

**MEETING OF THE BOARD OF TRUSTEES
OF THE EVERGREEN STATE COLLEGE**

November 9, 2005

Trustees Attending:

Deborah Barnett
Stanley Flemming
Chris Hedrick
Jayne Kaszynski
Claudia Kauffman RedMorningStar
Karen Lane
Marilee Roloff

Absent: David Lamb

Representatives to the Board:

Laura Bergman, Staff Representative
Laurie Meeker, Faculty Representative

Staff Present:

Don Bantz, Provost and Academic Vice President
John Carmichael, Administrative Assistant to the President/Recording Secretary
to the Board of Trustees
Art Costantino, Vice President for Student Affairs
Lee Hoemann, Executive Associate to the President
John Hurley, Vice President for Finance and Administration
Steve Hunter, Associate Vice President for Enrollment Services
John Lauer, Director of Housing and Food Services
Collin Orr, Interim Director of Business Services
Thomas L. Purce, President
Paul Smith, Director of Facilities
Steve Trotter, Executive Director of Operational Planning and Budget
Walter Niemiec, Associate Vice President for Academic Budget

Others Attending:

Stacy Crawshaw-Lewis, Preston Gates and Ellis
Dan Galvin, Assistant Attorney General
Susan Musselman, Housing Financial Consultant

Chair Stan Flemming called the meeting to order at 10:00 a.m. in the board room of the Daniel J. Evans Building in Olympia. A quorum was present with Trustees Barnett, Flemming, Hedrick, Kaszynski, and Roloff attending. The chair announced that the board would move into executive session to discuss potential litigation with the college's legal counsel and would return to an open public meeting at 11:00 a.m.

The Board returned to an open public meeting at 11:00 a.m. Dr. Flemming called the meeting to order.

Introductions

President Purce introduced Maryam Jacobs, who will start as the college's internal auditor in December.

Audit report

Vice President for Finance and Administration John Hurley said that the college had received the State Auditor's report on the misappropriation of funds by the former head men's basketball coach. The auditor concluded that the men's head basketball coach had misappropriated \$4,453.69 and paid back \$3,943.66. The auditor recommended that the college recover the remaining \$510.03 as well as the cost of the audit, which was \$2,919.37. The case will be referred to the Thurston County Prosecutor's office,

which will decide whether to pursue criminal charges. The college is reviewing and improving controls in the Athletics department.

Update on Faculty Salaries

Associate Vice President Walter Niemiec discussed the faculty salary system. Eight years ago a Disappearing Task Force recommended changes to the faculty salary model. Since that time, faculty salary increases have been funded through occasional cost-of-living increases. During the first two years of the new salary model, the college allocated additional institutional resources to faculty salary increases. During this eight year period, although Evergreen's faculty average salary has increased at a rate comparable to our national peers institutions, we have not made progress at closing the gap between Evergreen and its peers. Mr. Niemiec said that he is working with the faculty to conduct an updated analysis of faculty salaries.

Board Goals

Dr. Flemming reviewed the draft board goals prepared from the October retreat discussion. President Purce described the strategic planning work planned for the year. Trustee Lane suggested that the board spend some time becoming familiar with the work of the governor's Washington Learns committee. Trustee Hedrick said that he would like the board to work more directly to support the success of the institutional fundraising goals.

Strategic Planning

The Trustees joined the Board of Governors of The Evergreen State College Foundation for lunch. Provost Don Bantz described the strategic planning work underway and distributed preliminary drafts of visions and indicators for the next five years. He invited the board members to review the drafts and provide feedback.

Update on Enrollment and Retention

Associate Vice President for Enrollment Management Steve Hunter said that enrollment is strong in the fall, putting the college in a position to meet its financial goals while reducing the level of over-enrollment. He said that this is the largest number of students coming directly from high school. He said that the yield from admitted to enrolled increased notably this year. Offsetting these gains was a decline in the transfers from community colleges, reflecting a general decline in enrollment in the community college system.

Mr. Hunter noted that retention had declined slightly for the second year in a row. He noted that retention of students of color remains equal to or above retention of white students. Vice President for Student Affairs Art Costantino provided additional context for understanding the college's retention rates. He said that retention of freshmen at Evergreen compared to other four-year public institutions is low, but compares favorably to public liberal arts baccalaureate institutions. Dr. Costantino said that the SAT scores of students entering Evergreen compares favorably to the scores of students entering the state's regional comprehensive institutions.

Financial Management Reports for 2004-2005

Interim Director of Business Services reviewed financial management reports for the end of the last fiscal year. Reports included operating budget and expenditures by division. He reviewed a summary of appropriations, expenditures and encumbrances for capital projects. He also presented a summary of dedicated local revenue funds greater than \$50,000. He reviewed income statements and balance sheets for the college's four largest auxiliaries: the Bookstore, Conference Services, Food Services and Housing.

Executive Director for Budget and Operational Planning Steve Trotter discussed the \$6.6 million institutional reserve that was available at the end of the fiscal year on June 30. In addition to this reserve,

he said that the college typically realizes approximately \$1.5 million in salary savings each year due to turnover and unfilled positions. He said that these salary savings are typically used to supplement base budget concerns, including equipment purchases, computer lab upgrades, refreshing emergency supplies, vehicle replacements, and costs associated with collective bargaining and turnover. In addition, the president and vice presidents recognize the need to set aside approximately \$2.5 million to support tuition waivers, supplement the food services budget, support an update to the Campus Master Plan, and pay for up to \$1 million in surge expenses associated with the renovation of the Evans Library building. In addition, they have recognized the need to maintain some budget flexibility for several specific contingencies. These may include adjustments to the staffing levels in the curriculum, costs associated with capital construction that are not covered by the capital budget, and additional technology and equipment purchases. He also said that the college may need to identify resources to update food service facilities before the full CAB renovation is scheduled to be complete.

Work Session on Housing Bond Refinance Plans

Vice President for Student Affairs Art Costantino asked Director of Housing John Lauer to discuss plans for a sale of Housing Revenue Bonds to restructure debt and raise money for capital projects. Mr. Lauer discussed the improved financial performance of the housing operation, where expenses have been reduced and occupancy is up. He said that since the board was last briefed, Housing staff have worked to update their capital plan, refining and expanding the list of projects that might be funded from the sale of bonds. New projects on the list include seismic improvements to A-dorm and elevated walkways (estimated cost \$1.1 million) and the construction of a new Housing office, to include space for Housing shops (estimated cost of \$1.2 million). Construction of new office and shops space would free up space in A-dorm for more student beds. Mr. Lauer noted that the cost estimates for these new projects are tentative. Both projects are large enough that they would require specific authorization from the board to move forward.

Mr. Lauer introduced Housing's financial consultant Susan Musselman and the college's bond counsel, Stacy Crawshaw-Lewis from Preston Gates and Ellis. Ms. Musselman described the bond resolution that staff plan to present to the board in January. The resolution would authorize the sale in early February of approximately \$7.6 million in Senior Lein Housing System Revenue Bonds. The sale would produce approximately \$6 million available for capital projects in Housing. In addition, the sale would provide \$1.41 million to repay previous borrowing. The balance of the sale covers the cost of issuance. The bonds would be payable over 20 years and are structured so that payments are higher for the first 10 years. Staff assume that interests rates will rise before the sale is effective and are currently estimating a rate of 5.15 percent. Based on these assumptions, annual debt service would be approximately \$693,000 for the first 10 years and \$533,000 thereafter.

In adopting the bond resolution, the board would delegate to the president or his designee the authority to determine the final sale of bonds within the parameters described in the resolution. This authority would expire within 120 days. In addition to the terms specific to the proposed bond sale, the resolution defines some general terms establishing tests and guarantees that would have to be met for any future bond sales during the life of these bonds.

Trustee Kaszynski asked what effect the bonds would have on housing rates. Mr. Lauer said that the sale would have no direct effect on housing rates. Refinancing current bonds will lower Housing's debt service expenses. Housing's financial *pro forma* assumes a three percent rate increase each year, except the fourth year when new facilities come on line and a five percent increase is assumed.

Capital Projects Update

Director of Facilities Paul Smith asked the board to approve the award of an architecture and engineering contract for the renovation of the first floor of the Lab I Building. He said that 12 firms responded to the call for proposals. Four finalists were selected for campus interviews and staff recommend awarding the

contract to Opsis Architecture. Vice President for Finance and Administration John Hurley said that he has previously worked with the firm on other projects.

Motion Ms. Roloff made a motion to approve the award of an architecture and engineering
#11-01-05 contract for the renovation of the first floor of the Lab I Building to Opsis Architecture for an amount up to \$459,500 including reimbursables . The motion was seconded by and passed on a voice vote.

Mr. Smith reported that the first stage of Phase I of the Library Modernization project is nearing completion. When the first stage is complete, the college will be able to occupy the "C" wing of the building and the contractor will turn attention to the renovation of the "B" wing, which should be completed by Fall 2006. The project is two months behind schedule. Cash flow looks good and staff are monitoring change orders closely.

The second phase of the Library Modernization project will renovate the "A" wing of the building. Mr. Smith said that he is meeting with senior management to discuss programmatic issues and surge plans for that phase of the project.

Report from the Chair

Motion Ms. Roloff made a motion to approve the minutes of the board's September 16 and
#11-02-05 October 12 meeting. The motion was seconded and passed on a voice vote.

Motion Ms. Roloff made a motion to adopt the 2006 meeting schedule (attached). The motion
#11-03-05 was seconded and passed on a voice vote.

Ms. Kaszynski reported as student trustee. She said that at the beginning of the quarter she met with many groups of students to ask about their interests and concerns. She heard many concerns about food service, especially about the availability of food at night. Students appreciated the addition of lower cost food options. She heard compliments about the parkway improvements. She said that she is beginning to hear concerns raised and confusion about the proposed renovation of the College Activities Building.

President's report

President Purce said that Alumni Representative Bonnie Marie was attending the Board of Governors meeting. He invited Laura Bergman to report as Staff Representative to the Board. Ms. Bergman said that she heard very few comments or concerns in response to a query to staff. The staff concerns about food service have to do with its popularity this quarter. Lines are long and dining spaces are crowded during the lunch hour.

President Purce invited Laurie Meeker to report as Faculty Representative to the Board. She said that the Agenda Committee had a productive retreat with the Deans and Provost in early September. The Faculty's governance work this year includes the Diversity Disappearing Task Force, the First Year Experience DTF, strategic planning work, long-range curriculum planning, discussions about the Patriot Act, and focus on the Faculty Handbook. Since 2001, the Faculty Handbook has been published on the Web and not distributed as a paper copy. Parts of the Handbook need to be updated and the on-line version is not always satisfactory. A group met for several days over the summer to focus on the handbook, but more work is needed.

The Agenda Committee is working with the Provost to co-charge a Long-Range Curriculum Planning DTF. The Agenda Committee is interested in being proactive in working with DTFs this year to ensure that their work is broadly consultative and inclusive.

President Purce described some of his activities since the September meeting. The college celebrated the tenth anniversary of the Longhouse, held orientation activities for new students, and launched a new bridge program with Grays Harbor College and Native American Tribes. Student completing the bridge program will enroll in Evergreen's Reservation-Based program. He said that he participated in a panel discussion for the regional library system on the *Secret Life of Bees* and served as Master of Ceremonies for a hurricane relief benefit. He said that he is participating in an academic program called "Growing Up Global." He attended alumni events in Spokane and Denver. While in Denver he participated in a panel on Integrative Learning sponsored by the Association of American Colleges and Universities.

Public Comment/Adjournment

Dr. Flemming invited public comment. There was none. He adjourned the meeting at 4:00 p.m.

Stanley L.K. Flemming, D.O., M.A., Chair

Deborah J. Barnett, Secretary