

MEMORANDUM

TO: Board of Trustees
FROM: Jennifer Howard
DATE: March 14, 2019
SUBJECT: State Auditors: Exit Conference for FY18 financial statement audit

At the Board of Trustees meeting in November 2018, the Board heard from the state auditors the plan for the audit of the fiscal year 2018 (FY18) financial statements. It was decided, at the November meeting and later reviewed again at the December Board work session, that an audit would be conducted for FY18 in lieu of producing financial statements for audits for FY15, FY16, and FY17.

The financial statement and the audit are completed for FY18, and the state auditors, along with Susan Dresser, Senior Director of Financial Reporting and Jennifer Strother, Executive Director of Finance will present the results to the Board as part of the exit meeting process.

The Board is asked to review the materials that the state auditors will provide at the meeting.

Submitted by:



Jennifer Howard, Int. Vice Chancellor of Administrative Services

Transmitted to the Board with a favorable recommendation.



Dr. Shouan Pan
Chancellor

Management's Discussion and Analysis

Seattle Colleges

The following discussion and analysis provides an overview of the financial position and activities of Seattle Colleges for the fiscal year ended June 30, 2018 (FY 2018). This overview provides readers with an objective and easily readable analysis of the Colleges' financial performance for the year, based on currently known facts and conditions. This discussion has been prepared by management and should be read in conjunction with the Colleges' financial statements and accompanying note disclosures.

Using the Financial Statements

The financial statements presented in this report encompass the entirety of Seattle Colleges. The Colleges' financial statements include; the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. The Statement of Net Position provides information about the Colleges as of June 30, 2018. The Statement of Revenue, Expenses and Changes in Net Position and the Statement of Cash flows provide information about operations and activities over the entire fiscal year. Together, these statements, along with the accompanying notes, provide a comprehensive way to assess the colleges' financial condition.

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net position are reported under the accrual basis of accounting where all of the current year's revenues and expenses are taken into account regardless of when cash is received or payments are made. Full accrual statements are intended to provide a view of the Colleges' financial position similar to that presented by most private-sector companies. These financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), which establishes standards for external financial reporting for public colleges and universities. The full scope of the Colleges' activities is considered to be a single business-type activity and accordingly, is reported within a single column in the basic financial statements.

During 2018, the Colleges implemented GASB Statement No. 75, *Accounting and Financial Reporting for postemployment Benefits Other than Pensions (OPEB)*. This Statement requires the Colleges to recognize its proportionate share of the state's actuarially determined OPEB liability with a one-year lag measurement date similar to GASB Statement No. 68. The change in accounting principle resulted in an adjustment to beginning net position in the amount of \$85,879,924.

Statement of Net Position

The Statement of Net Position provides information about the Colleges' financial position and presents the Colleges' assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the Colleges as of the end of the fiscal year. A condensed comparison of the Statement of Net Position is as follows:

Condensed Statement of Net Position
As of June 30th

	2018	2017 (unaudited)
Assets		
Current Assets	\$ 66,504,268	\$ 66,594,858
Capital Assets, net	216,984,486	218,799,097
Other Assets, non-current	39,188,184	44,714,566
Total Assets	322,676,938	330,108,521
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	5,630,838	7,556,555
Deferred Outflows Related to OPEB	1,209,829	-
Total Deferred Outflows	6,840,667	7,556,555
Liabilities		
Current Liabilities	33,621,517	25,808,653
Other Liabilities, non-current	114,058,164	53,177,656
Total Liabilities	147,679,681	78,986,309
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions	7,884,097	3,451,166
Deferred Inflows Related to OPEB	15,149,123	-
Total Deferred Inflows	23,033,220	3,451,166
Net Position		
Net Investment in Capital Assets	210,394,486	209,808,506
Restricted	1,738,629	1,977,769
Unrestricted	(53,328,412)	43,441,326
Total Net Position	\$ 158,804,703	\$ 255,227,601

Capital assets net of depreciation decreased by \$1,814,611 from FY 2017 to FY 2018. The decrease is primarily the result of current depreciation expense of \$7,895,688 which was partially offset by ongoing acquisitions of equipment and improvements to buildings.

Non-current assets consist primarily of the long-term portion of certain investments. Bonds with maturities greater than one year are considered long-term.

Deferred outflows of resources and deferred inflows of resources represent deferrals in pension and postemployment benefits associated with the implementation of GASB Statement No. 68 in FY 2015, Statement No. 73 in FY 2017, and Statement No. 75 in FY 2018. The decrease in deferred outflows reflect the Colleges' proportionate share of a decrease in the state-wide amounts reported by the Department of Retirement System (DRS) and Health Care Authority

(HCA) due to differences between expected and actual experience related to the actuarial assumptions. The Colleges recorded \$7,556,555 in FY 2017 and \$6,840,666 in FY 2018 of pension and postemployment-related deferred outflows. The decrease reflects the change in proportionate share.

The increase in deferred inflows in 2018 reflects the implementation of GASB Statement No. 75 and the increase in difference between actual and projected investment earnings on the state's pension plans.

Current liabilities include amounts payable to suppliers for goods and services, accrued payroll and related liabilities, the current portion of Certificate of Participation (COP) debt, deposits held for others, unearned revenue and the current portion of OPEB liability. Current liabilities can fluctuate from year to year depending on the timeliness of vendor invoices and resulting vendor payments, especially in the area of capital assets and improvements.

The increase in current liabilities is primarily due to the implementation of GASB Statement 75 which requires the recording of the Colleges' proportionate share of the short term postemployment benefit liability for the state's OPEB.

The Colleges' significant non-current liabilities increased primarily due to the implementation of GASB Statement 75, reflecting the Colleges' proportionate share of the non-current postemployment benefit liability for the state's OPEB.

Net position represents the value of the Colleges' assets and deferred outflows after liabilities and deferred inflows are deducted. Accounting standards require the Colleges to report net position in four categories:

Net Investment in Capital Assets – The Colleges' total investment in property, plant, equipment, and infrastructure net of accumulated depreciation and outstanding debt obligations related to those capital assets. Changes in these balances are discussed above.

Restricted:

Nonexpendable – consists of funds in which a donor or external party has imposed the restriction that the corpus or principal is not available for spending but for investment purposes only. Historically, donors interested in establishing such funds to benefit the Colleges or its students have chosen to do so through the Foundation. As a result, the Colleges are not reporting any balance in this category.

Expendable – resources that the Colleges are legally or contractually obligated to spend in accordance with restrictions placed by donor and/or external parties who have placed time or purpose restrictions on the use of the asset. The primary expendable funds for the Colleges are institutional financial aid funds.

Unrestricted – Includes all other assets not subject to externally imposed restrictions, but which may be designated or obligated for specific purposes by the Board of Trustees or

management. Prudent balances are maintained for use as working capital, as a reserve against emergencies and for other purposes, in accordance with policies established by the Board of Trustees.

As stated earlier in this section, the Colleges' net position was adjusted by \$85,879,924 due to the implementation of GASB 75. Also during FY 2018, the remaining Perkins student loans were assigned to the Department of Education and the program was discontinued.

Net Position As of June 30th	FY 2018	FY 2017 (unaudited)
Net investment in capital assets	210,394,486	209,808,506
Restricted		
Expendable	1,738,629	1,591,312
Student Loans	-	386,457
Unrestricted	(53,328,412)	43,441,326
Total Net Position	\$158,804,703	\$255,227,601

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position accounts for the Colleges' changes in total net position during FY 2018. The objective of the statement is to present the revenues earned, both operating and non-operating, and the expenses paid or incurred by the Colleges, along with any other revenue, expenses, gains and losses of the Colleges.

Generally, operating revenues are earned by the Colleges in exchange for providing goods and services. Tuition, grants and contracts are included in this category. In contrast, non-operating revenues include monies the colleges receive from another government without directly giving equal value to that government in return. Accounting standards require that the Colleges categorize state operating appropriations and Pell Grants as non-operating revenues.

Operating expenses are expenses incurred in the normal operation of the Colleges, including depreciation on property and equipment assets. When operating revenues excluding state appropriations and Pell Grants are measured against operating expenses, the Colleges show an operating loss. The operating loss is reflective of the external funding necessary to keep tuition lower than the cost of the services provided.

A condensed comparison of the Colleges' revenues, expense and changes in net position for the years ended June 30, 2018 and 2017 is presented below.

**Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2018 and 2017**

Operating Revenues	2018	2017 (unaudited)
Student tuition and fees, net	68,060,692	71,411,332
Auxiliary enterprise sales	10,837,208	9,045,367
State and local grants and contracts	32,769,647	34,322,971
Federal grants and contracts	8,021,736	7,385,215
Other operating revenues	2,446,721	2,668,692
Total operating revenues	<u>122,136,004</u>	<u>124,833,577</u>
Operating Expenses		
Salaries and wages	109,812,990	107,404,637
Benefits	38,278,043	35,264,928
Scholarships, net of discounts	34,093,900	32,248,362
Depreciation	7,895,688	8,123,880
Other operating expenses	34,616,682	43,018,723
Total operating expenses	<u>224,697,303</u>	<u>226,060,530</u>
Operating Income (Loss)	(102,561,299)	(101,226,953)
Non-Operating Revenues (Expenses)		
State appropriations	73,075,391	73,207,191
Federal Pell grant revenue	13,598,321	12,295,138
Investment income, gains and losses	1,630,996	582,892
Other non-operating revenues (expenses)	(5,443,667)	(5,234,305)
Net non-operating revenues (expenses)	<u>82,861,041</u>	<u>80,850,916</u>
Income or (loss) before capital contributions	(19,700,258)	(20,376,037)
Capital appropriations and contributions	<u>9,157,284</u>	<u>34,294,111</u>
Change in Net position	<u>(10,542,974)</u>	<u>13,918,074</u>
Net Position		
Net position, beginning of year	255,227,601	241,309,527
Cumulative effect of change in accounting principle (GASB 75)	(85,879,924)	-
Net position, beginning of year	169,347,677	241,309,527
Net position, end of year	<u>158,804,703</u>	<u>255,227,601</u>

Revenues

The state of Washington appropriates funds to the community college system as a whole. The State Board for Community and Technical Colleges (SBCTC) then allocates monies to each college. In FY 2018, the SBCTC allocated funds to each of the 34 colleges based in part on a three-year average of FTE actuals. Additionally, during FY 2018, the legislature designated some general funds as Pension Stabilization funds which did not result in any change in the colleges' funding or expenses. This new designation will continue in FY19.

In FY 2018, the Legislature increased tuition by 2.2% for the Community and Technical Colleges. The tuition increase offset the effect of a decline in lower-level state enrollments which was experienced by most colleges in FY 2018. Tuition was positively impacted by an increase in bachelor's level enrollments.

In FY 2018, Seattle Colleges also experienced a decline in enrollment levels with fewer international students, but an increase in eLearning and Running Start students totaling a combined decline of 3% of enrollment relative to the previous year.

Whereas Pell revenue generally follows enrollment trends, during FY 2018, the Colleges' Pell Grant revenues increased mostly due to the Colleges instituting summer Pell aid. For FY 2018, the Colleges attempted to keep other fees relatively even, which, combined with the enrollment decline resulted in a small decrease in these revenues.

In FY 2018, federal grant and contract revenues increased primarily due to a new Department of Education grant when compared with FY 2017. State grants decreased due to reduced pass-through funding from the State Board for certain grants like the BFET grant. The Colleges continued to serve students under contracted programs like Running Start in which students earn both high school and college credit. Running Start enrollments have continued to increase in FY 2018. The Colleges include international student fees in grants and contracts revenue.

The Colleges receive capital spending authority on a biennial basis and may carry unexpended amounts forward into one or two future biennia, depending on the original purpose of the funding. In accordance with accounting standards, the amount shown as capital appropriation revenue on the financial statement is the amount expended in the current year. Expenses from capital project funds that do not meet accounting standards for capitalization are reported as operating expenses. Those expenses that meet the capitalization standard are not shown as expense in the current period and are instead recognized as depreciation expense over the expected useful lifetime of the asset.

In FY 2018, capital appropriations expended were \$25.1M lower than in FY 2017. Capital appropriation expended in FY 2017 was \$34.3M as the Colleges were finishing the spending of capital appropriated for BI 2015-17. FY 2018 capital appropriation expenditures were much lower than FY 2017 as the BI 2017-19 capital appropriation was not approved by the Legislature until January 2018.

Expenses

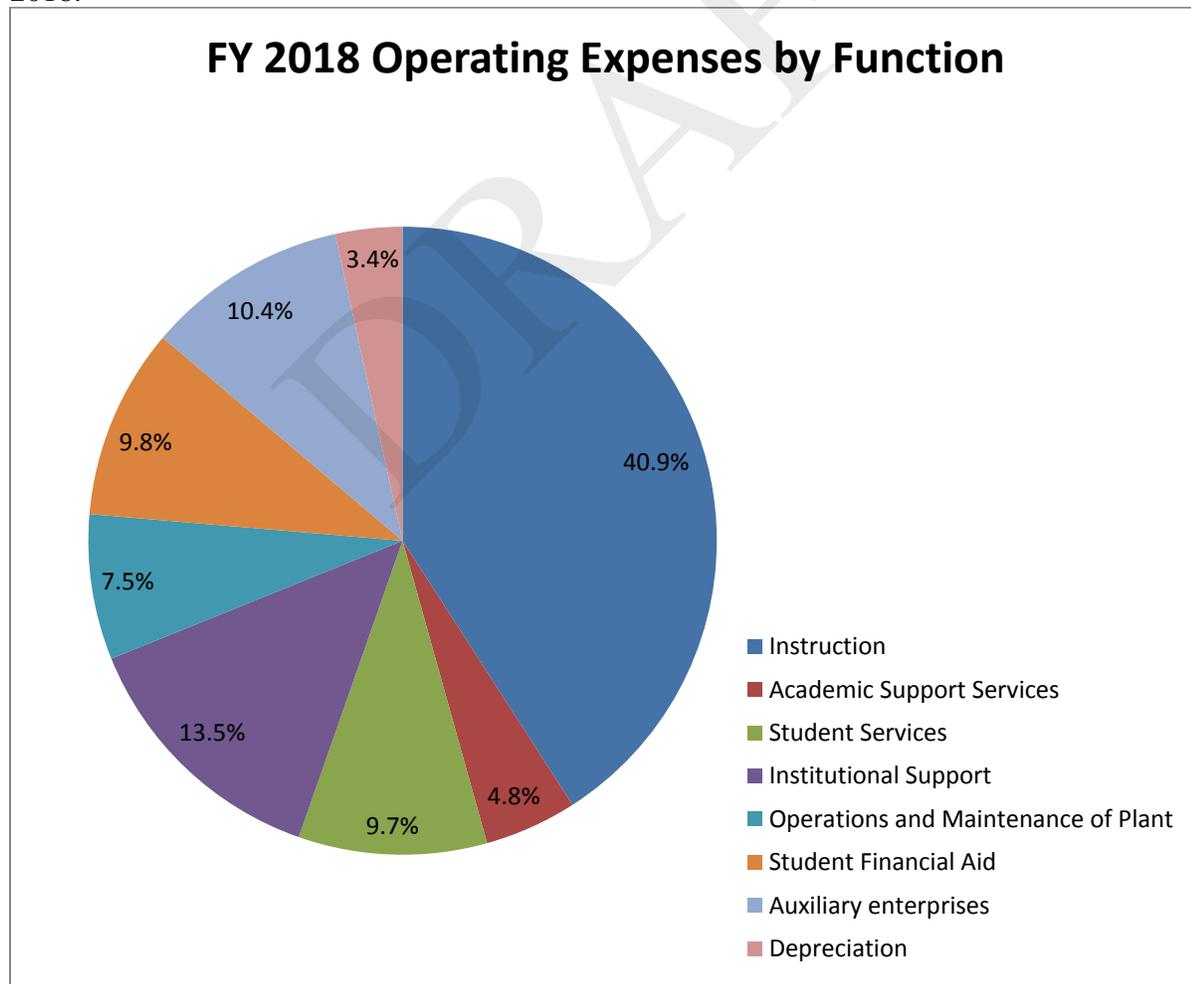
As state allocations fail to cover increasing costs, the Colleges have continuously sought opportunities to identify savings and efficiencies. The Colleges have reduced some low-enrollment programs and limited some services to ensure revenues and expenditures align.

In FY 2018 salary and benefit costs increased as a result of the legislative requirement to fund COLA for all employees. The legislative funding provided 65% of the cost of these increases with 35% of the cost paid for by local college funds. Additional union-negotiated salary increases impacted the Colleges' salary costs for union positions.

Variations in other operating expenses between FY 2017 and FY 2018 included an increase in purchased services obligations and a decrease in supply expenditures. Other operating expenses were \$4.2M higher for repair and maintenance in FY 2017 as projects started at the beginning of the 2015-2017 biennium were finished. Also, the \$2.7M Moore v. HCA settlement was completed and recognized in FY 2017 and had no impact in FY 2018. These fluctuations are to be expected.

Operating Expenses by Function

The chart below shows the percentage of each functional area of operating expenses for FY 2018.



Capital Assets and Long-Term Debt Activities

The community and technical college system submits a single prioritized request to the Office of Financial Management and the Legislature for appropriated capital funds, which includes major projects, minor projects, repairs, emergency funds, alternative financing and major leases. The primary funding source for college capital projects is state general obligation bonds. State funding priorities have not included increasing funding for the community and technical college capital projects at levels previously funded. There is no indication that this will significantly change in the near future. Seattle Colleges has benefited by having one of a small group of community college projects funded by a Certificate of Participation (COP) supported by system-wide building fees.

At June 30, 2018, the Colleges had invested \$216,984,486 in capital assets, net of accumulated depreciation. This represents a decrease of \$1,814,611 from last year, as shown in the table below.

Asset Type	June 30, 2018	June 30, 2017	Change
Land	7,508,685	7,508,685	-
Construction in Progress	1,407,624	47,552,545	(46,144,921)
Buildings, net	198,994,713	154,859,352	44,135,361
Other Improvements and Infrastructure, net	865,807	118,544	747,263
Equipment, net	7,660,907	8,214,001	(553,094)
Library Resources, net	546,750	545,970	780
Total Capital Assets, Net	216,984,486	218,799,097	(1,814,611)

The slight decrease in net capital assets can be attributed to the fact that additions to assets were lower than depreciation for the year. Additional information on capital assets can be found in Note 5 of the Notes to the Financial Statements.

At June 30, 2018, the Colleges had \$6,590,000 in outstanding debt. This represents a decrease of \$1,520,000 from last year, as shown in the table below. During 2018, the Colleges paid the remaining amount due on one of two COP's in the amount of \$1,090,000.

	June 30, 2018	June 20, 2017	Change
Certificates of Participation	6,590,000	8,110,000	(1,520,000)
Total	\$ 6,590,000	\$ 8,110,000	\$ (1,520,000)

Additional information of notes payable, long term debt and debt service schedules can be found in Notes 12 and 13 of the Notes to the Financial Statements.

Economic Factors That May Affect the Future

The Seattle area has seen remarkable economic growth over the past few years. The growing economy has attracted many people from outside the area who have moved into the city. A significant number of these new residents arrive having already attained a college degree and sometimes additional post-graduate degrees. The population growth in Seattle, along with economic growth has pushed up the cost of housing for both renters and owners beyond the means of many of our traditional community college students.

The lack of affordable housing in Seattle results in a smaller pool of potential students in the area. Over the years, Seattle Colleges have relied on international students to stabilize enrollments. However, in the last three years, international student enrollment has declined due to political and other factors.

In general, enrollments state-wide have declined. In Seattle, we see that our enrollments are leveling out. We have increased our strategic enrollment management efforts, focusing on pathway work to make it easier for students to enroll and succeed at Seattle Colleges. Seattle Pathways work will result in lower barriers and improved student success.

Enrollments have also increased from area high schools due to a city-wide free college program called Seattle Promise. Seattle Colleges will continue to benefit from Seattle Promise for the next 7 years with a levy passed by voters in November of 2018 which provides \$40.7M in funding for Seattle high school graduates to attend Seattle Colleges.

Another factor affecting the future of Seattle Colleges is a change in the allocation funding model from the State Board of Community & Technical Colleges (SBCTC). The new model has resulted in lower allocated funding for Seattle Colleges from fiscal year 2015 forward. One aspect of the new allocation model which has negatively impacted Seattle Colleges is the decision to exclude international enrollments from state enrollment calculations. Under the current allocation model, colleges that are not making enrollment targets can claim international enrollments only up to 2% of the enrollment target.

Another negative aspect of the allocation model for Seattle Colleges is that it does not account for differences in the cost of living among colleges in the State which, due to the high cost of housing in the Seattle area, has resulted in difficulty attracting and retaining faculty and staff. Seattle Colleges, along with other colleges in King County have recommended to the State Board for Community & Technical Colleges and legislators, that regional cost-of-living impacts should be addressed through regional pay. Seattle and King County colleges are hopeful that the legislature will be favorable in approving some regional pay. However, there is a potential for the legislature to approve regional pay differences without fully funding these which would result in local funding challenges for Seattle Colleges. The Colleges are in support of the regional pay differential as a positive factor in retaining and attracting excellent faculty and staff.

Seattle Colleges
Statement of Net Position
June 30, 2018

Assets

Current assets

Cash and cash equivalents	\$ 31,664,518
Restricted cash	1,949,065
Short-term investments	13,410,000
Accounts receivable	19,393,893
Prepaid expenses	86,792
Total current assets	<u>66,504,268</u>

Non-Current Assets

Long-term investments	39,188,184
Non-depreciable capital assets	8,916,309
Capital assets, net of depreciation	208,068,177
Total non-current assets	<u>256,172,670</u>

Total assets **322,676,938**

Deferred Outflows of Resources

Deferred outflows related to pensions	5,630,838
Deferred outflows related to OPEB	1,209,829
Total deferred outflows of resources	<u>6,840,667</u>

Liabilities

Current Liabilities

Accounts payable	3,317,015
Accrued liabilities	7,389,628
Compensated absences, short term	4,166,180
Deposits payable	626,499
Unearned revenue	10,008,509
Certificates of participation payable, short term	445,000
TIAA-CREFF liability, short term	164,355
OPEB liability, short term	7,504,331
Total current liabilities	<u>33,621,517</u>

Non-Current Liabilities

Compensated absences	6,965,063
Certificates of participation payable	6,145,000
Net pension liability	23,196,113
Total pension liability	8,808,896
OPEB liability	68,943,092
Total non-current liabilities	<u>114,058,164</u>

Total liabilities **147,679,681**

Deferred Inflows of Resources

Deferred inflows related to pensions	7,884,097
Deferred inflows related to OPEB	15,149,123
Total deferred inflows of resources	<u>23,033,220</u>

Net Position

Net Investment in Capital Assets	210,394,486
Restricted for:	
Nonexpendable	-
Expendable	1,738,629
Student Loans	-
Unrestricted (deficit)	(53,328,412)
Total Net Position	<u>\$ 158,804,703</u>

The footnote disclosures are an integral part of the financial statements.

Seattle Colleges
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2018

Operating Revenues		
Student tuition and fees, net		\$ 68,060,692
Auxiliary enterprise sales		10,837,208
State and local grants and contracts		32,769,647
Federal grants and contracts		8,021,736
Other operating revenues		2,446,721
Interest on loans to students		-
	Total operating revenue	<u>122,136,004</u>
Operating Expenses		
Other operating expenses		21,119,900
Salaries and wages		109,812,990
Benefits		38,278,043
Scholarships and fellowships		34,093,900
Supplies and materials		6,244,912
Depreciation		7,895,688
Purchased services		6,280,700
Utilities		971,170
	Total operating expenses	<u>224,697,303</u>
	Operating income (loss)	<u>(102,561,299)</u>
Non-Operating Revenues (Expenses)		
State appropriations		73,075,391
Federal Pell grant revenue		13,598,321
Investment income, gains and losses		1,630,996
Building fee remittance		(3,744,973)
Innovation fund remittance		(1,007,772)
Liquidation of Perkins Loan program		(374,748)
Interest on indebtedness		(316,174)
	Net non-operating revenue (expenses)	<u>82,861,041</u>
	Income or (loss) before other revenues, expenses, gains, or losses	<u>(19,700,258)</u>
Capital Contributions		
Capital appropriations		9,157,284
	Increase (Decrease) in net position	<u>(10,542,974)</u>
Net Position		
Net position, beginning of year		<u>255,227,601</u>
Cummulative effect of change in accounting principle		(85,879,924)
Net position, beginning of year, as restated		169,347,677
	Net position, end of year	<u><u>\$ 158,804,703</u></u>

The footnote disclosures are an integral part of the financial statements.

Seattle Colleges
Statement of Cash Flows
For the Year Ended June 30, 2018

Cash flows from operating activities	
Student tuition and fees	\$ 66,993,380
Grants and contracts	40,915,197
Payments to vendors	(14,591,911)
Payments for utilities	(714,804)
Payments to employees	(104,419,748)
Payments for benefits	(35,056,244)
Auxiliary enterprise sales	10,842,372
Payments for scholarships and fellowships	(34,093,900)
Collection of loans to students	11,709
Other receipts	2,545,252
Other payments	<u>(22,705,221)</u>
Net cash used by operating activities	<u>(90,273,918)</u>
Cash flows from noncapital financing activities	
State appropriations	70,801,571
Pell grants	13,598,321
Amounts for other than capital purposes	374,748
Building fee remittance	(3,974,124)
Innovation fund remittance	<u>(692,628)</u>
Net cash provided by noncapital financing activities	<u>80,107,888</u>
Cash flows from capital and related financing activities	
Proceeds of capital debt	-
Capital appropriations	9,083,134
Purchases of capital assets	(6,329,035)
Certificate of participations proceeds	-
Principal paid on capital debt	(1,520,000)
Interest paid	<u>(316,174)</u>
Net cash used by capital and related financing activities	<u>917,925</u>
Cash flows from investing activities	
Purchase of investments	(11,483,201)
Proceeds from sales and maturities of investments	11,279,327
Income of investments	<u>672,620</u>
Net cash provided by investing activities	<u>468,746</u>
Increase in cash and cash equivalents	(8,779,358)
Cash and cash equivalents at the beginning of the year	<u>42,392,941</u>
Cash and cash equivalents at the end of the year	<u>33,613,583</u>
Reconciliation of Operating Loss to Net Cash used by Operating Activities	
Operating Loss	<u>(102,561,299)</u>
Adjustments to reconcile net loss to net cash used by operating activities	
Depreciation expense	7,895,688
Changes in assets and liabilities	
Receivables, net	(491,995)
Inventories	98,070
Other assets	77,066
Accounts payable	(2,857,628)
Accrued liabilities	997,543
Deferred revenue	(2,031,660)
Compensated absences	5,764,391
Pension liability adjustment	2,802,732
Deposits payable	21,466
Loans to students	11,709
Net cash used by operating activities	<u>\$ (90,273,918)</u>
Significant Noncash Transactions	
Decrease in fair value of investments	(880,287)
Capital assets acquired through gifts	85,053

The footnote disclosures are an integral part of the financial statements.

FOUNDATION FOR THE SEATTLE COLLEGES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

ASSETS	2017	2016
Current Assets		
Cash and cash equivalents	\$ 2,647,230	\$ 1,885,283
Tenant accounts receivable	76,320	78,064
Contributions receivable	1,038	74,000
Prepaid expenses	100,414	115,416
Total current assets	2,825,002	2,152,763
Restricted Cash	395,621	394,334
Loans Receivable	16,122,050	16,122,050
Investments	167,631	172,768
Cash and Cash Equivalents Held for Endowment		27,268
Endowment Contributions Receivable	68,500	92,500
Endowment Investments	1,489,193	1,428,907
Use of Facilities Contribution Receivable	13,091,845	15,922,514
Property and Equipment, net	44,372,794	46,181,166
Total assets	\$ 78,532,636	\$ 82,494,270
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 239,567	\$ 260,282
Grants payable	33,570	
Priority return distribution payable	239,070	91,357
Deferred rent revenue	63,473	110,556
Loans payable - current portion	190,000	192,000
Total current liabilities	765,680	654,195
Loans Payable, less current portion, net of loan costs	21,475,749	21,589,986
Total liabilities	22,241,429	22,244,181
Net Assets		
Unrestricted	33,451,272	34,145,533
Noncontrolling interest in Pacific Tower Master Tenant, LLC	7,814,422	8,556,483
Total unrestricted	41,265,694	42,702,016
Temporarily restricted	13,745,823	16,478,294
Permanently restricted	1,279,690	1,069,779
Total net assets	56,291,207	60,250,089
Total liabilities and net assets	\$ 78,532,636	\$ 82,494,270

FOUNDATION FOR THE SEATTLE COLLEGES
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2017 and 2016

	2017			2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support								
Contributions	\$ 82,492	\$ 1,038,885	\$ 209,911	\$ 1,331,288	\$ 59,020	\$ 414,593	\$ 94,988	\$ 568,601
District in-kind services contributions	498,284			498,284	467,437			467,437
Net assets released from restrictions	1,090,232	(1,090,232)			424,631	(424,631)		
Total public support	1,671,008	(51,347)	209,911	1,829,572	951,088	(10,038)	94,988	1,036,038
Revenue								
Rent	2,757,454			2,757,454	2,483,295			2,483,295
Parking and conference room fees	390,909			390,909	302,894			302,894
Other income	11,972			11,972	9,524			9,524
Investment income	242,131	149,331		391,462	237,188	13,362		250,550
Total revenue	3,402,466	149,331		3,551,797	3,032,901	13,362		3,046,263
Total public support and revenue	5,073,474	97,984	209,911	5,381,369	3,983,989	3,324	94,988	4,082,301
Expenses								
Foundation programs	1,059,000			1,059,000	1,655,676			1,655,676
Pacific Tower Project	7,796,857			7,796,857	7,774,581			7,774,581
Management and general	142,821			142,821	242,940			242,940
Fundraising	320,042			320,042	148,958			148,958
Total expenses	9,318,720			9,318,720	9,822,155			9,822,155
Change in net assets before Pacific Tower Project contributions and grants	(4,245,246)	97,984	209,911	(3,937,351)	(5,838,166)	3,324	94,988	(5,739,854)
Contributions and government grants								
Government grants restricted for property and equipment		169,214		169,214		693,763		693,763
Repayment of government grant restricted for property and equipment						95,000		95,000
Net assets released from restriction	2,999,669	(2,999,669)			(2,000,000)	(3,805,066)		(2,000,000)
Change in net assets	(1,245,577)	(2,732,471)	209,911	(3,768,137)	(4,033,100)	(3,012,979)	94,988	(6,951,091)
Noncontrolling Member Capital Contribution					6,667,926			6,667,926
Noncontrolling Member Priority Return Distribution	(190,745)			(190,745)	(91,357)			(91,357)
Net Assets, beginning of year	42,702,016	16,478,294	1,069,779	60,250,089	40,158,547	19,491,273	974,791	60,624,611
Net Assets, end of year	\$ 41,265,694	\$ 13,745,823	\$ 1,279,690	\$ 56,291,207	\$ 42,702,016	\$ 16,478,294	\$ 1,069,779	\$ 60,250,089

FOUNDATION FOR THE SEATTLE COLLEGES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2017 and 2016

	2017	2016
Reconciliation of Change in Net Assets		
to Net Cash Flows from Operating Activities		
Change in net assets	\$ (3,768,137)	\$ (6,951,091)
Adjustments to reconcile change in net assets to		
net cash flows from operating activities		
Depreciation and amortization	1,874,160	1,709,854
Amortization of debt issuance costs	76,391	322,715
Use of facilities contribution receivable	2,830,669	2,830,669
Realized and unrealized losses (gains) on investments	(121,085)	5,048
Contributions restricted to endowment	(209,911)	(94,988)
Contributions restricted for property and equipment		(693,763)
Government grants restricted for property and equipment		(95,000)
Repayment of government grant restricted		
for property and equipment		2,000,000
Changes in operating assets and liabilities		
Tenant accounts receivable	1,744	(45,289)
Contributions receivable	72,962	(74,000)
Prepaid expenses	15,002	(48,337)
Accounts payable	(20,715)	(49,877)
Grants payable	33,570	(396,500)
Deferred rent revenue	(47,083)	7,146
Net cash flows from operating activities	737,567	(1,573,413)
Cash Flows from Investing Activities		
Change in restricted cash	(1,287)	12,837,641
Proceeds from sales of investments	616,921	28,549
Purchase of investments	(523,717)	(547,068)
Purchase and construction of property and equipment,		
including \$112,500 of capitalized interest in 2016	(65,788)	(16,917,788)
Net cash flows from investing activities	26,129	(4,598,666)
Cash Flows from Financing Activities		
Payment of debt issuance costs		(600)
Issuance of loans payable		3,757,568
Principal payments on loans payable	(192,628)	(4,040,568)
Contributions received restricted to endowment	233,911	502,488
Contributions restricted for property and equipment		693,763
Government grants received restricted for property and equipment		95,000
Repayment of government grant restricted		
for property and equipment		(2,000,000)
Priority return distribution	(43,032)	
Noncontrolling member capital contribution		6,667,926
Net cash flows from financing activities	(1,749)	5,675,577
Net change in cash and cash equivalents	761,947	(496,502)
Cash and Cash Equivalents, beginning of year	1,885,283	2,381,785
Cash and Cash Equivalents, end of year	\$ 2,647,230	\$ 1,885,283
Supplemental Disclosure		
Interest paid in cash, less amounts capitalized above	\$ 244,042	\$ 173,725
Priority return distribution payable	\$ 147,713	\$ 91,357

SOUTH SEATTLE COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

ASSETS		2017	2016
Cash and cash equivalents		\$ 410,482	\$ 647,957
Investments		19,504,459	16,804,834
Promises to give, net of allowance for uncollectible amounts		629,367	897,709
Prepaid expenses and other assets		6,397	8,619
		<hr/>	<hr/>
Total assets		\$ 20,550,705	\$ 18,359,119
		<hr/>	<hr/>
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable		\$ 35,260	\$ 246,996
Fundraising event prepayments			6,100
		<hr/>	<hr/>
Total liabilities		35,260	253,096
Net assets			
Unrestricted			
Board-designated, endowments		6,768,849	5,300,308
Board-designated, programs		1,227	1,227
Undesignated		1,118,636	1,152,194
		<hr/>	<hr/>
		7,888,712	6,453,729
Temporarily restricted		4,674,175	3,944,681
Permanently restricted		7,952,558	7,707,613
		<hr/>	<hr/>
Total net assets		20,515,445	18,106,023
		<hr/>	<hr/>
Total liabilities and net assets		\$ 20,550,705	\$ 18,359,119
		<hr/>	<hr/>

SOUTH SEATTLE COLLEGE FOUNDATION

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2017 and 2016

	2017			2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue								
Contributions	\$ 41,634	\$ 521,599	\$ 244,945	\$ 808,178	\$ 43,452	\$ 829,106	\$ 487,102	\$ 1,359,660
Interest and dividends	180,466	182,864		363,330	129,136	182,393		311,529
Net realized/unrealized gains on investments	1,112,639	1,127,426		2,240,065	369,901	592,498		962,399
Special events, net of direct expenses of \$23,081 and \$27,611 in 2017 and 2016, respectively	182,788			182,788	118,229	39,531		157,780
In-kind contributions	96,410	84,551		180,961	144,963	175,905		320,868
Total revenue	1,613,937	1,916,440	244,945	3,775,322	805,681	1,819,453	487,102	3,112,236
Net assets released due to satisfaction of restrictions	1,186,946	(1,186,946)			1,375,420	(1,375,420)		
	2,800,883	729,494	244,945	3,775,322	2,181,101	444,033	487,102	3,112,236
Expenses								
Scholarships and other program expenses	1,210,353			1,210,353	1,400,545			1,400,545
Fundraising	44,817			44,817	97,258			97,258
Management and general	110,730			110,730	115,022			115,022
Total expenses	1,365,900			1,365,900	1,612,825			1,612,825
Change in net assets	1,434,983	729,494	244,945	2,409,422	568,276	444,033	487,102	1,499,411
Net Assets, beginning of year	6,453,729	3,944,681	7,707,613	18,106,023	5,885,453	3,500,648	7,220,511	16,606,612
Net Assets, end of year	\$ 7,888,712	\$ 4,674,175	\$ 7,952,558	\$ 20,515,445	\$ 6,453,729	\$ 3,944,681	\$ 7,707,613	\$ 18,106,023

SOUTH SEATTLE COLLEGE FOUNDATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Change in net assets	\$ 2,409,422	\$ 1,499,411
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Net realized/unrealized gains on investments	(2,240,065)	(962,399)
Contributions restricted for endowment	(244,945)	(487,102)
Write-off of uncollectible accounts	1,720	500
Changes in assets and liabilities		
Promises to give	266,622	415,810
Prepaid expenses and other assets	2,222	741
Accounts payable	(211,736)	98,121
Fundraising event prepayments	(6,100)	2,300
Net cash flows from operating activities	(22,860)	567,382
Cash Flows from Investing Activity		
Purchases of investments, net	(459,560)	(1,048,525)
Cash Flows from Financing Activity		
Contributions restricted for endowment	244,945	487,102
Net change in cash and cash equivalents	(237,475)	5,959
Cash and Cash Equivalents, beginning of year	647,957	641,998
Cash and Cash Equivalents, end of year	\$ 410,482	\$ 647,957

Notes to the Financial Statements

June 30, 2018

These notes form an integral part of the financial statements.

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

Seattle Colleges is a District of three comprehensive community colleges and one technical institute offering open-door academic programs, workforce education, basic skills, and community services. The Colleges confer applied baccalaureate, associates degrees, certificates and high school diplomas. A five-member Board of Trustees appointed by the Governor and confirmed by the state Senate governs the Colleges.

The Colleges are an agency of the State of Washington. The financial activity of the colleges is included in the State's Comprehensive Annual Financial Report.

The Foundation for Seattle Colleges, The Seattle Central Community College Foundation, The North Seattle Community College Education Fund and The South Seattle College Foundation are separate but affiliated non-profit entities incorporated under Washington law and recognized as tax-exempt 501(c) (3) charities. The Foundations' charitable purposes are to raise funds for student support. Each Foundation is a discrete component unit based on the criteria contained in Governmental Accounting Standards Board (GASB) Statement Nos. 61, 39 and 14 because the majority of the Foundations' income and resources are restricted by donors and may only be used for the benefit of the colleges or the colleges' students. A discrete component unit is an entity that is legally separate from the College, but has the potential to provide significant financial benefits to the College or whose relationship with the College is such that excluding it would cause the College's financial statements to be misleading or incomplete.

The Foundation for Seattle Colleges and The South Seattle College Foundation financial statements are discretely presented in this report. Intra-entity transactions and balances between the College and the Foundation are not eliminated for financial statement presentation. A copy of each of the Foundation's most recent financial statements may be obtained from the Advancement Administrative Offices at:

Seattle Colleges
1500 Harvard Ave.
Seattle, WA 98122

advancement@seattlecolleges.edu

Attn: Traci Russell, Advancement

Basis of Presentation

The financial statements have been prepared in accordance with GASB Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments as amended by GASB Statement No. 35, Basic Financial Statements and Management Discussion and Analysis for Public Colleges and Universities. For financial reporting purposes, the College is a special-purpose government engaged only in Business Type Activities (BTA). In accordance with BTA reporting, the College presents a Management's Discussion and Analysis; a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; a Statement of Cash Flows; and Notes to the Financial Statements. The format provides a comprehensive, entity-wide perspective of the college's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position and cash flows.

Basis of Accounting

The financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred, regardless of the timing of the cash flows. Intra-agency receivables and payables have generally been eliminated for the financial statements. However, revenues and expenses from the College's auxiliary enterprises are reported as though the College were dealing with private vendors. For all other funds, transactions that are reimbursements of expenses are recorded as reductions of expense.

Non-exchange transactions, in which the College receives (or gives) value without directly giving (or receiving) equal value in exchange, includes state and federal appropriations, and certain grants and donations. Revenues are recognized, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met.

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, bank demand deposits, and deposits with the Washington State Local Government Investment Pool (LGIP). Cash in the investment portfolio is not included in cash and cash equivalents as it is held for investing purposes. Cash and cash equivalents that are held with the intent to fund College operations are classified as current assets along with operating funds invested in the LGIP. The College records all cash, cash equivalents, and investments at amortized cost, which approximates fair value.

The College combines unrestricted cash operating funds from all departments into an internal investment pool. The internal investment pool is comprised of cash, cash equivalents, and U.S. Government Bonds.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. This also includes amounts due from federal, state and local governments or private sources as allowed under the terms of grants and contracts. Where applicable, accounts receivable includes proceeds from Certificates of Participation that have not yet been received from the State Treasurer. Accounts receivable are shown net of estimated uncollectible amounts.

Capital Assets

In accordance with state law, capital assets constructed with state funds are owned by the State of Washington. Property titles are shown accordingly. However, responsibility for managing the assets rests with the College. As a result, the assets are included in the financial statements because excluding them would have been misleading.

Land, buildings and equipment are recorded at cost, or if acquired by gift, at acquisition value at the date of the gift. GASB 34 guidance concerning preparing initial estimates for historical cost and accumulated depreciation related to infrastructure was followed. Capital additions, replacements and major renovations are capitalized. The value of assets constructed includes all material direct and indirect construction costs. Any interest costs incurred are capitalized during the period of construction. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. In accordance with the state capitalization policy, all land, intangible assets and software with a unit cost of \$1,000,000 or more, buildings and improvements with a unit cost of \$100,000 or more, library collections with a total cost of \$5,000 or more and all other assets with a unit cost of \$5,000 or more are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as defined by the State of Washington's Office of Financial Management. Useful lives are generally 3 to 7 years for equipment; 15 to 50 years for buildings and 20 to 50 years for infrastructure and land improvements.

The college reviews assets for impairment whenever events or changes in circumstances have indicated that the carrying amount of its assets might not be recoverable. Impaired assets are reported at the lower of cost or fair value. At June 30, 2018, no assets had been written down.

Unearned Revenues

Unearned revenues occur when funds have been collected prior to the end of the fiscal year but related to the subsequent fiscal year. Unearned revenues also include tuition and fees paid with financial aid funds. The College has recorded summer quarter tuition and fees, housing deposits and advanced grant proceeds as unearned revenues.

Tax Exemption

The College is a tax-exempt organization under the provisions of Section 115 (1) of the Internal Revenue Code and is exempt from federal income taxes on related income.

Pension Liability

For purposes of measuring the net pension liability in accordance with GASB Statement No 68, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of Washington Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) and additions to/deductions from PERS's and TRS's fiduciary net position have been determined on the same basis as they are reported by PERS and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Beginning fiscal year 2017, the College also reports its share of the pension liability for the State Board Retirement Plan in accordance with GASB 73 Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68 (Accounting and Financial Reporting for Pensions). The reporting requirements are similar to GASB68 but use current fiscal yearend as the measurement date for reporting the pension liabilities.

OPEB Liability

In fiscal year 2018, the College implemented GASB Statement No. 75, Accounting and Financial Reporting for postemployment Benefits Other than Pensions (OPEB). This Statement requires the College to recognize its proportionate share of the state's actuarially determined OPEB liability with a one-year lag measurement date similar to GASB Statement No. 68.

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent consumption of net position that is applicable to a future period. Deferred inflows of resources represent acquisition of net position that is applicable to a future period.

Deferred outflows related to pensions are recorded when projected earnings on pension plan investments exceed actual earnings and are amortized to pension expense using a systematic and rational method over a closed period of time. Deferred inflows related to pensions are recorded when actual earnings on pension plan investments exceed projected earnings and are amortized in the same manner as deferred outflows.

Deferred outflows and inflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the college's proportionate share of pension liabilities. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan. Employer transactions to pension plans made subsequent to the measurement date are also deferred and reduce pension liabilities in the subsequent year.

The portion of differences between expected and actual experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, and changes in the college's proportionate share of OPEB liability that are not recognized in OPEB expense should be reported as deferred outflows of resources or deferred inflows of resources related to OPEB. Differences between projected and actual earning on OPEB plan investments that are not recognized in OPEB expense should be reported as deferred outflows of resources or deferred inflows of resources related to OPEB. Employer contributions to the OPEB plan subsequent to the measurement date of the collective OPEB liability should be recorded as deferred outflows of resources related to OPEB.

Net Position

The College's net position is classified as follows.

- Net Investment in Capital Assets. This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets.
- Restricted for Nonexpendable. This consists of endowment and similar type funds for which donors or other outside sources have stipulated as a condition of the gift instrument that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income which may either be expended or added to the principle.
- Restricted for Loans. The loan funds are established for the explicit purpose of providing student support as prescribed by statute or granting authority.
- Restricted for Expendable. These include resources the College is legally or contractually obligated to spend in accordance with restrictions imposed by third parties.
- Unrestricted. These represent resources derived from student tuition and fees, and sales and services of educational departments and auxiliary enterprises.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the College's policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

Classification of Revenues and Expenses

The College has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating Revenues. This includes activities that are directly related to the principal operations of the College, such as (1) student tuition and fees, net of waivers and scholarship discounts and allowances, (2) sales and services of auxiliary enterprises and (3) federal, state and local grants and contracts that primarily support the operational/educational activities of the colleges.

Operating Expenses. Operating expenses include salaries, wages, fringe benefits, utilities, supplies and materials, purchased services, and depreciation.

Non-operating Revenues. This includes activities that are not directly related to the ongoing operations of the College, such as gifts and contributions, state appropriations, investment income and Pell Grants received from the federal government.

Non-operating Expenses. Non-operating expenses include state remittance related to the building fee and the innovation fee, along with interest incurred on the Certificate of Participation Loans.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, State or non-governmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance. Discounts and allowances for the year ending June 30, 2018 are \$8,320,333.

State Appropriations

The State of Washington appropriates funds to the College on both an annual and biennial basis. These revenues are reported as non-operating revenues on the Statements of Revenues, Expenses, and Changes in Net Position, and recognized as such when the related expenses are incurred.

Building and Innovation Fee Remittance

Tuition collected includes amounts remitted to the Washington State Treasurer's office to be held and appropriated in future years. The Building Fee portion of tuition charged to students is an amount established by the Legislature and is subject to change annually. The fee provides funding for capital construction and projects on a system wide basis using a competitive biennial allocation process. The Building Fee is remitted on the 35th day of each quarter. The Innovation Fee was established in order to fund the State Board of Community and Technical College's Strategic Technology Plan. The use of the fund is to implement new ERP software across the entire system. On a monthly basis, the College remits the portion of tuition collected for the Innovation Fee to the State Treasurer for allocation to SBCTC. These remittances are non-exchange transactions reported as an expense in the non-operating revenues and expenses section of the statement of revenues, expenses and changes in net position.

Note 2 - Accounting and Reporting Changes

Reporting Changes

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions (GASB 68)*, which improves accounting and financial reporting by state and local governments for pensions. This statement also supersedes GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as GASB Statement No. 50, *Pension Disclosures*. GASB 68 is effective for fiscal years beginning after June 15, 2014. The College has implemented this pronouncement during the 2015 fiscal year.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to certain Provisions of GASB Statements 67 and 68*. This Statement is intended to improve financial reporting of governments whose employees are provided with pensions that are not within the scope of Statement No. 68, improve the usefulness of information associated with governments that hold assets accumulated for purposes of providing defined benefit pensions not within the scope of Statement No. 68, and to clarify the application of certain provisions of Statements No. 67 and 68. In addition, it establishes requirements for defined contribution plans that are not within the scope of Statement 68. GASB 73 is effective for fiscal years beginning after June 15, 2016. The College has implemented this pronouncement during the 2017 fiscal year.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. The scope of this Statement addresses accounting and financial reporting for defined benefit OPEB and defined contribution OPEB that are provided to employees of state and local governmental employers. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. The College has implemented this pronouncement during the 2018 fiscal year.

Due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for postemployment Benefits Other than Pensions (OPEB)*, the College has a deficit unrestricted net position of \$53,328,415. This new accounting standard requires the College to recognize its portion of the State's total OPEB liability, reducing net position by a substantial amount. Additional information regarding GASB Statement No. 75 can be found in Note 16.

In March 2017, the GASB issued Statement No. 85, Omnibus 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The College took into consideration this guidance as it implemented GASB Statement No. 75 for OPEB.

Cumulative Effect of a Change in Accounting Principle

Beginning net position was restated by \$85,879,924 in fiscal year 2018 as a result of implementing GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*.

Accounting Standard Impacting the Future

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, to addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The effective date of this Statement is fiscal year 2019. The College is in the process of reviewing its assets to ensure compliance with this reporting requirement.

In June 2017, the GASB issued Statement No. 87, *Leases*, which will be in effect beginning fiscal year 2021. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The College is following the State's Office of Financial Management directives to prepare for the implementation of this Statement.

Note 3 - Cash and Investments

Cash and cash equivalents include bank demand deposits, petty cash held at the College and unit shares in the Local Government Investment Pool (LGIP). Investments of surplus or pooled cash balances are reported on the accompanying Statements of Net Position, Balance Sheets, and Statements of Cash Flows as "Cash and Pooled Investments." The Office of the State Treasurer invests state treasury cash surpluses where funds can be disbursed at any time without prior notice or penalty. For reporting purposes, pooled investments are stated at fair value or amortized cost, which approximates fair value. For purposes of reporting cash flows, the state considers cash and pooled investments to be cash equivalents. Pooled investments include short-term, highly-liquid investments that are both readily convertible to cash and are so near their maturity dates that they present insignificant risk of changes in value because of changes in interest rates. For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents.

The LGIP portfolio is invested in a manner that meets the requirements set forth by the Governmental Accounting Standards Board for the maturity, quality, diversification and liquidity for external investment pools that wish to measure all of its investments at amortized costs. The LGIP transacts with its participants at a stable net asset value per share of one dollar, which results in the amortized cost reported equaling the number of shares in the LGIP.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the OST, PO Box 40200, Olympia, Washington 98504-0200, or online at: <https://tre.wa.gov/partners/for-local-governments/local-government-investment-pool-lgip/lgip-comprehensive-annual-financial-report/>. In addition, more information is available regarding the LGIP in the Washington State Consolidated Annual Financial report, which can be found online at <https://www.ofm.wa.gov/accounting/financial-audit-reports/comprehensive-annual-financial-report>.

The College can contribute or withdraw funds in any amount from the LGIP on a daily basis. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals. The College adjusts its LGIP investment amounts monthly to reflect interest earnings as reported from the Office of the State Treasurer.

As of June 30, 2018, the carrying amount of the College’s cash, cash equivalents and restricted cash was \$33,613,583 as represented in the table below.

	June 30, 2018
Petty Cash and Change Funds	\$ 23,786
Bank Demand and Time Deposits	5,790,394
Local Government Investment Pool	25,850,338
Total Cash and Cash Equivalents	\$ 31,664,518
Cash restricted for retainage held	210,436
Cash restricted for supplemental financial aid	1,738,629
Total Restricted Cash	\$ 1,949,065

Outside of investment in the LGIP, investments by the college consist of U.S. Agency bonds. The college measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

All bonds held by the College are obligations of the United States or its agencies and are classified as Level 2 in the fair value hierarchy. As of June 30, 2018, the fair value of investments was \$52,598,184.

Investment Maturities	Fair Value	One Year or Less	1 - 5 Years	6 - 10 Years	10 or More Years
U.S. Agency Obligations	52,598,184	13,281,163	39,317,021	-	-
Total Investments	52,598,184	13,281,163	39,317,021	-	-

Custodial Credit Risks—Deposits

Custodial credit risk for bank demand deposits is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The majority of the College's demand deposits are with the Bank of America. All cash and equivalents, except for change funds and petty cash held by the College, are insured by the Federal Deposit Insurance Corporation (FDIC) or by collateral held by the Washington Public Deposit Protection Commission (PDPC).

Interest Rate Risk—Investments

The College manages its exposure to interest rate changes by limiting the duration of investments to mature at various points in the year. The portfolio average maturity is two years or less.

Concentration of Credit Risk—Investments

State law limits College operating investments to the highest quality sectors of the domestic fixed income market and specifically excludes corporate stocks, corporate and foreign bonds, futures contracts, commodities, real estate, limited partnerships and negotiable certificates of deposit. College policy does not limit the amount the College may invest in any one issuer.

Investments are listed by issuer in the table below. Government sponsored enterprises (GSE's) Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corp (FHLMC), Federal National Mortgage Association (FNMA), issue agency bonds. Each of these agencies has a credit rating of AAA that represents an exceptional degree of creditworthiness. Financing Corporation (FICO) is a U.S. Government agency. U.S. Treasury bonds back zero coupon Treasury securities issued by FICO. Resolution Funding Corporation (RFCSP) securities are obligations of the U.S. Treasury.

Issuer	Fair Value	Rating*
FFCB	\$ 16,853,425	AAA
FHLB	4,444,605	AAA
FHLLMC	2,195,325	AAA
FICO	14,836,932	NR AGY
FNMA	5,944,920	AAA
RFCSP	8,322,977	NR AGY
Total Investments	\$ 52,598,184	

*NR AGY = Non Rated U.S. Government Agency

Custodial Credit Risk—Investments

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the College will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. At June 30, 2018, the College's investments were held by Union Bank in the College's name and are therefore not exposed to custodial credit risk.

Note 4 - Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. It also includes amounts due from federal, state and local governments or private sources in connection with reimbursements of allowable expenses made according to sponsored agreements. At June 30, 2018, accounts receivable were as follows:

Accounts Receivable	Amount
Student Tuition and Fees	\$ 4,002,137
Due from the Federal Government	2,109,674
Due from Other State Agencies	13,314,019
Auxiliary Enterprises	730,685
Other	22,908
Subtotal	20,179,423
Less Allowance for Uncollectible Accounts	(785,530)
Accounts Receivable, net	\$ 19,393,893

Note 5 - Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2018 is presented as follows. The current year depreciation expense was \$7,895,688.

Capital Assets	Beginning Balance	Additions/ Transfers	Retirements	Ending Balance
Capital assets, non-depreciable				
Land	\$ 7,508,685	\$ -	\$ -	\$ 7,508,685
Construction in progress	47,552,545	(46,144,921)	-	1,407,624
Total capital assets, non-depreciable	55,061,230	(46,144,921)	-	8,916,309
Capital assets, depreciable				
Buildings	261,573,712	50,113,401	-	311,687,113
Other improvements and infrastructure	869,683	756,118	-	1,625,801
Equipment	33,128,083	1,218,848	(466,029)	33,880,902
Library resources	1,683,052	153,131	-	1,836,183
Total capital assets, depreciable	297,254,530	52,241,498	(466,029)	349,029,999
Less accumulated depreciation				
Buildings	106,714,358	5,978,041	-	112,692,399
Other improvements and infrastructure	751,139	8,855	-	759,994
Equipment	24,914,083	1,756,442	(450,529)	26,219,996
Library resources	1,137,083	152,350	-	1,289,433
Total accumulated depreciation	133,516,663	7,895,688	(450,529)	140,961,822
Total capital assets, depreciable, net	163,737,867	44,345,810	(15,500)	208,068,177
Capital assets, net	\$218,799,097	\$ (1,799,111)	\$ (15,500)	\$216,984,486

Note 6 - Accounts Payable and Accrued Liabilities

Accrued liabilities as of June 30, 2018, were as follows:

Accounts Payable and Accrued Liabilities	Amount
Amounts Owed to Employees	\$ 3,420,106
Accounts Payable	3,317,015
Amounts Held for Others and Retainage	3,969,522
Total	\$ 10,706,643

Note 7 - Unearned Revenue

Unearned revenue is comprised of receipts which have not yet met revenue recognition criteria, as follows:

Unearned Revenue	Amount
Summer Quarter Tuition & Fees	\$ 9,399,881
Housing and Other Deposits	608,628
Total Unearned Revenue	\$ 10,008,509

Note 8 - Risk Management

The College is exposed to various risk of loss related to tort liability, injuries to employees, errors and omissions, theft of, damage to, and destruction of assets, and natural disasters. The College purchases insurance to mitigate these risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks.

The College purchases commercial property insurance through the master property program administered by the Department of Enterprise Services for buildings that were acquired with COP proceeds. The policy has a deductible of \$250,000 per occurrence and the policy limit is \$100,000,000 per occurrence. The college has had no claims in excess of the coverage amount within the past three years. The College assumes its potential property losses for most other buildings and contents.

The College participates in a State of Washington risk management self-insurance program, which covers its exposure to tort, general damage and vehicle claims. Premiums paid to the State are based on actuarially determined projections and include allowances for payments of both outstanding and current liabilities. Coverage is provided up to \$10,000,000 for each claim with no deductible. The college has had no claims in excess of the coverage amount within the past three years.

The College, in accordance with state policy, pays unemployment claims on a pay-as-you-go basis. The college finances these costs by assessing all funds a monthly payroll expense for unemployment compensation for all employees. Payments made for claims from July 1, 2017 through June 30, 2018, were \$730,034. Cash reserves for unemployment compensation for all employees at June 30, 2018, were \$577,817.

Note 9 - Compensated Absences

At termination of employment, employees may receive cash payments for all accumulated vacation and compensatory time. Employees who retire get 25% of the value of their accumulated sick leave credited to a Voluntary Employees' Beneficiary Association (VEBA) account, which can be used for future medical expenses and insurance purposes. The amounts of unpaid vacation and compensatory time accumulated by College employees are accrued when incurred. The sick leave liability is recorded as an actuarial estimate of one-fourth the total balance on the payroll records. The accrued vacation leave totaled \$4,636,010 and accrued sick leave totaled \$6,495,233 as of June 30, 2018.

Note 10 - Leases Payable

The College has leases for classroom space, housing for international students and office equipment with various vendors. These leases are classified as operating leases. As of June 30, 2018, the minimum lease payments under operating leases consist of the following:

<u>Fiscal year</u>	<u>Operating Leases</u>
2019	\$ 2,061,378
2020	1,873,835
2021	1,335,723
2022	1,338,416
2023	1,340,964
2024-2028	7,187,421
Total minimum lease payments	\$ 15,137,737

Note 11 - Notes Payable

In June 2008, the College obtained financing in order to purchase the building at 1515 Broadway in Seattle through certificates of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount of \$2,801,381. The interest rate charged is 4.129%. In October 2017, the remaining principal balance of \$1,090,000 and interest of \$162,362.50 was paid to retire this debt early.

In June 2010, the College obtained financing in order to build The Opportunity Center for Employment and Education aka Employee Resource Center Building, through certificates of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount of \$9,375,000. The interest rate charged is 4.05%.

The College's debt service requirements for this note agreement for the next five years and thereafter are as follows in Note 12.

Note 12 - Annual Debt Service Requirements

Future debt service requirements at June 30, 2018 are as follows:

Certificates of Participation

Fiscal year	Principal	Interest	Total
2019	\$ 445,000	\$ 266,556	\$ 711,556
2020	460,000	246,094	706,094
2021	475,000	235,993	710,993
2022	490,000	219,369	709,369
2023	510,000	200,994	710,994
2024-2028	2,880,000	676,719	3,556,719
2029-2033	1,330,000	90,450	1,420,450
2034-2038	-	-	-
2039-2043	-	-	-
Total	\$ 6,590,000	\$ 1,936,175	\$ 8,526,175

Note 13 - Schedule of Long Term Liabilities

	Balance outstanding 6/30/17	Additions	Reductions	Balance outstanding 6/30/18	Current portion
Certificates of Participation	\$ 8,110,000	\$ -	\$ 1,520,000	\$ 6,590,000	\$ 445,000
Compensation absences	5,366,851	9,875,131	4,110,739	11,131,243	4,166,180
Net pension liability	30,042,018	4,071,516	10,917,421	23,196,113	-
Total pension liability	10,253,788	3,250,854	4,531,391	8,973,251	164,355
OPEB liability	85,879,924	8,821,223	18,253,724	76,447,423	7,504,331
Total	\$ 139,652,581	\$ 26,018,724	\$ 39,333,275	\$ 126,338,030	\$ 12,279,866

Note 14 - Pension Liability

Pension liabilities reported as of June 30, 2018 consists of the following:

Pension Liability by Plan	
PERS 1	\$ 11,593,699
PERS 2/3	10,453,128
TRS 1	910,336
TRS 2/3	238,950
SBRP	8,973,251
Total	\$ 32,169,364

Note 15 - Retirement Plans

A. General

The College offers three contributory pension plans. The Washington State Public Employees Retirement System (PERS) and Teachers Retirement System (TRS) plans are cost sharing multiple employer defined benefit pension plans administered by the State of Washington Department of Retirement Services. The State Board Retirement Plan (SBRP) is a defined contribution single employer pension plan with a supplemental payment when required. SBRP is administered by the State Board for Community and Technical Colleges (SBCTC) and available to faculty, exempt administrative and professional staff of the state's public community and technical colleges. The College reports its proportionate share of the total pension liability as it is a part of the college system.

For fiscal year 2018, the covered payroll for the College's retirement plans was as follows:

Covered Payroll by Plan		
PERS	\$	29,780,834
TRS		1,466,130
SBRP		58,154,953
Total Covered Payroll	\$	89,401,917

Basis of Accounting

Pension plans administered by the state are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, employee and employer contributions are recognized in the period in which employee services are performed; investment gains and losses are recognized as incurred; and benefits and refunds are recognized when due and payable in accordance with the terms of the applicable plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all plans and additions to/deductions from all plan fiduciary net position have been determined in all material respects on the same basis as they are reported by the plans.

In accordance with Statement No. 68, the College has elected to use the prior fiscal year end as the measurement date for reporting net pension liabilities to align with the State CAFR.

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB Statement No. 68 and No. 73 for Seattle Colleges, for fiscal year 2018:

Aggregate Pension Amounts - All Plans

Pension Liabilities	\$	(32,169,364)
Deferred outflows of resources related to pensions	\$	5,630,838
Deferred inflows of resources related to pensions	\$	(7,884,097)
Pension Expense	\$	(1,570,245)

B. College Participation in Plans Administered by the Department of Retirement Systems

PERS and TRS

Plan Descriptions. PERS Plan 1 provides retirement and disability benefits and minimum benefit increases to eligible nonacademic plan members hired prior to October 1, 1977. PERS Plans 2 and 3 provide retirement and disability benefits and a cost-of-living adjustment to eligible nonacademic plan members hired on or after October 1, 1977. Retirement benefits are vested after five years of eligible service. PERS Plan 3 has a defined contribution component that members may elect to self-direct as established by the Employee Retirement Benefits Board. PERS 3 defined benefit plan benefits are vested after an employee completes five years of eligible service.

TRS Plan 3 provides retirement benefits to certain eligible faculty hired on or after October 1, 1977. The plan includes both a defined benefit portion and a defined contribution portion. The defined benefit portion is funded by employer contributions only. Benefits are vested after an employee completes five or ten years of eligible service, depending on the employee's age and service credit, and include an annual cost-of living adjustment. The defined contribution component is fully funded by employee contributions and investment performance.

The college also has two faculty members with pre-existing eligibility who continue to participate in TRS 1 or 2.

The authority to establish and amend benefit provisions resides with the legislature. PERS and TRS issue publicly available financial reports that include financial statements and required supplementary information. The report may be obtained by writing to the Department of Retirement Systems, PO Box 48380, Olympia, Washington 98504-8380 or online at <http://www.drs.wa.gov/administration>.

Funding Policy. Each biennium, the state Pension Funding Council adopts PERS and TRS Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for PERS and TRS Plans 1 are established by statute. By statute, PERS 3 employees may select among six contribution rate options, ranging from 5 to 15 percent.

The required contribution rates, expressed as a percentage of current year covered payroll, are shown in the table below. The College and the employees made 100% of required contributions.

Contribution Rates and Required Contributions. The College's contribution rates and required contributions for the above retirement plans for the years ending June 30, 2018, 2017, and 2016 are as follows.

Contribution Rates at June 30						
	FY 2016		FY 2017		FY 2018	
PERS	Employee	College	Employee	College	Employee	College
Plan 1	6.00%	11.18%	6.00%	11.18%	6.00%	12.70%
Plan 2	6.12%	11.18%	6.12%	11.18%	7.38%	12.70%
Plan 3	5 - 15%	11.18%	5 - 15%	11.18%	5 - 15%	12.70%
TRS						
Plan 1	6.00%	13.13%	6.00%	13.13%	6.00%	15.20%
Plan 2	5.95%	13.13%	5.95%	13.13%	7.06%	15.20%
Plan 3	5-15%	13.13%	5-15%	13.13%	5-15%	15.20%

Required Contributions							
	FY 2016		FY 2017		FY 2018		
PERS	Employee	College	Employee	College	Employee	College	
Plan 1	\$ 45,325	\$ 82,478	\$ 31,592	\$ 58,866	\$ 21,553	\$ 45,566	
Plan 2	718,629	731,541	1,353,452	2,472,790	1,583,392	2,725,708	
Plan 3	308,625	285,300	502,749	828,598	553,920	1,013,796	
TRS							
Plan 1	7,359	15,527	7,986	17,157	2,070	5,113	
Plan 2	12,653	24,934	2,062	4,550	408	898	
Plan 3	\$ 85,128	\$ 87,067	\$ 71,973	\$ 124,744	\$ 107,090	\$ 213,918	

Investments. The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

Retirement funds are invested in the Commingled Trust Fund (CTF). Established on July 1, 1992, the CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate, and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of written WSIB adopted investment policies for the various asset classes in which the WSIB invests.

For the year ended June 30, 2017, the annual money-weighted rate of return on the pension investments, net of pension plan investment expenses, are as follows:

Pension Plan	Rate of Return
PERS Plan 1	13.84%
PERS Plan 2/3	14.11%
TRS Plan 1	14.45%
TRS Plan 2/3	14.10%

These money-weighted rates of return express investment performance, net of pension plan investment expense, and reflects both the size and timing of cash flows.

The PERS and TRS target asset allocation and long-term expected real rate of return as of June 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	20%	1.70%
Tangible Assets	5%	4.90%
Real Estate	15%	5.80%
Public Equity	37%	6.30%
Private Equity	23%	9.30%
Total	100%	

The inflation component used to create the above table is 2.20 percent and represents WSIB's most recent long-term estimate of broad economic inflation.

Pension Expense. Pension expense is included as part of "Employee Benefits" expense in the statement of revenues, expenses and changes in net position. The table below shows the components of each pension plans expense as it affected employee benefits:

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	Total
Actuarially determined pension expense	\$723,679	\$ 1,453,495	\$ 58,528	\$ 85,909	\$ 2,321,611
Amortization of change in proportionate share of liability	(272,233)	305,784	(71,144)	24,997	(12,596)
Total Pension Expense	\$451,446	\$ 1,759,279	\$ (12,616)	\$110,906	\$2,309,015

Changes in Proportionate Shares of Pension Liabilities. The changes to the College’s proportionate share of pension liabilities from 2016 to 2017 for each retirement plan are listed below:

	2016	2017	Change
PERS 1	0.249531%	0.244331%	-0.005200%
PERS 2/3	0.301052%	0.300851%	-0.000201%
TRS 1	0.032263%	0.030111%	-0.002152%
TRS 2/3	0.027799%	0.025890%	-0.001909%

The College’s proportion of the net pension liability was based on a projection of the College’s long-term share of contributions to the pension plan to the projected contributions of all participating state agencies, actuarially determined.

Actuarial Assumptions. The total pension liability for each of the plans was determined using the most recent actuarial valuation completed in 2017 with a valuation date of June 30, 2016. Besides the discount rate, the actuarial assumptions used in the valuation are summarized in the Actuarial Section of DRS’ Comprehensive Annual Financial Report (CAFR). The DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov. These assumptions reflect the results of OSA’s 2007-2012 Experience Study and the 2015 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2016 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2017. Plan liabilities were rolled forward from June 30, 2016, to June 30, 2017, reflecting each plan’s normal cost (using the entry age cost method), assumed interest and actual benefit payments.

- Inflation: 3.0% total economic inflation; 3.75% salary inflation
- Salary Increases: In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- Investment rate of return: 7.50%

Mortality rates were based on the RP-2000 report’s “Combined Healthy Table” and “Combined Disabled Table.” The Society of Actuaries published the document. OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100% Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout the member’s lifetime.

Changes in methods and assumptions since the last valuation include:

- For all plans except LEOFF Plan 1, how terminated and vested member benefits are valued was corrected.
- How the basic minimum COLA in PERS Plan 1 and TRS Plan 1 is valued for legal order payees was improved.

- The average expected remaining service lives calculation was revised. It is used to recognize the changes in pension expense to no longer discount future years of service back to the present day.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent, the same as the prior measurement date. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan’s fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements.

Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including TRS Plan 2/3, whose rates include a component for the TRS Plan 1 liability).

Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5 percent on pension plan investments was applied to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the College calculated using the discount rate of 7.50 percent, as well as what the College’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

Pension Plan	6.50%	7.50%	8.50%
PERS 1	\$ 14,123,338	\$ 11,593,697	\$ 9,402,485
PERS 2/3	\$ 28,161,838	\$ 10,453,134	\$ (4,056,521)
TRS 1	\$ 1,131,983	\$ 910,336	\$ 718,485
TRS 2/3	\$ 811,560	\$ 238,950	\$ (226,117)

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

The following represent the components of the College’s deferred outflows and inflows of resources as reflected on the Statement of Net Position, for the year ended June 30, 2018:

	PERS 1	
	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	-	-
Difference between expected and actual earnings of pension plan investments	-	432,644
Changes of assumptions	-	-
Changes in College's proportionate share of pension liabilities	-	-
Contributions subsequent to the measurement date	1,534,263	-
Totals	\$ 1,534,263	\$ 432,644

	PERS 2/3	
	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	1,059,149	343,785
Difference between expected and actual earnings of pension plan investments	-	2,786,554
Changes of assumptions	111,032	-
Changes in College's proportionate share of pension liabilities	372,360	7,398
Contributions subsequent to the measurement date	2,203,771	-
Totals	\$ 3,746,312	\$ 3,137,737

	TRS 1	
	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	-	-
Difference between expected and actual earnings of pension plan investments	-	38,566
Changes of assumptions	-	-
Changes in College's proportionate share of pension liabilities	-	-
Contributions subsequent to the measurement date	107,772	-
Totals	\$ 107,772	\$ 38,566

	TRS 2/3	
	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	59,586	12,190
Difference between expected and actual earnings of pension plan investments	-	86,476
Changes of assumptions	2,816	-
Changes in College's proportionate share of pension liabilities	69,494	18,776
Contributions subsequent to the measurement date	110,596	-
Totals	\$ 242,492	\$ 117,442

The \$3,956,402 reported as deferred outflows of resources represent contributions the College made subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the year ended June 30, 2019.

Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

Year ended				
June 30:	PERS 1	PERS 2/3	TRS 1	TRS 2/3
2019	(292,440)	(866,665)	(28,328)	(8,884)
2020	92,328	409,305	10,605	36,182
2021	(21,438)	(229,806)	(943)	7,796
2022	(221,095)	(1,121,935)	(19,901)	(32,435)
2023	-	93,001	-	2,457
Thereafter	-	120,902	-	9,338
Total	\$ (442,645)	\$ (1,595,198)	\$ (38,567)	\$ 14,454

C. College Participation in Plan Administered by the State Board for Community and Technical Colleges

State Board Retirement Plan (SBRP) – Supplemental Defined Benefits Plans

Plan Description. The State Board Retirement Plan is a privately administered single-employer defined contribution plans with a supplemental defined benefit plan component which guarantees a minimum retirement benefit based upon a one-time calculation at each employee's retirement date. The supplemental component is financed on a pay-as-you-go basis. Seattle College participates in this plan as authorized by chapter 28B.10 RCW and reports its proportionate share of the total pension liability. State Board makes direct payments to qualifying retirees when the

retirement benefits provided by the fund sponsors do not meet the benefit goals, no assets are accumulated in trusts or equivalent arrangements.

Contributions. Contribution rates for the SBRP (TIAA-CREF), which are based upon age, are 5%, 7.5% or 10% of salary and are matched by the College. Employee and employer contributions for the year ended June 30, 2018 were each \$5,020,651.

Benefits Provided. The State Board Supplemental Retirement Plans (SBRP) provide retirement, disability, and death benefits to eligible members.

As of July 1, 2011, all the Supplemental Retirement Plans were closed to new entrants.

Members are eligible to receive benefits under this plan at age 62 with 10 years of credited service. The supplemental benefit is a lifetime benefit equal to the amount a member's goal income exceeds their assumed income. The monthly goal income is the one-twelfth of 2 percent of the member's average annual salary multiplied by the number of years of service (such product not to exceed one-twelfth of fifty percent of the member's average annual salary). The member's assumed income is an annuity benefit the retired member would receive from their defined contribution Retirement Plan benefit in the first month of retirement had they invested all employer and member contributions equally between a fixed income and variable income annuity investment.

Plan members have the option to retire early with reduced benefits.

The SBRP supplemental pension benefits are unfunded. For the year ended June 30, 2018, supplemental benefits were paid by the SBCTC on behalf of the College in the amount of \$1,300,000. The College's share of this amount was \$133,817. In 2012, legislation (RCW 28B.10.423) was passed requiring colleges to pay into a Higher Education Retirement Plan (HERP) Supplemental Benefit Fund managed by the State Investment Board, for the purpose of funding future benefit obligations. During fiscal year 2018, the College paid into this fund at a rate of 0.5% of covered salaries, totaling \$290,423. This amount was not used as a part of GASB73 calculations its status as an asset has not been determined by the Legislature. As of June 30, 2018, the Community and Technical College system accounted for \$16,351,270 of the fund balance.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2016. Update procedures were used to roll forward the total pension liability to the June 30, 2018 measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Salary Increases	3.50%-4.25%
Fixed Income and Variable Income	
Investment Returns	4.25-6.25%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates

using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

Most actuarial assumptions used in the June 30, 2016, valuation were based on the results of the April 2016 Supplemental Plan Experience Study. Additional assumptions related to the fixed income and variable income investments were based on feedback from financial administrators of the Higher Education Supplemental Retirement Plans.

Material assumption changes during the measurement period include the discount rate increase from 2.85 percent to 3.58 percent and the variable income investment return assumption dropping from 6.75 percent to 6.25 percent.

Discount Rate. The discount rate used to measure the total pension liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 3.58 percent for the June 30, 2018, measurement date.

Pension Expense. For the year ended June 30, 2018, the components that make up pension expense for the College are as follows:

Proportionate Share (%)		10.29%
Service Cost	\$	393,937
Interest Cost		362,026
Amortization of Differences Between Expected and Actual Experience		(477,006)
Amortization of Changes of Assumptions		(126,303)
Changes of Benefit Terms		-
Administrative Expenses		-
Other Changes in Fiduciary Net Position		-
Proportionate Share of Collective Pension Expense		152,654
Amortization of the Change in Proportionate Share of TPL		(75,513)
Total Pension Expense	\$	77,141

Proportionate Shares of Pension Liabilities. The College's proportionate share of pension liabilities for fiscal year ending June 30, 2018 was 10.29%. The College's proportion of the total pension liability was based on a projection of the College's long-term share of contributions to the pension plan to the projected contributions of all participating Colleges. The College's change in proportionate share of the total pension liability and deferred inflows and deferred outflows of resources are represented in the following table:

Proportionate Share (%) 2017	10.79%
Proportionate Share (%) 2018	10.29%
Total Pension Liability - Ending 2017	\$ 10,253,788
Total Pension Liability - Beginning 2018	9,784,079
Total Pension Liability - Change in Proportion	(469,708)
Total Deferred Inflow/Outflows - 2017	2,933,845
Total Deferred Inflow/Outflows - 2018	2,799,451
Total Deferred Inflows/Outflows - Change in Proportion	(134,394)
Total Change in Proportion	\$ (604,103)

Plan Membership. Membership in the State Board Supplemental Retirement Plan consisted of the following as of June 30, 2016, the most recent actuarial valuation date:

Plan	Number of Participating Members			
	Inactive Members or Beneficiaries Currently Receiving Benefits	Inactive Members Entitled to But Not Yet Receiving Benefits	Active Members	Total Members
SBRP	12	3	647	662

Change in Total Pension Liability. The following table presents the change in total pension liability of the State Board Supplemental Retirement Plan at June 30, 2018, the latest measurement date for the plan:

Schedule of Changes in Total Pension Liability	
	Amount
Service Cost	\$ 393,937
Interest	362,026
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(1,070,742)
Changes in Assumptions	(362,232)
Benefit Payments	(133,817)
Change in Proportionate Share of TPL	(469,708)
Other	-
Net Change in Total Pension Liability	(1,280,536)
Total Pension Liability - Beginning	10,253,788
Total Pension Liability - Ending	\$ 8,973,252

Sensitivity of the Total Pension Liability to Changes in the Discount Rate. The following table presents the total pension liability, calculated using the discount rate of 3.87 percent, as well as what the employers' total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87 percent) or 1 percentage point higher (4.87 percent) than the current rate:

1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
\$ 10,231,141	\$ 8,970,102	\$ 7,921,242

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the State Board Supplemental Retirement Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ 2,858,639
Changes of Assumptions	-	770,477
Changes in College's proportionate share of pension liability	-	528,590
Transactions Subsequent to the Measurement Date	-	-
Total	\$ -	\$ 4,157,706

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the fiscal years ended June 30:

State Board Supplemental Retirement Plan	
<hr/>	
2019	(603,309)
2020	(603,309)
2021	(603,309)
2022	(603,309)
2023	(603,309)
Thereafter	(612,573)

D. Defined Contribution Plans

Public Employees' Retirement System Plan 3

The Public Employees' Retirement System (PERS) Plan 3 is a combination defined benefit/defined contribution plan administered by the state through the Department of Retirement Systems (DRS).

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent on employee contributions and investment earnings on those contributions. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the retirement strategy fund that assumes the member will retire at age 65.

Members in PERS Plan 3 are immediately vested in the defined contribution portion of their plan, and can elect to withdraw total employee contributions, adjusted by earnings and losses from investments of those contributions, upon separation from PERS-covered employment.

Teachers' Retirement System Plan 3

The Teachers' Retirement System (TRS) Plan 3 is a combination defined benefit/defined contribution plan administered by the state through the Department of Retirement Systems (DRS). Refer Note 11.B for TRS Plan descriptions.

TRS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of TRS Plan 3.

TRS Plan 3 defined contribution retirement benefits are dependent on employee contributions and investment earnings on those contributions. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, TRS Plan 3 contributions are invested in the retirement strategy fund that assumes the member will retire at age 65.

Members in TRS Plan 3 are immediately vested in the defined contribution portion of their plan, and can elect to withdraw total employee contributions, adjusted by earnings and losses from investments of those contributions, upon separation from TRS-covered employment.

Washington State Deferred Compensation Program

The College, through the state of Washington, offers its employees a deferred compensation plan created under Internal Revenue Code Section 457. The plan, available to all State employees, permits individuals to defer a portion of their salary until future years. The state of Washington administers the plan on behalf of the College's employees. The deferred compensation is not available to employees until termination, retirement or unforeseeable financial emergency. The College does not have access to the funds.

Note 16 - Other Post-Employment Benefits

The College implemented Statement No. 75 of the Governmental Accounting Standards Board (GASB) *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension* for fiscal year 2018 financial reporting. In addition to pension benefits as described in Note 15, the College, through the Health Care Authority (HCA), administers a single employer defined benefit other postemployment benefit (OPEB) plan.

Plan Description. Per RCW 41.05.065, the Public Employees' Benefits Board (PEBB), created within the HCA, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage. PEBB establishes eligibility criteria for both active employees and retirees. Benefits purchased by PEBB include medical, dental, life, and long-term disability.

The relationship between the PEBB OPEB plan and its member employers, their employees, and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan in effect at the time of each valuation. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the HCA, employers and plan members, and the historical pattern of practice with regard to the sharing of benefit costs.

The PEBB OPEB plan is administered by the state and is funded on a pay-as-you-go basis. In the state CAFR the plan is reported in governmental funds using the modified accrual basis and the current financial resources measurement focus. For all proprietary and fiduciary funds, the OPEB plan is reported using the economic resources measurement focus and the accrual basis of accounting. It has no assets. The PEBB OPEB plan does not issue a publicly available financial report.

Employees Covered by Benefit Terms. Employers participating in the PEBB plan for the state include general government agencies, higher education institutions, and component units. Additionally, there are 76 of the state’s K-12 schools and educational service districts (ESDs), and 249 political subdivisions and tribal governments not included in the state's financial reporting who participate in the PEBB plan. The plan is also available to the retirees of the remaining 227 K-12 schools, charter schools, and ESDs. Membership in the PEBB plan for the state consisted of the following:

**Summary of Plan Participants
As of June 30, 2017**

Active Employees	123,379
Retirees Receiving Benefits*	46,180
Retirees Not Receiving Benefits**	6,000
Total Active Employees and Retirees	175,559

*Enrollment data for June, 2017 from Report 1: PEBB Total Member Enrollment for June 2017 Coverage report. PEBB Retirees only.

**This is an estimate of the number of retirees that may be eligible to join a post-retirement PEBB program in the future.

The PEBB retiree OPEB plan is available to employees who elect to continue coverage and pay the administratively established premiums at the time they retire under the provisions of the retirement system to which they belong. Retirees’ access to the PEBB plan depends on the retirement eligibility of their respective retirement system. PEBB members are covered in the following retirement systems: PERS, PSERS, TRS, SERS, WSPRS, Higher Education, Judicial, and LEOFF 2. However, not all employers who participate in these plans offer PEBB to retirees.

Benefits Provided. Per RCW 41.05.022, retirees who are not yet eligible for Medicare benefits may continue participation in the state’s non-Medicare community-rated health insurance risk pool on a self-pay basis. Retirees in the non-Medicare risk pool receive an implicit subsidy. The

implicit subsidy exists because retired members pay a premium based on a claims experience for active employees and other non-Medicare retirees. The subsidy is valued using the difference between the age-based claims costs and the premium. In calendar year 2016, the average weighted implicit subsidy was valued at \$304 per member per month, and in calendar year 2017, the average weighted implicit subsidy is projected to be \$328 per adult unit per month.

Retirees who are enrolled in both Parts A and B of Medicare may participate in the state’s Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy in the form of reduced premiums. Annually, the HCA administrator recommends an amount for the next calendar year’s explicit subsidy for inclusion in the Governor’s budget. The final amount is approved by the state Legislature. In calendar year 2016, the explicit subsidy was up to \$150 per member per month, and it remained up to \$150 per member per month in calendar years 2017 and 2018. This will increase in calendar year 2019 to up to \$168 per member per month.

Contribution Information. Administrative costs as well as implicit and explicit subsidies are funded by required contributions (RCW 41.05.050) from participating employers. The subsidies provide monetary assistance for medical benefits.

Contributions are set each biennium as part of the budget process. The benefits are funded on a pay-as-you-go basis.

For calendar year 2017, the estimated monthly cost for PEBB benefits for each active employees (average across all plans and tiers) is as follows (expressed in dollars):

	Required Premium*	
Medical	\$	1,024
Dental		79
Life		4
Long-term Disability		2
Total		1,109
Employer contribution		959
Employee contribution		151
Total	\$	1,110

*Per 2017 PEBB Financial Projection Model 8.0. Per capita cost based on subscribers; includes non-Medicare risk pool only. Figures based on CY2017 which includes projected claims cost at the time of this reporting.

For information on the results of an actuarial valuation of the employer provided subsidies associated with the PEBB plan, refer to:

<http://leg.wa.gov/osa/additionalservices/Pages/OPEB.aspx>

Total OPEB Liability

As of June 30, 2018, the state reported a total OPEB liability of \$5.83 billion. The College’s proportionate share of the total OPEB liability is \$76,447,422. This liability was determined based on a measurement date of June 30, 2017.

Actuarial Assumptions. Projections of benefits for financial reporting purposes are based on the terms of the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members (active employees and retirees) to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations. The total OPEB liability was determined by an actuarial valuation as of January 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	3%
Projected Salary Changes	3.75% Plus Service-Based Salary Increases
Health Care Trend Rates*	Trend rate assumptions vary slightly by medical plan. Initial rate is approximately 7%, reaching an ultimate rate of approximately 5% in 2080
Post-Retirement Participation Percentage	65%
Percentage with Spouse Coverage	45%

*For additional detail on the health care trend rates, please see Office of the State Actuary’s 2017 OPEB Actuarial Valuation Report.

In projecting the growth of the explicit subsidy, the cap is assumed to remain constant until 2019, at which time the explicit subsidy cap is assumed to grow at the health care trend rates. The Legislature determines the value of cap and no future increases are guaranteed, however based on historical growth patterns, future increases to the cap are assumed.

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

Most demographic actuarial assumptions, including mortality and when members are expected to terminate and retire, were based on the results of the 2007-2012 Experience Study Report. The post-retirement participation percentage and percentage with spouse coverage, were reviewed in 2017. Economic assumptions, including inflation and salary increases, were based on the results of the 2015 Economic Experience Study.

Actuarial Methodology. The total OPEB liability was determined using the following methodologies:

Actuarial Valuation Date	1/1/2017
Actuarial Measurement Date	6/30/2017
Actuarial Cost Method	Entry Age
Amortization Method	The recognition period for the experience and assumption changes is 9 years. This is equal to the average expected remaining service lives of all active and inactive members.
Asset Valuation Method	N/A - No Assets

In order to calculate the beginning total OPEB liability balance under GASB 75, the January 1, 2017 actuarial valuation was projected backwards to the measurement date of June 30, 2016, while the ending balance was determined by projecting the January 1, 2017 valuation forward to June 30, 2017. Both the forward and backward projections reflect the plan's assumed service cost, assumed interest, and expected benefit payments.

Discount Rate. Since OPEB benefits are funded on a pay-as-you-go basis, the discount rate used to measure the total OPEB liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 2.85 percent for the June 30, 2016 measurement date and 3.58 percent for the June 30, 2017 measurement date.

Additional detail on assumptions and methods can be found on OSA's website: <http://leg.wa.gov/osa/additionalservices/Pages/OPEB.aspx>

Changes in Total OPEB Liability

As of June 30, 2018, components of the calculation of total OPEB liability determined in accordance with GASB Statement No. 75 for the College are represented in the following table:

Seattle Colleges

Proportionate Share (%)	1.3122168278%
Service Cost	\$ 5,182,669
Interest Cost	2,427,594
Differences Between Expected and Actual Experienc	-
Changes in Assumptions*	(11,841,846)
Changes of Benefit Terms	-
Benefit Payments	(1,237,141)
Changes in Proportionate Share	(5,280,670)
Other	-
Net Change in Total OPEB Liability	(10,749,394)
Total OPEB Liability - Beginning	87,196,816
Total OPEB Liability - Ending	\$ 76,447,422

*The recognition period for these changes is nine years. This is equal to the average expected remaining service lives of all active and inactive members.

Changes in assumptions resulted from an increase in the Bond Buyer General Obligation 20-Bond Municipal Bond Index discount rate resulting in an overall decrease in total OPEB liability for the measurement date of June 30, 2017.

Sensitivity of the Total Liability to Changes in the Discount Rate. The following represents the total OPEB liability of the College, calculated using the discount rate of 3.58 percent as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58 percent) or 1 percentage point higher (4.58 percent) than the current rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
	\$ 93,275,294	\$ 76,447,422	\$ 63,425,352

Sensitivity of Total OPEB Liability to Changes in the Health Care Cost Trend Rates. The following represents the total OPEB liability of the College, calculated using the health care trend rates of 7.00 percent decreasing to 5.00 percent, as well as what the total OPEB liability would be if it were calculated using health care trend rates that are 1 percentage point lower (6.00 percent decreasing to 4.00 percent) or 1 percentage point higher (8.0 percent decreasing to 6.00 percent) than the current rate:

Health Care Cost Trend Rate Sensitivity

Current		
1% Decrease	Discount Rate	1% Increase
\$ 61,758,997	\$ 76,447,422	\$ 96,160,600

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ending June 30, 2018, the College will recognize OPEB expense of \$5,716,622. OPEB expense consists of the following elements:

Seattle Colleges	
Proportionate Share (%)	1.3122168278%
Service Cost	\$ 5,182,669
Interest Cost	2,427,594
Amortization of Differences Between Expected and Actual Experience	-
Amortization of Changes in Assumptions	(1,315,761)
Changes of Benefit Terms	-
Amortization of Changes in Proportion	(577,880)
Administrative Expenses	-
Total OPEB Expense	\$ 5,716,622

As of June 30, 2018, the deferred inflows and deferred outflows of resources for the College are as follows:

Seattle Colleges		
Proportionate Share (%)	1.3122168278%	
Deferred Inflows/Outflows of Resources	Deferred Inflows	Deferred Outflows
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	10,526,085	-
Transactions subsequent to the measurement date	-	1,209,829
Changes in proportion	4,623,039	-
Total Deferred Inflows/Outflows	\$ 15,149,124	\$ 1,209,829

Amounts reported as deferred outflow of resources related to OPEB resulting from transactions subsequent to the measurement date will be recognized as a reduction of total OPEB liability in the year ended June 30, 2019. Amounts reported as deferred outflows of resources and deferred

inflows of resources related to OPEB will be recognized as OPEB expense in subsequent years for the College as follows:

Proportionate Share (%)	1.3122168278%
2019	\$ (1,893,641)
2020	\$ (1,893,641)
2021	\$ (1,893,641)
2022	\$ (1,893,641)
2023	\$ (1,893,641)
Thereafter	\$ (5,680,919)

The change in the College's proportionate share of OPEB liability and deferred inflows and deferred outflows of resources based on measurement date are representing in the following table:

Proportionate Share (%) 2016	1.3968080074%
Proportionate Share (%) 2017	1.3122168278%
Total OPEB Liability - Ending 2016	\$ 87,196,816
Total OPEB Liability - Beginning 2017	81,916,146
Total OPEB Liability Change in Proportion	(5,280,670)
Total Deferred Inflows/Outflows - 2016	1,316,892
Total Deferred Inflows/Outflows - 2017	1,237,141
Total Deferred Inflows/Outflows Change in Proportion	(79,751)
Total Change in Proportion	\$ (5,200,919)

Note 17 - Operating Expenses by Program

In the Statement of Revenues, Expenses and Changes in Net Position, operating expenses are displayed by natural classifications, such as salaries, benefits, and supplies. The table below summarizes operating expenses by program or function such as instruction, research, and academic support. The following table lists operating expenses by program for the year ending June 30, 2018.

Expenses by Functional Classification		
Instruction	\$	91,911,251
Academic Support Services		10,699,112
Student Services		21,783,213
Institutional Support		30,360,132
Operations and Maintenance of Plant		16,804,747
Auxiliary enterprises		23,292,462
Student Financial Aid		22,106,031
Depreciation		7,740,355
Total operating expenses	\$	224,697,303

Note 18 - Commitments and Contingencies

At present, there are two pending litigation matters against Seattle Colleges:

Port of Port Townsend v. Seattle Central Community College, Jefferson County Superior Court No. 17-2-00083-2. This matter involves a claim by the Port that the Seattle Central College has secondary liability under RCW 79.100 for abandonment of a vessel at the Port. Seattle Colleges tendered defense of the case to its vessel broker under an indemnification clause. The broker's insurance firm accepted the tender with a reservation of defenses. Outside counsel, Shawn Griggs, is defending the matter. It is anticipated that any liability will be covered by the broker's insurance, although there is a possibility that the insurer may seek some contribution. There is no way to reasonably approximate the percentage of contribution, which may be subject to negotiation. The Port demanded \$251,000 costs and attorney's fees during a failed mediation in December 2018. Trial is set for June 2019.

Ona Canfield v. Seattle Central College, King County Superior Court No. 19-2-03720-2. The Assistant Attorney General received this complaint on February 12, 2018. It involves an allegation that the Seattle Colleges violated Public Records Act, RCW 42.56, by failing to provide documents. The complaint requests daily penalties, costs, and attorney's fees. Assessment of the potential liability is uncertain. The Seattle College District is reviewing its files to see if it provided all of the records requested that were in existence on the date of the request. Courts have broad discretion in imposing daily penalties. Any judgment could exceed \$50,000. It is too early in the litigation to assess whether the claim has merit.

The College has commitments of \$9,505,404 for various capital improvement projects that include construction and completion of new buildings and renovations of existing buildings.

Note 19 – Prior Audited Financial Statements

Due to staffing transitions, the Seattle Colleges' last published audited financial statements in 2015 for the 2014 fiscal year.

Beginning in 2014, a prolonged series of finance leadership transitions occurred, leaving the department responsible for producing audits understaffed and under-resourced on an ongoing basis. Faced with the expectations for producing financial statements from a complex and unique accounting system and in response to the understaffed and under-resourced finance department, in 2017 the Seattle Colleges District opted to hire an external accounting firm to produce financial statements for the 2015 and 2016 fiscal years. Again, because the work is extremely complex and requires a full understanding of the unique accounting done in the Community and Technical College system in the Washington, the external accounting firm was unable to produce a fully auditable financial statement.

Moving forward, the district has opted to employ individuals with deep knowledge of the state financial system and experience producing financial statements using the unique HP system. In order to ensure a timely audit for the 2018 fiscal year, the college opted to forego the completion of the 2015 and 2016 fiscal year audit engagements and proceed directly to the audit of fiscal year 2018. Audit work and the development of the financial statement is cumulative. Therefore, management believes that an unqualified opinion for the 2018 fiscal year financial statements will materially address any items that may have originated in a prior unaudited year.

Note 20 – Foundation Update

With the full support of the Seattle Colleges Board of Trustees, the chancellor and the advancement team worked together with the college presidents and representatives from each college foundation board of directors during 2017 and 2018 to create a new foundation to serve all the colleges and specialty centers of Seattle Colleges. Efforts focused primarily on streamlining processes and consolidating resources; coordinating with North, Central, and South foundation volunteers and board directors; and aligning gift solicitation and award disbursement processes districtwide.

In April of 2018, a new nonprofit foundation called Seattle Colleges Foundation was launched. In fiscal year 2019, the foundations of North and Central decided to merge with this new foundation. South's foundation chose to become independent from Seattle Colleges but continues to support students and programs at South. The district's existing Foundation for the Seattle Colleges will continue to manage the Pacific Tower project only. The merger with North's foundation is complete. The Seattle Central College Foundation merger is expected in fiscal year 2019.

Required Supplementary Information

Pension Plan Information

Cost Sharing Employer Plans

Schedules of Seattle Colleges' Proportionate Share of the Net Pension Liability

Schedule of Seattle Colleges' Share of the Net Pension Liability					
Public Employees' Retirement System (PERS) Plan 1					
Measurement Date of June 30					
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.236912%	\$ 11,934,553	\$ 24,019,544	49.69%	61.19%
2015	0.243765%	\$ 12,751,176	\$ 26,975,186	47.27%	59.10%
2016	0.249531%	\$ 13,400,990	\$ 28,902,416	46.37%	57.03%
2017	0.244331%	\$ 11,593,699	\$ 29,375,810	39.47%	61.24%
2018					
2019					
2020					
2021					
2022					
2023					

*These schedules are to be built prospectively until they contain 10 years of data.

Cost Sharing Employer Plans

Schedules of Seattle Colleges' Proportionate Share of the Net Pension Liability

Schedule of Seattle Colleges' Share of the Net Pension Liability Public Employees' Retirement System (PERS) Plan 2/3 Measurement Date of June 30						
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability	
2014	0.282041%	\$ 5,701,068	\$ 23,171,384	24.60%	93.29%	
2015	0.294144%	\$ 10,509,935	\$ 26,169,995	40.16%	89.20%	
2016	0.301052%	\$ 15,157,730	\$ 28,146,998	53.85%	85.82%	
2017	0.300851%	\$ 10,453,128	\$ 29,496,393	35.44%	90.97%	
2018						
2019						
2020						
2021						
2022						
2023						

*These schedules are to be built prospectively until they contain 10 years of data.

Cost Sharing Employer Plans

Schedules of Seattle Colleges' Proportionate Share of the Net Pension Liability

Schedule of Seattle Colleges' Share of the Net Pension Liability						
Teachers' Retirement System (TRS) Plan 1						
Measurement Date of June 30						
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability	
2014	0.025445%	\$ 750,488	\$ 904,477	82.97%	68.77%	
2015	0.029606%	\$ 937,960	\$ 1,258,555	74.53%	65.70%	
2016	0.032263%	\$ 1,101,535	\$ 1,500,096	73.43%	62.07%	
2017	0.030111%	\$ 910,336	\$ 1,550,219	58.72%	65.58%	
2018						
2019						
2020						
2021						
2022						
2023						

*These schedules are to be built prospectively until they contain 10 years of data.

Cost Sharing Employer Plans

Schedules of Seattle Colleges' Proportionate Share of the Net Pension Liability

Schedule of Seattle Colleges' Share of the Net Pension Liability Teachers' Retirement System (TRS) Plan 2/3 Measurement Date of June 30						
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability	
2014	0.017490%	\$ 56,513	\$ 725,181	7.79%	96.81%	
2015	0.023049%	\$ 194,488	\$ 1,090,532	17.83%	92.48%	
2016	0.027799%	\$ 381,763	\$ 1,377,445	27.72%	88.72%	
2017	0.025890%	\$ 238,950	\$ 1,419,701	16.83%	93.14%	
2018						
2019						
2020						
2021						
2022						
2023						

*These schedules are to be built prospectively until they contain 10 years of data.

Pension Plan Information

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions Public Employees' Retirement System (PERS) Plan 1 Fiscal Year Ended June 30						
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll	
2014	\$ 1,015,017	\$ 1,015,017	\$ -	\$24,019,544	4.23%	
2015	\$ 1,121,180	\$ 1,121,180	\$ -	\$26,975,186	4.16%	
2016	\$ 1,415,082	\$ 1,415,082	\$ -	\$28,902,416	4.90%	
2017	\$ 1,469,711	\$ 1,469,711	\$ -	\$30,067,061	4.89%	
2018	\$ 1,474,272	\$ 1,474,272	\$ -	\$29,375,810	5.02%	
2019						
2020						
2021						
2022						
2023						

Notes: These schedules will be built prospectively until they contain 10 years of data.

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions Public Employees' Retirement System (PERS) Plan 2/3 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2014	\$ 1,153,123	\$ 1,153,123	\$ -	\$23,171,384	4.98%
2015	\$ 1,313,520	\$ 1,313,520	\$ -	\$26,169,995	5.02%
2016	\$ 1,737,946	\$ 1,737,946	\$ -	\$28,146,998	6.17%
2017	\$ 1,837,568	\$ 1,837,568	\$ -	\$29,496,393	6.23%
2018	\$ 2,184,202	\$ 2,184,202	\$ -	\$29,375,810	7.44%
2019					
2020					
2021					
2022					
2023					

Notes: These schedules will be built prospectively until they contain 10 years of data.

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions Teachers' Retirement System (TRS) Plan 1 Fiscal Year Ended June 30						
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll	
2014	\$ 48,359	\$ 48,359	\$ -	\$ 904,477	5.35%	
2015	\$ 66,409	\$ 66,409	\$ -	\$ 1,258,555	5.28%	
2016	\$ 98,053	\$ 98,053	\$ -	\$ 1,500,096	6.54%	
2017	\$ 105,368	\$ 105,368	\$ -	\$ 1,550,219	6.80%	
2018	\$ 106,582	\$ 106,582	\$ -	\$ 1,467,085	7.26%	
2019						
2020						
2021						
2022						
2023						

Notes: These schedules will be built prospectively until they contain 10 years of data.

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions Teachers' Retirement System (TRS) Plan 2/3 Fiscal Year Ended June 30						
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll	
2014	\$ 41,146	\$ 41,146	\$ -	\$ 725,181	5.67%	
2015	\$ 62,089	\$ 62,089	\$ -	\$ 1,090,532	5.69%	
2016	\$ 90,738	\$ 90,738	\$ -	\$ 1,377,445	6.59%	
2017	\$ 95,392	\$ 95,392	\$ -	\$ 1,419,701	6.72%	
2018	\$ 110,176	\$ 110,176	\$ -	\$ 1,428,031	7.72%	
2019						
2020						
2021						
2022						
2023						

Notes: These schedules will be built prospectively until they contain 10 years of data.

State Board Supplemental Defined Benefit Plans

Schedule of Changes in the Total Pension Liability and Related Ratios		
Seattle Colleges		
Fiscal Year Ended June 30, 2018		
<i>(expressed in thousands)</i>		
	2017	2018
Total Pension Liability		
Service Cost	\$ 584	\$ 394
Interest	379	362
Changes of benefit terms	-	-
Differences between expected and actual experience	(2,733)	(1,071)
Changes of assumptions	(645)	(362)
Benefit Payments	(97)	(134)
Change in proportionate share of TPL	-	(470)
Net Change in Total Pension Liability	(2,512)	(1,281)
Total Pension Liability - Beginning	12,766	10,254
Total Pension Liability - Ending	\$ 10,254	\$ 8,973
College's Proportion of the Pension Liability	10.79%	10.29%
Covered-employee payroll	\$ 59,921	\$ 58,155
Total Pension Liability as a percentage of covered-employee payroll	17.11%	15.43%

Notes: These schedules will be built prospectively until they contain 10 years of data.

State Board Supplemental Defined Benefit Plans Notes to Required Supplementary Information

The State Board Supplemental Retirement Plans are financed on a pay-as-you-go basis. State Board makes direct payments to qualifying retirees when the retirement benefits provided by the fund sponsors do not meet the benefit goals, no assets are accumulated in trusts or equivalent arrangements. Potential factors that may significantly affect trends in amounts reported include changes to the discount rate, salary growth and the variable income investment return.

Required Supplementary Information
Other Postemployment Benefits Information

Schedule of Changes in Total OPEB Liability and Related Ratios	
Fiscal Year Ended June 30	
Total OPEB Liability	2018
Service cost	\$ 5,182,669
Interest cost	2,427,594
Difference between expected and actual experience	-
Changes in assumptions	(11,841,846)
Changes in benefit terms	-
Benefit payments	(1,237,141)
Changes in proportionate share	(5,280,670)
Other	-
Net Changes in Total OPEB Liability	\$ (10,749,394)
Total OPEB Liability - Beginning	\$ 87,196,816
Total OPEB Liability - Ending	\$ 76,447,422
College's proportion of the Total OPEB Liability (%)	1.312217%
Covered-employee payroll	\$ 104,219,715
Total OPEB Liability as a percentage of covered-employee payroll	73.352170%

This schedule is to be built prospectively until it contains ten years of data.

Notes to Required Supplementary Information

The Public Employee's Benefits Board (PEBB) OPEB plan does not have assets in trusts or equivalent arrangements and is funded on a pay-as-you-go basis. Potential factors that may significantly affect trends in amounts reported include changes to the discount rate, health care trend rates, salary projections, and participation percentages.

SEATTLE COLLEGES DISTRICT BOARD OF TRUSTEES

March 14, 2019

STUDY SESSION 1:30 p.m. North Star Dining Room
North Seattle College
9600 College Way North
Seattle, WA 98103

REGULAR SESSION 3:00 p.m. North Star Dining Room
North Seattle College
9600 College Way North
Seattle, WA 98103

STUDY SESSION AGENDA

1:30 p.m. EXECUTIVE SESSION

A. Litigation Update

(3) To discuss with legal counsel litigation or potential litigation to which the college is, or is like to become, a party, when public knowledge of the discussion would likely result in adverse consequence to the district;

B. Review of Tenure Candidates

(2) To evaluate the qualifications of an applicant for public employment or to review the performance of a public employee;

1:50 p.m. OPEN SESSION

- A. Auditor's Exit Conference **Tab 1**
- B. South Seattle College Strategic Plan poster and brochure
- C. Board Retreat planning
- D. ACT Awards nominations
- E. May 23-24 ACT Spring conference in Walla Walla, May 23-24
- F. South Seattle College Accreditation visit, April 24-26

C. Revised Board of Trustees Schedule of Meetings

Tab 9

4:25 p.m.

ORAL REPORTS

Written Reports-Tab 10

A. Student Representatives

1. Jeffrey Campbell, South Seattle College
2. Elijah Gerrard, North Seattle College
3. Omar Osman, Seattle Central College

B. Chancellor's Report

C. Chair's Report

D. Trustees

E. Labor Union Representatives

1. Ms. Annette Stofer, AFT Seattle Community Colleges
2. Mr. Matthew Davenhall, WFSE
3. Ms. Alison McCormick, AFT-SPS

F. College Presidents, Vice Chancellors

1. Dr. Sheila Edwards Lange, Seattle Central College
2. Dr. Warren Brown, North Seattle College
3. Dr. Rosie Rimando-Chareunsap, South Seattle College
4. Dr. Kurt Buttleman, Interim Vice Chancellor of Academic and Student Success
5. Ms. Jennifer Howard, Interim Vice Chancellor of Administrative Services
6. Dr. Cindy Riche, Chief Information Officer

5:00 p.m.

ADJOURNMENT

The next meeting of the Board of Trustees will be held on Thursday, April 11, 2019 at South Seattle College, 1600 16th Ave SW, Seattle 98106. There will be a Study Session at 1:30 p.m., and the Regular Meeting will follow at 3:00 p.m.

EXECUTIVE SESSIONS

An executive session may be held for one or more of the following purposes: (1) To receive and evaluate complaints against a public officer or employee; (2) To evaluate the qualifications of an applicant for public employment or to review the performance of a

public employee; (3) To discuss with legal counsel litigation or potential litigation to which the college is, or is like to become, a party, when public knowledge of the discussion would likely result in adverse consequence to the district; (4) To consider, as a quasi-judicial body, a quasi-judicial matter between named parties; (5) To consider matters governed by the administrative procedure act, chapter 34.05 RCW; and/or (6) To plan or adopt the strategy or position to be taken during collective bargaining, professional negotiations, or grievance or mediation proceedings, or to review proposals made in on-going negotiations or proceedings.

SEATTLE COLLEGES DISTRICT BOARD OF TRUSTEES

January 10, 2019

STUDY SESSION

2:00 p.m. Broadway Performance Hall Boardroom

Seattle Central College
1701 Broadway Ave
Seattle, WA 98122

REGULAR SESSION

3:00 p.m. Broadway Performance Hall Boardroom

Seattle Central College
1701 Broadway Ave
Seattle, WA 98122

STUDY SESSION

A. Executive Session: 10 minutes

(3) To discuss with legal counsel litigation or potential litigation to which the college is, or is like to become, a party, when public knowledge of the discussion would likely result in adverse consequence to the district;

B. Open Session:

1. Presentation:

Emphases and Dual Degrees at Seattle Central College

Presenters: Kate Krieg, Associate Dean of Arts, Humanities and Social Sciences at SCC; Kayleen Oka, FTF at SCC

Bradley Lane introduced the presentation, the program mapping work that has been done, and how it aligns with the Seattle Pathways initiative. The dual degree Professional Technical/transfer pathways are unique to Seattle Colleges; no other community college in WA is offering them. There are currently four areas of emphasis: Equity and Social Justice, Global Studies, Global Health, and Sustainable Agriculture. The presenters outlined each of the dual degree pathways.

2. Upcoming Events:

a. 46th Annual Martin Luther King Day Celebration, January 18
Robert Williams and Steve Hill are attending.

b. Transforming Lives dinner and ACT Winter Conference, January 21-22
Robert Williams and Steve Hill are attending.

3. Regional pay update
4. Vice Chancellor of Advancement, search update

REGULAR SESSION AGENDA

CALL TO ORDER

Chair Chernin called the meeting to order at 3:05pm.

SAFETY ANNOUNCEMENT

Rebecca Hansen gave a safety announcement and took roll.

Attendance: Ms. Teresita Batayola, Ms. Louise Chernin, Mr. Steve Hill, Ms. Rosa Peralta, Mr. Robert Williams, Dr. Shouan Pan, Dr. Warren Brown, Dr. Sheila Edwards Lange, Dr. Rosie Rimando-Chareunsap, Dr. Kurt Buttleman, Jennifer Howard, Dr. Cindy Riche, Ms. Maureen Shadair, Mr. Derek Edwards, Ms. Annette Stofer, Ms. Alison McCormick, Mr. King Nguyen, Mr. Omar Osman

APPROVAL OF AGENDA | ACTION

Trustee Hill made a motion to approve the agenda. Trustee Batayola seconded. The motion carried 5-0.

PUBLIC COMMENTS

Peter Knutson has been a FT Anthropology instructor at Central since 1989. He commented on changes to the email policy and removal of the 'Reply All' capability. He encouraged reestablishment of the 'Reply All' capability.

Don Glickstein, a neighbor living near Seattle Central College, commented on the lack of maintenance on property owned by the college. He shared photos with graffiti and broken windows.

RECOMMENDED BOARD ACTIONS | ACTION

- A. Minutes from December 13, 2018

Trustee Batayola made a motion to approve the minutes. Trustee Peralta Seconded. The motion carried 5-0.

INFORMATIONAL ITEMS

- A. Seattle Central College, Major Institutional Master Plan update

Sheila Edwards Lange presented the short and long-term plans for each of the buildings on the SCC campus.

B. Annual Fundraising Report

Traci Russell presented the annual fundraising report.

C. Budget Distribution Model

Chancellor Pan asked to move this presentation to a future meeting.

D. Seattle Promise update

Melody McMillan presented an update on the Seattle Promise program.

E. Fall Final Enrollment report

Kurt Buttleman highlighted data points in the quarterly enrollment report.

ORAL REPORTS

A. Student Representatives

Omar Osman from Seattle Central College announced that students are going to Olympia on January 25, and that the student app has been renewed.

King Nguyen represented South Seattle College. He told the board that a group of students are going to Olympia on January 25 for legislative advocacy day. Students at South are also working on the wellness center.

B. Chancellor's Report

Chancellor Pan highlighted a few items from his written report including the Siegal holiday party and a partnership with Kaiser Permanente.

C. Chair's Report

Chair Chernin wished everyone a happy new year and said that she is looking forward to the year ahead and staying focused on our mission.

D. Trustees

Trustee Hill reported that he continues to be impressed with the work of the foundation staff and seven new board members.

Trustee Williams commented on his recent visit to South Seattle College.

E. Labor Union Representatives

Ms. Annette Stofer, AFT Seattle Community Colleges, reported that faculty are going to be in Olympia for lobby days in February. She also reported that the regional pay workgroup continues to meet with other faculty unions in King County. The union is also preparing to celebrate its 50th anniversary this spring.

Ms. Alison McCormick, AFT-SPS, described the membership of the professional staff union. She reported that she is looking forward to new employee orientation resuming in February and that union elections are scheduled to occur in March.

F. College Presidents, Vice Chancellors

Dr. Sheila Edwards Lange reported that her office is launching new ways to build community at SCC. She hosted a brown bag lunch to recognize the engineering department.

Dr. Warren Brown gave an update on the Northgate pedestrian bridge. Permits are expected to be completed in February and a request for bids is going to be issued. The bridge is on track for opening in the 1st or 2nd quarter of 2021. Light rail is expected to open in September 2021.

Dr. Rosie Rimando-Chareunsap reported on a recent power outage that closed SSC's main campus for a day. She also reported on preparation for the viaduct closure and the WA promise event that Governor Inslee is hosting tomorrow.

Dr. Cindy Riche, Chief Information Officer, announced that she is celebrating the end of her first year as CIO and reflecting on the accomplishments so far.

ADJOURNMENT

The meeting adjourned at 4:48pm.

The next meeting of the Board of Trustees will be held on Thursday, February 14, 2019 at North Seattle College, 9600 College Way North, Seattle 98103. There will be a Study Session at 1:30 p.m., and the Regular Meeting will follow at 3:00 p.m.

EXECUTIVE SESSION(S)

An executive session may be held for one or more of the following purposes: (1) To receive and evaluate complaints against a public officer or employee; (2) To evaluate the qualifications of an applicant for public employment or to review the performance of a public employee; (3) To discuss with legal counsel litigation or potential litigation to which the college is, or is like to become, a party, when public knowledge of the discussion would likely result in adverse consequence to the district; (4) To consider, as a quasi-judicial body, a quasi-judicial matter between named parties; (5) To consider matters governed by the administrative procedure act, chapter 34.05 RCW; and/or (6) To plan or adopt the strategy or position to be taken during collective bargaining, professional negotiations, or grievance or mediation proceedings, or to review proposals made in on-going negotiations or proceedings.

SEATTLE COLLEGES DISTRICT BOARD OF TRUSTEES

February 20, 2019

SPECIAL MEETING
Siegal Center
1500 Harvard Ave
Seattle, WA 98122

1:30 p.m.

Chancellor's Office

AGENDA

CALL TO ORDER

Chair Chernin called the meeting to order at 1:30p.m.

Attendance: Louise Chernin, Steve Hill Robert Williams, Shouan Pan, Sheila Edwards Lange, Derek Edwards, Rebecca Hansen; Guests: Lincoln Ferris

APPROVAL OF AGENDA | ACTION

Trustee Williams made a motion to approve the agenda. Trustee Hill seconded. The motion carried 3-0.

PUBLIC COMMENTS

There were no public comments.

RECOMMENDED BOARD ACTIONS | ACTION

- A. Accounting with International Accounting BAS Degree, North Seattle College

Trustee Williams moved to approve a new Accounting with International Accounting BAS Degree at North Seattle College. Trustee Hill seconded. The motion carried 3-0.

- B. Seattle Central College Student Housing

Trustee Hill made a motion to approve the following:

- 1)
 - a. **Seattle Central entering into a pre-development agreement with Hanover Pacific to design and submit for city building permits and select a 501c3 entity to develop the housing; and**
 - b. **Seattle Central entering into a lease of development rights above the student garage for the purpose of developing on-campus student housing with the selected 501c3; and**

- c. **Seattle Central entering into a co-operation and marketing agreement with the 501c3; and**
 - d. **Authorization for the President of Seattle Central to execute with the advice of legal counsel other agreements and documents necessary to develop the student housing project.**
- 2) **That the Board of Trustees authorize the college staff to seek approval of these agreements and an authorization to proceed from the State Board of Community & Technical Colleges.**

Trustee Williams seconded. The motion carried 3-0.

INFORMATION ITEMS

Chancellor Pan updated the board on recent snow closures and the State of the City address held at North Seattle College

ADJOURNMENT

The meeting adjourned at 1:56 p.m.

The next meeting of the Board of Trustees will be held on Thursday, March 14, 2019 at North Seattle College, 9600 College Way North, Seattle 98103. There will be a Study Session at 1:30 p.m., and the Regular Meeting will follow at 3:00 p.m.

Memorandum

To: Seattle Colleges Board of Trustees
From: Dr. Warren Brown, Dr. Shouan Pan
cc: Seattle Colleges District Board of Trustees
Date: March 14, 2019
Re: Requesting Approval for Student Housing

North Seattle College (NSC) is seeking to provide student housing on campus to accommodate domestic and international students enrolled in the College, in an environment that will foster active, cross-cultural, living and learning. In 2017, the College commissioned a Student Housing Feasibility Study performed by Spectrum Development. The Feasibility Study included an analysis of overall project feasibility, housing demand, student survey, market rate survey, optional program variations, cost models, sustainable site opportunities, potential financial models and development strategies. The College desires student housing which is responsive to the expressed desires of our students for single-occupant bedrooms and/or suites with shared bathrooms and kitchen facilities.

In September of 2018, NSC issued a request for letters of interest to real estate developers capable of developing and operating on-campus student housing. Respondents were required to provide their qualifications and a preliminary pro forma for developing student housing on campus. A proposal from North Way Investments, Inc. and GMC Projects Inc. was deemed responsive and NSC is seeking to enter into a Memorandum Of Understanding with the Developer to establish a relationship and the general parameters for negotiating a Ground Lease and a Development Agreement for developing the student housing project.

The Proposer is a US partnership of North Way Investments, Inc. of Seattle and GMC Projects of Victoria, BC., who together have completed successful real estate projects, including the development of a number of multi-family projects - one of which is the proposed prototype for student housing on North's campus. The development team has strong experience in all facets of the project life-cycle including financing, design, permitting, construction and operations. While North Way Investments, Inc. and GMC Projects Inc. will be a for-profit partnership, their stated objective will be for this new, first-time housing to be seen as North Seattle College campus student housing and they will work with NSC to finalize the unit and building design program, rental rates, and operating expenses for the new student housing community.

District VI | 206.934.3872 | Fax 206.934.3894 | Voice Relay 800.833.6388
1500 Harvard Avenue, Seattle WA 98122-3803 | www.seattlecolleges.edu

The Spectrum report concluded that between 87 and 153 beds of typical apartment-style on-campus student housing would be absorbed under current circumstances, with demand up to 275 beds if NSC were to require international students between the ages of 17-19 to live on campus. North Way Investments, Inc. and GMC Projects Inc.'s proposal is to phase the student housing in order to reduce risk to the project. The first phase would develop on the order of 150 beds. The proposal is for North to enter into a 50-year term ground lease with a rent payment of 2% of current land value over the 50-year term of the ground lease, but with the College also sharing 20% of the surplus cash flows from the project. NSC would seek to establish a vehicle in which the surplus cash flows could be used to fund housing scholarships for low income and homeless students.

North Way Investments, Inc. and GMC Projects Inc. will form a for-profit partnership prior to the execution of a definitive development agreement and provide non-recourse financing for 100% of the project costs to develop and operate the student housing. A student housing professional management company will be contracted with to operate the building.

Recommendation:

- 1) That the Board of Trustees approve:
 - a. NSC entering into a Development Agreement with North Way Investments, Inc. and GMC Projects Inc. to develop the Student Housing Project on the Project Site; and
 - b. NSC entering into a Ground Lease of the Project Site with an initial term of fifty (50) years; and
 - c. NSC entering into a co-operation and marketing agreement with North Way Investments, Inc. and GMC Projects Inc.; and
 - d. Authorization for the President of NSC to execute with the advice of legal counsel other agreements and documents necessary to develop the student housing project.
- 2) That the Board of Trustees authorize the college staff to seek approval of these agreements and an authorization to proceed from the State Board of Community & Technical Colleges.

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**MEMORANDUM OF
UNDERSTANDING**

This **MEMORANDUM OF UNDERSTANDING** (this “**MOU**”), made and entered into as of the _____ day of [_____] 2019 is by and between **NORTH SEATTLE COLLEGE** (together with its successors and assigns, the “**College**”), a state supported institution of higher education organized and existing under the laws of the State of Washington (the “**State**”), and **NORTH WAY INVESTMENTS, INC. (“NWI”)** AND **GMC PROJECTS INC. (“GMC”)** on behalf of, and as the proposed owners in, a Washington limited partnership, limited liability company or other single-purpose entity (together with its successors and permitted assigns, the “**Developer**”) to be formed by NWI and GMC prior to execution of a definitive ground lease and development agreement between the College, the Developer and the Owner (defined below).

WITNESSETH:

WHEREAS, the College is interested in the well-being of the College and its students and believes that it is beneficial to its education mission to provide student housing (the “**Student Housing Project**”) on land owned by the College and located on its campus located at 9600 College Way North, Seattle, Washington (the “**Campus**”), and the College further believes such a role is consistent with its mission and purpose; and

WHEREAS, the College envisions that the best way to facilitate the procurement of such student housing is to work in cooperation with a qualified firm to develop such student housing in a public-private partnership; and

WHEREAS, the College selected the Developer to develop the Student Housing Project on November 15, 2018, as a result of responses to a Request for Letters of Interest (the “**RFLOI**”) issued by the College on September 24, 2018; and

WHEREAS, the Developer proposes to develop the Student Housing Project in phases. Phase one of the Student Housing Project would consist of an approximately one-hundred-fifty (150) bed student housing facility (including the buildings, furniture, fixtures, and equipment therefor and together with associated site development and various related amenities and improvements, the “**Project**”) for lease primarily to international and then other students enrolled at the College (“**Targeted Residents**”), and, subject to vacancy and in order of precedence, to students of other Seattle College campuses, students of other college and universities and lastly to the public; and

WHEREAS, the Developer desires to work with the College to develop a high-quality project and to implement plans for the design, financing, development, construction, and equipping of the Student Housing Project on the Campus on real property owned by the State Board for Community and Technical Colleges as depicted on the site map for the Student Housing Project attached hereto as **Exhibit A** (the “**Project Site**”) and ground leased to a single purpose legal entity formed, owned or controlled by NWI and GMC (together with its successors and permitted assigns, the “**Owner**”); and

WHEREAS, the College the Developer and the Owner (collectively, the “*Parties*” and each, a “*Party*”) wish to establish a relationship and general parameters that will serve as an initial guide for the development of the Student Housing Project and the public-private partnership; and

WHEREAS, the College has determined that it is in the best interests of the College to cooperate and support the Developer, the Owner, and the Student Housing Project for the primary purpose of providing housing for the Targeted Residents; and

WHEREAS, the College will enter into (i) a ground lease of the Project Site with Owner for an initial term of fifty (50) years (the “*Ground Lease*”), and (ii) the College or the Owner will enter into a development agreement (the “*Development Agreement*”) with the Developer pursuant to which the Developer will agree to develop the Student Housing Project on the Project Site; and

WHEREAS, it is the intent of the Parties that the Developer assist in the arrangement of non-recourse financing (the “*Financing*”) for one hundred percent (100%) of the costs of the Project.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the College and the Developer hereby agree as follows:

Section 1. Development Proposal. In response to the RFLOI, the Developer has submitted a preliminary development proposal (the “*Preliminary Proposal*”) which was submitted to the College on November 8, 2018. In preparing the Preliminary Proposal, the Developer has prepared conceptual plans for the Project and has otherwise expended monies in good faith and in furtherance of the Project, all at no expense to the College. By its execution and delivery of this MOU, the College indicates its approval of the Preliminary Proposal and agreement with certain key business principles set forth on *Exhibit B* attached hereto and by this reference incorporated herein and requests that the Developer continue to conduct activities necessary or appropriate in furtherance of the Student Housing Project. The Developer will continue to develop the assumptions and projections on which the Final Development Proposal will be based in a timely manner and will provide the College with periodic updates and opportunity for involvement relating to, updated budgets for the Project and agrees to submit a Final Development Proposal for the Project in due course.

Section 2. Market Study. The Developer will perform an independent Market Study for the Project to confirm sufficient College student demand to support the size and scope of the Project.

Section 2a. Code Compliance Study; Amendment to College Major Institutions Master Plan. The College and the Developer further agree the Project shall not be undertaken unless and until both (i) a Code Compliance Study (“*Study*”) has been performed to mutually agreed upon standards and (ii) the City of Seattle has approved an amendment to the College’s Major Institutions Master Plan, and the results of the Study and the amendment to the College’s Major Institutions Master Plan shall, in the opinion of both the College and the Developer confirm that the Student Housing Project may be built on the Project Site as a use permitted outright under the City of Seattle Land Use Code and all related codes and regulations such as SEPA, Building Code, etc., subject only to mutually acceptable terms, conditions, mitigation and other requirements. The College shall engage an experienced land use consultant selected by the College in consultation with the Developer to prepare the amendment to the College’s Major Institutions Master Plan at

the College's cost and expense and obtain the necessary approvals by the City of Seattle to amend the Masterplan to allow for the Student Housing Project.

Section 2b. State Regulatory Review. The College and the Developer agree that for the Student Housing Project to be undertaken the College must submit the Final Development Proposal, Project Pro Forma, Ground Lease for the Project Site, Development Agreement, use and cooperation agreement ("***Use Agreement***"), financing plan and supporting documents (collectively, the "***Project Documents***") for review and approval by the Washington State Board of Community & Technical Colleges (the "***State Board***"). The State Board may elect to solicit an informal opinion from the Washington State Attorney General, State Treasurer and/or the Governor's Office of Financial Management regarding compliance of the Student Housing Project with state law. The College will diligently proceed and initiate all required regulatory approvals as quickly as possible at its sole expense upon execution of this MOU. While the College and Developer believe that the Preliminary Proposal and proposed financing would be in compliance, the College and Developer acknowledge that the Project cannot proceed without State Board authorization and approval of the Project Documents.

Section 2c. Due Diligence Investigations. The Developer's obligations under the Project Documents will be contingent, among other things, upon Developer's satisfactory investigation and inspection of the Project Site, including without limitation, review of title and the survey, all documents and agreements affecting the Project Site, environmental audits, wetlands assessments, reports and physical inspections, engineering audits, reports and the suitability of the Project Site for the Student Housing Project. The Developer shall have the continuing right to participate with the College in public meetings with respect to amendments to the College's Major Institutions Master Plan and permitting for the Student Housing Project and to access and inspect the Project Site and to conduct such soil and environmental tests, sampling and surveys, as well as engineering, land use and economic feasibility studies as the Developer may deem necessary or appropriate. The Developer and its representatives, contractors and agents will, upon reasonable prior notice, be given reasonable access to the Project Site for purposes of conducting its inspections, tests and studies and the College agrees to cooperate reasonably with Developer to enable Developer to conduct any such inspections, tests or studies. In the course of its investigations, Developer may make inquiries to third parties including, without limitation, contractors and municipal, local, and other government officials and representatives, and the College consents to such inquiries.

Section 3. No Payment Obligation of the College or State Board. THE COLLEGE AND THE DEVELOPER UNDERSTAND AND AGREE THAT NEITHER THE COLLEGE NOR THE STATE BOARD WILL HAVE ANY FINANCIAL OBLIGATION IN CONNECTION WITH THE DEVELOPMENT, CONSTRUCTION AND EXCEPT FOR AS AGREED UPON BY THE COLLEGE AND THE DEVELOPER, OPERATIONS OF THE PROJECT, AND NEITHER THE OWNER, DEVELOPER NOR FOR-PROFIT ENTITY WILL HAVE ANY RECOURSE AGAINST ANY REVENUES, FUNDS OR OTHER ASSETS OF THE COLLEGE OR THE STATE BOARD IN CONNECTION WITH THE DEVELOPMENT AND CONSTRUCTION OF THE PROJECT.

Section 4. Commitment of Confidentiality, Exclusivity, and Good Faith. This MOU is intended to manifest the commitment of the Parties to one another and to the development of the Student Housing Project, and to evidence their agreement to work together exclusively,

confidentially (to the extent permitted by law), and in good faith, to develop the Student Housing Project.

Section 5. Relationship of the Parties. Nothing contained in this MOU, including, without limitation, the use of the term “public-private partnership,” shall be construed to place the Parties in the relationship of partners, principal and agent, employer and employee, or joint venturers. Pursuant to this MOU, each Party agrees that it shall have no power or right to bind or obligate the other Party, and neither Party shall hold itself out as having such authority. Nothing contained in this MOU is intended to convey or vest any legal right in a third party to enforce a term or condition of this MOU or to seek any remedy for a violation of any such term or condition. Neither Party shall be responsible for any obligation or liability incurred or assumed by the other Party or its employees, affiliates, or other representatives, and each Party shall be responsible for its own acts or omissions and those of its employees, affiliates, or other representatives and nothing contained herein is intended to shift such responsibility from one Party to the other.

Section 6. Definition of Key Terms. The College and Developer anticipate developing documents, such as but not limited to, a Ground Lease for the Project Site, Development Agreement, Use Agreement and other contractual obligations by and between the College, the Developer, the Owner and financiers of the Project. The Developer and College hereby agree that the Project Documents will set forth mutually agreed upon definitions of all key terms. As an example, the Ground Lease will set forth a methodology for allocation and distribution of net operating cash flow generated by the Project.

Section 7. All Fees to Be at Normal & Customary Commercial Rates. The College and Developer agree that all fees to be charged to the Project’s development and construction budget and all fees associated with the financing of the Project and subsequent operation of the student housing shall be consistent with industry norms for the development and operation of comparable student housing projects.

Section 8. Governing Law. This MOU is governed by, and shall be interpreted and enforced under, the laws of the State, exclusive of its choice of law principles.

Section 9. Counterparts. This MOU may be executed in one or more counterparts and by the different Parties hereto under separate counterparts, any one of which need not contain the signatures of more than one Party, but all of which when taken together shall constitute one and the same instrument notwithstanding that both Parties have not signed the same counterpart hereof.

Section 10. No Assignment. Neither Party shall assign or transfer this MOU or any of its rights or obligations hereunder without the prior written consent of the other Party; provided, however, that the College understands, consents and agrees to the assignment by NWI and GMC of their rights and obligations under this MOU to the Developer and the Owner, respectively, in order to lease, develop, construct, own, finance and operate the Student Housing Project.

Section 11. Severability. If any provision of this MOU shall be determined by a court of competent jurisdiction to be invalid, illegal, or unenforceable, such provision shall be automatically reformed and construed to be valid, legal, operative, and enforceable to the maximum extent permitted by applicable law while preserving its original intent. The invalidity of any provision of this MOU shall not render invalid the remainder of this MOU.

Section 12. Waiver. Failure by either Party to insist upon strict performance of any provision hereof by the other Party shall not be deemed a waiver by such Party of its rights or remedies or a waiver by it of any subsequent failure by such other Party, and no waiver shall be effective unless it shall be in writing and duly executed by the Party entitled to enforce the provision being waived.

Section 13. Addresses for Notices, etc. Any notice, report, demand, or other instrument authorized or required to be given or furnished under this MOU to the College or to the Developer shall be deemed given or furnished when mailed by certified mail, postage prepaid, return receipt requested, by nationally recognized overnight courier or by facsimile transmission (provided the fax machine has issued a printed confirmation of receipt), or when personally delivered as follows:

If to the College:

North Seattle College
9600 College Way North
Seattle, Washington 98103
Attention: Dr. Warren Brown, President
Telephone: (206) 934-3601
Fax: [_____]

E-Mail: warren.brown@seattlecolleges.edu

If to the Developer:

North Way Investments, Inc.
10633 Marine View Dr. SW
Seattle WA 98146
Attention: Robert Dedon
Telephone: (206) 448-4211
E-Mail: bob@dedonconsulting.com

and to:

GMC Projects, Inc.
Suite 200
101 Island Highway
Victoria BC V9B 1E8
Attention: Lorne Milne
Telephone: (250) 592-4588
Fax: (604) 717-4478
E-Mail: lmilne@gmcprojects.com

Receipt of notices, certificates, or other communications hereunder shall occur upon actual delivery (whether by mail, facsimile, messenger, courier service, or otherwise) to any person who is an officer of either Party at any location where such person may be found, or to an officer, agent or employee of either Party, at the address of such Party set forth above, subject to change as provided hereinabove. An attempted delivery in accordance with the foregoing, acceptance of which is refused or rejected, shall be deemed to be and shall constitute receipt; and an attempted delivery in accordance with the foregoing by mail, messenger, or courier service (whichever is chosen by the sender) that is not completed because of changed address of which no notice was received by the sender in accordance with this provision prior to the sending of the notice, certificate, or other communication shall also be deemed to be and constitute receipt. Notice given by telephone or email alone shall not constitute legal notice under this MOU. Either Party may, by notice given to the other Party, designate any additional or different addresses to which subsequent notices, certificates, or other communications shall be sent.

Section 14. Compliance with Laws. During the term of this MOU, each Party shall promptly comply, at its own cost and expense, in every material respect with all laws, ordinance,

rules, regulations, and requirements of federal, state, and local governmental authorities that are applicable to the activities or services pursuant to this MOU.

Section 15. Change in Law. If it is the reasonable opinion of counsel of either Party, that, due to new or existing state or federal laws, rules, or regulations or due to any action of any governmental authority to enforce any existing state or federal law, rule, or regulation (“***Applicable Law***”), that any activity contemplated by this MOU shall not comply, or is not reasonably likely to be found by a court with applicable authority to comply with Applicable Law, then the Parties shall negotiate in good faith to attempt to alter their legal relationship to comply with Applicable Law while preserving the material terms of this MOU.

Section 16. Language Construction. The language in all parts of this MOU shall be construed, in all cases, according to its fair meaning, and not for or against either Party. The Parties acknowledge that each Party and its counsel have reviewed and revised this MOU and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this MOU.

Section 17. Headings and Recitals. The headings used herein are inserted for convenience only and do not describe, interpret, define, or limit the scope, extent, or intent of this MOU. The recitals form a part of this MOU.

Section 18. Tax Matters and Legal Review. The Parties recognize that the development of the transactions outlined herein are subject to further tax, accounting and legal review. In particular the Parties will endeavor to preserve and/or maximize, as applicable, the tax benefits accruing to each of them. The structure of the transaction as set forth herein may be modified, if necessary, in a manner that results in more positive tax effects to the Parties.

Section 19. Entire Agreement. The provisions of this MOU and any attachment or exhibit hereto constitute the understanding and agreement between the Parties relating to the matters set forth herein to this date and may be amended or modified only in writing, executed by each Party, including without limitation, the Project Documents.

Section 20. Brokerage Commissions. Each Party hereby represents to the other Party that there are no brokers, agents, finders, or intermediaries with whom they have dealt with in connection with this transaction, and each Party agrees, to the maximum extent permitted by law, to indemnify the other Party against all claims for fees, commissions, or other compensation claimed due any broker, agent, finder or intermediary, licensed or otherwise, with whom the indemnifying party may have dealt with in connection with this proposed transaction.

Section 21. Negotiation in Good Faith. This MOU does not, and shall not be construed to impose any obligation on either Party to proceed with the transaction contemplated herein including, without limitation, the Ground Lease or Student Housing Project on the Project Site or to enter into any particular financing agreements regarding the Student Housing Project until the Project Documents have been finalized, approved and executed by each Party. This MOU is intended for negotiation purposes and the Project Documents shall set forth the respective rights, obligations and duties of the College, the Developer and the Owner which will be based on, and consistent with the provisions hereof. The College and Developer each acknowledge that a transaction of this type involves terms and conditions which have not yet been agreed upon and that this MOU is not intended to be a complete or definitive statement of all the terms and

conditions of the proposed transaction, but contemplates, and is subject to, the negotiation and execution of the Project Documents. Neither Party shall be legally bound by any transaction involving the Project Site or the Student Housing Project until all Project Documents have been mutually agreed to and executed by both Parties and the State Board has approved the Project Documents; provided, however that the Parties each acknowledge and agree that they will cooperate in good faith and use commercially reasonably best efforts to negotiate the Project Documents consistent with the Project schedule set forth in *Exhibit B*.

IN WITNESS WHEREOF, the Parties have caused this **MEMORANDUM OF UNDERSTANDING** to be executed by their duly authorized officers as of the day and year first above written.

NORTH SEATTLE COLLEGE

By _____
Dr. Warren Brown, President

NORTH WAY INVESTMENTS INC.

By _____
Robert Dedon, Executive Managing Director

GMC PROJECTS INC.

By _____
Lorne Milne, Director

EXHIBIT A

MAP SHOWING APPROXIMATE LOCATION OF PROJECT SITE

EXHIBIT B

STUDENT HOUSING PROJECT – AGREED BUSINESS PRINCIPLES

The Preliminary Proposal that was submitted to the College on November 8, 2018, will serve as the basis for negotiations between the Parties and may be amended by the Parties to form the Final Development Proposal after further analysis, results of the Market Survey Study, tax, accounting, financing and construction considerations and the results of the public process and approvals associated with the amendment to the College’s Major Institutions Master Plan and permitting for the Student Housing Project.

The Parties contemplate that the College will enter into a Ground Lease of the Project Site with the Owner for an initial term of fifty (50) years, subject to any agreed upon extensions. The Ground Lease will, among other terms, set forth fixed rent payable to the College and a methodology for allocation and distribution of cash flow generated by the Student Housing Project and its various phases between the Owner and the College. The Project Site will consist of one or more legal lots, or condominium lot if a legal lot substantially exceeds the footprint of the building. The Ground Lease will contain such reasonable leasehold mortgagee protection provisions as required by lenders to finance construction and ongoing operation of the Student Housing Project. The Ground Lease will be entered into at the same time as the Development Agreement is executed.

The Parties contemplate that the College and the Owner will enter into a Use Agreement which will set forth each Party’s rights, duties and responsibilities with respect to leasing and operation of the Student Housing Project. The College shall market the Student Housing Project to College students, include the Student Housing Project as a housing option on its website and require international and other students to live in the Student Housing Project. The College shall also establish and maintain a referral list of College students, faculty and staff interested in leasing units in the Student Housing Project. The Parties agree that the Student Housing Project is intended primarily as housing for Targeted Residents; with priority first for NSC College international and then other NSC College students. In the event of insufficient demand from North Seattle College students, the Owner may offer vacant units first to students at other Seattle Colleges, then to students at other colleges and universities, and then finally to members of the general public, in order of precedence, in order to ensure the ongoing financial viability of the Student Housing Project. Rental rates shall be established in reference to the rental rates for comparable units in the area in which the Student Housing Project is located and shall be at levels necessary to assure the financial viability of the Student Housing Project. Any lease to the public that exceeds one year will expire on August 31st, so as to allow students an opportunity to lease these units.

The Parties contemplate that at the same time the Ground Lease and Use Agreement are executed, the Developer and Owner will enter into a Development Agreement to establish terms and conditions for development of the Project on the Project Site, including architectural design, selection of consultants, permitting, community relations, selection of contractor, construction and completion of the Student Housing Project.

The Parties contemplate that unless the Owner elects to manage the Project itself, the Owner will enter into contract(s) with a qualified property manager and other contractors to operate and maintain the Project in good condition and repair and in compliance with the terms of the Ground Lease.

The Parties anticipate the Student Housing Project will be developed in accordance with the following schedule:

Execution of MOU	
Amendment of College Major Institutions Master Plan	
Tentative Financing secured	
Final Development Proposal	
State Board Approval	
Execution of Project Documents	
Financing Commitment; Completion of Design Development	
All building and other permits obtained	
Commencement of Construction	
Substantial Completion of Project	

The intent of the project schedule is to have units ready for occupancy during a summer lease-up period. The Development Agreement will provide for allowable delay in commencement of construction in the event of unanticipated delays in obtaining entitlements, financing or other critical path items for the Project to avoid “off-cycle” availability of units.

MEMORANDUM

TO: Board of Trustees

FROM: Dr. Shouan Pan
Chancellor

DATE: March 14, 2019

SUBJECT: Recommended Approval of Tenure

Background

You have received tenure summaries for review and consideration for 20 faculty members. The faculty members listed below have been found to be qualified in their fields as instructors, and have been recommended for tenure in their discipline by their college tenure review committee, vice president for instruction, and president. I concur with these recommendations.

North Seattle College

Cathryn Cabral, English
James Jewell, English
Geoffrey Palmer, Sociology
Caroline Pew, Chemistry
Zan Simunovic, Watch Technology

Seattle Central College

Elaine Ong, ESL/Basic & Transitional Studies
Alyssa Jocson Porter, Library
Alecia Spooner, Earth and Environmental Sciences, Geology
Karleen Wolfe, Early Childhood/Family Studies

South Seattle College

Zahra Alavi, ABE/ESL
Caitlin Carle, English
Albert Engel, Engineering
Donte Quinine, Communication
Leo Spizzirri, Math
Yvonne Willis, Counseling
Rebecca Yedlin, ABE/ESL

Recommended Action

Based on the careful and robust review of the qualifications, teaching and service records of the probationary faculty members and my own interview and assessment, I recommend that the Board of Trustees grant tenure to all of the faculty members in their respective disciplines as indicated above.

Submitted by and transmitted top the Board with a favorable recommendation,


Shouan Pan
Chancellor

MEMORANDUM

TO: Board of Trustees

FROM: Shouan Pan, Ph.D.
Chancellor

DATE: March 14, 2019

SUBJECT: Emeritus Status Recognition

Background

The AFT/SCD Agreement (Article 5.16, Special Retirement Privileges) provides for the granting of emeritus status recognition upon eligible retired faculty or those who have died in service and have made significant contributions to the District's values of service, excellence, diversity and effective leadership. The following individuals have been recommended for emeritus status by the Executive Board of AFT Seattle:

North Seattle College	Dennis Schaffer, Science/Math Division Mary "Betsy" Campbell, Business Department
Seattle Central College	Josie Saldana, Basic & Transitional Studies Taare Giday, Arts, Humanities and Social Sciences
South Seattle College	Mike McGrath, College Transfer Division

Recommended Action

In accordance with the AFT/SCCD Agreement, it is recommended that the Board of Trustees grant emeritus status recognition to the above worthy individuals of District VI.

Submitted by and transmitted to the Board with a favorable recommendation,



Shouan Pan, Ph.D.
Chancellor



A Union of Professionals

AFT Seattle

Community Colleges
Local 1789, AFL-CIO

AFT Seattle
Community Colleges
Local 1789, AFL-CIO

1500 Harvard Avenue
Seattle, WA 98122
T: 206/934-5478
<http://wa.aft.org/aftseattle>

An affiliate of
AFT Washington,
American Federation
of Teachers, AFL-CIO



February 20, 2019

To: Seattle Colleges District Board of Trustees

From: Annette Stofer, AFT Seattle President

Re: Nominations for Emeritus Faculty Status

It is with great pleasure that the Executive Board of AFT Seattle sends forward to you the following faculty nominees for Emeritus Faculty Status:

Dennis Schaffer, North Seattle College, Science/Math Division

Mary "Betsy" Campbell, North Seattle College, Business Department

Mike McGrath, South Seattle College, College Transfer Division

Josie Saldana, Seattle Central College, Basic & Transitional Studies

Taare Giday, Seattle Central College, Arts, Humanities and Social Sciences

Attached are letters of nomination from colleagues who share their admiration for the fine contributions made by these nominees.

A handwritten signature in blue ink that reads "Annette M. Stofer". The signature is written in a cursive, flowing style.

MEMORANDUM

TO: Board of Trustees
FROM: Jennifer Howard
DATE: March 14, 2019
SUBJECT: Proposed Policy 471: Severance Policy

Background

As the Board of Trustees undertakes the review of Board policies, it deems necessary to update the existing policy 471 on Conditions of Administrative Employment. In doing so, the Board recognizes the importance of providing employment conditions that help attract and retain outstanding employees while fulfilling its fiduciary responsibility and acting as good stewards of public resources.

The Chancellor directed the Int. Vice Chancellor of Administrative Services to form a committee to review the existing policy and provide a recommendation to the Chancellor and the Board by November 2018. The recommendation was presented to the Board at their work session in November 2018. The Board reviewed the recommendation and found it to be unacceptable. The Board directed the Chancellor and the Int. Vice Chancellor of Administrative Services to work with Senior Counsel Derek Edwards in updating the policy.

The proposed policy, with input from Board's Finance Subcommittee and members of Chancellor's Executive Cabinet, is presented to the Board for first review in March 2019. It is anticipated that the policy will be submitted to the Board for final action in April 2019. The policy will be posted for public review and feedback during the in-between time.

Recommendation

It is the recommendation of the administration for the Board of Trustees to review the proposed policy.

Submitted by:



Jennifer Howard, Int. Vice Chancellor of Administrative Services

Transmitted to the Board with a favorable recommendation.



Dr. Shouan Pan
Chancellor

NUMBER: 471 (replaces both policy and procedure)

TITLE: Severance Policy (DRAFT)

Contracts

1. Each employee will receive an employment contract upon hire that describes the terms and conditions for employment.
2. The contract will continue until it is terminated by the employee (transfer, resignation or retirement) or by the employer.

Severance

1. An exempt employee who holds a permanent, full-time, state funded, non-union position for at least one (1) year may be eligible for severance.
2. An exempt employee who holds a position that is interim, grant funded, less than full-time, or has less than one year in that position is not eligible for severance. The Seattle Colleges will provide 30 days' notice of the end of the contract. If immediate separation is indicated, the employee will receive 30 days' pay instead of 30 days' notice.
3. Should the Seattle Colleges District choose to end the contract of an exempt non-union employee who is eligible for severance, the District may provide 30 days' notice separation and, at the end of employment, will provide 60 days' salary as severance. The District will pay to Health Care Authority the cost of COBRA to continue medical coverage for 60 days after the end of employment.
4. If the District does not provide the 30-day notice prior to ending the contract of an exempt non-union employee who is eligible for severance, the District will provide the financial equivalent of 90 days' salary. The District will pay to Health Care Authority the cost of COBRA to continue medical coverage for 90 days after the end of employment.
5. Severance for the chancellor, presidents, and vice chancellors is an individually negotiated contract term as part of a complete employment package and may vary from this policy.

Termination for cause

1. Any employee terminated for cause is not eligible for severance pay or notice under this provision.
2. For exempt non-union employees, 'cause' is defined as:
 - a. Conviction of work-related crime;
 - b. Conviction of a crime which prohibits successful performance of the job;
 - c. Gross misconduct and/or insubordination;
 - d. Willful and egregious violation of District rules, policies, procedures, or directives;
 - e. Documented incompetence in the performance of professional duties;
 - f. Neglect of duty or abandonment of position;
 - g. Sexual harassment;
 - h. Acts of moral turpitude;
 - i. Workplace violence;
 - j. Knowing and willful breach of ethics;

- k. Conviction for aiding and abetting or participating in:
 - i. Any unlawful act of violence;
 - ii. Any unlawful act resulting in destruction of Seattle College property;
or
 - iii. Any unlawful interference with the orderly conduct of the education process.

Reversion Rights

1. Administrators, except president/chancellor, who have been granted tenured faculty status with the Seattle Colleges prior to holding an administrative appointment may return to the faculty bargaining unit in accordance with the provisions of the Tenure Act of 1969 whenever their status as administrators is terminated.
2. If a current exempt, non-union employee of Seattle Colleges accepts a temporary or interim assignment, the Seattle Colleges will grant reversion rights to the employee upon completion of the temporary or interim appointment. If the situation permits, such an employee may be placed to the same position held by the employee prior to the temporary or interim assignment; if the situation does not permit, Seattle College reserves the right to place the employee into an alternate position within the District with the same grade and salary.
3. Employees who were not Seattle College employees at the time of acceptance of an interim or temporary assignment have no reversion rights.

Effective Date

This policy will take effect on July 1, 2019 and will apply to all exempt non-union employees.

MEMORANDUM

TO: Board of Trustees

FROM: Dr. Shouan Pan, Chancellor
Dr. Kurt R. Buttleman, Interim Vice Chancellor of Academics & Student Success

DATE: March 14, 2019

SUBJECT: Seattle Colleges Strategic Plan Goal 1 Student Success Update

Background

The Seattle Colleges Strategic Plan 2017-23 was approved in July of 2017 and spans seven years. This past 2017-18 academic year was the first full year of the plan, and we would like to provide an update on our progress for Goal 1 Student Success.

It is important to keep in mind that we are in the beginning stages of seeing the impact of our new strategic plan, but it is critical that we measure our initial progress so we can make any necessary adjustments to our strategies for meeting our goals.

Highlights

Notable trends within Goal Area 1 Student Success of the strategic plan are described below. Also, attached is a one-page “scorecard” with latest available data on our key student success measures. Please be aware that due to SBCTC reporting schedules, data not yet available on workforce outcomes will be reported later in 2019.

1. **Student Engagement:** Seattle Colleges met or exceeded targets for student engagement: student engagement. Over 1,000 students were surveyed in the Winter of the 2017-18 academic year. Students were slightly positive in their overall satisfaction with the Seattle Colleges. Over the past years, the trend has held steady with a modest increasing trend.
2. **Retention:** The retention rate from Fall 2017 to Winter 2018 Quarters dipped about two percent. Given the early stages of implementation of a range of student success strategies described in the plan, we consider this performance trend with caution. Seattle Pathways, Seattle Promise, strategic enrollment management, and reforms in advising, placement, and programs are underway, and new technologies, such as Starfish, are now being launched.
3. **Completion:** The four-year cohort completion rate for the 2017-18 year remained the same as the previous year at 43 percent. Similar to the retention rate, we recommend caution in

attributing causes. New strategies outlined in strategic and operational plans are underway and are expected to be in full implementation in the future.

4. **Math Progression:** Math progression increased slightly by one percent, from 24 percent to 25 percent. A quarter of students starting in developmental math (below college level) progress into college level math within one year. While this proportion is low, some math sequences by design take more than a year to complete. Furthermore, the colleges are investigating the reliability of placement testing methods and are piloting alternative and equity-minded approaches this year.

Summary

An initial review of this past academic year's student success measures provides a basis for further exploration and inquiry. For measures with available data, half of the targets were met or exceeded, and half were not. Also, we expect to report on workforce outcomes later this year. Finally, equity gap trends in the student success measures will be reviewed under the Goal 2 Equity, Diversity, Inclusion, and Community theme in the Spring of 2019.

Submitted by and transmitted to the Board of Trustees for informational purposes,



Dr. Shouan Pan
Chancellor



Dr. Kurt Buttleman
Vice Chancellor

STRATEGIC PLAN 2017-23 TOPICS**Background**

Seattle Colleges leadership plans to update the board of trustees during the 2019 calendar year with priority topics related to the Strategic Plan 2017-23. Following a planned presentation of topics in 2018, a similar calendar for 2019 is presented below. Proposed are key staff and anticipated subtopics for review.

Calendar of Topics - Proposed

- March 14 Goal 1 Student Success
 - Kurt Buttleman, presidents
 - Update on student success measures

- April 11 Winter Quarter Enrollment Report
 - Kurt Buttleman

- May 9 Goal 2 Diversity, Equity, Inclusion, and Community
 - Rosie Rimando-Chareunsap, AVPs of EDI&C
 - Diversity Action Plan

- June 13 Goal 3 Organizational Excellence / Budget 2019-20
 - Jennifer Howard
 - 2019-20 Budget Proposal
 - 2019-20 Operational Plans

- July 11 Spring Quarter Enrollment Report
 - Kurt Buttleman

- August No meeting

- September Summer Quarter Enrollment Report
 - Kurt Buttleman

- October tbd

- November Goal 4 Partnerships
 - Tbd (Chancellor, Vice Chancellor Partnerships, Vice Chancellor Advancement)

- December 2018-19 Annual Enrollment Report / Annual Strategic Plan Scorecard 2018-19
 - Kurt Buttleman
 - 2018-19 Academic Year Enrollment Report

- 2018-19 Annual Scorecard updated

Considerations

- More or less levels of detail can be presented based on board interest. Consider if board members have articulated wanting more or less information. Study sessions, subcommittees, or other venues may be opportunities for in-depth analyses.
- Data availability depends on data collection cycles as well as SBCTC's capacity to process and release data. In most cases, data are one-year behind. Nonetheless, agenda topics can focus on current strategies being deployed to meet goals as well as historical trend patterns.
- This plan, and the identified individuals anticipated to lead discussions, should be reviewed with the chancellor and the chancellor's executive cabinet to ensure staff are prepared. Agenda topics, such as Partnerships, have yet to be staffed as well as defined and measured. Substantial advance planning will be needed for some topics.

Seattle Colleges Strategic Plan Scorecard 2017-18


GOAL	MEASURE	TARGET AY1718	ACTUAL AY1718	STATUS	TARGET AY2223	BASELINE
GOAL 1 STUDENT SUCCESS	1a. STUDENT ENGAGEMENT	N/A	3.2	✓	3.2	3.2
	2a. RETENTION RATE Fall to winter	62%	59%	✗	72%	61%
	3a. COMPLETION RATE 4-year cohort	43%	43%	✗	52%	40%
	4. JOB-PLACEMENT RATE Nine months from program completion (prof-tech students only)	83%	Available 10/2019	--	86%	81%
	5. WAGE PROGRESSION	25%	Available 12/2019	--	30%	24%
	6a. MATH PROGRESSION From developmental to college within 1 year	24%	25%	✓	29%	23%
GOAL 2 EQUITY, DIVERSITY, INCLUSION, AND COMMUNITY	1b. STUDENT ENGAGEMENT BY SUBGROUPS (SOC = students of color)	N/A	White: 3.5 SOC 3.1 Gap: 0.4	--	Gap: 0%	White: 3.5 SOC 3.1 Gap: 0.4
	2b. RETENTION RATE Fall to winter, by subgroups (HU = historically underserved)	White: 68% HU: 59% Gap: 9%	White: 62% HU: 56% Gap: 6%	✓	Gap: 0%	White: 67% HU: 58% Gap: 9%
	3b. COMPLETION RATE 4-year cohort, by subgroups (HU = historically underserved)	White: 44% HU: 34% Gap: 10%	White: 45% HU: 34% Gap: 11%	✗	Gap: 0%	White: 43% HU: 33% Gap: 10%
	6b. MATH PROGRESSION From development math to college level within one year, by subgroups (HU = historically underserved)	White: 26% HU 18% Gap: 8%	White: 32% HU: 22% Gap: 10%	✗	Gap: 0%	White: 25% HU: 17% Gap: 8%
	7. ETHNIC AND RACIAL DIVERSITY OF FACULTY AND STAFF	maintain	32%	✓	35%	32%
	11b. STAFF GROWTH AND ENGAGEMENT By subgroups	N/A	White: 3.6 SOC: 3.5 Gap: 0.1	--	Gap: 0.0	N/A
	8. COST PER COMPLETIONS, COST PER SA POINTS, COST PER FTES	N/A	Available 9/2019	--	TBD	\$38,588/comp, \$3,737/ SA pts, \$9,073/FTES
GOAL 3 ORGANIZATIONAL EXCELLENCE	9. STARS POINTS	123	145	✓	178	105
	10. CONVERSION RATES Applicants to enrollments	33%	34%	✓	38%	32%
	11a. STAFF GROWTH AND ENGAGEMENT	N/A	3.6	--	TBD	N/A
GOAL 4 PARTERNSHIPS	12. PARTNERSHIPS Quantity and quality	N/A	TBD	TBD	TBD	TBD

LEGEND: Met or exceeded target ✓ Did not meet target ✗

Goal	Number	Measure	Description
Student Success	1a	Student engagement	Community College Survey of Student Engagement (CCSSE), approximately every 3 years. CCSSE item: "How would you evaluate your overall educational experience at this college?" (1=poor, 2=fair, 3=good, 4=excellent) Colleges' student surveys items (non-CCSSE years): "What is your overall satisfaction with your experience at North/Central/South Seattle College"?
	2a	Retention rate	Fall to winter, all cohorts
	3a	Completion rate	4-yr Student Achievement (SA) cohort, inclusive short-certs, long-certs, degrees, and transfers w/o degrees; prof/tech and transfer cohorts only. ABE and ESL cohorts excluded
	4	Job-placement rate	Nine months from program completion, professional/technical students only
	5	Wage progression	From PRE-enrollment at Seattle Colleges to POST-enrollment, of professional-technical program
	6a	Progression Math from developmental to college in 1 year	Cohorts starting just below college level and more than 1 level below college
Equity, Diversity, Inclusion, and, Community	1b	Student engagement	Community College Survey of Student Engagement (CCSSE), approximately every 3 years. CCSSE item: "How would you evaluate your overall educational experience at this college?" (1=poor, 2=fair, 3=good, 4=excellent). Gap between white students and students of color (SOC). Students of color (SOC): Black or African American, American Indian or other Native American, Asian American, Hispanic or Latinx, Native American, and Pacific Islander.
	2b, 3b, 6b	Student performance	By Year 6, reduce and eliminate performance gaps between white and underserved students. Racial and ethnic groupings to establish "opportunity gap" follow Seattle Public Schools' District specification of "underserved" students. Historically Underserved (HU): Black and African American, American Indian or other Native American, Hispanic and Latinx, and Pacific Islander (Asian American students are currently excluded from these analyses in an effort to remain consistent with the Seattle Public Schools reporting. Going forward, Asian American subgroups will be analyzed to determine inclusion in the underserved category.)
	7	Ethnic and racial diversity of faculty and staff, overall percentage (all staffing categories)	Staff of color: Black and African American, American Indian or other Native American, Asian American, Hispanic or Latinx, and Pacific Islander.
	11b	Staff growth and engagement	5 point Likert scale (5=very satisfied, 1= very dissatisfied) SOC = staff of color
Organizational Excellence	8	Cost per completions; cost per SA points; cost per FTES	AY2016-17. Cost data includes all non-capital fund sources.
	9	STARS ratings	The Sustainably Tracking Assessment & Rating System™ (STARS) is a transparent, self-reporting framework for colleges and universities to measure their sustainability performance. Association for the Advancement of Sustainability in Higher Education (AASHE): https://stars.aashe.org/institutions/participants-and-reports/
	10	Conversion rate	Conversion percentage of applicants to enrollments
	11a	Staff growth and engagement	What is your overall satisfaction with being an employee of North/Central/South Seattle College? (Spring 2018, new item in climate surveys) 5 point Likert scale (5=very satisfied, 1= very dissatisfied)
Partnerships	12	Partnerships	This measure is yet to be finalized.

MEMORANDUM

TO: Board of Trustees

FROM: Shouan Pan, Ph.D.
Chancellor

DATE: March 14, 2019

SUBJECT: 2018-2019 Board of Trustees, Revised Meeting Schedule

Background

The locations of the April 11 and May 9 meetings have been swapped. The April 11 meeting will now be held at South Seattle College. The May 9 meeting will be at Seattle Central College. A reception to honor faculty who have recently received Tenure or Core Status will follow the May 9 meeting.

Recommended Action

It is recommended that the board accept this as information only.

Submitted by and transmitted to the Board with a favorable recommendation,



Shouan Pan, Ph.D.
Chancellor



BOARD OF TRUSTEES, REVISED 2018-19 MEETING SCHEDULE

Regular meetings are held on the second Thursday of the month, except October which is the third Thursday. Study Sessions begin at 1:30 p.m. **Regular meetings begin at 3:00 p.m.** Dates and locations of the meetings are noted below.

September 13	North Seattle College	9600 College Way North Seattle, WA 98103
October 18	Seattle Central College	1701 Broadway Avenue Seattle, WA 98122
November 8	South Seattle College	6000 16 th Avenue SE Seattle, WA 98106
December 13	North Seattle College	9600 College Way North Seattle, WA 98103
January 10	Seattle Central College	1701 Broadway Avenue Seattle, WA 98122
February 14	Meeting Canceled	Meeting Canceled
March 14	North Seattle College	9600 College Way North Seattle, WA 98103
April 11	South Seattle College	6000 16 th Avenue SW Seattle, WA 98106
May 9	Seattle Central College	1701 Broadway Avenue Seattle, WA 98122
June 13	North Seattle College	9600 College Way North Seattle, WA 98103
July 11	Seattle Central College	1701 Broadway Avenue Seattle, WA 98122

2019 Legislative Update

March 14, 2019

by Steve Leahy, Director of Governmental Relations

WHERE WE ARE NOW:

Friday, March 1st was the **end of the 7th week of the 15-week** legislative session that ends on April 28th. Midnight on March 1st was also the **cut-off deadline for bills with fiscal impact** to be voted out of the fiscal committee in their house of origin---the Appropriations Committee in the House and the Ways and Means Committee in the Senate. Bills not receiving approval from a fiscal committee are considered dead for this session.

Some bills that failed to advance include **Rep. Gael Tarleton's HB 1300**---the \$500 million "Reinvesting in our Colleges" bill; **Rep. Gerry Pollet's HB 1123**---the Washington Promise with new entitlement funding for expanded State Need Grant; and **Sen. David Frockt's "Evergreen Promise" (SB 5884)** which would have created 6 pilot programs similar to the "Seattle Promise" in various parts of the state.

All of these bills failed to advance because of their fiscal impacts---they'd cost lots of new dollars and would create new "**entitlements**" that obligated future Legislatures to fulfil those obligations. Strong bipartisan fiscal restraint is the overriding watchword in this budget-making session. Leading Democrats including House Speaker Frank Chopp, House Appropriations Chair Timm Ormsby of Spokane, and Sen. Christine Rolfes of Bainbridge Island and Chair of the Senate Ways & Means Committee all agree that there is already a **\$4 billion gap between expected revenue and "maintenance level" commitments for programs, caseloads agreed-to in the 2018 Supplemental Session which ended last March and collective bargaining agreements made by OFM and included in the Governor's proposed budget.**

WHAT'S NEXT:

The 98 House members and 49 State Senators will now head to the floors of their respective chambers over the next 12 days and have **until end of day on Wednesday, March 13th to vote bills out of their chamber of origin.** Only those bills receiving majorities for passage will cross over to the opposite chamber and continue in the legislative process during the remaining five weeks of the session.

Governor Inslee's proposed "Washington Promise" is still alive because it requires no new revenue. The Puget Sound Taxpayer Accountability Account (PSTAA) is also still alive as it's not state revenue that funds the PSTAA, but sales tax on light-rail construction within the RTA taxing district of King, Pierce and Snohomish Counties. We will continue our coalition engagement and advocacy to ensure that both pass in the House and Senate.

The next Revenue Forecast by the State Economist and Forecast Council is due on Wednesday, March 20th. That's also when both House and Senate proposed budgets will be unveiled. That's when we'll find out how successful we have been so far in advocating for systemwide CTC salary increases and whether they will be funded 100% by the state, compared to the 65% state/35% local split in-place since 2013.

MEMORANDUM

TO: Board of Trustees
FROM: Shouan Pan, Chancellor
DATE: March 14, 2019
SUBJECT: Report to the Board of Trustees

I. Student Success**Successful Partnership between Seattle Colleges and Seattle Housing Authority**

For the past several years, the Seattle Colleges Workforce Development team and Seattle Housing Authority (SHA) have collaborated to help SHA residents build skills, earn credentials and find long-term, secure employment on the road to self-sufficiency. Two Seattle Colleges-based navigators work directly with SHA residents on career discernment, financial aid, registration, persistence and completion. This program, called JobLink, also provides support from SHA-based "career coaches" as well as financial incentives for full-time employment and full-time college enrollment. These financial supports help low-income residents cover costs associated with attending school or starting a new job, as well as necessary everyday expenses such as groceries and transportation.

In the past year, our JobLink College Navigators have helped 230 SHA residents enroll in Seattle Colleges programs, and have assisted with 267 distinct enrollments (with some students progressing into additional programs following their first enrollment). Top programs in which students are enrolled include Early Childhood Education, Nursing, AA Transfer, Respiratory Care, ESL, and Culinary. The JobLink team together has helped over 200 students secure employment. Nearly 650 students are currently enrolled in the JobLink program and are receiving services from staff such as pre-enrollment support, resume-writing, job search assistance and more. Originally established through support from JPMorgan Chase, the partnership between Seattle Colleges Workforce Development and Seattle Housing Authority continues to strengthen and evolve.

Seattle Colleges Management Team Convened to Receive Training on Guided Pathways

On Thursday, January 3, 2019, over 50 members of the Seattle Colleges Management Team gathered at Seattle Central College to receive training on Guided Pathways. Dr. Debra Bragg of the Center for Experiential Learning and Diversity at UW and the former founding director of the Office of Community College Research and Leadership of the University of Illinois at Urbana-Champaign provided the keynote address and facilitated the training.

Participating managers actively participated in deep group learning and discussions on Guided Pathways. Post-training feedback was positive.

II. Organizational Excellence

Siegal Center Staff Survey Conducted January 15-Feb. 1

A survey of employee working at Siegal Center or having reporting relationships to a district-wide manager was issued between January 15 and February 1. The 10-minute, anonymous survey was conducted to gather information on employee satisfaction and staff morale. Results from the survey are being tallied and analyzed. Information gathered will be used for continuous improvement.

District-wide Faculty and Managers Shared Governance Group Convened for the First 2019 Meeting

On Thursday, January 31, members of the district-wide Faculty Shared Governance group held its first meeting of 2019. Chancellor Pan, interim vice chancellor Buttleman and interim vice chancellor Howard attended the meeting to provide informational updates on a number of issues, including legislative efforts, district budget forecast and budget planning, Seattle Promise, and Seattle Pathways. Faculty members and managers in attendance had very meaningful exchanges.

Siegal Employees Relocated throughout the College to Enable Facility Improvement

For purpose of addressing several deferred maintenance and safety concerns at Siegal Center, external companies were contracted to paint the wall, re-carpet the floors, and reorganize work spaces. All Siegal Center employees were relocated throughout the colleges during the month of January. This first phase of improvement project has been completed and employees have now returned to Siegal Center.

Trustee Williams Toured SSC and SSC

Trustee Robert Williams took time to visit and tour both South Seattle College (January 9) and Seattle Central College (January 28). Both colleges held receptions to provide opportunities for him to meet and dialog with students and college employees. Trustee Williams took time to introduce himself and share his priorities as a new trustee. Because of his commitment to the community college mission and his easy-going approach, Trustee Williams established immediate rapport and connections with many students and employees.

Trustee Hill and Chancellor Pan Met with State Auditors

On January 16, Trustee Hill and chancellor Pan met with the State Auditors to conduct a financial risk assessment at Seattle Colleges. Thanks to the hard work and due diligence of the interim vice chancellor of administrative services and her staff over the past few weeks, the FY 2017-2018 audit is progressing nicely. Preliminary audit results are expected soon.

Seattle Colleges Foundation Updates

- a) Assets from SSC's Ed Fund, SCC's Foundation and Foundation for Seattle Colleges (except the portion set aside for operating the Pacific Medical Tower) have now been transferred to the new Seattle Colleges Foundation. Agreements that document the conditions of the transfer have been executed.
- b) Seven new board members were recruited and six of them were officially introduced at the February Board meeting. With their experiences, backgrounds, and connections, the new board members stand to strengthen the new foundation in many ways.
- c) After consulting with Seattle Colleges Foundation Board, the Aspen Leadership Group that was hired to assist with the previous national search for Vice Chancellor of Advancement has been contracted again to assist with the re-opened search. Based on the lessons learned from the previous searches, the new search features a more aggressive timeline and more flexible search process. This search is expected to conclude by late April and early May.

III. Partnerships**Seattle Colleges Successfully Co-sponsored the 46th MLK Celebration Event with Mount Zion Baptist Church**

In partnership with Mount Zion Baptist Church, Seattle Colleges successfully held the 46th MLK Community Celebration on January 18, 2019 at the church. Dr. Michael Dyson, Sociology Professor and prominent public intellectual, provided a riveting and exhilarating keynote speech to a full church. Governor Jay Inslee, King County Executive Dow Constance, and Mayor Durkan's representative also spoke at the event. Trustee Hill and Trustee Williams attended the event, together with college presidents, chancellor Pan, former Seattle Colleges trustees, Seattle Police Chief and Seattle Fire Chief, Seattle Colleges students and employees. The MLK Planning Team led by Earnest Phillips did a wonderful in planning and executing this successful celebration event.

Working with the City of Seattle on Master Partnership Agreement and Implementation Plan Related to FEPP

During the months of January and February, the Seattle Promise leadership teams of Seattle Colleges (consists of the college presidents, Interim Vice Chancellor of Academic and Student Success, Interim Associate Vice Chancellor of Advancement, Director of Seattle Promise, the Executive Director of Research and Planning, and Chancellor) met with Seattle City's DEEL (Department of Education and Early Learning) staff at several focused meetings to work on the master partnership agreement and Implementation plan concerning the Families, Education, Pre-school and Promise Levy. Despite the complexities and inter-agency dynamics involved in negotiating a win-win agreements and implementation plan, significant progress has been made. Both the draft Master Agreement and the

Implementation Plan are ready for review and approval by the City Levy Oversight Committee and the Seattle City Council in the coming weeks.

Chancellor Pan Met with SPS Superintendent and DEEL Director to Discuss Tri-lateral Partnership Related to Seattle Promise

On January 11, chancellor Pan met with Dr. Denise Juneau, Seattle Public School superintendent, Dwane Schappelle, Seattle City Director of Department of Education and Early Learning, and other city leaders to discuss strengthening partnership among three entities in order to achieve the shared vision of Seattle Promise. The meeting was productive and meaningful.

Trustee Williams attended the New Trustee Orientation and Visited with King County Legislators in Olympia

Trustee Williams attended the New Trustee Orientation hosted by the WA Association of Community College Trustees on January 21. On January 22, Trustee Williams visited with several King County Legislators--both state senators and house representatives-- together with Warren Brown, Steve Leahy, and Shouan Pan. These visits provided the opportunities to drive home with the legislators WA community colleges legislative priority in securing improved funding.

Drs. Buttleman and Pan attended League of Innovation 50th Anniversary Celebration

Seattle Colleges is Board member institution of the League of Innovation in the Community College. The League recently celebrated its 50th Anniversary at the 2019 Innovation Conference. On behalf of Seattle Colleges, the interim vice chancellor, Kurt Buttleman, and chancellor, Shouan Pan, attended the celebration event in New York at the end of February.

SCCTV contract with City of Seattle

SCCTV is happy to announce it has extended its contract with the city of Seattle for another six months, through the end of June. The contract for \$146,000 is for services to operate the city's public access television station Seattle Community Media. SCCTV has been operating the city's station since 2011.

IV. Pride Points

Three Seattle College Students Nominated for the Annual Transforming Lives Event

On behalf of Seattle Colleges, Board Chair Louise Chernin submitted three Seattle Colleges students for the 2019 Transforming Lives Celebration Event: Oloth Insyxuengmay, by Seattle Central College, Fernanda Jardim de Souza, by North Seattle College, and Kaylin Clarke, by South Seattle College. The collective stories of our three nominees clearly demonstrate Seattle Colleges' deep impact on their lives.

Trustees Hill and Williams, president Warren Brown, interim governmental relations director, Steve Leahy, and chancellor Pan, and North Seattle College's Nominee Fernanda Jardim De Sopa, attended the Transforming Lives Dinner on January 21 in Olympia.

President Rosie Rimando Chareunsap Honored by Filipino American Educators of WA

On January 25, the Filipino American Educators of Washington held a special reception in honor of Dr. Rosie Rimando Chareunsap on her appointment as the president South Seattle College. Rosie is a one of the very few Filipino Americans who serve as a college president. Chancellor Pan joined a large group of Filipino American community leaders, Seattle Colleges administrators, and Rosie's family member in the special celebration.

MEMORANDUM

TO: Board of Trustees
FROM: North Seattle College President Dr. Warren Brown
DATE: January 31, 2019
SUBJECT: Report to the Board of Trustees

I. Student Success

- **Campus Forum on Seattle Pathways and Seattle Promise**

On Jan. 30, members of campus and district leadership held an informational meeting and college-wide forum on the expansions of the Seattle Promise and the Seattle Pathways programs. College employees had a chance to learn and ask questions about the changes, challenges and opportunities the college faces as it moves toward an educational framework centered on equity.

II. Institutional Excellence

- **North SDS Engages in Proactive Intervention for at-risk Seattle Promise Students**

North's Student Development Services unit implemented a proactive intervention for at-risk Seattle Promise students. Using graduating GPA as a key indicator to support at-risk students attending North fall quarter 2018, any student with a graduating high school GPA bordering 2.0–2.5, was strongly encouraged to register for Human Development Course their first quarter. Eight out of 11 students enrolled in HDC 100 with a 73% pass rate and seven out of 11 students enrolled in HDC 100 continued on to the next quarter.

III. Pride Points

- **North recognized as a Fair Trade certified campus**

North was recognized as an official Fair Trade (FT) certified campus, by Fair Trade Campaigns, on Jan. 7. North is the second college in the state of Washington and 55th in the nation to receive this recognition. North's FT and Local Sourcing Resolution commitments include outreach on FT purchasing at events and providing FT options at its retailers (i.e. the Grove and Bookstore).

- **North President Warren Brown to present at the 2019 AACC**

President Brown has been selected to present at the 2019 Annual American Association of Community Colleges in Orlando, Florida in April. President Brown will present on, "Being the Nexus: Leveraging Resources to Transform the Community," and "Global to Local: Internationalization Opportunities and Challenges."

IV. External Affairs

- **50th Anniversary Planning**

To help engage the campus community around planning for the college's 50th anniversary in fall 2020, the college has formed an official planning team, launched an online community survey about anniversary campaign goals and created a form so members of the community can share how North has enriched their lives.

MEMORANDUM

TO: Board of Trustees
FROM: North Seattle College President Dr. Warren Brown
DATE: February 28, 2019
SUBJECT: Report to the Board of Trustees

I. Institutional Excellence

- **Accreditation Mid-Cycle Self-Evaluation and Visit**

North Seattle College recently submitted its Mid-Cycle Self-Evaluation Report to the Northwest Commission on Colleges and Universities and will host a site visit on April 8-9. The report and visit will provide the accrediting body with a reflective appraisal of the college's progress to date in reaching its goals for its Year Seven assessment.

II. External Affairs

- **Seattle Mayor Jenny Durkan Delivers State of the City address at North**

North hosted Seattle Mayor Jenny Durkan's annual State of the City Address on Feb. 19. The Mayor's address brought dignitaries from around the city and state to the college and included remarks from President Warren Brown and a Seattle Promise student. This is the first State of the City Address the college has hosted.

- **President Moderates County Townhall**

President Brown moderated a townhall meeting for King County Council Districts 1 and 4 at the Phinney Neighborhood Association Center on Feb. 21. The event was hosted by King County Councilmembers, Jeanne Kohl-Welles and Rod Dembowski.

- **North Hosts Table at Woodland Park Zoo Annual Event**

To strengthen one of its strategic partnerships, North hosted a table at the Woodland Park Zoo's annual spring fundraiser. Chancellor Shouan Pan attended and President Brown presented a scholarship to an area high school student.

III. Pride Points

- **Day of Remembrance Commemorated at North**

North honored Day of Remembrance (DOR) in February with a spoken word performance on Feb. 19 and two exhibits examining DOR issues. Troy Osaki, an award winning spoken-word poet, a Filipino Japanese American community organizer, an attorney and North alum, delivered a spoken-word performance, covering topics ranging from Japanese internment to social justice issues.

- **North Honors Black History Month and held EDI Open Forum**

North's President's Diversity Inclusion Council for Equity in partnership with the Office of Equity, Diversity and Inclusion (EDI) hosted Seattle activist and co-founder of the Seattle chapter of the Black Panther party, Aaron Dixon, at an open community forum. Additionally, student leadership and international programs hosted a talk with Dr. Jabali Stewart on race and the experience international students face in the United States around racism.



MEMORANDUM

TO: Board of Trustees
FROM: Sheila Edwards Lange, Ph.D., President
DATE: February 14, 2019
SUBJECT: Seattle Central College monthly report

STUDENT SUCCESS

Seattle Pathways initiative launched

Last month, Seattle Central officially launched the Seattle Pathways effort with a kick-off presentation with Kristi Wellington-Baker from SBCTC to introduce the pathways concept to campus employees. The approach outlines changes in curriculum, support, monitoring, and student services to make it easier for students to pick and complete a program and pursue rewarding careers.

College Council holds focus groups to inform current work

As an outcome of the Critical Issues workgroup of College Council, Seattle Central is hosting nine focus groups sessions during Winter Quarter to solicit student feedback that will inform current initiatives. The sessions consist of a questionnaire and 90-minute discussion with questions around pathways and advising, learning environment, and diversity and inclusion. Focus groups are being conducted with specific groups including students with disabilities, students of color, as well as two sessions for the general population.

EXTERNAL AFFAIRS

College holds brainstorming session with alumni

Last month, Seattle Central's Office of Strategic Partnerships hosted a brainstorming session with more than 10 alumni to inform the process of establishing more formal alumni relations at the college. Alumni reflected on their favorite memories of Seattle Central, and recommended possible motivations and activities to keep alumni engaged.

Seattle Central hosts women of color initiative

The Women's Funding Alliance held a half-day conference last month focused on clearing the pathway for single mothers to secure and maintain living-wage jobs, especially for women of color. Through our Thrive Initiative, the alliance seeks to ensure that single mothers have the same successful outcomes in education and workforce training programs as their peers.

PRIDE POINTS

Seattle Central alumna develops magazine

Recent Seattle Central alumna [Mariah Behrens](#) decided to take the concept of her magazine, "[LOIS](#)," that she developed for a final project in the college's Creative Academy and make it a real magazine. She raised more than \$17,000 and printed her first edition. Last year, Behrens received a national gold American Advertising award for her work on "LOIS." The magazine also earned a gold award at the local level in Seattle and a silver award at the regional level.



MEMORANDUM

TO: Board of Trustees
FROM: Sheila Edwards Lange, Ph.D., President
DATE: March 14, 2019
SUBJECT: Seattle Central College monthly report

STUDENT SUCCESS

Students selected for All-Washington Academic Team

Seattle Central students and Phi Theta Kappa's (PTK) President Devon Hall and Vice President Snow Zhou were selected for the 2019 All-Washington Academic Team. They will represent Seattle Central at a ceremony at South Puget Sound Community College on Mar. 21.

INSTRUCTIONAL EXCELLENCE

EDGE program continues to flourish

Instructors Pamela Cox and Fiona Jackson join two other faculty members who recently completed eLearning's Education + Design = Excellence (EDGE) professional development program. Over 92 faculty and staff have signed up and have collectively participated in more than 900 hours of training.

Seattle Central students achieve success in Statway

Seattle Central recently received results from the Institutional Report for Carnegie Math Pathways for the 2017-18 school year. Seattle Central students achieved high success in all three terms of the Statway sequence producing an estimated success rate of 43 percent. Statway is a yearlong course designed to replace the traditional developmental math sequence and provide college-level statistics course credit.

PRIDE POINTS

Alumna wins grant

Graphic design alumna [Kira Shea](#) recently won a \$50,000 grant from [BECU's People Helping People awards](#). The grant will go toward supporting Rain City Rock Camp for Girls, a non-profit designed to empower girls, women and gender non-conforming individuals to engage their creative potential through music and social advocacy.

Seattle Central marks 77th anniversary of Japanese internments

Through a series of events, Seattle Central College remembered its connection to the 77th anniversary of Executive Order 9066. The event featured a candlelight remembrance for the Japanese American students who were removed from Broadway High School. Students, faculty and staff at Seattle Central read their names, and candles were placed around the Tsutakawa Fountain for each individual.

Seattle Central alumnus named Transforming Lives nominee

Seattle Central named Oloth Insyxiengmay as the college's [Association of College Trustees \(ACT\) Transforming Lives](#) nominee. Incarcerated at 15, Insyxiengmay found empowerment through education while in the prison system. He started his journey with the University Beyond Bars program, which offers Seattle Central credit to incarcerated students. Once released, he enrolled at Seattle Central to finish his associate degree. Insyxiengmay is now at the University of Washington pursuing a bachelor's degree.

MEMORANDUM

TO: Board of Trustees
FROM: Rosie Rimando-Chareunsap, President
DATE: February 14, 2019
SUBJECT: Report to the Board of Trustees

I. **Student Success**

- President Rimando-Chareunsap was joined by a South Seattle College team in traveling to Vancouver, WA January 16-17 for the latest College Spark Guided Pathways Retreat. The retreat focused on program maps and advising redesign efforts.
- Thanks to an ongoing strong relationship between South's Aviation Maintenance program and Delta Air Lines, students now have access to Delta TechOps' online training program. Access to the training system further prepares students for well-paying aviation careers upon graduation.
- South held a Seattle Promise Forum on February 12 to update the campus community on the latest developments as Seattle Colleges works with the City of Seattle to expand the program to all Seattle public high schools by 2020.

II. **Institutional Excellence**

- South will host the Northwest Commission on Colleges and Universities (NWCCU) for a year-seven visit April 24-26, and an outreach and communications plan started in earnest February 1 to prepare the campus community. Preparations include forums, division toolkits and email communications to inform staff, faculty and students about the process and help them prepare to engage with accreditors during the visit.
- South brought Vice President of Instruction finalists to campus February 4-6 for a full day of interviews, tours and forums with faculty, staff and students.

III. **External Affairs**

- Several South students went to Olympia for the Annual Community College Legislative Advocacy Day on January 24, where they met with State Senator Joe Nguyen and Representatives Eileen Cody and Mari Leavitt. Students advocated for better community college funding, college affordability, and increased state support for previously incarcerated and undocumented students.

IV. **Pride Points**

- President Rimando-Chareunsap was honored by the Filipino American Educators of Washington on January 25 for her appointment as South's leader. The reception, held at China Harbor in Seattle, included conversations on collective efforts to transform education.

MEMORANDUM

TO: Board of Trustees
FROM: Rosie Rimando-Chareunsap, President
DATE: March 14, 2019
SUBJECT: Report to the Board of Trustees

I. Student Success

- The Guided Pathways Guiding Team welcomed Tish Lopez, full-time, tenured English faculty, to her role as faculty co-lead for the team. Tish will bring a strong faculty voice to help guide further progress in Guided Pathways implementation. The Guiding Team also held a debrief on Feb. 15, where the results of a campus-wide “chalk talk” outreach project to gather student, faculty and staff views on student success topics were compiled and shared.

II. Institutional Excellence

- South Seattle College submitted the Year-Seven Mission Fulfillment and Sustainability Self-Evaluation Report to the Northwest Commission on Colleges and Universities in early March in advance of NWCCU’s accreditation visit from April 24-26, 2019. The report came together with the aid of many college and district employees, and provides a strong overview of the great work being done at South on our students’ behalf.

III. External Affairs

- Seattle Mayor Jenny Durkan sent a delegation to the Harbor Island Training Center on February 7 to learn more about South Seattle College’s Maritime Welding program offered in collaboration with Vigor Industrial. They Mayor’s team is exploring career opportunities for Seattle Promise students as the scholarship program continues to grow.
- On January 11, USA Student Government representative Jay Choe, Security Director James Lewis and Student Life Advisor Monica Lundberg met with Seattle City Councilmember Lisa Herbold to raise concerns about pedestrian safety on 16th Ave S.W. As a result of the meeting, Herbold said Seattle city departments would assess road lighting and review possible crosswalk improvements, and King County Metro would review the southbound 125 bus route.

IV. Pride Points

- Olympic College in Bremerton is recruiting a pilot class of 30 students for the newly-launched OC Promise, which draws inspiration from the 13th Year Promise Scholarship (now Seattle Promise) started by the South Seattle College Foundation in 2008 to provide one year of tuition-free college to high school graduates. OC was particularly impressed with South’s belief in providing support services beyond scholarship dollars, and will build their own version of “Summer Bridge” preparation workshops to aid students in the transition from high school to higher education.



February 2019 Report

To: Seattle Colleges District Trustees

By the time of this meeting, we should be settled back into Siegal Center. The place looks great and is much more inviting. Many thanks to everyone who organized the move, did the work on the building, and did the heavy lifting. I had the pleasure of being on Central campus during the interim. People were kind and supportive at every turn. I enjoyed being around faculty and students again. One faculty colleague down that hall shared a binder from a Dismissal Committee in 1995, which may prove useful in the coming weeks. There were many other positive experiences at Central as well, and I thank everyone who contributed to that.

Related to the legislative session in Olympia, our faculty union is involved in a number of things. We will join other community college employees for a lobby day on February 18. We will also have a legislative day on February 26 where we will visit legislators in their offices and do tabling on our campuses to share general information with faculty about their state legislators and important issues this year. We met with other King County union leaders to discuss Regional Pay. There is a great deal of interest, and we will be taking a number of actions over the next couple of months. We will continue to be engaged with the Chancellor's regional pay work group.

Our executive board is in the early stages of preparing for contract negotiations. As we identify the issues that are a priority for the faculty, we are still working on some of the unfinished business of implementing provisions of our current contract. There are three new joint committees. While Shared Governance got off to a good start, the other two have not been fully staffed or have had a hard time meeting and getting established. We have worked out a couple of MOU's to fill in gaps or question whether a new due date for something was a good move. In Fall 2019, the workload for Basic Studies faculty will change from 20 hours per week to 18 contact hours. Our executive board has expressed concern about the financial impact of the change on our programs without additional funding for them. We will continue to dialogue on this matter as needed.

Respectfully,

Annette Stofer, AFT Seattle President

NSC Student Leadership and Multicultural Programs has the following to report:

- Student Leadership has greatly increased attendance at workshops and lectures by bringing co-curricular speakers in conjunction with faculty members from departments across campus. One such event, a film screening and talk by Tracy Rector, drew over seventy people (event details below).
- Last quarter, in partnership with the University District Food Bank, North's food pantry distributed 17,856 pounds of food and served an average of 115 people each Wednesday. This walk-in food pantry is open to students, faculty, staff, and community members, and does not require registration.

Student Events

- **Free Textbook Exchange** (1/8 and 1/9): The Research & Advocacy Board runs a free textbook exchange at the beginning of each quarter.
- **Winterfest** (1/9): Winterfest was held in conjunction with a Club Fair in which almost thirty student organizations were represented. Members of Events Board led games and activities to promote self-care, relaxation, and awareness of campus resources. Members of Sustainability Board distributed Fair Trade hot cocoa.
- **Winter Clothing Drive** (1/9 – 1/23): Members of Events Board collected nine bags of warm seasonal clothing on behalf of Mary's Place, a shelter that supports women, children, and families.
- **Native Film with Tracy Rector** (1/15): Indigenous filmmaker, activist and Seattle Arts Commissioner Tracy Rector (Choctaw/Seminole) came to campus to screen her latest film project *Dawnland*, followed by a Q&A.
- **All Student Leadership Meeting** (1/25): Student leaders met with Associate VP for Equity, Diversity and Inclusion D'Andre Fisher to discuss funding for the new NSC Equity Center. Afterwards, Page One Writing Center English Faculty Coordinator Jamie Wilson led a workshop on writing personal statements and cover letters.
- **Licton Springs Review Submission Deadline** (1/31): Established in 1990, *Licton Springs Review* is North's longest-running student publication, an art-literary magazine featuring fiction, non-fiction, poetry, and art by students and alumni.
- **Grassroots Organizing** (1/31): Another co-curricular event, this workshop features Liza Rankin, founder of Soup for Teachers, North alumni and arts activist Lhorna Murray, and Professor of Political Science Jonathan Harrington. The panel will speak about civic engagement at state and local levels.

NSC Student Leadership and Multicultural Programs has the following to report:

- Student Leadership is pleased to announce a unanimous vote to approve funding for NSC's new Equity and Welcome Center. We believe this center is an important step forward in our efforts to build student-centered community on campus. The Equity and Welcome Center is a timely response to the needs of current as well as incoming students, particularly marginalized and underserved students who often hold multiple identities. We thank the staff of the Multicultural Room and GenEq, who have done the lion's share of community-building work on this campus to date, as well as DICE and VP of EDI D'Andre Fisher, whose vision and perseverance made this possible. Student Leadership is proud to support the Equity and Welcome Center, and looks forward to the positive changes it will bring to campus.
- Students from the Research & Advocacy Board (RAB) traveled to Olympia on 2/22 to meet with lawmakers and advocate for funding to redesign NSC's library building. Due to snow, these meetings had been rescheduled, and ended up occurring on the last day before the budget was passed. As such, RAB judged it unlikely that the funding would be included in this year's budget. However, they report that the lawmakers were responsive to their concerns about lack of earthquake safety and ADA accessibility in the current structure, and expressed interest in coming to the campus themselves. RAB is therefore optimistic for next year's funding prospects.
- Members of Sustainability Board attended the WOHESC Sustainability conference at the University of Washington (2/25 – 2/27). This year's programming is focused on equity and diversity.
- Many events initially planned for February have been rescheduled due to snow cancelations.

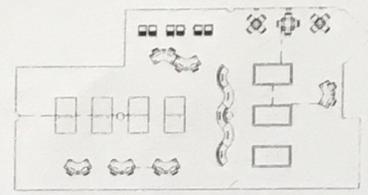
Student Events

- **Black History Month:** Events Board hosted film screenings, tabling, and Kahoot games throughout the month.
- **Lunar New Year (2/6):** Student Leadership and International Programs partnered on a celebration of the Lunar New Year, featuring dumplings, spring rolls, games, and performances including a Lion Dance.
- **I <3 Consent (2/12 and 2/14):** GenEq hosted this opportunity for students to learn about consent, get resources on sexual health and relationships, and make cards for Valentine's Day. Members of Events Board assisted with logistics and helped manage the tables.

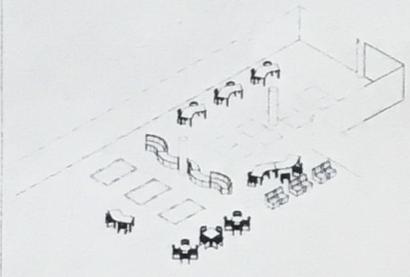
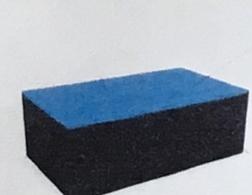
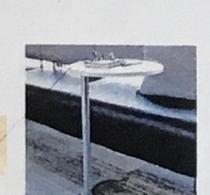
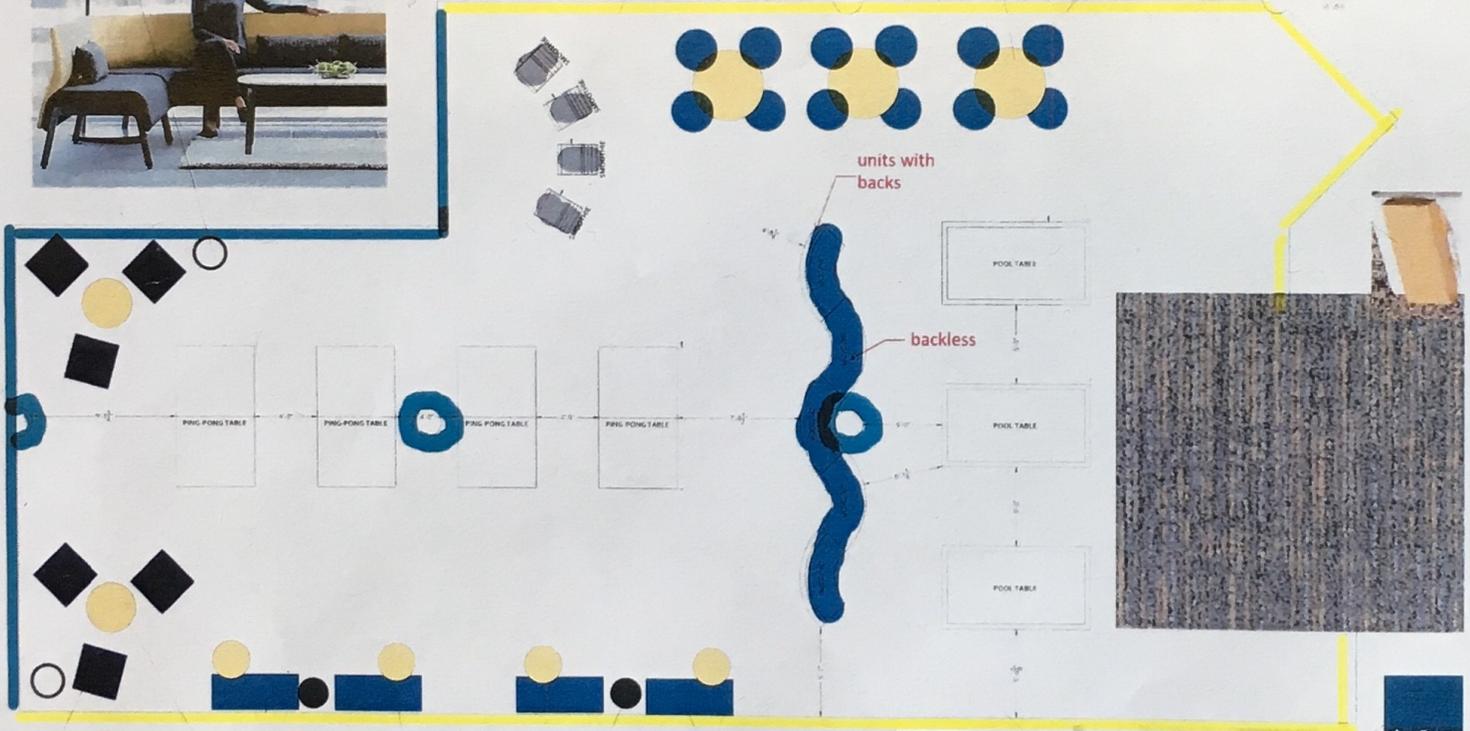
- **Financial Fitness Boot Camp** (2/14 – 3/7): NSC Single Parents Club is hosting a free four-part series on financial literacy. These events are open to all students.
- **Day of Remembrance** (2/19): Student Leadership partnered with EDI, Counseling, and the AHSS Division to bring spoken word performer Troy Osaki to campus in commemoration of the signing of Executive Order 9066, authorizing the incarceration of Japanese-Americans. Osaki's performance was followed by Q&A.
- **Gender & Sexuality for Beginners** (2/25): Student Leadership partnered with EDI and Instruction to bring author Jaimee Garbacik to campus. Garbacik's lecture, open to all, covered the basic concepts and terminology of sexuality and gender.
- **8x8 Show** (2/25 – 3/1): NSC Art Group puts on an annual campus-wide show, featuring work by students, faculty, and staff. This year, all works measure 8x8”.
- **All Student Leadership Meeting** (3/1): Student leaders will be meeting to report on what their boards have accomplished thus far, as well as their goals for the remainder of the academic year. VP Joe Barrientos and President Warren Brown will be in attendance.

C12579 SCC MAC Game Room Concept

Teknon Zones, Art Floor Lamp # 21614



Floor Plan



3D View

	Base	Add / Alt	Note
Haz-mat survey	\$ 825.00		Will bill only for number of samples analyzed; facilities likely to cover.
Move Existing furniture	\$ 2,000.00		
New furniture	\$ 29,120.00		
New furniture installation	\$ 1,550.00		
Carpet remove/install	\$ 26,000.00		
Paint	\$ 4,900.00	\$ 8,375.00	
Sales tax on paint	\$ 490.00	\$ 837.50	
Subtotal	\$ 64,060.00		
Contingency	\$ 6,406.00		
Total	\$ 70,466.00	\$ 9,212.50	

Base	\$ 70,466.00
Alternate -Paint lobby area	\$ 9,212.50
Total with Alternate	\$ 79,678.50

Tentative Schedule				Note: No work on weekends
Task Name	Duration	Start	Finish	Predecessors
Project Approval	0 days	Fri 2/1/19	Fri 2/1/19	
Winter Quarter Ends	0 days	Thu 3/21/19	Thu 3/21/19	
Haz-Mat Results	6 days	Fri 1/4/19	Fri 1/11/19	
Procurement	14 days	Fri 2/1/19	Wed 2/20/19	Project Approval
Lead time on carpet	20 days	Thu 2/21/19	Wed 3/20/19	Project Approval
Lead time on furniture	30 days	Thu 2/21/19	Wed 4/3/19	Project Approval
Move existing furniture	2 days	Thu 3/21/19	Fri 3/22/19	Winter Quarter Ends
Paint	4 days	Mon 3/25/19	Thu 3/28/19	Move Existing Furniture
Carpet Prep / Install	4 days	Fri 3/29/19	Wed 4/3/19	Paint

4320 S 131st Place, Suite 100
Seattle, WA 98168
P 206-632-0800
F 206-547-0800

We would like to thank you for the opportunity to provide you with this **PROPOSAL**. The total cost for the repairs detailed in the Proposal is **\$207,389.43**.

The attached Proposal details the specific work to be completed. Additional work beyond that which is specified in this Proposal will be through separate proposal(s) and/or change order(s) detailing the additional/changed scope of work as well as the terms and pricing of the additional work. Repairs will be scheduled after a signed copy of this Proposal is received by BELFOR.

Unless noted otherwise, the customer is required to provide heat, water and electricity on-site for the duration of this project. The customer is responsible for providing continuous access to the project area during normal business hours, Monday - Friday, 8:00 am - 5:00 pm. Where an item is being replaced, we will be matching the existing item's quality, color, finish, texture or material as close as possible where applicable unless noted otherwise, there is no guaranty either specified or implied on exact matches. This estimate does not include hazardous material testing or abatement unless specifically detailed in the following estimate.

This estimate is based on the base prevailing wage rate, after-hours and overtime are not included as part of this estimate.

After-Hours and Overtime Work Billing - All work performed outside Monday- Friday, 8:00am-5:00pm will be invoiced using the applicable LNI multiplier.

FINISHES & FLOORING - Final selection of finishes and flooring may impact this estimate.

This Proposal is valid for 30 days from 12/26/2018. If you have any questions about this Proposal, please contact Curt Knutsen to discuss those questions.

I/we agree to the terms and conditions of this Proposal.

Owner/Authorized signature Date _____

BELFOR Representative Date _____



STATE OF WASHINGTON

DEPARTMENT OF ENTERPRISE SERVICES

1500 Jefferson St. SE, Olympia, WA 98501
PO Box 41476, Olympia, WA 98504-1476

January 18, 2019

TO: David Ernevad, Seattle Central College
FROM: Rachel Walters, Contracts Specialist, (360) 407-8029
RE: Contract No. 2019-164 E (1-1)
Emergency: Mitchell Activity Center RPBA Failure
Belfor USA Group, Inc.
SUBJECT: Funding Approval

The Department of Enterprise Services, Engineering & Architectural Services, requires funding approval for the above referenced contract document. The amount required is as follows:

Contract Amount	\$ 83,056.97
Sales Tax (10.1%)	\$ 8,388.75
Contingency Amount (with Tax)	\$ <u>9,144.57</u>
Total	\$ 100,590.00

In accordance with the provisions of RCW 43.88, the signature affixed below certifies to Engineering & Architectural Services that the above identified funds are appropriated, allotted, and that the using/client agency bears the liability for any issues related to the funding for this project.

By [Signature] 1-18-19
Name / Title Facilities Operations Date

Please sign and return this form to E&AS. If you have any questions, please call me.

ASC Executive of Communications Monthly Report

- Date: 01/22/2016
- Written by: Nayif Alhomoud (SCC ASC Executive of Communications)
- Major Updates:
 - Communications Committee is now part of a joint committee formed by combining Communications, Issues & Concerns, and Student Success committees. This decision was made for efficiency purposes. The committee currently has members from many different Student Leadership boards and councils, including: the Associated Student Council (ASC), College Activities Board (CAB), The Collegian, Global Engagement Team (GET), Information Central, International Student Advisory Council (ISAC), Phi Theta Kappa (PTK), Student Organizations Resources Council (SORC), Tournaments and Games (TAG), and also individual students from SCC student body.
 - Currently working on promoting a new social media account: Student Life at Seattle Central. This account is dedicated to everything concerning student life at SCC, including but not limited to: campus events and student highlights, promoting students clubs and organizations, promoting Student Leadership and its different boards, engage with the student body at SCC, etc.
 - Since the ASC voted to extend the Seattle Central College phone application funding to an additional year with Ready Education, we have been working on marketing the application and getting more students to use it.
 - Currently trying to collaborate with PTK, CAB, and SCC Culinary Department to organize a community lunch, where low-income students can enjoy a free community lunch and discuss college related concerns.

Best,

Nayif Alhomoud

Associated Student Council – Exec. Of Communications.

MEMORANDUM

TO: Board of Trustees
FROM: Associated Student Council (Seattle Central College)
DATE: Jan 31st, 2019
SUBJECT: Report to the Board of Trustees

I. Student Success

- a. We hired two Executives and two Associates this month.
- b. Winter Transfer Fair – January 30th and 31st 2019.
- c. Student Focus Groups – we will be conducting four two-hour sessions to learn about student experiences inside and outside of classroom.
 - i. January 29th, 2019
 - ii. February 4th, 2019 from 12:30-2:30PM (BE 4179)
 - iii. February 5th, 2019 from 2:00-4:00PM (BE 1139B)
 - iv. February 11th, 2019 from 1:30-3:30PM (BE 1139B).
- d. College Activities Board (CAB) – Winter Open House on January 28th at 1:00PM (SAC 355).
- e. Engineering Mentor Night – January 31st, 2019 from 6:00PM-8:00PM (Science and Math Building Lobby)

II. Financial Health

- a. We approved the proposal to repair the damages cause by floods in the MAC/GYM building and to renovate the game room, please find attached documents of the proposal.
- b. Service and Activities (S & A) budget Hearings are ongoing every Tuesday 2-3pm between January 29th and February 12th. The S & A Council, led by the ASC Exec. of Finance, will be deciding which programs to fund for the school year 2019-20.
- c. We voted to extend the use of Seattle Central App for another year with the new company Ready Education.

III. External Affairs

- a. Seattle Central alumni came back to share their thoughts about how to create an alumni association to have more alum connected to the college. Find more [here](#).
- b. We congratulate the District Office and our administration for the advocacy of Washington State Promise.



IV. **Pride Points**

- a. Seattle Central student Azura Tyabji has been named the 2018 Seattle Youth Laureate, awarded by the Seattle Arts and Lectures (SAL). Find more [here](#).
- b. Seattle Central Student Tori Felder chosen for Seattle Times program. Find more [here](#).

MEMORANDUM

TO: Board of Trustees
FROM: ASC Seattle Central College
DATE: February 28, 2019
SUBJECT: Report to the Board of Trustees

I. Student Success

1. FEB 3rd – Super Bowl Viewing Party
2. FEB 8th - Five student leaders visited Olympia to advocate for college affordability, food insecurity, and hopes for previously incarcerated students. Those were some of the topics we agreed all to advocate for. Thanks to Steven Leahy who welcomed us in Olympia and introduced us to some of our senators, House members and other stakeholders.
3. FEB 21st - Art and Activism, an Event by Tariq Touré who is a local Chef.
4. FEB 27th - Black Future, A Community Conversation inspired by Black History Month. Read [more](#).
5. FEB 26th - Lunar New Year Celebration by students from multiple countries hosted by SCC College Activities Board.
- 6.

II. Institutional Excellence

1. On Feb 20th Seattle Central College remembered it's connection to the 77th anniversary of Executive Order 9066 that resulted in the internment of over 110,000 Japanese-Americans during World War II.
2. Great feedback and accessible college foundation scholarships open for SCC students, the student body representative recognizes the efforts of the foundation team. Thanks to all of them for their great service.

III. Pride Points

1. Seattle Central alumna [Mariah Behrens](#) recently launched the first issue of her print magazine that spawned from a final project in the [Creative Arts and Design](#) program.

District VI | 206.934.3872 | Fax 206.934.3894 | Voice Relay 800.833.6388
1500 Harvard Avenue, Seattle WA 98122-3803 | www.seattlecolleges.edu

-
2. Culinary Academy Alum are adding spices to the already diverse cultures of our college. They're incorporating culture in cooking. Read [more](#).

MEMORANDUM

TO: Board of Trustees

FROM: Jeffrey Campbell
President, United Student Association

DATE: February 14th, 2019

SUBJECT: United Student Association (USA) REPORT – INFORMATION ONLY

USA official short-term and long-term goals for the 2018-2019 Academic Year

	Goals
Long-term	1. Continue advocating for progress of the Clean Air Task Force.
	2. Lower the prices of text books (advocating for OER) and cost of tuition (Seattle Promise scholarship passed).
	3. Continue advocating for dialogue and forward progress of the Student Wellness Center.
	4. Address safety issues at 16 th Ave Main Entrance Gate (SDOT install flashing lights, Route 125 drop off)
	5. Advocate for a dedicated USA/Student Life marketing space
	6. Reduce the use of plastic bottles on campus from 3 rd party vendors.
	7. Support homeless students and raise awareness ex: visually increase awareness of the realities they face.
	8. Student Voting Member on the Board of Trustees.
	9. Gain more followers on our social media. (ex: data and stats)
Short-term	10. Election 2018 (Seasonal Voter Registration) – Completed
	11. Promote ORCA Lift to students.
	12. Create and Host DACA forums, workshops, and surveys.
	13. Selections vs. Elections (Review By-Laws and Constitution)
	14. Work with Student Veteran Center to improve Outreach with service members.
	15. Create Hot Water Stations around campus.
	16. Hold a Blood Drive (EVERY QUARTER)

What it's Like Being a Student of Color on campus-January 16

USA Diversity & Inclusion Officer Amal Mohamed and Center for Equity, Inclusion and Diversity (CEID) Center student staff member Sonia Vallejo organized a forum on Jan 16 entitled "What it's Like Being a Student of Color on campus?" Fifty students attended and were prompted with three questions: Have you experienced or witnessed something racist or disrespectful on campus? When and what was it? Is there anything we can do to make this campus more welcoming for students of color? Do you feel comfortable here at South as a student of color?

Overall, students addressed many issues and discrimination they have experienced with staff and students here at South. Information will be shared with administration.

USA visits the Associated Students of the University Of Washington (ASUW)-January 17

USA team members visited the U.W. ASUW to observe their weekly ASUW meeting and to learn more about their student governance. ASUW President Ritika Jain led the tour of their offices, and introduced USA Officers to the ASUW Board of Directors and officers of student clubs and organizations.

Student Wellness Center

On December 3, 2018, Colby Keene, Recreational Coordinator, discussed and updated the USA team on the progress of the Wellness Center Project. Colby first discussed the history of the Wellness Center and then stated its current status.

- Current Status: South Seattle College is the only college that does not have its own gymnasium in Washington State. Currently the project has been approved, but it has not started yet. South Seattle College is still collecting fees from students. The estimated Debt Service coverage fee has been increased since 2015 by COLA. The longer we hesitate to build the Wellness Center, the more debts we will end up paying off. There is not much time left for this project and the contract with an architecture firm might end soon.
 - Colby then further discussed the costs of maintenance and operation of the building once it is built.
- \$917,853 will be the amount we need to pay annually to the bank. According to date, we will have an annual shortage of \$112,853. The proposed solution is to charge \$25 per quarter to students after the building is built. Our sister colleges, Central and North Seattle College, charge their students this price to maintain their gym so this is not uncommon. \$25 per quarter will generate approximately \$200,000 a year and will cover the shortage. The City has approved this project and all they need is the approval of USA to use S&A fee to get a loan from the bank to prove that we are able to pay \$112,853. The initial shortage will be covered from the previous S&A fee board allocation of \$400,000. They also need USA to approve the idea of charging \$25.
- USA Decision: This will be further discussed by the team and they will be making their final decision on the next USA meeting on January 8.
- On January 8th, 2019 - Colby Keene reported at the USA meeting about the \$120,000 shortfall for the Wellness Center. The adoption of a \$25.00 fee per student per

quarter once the gym is built was proposed. This fee would go on top of the enhancement fee, UT Fee, and S/A Fee.

- *USA voted unanimously to approve a \$25.00 per student per quarter fee for the Student Wellness Center, with a minimum credit requirement of 5 credits*

Clean Air Task Force

Clean Air Task Force representatives Jeffrey Campbell (USA President), Ward Ryder (Faculty), Catherine McCollum-Stroh (Faculty), and Mac Writt (Staff) met on January 16th to finalize the last edits of the campus-wide survey to be sent to the Office of Institutional Effectiveness for completion. Once the final proof of the survey is received, it will be sent to College Council for review, before being sent out to the campus community.

MEMORANDUM

TO: Board of Trustees

FROM: Jeffrey Campbell
President, United Student Association

DATE: March 14th, 2019

SUBJECT: United Student Association (USA) REPORT – INFORMATION ONLY

Clean Air Task Force

Clean Air Task Force representatives USA President Jeffrey Campbell, faculty Ward Ryder and staff Catherine McCollum-Stroh have finalized the survey with the Office of Institutional Effectiveness. The College Council will also review. The survey will be sent via College Council to President Rosie Rimando-Chareunsap for distribution to the entire college community (students, staff and faculty) so a recommendation can be made to the campus community regarding South becoming a smoke-free campus, policies, etc.

16th Avenue Crosswalk Issue -Meeting with City Council Rep. Lisa Herbold – Jan. 11th

United Student Association representative Jay Choe, Safety/Transportation Director James Lewis and Student Life Advisor Monica Lundberg met with Seattle City Council Member Lisa Herbold to raise a number of concerns about the safety of the main entrance to South Seattle College, in particular the safety of the crosswalk at the college main entrance on 16th Avenue SW. Many students and staff arrive by bus, cross the street and have been involved with near accidents at this location. At the meeting, data from a student safety survey and a video was shown of South students and staff reflecting on the safety issue and possible solutions.

As a result of the meeting, Seattle City Light will assess lighting, Seattle Department of Transportation will review ways to improve visibility for pedestrian safety (such as poles/lights at crosswalks), and King County Metro will review the south-bound Metro route 125. A few other ideas include applying for grants, and special painted crosswalks to highlight intersections with artistic and colorful designs.

South Seattle College Foundation Scholarships

South's Foundation application for winter quarter will not be available. The Foundation has not announced this to students yet, nor does it sound as though they intend to. It is the position of the United Student Association that a dialogue needs to be had from the Foundation to students addressing these concerns, with a message and a vision moving forward for all South students so they can pursue quality academic and vocational education.

“What is it like being a Student of Color” – January 16th

USA’s Diversity and Inclusion Officer Amal Mohammed organized a forum called “What is it like being a Student of Color.” Approximately 50 students participated and were engaged in discussions. Many students had issues with instructors not treating them fairly. Others wanted more promotion of events and how to get involved in clubs. Amal has also met with President Rosie Rimando-Chareunsap to discuss what was learned, and is compiling a report to which will be shared with the President’s Cabinet.

Snow Conditions and rescheduled events:

Many students were unaware of the RAVE Seattle Colleges alert system to inform them of snow closures and showed up on campus.

USA will reschedule the following programs- Black History Month Presentation That Truly Address Black History and USA Meeting with President Rosie Rimando-Chareunsap and Interim Vice President of Student Services Joyce Allen.