

BOARD OF TRUSTEES

PROCEEDINGS

At the regular meeting of the Board of Trustees held on July 28, 2011, the Board of Trustees of Cincinnati State Technical and Community College, by roll call vote, approved by a majority of a quorum of the members present a motion to meet in public session on Tuesday, September 27, 2011, beginning at 3:45 p.m., at the College.

REGULAR MEETING

September 27, 2011

3:47 P.M.

Cincinnati State Technical and Community College

Conference Center

SUNSHINE LAW COMPLIANCE ANNOUNCEMENT

The Board of Trustees of the Cincinnati State Technical and Community College District, Hamilton County, Ohio, met in regular session, pursuant to the rules, in the Conference Center of Cincinnati State Technical and Community College, 3520 Central Parkway, on Tuesday, September 27, 2011 at 3:47 p.m., Chairperson Oestreicher presiding. Notification had been posted on the College website, www.cincinnati-state.edu, and given to the following metropolitan newspapers: **The Cincinnati Enquirer, The Cincinnati Herald, The Middletown Journal, the Press Community Newspapers, the Harrison Press, City Beat** and other press outlets in compliance with the requirements of Ohio Revised Code, Section 121.22.

ROLL CALL					
MEMBER	PRESENT	ABSENT	MEMBER	PRESENT	ABSENT
Dr. Bankston	X		Mr. Ringel	X	
Mrs. Crain	X		Mr. Steele	X	
Mrs. Leonard	X		Ms. Waller	X	
Mr. McKenna	X		Mr. Walton	X	
Mr. Oestreicher	X		TOTAL		
				9	0

Mr. Oestreicher announced that his term as chairman has expired and that Mrs. Crain will take over as Board Chair. Mrs. Crain assumed leadership of the meeting and thanked Mr. Oestreicher for his dedication and service to the Board. Mr. Oestreicher was presented with a plaque for his service as Chair. A print of the new advertising slogan was also presented to him.

Mr. Oestreicher made comments concerning his time as Chairman. He was grateful for each member for their support and hard work. Mr. Oestreicher thanked Dr. Owens for his year as President. Mr. Oestreicher thanked the administration for stepping up to lead the school. Mr. Oestreicher also thanked the students and faculty. Mr. Oestreicher expressed regrets about Cincinnati State's constrained financial circumstances and asked for greater financial support for the institution from the businesses that it served. Mr. Oestreicher addressed the strike. He said he regrets that the faculty does not understand how much the Board respects the faculty. Faculty and students should have faith in the Board, he said, and a better understanding that the Board is doing its best for the school and trying to be fiscally responsible. Mr. Oestreicher pointed out that he was a student in the past at Cincinnati State, that Mr. Walton graduated from the College and that Mrs. Crain is currently a student in the horticulture program. He noted that the Board is made up of volunteers who are not compensated for their time, and who are trying to serve the students and help them reach their dreams and get the jobs they want.

Mrs. Crain continued the meeting by acknowledging the students in attendance. She invited them to attend each month to learn what is going on and how their money is being spent and how their College is being run. Mrs. Crain stated that the Board would be hearing from some of the students for a fixed period during the meeting and that she would stay and speak with each and every student after the Board had completed its agenda.

11.63 Approval of the Proceedings of the Regular Meeting of July 28, 2011 and special meetings of August 23, 2011 and September 14, 2011

Dr. Bankston moved to accept the minutes as presented and Mr. Walton seconded the motion.

ROLL CALL VOTE							
MEMBER	AYES	NOES	ABSTAINED	MEMBER	AYES	NOES	ABSTAINED
Dr. Bankston	X			Mr. Steele	X		
Mrs. Crain	X			Ms. Waller	X		
Mrs. Leonard	X			Mr. Walton	X		
Mr. McKenna				Mr. Oestreicher	X		
Mr. Ringel	X						
				TOTAL	8	0	

11.64 Consideration of Items for Possible Addition to Agenda

Mrs. Crain asked that **Agenda Item 11.68.5** be the questions and comments from the students.

11.65 Recognition for Outstanding Accomplishments

Dr. Owens recognized Athletic Director Theresa Check. Theresa commented on winning the

Ohio Community College Athletic Conference All Sports Award for three years in a row. This award is given for the highest ratio of wins to games played by an OACC athletic program. Coach Theresa Check brought her team of coaches and administrators because they are collectively responsible for this award.

11.66 Consent Agenda for Recurring Items

Mrs. Leonard moved to accept the Consent Agenda for Recurring Items and Mr. Walton seconded the motion.

ROLL CALL VOTE							
MEMBER	AYES	NOES	ABSTAINED	MEMBER	AYES	NOES	ABSTAINED
Dr. Bankston	X			Mr. Steele	X		
Mrs. Crain	X			Ms. Waller	X		
Mrs. Leonard	X			Mr. Walton	X		
Mr. McKenna	X			Mr. Oestreicher	X		
Mr. Ringel	X						
				TOTAL	9	0	0

11.67 Financial Report

Mike Geoghegan presented the monthly report as contained in the packet. Total Expendable Net Assets are up \$1.23 million, or 4.9% from the same period last year. This is primarily due to the \$2.3 million increase in cash and accounts receivable generated from operations. Current liabilities were \$653, 000 greater than last year. Principal on outstanding debt has been reduced \$1,225,000.

Total Revenues are down \$463,809 (-3.3%) from August 31, 2010. Total Expenses are up \$625,074 or 4.9% from last year, resulting in a \$1,088,883 decrease in Net Assets fiscal year-to-date. Negative variances in revenues included a reduction of WDC program revenues, which could be attributable to timing differences in billings and \$169,479 less in State subsidy due to a 4.63% reduction this year.

Major increases in expenses are in Instruction, Public and Academic Support. Instruction is up \$411,409 (8.1%) due to the 3.5% wage increase for the Faculty unit, new positions and \$110,000 (71%) increase in grant funded instruction. Public support is up \$58,471 (19.7%), Academic support is up \$144,875 (19.4%) and Auxiliary Services is up \$163,052.

At August 31, 2011, the Senate Bill 6 score was 3.2.

Personnel Expenditures reflect a net 5.7% negative variance to budget as a result of 0.3% positive variance in Administrative, Support and Faculty salaries due to budgeting 98% of salaries for FY 2012 due to an average prior year 6.0% vacancy rate; a negative variance of \$561,267 (53.1%) in Faculty Adjunct and Overload Pay due to a 3.3 increase in credit hours for the Summer Term (0% budgeted) and a reduced budget for faculty overload and adjunct pay; and a 9.3% positive variance in WDC salary expenses.

Operating Expenditures reflect 26.1% (341,294) positive variance to year-to-date budget. There are significant positive variance in Supplies, Advertising & Promotion, Contracted Services and Other Expenses.

Workforce Development Center Fund reflects a profit of \$319,980, including State subsidy.

This is up \$32,688 or 11.4%. WDC revenues are now broken down by programs, grants and subsidy. Expenditures are shown by Programs and Subsidy. Grant expenditures are reflected in separate restricted funds.

Investment balances are down \$284,312 due to a managed change in invested cash. Weighted average rate of return for the investment portfolio is 1.43%, but was 1.46% overall return in the PNC investment Portfolio.

Mr. Walton asked about the U.C. Faculty Club and our relationship. It is just getting started, but should be profitable for us.

Dr. Bankston moved to accept the Financial Report and Mrs. Leonard seconded.

ROLL CALL VOTE							
MEMBER	AYES	NOES	ABSTAINED	MEMBER	AYES	NOES	ABSTAINED
Dr. Bankston	X			Mr. Steele	X		
Mrs. Crain	X			Ms. Waller	X		
Mrs. Leonard	X			Mr. Walton	X		
Mr. McKenna	X			Mr. Oestreicher	X		
Mr. Ringel	X						
				TOTAL	9	0	0

11.68 Faculty Senate Report

No one from the faculty was available to present the Faculty Senate Report.

11.68.5 Student Concerns and Questions

Mrs. Crain asked those students to come forward for one minute questions or comments.

Mrs. Crain read a statement from the Board prior to taking questions.

“We respect the work of our full time faculty and our adjunct faculty. Currently, 40% of the course load is taught by full time faculty and 60% by adjuncts. The full time faculty chose to strike. Neither the trustees nor the administration asked them to leave the campus and their teaching jobs. We look forward, as do our students, to their return. The union asked for a fact finder. That is an impartial person chosen by both parties to review the situation and come up with a solution. The trustees accepted the fact finder’s report, the faculty rejected it. Currently on the table from the College is the finding of the following:

1. We have asked the teachers to work the same amount they are currently working, the semester equivalent of 37 units.
2. We have offered the same salary for the same amount of work they are currently working with increases over two of the three years of a new contract.
3. We have all agreed upon 10 consecutive weeks off. This is currently what they receive.
4. We have asked for an increase in the amount the teachers pay for health insurance from the current 6% to 8%, 10% and 12% for the three years of the new contract, if accepted.
5. We have offered \$700 for what is called overload. That is work over and above the faculty’s contract base of 37 units. Currently, all but 12 faculty members work overload and are paid for it. Last year, the College paid \$3.2 million for overload.

The average pay for a faculty member at Cincinnati State is \$71,000 per year. With overload of \$18,000 in 2011, that comes to approximately \$89,000 per year. The cost to the College for our proposal is \$1.7 million over the next three years for the term of the contract. The cost to the College for the proposal set forth by the AAUP is approximately \$2.8 million over a three year period.

We understand that workload is a primary concern for our faculty. We have offered to establish a joint committee to review this very complex issue as we move to a semester system. This committee will study parody workloads with other two-year community colleges similar to our college. We would amend the contract if a solution is found to be fair and financially responsible while allowing for an accessible, affordable and high quality education for our students so that they can achieve careers in their chosen fields.”

Several students came forward to make comments about their displeasure at the strike and urged the Board to bring back their teachers. Some students reported that their classes were either not covered, had unqualified instructors, or someone merely took roll and dismissed them. It was mentioned that the Board members were not known to the students. One student complained that striking faculty members had let him down by walking out.

Mrs. Crain replied that the faculty would be back in the classrooms on Friday.

Mrs. Crain thanked all the students for speaking their mind. Ms. Waller also thanked the students for their comments and encouraged them to keep voicing their opinions.

11.69 President’s Report

Dr. Owens addressed comments to the students. He could see how the students appreciate their instructors. The current situation will be resolved. Dr. Owens has made himself accessible to the students.

Lawra Baumann reported on three grants the College recently received. There is a \$500,000 Department of Labor grant to train workers for home energy audits. This will lead to homeowners receiving funds to make their homes more energy efficient. We are also training inspectors for quality control of that work. This is raising our visibility and is being done at the Workforce Development Center.

The \$1 million grant is from the Department of Energy. It is a \$1.2 million grant over 5 years for renewal of our Education Opportunities Center which is run out of the College Access Division. This division works with adult learners who have dropped out of school and don’t know what they want to do or need to do to be successful in higher education. It will be on campus and at other partnerships. When the Citylinks Center opens, the Educational Opportunities Center will relocate there. Lawra also reported that Cincinnati State has received official notification that we were successful in our bid as the lead for a 10 partner community colleges national grant to offer health care training. We will be working with the Bill and Melinda Gates Foundation and the Patel Institute to help develop a prototype of a national curriculum in health care training and possibly Cincinnati State will receive up to \$6 million out of the \$19.6 million. We will ramp up retention efforts. The Pathway to Employment Center will help do assessments and career exploration. This goes along with the federal government’s goal of having community colleges step up to graduate

more job ready individuals. This grant could enhance Cincinnati State's reputation nationally, she said. With this grant, Cincinnati State will have indirect money geared toward retention and more funds for advisors and tutors.

Dr. Owens introduced Middletown representatives, some of whom made comments concerning their city. The mayor presented a \$10,000 check in support of scholarship at the Middletown campus.

Mike Geoghegan gave a Powerpoint presentation concerning the Middletown opportunity. This partnership would be with Cincinnati State, Middletown and Higher Education Partners, LLC. Officials of HEP were introduced. According to the presentation: Cincinnati State gets a new campus in Middletown; Cincinnati State takes on no risk; Cincinnati State expends no capital; students face no tuition or fee increases; and Cincinnati State protects its Senate Bill 6 score. Cincinnati State controls the definition of the programs and curriculum development; the budget; the faculty; tuition and marketing. Higher Education Partners' responsibilities are facility build out; lease and operating payments and equipment purchases. The former Cincinnati Gas and Electric building and the senior citizens center will be the first buildings of the new campus. Should the Board approve the conceptual agreement, the plan anticipates completion of the design and development process; finalization of course offerings; the actual build out and hiring and training of faculty.

The collaboration would be similar to a joint venture, but all tuition, fees and state subsidy would flow to the College. The College expenses would be paid first. HEP would ensure we retain 5% of expenses to cover overhead. The College would then reimburse HEP for their direct expenses and the College would then pay HEP a service fee of 15% of the tuition received. HEP would assume 100% of the risk of the collaboration, so if the total revenue is less than 105% of the College's direct expenses, HEP would remit the difference to the College. The service fees and the HEP direct expenses would be rolled forward into future semester fee calculations. Rolled expenses would only get paid once there is sufficient income from the collaboration.

HEP would fund the entire process. All decisions will be made collaboratively with the College.

Dan Cayse gave comments on his trip to Bristol to check out how this partnership works there. Dan asked tough questions of the dean and CFO and found that HEP kept their promises. Everyone spoke very highly of HEP. The renovation work was done very well and everything was done to their specifications. There is every reason to believe that HEP would come through, he said.

Representatives of HEP made comments concerning their work. Other projects in Ohio are set for Eastern Gateway in Youngstown. HEP is at Rhodes Community College in Lima and Owens Community College in Toledo. They are also involved at Columbus State for a fire and public safety program.

Ms. Waller asked about the hybrid programs mentioned. These programs are one day a week at the college and the rest of the time is on line and the students work the rest of the week. Retention is very important to HEP also. They can provide assistance to students through funds to cover small expenses.

Vice Chancellor Gary Cates spoke on the Middletown project and how beneficial it would be for both Middletown and Cincinnati State. He said he believes this will change history for Middletown and Cincinnati State. Mr. Cates promised to bring the Chancellor and Governor to cut the ribbon when the campus is ready.

11.70 Chairperson’s Report, Trustee Association Report, and AQIP Update

Mrs. Crain made comments concerning the inauguration and thanked Dr. Owens for his service this past year and looked forward to many years ahead.

There was no Trustee Association Report or AQIP Update. Dr. Bankston asked that the AQIP Update be removed from future agendas until AQIP is reorganized as Strategic Planning.

Mrs. Leonard moved that the Board adjourn to Executive Session pursuant to the provisions of the Ohio Revised Code Section 121.22 to:

- a) To discuss matters concerning collective bargaining.

Mr. McKenna seconded the motion.

ROLL CALL VOTE							
MEMBER	AYES	NOES	ABSTAINED	MEMBER	AYES	NOES	ABSTAINED
Dr. Bankston	X			Mr. Steele	X		
Mrs. Crain	X			Ms. Waller	X		
Mrs. Leonard	X			Mr. Walton	X		
Mr. McKenna	X			Mr. Oestreicher	X		
Mr. Ringel	X						
				TOTAL	9	0	0

The public meeting temporarily adjourned at 5:17 pm

The public meeting resumed at 7:19 pm

NEW BUSINESS

11.70.1 Letter of Agreement

Letter of Agreement between Higher Education Partners, LLC (HEP) and Cincinnati State Technical and Community College (CSTCC), hereafter jointly referred to as “The Parties,” effective October 1, 2011.

This Letter of Agreement is entered into by the Parties in an effort to lay the foundation of material and substantive terms to be included in a formal agreement to be mutually drafted by the Parties. This Letter of Agreement does not bind HEP or CSTCC, but rather serves as notice that the Parties agree to work in good faith to come to final terms to achieve the objective of expanding CSTCC’s capacity to fulfill its mission of improving the quality of life of the people in its service territory by providing educational services to expand their choices and opportunities.

1. **Establishment of Collaboration:** The Parties will enter into a Collaboration Agreement substantially similar to the terms expressed in this Letter of Agreement.

All work described in this agreement by either CSTCC or HEP shall be considered work of the Collaboration.

2. **Collaboration Activities:** The Collaboration, through a division of responsibilities described in subsequent sections, will be responsible for the following:
 - a. Selecting and building out a facility suitable for a college campus in Middletown, OH.
 - b. Build out and equip the facility to the extent necessary for providing an excellent educational experience for the students who enroll in classes at the facility.
 - c. Create program offerings, course development, staffing, and academic support to operate the institution beginning with the Fall Semester in 2012.
 - d. All tuition, fees, and state appropriations will be credited to the Collaboration to cover all direct expenses of the Parties prior to paying any fees to HEP or otherwise encumbering any net revenue of the Collaboration. However, the State Appropriation will only be applied to the collaboration to the extent that the college would have received a smaller appropriation in the absence of the Collaboration.
 - e. The final agreement will ensure that CSTCC is subject to no direct financial risk should the collaboration experience loss. HEP will assume all capital and operational risk of the Collaboration.

3. **HEP Responsibilities:**
 - a. **Real Estate Acquisition:** HEP will work with CSTCC to identify a facility in Middletown, OH that is suitable for the initiation of a college campus. Once identified, HEP will secure rights to the building, either through lease or acquisition.
 - b. **Real Estate Development:** HEP will work with CSTCC to select a design firm to create a plan and budget to build out the facility. HEP will, where practicable, endeavor to select local contractors and trades to construct the facility. The facility will be fully operational by September 1, 2012.
 - c. **Equipment:** HEP will work with CSTC to select equipment necessary to provide the educational programming provided by CSTCC, subject only to limitations of an equipment budget jointly agreed to by the Parties. HEP will procure all of the equipment, including technology, security systems, furniture, fixtures, and other equipment required to operate the facility.
 - d. **Facilities Operations:** HEP is responsible for all operational aspects of the facilities themselves, including custodial services, security systems and personnel, utilities, maintenance, snow removal and landscaping, and other costs directly associated with the facility.

4. **CSTC Responsibilities:**
 - a. **Real Estate Development and Equipment:** CSTCC will make staff available to assist in the design parameters required for development of the facilities, and identification of furniture, fixtures, and equipment required to provide an excellent educational environment.
 - b. **Programming and Curriculum Development:** CSTCC will select programs and degree offerings best suited for Middletown and surrounding communities. CSTCC will provide all curriculum development, relying to the

greatest extent possible the best in class offerings already offered through its other campuses.

- c. **Staffing and Academic Operations:** CSTCC will hire the appropriate staff, relying on adjunct faculty to the greatest practicable extent, and provide other academic operations support such as financial aid consulting, registration and enrollment support, procurement of non-facilities related supplies, and all other non-facilities-related operation services not otherwise identified.
 - d. **Tuition and Fees:** CSTCC will have sole responsibility for setting tuition and fees, and will inform HEP of the levels set as part of the budget process.
5. **Joint Responsibilities:** While the Parties agree to work collaboratively in all aspects of the project, the following responsibilities are explicitly shared by the Parties.
- a. **Specification of Facilities Design:** The Parties will work together with the selected designer and contractors to specify the scope and nature of the buildout.
 - b. **Marketing:** CSTCC will work with HEP to provide a marketing plan and budget, and work through existing marketing channels to the extent possible to brand the Middletown Campus as a CSTCC campus. CSTCC will work with the community to learn the educational needs of the area, and build relationships to maximize enrollment at the Middletown Campus. HEP will assist as needed to provide contracted marketing services if the Parties agree such services are required.
 - c. **Budget:** HEP and CSTCC will jointly agree to a budget to be specified as part of the final agreement. The Parties will identify which costs are fixed and which are variable based on actual enrollment achieved. The Budget will include all expenses of the collaboration, including facilities capital, equipment capital, facilities operations, instruction and academic support, anticipated service fees, and projected net income to CSTCC.
 - d. **Retention/Remediation:** HEP and CSTCC will work collaboratively to employ effective retention and remediation technology tools to be provided through the collaboration.
6. **Flow of Funds:**
- a. CSTCC will credit all tuition, fees, and other revenues directly attributable to the Collaboration to a Collaboration account for purposes of account. However, this should not imply a prohibition against comingling funds with college's other accounts.
 - b. At the end of each calendar quarter, CSTCC will provide HEP with a reconciliation showing all revenue and direct CSTCC expense associated with the collaboration.
 - c. At the end of each calendar quarter, HEP will provide CSTCC with a statement of all HEP direct expenses associated with operating the facility.
 - d. The Parties will then develop a reconciliation statement showing the net operating income of the collaboration. Capital expenses of HEP and indirect expenses of HEP and CSTCC are not factored into the net income calculation, except to the extent provided in the budget with respect to overhead allocations. The Parties will create Due to/Due From Invoices based on the following parameters:
 - i. If total collaboration revenue is insufficient to pay 105% of CSTCC direct expenses, then CSTCC will submit an invoice to

HEP for the difference. This ensures that CSTCC is guaranteed all of its direct expenses plus 5% overhead.

- ii. If total collaboration revenue is sufficient to pay CSTCC 105% of its direct costs, then HEP will submit an invoice to CSTCC for all its direct costs and overhead, plus a service fee of 15% of collaboration revenue, plus any prior period shortfalls not subsequently paid.
- iii. The shortfalls from prior periods are in no way a current obligation of CSTCC. They are fees payable only in the event that Collaboration net income in a future period is sufficient to cover them.
- iv. Invoices will be provided within 15 days of the end of a calendar quarter, with payment due within 30 days of receipt of the invoice.
- e. HEP and CSTCC will make all books and records available to the other Party upon request.

7. Term:

- a. Initial term of 10 years.
- b. Renewal every 5 years at the parties request unless at least twelve months' notice is given to terminate the collaboration.
- c. If CSTCC terminates the agreement, it shall have no obligation to pay any capital or operational losses incurred by HEP, nor have any future obligation related to the project.
- d. If HEP terminates the agreement, CSTCC shall have the option of continuing the full use of the facility to the extent of the use as of the date of notice of termination, for up to 24 additional months following termination of the agreement, under the same terms that existed prior to notice of termination.

Mr. Oestreicher moved to accept the Letter of Agreement between Higher Education Partners, LLC (HEP) and Cincinnati State Technical and Community College (CSTCC) dated October 1, 2011. Mr. Walton seconded the motion

ROLL CALL VOTE							
MEMBER	AYES	NOES	ABSTAINED	MEMBER	AYES	NOES	ABSTAINED
Dr. Bankston	X			Mr. Steele			
Mrs. Crain	X			Ms. Waller	X		
Mrs. Leonard	X			Mr. Walton	X		
Mr. McKenna	X			Mr. Oestreicher	X		
Mr. Ringel							
				TOTAL	7	0	0

Mrs. Crain commented that the union negotiations will not be in the newsletter. Students had asked during the question and answer period earlier why they did not know about the strike sooner. That was because the Board did not know about the strike sooner.

Mr. McKenna wanted the record to reflect that he went into the Middletown issue as skeptical, but now is convinced it will be good for both Middletown and Cincinnati State.

Mrs. Leonard moved that the Board meet in Public Session on Tuesday, October 25, 2011 at 3:45 pm at the College, pursuant to the provisions of the Ohio Revised Code Section 121.22. Dr. Bankston seconded the motion.

A unanimous voice vote was in the affirmative.

ADJOURNMENT

The meeting adjourned at 7:21 p.m.

Respectfully submitted,

Laurie Leonard, Secretary
Board of Trustees

Next Public Meeting
October 25, 2011
3:45 pm
Conference Center