our goals. If you have already served a leadership role in the campaign but would like to be a host of a small group meeting at the College or in your home, please let me know because we are just now getting this Committee organized.

A brief summary of our results so far include:

Administrative pledges/gifts: 11=100%
Faculty pledges/gifts: 25=86.2%
Classified employee's pledges/gifts: 38=92.7%
Part-time employees and Adjunct faculty: 7=10%
All full-time employees pledges/gifts: 74=91.36%
Gifts/pledges/Title III Matching:

- A. Endowment for Scholarships & Educ Opportunity grants (e.g. child care vouchers)= \$24,066
- B. Instructional Technology Class/Lab Bldg= \$2,355
- C. Unrestricted= \$72,452
- D. Title III matching= \$ 24,066
- E. Total= \$122,939

Enclosed is a two-page status report on the Campaign as of November 19, 2004.

3. There are a couple of unusual resolutions in the agenda for the upcoming, November 30, 2004 Board of Trustees meeting. The first is a salary adjustment for Ronnie Thompson. We normally do not do salary adjustments in the middle of the year. Those proposed adjustments for Ruben Kiesler and Sharon Turley are based on the recent completion of significant additional graduate work toward their respective Masters Degrees (both should complete them this coming Spring Semester) and our existing policy on the pay plan rewards the additional education with a pay adjustment.

However, in Mr. Thompson's case, the educational attainment was more than 10 years ago! About six weeks ago Mr. Thompson called and set an appointment with me. In the meeting that we had he explained that he had been a general education instructor at the Ouachita Vocational Technical School in the late 80's and early 90's and only had a Bachelors Degree at that time. When the conversion to a two-year college happened in 1991, the Higher Learning Commission of the North Central Association's required credentials for general education teachers became a Masters Degree. At that time OTC Board of Trustees adopted new policies for a pay plan and more rigorous faculty credentials.

At that time, the general education faculty were given an incentive to complete Master Degree course work - \$1,500 for completing half of it and another \$1,500 for completing it. Several faculty did the work and were given the pay increases. Mr. Thompson apparently got the first \$1,500 for completing half but when he presented his transcript showing the completed Master's Degree to Dr. Martin and requested the pay adjustment, Dr. Martin erroneously approved a \$3,000 pay adjustment instead of the correct \$1,500 amount. After Mr. Thompson got his first paycheck that included double the amount he was expecting, he called Dr. Martin about it and Dr. Martin got mad and implied that Mr. Thompson was only a trouble maker. The next paycheck Mr. Thompson got was reduced back to the original amount and it was never adjusted thereafter. When Mr. Thompson asked Dr. Martin about it after a second paycheck was received without the final raise, Dr. Martin implied that Mr. Thompson was only a troublemaker, that he would get the pay he deserved, and if he said anything about it to the Board, he would get fired.

I asked Dr. Coomer and Ms. Rhonda Smith to research the payroll and personnel records back to the early 90's, 1993 was when he completed his Masters Degree, to determine if documentation existed to verify what Mr. Thompson had claimed. They found the needed documentation to verify the claim. He never got the raise to which he was entitled.

I asked Mr. Thompson why he did not do anything about it until now. He said he and most other faculty were afraid of Dr. Martin; he was always threatening them with loss of their jobs. So, I told him I was hired at the end of April of 2001 and that he should of told me about this the first week of May in 2001. He responded that there was a lot of fear and constrained communication and he never felt free to mention it.

After, getting verification from Dr. Coomer that he should of received the raise, we agreed that we would recommend the adjustment to you for approval. After we told Mr. Thompson that we were going to recommend an increase for him in the amount of \$2,065 per year (\$1,500 adjusted for inflation from 1993 to 2004), he asked about back pay. He said it would be more than \$20,000.

I called Assistant Attorney General Don Barnes about the matter and he called me back after researching the appropriation and funding laws and regulations. He said that the Board does not have the authority to approve back pay or any type of expenditure of funds for goods or services beyond the current fiscal year with the exception of multi-year leases or contracts that were processed through DFA Purchasing Division. He said that approving the annual increase was legal, but if Mr. Thompson wants to claim back pay, he can do one of two things; 1. Get a lawyer and file a lawsuit in the state courts or 2. File a claim with the Arkansas State Claims Commission which is an arm of the Legislature. If the Claims Commission makes an award, it has the same authority as if the Legislature made it. However, if the award is above \$10,000, it actually has to first go to the Legislative Council for approval. The Claims Commission can approve an award up to \$10,000 by itself.

I told Mr. Thompson that he erred by not telling us of this situation before now and that, as a result, he should suffer some consequences for the delay. Certainly if the matter was a Constitutionally protected violation of some kind, a three-year statute of limitation would apply and he would be totally out of luck bringing the complaint 11 years late. I told him that if he claimed more than \$10,000 that the Attorney General and we would object and fight it. Mr. Don Barnes thinks that we could get it reduced at both the Commission level or with the legislators. But, I told him that if he claimed \$10,000 or less, that we would verify the error and not object. As a result of our conversation with him, we think that he will file a \$10,000 claim with the Claims Commission, but he has not done it yet. He may be waiting for the Board to approve the pay adjustment first. In any event, the pay adjustment is justified and long overdue and Mr. Barnes had no problem with that.

The second unusual line item is our request for you to approve the pay of three employees above the line-item maximums authorized in our appropriations law. The three employees are all faculty and include Ms. Jessica Beard, Mr. Tony Honeycutt and Mr. Malcolm Rigsby. In Ms Beard's case, she has been on the faculty for more than twenty years and has been promoted to Division Chair for Business Technology. Her base salary that you previously approved in the budget is close to, but below the line-item maximum. However, her contract is only for nine months like the entire faculty; and each semester we ask her to teach an evening or overload class then we usually need her to teach a class or two in the Summer Semester, and the results are total earnings above the maximum.

This is a common situation among colleges and universities around the state, therefore, the Legislature more than a dozen years ago, passed a law giving State Board and Commissions the authority to pay more than the maximum on a limited basis (it can not be more than 25% above the maximum and it can not be for more than 10% of the agency's positions). We need your authorization for this otherwise, the legislative auditor is likely to find the overage and gig us for it.

The two other instructors are both part-time adjunct instructors. The line-item maximum there is only about \$15,000 a year. Both of these instructors teach day and night classes for us each semester including summer terms, so it is pretty easy to exceed the low maximum. The special language in our appropriations request for 2005-07 raises the adjunct instructors pay to \$30,000, doubling it, and so, we do not believe we will continue to have this problem with them. Other two-year colleges have already received approval for this higher maximum so we believe that it will be approved.

4. We continue to make very good progress on our Title III grant projects. As you recall, this five-year, \$1.8 million Title III grant project, for which \$363,737 will be received the first year, seeks to improve student learning, student retention and graduation rates. The grant project plans to assist with student services, instructional technology and the establishment of a scholarship endowment fund.

We finished our first year of the grant on September 30th and we are reporting that we are ahead of our development plan for most elements the first year. Our first annual report is working out to be very impressive. Much has been accomplished. We are doing especially well with the installation of the new computer student information system that has been purchased. Both the hardware and the software have been installed already. Our two computer technicians have been trained on the new system. Almost all of our business office staff has been trained. The business component of the new system is the first module that will go live. It is scheduled to start up operation in January 2005. We will have to operate both the old and new systems parallel for a few months until all the data have been converted. We might even have to run them parallel until June 30 and start out the new FY 2006 on July 1, 2005 exclusively on the new system after it has all been converted and reconciled.

A lot more faculty and staff have yet to be trained. We plan to have all the conversion done, the new system operational and staff trained by July 1 next year. A lot of work is yet to be done.

5. We have been having some challenges with our student recreation room. As you may recall, the room contains two pool tables, a ping-pong table and a hockey game table. Students, faculty and staff all complain frequently about the foul language and the sexual harassment received from the immature boys that hang out in there. Every week we have to run off some youngsters who come in to play pool for free, but who are not students. About once a month we encounter children on bicycles from the neighborhood. As a result of this situation, the Student Government Association, some faculty and our Student Affairs administrators have recently recommended that we close the recreation room and remodel the space for a student study lounge with tables and chairs and comfortable lounge furniture – sofas, easy chairs, coffee tables, and maybe even a television.

The proponents of the student lounge site the following advantages: 1. It will stop the profanity and sexual harassment, 2. It will meet the needs of a much larger percentage of our students – less than 10% of our students actually use the rec room, and 3. Since the rec room is just off the main hallway and a lot of people including dignitaries and guests use it to access the Eagle's Nest and the snack bar, a student lounge used by students studying and engaged in academic pursuits would present a much more appropriate image for the College than the "pool hall."

We have posted the proposal and notified all student organizations that the proposal is under consideration. Students are asked to send their comments about the proposal to Mrs. Linda Johnson, Vice President of Student Affairs. I suspect that we may be headed toward a new student lounge and study space next year.

A copy of the announcement of the proposal and a request for comment about it is attached for your information.

6. I have enclosed a copy of my leave records for 2004. The record is accurate through October 31 and shows that I have accrued vacation leave balance of 239 hours and accrued sick leave balance of 239 hours. It is a pure coincidence that the numbers are the same. While the report also shows accruals through November and December, these numbers are, obviously, not official since these two months have not yet come and gone. The November and December numbers are, however, useful as they tell us what the accrued balance would be if no leave were taken by the end of the year. Since state law and Board policy allow the maximum carryover from one calendar year to the next to be a maximum of 240 hours for vacation leave time and 960 hours for sick leave time (use it or lose it is the rule), I need to take 3 days of vacation before December 31 or lose it. That is

no problem because Linda and I had already planned to take several days off during the week before Christmas.

I have intentionally not taken as much leave as I have earned because of my belief that it is smart and prudent for employees to avoid taking off work very much until the leave time has built up some in the event of some family emergency or serious illness. All employees are provided these reports to help them plan and to verify the accuracy of the numbers.

As you recall, the Legislative Audit in 2001 revealed that my predecessor, Dr. Ken Martin, did not follow state law and Board policy on his personal leave record keeping and leave use. The auditors suggested that he pay back \$30,000 to \$40,000 worth of leave time that he had used in excess of what he had earned. From my first day of employment on April 29, 2001, all of my leave records have been maintained in the office of Ms. Vickie Boyette, Payroll Officer, as is customary for all OTC employees and I file all the leave requests and reporting forms as all other employees are required to do.

This concludes my report. I have also enclosed for your reading the October and November Newsletters from the Arkansas Department of Higher Education. I look forward to seeing you at our next Board meeting on Tuesday, November 30, 2004 at 5:00 p.m. in the Board Room. I light dinner snack and beverages will be ready for you at 4:30 p.m.

For your information, future Board meetings are scheduled for January 25, March 29, May 31, July 26, September 27, and November 29, 2005.

Thanks again for your commitment, many contributions, and support.

Attachments

Memo

To: Members of the Board of Trustees
From: Barry Ballard, President *BB*
Date: September 22, 2004
Re: Update on Various Issues

Below is a list of significant items, accomplishments and activities about which I think you will be interested. The items are in no particular order.

1. We are off to a great start to a new school year. As you are well aware, we have had some resignations of high school career center teachers, two other professional staff members and a couple of classified staff. Every single one of these resignations is primary related to pay. Most school districts in our service area have increased the pay of their personnel significantly (we have not heard of any less than +10%) and OTC is no longer competitive, especially in entry-level positions. We lost several employees to other school districts. That is the bad news.

The good news is that our new teachers and staff members are doing great. We have had very few school start-up problems especially when we consider the amount of change and numbers of new students that are being accommodated. There is a new level of confidence, optimism and positive attitudes that has accompanied the start up of this new school year. We are very pleased.

I have enclosed a copy of our updated organizational chart and telephone list for your information and use.

2. We are very proud that our enrollment is up for the fall term again. Our eleventh class day (census day) headcount number is 1,380 students. Last fall, a year ago, the headcount was 1,292. So the current enrollment is 88 students above what it was last year or an increase of 6.8 percent. I doubt if the Full-time Equivalent number is up that much because much of the increase is the result of more part-

time students and high school students taking concurrent courses. We think that our number of regular, full-time students is around 950; therefore, we have about 500 part-time and concurrent course students. We think the increase is due to our improving image as a two-year college with high quality, inexpensive programs, our continually improving relationships with public school districts in our service area (we work hard at it all year) and, also, our growth in on-line instruction.

I have enclosed a press release and several reports that the Arkansas Department of Higher Education put out this week that provides information to the public about the nice enrollment increase in higher education statewide. OTC is specifically mentioned and listed as one of the fast growing two-year colleges.

3. We are making real fine progress on the major gifts campaign. The Family Campaign is just about complete. The Employee Division is fully complete with 92 percent participation. We have just one or two pledge cards out in the Board Division, but the results so far are very good. We are at 91% participation so far, but no one in the Board Division has declined to participate. We believe that the total percentage will continue to go up as we complete the Board Division because we expect 100% participation there. We expected 100% participation in the Administration Division and we got it with some generous pledge totals.

I continue to conduct 2 to 4 Executive awareness sessions each week and have completed about 30 of them at this writing. These will continue through the fall months and into winter and I hope to complete about 75-80 of them before we start our community campaign. We will be soliciting lead gifts from individuals, companies, and foundations in the fall. Then, in the winter, we will begin our community campaign.

A brief summary of our results so far include:

Administrative pledges/gifts: 11=100%
Faculty pledges/gifts: 25=86.2%
Classified employee's pledges/gifts: 38=92.7%
Part-time employees and Adjunct faculty: 2=3%
All full-time employees pledges/gifts: 74=91.36%
Board Division pledges/gifts: 10 of 13=77% (incomplete-3 still out)

Gifts/pledges/Title III Matching:

A. Endowment for Scholarships & Educ Opportunity grants (e.g. child care vouchers)= \$20,566
B. Instructional Technology Class/Lab Bldg= \$2,355
C. Unrestricted= \$71,952
D. Title III matching= \$ 20,566
E. Total= \$94,873 (\$115,439 with Title III matched funds)

At the draw down cut off date for the Title III end of year, we had raised \$15,000 in actual cash to be matched with the Title III funds. We had budgeted \$30,000 in Title III funds to be for Scholarship Endowment Matching in Grant Year 1, therefore, we did not use \$15,000 of the \$30,000 budgeted grant funds. These funds are not lost and are automatically carried forward in tack, into the second grant year beginning October 1, 2004. The unused matching money in the grant is automatically carried forward in Grant Years 3, 4, and 5; but, they must all be used by the end of Grant Year 5 or they will be lost.

One of the fun projects that we conducted was the sale of a 1969 Jeep Commando Convertible that had been donated to the Foundation by Sharon and Larry Seals of Sheridan, Arkansas. Dr. Sharon Seals is a faculty member and Chair of the English Department. The vehicle was sold on eBay on September 5, 2004 for \$4,150 to a gentleman from Minnesota who plans to restore and sale the vehicle. The vehicle's eBay web site had over 2000 hits during the 10-day auction and over 50 people actually bid on it.

A copy of the Foundation Financial Report for September, showing cash only, and Amber Lindsey's Campaign Report for September, showing gifts **and** pledges, as well as the picture flyer on the 1969 Jeep Commando, is also enclosed for your information.

4. As was mentioned above, the first year of the Title III grant will close on September 30. As a result, we are finalizing budget and data collection needs in preparation for our first Annual Performance Report due in December of this year. We will encumber only a small amount of funds (less than \$3,000) that will carry over to next year's budget.

Our primary focus in recent weeks has been training on our newly purchased SCT PowerCAMPUS student information system. We have completed three weeks of training (one week each) on the Admissions, Billing, and Academic Records components. Within the next several weeks we will undergo training on the Advancement (Development Office), Great Plains (Business Office), PowerFAIDS (Financial Aid Office), and IQ.Web (Internet Portal) components.

This training consists of a detailed demonstration of the PowerCAMPUS within those components, including information on code-table set-up and the tab-interface that will be used by OTC staff. These demonstrations are a "give-and-take" process where SCT experts find out how each department conducts daily business and then demonstrates how that process would be performed in PowerCAMPUS. Because of increased capacity and functionality, several departments are able to consider procedure changes that will result in efficiencies and improved student service.

We have started to build our code-tables through these sessions. But that process will begin in earnest within the next two weeks when we upgrade to PowerCAMPUS 5.1.

When the initial training and code-tables have been completed, SCT experts will return to campus for hands-on training sometime in late January and early February. Faculty will be trained on components relating to advising, registration, and communication with students.

The training aspect of the project will continue as we conduct our first "go-live" semester registration (Summer I and Early Fall Registration) in April 2005. Adjustments and "tweaking" the system will continue through the early summer months as we prepare for fall semester registration beginning in July 2005. This is an aggressive implementation schedule, but one that is certainly within our reach.

As you recall, this five-year, \$1.8 million Title III grant project, for which \$363,737 will be received the first year, seeks to improve student learning, student retention and graduation rates. The grant project plans to assist with student services, instructional technology and the establishment of a scholarship endowment fund.

5. We had a very successful Focused Visit from a North Central Association/ Higher Learning Commission Team last month on August 22-24, 2004. The team of Mr. Lloyd Hammonds, Page Campus Dean, Coconino County Community College, Page, Arizona acting as chairman and Dr. Don Doucette, Vice Chancellor for Education and Technology, Metropolitan Community College, Kansas City, Missouri, reviewed our request to offer degree programs via distance education using the internet and on-line courses.

They were very thorough in checking out our assessment procedures, instructional delivery systems, faculty credentials, technical support, on-line library services, on-line student advisement, and student services. They spent about 20 man hours visiting with on-line students, faculty council members, curriculum committee members, executive committee members, and on-line faculty.

They left at noon on the 24th just after they gave our executive committee the courtesy of an exit interview and summarized their findings. They said that they were very impressed and that they would certainly recommend approval of the on-line delivery of the two degree programs for which we have prepared and on which we had based our request. They felt that we really had our act together. We asked them to consider recommending approval of degree programs generally, not just those two, which we had initially mentioned. They agreed that we were probably close to being ready for that but that a number of hardware and software systems that have been purchased and are being installed need to be in place. They said that they would consider the broader approval; but if they recommended it, they would require a conditional three-year report to verify the completed installation and functioning of the required systems.

We would prefer the broader approval even with an obligatory three-year report; otherwise, we will have to request approval for each and every new program that

we want to deliver on line in the future. That would end up being more work and causing longer delays when compared to the report.

All in all, we felt the focused visit was very successful. We probably spent 1,200 to 1,500 man-hours preparing for the visit. It is a lot of work but unavoidable if we want to stay abreast of modern higher education instructional delivery systems. These days the younger students are very computer savvy and they really expect colleges that are up to date with their programs and services to deliver more things to them over the Internet.

6. The Adult Education program has been relocated from the East Page Street location in the old USA Drug Building to the CADC Smith Building at the corner of Wilson and Sullenberger Streets effective the last day of August. The lease on the USA Drug Building expired on August 31, 2004. This was a strategic move that had been planned for more than a year so that our Adult Education operation could become a partner in Malvern's One Stop Workforce Center. By partnering with West Central's Workforce Centers and the State's Employment Security Department whereby all the employees, services and clients are in one location and under the same roof, we can get the Center certified as a Comprehensive Workforce Center, thereby giving Malvern's ESD office operation with its ten employees immunity from being closed as a cost saving measure by the State.

We had a dedication, ribbon cutting and open house as a Malvern/Hot Spring County Chamber of Commerce function on Friday, September 10, 2004. Senator Steve Faris; Mr. Artee Williams, State ESD Director; and Ms. Sandra Winston, State Workforce Investment Board Executive Director provided dedicatory remarks and over 100 people attended and enjoyed the ceremony and open house. Everyone reports that the One Stop Center, including our Adult Education Program, is working well in the new, shared facility. This is a great example of good government with multiple agencies cooperating together to improve services to citizens and the community. I have included a copy of the program for the dedication, ribbon cutting and open house as well as the list of programs and partners that are in the One Stop Center for your information.

7. There have been some news stories recently about the Higher Education Report called "Measuring Up." The report shows that Arkansas is improving in every area (graduation rates, numbers participating, entrance scores, etc.) except for an accessibility factor that is defined as the cost as a percentage of average family income in the State. It has been widely reported that Arkansas has regressed in this area and has moved from a D- to and F grade. By the way, 46 states got D's or F grades on this item. Part of the problem is that the recession we have suffered the last 5 years resulted in significantly reduced state revenues to the higher education institutions combined with significant increases in tuition rates over the same period. Average family income levels also eroded during this period. The institutions were forced to raise tuition levels to adjust to the decreases in state funding levels.

Because of the adverse publicity about access to higher education because of cost increases, I thought you would be interested in knowing how our increases and total costs compare to all the other public institutions in the state. Therefore, I have enclosed a copy of a report that the Arkansas Department of Higher Education made which shows the recent tuition increases and total costs at all state institutions of higher education. The report shows that both our 5 percent tuition increase and total costs are about in the middle of the two-year colleges. The OTC 5 percent tuition increase is, likewise, about in the middle of the range of increases made by the 11 universities, however, our total cost remains about one-third of the cost of the universities on average.

8. On August 6, 2004, the Arkansas Higher Education Coordinating Board, acting on recommendations from the staff, approved the budget request for all institutions for the 2005-07 Biennium. This budget request now goes to the Governor and the Legislature for consideration during the upcoming regular legislative session that begins the second Tuesday of January 2005.

We feel that the budget/appropriation request for OTC is a good one and we support it. If we get what has been requested, we will get an increase in state funding of \$303,438 next year and \$276,140 the following year. Additionally, we have a Capital budget/appropriations request of \$1,325,000 for A. Pitched Roof Renovation, B. Applied Science class/lab renovation, and C. Instructional Technology Center new construction. A copy of both the operating and the capital budget/appropriation request is enclosed with my report.

9. When we visit with legislators and community leaders about our state funding situation, we have been giving them and discussing three color graphs about the College. The first shows our growth since 1993 as measured by total unduplicated headcount and annualized full-time equivalent (FTE) students. The second chart compares our FTE enrolment with state funding and we always mention that our state funding this year is about \$3,120,000, but, it is less than we had in 1999, except that we are now serving about 65 percent more students than in 1999. The third chart shows our fall headcount enrollments and indicates that the OTC enrollment will cap out at about 2000 students unless we get more class/laboratory instructional space. Copies of these three color charts are also enclosed for your information and use.

This concludes my report. I look forward to seeing you at our next Board meeting on Tuesday, September 28, 2004 at 5:00 p.m. in the Board Room. I light dinner snack and beverages will be ready for you at 4:30 p.m.

For your information, future Board meetings are scheduled for November 30, 2004 and January 25, March 29, May 31, July 26, September 27, and November 29, 2005. Thanks again for your commitment, many contributions, and support.

Enclosures

Memo

To: Members of the Board of Trustees
From: Barry Ballard, President
Date: July 21, 2004
Re: Update on Various Issues

Below is a list of significant items, accomplishments and activities about which I think you will be interested. This report is somewhat short due to the amount of time we have been spending on our major gifts campaign. The items are in no particular order.

1. Congratulations to Mr. Don Tackett! We received a letter last week from Governor Huckabee notifying us that Mr. Tackett, President, Summit Bank Malvern has been appointed to our Board of Trustees for a seven-year term beginning July 1, 2004. He replaces Mrs. Huberta Teeter on the Board who, as you remember, resigned last year due to health reasons.

We are thrilled to have Mr. Tackett on our Board. He has been an active and involved member of our Foundation Board. He is very interested in the College and its further development. I have worked with Mr. Tackett on the Hot Spring County Industrial Development Committee for several years, and I know him to be a proactive and articulate proponent of community and economic development. He will appreciate his unique, business perspective on the Board as we endeavor to grow, improve, and develop the College even more.

2. The progress being made on the major gifts campaign continues to be real fine. We have completed our Family Campaign with the exception of the Board Division. The results so far are very good. There are very few pledge cards still out. We are at 91% participation. We believe that the total percentage will continue to go up as we complete the Board Division because we expect 100% participation there. We expected 100% participation in the Administration Division and we got it with some generous pledge totals. We are scheduled to complete

the training for the Board Division Chair (Jimmie Lea) and the three Vice Chairs (Dale Jenkins, Kristi Norris and Don Tackett) this week.

I continue to conduct 2 to 4 Executive awareness sessions each week and have completed about 24 of them at this writing. These will continue through the summer months into the fall and I hope to complete about 75-80 of them before we start our community campaign in the fall.

A brief summary of our results so far include:

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Gifts/pledges/Title III Matching:

- A. Endowment for Scholarships & Educ Opportunity grants (e.g. child care vouchers)= \$19,316
- B. Instructional Technology Class/Lab Bldg= \$2,355
- C. Unrestricted= \$16,702
- D. Title III matching= \$ 19,316
- E. Total= \$57,689

3. We have, unexpectedly, had a rash of resignations on both the faculty and staff in recent weeks. We have enjoyed virtually negligible turnover in the last several years so we were surprised to experience these resignations. While we have worked hard to improve our salaries and benefits, almost all of the resignations are the result of employment offers elsewhere with significant increases in earnings – most more than 20% increases. I think a combination of factors has caused this, and they include: (1) Our expanding economy is beginning to create more jobs and business activity, (2) Our salaries are somewhat below what the better and larger employers are paying, and (3) We did not give a cost-of-living raise to our employees on July 1 as we have traditionally done and the raise planned for September 1 is conditional on a planned enrollment.

The resignations include: Marsha Parsley (Tech Prep Grant going to teach full-time in Benton), Nicole Williams (Secretary - going to a local bank), Pat Watkins (high school automotive – going back into industry), Mike Waddle (high school industrial maint instructor – going back into industry), Becky Stacy (high school cosmetology instructor – going to teach in Pine Bluff), and Allison Rush (Title III retention specialist – going to direct a program and teach at Hot Springs). We are busy working to get replacements for all these within the next month. We are especially trying some new things to recruit minority candidates for all these positions.

4. We continue to make very good progress on our Title III grant projects. As you recall, this five-year, \$1.8 million Title III grant project, for which \$363,737 will be received the first year, seeks to improve student learning, student retention and graduation rates. The grant project plans to assist with student services, instructional technology and the establishment of a scholarship endowment fund.

We are ahead of our development plan for most elements for the first year ending September 30th and we expect that our first annual report will be very impressive. Much has been accomplished. We are doing especially well with the installation of the new computer student information system that has been purchased. Both the hardware and the software have been installed already. We have two of our computer technicians in Malvern, Pennsylvania this week getting trained on the new system. We are working with the old company to convert the data on the old system (student accounting, transcripts, payroll, financial aid, etc.) so it can be installed on the new system. A lot more faculty and staff have yet to be trained. We plan to have all the conversion done, the new system operational and staff trained by this time next year. A lot of work is yet to be done.

5. With regard to the lawsuit of Lynette Smith v. OTC Board of Trustees case, we have finally reached a settlement and avoided the scheduled trial. During the days of preparation just before the scheduled settlement conference and trial, Lori Freno, Assistant Attorney General, our defense attorney, became even more convinced that Smith's discrimination case was very weak, but, the claim that former president, Ken Martin had demoted her from the department chairs position out of retaliation (because she filed a grievance on Allen Bray's mishandling of the student threat disciplinary committee incident and pursued it to the Board) might have succeeded with the court. Federal law protects retaliation against an employee, as you may know. Several of the scheduled witnesses for the prosecution were OTC employees who say Ken Martin threatened to fire employees all the time.

I have attached a copy of 1. The settlement agreement, 2. Lori Freno's letter to Richard Weiss, Director of the Arkansas Department of Finance and Administration, requesting review and approval because the monetary amount involved is more than \$50,000 (I wanted you to read Ms. Freno's words in the last paragraph on the first page of the letter), 3. The joint motion to dismiss signed by both plaintiff and defense attorneys, and 4. The drafted order of dismissal for Judge Dawson.

The settlement agreement calls for Ms. Smith to resign effective July 30, 2004, to dismiss the case and all related issues with prejudice (can never be refiled in the future), and to not seek future employment with the College. The settlement agreement calls for the Board to pay Ms. Smith \$77,317 (\$62,500 monetary payment payable in quarterly installments, \$5,317 reimbursement for COBRA medical insurance, and \$10,000 reimbursement for attorney's fees) and to give

her a neutral job reference (verify job title and duties, dates of employment, and pay).

I worked with Ms. Freno and the Federal Magistrate at the settlement conference and helped to bargain with the Ms. Smith and her attorney to get this agreement. I think it is a good agreement for the Board and the College. Payroll costs for Ms. Smith's replacement will result in about \$20,000 a year in savings that would recover the settlement costs in 3-4 years. Even if we had won, we would have a disgruntled, angry employee on our hands that Ms. Freno predicted would, in the future, file additional lawsuits and disability accommodation demands. If we had lost, not only would we have had to pay substantial attorney fees, but also, we would have had to reinstate her to the department chair position and displace Ms. Turley, the current chair, who has proven to be a capable and effective leader, and find replacements for all three of the other faculty members because they stated that working for Ms. Smith would be intolerable and they would resign.

While the whole thing makes me feel bad, I recommend that you approve the settlement agreement, authorize me to make the payments, and join me in looking forward to the day when Ms. Smith is gone and I make no further mention of her in my reports.

Ms. Freno and the Attorney General think that we have a good settlement also and, as always, she invites Board members to call and ask her questions about the case. Ms. Freno's telephone number is 501-682-1324.

6. We are completing the end of year, 2003-04 reports on both our financial books and our student full-time equivalent (FTE) enrollment and unduplicated headcount numbers. The good news is that we ended the year with not as much red ink (draw down on our fund balance) as we earlier expected and reported to you. The bad news is that our student numbers are down just a bit (-1.91% on FTE and -7.33% on unduplicated headcount). A copy of a chart showing the student numbers is attached. June Prince will have a full report to discuss at the Board meeting. Roger Coomer will discuss the financials at the meeting as well.

7. I have enclosed a copy of my leave records for the fiscal year ending June 30, 2004. As you recall, the Legislative Audit in 2001 revealed that Ken Martin did not follow state law and Board policy on his personal leave record keeping. From my first day of employment on April 29, 2001, all of my leave records have been maintained in the office of Ms. Vickie Boyette, Payroll Officer, as is customary for all OTC employees, and I file all the leave request and reporting forms as all other employees are required to do.

The enclosed report shows that I have carried over into FY 2004-05 a total of 215 hours of earned vacation leave time and 215 hours of earned sick leave time. I have intentionally not taken as much leave as I have earned because of my belief that it is smart and prudent for employees to let the leave time build up in the

event of some family emergency or serious illness. State law and Board Policy allow the maximum carryover from one calendar year to the next to be a maximum of 240 hours for vacation leave time and 960 hours for sick leave time.

This concludes my report. I look forward to seeing you at our next Board meeting on Tuesday, July 27, 2004 at 5:00 p.m. in the Board Room. I light dinner snack and beverages will be ready for you at 4:30 p.m.

For your information, future Board meetings are scheduled for September 28 and November 30, 2004.

Thanks again for your commitment, many contributions, and support.

Memo

To: Members of the Board of Trustees
From: Barry Ballard, President
Date: May 20, 2004
Re: Update on Various Issues

Below is a list of significant items, accomplishments and activities about which I think you will be interested. This report is somewhat short due to the amount of time we have been spending on our major gifts campaign. The items are in no particular order.

1. The progress being made on the major gifts campaign continues to be real fine. We will have a more formal report for you at our regular Board meeting on June 1. We have only about 9 pledge cards still out. If all of them are turned in with a pledge, we will be at about 94% participation. However, those holding out may include a pretty high non-participation rate or the reverse of the 100% participation rate for those who turned in their pledge cards during the first days of the family campaign.

I URGENTLY NEED YOUR HELP NOW!

We are now starting the Board campaign which includes the Board of Trustees, the Foundation Board and former Board members. When we announce our community campaign in the fall, 2004, it is very important that we are able to say that the Board is fully committed with this campaign because of the tremendous need and that the Board's 100% participation in pledging personal contributions is evidence of their support and endorsement.

Mr. Jimmie Lea has volunteered to be the Chair for the Board Division and he is busy trying to find vice chairs. The way we plan the campaign so that no volunteer has to solicit more than 3 to 5 others, Mr. Lea will need 2 or 3 Vice Chairs for this Division. I urge you to consider helping Mr. Lea. The way we have

prepared the solicitation information and materials, there is very little work involved in being a Vice Chair and volunteer solicitor. We will simply review the packet of materials with you in case you get any questions and then all we ask is that you get a packet to the 3 to 5 assigned Board or former Board members and ask them to review the materials and consider making a pledge. You further explain that all pledges are confidential and sealed in an envelope and that neither you nor the College administrators know who or how much was pledged. Only the person that does the data entry opens and sees the pledges. All the reports on the data are aggregated.

As you recall, our theme for the campaign is "Changing Lives... Building Futures." The Family Campaign has reached 100 or so full-time employees, the 16 members of the Board Division and the 100 or so adjunct, part-time, and retired employees. This has required an organization of almost 25 volunteers who function as chairs, co-chairs, vice-chairs, team captains and the like. We start our first solicitations the last week of March and our goal is to complete the employee part of the Family Campaign by the end of May and the Board Division by the end of June.

When we start the Community Campaign with a plan to reach somewhere between 1,000 and 1,500 individuals and organizations, we will have to recruit and train close to 250 volunteers who will work with us as chairs, co-chairs, vice-chairs, team captains and the like, just as in the smaller Family Campaign. In many ways, then, this ongoing Family Campaign is like a small-scale rehearsal for the larger program to come in the fall. That Community Campaign will take 4 to 6 months to conduct.

It is all very exciting to us and we can already see the positive results of our planning and organization. The contributions and pledges are starting to come in. As you may recall, The Foundation plans to raise \$3 million of which \$1.8 million will be for an Instructional Technology Center and \$1.2 million will be for a scholarship endowment and educational opportunity grants to assist with child care for students and other barriers to a college education.

2. Mr. Calvin Brown has sent me a copy of a letter of resignation that he has sent to Governor Huckabee. Mr. Brown cited his 75 years of age and his interests in spending more time with his family as his personal reasons for resigning. Mr. Brown is an astute and successful businessman, and we will miss his valuable contributions.

3. We continue to make very good progress on our Title III grant projects. This five-year, \$1.8 million Title III grant project, for which \$363,737 will be received the first year, seeks to improve student learning, student retention and graduation rates. The grant project plans to assist with student services, instructional technology and the establishment of a scholarship endowment fund.

As reported above, the Foundation Board plans to raise scholarship endowment funds and it will be assisted in its efforts by the \$360,000 in the Title III grant that can be used as matching money. Additional grant money will also be available for faculty development and instructional technology improvements.

4. With regard to the lawsuit of Lynette Smith v. OTC Board of Trustees case, activity has picked up. We are now about one month away from the scheduled trial date of Monday, June 21, 2004 in the Hot Springs Arkansas Federal Court House. We are also scheduled for a Settlement Conference on June 16. Ms. Smith has offered to settle if we reinstate her as Department Chair, pay her \$40,000, and require the administration of the College to receive training from the EEOC on how to properly handle race relations and promote diversity. She also said that if we would pay her for 3-years of salary, she would resign.

We have offered about 10% of the cash she requested and also offered to give her more class instruction time and less lab and clinical time to accommodate her skill set and interests. She has rejected this offer.

So, we continue to develop plans and make preparations for the trial. Ms. Lori Freno, our attorney, was on campus last week interviewing faculty and some administrators.

Ms. Freno remains optimistic that we will prevail in this case. She always invites Board members to call and ask her questions about the case. Ms. Freno's telephone number is 501-682-1324.

5. In an effort to save money, we are trying some new operating hours this summer. Starting last week, the first week after graduation, and continuing until August 6, 2004, the last full week before faculty report back for a week of preparation before the first week of the Fall 2004 Semester, the College's operating hours are 7:00 a.m. until 7:00 p.m., Monday through Thursday, but closing on Fridays. Supervisors are required to schedule everyone to work four 10-hour days then take Friday – Sundays as a weekend.

By doing this, it is believed that we can save utility and other operating costs.

We have scheduled at least one person to remain on campus during the day on Fridays to handle telephone calls and deliveries of mail, packages, freight and other things.

A copy of the Summer Operating Guidelines that have been given to all employees and which provides additional information is enclosed.

This concludes my report. I look forward to seeing you at our next Board meeting on Tuesday, June 1, 2004 at 5:00 p.m. in the Board Room. A light dinner snack and beverages will be ready for you at 4:30 p.m.

For your information, future Board meetings are scheduled for July 27, September 28, and November 30, 2004.

Thanks again for your commitment, many contributions, and support.

Memo

To: Members of the Board of Trustees
From: Barry Ballard, President
Date: March 23, 2004
Re: Update on Various Issues

Below is a list of significant items, accomplishments and activities about which I think you will be interested. This report is somewhat short due to the amount of time we have been spending on our major gifts campaign. The items are in no particular order.

1. The progress being made on the major gifts campaign is great. We will have a more formal report for you at our Board meeting next Tuesday evening. We have developed a complete plan for both the in-house campaign and the community campaign. Our theme for the campaign is "Changing Lives.... Building Futures." We refer to the internal campaign as the "Family Campaign."

For the Family Campaign, we have just about completed the development of all the needed materials and we have all the volunteers in place and most of them trained. The Family Campaign must reach the 100 or so full-time employees, the 16 members of the Board Division and the 100 or so adjunct, part-time, and retired employees. This requires an organization of almost 25 volunteers who function as chairs, co-chairs, vice-chairs, team captains and the like. We start our first solicitations this week and our goal is to complete the Family Campaign by the end of April. After Graduation on Saturday, May 8, we will have little contact with the faculty until school starts back up in August, so it was necessary to complete the campaign before that date. Our goal for the Family Campaign is 100-percent participation. Though we know we probably will not get 100-percent participation with the faculty and staff, we plan on getting better than 80 percent and if we do, it will send a powerful message of consensus and agreement when we undertake the Community Campaign in the fall.

When we start the Community Campaign with a plan to reach somewhere between 1,000 and 1,500 individuals and organizations, we will have to recruit and train close to 250 volunteers who will work with us as chairs, co-chairs, vice-chairs, team captains and the like, just as in the smaller Family Campaign. In many ways, then, this ongoing Family Campaign is like a small-scale rehearsal for the larger program to come in the fall. That Community Campaign will take 4 to 6 months to conduct.

It is all very exciting to us and we can already see the positive results of our planning and organization. The contributions and pledges are starting to come in. As you may recall, the Foundation plans to raise \$3 million of which \$1.8 million will be for an Instructional Technology Center and \$1.2 million will be for a scholarship endowment and educational opportunity grants to assist with child care for students and other barriers to a college education.

2. We are not planning on very much of an information presentation at the Board meeting as we want to have time for some important action items and we want to introduce you to two new employees and share information on both the major gifts campaign and the Applied Science Programs marketing and promotions campaign that is being planned.

Included among the action items are issues that relate to distance education. Distance education incorporates a big field including web-based or Internet instruction for courses and entire degree programs. I mentioned in my January 2004 report that this was one of the fastest growing areas of higher education across the country. It is for us as well. We are going to ask you to approve a new and complicated policy on distance education. This policy is required for the Higher Learning Commission's approval of our request of an amendment of our accreditation status to include on-line degrees. I have had this proposed policy reviewed by Assistant Attorney General Don Barnes who approved it. And, we have had the policy reviewed by the OTC Faculty Council and Curriculum Committees.

3. We continue to make very good progress on our Title III grant projects. This five-year, \$1.8 million Title III grant project, for which \$363,737 will be received the first year, seeks to improve student learning, student retention and graduation rates. The grant project plans to assist with student services, instructional technology and the establishment of a scholarship endowment fund.

As reported above, the Foundation Board plans to raise scholarship endowment funds and it will be assisted in its efforts by the \$360,000 in the Title III grant that can be used as matching money. Additional grant money will also be available for faculty development and instructional technology improvements.

Mark Burriss, Title III Director, has been conducting meetings with Title III Team members in preparation for OTC's mid-year report. Since the last Board meeting

when we received approval to purchase SCT's PowerCAMPUS student information system, he has been working with SCT and with OTC's IT department in establishing procedures for implementing the new software on campus. He has also provided support to Lloyd Melton, who will chair the SCT Implementation Committee and to OTC's Business Department that will manage the invoices and records related to the implementation process.

Alison Rush, Title III Retention Specialist, has been busy preparing for the second visit from Tim Culver, OTC's Noel-Levitz Retention Management Consultant. Her preparation has included the re-establishment of OTC's Retention Committee, which evaluated recommendations from Culver's first visit, and the distribution of retention research to members of the Committee and other interested parties on campus. Ms. Rush co-chairs the Retention Committee along with Patty Weak. Ms. Rush has also been conducting retention efforts with students on campus, including counseling sessions and Early Alert correspondence to students at risk of dropping out. She volunteered to be one of our co-chairs for the Family Campaign which is greatly appreciated.

Will Roark, Title III Learning Specialist, has conducted eight sessions for faculty and staff on how to utilize PowerPoint presentations in the classroom. Almost all of his training sessions have been full. And additional sessions have been requested. He is also conducting research in adult learning styles and teaching strategies for developmental math faculty in preparation for faculty workshops over the summer and fall semesters. And, he has been working with Dr. Susan Karr and department chairs regarding a variety of additional faculty development activities.

4. There is no additional news on the Lynette Smith v. OTC Board of Trustees case. As I reported in January, the Court has set June 8, 2004 as a trial date. We are developing plans for the preparations needed for that trial. Ms. Lori Freno, our attorney, had one contact with Ms. Smith's lawyer who seemed very surprised that we were planning to go to trial. That attorney apparently thought we would settle the thing, i.e., pay them off, and not go to trial. Ms. Freno remains optimistic that we will prevail in this case. She always invites Board members to call and ask her questions about the case. Ms. Freno's telephone number is 501-682-1324.

This concludes my report. I look forward to seeing you at our next Board meeting on Tuesday, March 30, 2004 at 5:00 p.m. in the Board Room. A light dinner snack and beverages will be ready for you at 4:30 p.m.

For your information, future Board meetings are scheduled for May 25, July 27, September 28, and November 30, 2004. We hope that you will, also, join with us for the spring graduation exercise that is planned for 2:00 p.m. on Saturday, May 8, 2004. We will have almost 100 graduates for that special occasion.

Thanks again for your commitment, many contributions, and support.

Memo

To: Members of the Board of Trustees
From: Barry Ballard, President *BB*
Date: January 21, 2004
Re: Update on Various Issues

Below is a list of significant items, accomplishments and activities about which I think you will be interested. In some ways, this report is also a bit of a summary for 2003. The items are in no particular order.

1. 2003 was a great year for Ouachita Technical College from the standpoint of both its expanding record of service to citizens in the community and its record of growth and development. Enrollment records were set in the Spring semester as well as in the Fall semester. The College is one of the fastest growing institutions of higher education in the state, and, for colleges with enrollments below 2,500, one of the fastest in the United States. New certificate and associate degree programs were established in Business Technology and in Applied Science. A new one-year Cosmetology Certificate program was started at the collegiate level in newly remodeled facilities and with a full enrollment from the first term. Two new area high school career center programs, one in industrial technology and one in the medical field, were started. And, the new 11,500 square foot Allied Health Building was dedicated and brought on line to support growing medical program enrollments.

The College has been fulfilling its mission as a comprehensive two-year college with 1) a record Fall term enrollment of 1,291 students, 2) record adult education enrollment of over 600 students with 85 GED graduates, 3) record area high school career center enrollment of 222 students from 8 high schools, 4) record concurrent course enrollment of 310 students from 12 high schools. As you know, concurrent course enrollments are the result of the College delivering college courses into local high schools. High school students, who qualify, can take these

courses for college credit and then use these credits to also meet their requirements for graduation from high school. A common example of this is when high school students take English Composition I in the Fall term then take English Composition II in the Spring term and then the school district gives them credit for Senior (high school) English and the students also have six semester credit hours of college English under their belts.

2. One of the most exciting phenomena's in higher education today is the dramatic increase in the number of courses and degrees being offered by accredited colleges using the World Wide Web and the Internet. We refer to these as web-based or online courses. The College is also very involved in this instructional technology movement and now has about 430 course enrollments in this method of instructional delivery. The College has dozens of courses that it now offers online in addition to almost three dozen, non-credit continuing education courses. Almost all instructors now use the Internet to supplement instruction to enrich student learning experiences and to accommodate different learning styles.

At our next Board meeting, you will be asked to consider for approval, the College's first Associate Degree programs to be offered completely on the Internet and which include an Associate of Arts in General Education and an Associate of Applied Science in Criminal Justice. Both of these degree programs were approved several years ago and the College has been offering them for some time. What is different is the way the instruction is planned to be delivered. Approval is now being sought from you, the Board of Trustees, the State Coordinating Board of Higher Education and the Higher Learning Commission of the North Central Association (accreditation approval) to deliver these degree programs via "distance education using the Internet."

The College received some nice recognition recently because of its growing capability to deliver online courses. The Wal-Mart Corporation recently selected Ouachita Technical College and other two-year colleges in Arkansas in addition to UALR and an out of state university as "Preferred Vendors" for the delivery off online college courses to meet the educational development and continuing education needs of Wal-Mart store associates from coast to coast - all 1.2 million of them. These online course offerings had to stand up to many of Wal-Mart's vendor selection criteria related to price and quality. For now, Wal-Mart is satisfied with individual general education courses being offered online. When the new degree programs receive approval, we will also seek Wal-Mart's approval to also offer these to their associates.

3. We are making good progress on our Title III grant projects. As you recall, the College received notification in late August from Senators Blanche Lincoln and Mark Pryor and Congressman Mike Ross that it had been awarded a five-year \$1.8 million Title III grant. The first year of the project is funded at \$363,737.

Title III funds are meant to improve student learning, student retention and graduation rates. The college will use such funds to assist with student services, instructional technology and the establishment of a scholarship endowment fund. The Foundation Board will be assisted in its efforts to raise money for the scholarship endowment fund because part of the grant includes \$360,000, which can be used as matching money. Additional grant money will also be available for faculty development and instructional technology improvements. Twelve colleges in Arkansas submitted grant applications and only three were approved by the U.S. Department of Education.

Five new positions were created through the Title III grant – Title III Director - Mark Burris; Director of Development – Amber Lindsey; Retention Specialist – Alison Rush; Learning Specialist – Will Roark; Administrative Assistant for Title III – Christie Roark; and an Administrative Assistant for Development that is still vacant.

4. The OTC Foundation Board is now very active and will begin a major gifts campaign in the next couple of months. In the Fall of 2003, the Foundation adopted a very ambitious goal of raising \$3 million over the next five years including a \$760,000 scholarship endowment and money for greatly needed facilities and instructional technology.

Directors of the Foundation include Floyd Parker, Chairperson, Don Tackett, Vice Chair, Kinney Black, Investment Committee Chair, Don Walsh, Daryl Teeter, Fred Smith, Marcus Guinn, Tom Poston, Mike Fikes, Jim Ferguson, Joe Keith, Pete Paladino, and Bill Stilwell.

As you know, Amber Lindsey has been promoted to Director of Development. And, a new Development Office has been established in the executive office suite and new computer software will be installed this spring that will enable the college to maintain a donor database. Also, a new web page is being developed to facilitate donations and establish named scholarship endowments. The Clements Group has been selected as the consultant on our major gifts campaign to raise the \$3 million. The first two-day staff training and planning activity with the consultant is scheduled for January 29-30, 2004.

I plan to spend one-half to three-quarters of my time over the next year on development and OTC Foundation work. I want our major gifts campaign to be a big success. We are planning to spend \$50,000 with the Clements group for consulting services over the coming year. I want that investment of Foundation money to have a big return. If we raise \$3 million, which is our goal, then \$50,000 is only 1.6 percent of what we raise. I really want this effort to pay off and so does Amber Lindsey. We are going to do every thing we can to make it so.

5. I reported last month about our efforts to get approval from the State Department of Finance and Administration (DFA) to purchase a car for the College out of the State Vehicle Revolving Fund. We have now received notice that we have been approved for a new, full-size car at no expense to the College. The car is a 4-door sedan off of the State Contract. Currently on State Contract for full-size sedans is the 1994 Ford Taurus LX which has a V-6 engine and which is supplied by North Point Ford in North Little Rock at a price of \$13,895. The DFA will transfer ownership of the car to OTC and the College will pick up its operating, maintenance and insurance costs. The vehicle will be delivered sometime before March 1, 2004 according to the purchase order from DFA.

6. I have enclosed a copy of my leave records for the year ending December 31, 2003. As you recall, the Legislative Audit in 2001 revealed that Ken Martin did not follow state law and Board policy on his personal leave record keeping. From my first day of employment on April 29, 2001, all of my leave records have been maintained in the office of Ms. Vickie Boyette, Payroll Officer, as is customary for all OTC employees and I file all the leave request and reporting forms as all other employees are required to do.

The enclosed report shows that I have carried over into 2004 a total of 177 hours of earned vacation leave time and 167 hours of earned sick leave time. I have intentionally not taken as much leave as I have earned because of my belief that it is smart and prudent for employees to let the leave time build up in the event of some family emergency or serious illness. State law and Board Policy allow the maximum carryover from one year to the next to be a maximum of 240 hours for vacation leave time and 960 hours for sick leave time.

7. I have good news and bad news on the Ms. Lynette Smith v. OTC Board of Trustees case – mostly good news. The activities related to the lawsuit of Ms. Smith have picked up significantly in the last month or so. I spent the day after Christmas in the Little Rock office of Assistant Attorney General Lori Freno working on our answer and response to the Court on Smith's request for a fourth amended complaint. We filed our response to the request for a fourth amended complaint that same day and included another motion for Summary Judgment or dismissal.

In Smith's attempt of a fourth amendment, she requested that Dr. Susan Azbell be added as a defendant in her individual capacity. Suing someone in his or her individual capacity for race discrimination and retaliation is the only way under Federal Law to get a financial judgment. The requested amendment also retracted her claim for damages against the Board since she and her attorneys finally studied the case law on the Federal statutes and came to realize the courts have never awarded damages for related violations (State Board members and officials in their official capacities) – they learned this in briefs that we have filed. In her proposed fourth amended complaint, her only complaint against the Board

members are in their official capacities for equitable relief in the form of reinstatement to program chair.

Judge Robert T Dawson, U.S. District Judge, Western District, Hot Springs ruled on Smith's request and our answer on January 9th and we were notified about it on the 12th. Our motion for summary judgment was denied. That is the bad news. We figured that the judge has had his hands slapped by the 8th Circuit Court of Appeals because it was dismissed the first time, so, he is taking no chances. The Court has set June 8, 2004 as a trial date.

The judge also ruled on our behalf on several other issues. This is the good news. First, Smith's attempt to include Susan Azbell in either her individual or official capacity (so she could get money) was denied. We had argued that it was well passed the statute of limitations and she knew from day one that Dr Azbell was involved in the decision. The request also violated the doctrine of "Latches." The judge also ruled that the college was removed as a defendant and that her claim for damages against the Board members was to be retracted. The Judge's own words in the ruling are as follows: "In the Fourth Amended Complaint, the only Defendants shall be the Board members in their official capacities and Plaintiff's only claim shall be for racial discrimination and for retaliation under Sections 1981 and 1983, with Plaintiff's claim for relief limited to reinstatement." This was very good news. Ms. Smith cannot get a money judgment, only reinstatement as chair and attorney's fees. Also, to win her case, she must prove that the discrimination was based on an established policy or custom, not just an isolated case. We think this is very good news and we are ready to go to trial.

The week before the judge's last ruling, we received an offer from Ms. Smith's attorney to settle for \$30,000 and reinstatement to the chair. We waited for the ruling before we replied and I am glad we did. The ruling took a lot of teeth out of her lawsuit. We responded to the settlement offer with an offer to settle if we agree to assign her to some instructional development activities and to some clinical supervision responsibilities, both of which are needed anyway, and with a slight reduction in teaching load from 15 credit hours to 12 credit hours each semester for a period of three years only. This would cost us very little. We have not heard her response as yet.

Under the Federal rules on complaints for equity relief, she is not entitled to a jury trial. We filed a motion and a brief last week for a denial of the jury trial and a trial by Court instead. This would take most of the emotions and theatrics out of the trial and give us other advantages as well. No word as yet on that as well.

Ms. Lori Freno, our attorney, remains optimistic that we will prevail in this case. She always invites Board members to call and ask her questions about the case. Ms. Freno's telephone number is 501-682-1324.

We have a lot of things going on – Title III project activities, a new Development Office and Director of Development, the Foundation, a major gifts campaign with a consultant and a lot of training and fund raising activities, new online courses and degree programs and new accreditation and “Focused Visit” report to enhance our accreditation to deliver online degree programs via the Internet among other things. We are growing and making improvements, enhancements and changes in lots of areas. Additionally, the myriad of activities and submittals related to our 2005-07 Biannual Appropriations request, in preparation for the regular legislative session in 2005, begins this month with a submittal on our capital appropriation request. Combined with all this great OTC development stuff, I will be the new board chair for the Malvern/Hot Spring County Chamber of Commerce this coming year. I will also become the chair of the IDC Board in May, I think. And, I am on the Hot Spring County Solid Waste Authority Board of Directors. Naturally, we are trying to make improvements and enhancements in all these organizations as well. All this is to say, I am becoming a busy boy. I love the development work both at the College and in the community. Please be patient with me and encourage me as I endeavor to chew these big bites.

This concludes my report. We have also included the new ADHE newsletter if you are not already worn out from reading all this. I look forward to seeing you at our next Board meeting on Tuesday, January 27, 2004 at 5:00 p.m. in the Board Room. I light dinner snack and beverages will be ready for you at 4:30 p.m. For your information, future Board meetings are scheduled for March 30, May 25, July 27, and September 28, and November 30, 2004.

Thanks again for your commitment, many contributions, and support.