

**South Puget Sound Community College  
BOARD OF TRUSTEES  
REGULAR MEETING  
MINUTES  
Tuesday, September 8, 2015  
Building # 28 – Boardroom  
South Puget Sound Community College  
2011 Mottman Road, S.W.  
Olympia, WA 98512-6292**

**CALL TO ORDER**

Board Chair Judy Hartmann called the meeting to order at 3:04 p.m.

**ROLL CALL**

Trustee Judy Hartmann, Trustee Clarkson, and Trustee Judy Blinn were present. Trustee Brian Vance and Trustee Leonor Fuller were absent. Assistant Attorney General (AAG) Jean Wilkinson was present.

**APPROVAL OF CONSENT AGENDA**

It was moved by Trustee Clarkson, seconded by Trustee Blinn and carried **THAT THE FOLLOWING CONSENT AGENDA ITEMS BE APPROVED AS PRESENTED:**

**A. ADOPTION OF MINUTES**

- June 9, 2015 regular board meeting
- July 23, 2015 special board meeting

**B. MEETINGS AND CONFERENCES**

- Lacey Campus Executive Preview, October 13, 2015
- Association of Community College Trustees (ACCT) Leadership Congress, October 14-17, 2015, San Diego
- Lacey Campus Ribbon Cutting, October 20, 2015

**C. ANNOUNCEMENT****D. DATE OF THE NEXT BOARD MEETING**

Regular Meeting  
October 13, 2015  
3:00-4:30 p.m.  
Lacey Campus, 4220 6<sup>th</sup> Ave SE  
Lacey, WA 98503

**SPECIAL INTRODUCTIONS**

- Laura Price, Director of Facilities effective August 16, 2015.

**COMMENTS FROM THE AUDIENCE** None.

**BOARD SPECIAL COMMITTEE LIAISON REPORTS**

- Board of Directors, SPSCC Foundation – Trustee Clarkson reported the following:

- The Foundation Board did not meet over the summer; the full Board will meet in two weeks.
- The Experience Committee has raised over \$120,000 in sponsorships, and the event is very close to selling out.
- A sub-committee of the Board has been working on creating a micro-loan fund for startups that would be supported by local businesses and be available to students who go through the entrepreneurial certificate program.
- Budget and Finance – (Quarterly Reports: September, February, May). Trustee Vance was absent. The Board Finance Committee (Chair Hartmann, Trustee Vance, Dr. Stokes, Al Brown) met on September 3 to review budget and finance documents related to the budget closeout, reserve and operating budget.
- Policy Governance and Trends in Higher Education – Trustee Blinn reported the following:
  - Puget Sound Business Journal: Former Microsoft CEO Steve Ballmer and his wife Connie have contributed \$11 million to help low- and middle-income students pursue degrees in science and math and Microsoft has also contributed \$10 million to the Washington State Opportunity Scholarship program.
  - Seattle Times: The level of marijuana use on U.S. campuses has increased while cigarette smoking has gone down.
  - ACT scores in 2015 were flat with the continuation of significant gaps in the average scores by race and ethnicity.
  - Jill Wakefield, Chancellor of Seattle Colleges, announced her retirement. When she retires in June 2016, she will have been the longest-serving chancellor in the district's history.
- ACT Legislative Action Committee (LAC) – Trustee Fuller was absent, but Trustee Blinn provided her report on her behalf:
  - LAC had no meetings over the summer.
  - The LAC Retreat on Nov. 19, 2015 is in conjunction with the ACT Fall Conference.
  - Arlen Harris is the new Legislative Director for the SBCTC.
  - The major general fund state revenue collections for the July 11-August 10, 2015 collection period came in \$107.5 million above the June forecast—that was 8% above what was forecast.
- ACT Education Committee – Chair Hartmann had no report.

## REPORT FROM THE COLLEGE PRESIDENT

- Dr. Stokes called on ASB President Madison Luther, who introduced the following 2015-16 ASB Senate officers:
  - Patrick Sitama, VP of Clubs & Organizations; Sirena Mendiola, VP of Administration & Finance; Lilith Wolfe, Senator for Diversity & Equity; Nancy Khalil, Senator for Legislative Affairs. Mykala Davis, Senator for Public Relations and Vadim Pascua, Senator for Administrative Affairs, were unable to attend the meeting.
  - They attended the CUSP Conference in Wenatchee as part of leadership

- training.
- SPSCC received the Excellence in Innovation Award for the *Queer I am Summit* that the students hosted in the summer. It was an LGBTQ and student leadership summit exploring culture and pride.
- Dr. Kevin Asman, Humanities Professor and Faculty Union President, reported the following:
  - They were both happy and disappointed in how the legislative session ended. They assumed that faculty would be included in the 3% COLA increase but because of how the COLAs were calculated under I-732, their increase came to 2.37%. However, they are happy to work it out locally with the college to get the full 3% for faculty increase. He said, "this brings us back to the convoluted nature of faculty compensation. We need to continue to work on this issue in the future." The Springer Amendment is a 2-year provision that allows faculty to negotiate over local dollars. Faculty union is willing to go back to talk more about where they can go with 2-year provisions and budgetary agreements.
  - He has a new role with AFT as the Legislative Affairs representative to work on the legislative agenda and reach out to the presidents.
  - They are currently working to help adjunct faculty deal with some of the financial pressures that they face, such as student debt issues.
- Dr. Stokes reported the following:
  - He called on Dr. Dave Pelkey, Vice President for Student Services, who gave a brief fall enrollment update: FTE is down about 3% from where it was last year and our state enrollment is 8% down, but growing very quickly. We are doing everything we can to make sure we give students time to get in, award them financial aid, aggressively process applications for fall, and utilize the updated website for student portal enrollment. Next week is critical for us, but we are seeing a steady influx during the last weekend.
  - Kickoff Week is on September 14-18 with a robust schedule of activities.
  - The Executive Team is reviewing a proposal by Barnes & Noble to operate the campus bookstore. This would provide more options for students and faculty and revenue to the college.
  - This year, the Culinary Arts team will be managing the Cafeteria, and Barnes & Noble will be operating the espresso stand in Building 22. The espresso stands in Buildings 27 & 34 will not be opened this year.
  - The college transitioned from free printing as it was costing the college a substantial amount of money. Summer Quarter 2015 was the first quarter that students were given a print quota of 15 pages of free copying and printing per quarter. Each additional page costs them \$.07.
  - There will be a "Start Here" Desk on the second floor of the Center for Student Success. It will be staffed by the One-Stop team to help students with services and low-level questions and transactions to reduce student wait times.
  - After reviewing the Culinary Program's response to the identified areas of non-compliance cited during the on-site visit in July, the American Culinary

Federation Accrediting Commission granted a conditional 3-year accreditation dependent upon receipt of documentation of curriculum changes by Dec. 31, 2015. Upon acceptance of required documentation, the program will be mailed a certificate reflecting 3-year accreditation to expire June 30, 2018.

- The State Board received approval from the Office of Civil Rights, Department of Education, to issue the college a Voluntary Correction Plan (VCP) Completion Letter for addressing all of the areas of non-compliance identified in the Letter of Findings dated August 30, 2012.
- Thurston EDC received the ScaleUp Thurston Grant for \$981,000 for entrepreneurial start-ups. It is a five-year grant from the SBA, and the EDC and the college are partnering.
- He noted other information located in the Board binders:
  - President's Outreach Activities List
  - Personnel Update

## INFORMATIVE REPORT

### Marketing/Recruitment Plan

Kelly Green, Director of Public Relations and Events, presented the following information on enrollment and marketing efforts for the 2015-16 academic year:

- Summer 2015 Priorities: Enrollment Retention, Lacey Campus, Running Start
- Specific Strategies: Social Media, Direct Mail, Re-designed Website
- Social Media: Pandora, Google AdWords, Facebook/Twitter
- Direct Mail: Invitation to Lacey Campus Open House—2 postcards, 24,000+ households; Running Start—postcard to all Thurston County households with likely RS eligible students, Recent Graduates—postcard to recent high school graduates, spring quarter retention, and incomplete applications
- IT Services re-designed the college website to improve design, refine content and incorporate digital media to make it easier for current and prospective students to navigate
- Winter Enrollment—greater coordination with Outreach & Enrollment; Digital Signage; and 25Live Scheduling Software

**POLICY** No Report.

**BUILDINGS AND GROUNDS** No Report.

## BUDGET AND FINANCE

### 2015-2016 Operating Budget

In July, Al Brown, Vice President for Administrative Services, reviewed with the trustees the FY16 Revenue Projections Report, which was used to develop the budget and basically reflects the 2015-2016 Operating Budget report in TAB 3 that shows revenue

projections balanced to the expenditures.

2015-2016 Operating Budget for Board approval:

- Revenue
  - State Allocation: Restricted, Unrestricted, 5% Tuition Backfill: \$16,088,300
  - Local Revenue: Tuition Operating Fees, Running Start, Other: \$14,389,569
  - Transfers-In: from Corporate & Continuing Education (C&CE) (Lacey 1 rent), from C&CE (prior year income), P-card Rebate: \$302,419
  - Total Revenue: \$30,780,288
- Expense
  - Instruction, Primary Academic Support, Library Services, Student Services, Institutional Support, Plant Operations, Equipment Pool: \$30,780,288

It was moved by Trustee Blinn and seconded by Trustee Clarkson, **THAT THE BOARD OF TRUSTEES APPROVE THE COLLEGE OPERATING BUDGET FOR FISCAL YEAR 2015-2016 AS PRESENTED IN TAB 3.**

#### Budget Closeout

The College has finalized the process of closing for fiscal year 2014-2015. Chair Hartmann said that the Budget Closeout also deals with financial reserves, and there is a Board policy directing the college to begin each fiscal year with reserves of no less than 15% of the annual operating revenue budget.

Al Brown reviewed the 2014-15 Operating Budget closeout:

- Total Operating Revenue: \$29.6M
- Total Operating Expense: \$29.4M
- Operating Surplus: \$253,643

The college has plans to address areas in deficit in the Non-Operating Accounts:

- Bookstore -- Reviewing a proposal by Barnes & Noble to operate the campus bookstore
- Cafeteria, Percival Room, Catering -- Combining the three for synergy, under the management of the Culinary Arts team

#### Reserve Report

Al Brown explained that the Reserve Report is more or less a balance sheet of where we stood with our reserve funds, and ties in to how we calculate the 15% reserve balance, as well as what funds could be available to fund the Lacey 1 project. As of June 30, 2015, the college had almost \$7M in balances, but of that, we had obligations for some of those funds toward Capital Projects for Lacey 1. After backing out \$4.3M that represents the 15% board reserve requirement, the college has \$1,886,857 of unobligated funds.

In April, we had to do our best estimate of what the reserve would be at June 30, and based on our calculations at that time, we estimated \$1.5M, which ended up being an accurate estimate. We did not estimate that we were going to end last year with a \$250,000 surplus, so when that got added on, the total would be \$1.750M. We based the budget on bringing in \$1.5M from reserves to pay for the balance due on Lacey 1 and we had another \$430,000 in the operating budget to come up with the balance. If we would bring in the \$1.750M from reserves, that would pay for what is still owed on the Lacey 1 project. Lacey 1 was originally budgeted as a \$10M project, but it is almost a \$12.2M project. The college is \$2.2M underfunded, so we came up with the amount of funds between the operating budgets and what we could bring in from reserves to meet that funding deficit.

There was discussion surrounding the reserves. The timeline for making final payments for contractor and retainage—the college may have final bills for the project probably by end of October. There were questions about the timeline and making a decision when all trustees are back to weigh in on this matter. By using this way to finance what we owe on the Lacey project, we are still within our policy for what we want to hold in reserve, but this is closer to that amount than we are used to on this campus. There will not be a big amount left above the 15% reserve. People are used to having a little more cushion for whatever unexpected consequence might come our way. (Knowing that Lacey 1 was likely to be over budget because it was a Design-Build project), the college was very conservative in building the operating budget, increasing the contingency line in the budget to \$450,000, which is almost four times the amount that has been typically line itemed. The purpose of the reserve is to not get into that 15% because that is the comfort level. So if the concern is getting close to the reserves, are we basically saying we are not comfortable with that level of reserves and should be more than 15%? Perhaps the 15% reserve policy should be discussed further. In 2013 the reserve had been increased from 12% to 15% to meet payroll in case of a catastrophic event. Trustee Clarkson noted that “all the trustees are trustworthy, and we trust the quorum that we have in making a decision, whichever way we make it. This is a college obligation, so it is only a question of whether to pay now or later—it will still be the same outcome.” Chair Hartmann shared that at the Board Finance Committee meeting, Trustee Vance acknowledged that there is not a big amount above the 15% reserve, but they also believe that there is an opportunity for the funds to grow above what they would be if they were to take this motion, because the college will eventually sell the Hawks Prairie property, and those funds can come back to the reserve.

It was moved by Trustee Clarkson and seconded by Trustee Blinn **THAT THE BOARD OF TRUSTEES AUTHORIZE THE COLLEGE ADMINISTRATION TO MOVE \$1,750,000 OPERATING RESERVES TO THE LACEY CAMPUS DEVELOPMENT LINE IN THE FUND 570 CAPITAL HOLDING AND TO EXPEND THE FUNDS AS INVESTMENT IN THE DEVELOPMENT OF THE LACEY CAMPUS. MOTION CARRIED.**

#### Grants and Contracts

Rochele Johnson, Director of Budgeting and Fiscal Services, reviewed the list of grants and contracts secured through the State Board for Community and Technical Colleges,

state agencies, and local partnerships for fiscal year 2016. The total grants equal \$1,616,852, and last year's grants totaled \$1,264,034. The total contracts equal \$4,798,503, and last year's contracts totaled \$4,115,569.

#### COMMENTS FROM INDIVIDUAL MEMBERS OF THE BOARD OF TRUSTEES

- Trustee Blinn noted that there will be an article on former SPSCC trustee Dick Wadley as a volunteer business mentor for SCORE (Service Core of Retired Executives).

Dr. Stokes announced that the Lacey Campus is on the cover of the September/October issue of the VOICE Magazine and has an article written by David Schaffert, President/CEO of the Thurston County Chamber.

#### EXECUTIVE SESSION

At 4:30 p.m. Chair Hartmann announced that the Board was going into executive session to consider the minimum price at which real estate will be offered for sale or lease. The executive session was estimated to last no longer than 30 minutes and no action would be taken by the Board during the executive session.


A break was taken from 4:30 to 4:37 p.m. and the Executive Session reconvened at 4:37 p.m.

The executive session concluded at 4:57 p.m., and no board action was taken.

There were no guests waiting outside. Chair Hartmann reconvened the regular meeting at 4:57 p.m.

**ADJOURNMENT** 4:57 p.m.

  
\_\_\_\_\_  
JUDY HARTMANN, BOARD CHAIR  
SOUTH PUGET SOUND COMMUNITY COLLEGE

  
\_\_\_\_\_  
TIMOTHY STOKES, SECRETARY  
SOUTH PUGET SOUND COMMUNITY COLLEGE