

STATE OF TEXAS
COUNTIES OF GREGG, RUSK, UPSHUR AND SMITH
KILGORE JUNIOR COLLEGE DISTRICT

The Kilgore Junior College District Board of Trustees met in regular session at 6:30 pm, Tuesday, May 8, 2007, in the Stewart McLaurin Administration Building, 2nd floor, with the following members present:

B. Randell Brint, President
Robert Heath, Vice President
Carolyn Johnston, Secretary
Fred S. Parsons
Will Roberson
R. E. Spradlin
James N. Walker
Larry Woodfin

Members absent: Marion Turner

AGENDA
May 8, 2007

I. CALL TO ORDER

- A. Invocation and Pledge of Allegiance

II. PRESENTATION

- A. NCMPR Paragon award to Chris Moore
B. Presentation from Julie Fowler's area on the Diesel Technology Program
C. Brief update on KC Campus Safety/Emergency Preparedness status

III. CONSENT AGENDA

- A. To consider approving the minutes of the March 20, 2007 regular board meeting.
B. To consider and re-adopt tax abatement guidelines. *Exhibit # 1*
C. To consider approval of KC Catalog for 2007-2008.
D. To consider approval of personnel items submitted as follows:
1. Recommendation to Accept Employee Retirements as follows:
 - a. Instructor – Psychology, effective May 31, 2007.
 2. Recommendation to Accept Employee Resignations as follows:
 - a. Police Officer, effective May 10, 2007.
 - b. Services Librarian, effective June 15, 2007.
 3. Recommendation for Employment as follows:
 - a. Training Coordinator, Workforce Development, effective April 16, 2007.
 - b. Instructor – Mathematics, effective September 1, 2007.
 - c. Instructor – Associate Degree Nursing, effective September 1, 2007.
 - d. Supervisor of Student Accounting, effective May 2, 2007.
 - e. Coordinator of Student Development-Residential Life (Quads Residences), effective April 1, 2007.
 - f. Special Populations Counselor, effective May 1, 2007.
 - g. Coordinator of Student Development-Residential Life (Nolan Street Hall), effective June 1, 2007.

4. Recommendation for Change in Employment Status as follows:
 - a. From Special Populations Counselor to Counselor, effective May 1, 2007.
 - b. From Records Specialist – Registrar’s Office to Student Loan Coordinator/Financial Aid Advisor effective June 1, 2007.
 - c. From Administrative Assistant II – HR and Accounts Payable to Assistant to the Controller, Business Office, effective May 1, 2007.

E. To consider payment of legal fees for services rendered.

IV. CITIZEN COMMENTS

V. ACTION ITEMS

- A. To consider offering a new AAS Degree in Welding. *Exhibit # 2*
- B. To consider and take action on a Placement Agent Agreement with First Southwest Company related to services rendered in conjunction with the revenue refunding bond issue.
- C. To consider all matters incident and related to the issuance and sale of "Board of Trustees of Kilgore Junior College District Combined Fee Revenue Refunding Bonds, Series 2007", including the adoption of a resolution authorizing the issuance of such bonds and providing for the redemption of certain outstanding bonds of the District.
- D. To consider a letter of engagement for an external auditor. *Exhibit # 3*

VI. EXECUTIVE SESSION

Adjournment to executive session pursuant to Texas Government Code Sections 551.071 - 551.084, the Open Meetings Act, for the following purposes:

"The Board has adjourned to executive session at _____ p.m. on May 8, 2007.

PERSONNEL: (Government Code 551.074)

LEGAL: (Government Code 551.071)

For the purpose of a private consultation with the Board's attorney on any or all subjects or matters authorized by law.

REAL ESTATE: (Government Code 551.072)

RECONVENING IN OPEN MEETING

"The Board has reconvened in open session at _____ p.m. on May 8, 2007."

IF, DURING THE COURSE OF THE MEETING COVERED BY THIS NOTICE, THE BOARD SHOULD DETERMINE THAT A CLOSED OR EXECUTIVE MEETING OR SESSION OF THE BOARD SHOULD BE HELD OR IS REQUIRED IN RELATION TO ANY ITEM INCLUDED IN THIS NOTICE, THEN SUCH CLOSED OR EXECUTIVE MEETING OR SESSION AS AUTHORIZED BY SECTION 551.001 ET SEQ. OF THE TEXAS GOVERNMENT CODE (THE OPEN MEETINGS ACT) WILL BE HELD BY THE BOARD AT THAT DATE, HOUR AND PLACE GIVEN IN THIS NOTICE OR AS SOON AFTER THE COMMENCEMENT OF THE MEETING COVERED BY THIS NOTICE AS THE BOARD MAY CONVENIENTLY MEET IN SUCH CLOSED OR EXECUTIVE MEETING OR SESSION CONCERNING ANY AND ALL SUBJECTS AND FOR ANY AND ALL PURPOSES PERMITTED BY SECTIONS 551.071-551.084, INCLUSIVE, OF THE OPEN MEETINGS ACT.

Should any final action, final decision, or final vote be required in the opinion of the Board with regard to any matter considered in such closed or executive meeting or session, then such final action, final decision, or final vote shall be at either:

- a. the open meeting covered by this notice upon the reconvening of this public meeting, or
- b. at a subsequent public meeting of the Board upon notice thereof, as the Board shall determine.

- VII. DISCUSSION ITEMS
 - A. Budget Reports
 - B. Quarterly Investment Reports
- VIII. BOARD COMMENTS
 - A. Report from the Nominating Committee
- IX. ADMINISTRATION COMMENTS
- X. ADJOURNMENT

MINUTES

May 8, 2007

Randy Brint, President, called the meeting to order at 6:30 p.m. on May 8, 2007, in the Stewart McLaurin Administration Building, 2nd floor.

Section I. on the Agenda was the Call to Order.

Larry Woodfin led the invocation and Pledge of Allegiance to the United States of America Flag.

Section II. on the Agenda was Presentation.

A. NCMPR Paragon award to Chris Moore.

Dr. Holda read a statement from Bill Gibbs, Director of Marketing telling of Chris' accomplishments and then presented Chris with the Paragon Award and Certificate.

B. Presentation from Julie Fowler's area on the Diesel Technology Program

Dr. Julie Fowler, Dean-KC Longview, gave a brief 10 year overview of the Diesel Technology Program and introduced Gary Ratliff, Instructor-Diesel Technology. Gary presented an informative presentation

C. Brief update on KC Campus Safety/Emergency Preparedness status

Mike Jenkins, Director of Human Resources, handed out Crisis Management Guides to each board member and updated the board on KC procedures in the event of a crisis.

Section III. Consent Agenda.

These items are grouped together and do not necessarily need further discussion, although a Board Member may elect to remove an item/s from the Consent Agenda to Action Items for discussion. Dr. Holda gave a brief overview of each consent agenda item. Larry Woodfin made the motion to accept the Consent Agenda as presented and James Walker seconded. The motion passed with 8 votes. Marion Turner was absent.

EXHIBIT # 1

ADOPTED BY THE KILGORE JUNIOR COLLEGE DISTRICT
BOARD OF TRUSTEES ON May 8, 2007

KILGORE JUNIOR COLLEGE DISTRICT GUIDELINES
AND CRITERIA FOR TAX ABATEMENTS

I. GENERAL PURPOSE AND OBJECTIVES

The Kilgore Junior College District (the "KJCD") is committed to the promotion of high quality education and development within its boundaries, and to an ongoing improvement in the quality of life for its residents. Insofar as these objectives are generally served by the enhancement of the tax base and expansion and diversification of the local economy, the KJCD will, on a case-by case basis, give consideration to providing tax abatement, pursuant to the Property Redevelopment and Tax Abatement Act, TEXAS TAX CODE ANN. Sections 312.001 et seq., as from time to time amended (the "Act"), as a stimulation for economic growth and diversification in the KJCD. Consideration will be given to both new facilities and structures and for the expansion or modernization of

existing facilities and structures. Proposed tax abatement agreements will be considered in accordance with the guidelines, criteria and procedures outlined in this document. Nothing herein shall imply or suggest that the KJCD is under any obligation to provide tax abatement to any applicant.

According to the Act, a municipality¹ may grant tax abatement on the incremental value of real property (measured against the property's value for the year in which the abatement agreement is entered into) that is improved pursuant to a specific development proposal which meets the economic goals and objectives of the municipality. Pursuant to the Act, a tax abatement may also apply to certain tangible personal property located on the real property subject to the tax abatement agreement after the period covered by the tax abatement agreement.

Based on the general purpose and objectives and in compliance with the intent and tenets of the Act, the municipality may establish reinvestment zones for economic development purposes. The municipality may enter into tax abatement agreements with one or more owners of taxable real property that is located in a designated reinvestment zone.

Pursuant to Section 312.206 of the TEXAS TAX CODE ANN. (the "Code"), the KJCD is authorized to execute a written agreement with the owner of property that the KJCD has jurisdiction over not later than the ninetieth day after the date a tax abatement agreement between the owner of the property and a municipality is executed.

These Guidelines and Criteria are effective for two years from the date adopted. During that period, the Guidelines and Criteria may be amended or repealed only by a vote of three-fourths of the members of the Board of Trustees of the Kilgore Junior College District.

II. CRITERIA

Any proposed project must conform to the general guidelines specified below:

- Any request for tax abatement must involve a development project with either (i) a minimum incremental increase in value of \$100,000 or (ii) a minimum cost of \$100,000.
- Tax abatements are available for both new facilities and structures and for the expansion or modernization of existing facilities and structures.
- Additionally, a proposed project must satisfy the criteria set forth in the applicable guidelines of the appropriate municipality.

Taxpayers desiring to enter into an abatement agreement with the KJCD must file with the KJCD a copy of the application for tax abatement filed with the municipality. This application should set forth the proposed improvements, employment impact, fiscal impact, community impact and any other information required by the municipality. The information presented in the application filed with the municipality will be used by the KJCD to determine whether it is in the best interest of the KJCD that tax abatement be offered to a particular applicant. Specific considerations will include the degree to which the proposed project furthers the goals and objectives of the KJCD, as well as the relative impact of the project on the KJCD.

III. GUIDELINES

After complying with all statutory and other requirements and if a determination is made that a tax abatement agreement should be entered into with the applicant, the value and term of the abatement will be determined by the following guidelines

1. The rate of tax abatement with respect to any tax abatement agreement shall not exceed 100% of the incremental increase in value of real property and shall not exceed 100% of the value of tangible personal property other than inventory and supplies (but including inventory and supplies of certificate air carriers) eligible for tax abatement under the Act.
2. Except with respect to property located in an enterprise zone, the agreement must contain terms identical to those contained in the agreement with the municipality providing for the portion of the property that is to be exempt from taxation under the agreement, the duration of the agreement, and the provisions included in the agreement under Section 312.205 of the Code.
3. Pursuant to Section 312.206(e) of the Code, if property taxes on property located in an enterprise zone are to be abated, the agreement may, but is not required to, contain terms that are identical to those contained in the agreement with the municipality, county, or both, and the only terms of the agreement that may vary are the portion of the property that is to be exempt from taxation under the agreement and the duration of the agreement.
4. The tax abatement period shall not exceed 6 years for investments less than \$10 million. The tax abatement period shall not exceed 10 years for investments greater than or equal to \$10 million. Under certain cases the Board of Trustees will consider abatements for up to 10 years for investments less than \$10 million, if the abatement terms have been previously granted by a municipality.
5. Any tax abatement granted a project will become effective on January 1 of the year following the issuance of a Certificate of Occupancy for the new facilities unless otherwise specified in the tax abatement agreement.

¹As used herein, references to a municipality with regard to tax abatements are equally applicable to the same actions of a county granting such tax abatement.

6. In the event that Company (a) allows its ad valorem taxes owed the College to become delinquent, or (b) violates any of the terms and conditions of the Agreement, the Agreement then may be terminated by the College, and all taxes otherwise abated by virtue of the Agreement will be recaptured and paid to the College. As an alternative, the College may, in its discretion, not declare the Agreement terminated, but it must certify to the Gregg or Rusk Appraisal District that Company has failed to qualify for an abatement for the tax year.
7. At any time before its expiration, a tax abatement agreement may be modified by the parties to the agreement pursuant to Section 312.208 of the Code.

IV. PROCEDURE

Any person, partnership, organization, corporation or other entity desiring that the KJCD consider providing tax abatement to it shall be required to comply with the following procedural guidelines. Nothing within these guidelines shall imply or suggest that the KJCD is under any obligation to provide tax abatement in any amount or value to any applicant.

Preliminary Application Steps

1. Applicant shall submit a copy of the application for tax abatement filed with the appropriate municipality or county. In addition, the applicant shall provide the KJCD a copy of the Tax Abatement Agreement entered into between the applicant and the municipality and/or county, or a copy of the proposed agreement if such is not executed at the time of submission to the KJCD.

Application Review Steps

2. All information submitted will be reviewed for completeness and accuracy and additional information may be requested as needed.
3. The application may be distributed to the appropriate individuals, committees or departments for internal review and comments. Additional information may be requested as needed.
4. Copies of the complete documentation submitted and staff comments will be provided to the Board of Trustees.

Consideration of the Application

5. The Board of Trustees will consider the application.
6. The Board of Trustees may consider adoption of a resolution authorizing the KJCD to enter into a tax abatement agreement between the KJCD and the applicant (and, if desired by the KJCD, any lessee).
7. A tax abatement agreement between the KJCD and the applicant must be affirmed by a vote of a majority of the Board of Trustees at a regularly scheduled meeting of the Board. Prior to affirming such agreement, the Board of Trustees must determine that the terms of the agreement and the property subject to the agreement meet the guidelines and criteria as set forth herein.

PERSONNEL AGENDA

Kilgore Junior College District Personnel Agenda May 8, 2007

1. **Recommendation to accept employee retirement as follows:**
 - A. Dr. Larry M. Ludewig, Instructor – Psychology, effective May 31, 2007, after 18 years of service
2. **Recommendation to accept employee resignations as follows:**
 - A. Mr. Joshua I. Tubb, Police Officer, effective May 10, 2007, after 8 months of service
 - B. Ms. Linda M. Turney, Technical Services Librarian, effective June 15, 2007, after six years of service
3. **Recommendation for employment as follows:**
 - A. **Name:** Mr. Ben F. Cammack, III
Position: Training Coordinator, Workforce Development
Education: Bachelor of Science, Computer Science
Western Illinois University
Macomb, Illinois

Associate of Science, Computer Science
Coleman College

San Diego, California

Experience: Director of Administrative and Financial Systems
Mayo Clinic
Scottsdale, Arizona; 2001 – 2004

Director of IS/Manager of Clinical Information Systems
South Fulton Medical Center
Atlanta, Georgia; 1998 – 2000

Director of Clinical Information Systems
Emory University Healthcare Systems
Atlanta, Georgia; 1981 - 1998

Effective Date: April 16, 2007

Salary: \$30,076 for twelve months

Note: Mr. Cammack replaces Patti Ford who transferred to Admissions.

B. Name: Ms. Stephanie L. Fridell

Position: Instructor - Mathematics

Education: Master of Science, Mathematics
Bachelor of Science, Mathematics
Stephen F. Austin State University
Nacogdoches, Texas

Experience: Instructor
Lon Morris College
Jacksonville, Texas; 2006

Graduate Teaching Assistant
Stephen F. Austin State University
Nacogdoches, Texas; 2003 - 2006

Adjunct Instructor
Jacksonville College
Jacksonville, Texas; 2006

Effective Date: September 1, 2007

Salary: \$34,800 for nine months

Note: Ms. Fridell replaces Ravi Nukala whose contract was not renewed for 2006-07.

C. Name: Ms. Wendy H. McKinnon

Position: Instructor – Associate Degree Nursing

Education: Master of Science, Nursing (expected May 2007)
Bachelor of Science, Nursing
The University of Texas at Tyler
Tyler, Texas

Licensed Vocational Nursing Certificate
Blinn College
Bryan, Texas

Experience: Registered Nurse; 1997 - 2007
LVN; 1995 - 1997
Longview Regional Hospital
Longview, Texas

Licensed Vocational Nurse
St. Joseph's Hospital and Health System
Bryan, Texas; 1994

Effective Date: September 1, 2007

Salary: \$48,017 for ten and one-half months

Note: Ms. McKinnon replaces Dayna Davidson who was named director of the program.

D. Name: Ms. Cassandra R. Pryor
Position: Supervisor of Student Accounting
Education: Master of Science, Accounting
Bachelor of Science, Accounting
The University of North Texas
Denton, Texas

Associate of Science, Business
Tyler Junior College
Tyler, Texas

Experience: Assistant Branch Manager
Capital One Retail Banking
Gladewater, Texas; 2006

Internal Auditor; 2005
Financial Aid Counselor; 2002 - 2005
The University of Texas at Tyler
Tyler, Texas

Secretarial Assistant III
The University of North Texas
Denton, Texas; 1998 - 2002

Effective Date: May 2, 2007

Salary: \$31,438 for twelve months

Note: Ms. Pryor assumes a new position created as a result of the addition of the student loan program.

E. Name: Mr. Joseph E. Savoie
Position: Coordinator of Student Development-Residential Life (Quads Residences)
Education: Associate of Science
Kilgore College
Kilgore, Texas

Experience: Interim Coordinator of Student Development-Residential Life
Kilgore College
Kilgore, Texas; 2007

Cleaning Staff
Advantage Building Services
Kilgore, Texas; 2005 - present

Student Assistant
Kilgore College Police Department
Kilgore, Texas; 2006

Effective Date: April 1, 2007

Salary: \$23,660 for twelve months plus room and board

Note: Mr. Savoie replaces Jason Kilmer who resigned.

F. Name: Ms. Kimberly D. Staten
Position: Special Populations Counselor

Education: Ph.D., Psychology, in progress
Walden University
Minneapolis, Minnesota

Master of Science, Counseling
Bachelor of Science, Psychology
California State University
Sacramento, California

Experience: Students with Disabilities Advisor; 2006-2007
Adjunct Counselor; 2005
Austin Community College
Austin, Texas

Student Services Specialist
The University of Texas at Austin
Austin, Texas; 2005

Texas Success Initiative Coordinator
Austin Community College
Austin, Texas; 2003 - 2005

Effective Date: May 1, 2007

Salary: \$40,811 for twelve months

Note: Ms. Staten replaces Pam Gatton who transferred to the counselor position vacated by Mickey Lacefield.

G. Name: Ms. G. Raquel Wilson

Position: Coordinator of Student Development-Residential Life (Nolan Street Hall)

Education: Master of Arts, Student Personnel
Bachelor of Science, Psychology
Northwestern State University
Natchitoches, Louisiana

Experience: Graduate Assistant – Student Government; 2006
Student Intern – Admissions; 2006
Assistant Area Coordinator – Housing; 2002 - 2005
Northwestern State University
Natchitoches, Louisiana

Graduate Assistant - Admissions
The University of Louisiana at Monroe
Monroe, Louisiana; 2006

Student Assistant
Kilgore College Police Department
Kilgore, Texas; 2006

Effective Date: June 1, 2007

Salary: \$25,500 for twelve months plus room and board

Note: Ms. Wilson replaces Chastity Richmond who resigned.

4. Recommendation for change in employment status as follows:

A. Name: Ms. Pam R. Gatton

Old Position: Special Populations Counselor

New Position: Counselor

Education: Master of Education, Counseling/School Psychology
Wichita State University
Wichita, Kansas

Bachelor of Arts, Sociology
Mid-America Nazarene College
Olathe, Kansas

Experience: Special Populations Counselor
Kilgore College
Kilgore, Texas; 1999 - present

Program Manager
Clinical Therapist
Meadow Pines Psychiatric Hospital
Longview, Texas; 1994 - 1999

Title III Coordinator/Cooperative Education Director
Central College
McPherson, Kansas

Effective Date: May 1, 2007

Note: Ms. Gatton replaces Mickey Lacefield who retired. This is a lateral transfer with no change in salary.

B. Name: Ms. Laurie S. Kitchen

Old Position: Records Specialist – Registrar’s Office

New Position: Student Loan Coordinator/Financial Aid Advisor

Education: Bachelor of Arts, Psychology
The University of Texas at Tyler
Tyler, Texas

Experience: Record’s Specialist, Registrar’s Office; 2006-2007
Administrative Assistant, Registrar’s Office; 2006
Part Time Clerk, Registrar’s Office; 2005
Kilgore College
Kilgore, Texas

Financial Aid Counselor
LeTourneau University
Longview, Texas; 2001 – 2005

Effective Date: June 1, 2007

Old Salary: \$22,857 for twelve months

New Salary: \$27,162 for twelve months

Note: Ms. Kitchen assumes a new position created as a result of the addition of the student loan program.

C. Name: Ms. Nancy C. Law

Old Position: Administrative Assistant II – HR and Accounts Payable

New Position: Assistant to the Controller, Business Office

Education: Hours earned
University of New Mexico; Albuquerque, New Mexico
Baptist Bible College; Springfield, Missouri

Experience: Administrative Assistant, HR and Accounts Payable
Kilgore College
Kilgore, Texas; 2006 – present

Assistant Administrator

First Baptist Church
 Branford, Florida; 2003 - 2005
 Administrative Assistant
 Property Professionals, Inc.
 Carmel, Indiana; 1996 - 2003

Effective Date: May 1, 2007
Old Salary: \$18,677 for twelve months
New Salary: \$22,100 for twelve months

Note: Ms. Law replaces Jeannie Butler who resigned.

Section IV. on the Agenda was Citizen Comments. There were no citizen comments.

Section V. on the Agenda was Action Items.

A. Was to consider offering a new AAS Degree in Welding. *Exhibit # 2*

Dr. Holda & Dr. Stanglin gave brief updates on the number of students who want to take this course and business and industries in this area needing welders. Carolyn Johnston made the motion to approve Action Item A and Fred Parsons seconded the motion. The motion passed with 8 votes.

EXHIBIT # 2

OCCUPATIONAL COURSE OF STUDY 145

WELDING[†] 16245
The governing council of qualified welders has recommended the establishment of a curriculum designed to meet the needs of the welding industry. Students graduating from the program will be skilled and have a good understanding of technical and technical information associated with welding. Graduates should be qualified to pass the entry-level certification tests as required by industry.

FIRST YEAR		
	FIRST SEMESTER	Semester Hours
Course		
WLDG	1337 Introduction to Welding Metallurgy.....	3
WLDG	1421 Introduction to Welding Fundamentals.....	4
WLDG	1428 Introduction to Shielded Metal Arc Welding (SMAW).....	4
ENGL	1301 Grammar & Composition.....	3
-----	Humanities/Fine Arts Elective.....	3
		17
SECOND SEMESTER		
Course		Semester Hours
WLDG	1430 Introduction to Gas Metal Arc Welding (GMAW).....	4
WLDG	1434 Introduction to Gas Tungsten Arc Welding (GTAW).....	4
WLDG	1313 Introduction to Blueprint Reading for Welders.....	3
SPCH	----- Speech Elective.....	3
MATH	1333 Mathematical Topics.....	3
		17
SECOND YEAR		
	FIRST SEMESTER	Semester Hours
Course		
WLDG	1435 Introduction to Pipe Welding.....	4
WLDG	1457 Intermediate Shielded Metal Arc Welding (SMAW).....	4
WLDG	1415 Introduction to Flux Cored Arc Welding (FCAW).....	4
-----	Social & Behavioral Science Elective.....	3
		15
SECOND SEMESTER		
Course		Semester Hours
WLDG	1491 Special Topics in Welding/Welding Technologies**.....	4
WLDG	2453 Advanced Pipe Welding.....	4
WLDG	2355 Advanced Welding Metallurgy.....	3
OSHT	----- Occupational Safety & Health Elective.....	4
		15
		TOTAL HOURS 64

† Course of study identification number.
 > Designates courses that anticipate with high school courses.
 ** Capstone Experience.
 > Pending Texas Higher Education Coordinating Board Approval.
 > Year 1 limited when completes the required courses with an overall average of C may receive an Associate of Applied Science degree in Welding.

B. Was to consider and take action on a Placement Agent Agreement with First Southwest Company related to services rendered in conjunction with the revenue refunding bond issue. Christopher J. Janning, Senior Vice President of First Southwest Company Dallas, was present to answer any questions the

Board might ask. He also reminded board members that at the March 20, 2007 board meeting, they had approved First Southwest Company to be KC's Financial Advisor for the Advanced Refunding of the Combined Fee Revenue Bonds, Series 1997. Since they were looking at a private placement of the bonds, First Southwest Company needed a Placement Agent Agreement related to services rendered in conjunction with the revenue refunding bond issue approved and signed. James Walker made a motion to approve Action Item B and Larry Woodfin seconded the motion. All present voted in favor.

C. Was to consider all matters incident and related to the issuance and sale of "Board of Trustees of Kilgore Junior College District Combined Fee Revenue Refunding Bonds, Series 2007", including the adoption of a resolution authorizing the issuance of such bonds and providing for the redemption of certain outstanding bonds of the District. Again, Christopher J. Janning, Senior Vice President of First Southwest Company Dallas, was available to answer any questions the Board might have. He explained the bid process they use and stated the lowest bid came from Bank of America at 3.83%. After general discussion, Fred Parsons made the motion to accept Action Item C and Carolyn Johnston seconded. It passed with 8 votes.

D. Was to consider a letter of engagement for an external auditor. *Exhibit # 3*
R.E. Spradlin gave a report from the Audit Committee and their recommendation was to return to Henry & Peters with a one year agreement. Will Roberson made the motion to accept Action Item D and R.E. Spradlin seconded the motion. All present voted in favor of the motion.

EXHIBIT # 3

HENRY & PETERS, PC
CERTIFIED PUBLIC ACCOUNTANTS

April 27, 2007

Board of Trustees
Kilgore Junior College District
Kilgore, Texas 75662

We are pleased to confirm our understanding of the services we are to provide Kilgore Junior College District for the year ending August 31, 2007.

We will audit the basic financial statements of Kilgore Junior College District, as of and for the year ending August 31, 2007. Also, the document we submit to you will include the following additional information that will be subjected to the auditing procedures applied in our audit of the financial statements:

1. Schedule of expenditures of federal and state awards.
2. Supplemental schedules.

Audit Objectives

The objective of our audit is the expression of an opinion as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the second paragraph when considered in relation to the financial statements taken as a whole. The objective also includes reporting on:

Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, "Audit of States, Local Governments, and Non-Profit Organizations."

The reports on internal control and compliance will each include a statement that the report is intended for the information and use of the Board of Trustees, management, specific legislative or regulatory bodies, federal awarding agencies, and if applicable, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Our audit will be conducted in accordance with U.S. generally accepted auditing standards; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major programs in accordance with Circular A-133, and other procedures we consider necessary to enable us to express such an opinion and to render the required reports. If our opinion on the basic financial statements or the Single Audit compliance opinion is other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for establishing and maintaining internal control and for compliance with the provisions of contracts, agreements, and grants. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal award programs are managed in compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making all financial records and related information available to us. We understand that you will provide us with such information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will assist in the preparation of your financial statements, including the schedule of expenditures of federal awards, but the responsibility for the financial statements remains with you. That responsibility includes the establishment and maintenance of adequate records and effective internal controls over financial reporting and compliance, the selection and application of accounting principles, and the safeguarding of assets. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. As required by the Single Audit Act Amendments of 1996 and OMB Circular A-133, our audit will include tests of transactions related to major federal award programs for compliance with applicable laws and regulations and the provisions of contracts and agreements. Because of the concept of reasonable assurance and because we will not perform a detailed examination of all transactions, there is a risk that material errors, fraud, other illegal acts, or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect errors, fraud, or other illegal acts that are immaterial to the financial statements or to major programs. However, we will inform you of any material errors that come to our attention. We will also inform you of any other illegal acts that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to matters that might arise during any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

Audit Procedures - Internal Control

In planning and performing our audit, we will consider the internal control sufficient to plan the audit in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing our opinions on Kilgore Junior College District's financial statements and on its compliance with requirements applicable to major programs.

We will obtain an understanding of the design of the relevant controls and whether they have been placed in operation, and we will assess control risk. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Tests of controls relative to the financial statements are required only if control risk is assessed below the maximum level. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

We will perform tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award programs. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify reportable conditions. However, we will inform the governing body or audit committee of any matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. We will inform you of any non-reportable conditions or other matters involving internal control, if any, as required by OMB Circular A-133.

Audit Procedures - Compliance

Our audit will be conducted in accordance with the standards referred to in the section titled Audit Objectives. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Kilgore Junior College District's compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and agreements applicable to major programs. Our procedures will consist of the applicable procedures described in the "OMB Circular A-33 Compliance Supplement." The purpose of these procedures will be to express an opinion on Kilgore Junior College District's compliance with requirements applicable to major programs in our report on compliance issued pursuant to OMB Circular A-133.

Audit Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, it is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and a corrective action plan) along with the Data Collection Form to the designated federal clearinghouse and, if appropriate, to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or 13 months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit. At the conclusion of the engagement, we will provide information to management as to where the reporting packages should be submitted and the number to submit.

The work papers for this engagement are the property of Henry & Peters, P.C., and constitute confidential information. However, we may be requested to make certain work papers available to other oversight agencies, pursuant to authority given to it by law or regulation. If requested, access to such work papers will be provided under the supervision of Henry & Peters, P.C. personnel. Furthermore, upon request, we may provide photocopies of selected work papers to the oversight agency. The oversight agency may intend, or decide, to distribute the photocopies or information contained therein to others, including other governmental agencies.

The work papers for this engagement will be retained for a minimum of three years after the date the auditors' report is issued or for any additional period requested by the oversight agency. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the work papers.

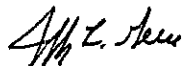
Our fees for these services will be based on actual time spent at our hourly rates, plus travel and other out-of-pocket costs such as report production, typing, postage, etc. Our invoices for these fees will be rendered as work progresses and are payable on presentation. In accordance with the policies of our firm, work may be suspended if your account becomes 90 days or more overdue and may not be resumed until your account is paid in full. Based on our proposal, we estimate our fee including out-of-pocket expenses will not exceed \$42,500. This fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. Should other circumstances arise which will require significant additional time, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Government Auditing Standards - 1994 Revision requires that we provide you with a copy of our most recent quality control review report. Our 2004 peer review report accompanies this letter.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

HENRY & PETERS, P.C.



Jeffrey L. Geese
Certified Public Accountant

JLG/kin

RESPONSE:

This letter correctly sets forth the understanding of KILGORE JUNIOR COLLEGE DISTRICT

Signature

Title

Date

Section VI. on the Agenda was Executive Session. The Board did not adjourn into Executive Session.

Section VII. on the Agenda was Discussion Items.

- A. Budget Reports – Duane McNaney provided the Board with April Budget reports and answered questions on the reports.
- B. Quarterly Investment Reports – Duane McNaney informed the Board that the Texas Public Fund Investment Act requires that these reports be distributed to Board members. Quarterly investment reports received were for period ending February 28, 2007.

Section VII. on the Agenda was Board Comments.

A. Report from the Nominating Committee

Fred Parsons gave a report from the Nominating Committee which recommended appointing Robert Heath as President, Carolyn Johnston as Vice President, and Larry Woodfin as Secretary.

Section IX. on the Agenda was Administration Comments.

Duane McNaney informed the Board that it was time to review the KC Racial Profiling Report. Handouts were provided to the Board and general discussion followed.

Dr. Bill Holda reminded the Board of Commencement May 11th. In the event of rain, it will be moved to Dodson Auditorium.

Section X. on the Agenda was Adjournment. James Walker moved that the meeting adjourn. Carolyn Johnston seconded the motion. All present voted in favor. The meeting adjourned at 8:16 p.m.


Respectfully submitted,



Sharlene Robinett, Recording Secretary
Kilgore College Board of Trustees



President of the Board



Secretary of the Board