

March 18, 2010

10-075

DELEGATE AUTHORITY TO THE DISTRICT
PRESIDENT TO NEGOTIATE AND OBTAIN A LETTER
OF CREDIT FROM BANK OF AMERICA, N.A. FOR THE
PURPOSES OF SECURING PORTLAND COMMUNITY
COLLEGE'S OBLIGATIONS AS A SELF-INSURED
EMPLOYER UNDER THE STATE OF OREGON
WORKERS COMPENSATION LAWS

PREPARED BY: Cherie Chevalier, Associate Vice President, Financial Services

APPROVED BY: Wing-Kit Chung, Vice President, Administrative Services
Dr. Preston Pulliams, District President

REPORT: Background: All Oregon employers are required to provide workers compensation insurance pursuant to ORS Chapter 656 to protect employees against on-the-job injuries. PCC is self-insured for workers compensation under ORS 656.407 and 656.430. A self-insured employer must provide security to demonstrate to the State that it has the financial ability to promptly pay compensation and other benefits as they become due. PCC has historically demonstrated this security by obtaining a stand-by letter of credit that it can draw upon in the unlikely event that PCC did not have sufficient funds to pay a claim upon accrual.

The Issue: PCC's current 2005 letter of credit with U.S. Bank expires on April 29th, 2010. PCC has negotiated a replacement letter of credit with Bank of America, but the bank is requiring a resolution from the Board authorizing the letter of credit. Staff has not historically sought Board approval for such letters of credit given Board Policy B 509 (College Debts) and its approval through the budget process for the College's workers compensation program, but Board Policy B 509 is not precise on this point. The purpose of this resolution is to authorize the District President or his designee to negotiate, obtain, and execute the letter of credit with Bank of America in order for the College's Worker's Compensation self-insurance program to remain in good standing with the

State of Oregon Department of Consumer and Business
Affairs.

RECOMMENDATION: That the Board of Directors authorize the District
President or his designee to obtain a letter of credit from
Bank of America N.A. in an amount as required by the
State of Oregon for the purposes of securing the
College's obligations as a self-insured employer under
the Workers Compensation laws of the State of Oregon,
and is authorized to execute all necessary documents to
obtain the letter of credit on behalf of the College.

ADOPTED by the Board of Directors of Portland
Community College District, Multnomah, Washington,
Columbia, Yamhill, and Clackamas Counties, Oregon,
this 18th day of March, 2010.

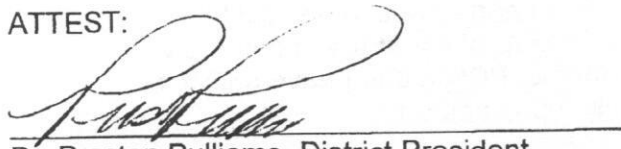
PORTLAND COMMUNITY COLLEGE DISTRICT

By



Harold Williams
Chair, Board of Directors

ATTEST:



Dr. Preston Pulliams, District President