

PORTLAND COMMUNITY COLLEGE - BOARD OF DIRECTORS
12000 S.W. 49th Avenue - Portland, OR 97219

MINUTES
BOARD OF DIRECTORS BUSINESS SESSION
Southeast Center, Mt. Tabor Hall 143/144
June 26, 2008

BOARD ATTENDANCE

Board Members Present:

Denise Frisbee, Jim Harper, Jaime Lim, Marilyn McGlasson, Bob Palmer, David Squire, Harold Williams

EXECUTIVE SESSION

The Board of Directors convened an executive session for Employment of a Public Official, Labor Negotiations, and Real Property Transactions in accordance with ORS 192.660 (1), (a), (d) and (e) at 6:45 PM, adjourning at 7:25 PM.

CALL TO ORDER

Chair Harper called the business meeting to order at 7:37 PM and invited all present to introduce themselves. President Pulliams introduced Dr. David Rule and his wife Jean who are visiting the College to meet with Rock Creek staff and faculty and district staff to consider his assuming the Rock Creek Campus presidency. Dr. Rule is currently President of Muskegon Community College.

APPROVAL OF MINUTES

The May 15, 2008 business meeting minutes were approved as published.

APPROVAL OF THE AGENDA

The agenda was approved as published.

INFORMATION SESSIONS

Southeast Center Update

Dr. Nan Poppe, President, Extended Learning Campus (ELC)

Dr. Poppe provided the ELC campus update in the form of a written summary noting the year had many accomplishments but what PCC means and the importance of the College's mission can best be described in the voice of a student. She then introduced Southeast Center's second Student Body President who Dr. Poppe described as one of the Center's best and brightest students, Thoai Nguyen.

Ms. Nguyen spoke of the challenge pursuing her education has been for her since coming to the United States four and a half years ago. She listed her accomplishments as being high school valedictorian, Student Body President at the Southeast Center, serving on the PCC District Student Council, being selected as an Oregon Scholar, and a recipient of PCC Foundation, Asian Reporter, and Ford Foundation scholarships. She graduated from PCC with an Associate of Arts, Oregon Transfer degree earning a GPA of 3.89. She said her last two terms at PCC were very challenging, taking 45 credits in 11 classes including Organic Chemistry, Biology, and Philosophy while continuing to work as a computer lab assistant at Southeast Center. The academic rigor and work proved a difficult challenge and for the first time in her educational career she failed a biology test. She considered dropping out of some of the classes but felt that to do so might make it easier to quit when difficult classes and situations present themselves in the future; she might lose her determination, and could lose sight of her goal. She resolved to work extra hard. She completed all papers, homework, and extra credit work and was able to not only overcome that failed test but complete Spring term with all "A" grades. She will begin Pharmacy classes Fall term at Oregon State University and said for her this is only the beginning of her educational journey. She thanked PCC for giving her a good start and thanked her family and boyfriend for always supporting and loving her for who she is. She said she would not have been able to grow into the strong, confident, and independent person she is without the loving support of all of these people. Ms. Nguyen concluded by saying she is proud to represent not only Southeast Center students, but all PCC students in saying thank you to the Board of Directors, faculty, and staff.

Opt in to OEGB to Provide Health Care Options to PCC Employees

Jerry Donnelly, Director, Human Resources

Mr. Donnelly said Resolution 08-107 is the culmination of more than a year of work to develop a staff recommendation regarding the health care options PCC offers to staff and faculty. After careful consideration the determination was made to recommend "opting in" to the Oregon Education Benefit Board (OEGB) for College health care plans. Mr. Donnelly reminded the Board that this action was made necessary due to passage of a legislative bill creating the OEGB which in turn has caused the dissolution of the Oregon School Board Association's (OSBA) plan that PCC currently participates in. Although the OEGB statute mandates that the K-12 system and Education Service Districts (ESD) all move to the OEGB system within three years, community colleges were given the ability to "opt out" or to "opt in", but once a decision is made to join OEGB it is irrevocable. Governor Kulongoski appointed the OEGB Board members and gave them the challenging task of designing health care plans that match, as closely as possible, existing plans and rates. In May of this year OEGB published the rates for proposed plans and OSBA notified PCC that they were unable to offer competitive plans or rates. Negotiation to modify current collective bargaining agreements was conducted with both the Faculty and Classified Federations. OEGB requires a decision and notification by June 30, 2008 if PCC intends to participate in the OEGB plan. The effective date of the OEGB plans is October 1, 2008. Mr. Donnelly noted that the notification date originally was May 31 but was extended due to work by Michael Canarella who was the American Federation of Teachers' (AFT) representative to the OEGB Board. He also said Mr. Canarella was an active participant on the internal Joint

Committee on Insured Benefits (JCIB) providing useful and helpful information that has benefited all Oregon community colleges on a number of occasions. Mr. Donnelly credited Mr. Canarella for helping PCC in planning and preparation to meet the June 30 decision deadline in an informed and prudent manner. Mr. Donnelly then explained that the parts of Resolution 08-107 are: 1.) The decision to join OEGB; 2.) Ratification of amendments to both Faculty and Classified Federation bargaining agreements; 3.) Administrative rules that delegate authority to the District President or his designee to modify administrative rules of the plan to be able to maintain and administer the plan going forward. President Pulliams thanked both Mr. Donnelly and Mr. Canarella for their thoughtful, careful work, and Mr. Donnelly for his leadership on a statewide basis.

Willow Creek Update

Wing-Kit Chung, Vice President, Administrative Services and Linda Degman, Project Manager, Willow Creek Workforce Training Center (WCWTC)

Mr. Chung began the report by showing an architect design by Gerding Edlen Development of the three floor, 98,000 square foot building that will be built to LEED Gold standards. He described the facility layout saying the first floor will include the PCC Workforce Development Training Program and the Oregon Employment Division. The second floor will be primarily Workforce Development, Computer Education, Community Education, and PCC Extension. The third floor will be used for westside classrooms for Certified Nursing Assistant Program, Medical Assisting Program and Portland State University (PSU). Linda Degman said partnering and sharing space will maximize the building's usage; for example Workforce Development and the Oregon Employment Division will work closely and will share four classrooms. The first floor will also have a 2,300 square foot multi-purpose classroom for use by any of the building occupants, a 1,500 square foot retail space for a deli-type food vendor to provide sandwiches, soup, coffee, and bagels for building occupants and transit riders, and PCC Public Safety will possibly share a small space with TriMet Security. Most of the second floor will be used for computer classrooms, office space, four computer labs, and a server tech area for Workforce Development. Community Education will have an office on the second floor and will use the Workforce Development classrooms and labs for evening classes. A GED testing site and four more classrooms that will be used for PCC extension programs including PCC Preparation and Spanish GED will be on the second floor. The third floor will provide office space and shared classroom and lab space for medical programs, a small wellness center for building occupants and office space for Customized and Workforce Training and PCC Extension programs. PSU will lease 14,000 square feet of space but that has not yet been designed. A design/build contract was executed with Gerding Edlen Development, LLC this past May. Ms. Degman said the College is working with TriMet to finalize a land lease and development agreement and is attaining the required approval of the Federal Transit Authority. The request was submitted in June 2008 and approval is expected that will allow agreement execution in July. Ms. Degman said the project is on-track for LEED Gold certification and may ultimately qualify for LEED Platinum certification. She then provided a tentative timeline for the project that begins June 30, 2008 with site setup and culminates Winter 2009 with classes being offered at WCWTC.

Director Squire asked the center's total square footage. Ms. Degman responded it will be about 98,000 square feet. Director Squire then asked if room for growth in this building has been planned. Mr. Chung responded that the space PSU is leasing is the area that would likely be used for growth if needed. Chair Harper and Director Squire asked if that is being included in the lease agreement with PSU. Mr. Chung replied that the lease agreement with PSU has not yet been finalized and that discussion regarding its terms is ongoing. Ms. Degman added that growth will also be accommodated by sharing spaces to maximize usage. Chair Harper then asked if the Oregon Employment Division will be paying for their leased space since it will be shared with the College. Ms. Degman replied market rate will be paid for the lease. Director Frisbee asked if the issue of parking has been addressed. Ms. Degman replied that the transit center parking lot is two-thirds empty most of the time and that 130 parking spaces are allotted in the lease agreement with TriMet so a parking shortage is not anticipated. Additionally, with the escalating cost of fuel more people are likely to use mass transit. Mr. Chung added that TriMet has successfully used this same type of partnership plan at the Gateway Transit Center with the medical building. Director Squire asked if students will need parking permits at WCWTC. Ms. Degman responded that has not yet been determined. Mr. Chung described project financing under two scenarios. The total cost of the building will be \$35.2 million. In scenario one funding would be achieved with \$7.5 million State matching funds, \$4 million from the net sale of the Capital Center, and \$23.7 million from bond funding to be repaid by dedicated property tax. Scenario two includes \$7.5 million State matching funds, \$4 million from the net sale of the Capital Center, \$7 million from one-time use of PERS reserve, \$17 million to be borrowed and repaid by General Fund and Board approval of a \$1 tuition increase. Anticipated annual operating cost for the building is about \$680,000 with income from leases and maintenance cost currently being incurred at the Capital Center helping pay that cost. Chair Harper and President Pulliams thanked them for the report.

Willamette Building Update

Randy McEwen, District Vice President and Wing-Kit Chung, Vice President, Administrative Services

Before he began the update for the Willamette Building Mr. McEwen said the Willow Creek project is one everyone can be proud of and noted the College's commitment to sustainability. The excellence of the teamwork on the Willow Creek project is evidenced by the facility being built on TriMet property and designed using the talents and skills of Gerding Edlen Development to LEED Gold and possibly LEED Platinum certification standards. He then shared information with the Board on the potential acquisition of the Willamette Building. He recapped information that the building is currently owned by the Oregon University System (OUS) for the benefit of the University of Oregon, is about 36,000 square feet with a basement and three upper floors, is located at 722 SW Second Street, was constructed in 1882 and renovated in 1985. He said that OUS operates the site on a reduced, modified schedule with an annual operating cost of about \$220,000. Mr. McEwen said the estimated renovation and acquisition cost for this building would be about \$12.3 million, the zoning is appropriate for education and office use and the building would be appropriate to consolidate some administrative services including Financial Services, Human Resources, Diversity and Equity, and Academic Services. Version 1.6 of the Bond Plan lists the cost to purchase land and build a

building at about \$13.4 million, making purchase and renovation of the Willamette Building about \$1 to \$1.2 million less than building an equivalent new building.

He said the Willamette Building site has three important attributes that make it line up well with the bond plan: it is about 30,000 square feet, is on the MAX line and falls on the desirable imaginary line between Cascade and Sylvania campuses. Additionally the building would create a PCC presence at the district's commerce center and its proximity to public transportation supports Board policy regarding sustainability. Mr. McEwen said there are some negatives including: column spacing on the interior of the building that reduces the size for classrooms; no parking; potential for staff departures due to the downtown work location; although doable, financing in a non-bond environment will be a challenge; building design and renovation will take about 18 months likely causing a double move for Financial Services due to the move-out date at the end of 2009 from the Capital Center. He said interest has been expressed in including an instructional presence in the building and Nan Poppe, Pamela Murray and Tanya Booker have been working to determine what could be housed there. Current thinking suggests program staff for the Center for Business and Industry, Customized and Workplace Training, Small Business Development Center, and Computer Education, and certificate classes could be offered in retail management, small business management, accounting and others. These classes would likely be offered during noon time and shortly after work for convenience of downtown workers. The current plan uses nearly all of the building's available space and to add the instructional part means some of the administrative functions would need to be moved to another location, probably Central Portland Workforce Training Center (CPWTC). Human Resources, Financial Services, and Diversity and Equity need to be together and will need about 16,000 square feet which is roughly a floor and a half or 50% of the space at CPWTC. He also noted that no funds are included in the bond plan for major reconfiguration at CPWTC, so assuming that purchase and renovation of the Willamette Building would be less than building a new building, the remaining funds could be used for CPWTC renovations. Mr. McEwen addressed Directors McGlasson and Squire's financial questions from earlier in the year about cost to purchase and renovate the building of about \$12.3 million with \$520,000 in earnest money coming from the fiscal 2008 General Fund roll, \$1 million from the PERS Bond reserve, \$2.8 million from a 2% reduction in the fund balance target with \$7.98 million needed funding remaining. Annual cost for the building would be about \$1.02 million including \$630,000 for debt service, \$100,000 for student and staff transit subsidies and \$290,000 site operating and maintenance cost. \$175,000 would be provided by the remainder of the \$1 tuition increase for Willow Creek, and \$300,000 would be provided by a reduced Early Retirement Fund transfer, leaving \$545,000 to fund. He described two options for covering the \$545,000: Reduce spending authority district wide by 0.3% or implement an additional \$1 tuition increase. Mr. McEwen then reviewed the staff recommendation that an attempt should be made to purchase the building for \$5.2 million or less and that the PCC Board endorse a Resolution to approve the deal points including: a requirement that the price not exceed \$5.7 million; buyer approval of typical due diligence property matters such as a clean title report, Phase I Environmental study, and confirmation of zoning; and a 90 day due diligence period for completing those studies. He noted that OUS has reported they have received another acceptable offer on the

building. He concluded his report saying work is ongoing to determine space needs, the nature of those space needs and potential moves. President Pulliams asked if any Board action is needed at this business meeting. Mr. McEwen replied that Resolution 08-116 is included in the June 26 consent agenda to authorize negotiation for and purchase of the Willamette Building on a contingent basis. Director Squire asked if that means staff will negotiate purchase of the building and at some point come back to the Board for approval of details of the deal and financing options. Mr. McEwen answered affirmatively.

Supplemental Budget

Wing-Kit Chung, Vice President, Administrative Services and Cherie Chevalier, Associate Vice President, Financial Services

Mr. Chung said although there are no major revisions to the adopted biennial budget the presentation of the supplemental budget is required by Oregon Revised Statute 294. He said budget revisions resulted from the estimated State allotment being a little lower than the final and estimated funding related to contract negotiation that had not been ratified at the time the budget was approved and that although changes included in the supplemental budget are mostly housekeeping items they still require Board approval. He then asked Cherie Chevalier to describe some of the major items listed on the supplemental budget. Ms. Chevalier said the total amount for both revenues and expenditures included in the budget increase is \$12 million for the two years of the biennium. Major revenue items include about \$9.4 million from changes in tuition and fees and the State funding share increase of about \$1.3 million. Major expenditures include \$10.2 million in salary increases and \$1.9 million for benefit increases. Additionally, the \$3.3 million expenditure for margin classes was offset by revenue generated by those classes and that these classes significantly increased enrollment. President Pulliams commended staff for investing in these classes. Ms. Chevalier said Mr. Chung's report had included the major portions of the supplemental budget changes and she commended Odie Sarmiento and Dana Petersen, budget staff, for their thorough work this past year in monitoring the budget.

Director Squire asked if the far right column of Exhibit A of Resolution 08-118 is the final "adjusted budget" since both the far left and far right columns are labeled "2007-2009 Biennium ADJUSTED BUDGET". Mr. Chung replied that the far left column is the supplemental budget starting point, the center column lists adjustments, and the far right column shows the final supplemental budget amount. Director Squire then asked for an explanation of the contingency fund. Mr. Chung said that since neither federation contract had been ratified, anticipated needed funds were put in the contingency fund to be moved into appropriate budget line items after the contracts were ratified.

PUBLIC COMMENT ON AGENDA ITEMS

None

PUBLIC COMMENT ON NON-AGENDA ITEMS

Deborah Hall, President, Classified Federation read a statement commending the College for its study of pay for PCC management and confidential staff and adoption of a three-year plan to bring these groups pay into line with the local market. She asked that the College provide that same consideration for the classified, academic professional and faculty whose positions might also be below market.

BUSINESS MEETING

Director McGlasson proposed approval of Resolutions 08-094 through 08-118. The motion passed unanimously.

Other Reports:

Eddie Lincoln, Faculty Federation, President Elect, noted that he plans to carry on with Michael Dembrow's 16 years of tireless work for the College, students, faculty, and academic professionals. He said that Mr. Dembrow accomplished many things because of his practice of thinking outside the box. He said he has a little trepidation in following such a hardworking and effective president but is a quick learner and is looking forward to taking on the task. He noted that he will do his best to help make the transition to the OEBC health plans go smoothly.

Deborah Hall, Classified Federation President, said the annual Classified Retreat held at Sylvania Campus on June 20, 8 AM to about 3:30 PM included sessions such as "The Union is You", ADA Sensitivity, Dealing with Conflicts in the Workplace, and Upcoming Changes in Health Insurance Coverage. Dr. Nan Poppe addressed the group at noon about the November bond initiative and what the bond will do for the Extended Learning Campus. Ms. Hall said in July representatives from both the Classified and Faculty Federations will be attending the National AFT Convention in Chicago. She also asked that the College be sensitive to those affected by the lay offs caused by reduced grant funding, especially in College publications that celebrate receiving grants but don't mention the associated layoffs.

Board Reports:

Director Williams reported that he attended the ACCT Board Member Institute in Washington, D.C. and learned a lot. He said he came away feeling the PCC Board of Directors is one of the most effective Boards in the country because this Board works together in good times and hard times even when they don't agree on an issue. He also noted that Portland Development Commission (PDC) will be celebrating their 50th Anniversary on the 16th of July and that on July 9 Dr. Gatewood, Marshall Atkins, John Jackley, Harold Williams 2 and Director Williams will make a presentation before PDC about the collaboration between PCC and PDC. He added that many businesses are expected to attend the presentation and that PDC is really looking forward to this event because it provides a boost for PDC's new direction. Director Williams added that PDC will supply mentors, and provide job opportunities for students receiving high marks in the Jefferson Boys' Academy.

Chair Harper noted that he went to the new PCC Welding training at Swan Island and enjoyed listening to students in the program and employers talk about PCC's response

to their request for this much needed program. He said the program was created in just eight weeks in response to industry requests. He also said the PCC Foundation has been working very hard and doing a lot of good work for the bond campaign as well as continuing their efforts to provide needed student scholarships. Chair Harper invited Board members to help read scholarship applications to see how truly deserving these students are.

District President Report:

President Pulliams thanked Board members for their participation in this year's graduation ceremony and for the support they have given to him. He also echoed what Director Williams said and thanked them for their willingness to work together, to communicate with each other and for their leadership of the College that highly contributes to its greatness and its legacy.

He then asked Kristin Watkins, Director of Institutional Advancement, for an update on this year's Foundation fund raising effort. Ms. Watkins announced that the Foundation has met its annual fund raising goal of \$1.4 million. She said this is especially important because it means the Foundation is eligible for the second round of funding from the Meyer Memorial Trust for capacity building that will grow the Foundation and can in turn grow the scholarship program. President Pulliams thanked her for the update and thanked her for her leadership.

The President noted he has asked Sylvia Welch, Director of Affirmative Action, to take the lead in working with various PCC councils and committees developing strategies that support the College's position on Affirmative Action and Equity. In an effort to increase public awareness of the College's commitment Ms. Welch has contracted with Dr. Cornell West to present a program in January 2009

Dr. Pulliams congratulated Mr. Lincoln on being elected as Faculty Federation President.

He also announced that Summer enrollment is up by 17% and noted that although it is often true that in times of economic slowdown enrollment increases, current increases are also attributed to staff being very strategic in marketing and scheduling classes. He reminded Board members that the July Board Meeting will begin at 5:30PM with the TSCC public hearing that is part of the bond election process.

ADJOURNMENT

There being no further business, the meeting adjourned at 9:00 PM.

NEXT MEETING

The next business meeting of the Portland Community College Board of Directors will be held on July 17, 2008 at 7:30 PM in Board's Conference Room at the Sylvania Campus.

Jim Harper, Board Chair

Dr. Preston Pulliams, District President

Prepared by:

Lorna J. O'Guinn
Assistant to Board of Directors

Minutes approved on September 25, 2008