

**ZOOM MEETING OF THE BUSINESS AFFAIRS
COMMITTEE OF THE BOARD OF TRUSTEES
Community College of Philadelphia
Wednesday, January 6, 2021– 9:00 A.M.**

Present for the Business Affairs Committee: Lydia Hernández Vélez, Esq., presiding, Mr. Rob Dubow, Mr. Harold Epps, Mr. Steve Herzog, Mr. Michael Soileau, and Mr. Jeremiah J. White, Jr.

Present for the Administration: Dr. Donald Guy Generals, Mr. Jacob Eapen, Ms. Marsia Henley, Dr. Samuel Hirsch, Mr. Gim Lim, Mr. Derrick Sawyer, Mr. John T. Wiggins, and Victoria L. Zellers, Esq.

Guests: Mr. Andre Allen, Principal, Phoenix Capital Partners, LLP
Ms. Sabrina Maynard, City of Philadelphia, Office of the Director of Finance

PUBLIC SESSION

AGENDA

Ms. Hernández Vélez called the meeting to order at 9:00 A.M.

(1) College Bonds and New Market Tax Credit Closing (Information Item)

Mr. Eapen stated that when reviewing the sources of funds, approximately 60 percent of the \$33,500,000 project costs are coming from outside the College and approximately 40 percent is using College bonds. He stated that with the support of the City, the College received an additional \$1M of RACP fund which brings the total in RACP funds to \$5,250,000. Mr. Eapen stated that the NMTC transaction was successfully completed and thanked College staff, Mr. Andre Allen, Mr. George Nagel, and the College's Bond Counsel.

Mr. Allen reviewed the charts in Attachment A, starting with the Cost Benefit Analysis. He stated that the College issued \$14,580,000 of taxable bonds. Mr. Allen pointed out that the College brought in new investors and invested in bond insurance which produced additional savings. He reported that the yield on the 2020 bonds was close to 3.15% and that the total debt service equaled approximately \$20.8M. The total debt service benefit was approximately \$3.7M. Mr. Allen stated that the College is in the process of setting up a sinking fund account that will be used to pay principal resulting in an average annual debt service of \$1.07M. He mentioned that \$431,057 was added into the savings. The NMTC team and the College negotiated with the Community Development Entities and set up a \$250,000 charitable reserve that can be used for scholarships from URP; \$130,000 will be used to pay debt service; and another \$50,000 scholarship fund was provided by US Bank. The total benefit for the NMTC is approximately \$4.1M. Mr. Allen stated that it was a successful financing. He stated that the bonds were closed on December 8th and the NMTC was closed on December 9th. Mr. Eapen clarified that the College received \$300,000 in scholarships: \$250,000 from URP (Urban Research

Park) and \$50,000 from US Bank.

Mr. Allen then reviewed the bond issuance and NMTC additional fees and the investors associated with the 2020 bonds, five of which were new investors. He pointed out that Nuveen (\$6,465,000) and Bellehaven (\$3,935,000) put in for the entire bond issue. However, the other investors interested in the bonds reduced the amounts for Nuveen and Bellehaven, and the total allotment can be found in the Historical Allotments chart. Mr. Allen stated that the new investors were highlighted in red in the chart.

The Committee congratulated Mr. Allen and the staff on doing a great job.

(2) Migration of Oracle Internet Application Server from a Campus License to a Processor-based License (Action Item):

Mr. Eapen stated that currently CCP uses Ellucian Banner solution that works as an institution-wide solution to manage all aspects of our student management, human resources and financials. This system is supported by an Oracle database and related software products. In order to protect our investments and help us expand or adopt new solutions as priorities shift, we are looking to lay a foundation to move away from a proprietary Oracle Internet Application Server by migrating to an Open Source application server. This migration will eventually support improved functionality, better integration, more agile development, expanded points of access for users, and innovative delivery methods.

Current Costs

CCP Campus License (CL) Annual Maintenance = \$486,161/ Yr. (renewed annually with a 4% COLA).

Investment: - \$381, 595 (\$168,000 IAS License, 1yr + \$213,595 Migrate to Processor licenses)

Savings

Migration plan to a processor license provides an annual net savings of \$579,000 over a 5-year period. Please refer to Attachment B.

Mr. Sonty, the College's new Associate Vice President for Information Technology, discussed the savings. He stated that this action item has two components. The first component is that the College currently has a campus wide license; and by moving it to a processor-based license, the College will be saving money. The second component is that by doing the migration, this would allow us to move to a LAMP (Linux, Apache, MySQL, PHP/Perl/Python) web services stack that will enable building dynamic web sites and web applications. This would also lead to possible additional savings by eliminating the license and maintenance costs for Oracle Internet Application Server.

Mr. Dubow stated, for clarification purposes, it looks like in year one there will be additional costs and in subsequent years, there will be additional savings. Mr. Dubow asked if the first year costs will be covered in the budget. Mr. Eapen answered in the affirmative.

Mr. Herzog moved and Mr. Dubow seconded the motion that the Committee recommend

to the full Board that the College invest \$381,595 for the Oracle Processing License. The motion passed unanimously.

(3) Contract with Atlas Electrostatic Refinishing Inc. for Auditorium Seating Project - \$120,000 (Action Item)

Mr. Eapen stated that the Auditorium is used by the College community and nearby K-12 schools and other institutions in the City. The seating needed to be refreshed. The ADA seating count ratio was below the recommended ADA amount and needed to increase. The Auditorium Refresh includes: seat count maximization, ADA accommodation and stage extension storage. This refresh of existing seating is an economical way to achieve re-purposing well-made architecture and furnishings for another 20-25 years of use.

The Summary of Project Tasks are attached in Attachment B.

A competitive RFP #10110 was issued on October 22, 2020 with a bid due date of November 17, 2020 on the electronic bid site PennBid. This process yielded 2 responsible bids, one from Corporate Interiors at \$217,310; the other from Atlas Electrostatic Refinishing, Inc. at \$120,000.

Ms. Henley discussed the demographics of Atlas Electrostatic Refinishing, Inc. She stated that it has two owners: one is Asian and one is White; and one is male and one is female. Atlas's workforce demographics are as follows: 10.5% African Americans, 31.6% Asians and 57.9% Whites. 42% male; 58% female. Mr. Epps asked where Atlas was located. Ms. Henley stated in Southeastern Pennsylvania. Mr. Dubow asked if this was a capital item. Mr. Eapen answered in the affirmative.

Mr. Epps moved and Mr. Herzog seconded the motion that the Committee recommend to the full Board that the project be awarded to the lowest responsible bidder, Atlas Electrostatic Refinishing Inc. for the Auditorium Seating Project, at a project cost of \$120,000. The motion passed unanimously.

Prior to discussing the fourth agenda item, Mr. Eapen pointed out that Mr. Michael Fohner resigned as Associate Vice President for Facilities and Construction Management. He returned to the Navy as a civilian. With Dr. General's approval, Mr. John T. Wiggins is serving as Interim AVP. The Committee welcomed Mr. Wiggins.

(4) Contract with PT Mechanical for Conversion of Oil to Gas/Oil Dual Burner at the Northwest Regional Center for \$116,300 (Action Item):

Mr. Eapen stated that with the failure of the oil tank, it was determined that the burner element has been compromised when trying to fire the burners. The burner is about 50 years old and is beyond its useful life. Furthermore, this old burner was only set up to burn oil.

After investigating the capacity of the gas running through the building and the cost comparison of replacing oil burner, we chose to install a dual fuel burner which will give us the capacity to run the system on gas or oil. Gas being cheaper and readily available along with a higher efficiency unit will result in some cost savings over time. We have solicited bids for this replacement from Dewitt Mechanical and PT Mechanical. Dewitt's proposal was non-inclusive. PT Mechanical responsive bid was at \$116,300.

Mr. Eapen stated that because this occurred in December during the Holiday Break, staff had to proceed with Dr. Generals' approval. Additionally, Mr. White was informed of the situation. Staff had to proceed quickly due to minimum heat in the building while using space heaters.

Mr. Epps moved and Mr. Dubow seconded the motion that the Committee recommend to the full Board the ratification of the contract with PT Mechanical for the conversion of oil to gas/oil dual burner in the amount of \$116,300. The motion passed unanimously.

Mr. Epps pointed out that he would like to elevate facility utilization; and that the Board members should be educated about each of the College's Regional Centers. Ms. Hernández Vélez stated that roughly two plus years ago, the Board meetings were held at the College's Regional Centers. Mr. Soileau asked Mr. Eapen if he was working on a facility master plan. Mr. Eapen clarified that the College has to update the space utilization. An outside firm will be utilized to do the space utilization study.

(5) Approval of New Age Development Group (Fire Protection) Change Order One for the Library & Learning Commons Project - \$175,000 (Action Item):

Mr. Eapen introduced this item by stating that The Fire Protection contract with the New Age Development Group (NADG) in the amount of \$199,038, has encountered major changes in Phases 1,2 and 3 of the LLC project construction.

Mr. Wiggins reported that Phase 1 work, completed in March 2020, was in Bonnell Building which is a 30-year-old building. Phases 2 and 3 are now working concurrently in the Mint Building which is a 120-year-old building. The change order consists of eight (8) line items (Attachment C). The change order predominantly consists of unforeseen condition and design omission changes. When Mint walls and ceilings were removed, there were conditions behind these walls that had to be dealt with for the renovations to comply with the existing building codes. The existing pipes were in locations that conflicted with ductwork. The larger of these changes includes relocation of main branch lines to accommodate new ductwork and ceiling transitions. The College requested isolation valves to make system shutdowns by zones and not by the building entirely.

Mr. Eapen pointed out that the College lost three months in the process. Due to COVID,

construction had to be shut down for a period of time. The shutdown was based on the directives from the Governor's Office and the City. Additionally, there was also a demolition issue with a subcontractor. He stated that the goal was to have this project accomplished by the end of February and the punch list done by March.

Mr. Herzog moved and Mr. Epps seconded the motion that the Committee recommend to the full Board the approval of the New Age Development Group (Fire Protection) Change Order One for the Library & Learning Commons Project in the amount of \$175,000. The motion passed unanimously.

EXECUTIVE SESSION

The Committee went into Executive Session at 9:30 A.M.

PUBLIC SESSION

The Committee returned to Public Session at 9:55 A.M.

(6) Resolution for a One-Time Retirement Incentive (Action Item):

Ms. Zellers reviewed the Resolution for a One-Time Retirement Incentive found in Attachment E. She stated that if approved, a one-time retirement incentive will be offered to full-time faculty who as of August 31, 2021 will have attained fifteen years of continuous full-time service and sixty-five (65) years of age, and to administrators, classified, and confidential staff who as of June 30, 2021 will have attained fifteen years of continuous full-time service and sixty-five (65) years of age. Ms. Zellers pointed out that this retirement incentive is different than the one in the existing College Bargaining Agreements, and that staff may only choose one retirement incentive for which they are eligible. Ms. Zellers further explained that to participate in the incentive the staff must give notice by March 12, 2021 that they will retire no later than June 30, 2021 (provided however, the employee must attain sixty-five (65) years of age and fifteen years of full-time service by his/her effective retirement date) and the full-time faculty must give notice by March 12, 2021 that they will retire on August 31, 2021; (b) the Board will pay a retirement incentive to all such employees who elect the option; (c) the incentive will be 25% of the Employee's full annualized base compensation, with an additional bonus of \$2,500 if the option is selected by February 14, 2021; (d) the College may request a postponement of an Employee's retirement under the terms of this provision until December 31, 2021 if the retirement would unreasonably interfere with a specific College program. Ms. Zellers also stated that the benefit has been discussed with the Faculty & Staff Federation and the College will enter Side Agreements with the Federation for the One-Time Retirement Incentive if the Board approves it. Staff recommended the approval of the One-Time Retirement Incentive.

Mr. Epps moved and Mr. Soileau seconded the motion that the Committee recommend to the full Board for the approval of the Resolution on the One-Time Retirement Incentive, as outlined in Attachment E, be offered to full-time faculty who as of August 31, 2021 will have attained fifteen years of continuous full-time service and sixty-five (65) years of age, and to administrators, classified, and confidential staff who as of June 30, 2021 will have attained fifteen

years of continuous full-time service and sixty-five (65) years of age. The motion passed unanimously.

(7) New Topic

Dr. Generals discussed the latest \$22-billion-dollar higher education stimulus package. He stated that the College has not yet received the regulations but is anticipating receiving more funds than the last time which was \$16 million. He stated that the College will receive additional dollars as a predominantly black institution. Dr. Generals stated that this allocation appears to allow the use of funds toward loss revenue due to COVID-19. He stated that the last stimulus package was based on FTE students, but this stimulus allotment will be based on headcount which will make it beneficial for community colleges. Ms. Zellers stated that there is a broader group of students who will be eligible to receive the stimulus. Dr. Hirsch explained that the latest stimulus regulations improved the FASFA application process. He stated that this would benefit the College as well in terms of more students being Pell-eligible.

The meeting adjourned at 10:05 A.M.

ATTACHMENT A

Financial Overview College Bonds & NMTC Closing

Community College of Philadelphia
Career and Advanced Technology Center

COST BENEFIT ANALYSIS

December 8, 2020

	OPTION A Traditional Tax-Exempt	OPTION B NMTC Taxable
SOURCES OF FUNDS		
2020 Taxable Proceeds	\$ -	\$ 14,580,000
2020 Tax-Exempt Proceeds	\$ 19,696,457	\$ -
2019 Tax-Exempt Proceeds	10,000,000	10,000,000
RACP	4,250,000	4,250,000
NMTC Equity	-	6,064,557
Total Sources	\$ 33,946,457	\$ 34,894,557
USES OF FUNDS		
Project Costs	\$ 33,500,314	\$ 33,500,314
Bond Insurance	127,792	108,528
Reserves	-	381,057
Costs of Issuance	318,350	904,658
Total Uses	\$ 33,946,457	\$ 34,894,557
Average Annual Debt Service	\$ 1,259,023	\$ 1,069,234
Total Debt Service (Level)	\$ 24,575,431	\$ 20,870,851
Final Maturity	6/15/2040	6/15/2040
Yield on the 2020 Bonds	1.796%	3.148%
DEBT SERVICE BENEFIT		\$ (3,704,580)
PLUS: CDE Contribution		\$ (431,057)
TOTAL BENEFIT		\$ (4,135,637)

* Additional \$1 million of RACP funds awarded.

Community College of Philadelphia
Series 2020 Bonds and New Market Tax Credit
Costs of Issuance and Closing Costs

Bond Issuance Fees

<u>Role</u>	<u>Amount</u>
Bond Counsel	\$ 85,000
Financial Advisor	60,000
Authority Counsel	5,000
Trustee	6,000
Printer	2,000
Rating Agency	27,500
Underwriters Counsel	45,000
Auditor	15,750
Misc	10,750
Total Bond Fees	\$ 257,000
Bond Insurance	\$ 108,528
Underwriter's Discount	60,944
Rounding	4,323
Other Bond Costs	\$ 173,796

NMTC Closing Costs

<u>Role</u>	<u>Amount</u>
Tax Model / Resnick	\$ 25,000
Legal URP	60,000
Legal RF	60,000
Legal Investor	70,000
Legal CCP Sponsor	55,000
3rd Party Construction Review	20,000
Title Insurance	-
NMTC Consultant (2% of Gross Equity)	148,044
Closing Cost Contingency	40,000
Recording Filing Fees	10,000
CDE Fees at back end	25,000
Misc	1,956
Total Closing Costs	\$ 515,000

NMTC Additional Fees

<u>Role</u>	<u>Amount</u>
USB CDE Operating Exp	\$ 5,000
TRF NMTC Audit and Tax Fee	26,390
URP CDE Operating Exp	26,000
Initial Year Accounting Exp	10,000
Total additional fees	\$ 67,390

TOTAL Bond Fees	\$ 430,796
TOTAL NMTC Fees	582,390
TOTAL	\$ 1,013,186

Community College of Philadelphia Series 2020 Bonds Investors
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Name	Amount
Nuveen	\$ 6,465,000
Bellehaven	3,935,000
CL King	1,200,000
Old Orchard	1,080,000
Huntington	955,000
Burke-Lawton, Brewer	450,000
Ameriserv	295,000
Hefron	200,000
Total	<u>\$ 14,580,000</u>

CCP Historical Allotments			
PNCCM			RBCCM
2020	2019	2018	2015
Bellehaven	PNCI	PNCI	Wells Capital
Burke-Lawton	JPM	RSW Inv	JPM
Ameriserv	Cleary Gull	Apex	DWS Inv Mgmt
Hefren	Wells Trust	Ameriprise	MacKay Shields
Nuveen	Janney AM	CFG CM	Ross Sinclair
Huntington	Bellehaven	US Trust	Mixed Mutual Funds
CL King	First NY	Vanguard	(Blackrock, T. Rowe Price, Fidelity)
Old Orchard	One Oak	Alliance Bernstein	
	Susquehanna	Allstate Insurance	
	Hopewood	Maritime Capital	
	Ameriprise	Hefren	
	Maritime Capital	Midland National	
	RayJay Arb	Multibank	
	Spring Creek	Franklin Property NJ	
	Bluefin		
	CL King Arb		

Holders in red represent new holders to the College for the 2020 issuance

ATTACHMENT B

Oracle Processing License - Summary

CCP - Oracle Processor Licensing TCO/ROI Analysis – Summary

CCP MIGRATION TO 48 x IASEE PROCESSOR LICENSE							
BAU - CCP CAMPUS LICENSE	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	TOTAL
Campus License Support	\$486,161	\$505,607	\$505,607	\$505,607	\$525,832	\$525,832	\$3,054,647
TOTAL	\$486,161	\$505,607	\$505,607	\$505,607	\$525,832	\$525,832	\$3,054,647
							\$3,054,647
PROPOSAL - IASEE MIGRATION	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	TOTAL
Campus License Support-Minus IASEE	\$357,461	\$326,653	\$326,653	\$326,653	\$339,719	\$339,719	\$2,016,858
IASEE Migration Fee & 1 Yr Support	\$452,310	\$0	\$0	\$0	\$0	\$0	\$452,310
TOTAL	\$809,771	\$326,653	\$326,653	\$326,653	\$339,719	\$339,719	\$2,469,168
							\$2,469,168
CASH FLOW SAVINGS	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	SAVINGS
	2020	2021	2022	2023	2024	2025	
TOTAL 6 YEAR SAVINGS	-\$323,610	\$178,954	\$178,954	\$178,954	\$186,113	\$186,113	\$585,479
							\$585,479

ATTACHMENT C
Summary of Project Tasks
Auditorium Seating Project

The Summary of Project Tasks are:

- Remove/Reinstall Stage Extension Panels
- Remove/Transport/Store Seating
- Auditorium Seats & Backs (reupholster, all new foam)
- Chair Frames/Seat Pans/Light Covers (electrostatic refinishing)
- Auditorium Wooden Arm Rests (re-lacquer)
- 2–6-Seat Sections; ADA Accommodation (remove, patch floor, relocate end-panels)
- End-Panels (re-laminate)
- Deliver & Install Seating, Re-Drill New Holes for Mounting

ATTACHMENT D

Change Order Details

Remove / Replace Sprinklers in Plaster Ceiling	\$14,339.31
Relocate Extinguishing sprinkler branch lines ROOM L1-17	\$2,383.08
Relocate Extinguishing sprinkler branch lines Corridor L1-05A	\$1,858.45
Isolation valves for Phase 3 - 1 valve and install	\$5,083.55
Removal and replacement of pipe mains per response to NADG RFI 100	\$8,019.85
Raise and relocate existing main pipe over Mezzanine	\$27,707.87
Area A Sprinkler main and branch relocations	\$33,323.56
FP - Sprinkler System Isolation Valves - 3 valves	\$6,547.14
Bundled CORs Move Lines , Mint freight Line move	\$75,721.04
Total	\$174,983.85

ATTACHMENT E

Resolution on One-Time Resolution Incentive

Resolution on One-Time Retirement Incentive

WHEREAS, on January 6, 2021, the Business Affairs Committee of the Board of Trustees approved on a one-time basis a retirement incentive to be offered to full-time faculty who as of August 31, 2021 will have attained fifteen years of continuous full-time service and sixty-five (65) years of age, and to administrators, classified, and confidential staff who as of June 30, 2021 will have attained fifteen years of continuous full-time service and sixty-five (65) years of age;

NOW THEREFORE, on this 7th day of January, 2021, the Board of Trustees hereby resolves and approves the College offering the following one-time retirement incentive:

The College will offer the following, on a one-time basis, separate and distinct from the retirement incentive provided in Article XIII, A., (11) (a) in the Full-time Faculty Collective Bargaining Agreement: (a) full-time faculty who, by the end of the 2020-21 academic year (i.e. August 31, 2021), will reach sixty-five (65) years of age, with fifteen (15) years of full-time service at the College (as a full-time faculty member, visiting lecturer, or as a classified, confidential, or administrative employee, including years on unpaid leave or on long-term disability), may give notice by March 12, 2021 to retire effective August 31, 2021; (b) the Board agrees to pay a retirement incentive to all such full-time faculty who elect this option; (c) the incentive will be 25% of the faculty member's full annual base salary, with an additional bonus of \$2,500 if the option is selected by February 14, 2021; (d) the College may request a postponement of a full-time faculty's retirement under the terms of this provision until after the end of the Fall 2021 semester if the retirement would unreasonably interfere with a specific College program;

and

the College will offer, on a one-time basis, separate and distinct from the retirement incentive provided in Article XV, 5. (a). in the Classified Unit Collective Bargaining Agreement and/or any other retirement incentive available to administrators and confidential employees: (a) a full-time administrator, full-time confidential employee, or full-time classified employee who, by June 30, 2021 will reach sixty-five (65) years of age, with fifteen (15) years of full-time continuous service at the College (as a full-time faculty member, visiting lecturer, or as a classified, confidential, or administrative employee, including years on unpaid leave or on long-term disability), may give notice by March 12, 2021 to retire no later than June 30, 2021 (provided however, the employee must attain sixty-five (65) years of age and fifteen years of full-time service by his/her effective retirement date); (b) the Board agrees to pay a retirement incentive to all such employees who elect the option; (c) the incentive will be 25% of the Employee's full annualized base compensation, with an additional bonus of \$2,500 if the option is selected by February 14, 2021; (d) the College may request a postponement of an Employee's retirement under the terms of this provision until December 31, 2021 if the retirement would unreasonably interfere with a specific College program.

Be it further resolved that all employees are only eligible for one retirement incentive offer from the College and may not elect this One-Time Retirement Incentive if they have already elected or intend to elect any other retirement incentive offered by the College under the Collective Bargaining Agreements or otherwise.