HOCKING COLLEGE

BOARD OF TRUSTEES MEETING
Monday, April 16, 2018
6:00 p.m.
The Lodge
Regular Meeting
Committee Meetings – 5:30 pm

- **Call to Order (5 min*)** — Chairman Johnson
- **Roll Call** — Mrs. Cunningham
- **Approve Minutes from Thursday, February 15, 2018 (5 min)** — Chairman Johnson
- **Executive Session**
- **President's Report (20 min - includes)** — Dr. Young
- **Academic and Student Affairs Committee Report (10 min)** — Trustee Forte'/ Mitchell / S. Brooks, Dr. Davis/Ms. Hagerott
  - Motion – Policy, Animals on Campus
  - HLC Annual Conference Update
- **Finance Committee Report (10 min)** — Trustee Mike Brooks / Fischer / Addington and Ms. O'Donnell
  - Motion to Appoint Denise O'Donnell as Treasurer to the Board of Trustees
- **Facilities Committee Report (5 min)** — Trustee Budzik/Mr. Daubenmire
  - Motion – Hocking Heights Dormitory Improvements Phase I Contractor
- **Personnel Committee Report (5 min)** — Trustee Stone/Mr. White
  - Addendum to Board Bylaws
- **Executive Session**
- **Chairman's Report (10 min)** — Chairman Johnson
  - ***Ethics Training – 4:30 pm***
- **Executive Session (25 min)** — Chairman Johnson
- **New Business (5 min)** — Chairman Johnson
- **Adjournment** — Chairman Johnson

- **Event Schedule**

April 28, 2018 – Foundation Gala
May 12, 2018 – Spring Graduation
8:00 am to 9:00 am – Nursing Pinning
10:00 am to 11:30 pm – Graduation
12:00 pm to 2:00 pm - Graduation
June 4, 2018 – 5:30 pm – Subcommittee Meetings
6:00 pm – Regular Meeting

***Estimate time allotted for each agenda item is noted in ( ). Please allow 2 hours for regular meetings.**

The regular Meeting of the Hocking College Board of Trustees was held Monday, April 16, 2018, at The Lodge of Hocking College, Nelsonville, Ohio.

Administrators attending: Dr. Betty Young, President; Mr. Jeff Daubenmire, Chief-of-Staff; Dr. Myriah Davis, Vice President of Academic Affairs and Workforce Development; Ms. Jaqueline Hagerott, Vice President of Institutional Research and Quality; Alan McMillan, Vice President of Enrollment and Student Development; Mr. Tim Brunicardi, Executive Director of Marketing, Public and Community Relations; Denise O'Donnell, Vice President of Financial Services / CFO; Steve Wilson, CIO Information Technology; and Elizabeth Howell, AG's Office.

Additional attendees: Staff, Bargaining Units Representatives, and media.

CALL TO ORDER

Chairman Johnson called the meeting to order at 6:03 pm.

ROLL CALL

Sheree Cunningham, Board Secretary, called the roll:

Board members present: Trustees Mike Brooks, Stuart Brooks, Mike Budzik, Daniel Fischer, Leon Forte', Ben Mitchell, Andrew Stone, and Chairman Johnson.

Board members absent: Trustee Addington

Members present constitute quorum.

APPROVAL OF MINUTES

Chairman Johnson asked if there were any changes to the minutes from the February 15, 2018, regular meeting. There being none, a motion was made by Trustee Mike Brooks to approve the minutes as presented. Trustee Fischer seconded the motion. The motion was unanimously approved.

EXECUTIVE SESSION

Chairman Johnson requested a motion to adjourn into Executive Session:

In pursuant to Ohio Reviewed Code 121.22 (G) (1) to consider the employment, demotion, or compensation of a public employee, and to consider the investigation of charges or complaints against a public employee; and

In pursuant to Ohio Revised Code 121.22 (G) (4) to prepare for and conduct a collective bargaining strategy.

The Executive Session invitation may include:

Dr. Betty Young
Dr. Myriah Davis
Dr. Art Tyler
Denise O'Donnell
Jeff White

A motion was made by Trustee Mike Brooks and seconded by Trustee Fischer.

On a roll call vote:

Voting Yes: Trustees Mike Brooks, Stuart Brooks, Mike Budzik, Dan Fischer, Leon Forte', Ben Mitchell, Andrew Stone, and Chairman Tom Johnson

The Board adjourned to Executive Session at 6:04 pm.

RETURN TO REGULAR SESSION
Chairman Johnson announced the return to regular session at 7:33 pm.

PRESIDENT'S REPORT
Dr. Young reported on the following:

- The State of the College address was on Thursday, April 12, 2018, at the Logan Campus. There was a good turn out from the Community, as well as the Board of Trustees and representatives from the Foundation Board.
- The RN program has a pass rate of 88.57%, which is 6% above the national average. The LPN program has a pass rate of 72%, which is an 11% improvement over the last time. Kudos to the Nursing staff.
- Dr. Young stated she has been asked to be a speaker at the 2018 NACCE Conference in Fort Worth, TX. The theme this year is "The Entrepreneurial Ecosystem Revolution – Steering Your Community towards Prosperity through Entrepreneurship." Dates for the conference are October 6, 2018 through October 10, 2018.
- This is the fourth year that Hocking College has been named "Tree Campus USA" through the Arbor Day Foundation.
- Moody's – Dr. Young reported that Moody's has upgraded Hocking College to stable. Hocking is the only two-year college in the State of Ohio which received an upgrade.

ACADEMIC AND STUDENT AFFAIRS COMMITTEE REPORT

Student Affairs

Ms. Hagerott introduced Erin Bowald, Coordinator for Students with Disabilities, to the Board. Erin is familiar with the laws of the state for emotional support animals, working pets, and service dogs. Mrs. Bowald answered questions from the Board. The following policy is being presented to the Board for approval.

- Animals on Campus Policy - As a best practice the College regularly reviews and updates College Policies to assure compliance with State and Federal Laws, and alignment with accreditation requirements and any and all other College requirements. Hocking College intends to provide the broadest possible access to animals pursuant to Hocking College procedures.

  According to the Federal Housing Administration, colleges and universities must make reasonable accommodations for persons with disabilities requiring service animals or emotional support animals. The right of people with disabilities to keep emotional support animals is stated in Section 504 of the Rehabilitation Act of 1973, the Fair Amendments Act of 1988, and Title II of the American with Disabilities Act.

  As emotional support and service animals are not "pets" in the conventional sense but rather considered assistive aids, akin to wheelchairs, federal policy requires that reasonable accommodation be considered to persons with disabilities an equal opportunity to use or enjoy a dwelling. There are currently no Federal restrictions on the species of an animal in an emotional support role.

  These policies apply to any public or private higher education institution receiving federal financial support. As applied to campus housing, no qualified individual shall be kept from full participation in the institution's programs or activities, including access to residence halls. The Fair Housing Act of 1988 applies to virtually all forms of housing, whether for sale or rent, including residence halls.

  Hocking College is recommending the Board of Trustees adopt the "Animals on Campus Policy."

  Hocking College complies with the Americans with Disabilities Act and the Rehabilitation Act of 1973, Section 504, which states, "No otherwise qualified person with a disability in the United States…shall, solely on the basis of discrimination, be denied access to, or the benefits of, or be subjected to discrimination under any program or activity provided by any institution receiving federal assistance." The Americans with Disabilities Act governs the use of service animals by individuals with disabilities. See 42 U.S.C. § 12101, et seq. The Fair Housing Act governs the use of emotional support animals (ESA's) by individuals with disabilities in housing. The policy applies to all Hocking College campuses. No direct fiscal impact.

Motion – A motion was made to approve the below Resolution 2018-06 by Trustee Stuart Brooks and seconded by Trustee Forte' ~~and unanimously~~ and approved with a vote of 8 to 1.

WHEREAS, the Board of Trustees using Policy Governance establishes policies for Hocking College operations and,

NOW THEREFORE BE IT RESOLVED, that the Hocking College Board of Trustees has reviewed the Animals on Campus Policy attached to this resolution,

BE IT FURTHER RESOLVED, the Hocking College Trustees hereby approve acceptance of the Animals on Campus Policy. Policy Number 2.17.

Academic Affairs – Dr. Davis gave a brief update on the recent HLC Conference held in Chicago. Hocking College received a 10-year accreditation. The HLC focus visit will be in March 2020.

FINANCE COMMITTEE REPORT

Trustee Brooks stated he is asking that Denise O'Donnell be approved as the Treasurer of Hocking College effective March 1, 2018. Motion – A motion was made by Trustee Fischer and seconded by Trustee Stuart Brooks to approve Denise O'Donnell as the Treasurer of Hocking College effective March 1, 2018. The motion was unanimously approved.

Ms. O'Donnell reported a positive cash position and positive net income as of March 31, 2018.

She also reported the College is working to restructure the process of paying adjunct faculty, which is an effort to move towards automating payroll.

FACILITIES COMMITTEE REPORT

Trustee Budzik presented the following to the Board:

- Hocking Heights Dormitory Improvements 2018 Project – Contractor Approval (General)

  Hocking College has solicited bids for General Construction for the construction portion of a renovation project. The work includes interior renovation of the existing restrooms and community room.

  It is recommended that the Board of Trustees approve Gutknecht Construction for the renovation of Hocking Heights, and authorize the President to negotiate the scope of work and final cost not to exceed the bid amount.

Approval of this General Contractor will allow the Project to remain on schedule with the expected Construction completion in the Fall of 2018. Costs of the project to be paid from strategic reserves.

Motion – Trustee Budzik read the motion to the Board. A motion was made by Trustee Stuart Brooks and seconded by Trustee Fischer to approve Gutknecht Construction for the renovation of Hocking Heights, and authorize the President to negotiate the scope of work and final cost not to exceed the bid amount. The motion was unanimously approved.

- Equine – Trustee Budzik asked Trent DeBruin to give an update on the Equine Arena. Mr. DeBruin presented the "model" for the new Equine Arena. He explained the arena will be built in what is currently the parking lot across from the Natural Resources building pending engineer approval. Trent stated they are hoping to start building this fall with a completion date of 6 to 8 months. The structure will be an all metal building and will be approximately 28,000 square feet.

  Dr. Young stated in addition to all of the educational activities, the goal is to see the building as revenue producing. She commented the facility will present itself for dog shows, animal assisted therapy, etc. Dr. Young stated Hocking College could potentially have these types of shows twice a year. Trustee Budzik suggested having some of Hocking's talented student artists paint Hocking's logo on the arena as well as the "pathway to prosperity" statement to show off the new arena. Dr. Young reported that she and Jeff Daubenmire will be touring a couple of universities in the next month, so will be able to bring back ideas.

- Large Barn at Robbins Crossing – A barn builders group in Ohio has dismantled the large barn at Robbins Crossing. The intent is to take the logs that are not damaged and build a smaller barn on the site to house animals for the AgroEcology program.

PERSONNEL COMMITTEE REPORT
Trustee Stone reported he has three items for recommendation and discussion.

- Addendum to the Board Bylaws – It is being recommended the Academic and Student Affairs Committee become two committees, as well as renaming the Personnel Committee to Personnel and Community Relations Committee. There was little discussion and Trustee Mitchell made a motion to amend the Bylaws to modify committee structure. Academic and Student Affairs Committee to become two committees (Academic Affairs Committee and Student Experience Committee). The current Personnel Committee becomes the Personnel and Community Relations Committee. The motion was seconded by Trustee Forte' and unanimously approve.

➢ <u>Professional Unit Agreement between Hocking Technical College (College) and Hocking College Education Association (OEA/NEA)</u>

The College is committed to attain an *employer of choice* status for all Hocking College employees. The College recognizes the current negotiation with the Professional Staff Bargaining Unit presents an opportunity to accomplish this goal which will also create consistency with other bargaining units and non-bargaining unit employees.

An *employer of choice* is an organization viewed by current employees and prospective employees as a great place to work. Many factors affect this status, including establishing a winning culture, offering a competitive compensation package, and providing employees with the resources necessary to successfully perform their work duties. Achieving and maintaining this status allows the College to attract and retain talented employees.

The negotiation resulted in a Memorandum of Understanding (MOU) from January 1, 2018 – June 30, 2018 consisting of 1) salary adjustment for select employees, 2) HSA for eligible employees, and 3) overload and supplemental work paid at the adjunct rate, if applicable and three-year Professional Unit Agreement effective July 1, 2018 – June 30, 2021.

The Board of Trustees approve the motion to agree to the negotiated terms listed on the attached Key Negotiated Items document and the Beginning Salary Scale (Attachment A) resulting in a Professional Unit Agreement and Memorandum of Understanding.

Approval by the Board of Trustees and subsequent approval by the Professional Bargaining Unit membership results in a Professional Unit Agreement effective July1, 2018 – June 30, 2021 and Memorandum of Understanding (MOU) effective January 1, 2018 – June 30, 2018.

Total approximate cost is $350,000.

<u>Motion</u> - Trustee Budzik made a motion the Board of Trustees and Hocking Technical College agree to the terms listed on the Key Negotiated Items document and the Beginning Salary Scale (Attachment A) for the Professional Unit Agreement effective July 1, 2018 – June 30, 2021, and the Memorandum of Understanding (MOU) effective January 1, 2018 – June 30, 2018, between Hocking Technical College (College) and Hocking College Education Association (OEA/NEA). These terms will become effective upon the acceptance of the Professional Bargaining Unit membership. Acceptance of these terms by the Professional Bargaining Unit membership must be received on or before April 30, 2018. The motion was seconded by Trustee Stuart Brooks and unanimously approve.

- Contract – Dr. Young - Trustee Stone reported Dr. Young met the Board's established targets set forth a year ago and will receive the full bonus. Trustee Stone also reported based on Dr. Young meeting last year's targets, the favorable Moody's upgrade, and the HLC endorsement, her base salary will be increased by $25,000 bringing her base to $200,000 effective May 1st and an incentive up to 35% of her base salary based on criteria for incentives that are established annually with the Board of Trustees and President. A motion was made by Trustee Stuart Brooks and seconded by Trustee Forte' to approved the above recommendations. The motion was unanimously approved.

EXECUTIVE SESSION

Chairman Johnson requested a motion to adjourn into Executive Session:

In pursuant to Ohio Reviewed Code 121.22 (G) (3) to discuss a pending or imminent court action.

The Executive Session invitation may include:

Dr. Betty Young
Jeff White

A motion was made by Trustee Mike Brook and seconded by Trustee Mitchell.

On a roll call vote:

Voting Yes: Trustees Mike Brooks, Stuart Brooks, Mike Budzik, Dan Fischer, Leon Forte', Ben Mitchell, Andrew Stone, and Chairman Tom Johnson

The Board adjourned to Executive Session at 8:04 pm.

RETURN TO REGULAR SESSION

Chairman Johnson announced the return to regular session at 8:25 pm.

CHAIRMAN'S REPORT

Chairman Johnson stated the settlement of the Professional Bargaining Unit contract is a huge achievement. He commented we have already discussed the State of the College for which there was an excellent report. Chairman Johnson reported it is a big deal to be upgraded by Moody's when there are four schools in the State of Ohio which were downgraded. The Board of Trustees is extremely pleased with Dr. Young and her team's leadership performance. Everyone should be commended.

NEW BUSINESS
None

ADJOURNMENT
There being no further business to conduct, a motion was made to adjourn by Trustee Fischer and seconded by Trustee Budzik. The motion was unanimously approved. The Board adjourned at 8:30 pm.

Tom Johnson, Chairman

Sheree Cunningham

Sheree Cunningham, Board Secretary

HOCKING COLLEGE

Hocking College
Board of Trustees Action

Date: April 16, 2018

Submitted by: Jacqueline Hagerott

SUBJECT:

Animals on Campus Policy

BACKGROUND:

As a best practice the College regularly reviews and updates College Policies to assure compliance with State and Federal Laws, and alignment with accreditation requirements and any and all other College requirements. Hocking College intends to provide the broadest possible access to animals pursuant to Hocking College procedures.

According to the Federal Housing Administration, colleges and universities must make reasonable accommodations for persons with disabilities requiring service animals or emotional support animals. The right of people with disabilities to keep emotional support animals is stated in Section 504 of the Rehabilitation Act of 1973, the Fair Amendments Act of 1988, and Title II of the Americans with Disabilities Act.

As emotional support and service animals are not "pets" in the conventional sense but rather considered assistive aids, akin to wheelchairs, federal policy requires that reasonable accommodation be considered to persons with disabilities an equal opportunity to use or enjoy a dwelling.

These policies apply to any public or private higher education institution receiving federal financial support. As applied to campus housing, no qualified individual shall be kept from full participation in the institution's programs or activities, including access to residence halls. The Fair Housing Amendments Act of 1988 applies to virtually all forms of housing, whether for sale or rent, including residence halls.

RECOMMENDATION:

Adopt the Animals on Campus Policy attached to this resolution.

ORGANIZATIONAL/ADMINISTRATIVE IMPACT

The policy applies to all Hocking College campuses.

FISCAL IMPACT

No direct fiscal impact.

Policy Category:	Administrative Policy
Policy Number:	2.17
Policy Issued:	
Policy Title:	Animals on Campus
Policy Approved:	4/16/2018
Resolution #	2018-06
Pages:	1 of 1

Purpose

Hocking College complies with the Americans with Disabilities Act of 1990 (ADA), 42 U.S.C. § 12101, et seq., and Section 504 of the Rehabilitation Act of 1973, which state, "No otherwise qualified person with a disability in the United States…shall, solely on the basis of discrimination, be denied access to, or the benefits of, or be subjected to discrimination under any program or activity provided by any institution receiving federal assistance. Hocking College also complies with The Fair Housing Amendments Act of 1988, 42 U.S.C. § 3601 et seq., which governs the use of emotional support animals (ESA's) by individuals with disabilities in housing. Hocking College intends to provide the broadest possible access to animals pursuant to Hocking College procedures.

Definitions

"Service Animal" - Any dog that is individually trained to do work or perform tasks for the benefit of an individual with a disability, including a physical, sensory, psychiatric, intellectual, or other mental disability.

"Emotional Support Animal" - a category of animals that do not need any specialized training and are there purely to give comfort. They provide necessary emotional support to an individual with a mental or psychiatric disability which alleviates one or more identified symptoms of an individual's disability.

"Hocking College Campus" means all property owned, leased, or controlled by Hocking College, including surrounding areas such as sidewalks, bike paths, driveways, and parking lots.

Hocking College

RESOLUTION 2018-06
Administrative Policies

WHEREAS, the Board of Trustees using Policy Governance establishes policies for Hocking College operations and,

NOW THEREFORE BE IT RESOLVED, that the Hocking College Board of Trustees has reviewed the Animals on Campus Policy attached to this resolution,

BE IT FURTHER RESOLVED, the Hocking College Trustees hereby approve acceptance of the Animals on Campus Policy. Policy Number 2.17.

Adopted: ______________________________
April 16, 2018

Approved: ______________________________
Tom Johnson, Chair

HOCKING
COLLEGE

Motion to Approve

Motion to approve Ms. Denise O'Donnell as Treasurer of Hocking College, effective March 1, 2018.

Adopted: April 16, 2018

Approved: ______________________
Tom Johnson, Chairman

HOCKING COLLEGE

Hocking College
Board of Trustees Action

Date: April 16, 2018

Submitted by: Jeffrey Daubenmire

SUBJECT:
Hocking Heights Dormitory Improvements 2018 Project
Contractor Approval (General)

BACKGROUND:
Hocking College has solicited bids for General Construction for the construction portion of a renovation project. The work includes interior renovation of the existing restrooms and community room.

RECOMMENDATION:
It is recommended that the Board of Trustees approve Gutknecht Construction for the renovation of Hocking Heights, and authorize the President to negotiate the scope of work and final cost not to exceed the bid amount.

ORGANIZATIONAL/ADMINISTRATIVE IMPACT:
Approval of this General Contractor will allow the Project to remain on schedule with the expected Construction completion in the Fall of 2018.

FISCAL IMPACT:
Costs of the project to be paid from strategic reserves.

COMMENTS:

HOCKING
COLLEGE

MOTION TO APPROVE

The Trustees approve Gutknecht Construction for the renovation of Hocking Heights, and authorize the President to negotiate the scope of work and final cost not to exceed the bid amount.

Adopted: 4/16/2018

Approved: ______________________
Tom Johnson, Chairman

HOCKING
COLLEGE

Motion to Approve

Motion to amend Bylaws to modify committee structure. Academic and Student Affairs Committee to become two committees (Academic Affairs Committee and Student Experience Committee). The current Personnel Committee becomes the Personnel and Community Relations Committee.

Adopted: April 16, 2018

Approved: ______________________
Tom Johnson, Chairman

Hocking College
Board of Trustees Action

Date: April 16, 2018

Submitted by: Jacqueline C. Hagerott

SUBJECT

Professional Unit Agreement between Hocking Technical College (College) and Hocking College Education Association (OEA/NEA).

BACKGROUND

The College is committed to attain an *employer of choice* status for all Hocking College employees. The College recognizes the current negotiation with the Professional Staff Bargaining Unit presents an opportunity to accomplish this goal which will also create consistency with other bargaining units and non-bargaining unit employees.

An *employer of choice* is an organization viewed by current employees and prospective employees as a great place to work. Many factors affect this status, including establishing a winning culture, offering a competitive compensation package, and providing employees with the resources necessary to successfully perform their work duties. Achieving and maintaining this status allows the College to attract and retain talented employees.

The negotiation resulted in a Memorandum of Understanding (MOU) from January 1, 2018 – June 30, 2018 consisting of 1) salary adjustment for select employees, 2) HSA for eligible employees, and 3) overload and supplemental work paid at the adjunct rate, if applicable and three-year Professional Unit Agreement effective July 1, 2018 – June 30, 2021.

RECOMMENDATION

The Board of Trustees approve the motion to agree to the negotiated terms listed on the attached Key Negotiated Items document and the Beginning Salary Scale (Attachment A) resulting in a Professional Unit Agreement and Memorandum of Understanding.

ORGANIZATIONAL/ADMINISTRATIVE IMPACT

Approval by the Board of Trustees and subsequent approval by the Professional Bargaining Unit membership results in a Professional Unit Agreement effective July1, 2018 – June 30, 2021 and Memorandum of Understanding (MOU) effective January 1, 2018 – June 30, 2018.

FISCAL IMPACT

Total approximate cost is $350,000.

Hocking College

MOTION TO APPROVE

The Board of Trustees approve the motion that Hocking College agrees to the terms listed on the Key Negotiated Items document and the Beginning Salary Scale (Attachment A) for the Professional Unit Agreement effective July 1, 2018 – June 30, 2021 and the Memorandum of Understanding (MOU) effective January 1, 2018 – June 30, 2018 between Hocking Technical College (College) and Hocking College Education Association (OEA/NEA).

These terms will become effective upon the acceptance of the Professional Bargaining Unit membership. Acceptance of these terms by the Professional Bargaining Unit membership must be received on or before April 30, 2018.

Adopted: 4/16/18
Date

Approved: ______________________
Board Representative

OHIO ETHICS COMMISSION
William Green Building
30 West Spring Street, L3
Columbus, Ohio 43215-2256
Telephone: (614) 466-7090
Fax: (614) 466-8368

www.ethics.ohio.gov

OHIO ETHICS LAW MEMORANDA FOR TRUSTEES OF PUBLIC COLLEGES AND UNIVERSITIES

I. INTRODUCTION TO THE ETHICS LAW AND RELATED STATUTES

This handout contains general information about the Ohio Ethics Law and related statutes (Chapter 102. and Sections 2921.42, 2921.421, and 2921.43) as they apply to individuals serving as trustees of state colleges and universities. To assist you, this handout outlines, in general terms, your responsibilities under the Ethics Law and related statutes.

The prohibitions of the Ethics Law and related statutes protect both individuals who serve in public positions and the general public. The law includes requirements for financial disclosure by trustees of public colleges and universities, as well as general provisions that condition the conduct of public officials and employees to help protect against conflicts of interest.

A. Intent:
- To prevent public officials and employees with conflicts of interest from acting on those conflicts
- To provide remedies of education, advice, and enforcement

B. Application:
- All public officials and employees at every level of government in Ohio, and those who do business with them
- All trustees of state public colleges and universities are public officials and are, therefore, subject to Ohio's Ethics Law.
- Limited exception for teachers and other educators with no administrative responsibilities [Ohio Revised Code ("R.C.") 102.01 (B)]

C. Ohio's Ethics Law:
- Found in Chapter 102 of the Revised Code
- Related statutes are R.C. 2921.42 and R.C. 2921.43

II. THE OHIO ETHICS COMMISSION

A. History
- Post-Watergate enactment in 1973 [H.B. 55, effective 1/1/74]

B. Purpose
- Requiring personal financial disclosure
- Imposing **criminal** penalties for unethical conduct
- Establishing uniform review of questions by statewide commissions of the three branches of government

C. Composition of the Ethics Commission

- Six **bi-partisan** members
- Appointed by Governor, confirmed by Senate
- Staggered, 6-year terms
- Compensated $75 per meeting, up to $1800 per year

D. Authority of the Ethics Commission

- Administers Ethics Law (R.C. 102) and related statutes (R.C. 2921.42 and 2921.43) for all public officials and employees at the state, county, municipal, township, and other levels of government *except*:
  a. Judges and judicial employees [Contact the Board of Commissioners on Grievances and Discipline of the Supreme Court at (614) 644-5800]
  b. State legislators and legislative employees [Contact the Joint Legislative Ethics Committee at (614) 728-5100]

III. RESPONSIBILITIES AND PROCESSES OF THE COMMISSION

A. General Duties - Five Major Responsibilities

1. Public Information
2. Advice
3. Investigation and Referral for Prosecution
4. Financial Disclosure
5. Legislation

B. Public Information – R.C. 102.08.

1. Organize and provide training and information sessions regarding conflicts of interest and financial disclosure
   - Presented 137 educational sessions throughout the state in 1997
   - Sessions given by the Commission are free of charge
2. Create and distribute informational materials regarding Ohio's Ethics Law
3. Provide a master copy of the Ethics Law to agencies for distribution
4. Maintain website of electronic information [http://www.ethics.ohio.gov]

C. Advice – Render Advisory Opinions – R.C. 102.08.

1. The law provides assistance to you as a public official from the Ethics Commission through written advisory guidance to answer your questions about the specific application of the Ethics Law to future actions. You are encouraged to ask questions and we will do our best to answer them.
2. Please do not hesitate to call or write to our office at the telephone and address above.

D. Investigation – R.C. 102.06.

1. Authority – Analogous to specialized grand jury
2. **Confidential process** – Commission is prohibited by law from disclosing any information about investigations *except*:
   a. Commission may publicly comment that a complaint has been referred to a prosecutor if no action has been taken within 90 days of the referral
      - Commission cannot comment regarding the merits of its findings
   b. Accused can request disclosure of a complaint, if the accused has successfully defended the complaint

3. Resolution Authority – After consultation with the accused, the person filing the complaint, and any other person the Commission considers necessary, the Commission or a prosecutor may agree to settle a charge with the accused.
4. Demand exceeds resources:
   a. An estimated 18,000 elected office holders and 500,000 public employees subject to authority
   b. As a result, commission must weigh the relative severity of allegations in order to prioritize which will be investigated

E. Financial Disclosure – R.C. 102.02.
1. All state college and university trustees are required to file individual financial disclosure statements with the Ethics Commission by April 15th of each year.
2. These statements aid trustees in identifying financial interests they hold that may present conflicts of interest for them in the performance of their public duties.
3. The Ethics Commission provides financial disclosure statements to college and university trustees by February 15th of each year.
4. Financial disclosure statements reflect the entire preceding year's financial interests held by the filer, even if the trustee did not serve during the preceding year.
5. College and university trustees are required to disclose:
   - Sources of income of over $500;
   - Sources of gifts of over $500 (excluding most family members, but including spouses);
   - Investments over $1000;
   - Debtors and creditors over $1000;
   - Most ownership and leasehold interests in real property, located in Ohio.
6. Statements filed by trustees of public colleges and universities are confidential except for any part of the disclosure that reveals a potential conflict of interest. Each confidential statement is individually reviewed by the Ethics Commission to identify sources of potential conflict. These may include a trustee's financial interests, because a trustee may not use his authority to affect his own interests if they have business or regulative relationships with the college or university.
7. The General Assembly has mandated timely compliance with the deadline. As a result, the Ethics Commission will assess a late filing fee of $10 per day, up to a total of $250.00, against individuals who fail to file statements by the deadline.

F. Legislation – R.C. 102.08.
- Recommend legislation relating to ethics, conflicts of interest, and financial disclosure
- Recent examples:
  - H.B. 300 in 1986
  - H.B. 285 in 1994

IV. SUBSTANTIVE PROVISIONS OF THE ETHICS LAW AND RELATED STATUTES

General Rule – Whenever the personal financial or fiduciary interests of a public official or employee, his family, or his business associates are involved in a situation before the official or employee, there is an ethics issue.

In addition to financial disclosure requirements, the Ohio Ethics Law contains provisions regarding the private activities of public officials. These provisions deal with four general areas: conflicts of interest; public contracts (including nepotism) and public investments; post-employment, confidentiality, and representation; and, supplemental compensation. These general restrictions are summarized below.

A. **Conflict of Interest – R.C. 102.03 (D), (E), (F).**

1. A trustee of a public college or university is prohibited from taking any action, including voting, discussing, deliberating, and formally or informally lobbying, on any matter where the official, his family, his business associates, or others with whom he has a relationship that would affect his objectivity, would receive anything of substantial value [102.03 (D)].
   a. R.C. 102.03 (D) prohibits a public official from using his authority to secure anything of value that could have a substantial and improper influence upon the official in the performance of his duties. This section prohibits any formal or informal action in a matter where a substantial thing of value may benefit the official, his family, or his business associates.
   b. The law defines "**anything of value**" to include money, goods, chattels, future employment, interests in realty, and "every other thing of value."
2. A trustee of a public college or university is prohibited from accepting or soliciting anything of substantial value, including gifts, travel, meals, and lodging payments, and consulting fees, from improper sources including parties that are doing or seeking to do business with, regulated by, or interested in matters before the board or commission she serves [R.C. 102.03 (D) and (E)].
   a. R.C. 102.03 (E) prohibits a public official from merely soliciting or accepting anything of value if the thing of value could have a substantial and improper influence upon the public official in the performance of his duties.
   b. "Anything of value" could have a **substantial** influence upon a public official if the thing has a substantial value. The Ethics Commission has stated, for example, that season tickets for a professional sports team have a substantial value and cannot be provided to a public official by a party doing business with or regulated by the public agency [OEC Adv. Op. No. 95-001].
   c. A thing of value could have an **improper** influence upon a public official if it is provided by a source that has a direct relationship with the public agency served by the official. Those sources, which are "improper" because of their relationships with a public agency, include parties doing or seeking to do business with, regulated by, or interested in matters before the public agency. Those "interested in" matters might include an association of parties doing business with the public agency.

3. The law also **prohibits a private party, or any person**, from promising or giving anything of value to a public college or university trustee if the thing of value could have a substantial and improper influence upon the public official or employee in the performance of his duties [R.C. 102.03 (E); OEC Adv. Op. No. 90-001].

   a. One example of a situation where these restrictions have been applied is travel, meals, and lodging. A public college or university trustee is prohibited from accepting travel, meals, and lodging, from any improper source, which would include parties that are doing or seeking to do business with, regulated by, or interested in matters before the public agency [OEC Adv. Op. No. 89-014]. A trustee is also prohibited from accepting or using any frequent flyer benefits accrued while in the course of travel in his official capacity, unless the benefits are used in official travel [OEC Adv. Op. No. 91-010].

B. **Public Contract Restraints - R.C. 2921.42; R.C. 102.04.**

1. A trustee of a public college or university is prohibited from authorizing or using his position to secure authorization of a public contract for himself, a member of his family, or a business associate [R.C. 2921.42 (A)(1)].

   a. A "**public contract**" is any purchase or acquisition of any property or services, including employment, and casual, as needed purchases, and any design, construction, alteration, repair, or maintenance of any public property [2921.42 (G)(1)].

   b. The Commission has stated that a prohibited "**interest**" in a public contract must be definite and direct, and may be either pecuniary or fiduciary [OEC Adv. Op. No. 78-005].

   c. The term "**a member of his family**" includes, but is not limited to, a spouse, parent, grandparent, child, grandchild, or sibling. It also includes any other person related by blood or marriage to the public official and residing in the same household with the official [OEC Adv. Op. No. 80-001; Walsh v. Bollas, 82 Ohio App. 3d 588 (Lake County 1992)].

   d. A "**business associate**" is a person with whom a public official is engaged in an on-going business enterprise, such as a partner in a partnership, a co-owner of a business, or an outside, private employer [OEC Adv. Op. No. 92-003].

2. A trustee of a public college or university is **prohibited from profiting from** a public contract he approved, or that was approved by the board of trustees of which he is a member, even if he abstains from the approval, unless the contract was competitively bid and awarded to the lowest and best bidder [R.C. 2921.42 (A)(3)]. This restriction applies while the official is connected with the public college or university, and for one year after he leaves his position.

   a. This section prohibits a member of a governing board, such as a college or university board of trustees, for one year from the time he leaves his position, from accepting employment with his public agency, if the employment was authorized or the position was created during his service. R.C. 102.03 (D) (discussed above) also prohibits a member of a governing board from using his position to secure employment from the public agency he serves [OEC Adv. Op. No. 87-008]. These restrictions do not mean that a former college or university trustee is prohibited from securing employment with the college or university he had served, so long as the board of trustees did not create the position or authorize the employment during his service, and the former trustee did not seek the employment opportunity until after he left the position of trustee.

3. **Nepotism**

a. A trustee of a public college or university is prohibited from authorizing the hire of, or using his authority to secure the hire of, or employment benefits for, any member of his family (parents, grandparents, children, grandchildren, spouse, siblings, or any person related by blood or marriage and residing in the same household) [R.C. 2921.42 (A)(1)].

4. **Improper Interest in Public Contracts**

a. A trustee of a public college or university is prohibited from having an interest in the profits or benefits of a public contract entered into by the institution with which he is connected [R.C. 2921.42 (A)(4)]. The term "connected with" has been defined by the Commission as being related to or associated with the institution [OEC Adv. Op. No. 87-002, 89-004, 90-007].

i. **EXEMPTION:** A trustee of a public college or university is not considered to have an interest in a public contract entered into by his college or university with a private corporation if his interest in the corporation is limited to being a stockholder of less than five percent or a creditor of **less than five percent** [R.C. 2921.42 (B)].

ii. **EXEMPTION:** A trustee of a public college or university is not prohibited from having an interest in a public contract entered into by the college or university he serves so long as: (1) the purchase is a necessary purchase; (2) the goods or services are unobtainable elsewhere for the same or lower cost, or are furnished as part of a continuing course of dealing started prior to the trustee's connection with the college; (3) the service provided is the same as or better than the service provided to other clients or customers; and (4) the public official does not participate, the contract is at arms length, and the college or university has full knowledge of the board member's interest [R.C. 2921.42 (C)].

iii. The application of these two exemptions is dependent upon the facts.

Please contact the Ethics Commission for further information.

b. A trustee of a state college or university is prohibited from authorizing investments, or employing authority to secure investments of public funds in any security, if he, a member of his family, or any of his business associates either has an interest, is an underwriter, or receives any brokerage, origination, or servicing fees [R.C. 2921.42 (A)(2); State v. Strabala (1993)].

5. **Sale of Goods**

a. A trustee of a state college or university is prohibited from selling any goods or services to any state entity, except through competitive bidding or as provided by exemption [R.C. 102.04 (B)].

i. **EXEMPTION:** Sales to state agencies other than the college or university served are exempted when the trustee completes and files a disclosure of the sale of goods or services, as described in R.C. 102.04 (D), before entering into the sale. The trustee must file the disclosure with the college or university he serves, the state entity to which the sale will be made, and the Ethics Commission [R.C. 102.04 (D)].

C. **Post-Employment Restrictions – R.C. 102.03(A), (B); 102.04(A),(C).**

1. General **Revolving Door – R.C. 102.03(A):**
   A trustee of a state college or university is prohibited, during public service and for **one year** thereafter, from representing anyone, before any public agency, on any matter in which he personally participated while he was a member of the board of trustees. For some matters, the prohibition remains in effect for two years [R.C. 102.03 (A)].
   a. A "**matter**" is any case, proceeding, application, determination, issue, or question [R.C. 102.03 (A)(5)].
   b. "**Personal participation**" is any decision, approval, disapproval, recommendation, the rendering of advice, investigation, or other substantial exercise of administrative discretion [R.C. 120.03 (A)(1)]. Supervision of another public official or employee can be, but is not always, personal participation [OEC Adv. Op. No. 91-009].
   c. "**Representation**" is defined as any formal or informal appearance before, or any written or oral communication with, any public agency [102.03 (A)(5)]. "Representation" includes preparing documents, regardless of whether the individual himself signs them, or they are signed by someone else [OEC Adv. Op. No. 86-001]. The restriction applies even if the represented party is another public agency [OEC Adv. Op. No. 93-011]. The restriction does not apply to behind-the-scenes consultation with a client or new employer [OEC Adv. Op. No. 92-005].
2. **Representation** – R.C. 102.04 (A).
   a. A trustee of a public college or university is prohibited from receiving compensation except from the institution of higher education he serves for any service **rendered personally** on any case, application, or other matter before any state entity, except as provided by exemption [R.C. 102.04 (A)]. Ministerial matters like tax preparation and filing incorporation papers are removed from the restriction [R.C. 102.04 (F); OEC Adv. Op. No. 89-016].
      i. **EXEMPTION:** Receiving compensation for providing services on matters pending before state agencies other than the institution of higher education served is exempted when the official completes and files a disclosure, as described in R.C. 102.04 (D), before performing the personal services. The trustee must file the disclosure with the college or university he serves, the state entity to which the sale will be made, and the Ethics Commission [R.C. 102.04 (D)].
3. **Confidentiality** – R.C. 102.03 (B).
   a. A trustee of a state college or university is prohibited from disclosing or using confidential information acquired in his state position, without appropriate authorization. There is no time limit on this restriction [R.C. 102.03 (B)].
4. Representation - Influence peddling – R.C. 102.04 (A)(C).

D. Other Restrictions.

1. Supplemental Compensation – R.C. 2921.43 (A).
   a. A trustee of a state college or university is prohibited from accepting compensation, other than from the college or university he serves, for the performance of his public duties [R.C. 2921.43 (A)]. Private parties are also prohibited from offering or giving supplemental compensation to university trustees [102.03 (F); 2921.43 (A)].
2. Honoraria – R.C. 102.03 (H)
   a. The general restriction enacted by the Legislature in 1994 that prohibits a

public official who files a disclosure statement from receiving an honorarium does not apply to any member of the boards of trustees, or any president, of state institutions of higher education. However, a trustee or president is prohibited from accepting honoraria or travel expenses from parties that are doing or seeking to do business with, regulated by, or interested in matters pending before his college or university [102.03 (I)].

3. Rate-Making – R.C. 102.03 (C).

E. Additional considerations

1. Copies of the law – R.C. 102.09 (E).

V. SUMMARY-COMMON SENSE WRAP-UP

A. Cannot authorize a contract or use authority to secure authorization of a contract for self, family, business associates

B. Cannot solicit or accept things of value

C. Cannot disclose or use confidential information

D. Cannot receive additional compensation for performance of official duties

E. Cannot represent parties on matters in which public servant involved

F. Cannot participate in matters where public servant has a conflict of interest – i.e., where something of value will result for self, family members, others

As previously stated, this information summarizes the Ohio Ethics Law and related statutes in Chapter 102. and Sections 2921.42, 2921.421, and 2921.43. These laws are criminal statutes designed to protect the public from decisions that could be influenced by improper conflicts of interest for those who serve the public interest. Although the majority of public officials and employees meet or exceed these standards, these provisions serve to assist in deterring or punishing the few who do not. Your careful consideration of the prohibitions is appreciated.

The Ohio Ethics Commission is an independent agency of state government charged with interpreting and administering the Ohio Ethics Law for many state and local public officials and employees. The Commission has been serving the public, and state and local governments, since its formation as part of the Ohio Ethics Law in 1973. If you have any questions about how these restrictions apply to you, or for more information about the Ethics Law in general, please contact the Ohio Ethics Commission at (614) 466-7090.

This memorandum was prepared by the Ohio Ethics Commission for informational purposes only. It is not intended as a substitute for the laws referenced or Ethics Commission advisory opinions construing those provisions.

WHEN IN DOUBT, CALL THE ETHICS COMMISSION--(614) 466-7090
Check us out on the Web at http://www.ethics.ohio.gov

THE BOND BUYER

How two Ohio community colleges landed underlying junk ratings

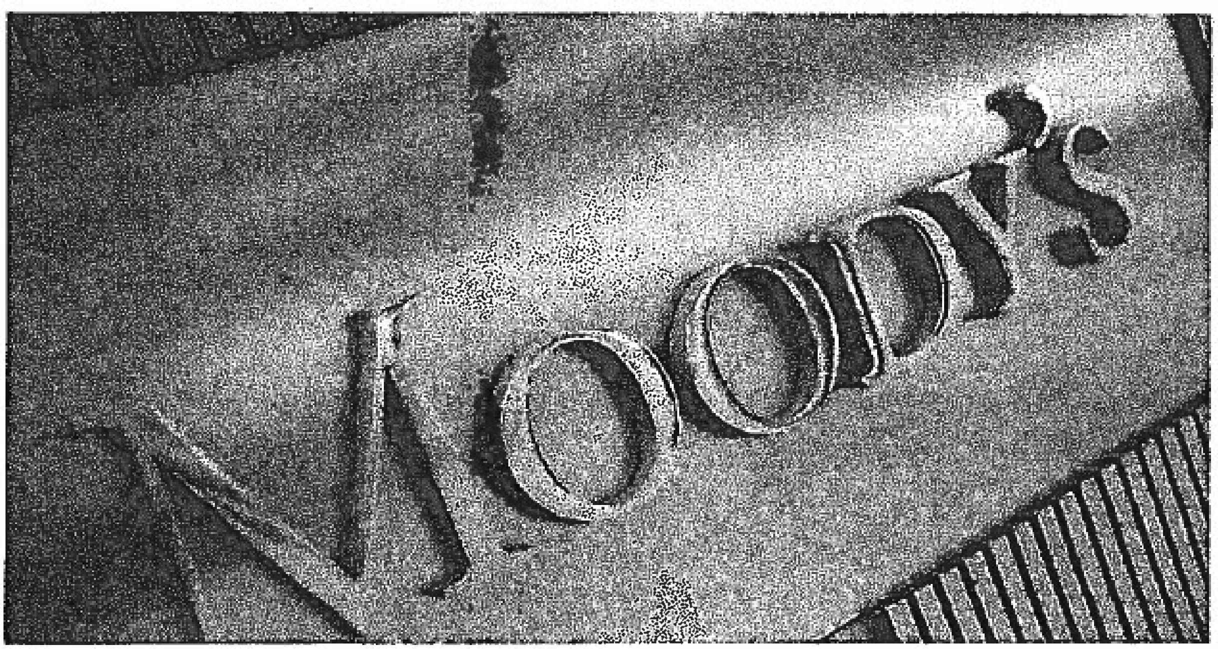
Published March 27 2018, 5:10pm EDT

More in Higher education, Ratings, Ohio

The underlying ratings of two Ohio community colleges were dropped to junk in a series of rating actions by Moody's Investors Service.

The colleges, however, benefit from a state enhancement program which Moody's affirmed at Aa2 in the rating actions published late Monday.

The state's credit enhancement program allows the Chancellor of the Ohio Department of Higher Education to redirect the college's state aid in the form of state share of instruction to the bond trustee to pay debt service if there is a shortfall in general receipts revenue.



Moody's dropped underlying ratings on two Ohio community colleges to junk.
Bloomberg

In all, Moody's took rating action on four Ohio community colleges, impacting $63 million of debt.

All of the colleges have a minimal amount of debt burden but they also face the challenge of declining enrollment that will continue to impact their revenue raising ability, the rating agency said.

Terra State Community College saw a three notch downgrade to the speculative grade of Ba2 from Baa2 and it was assigned a negative outlook. The small community college in rural northwest Ohio that serves Sandusky, Ottawa, and Seneca counties at its campus in Fremont has posted three years of insufficient debt service coverage and material decline in reserves.

In fiscal 2017, the college had an operating base of $15 million and enrolled 1,251 students. The college has a modest debt burden of $5.5 million but expects to borrow an additional $1.5 million for capital expenditures.

Declining enrollment will continue to challenge the college's ability to raise revenue. "The negative outlook reflects our expectation that a material improvement in operations is unlikely over the next one to two years given the college's limited ability to materially reduce expenses while net tuition revenues continue to decline and state appropriations are static at best," Moody's said.

Zane State College saw a one notch downgrade that put in junk territory. It was cut to Ba1 from Baa3 with a negative outlook.

The college's declining tuition revenue has contributed to negative operating cash flow in three of the last five years, according to Moody's. Between 2013 and 2017, enrollment declined by nearly 37%. The college is expecting to miss its budget for fiscal 2018 by $1 million, a substantial amount given just $4.2 million of remaining liquidity as of fiscal 2017. The college has $7.2 million in debt outstanding as of fiscal 2017.

[illegible]thern State Community College was downgraded two notches to Baa3 from Baa1 with a negative outlook. The college, which [illegible] southern Ohio, is also suffering from sustained decline in tuition revenue. The college has roughly $15 million of outstanding debt as of fiscal 2017. "The college is relatively small with only $18 million in operating revenue and, despite cuts in expenses, operating margins remain negative," Moody's said.

Moody's also revised its outlook on the A3-rated Cincinnati State Tech and Community College to negative from stable citing the college's weakening financial position. Roughly $35 million of debt outstanding is affected. The college had fall 2017 enrollment of approximately 8,807 students, down from 11,167 in 2014.

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Comment

Rating pressure eases on San Jose-area school district

By Keeley Webster
Published April 02 2018, 4:50pm EDT

More in School bonds,Ratings,Financial crimes ,California

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Hocking Technical College, OH

Update following revision of outlook to stable

Summary

Hocking Technical College's (underling Baa1 stable/enhanced Aa2 stable) credit quality reflects very good strategic positioning, as evidenced by the college's sustained trend of improving operating margins resulting in significant growth in liquidity. HTC's ability and willingness to reduce expenses, which are down 30% over the past five years, has relieved operating pressure from weakening net tuition revenue and modestly declining state aid. As a result, annual operating margins have improved from break-even to a nearly 9% three-year average margin with four times annual debt service coverage. Another favorable sign of strong financial management, the college budgets to increase reserves by $1 million annually, which has contributed to an over 60% increase in monthly liquidity over the past five years. Other credit characteristics include a moderately sized operating base of $39 million and limited overall cash and investments.

Credit strengths

» Two consecutive years of double digit operating and cash flow margins generating a 60% increase in liquidity from fiscal 2013 to 2017

» Ability and willingness to rightsize operations demonstrated by a 30% reduction in expenditures over a five-year period

» $12.7 million spendable cash and investments provide moderate cushion for debt (0.64x) and operating expenses (0.38x)

» Healthy three-year average debt service coverage from cash flow of almost 3.5x as of fiscal 2017 provides cushion to moderate overall leverage

Credit challenges

» State control of revenue increases limits financial flexibility and increase risk of operating pressures

» Decline in enrollment and in net tuition per student reduced net tuition revenue by 27% from fiscal 2013 through 2017.

» Performance based funding model lowered state appropriations by 4.5% over the past five years

» Total cash and investments of $14.6 million, while growing, is limited for a college of Hocking's moderate scale.

Rating outlook

The stable outlook reflects our expectation of sound cash flow driven by expense management and revenue growth as well as a disciplined approach to building reserves. It also incorporates our expectations for steady state support and limited near-term issuance of debt.

The stable outlook for the enhanced rating is based on the outlook for the Ohio Board of Regents State Credit Enhancement Program.

Factors that could lead to an upgrade

» Significant increase in cash and investments

» Expansion in liquidity to provide greater than 150 days cash on hand

» Sustaining double digit operating margins

» Upgrade of the Ohio Board of Regents State Credit Enhancement Program (for enhanced rating)

Factors that could lead to a downgrade

» Declines in debt service coverage below 2 times without a material increase in reserves

» Reduction in liquidity bringing monthly days cash on hand below 100 days

» Continued reduction in state support resulting in declines in operating performance and liquidity

» Downgrade of the Ohio Board of Regents State Credit Enhancement Program (for enhanced rating)

Key indicators

Exhibit 1

HOCKING TECHNICAL COLLEGE, OH

	2013	2014	2015	2016	2017
Total FTE Enrollment	4,094	3,474	3,238	2,962	3,391
Operating Revenue ($000)	47,364	43,440	42,234	39,892	38,690
Annual Change in Operating Revenue (%)	-7.5	-8.3	-2.8	-5.5	-3.0
Total Cash & Investments ($000)	10,660	9,489	8,443	12,476	14,632
Total Debt ($000)	19,629	21,469	20,937	20,394	19,830
Spendable Cash & Investments to Total Debt (x)	0.5	0.4	0.3	0.5	0.6
Spendable Cash & Investments to Operating Expenses (x)	0.2	0.2	0.2	0.3	0.4
Monthly Days Cash on Hand (x)	58	63	57	102	128
Operating Cash Flow Margin (%)	2.6	5.1	7.0	16.5	15.5
Total Debt to Cash Flow (x)	16.2	9.7	7.1	3.1	3.3
Annual Debt Service Coverage (x)	5.6	2.4	2.0	4.4	4.0

*Total FTE enrollment represents unduplicated headcount as reported to IPEDS

Source: Moody's Investors Service

Profile

Hocking College is an open admissions college with a three-county service area in rural southeastern Ohio. The college is funded primarily by a combination of student charges and state appropriations. In fiscal 2017, the college served over 3,300 students with operating revenues of over $38 million.

Detailed credit considerations

Market profile: enrollment challenges will persist

Hocking Technical College is an important provider of low-cost higher education in south eastern Ohio. With a diversity of programs geared toward regional work force needs, the college is committed to providing accessible and affordable education, particularly given increasing demand for skilled workers in rural southern Ohio. Strategic partnerships with local communities and businesses help to provide post graduation employment. Enrollment declined by 28% from fall 2013 through fall 2016, with an up tick to 3,391 in 2017.

Despite the overall decline in enrollment, student housing has been at capacity. Part of the reason is that the college requires student athletes to live in on-campus housing. Student athletes comprise 15% of students living in campus housing.

Operating performance: strong operating performance driven by significant rightsizing of operations

We expect operating margins to remain positive over the near term as the college continues to generate operating surplusses. The college's operations have been strengthened by management's ability and willingness to rightsize operations while simultaneously budgeting an annual $1 million addition to reserves. Between 2013 and 2017, operating revenues declined by 18% while expenses declined by 30%, leading to a $5.6 million operating income and 14.5% operating margin in fiscal 2017. The college's operations in fiscal 2016 and 2017 are starkly improved from fiscal 2014 and 2015 when operating margins were negative 1.4% and 1.7%, respectively. Management reports that fiscal 2018 will end with a similar result as fiscal 2016, and that fiscal 2019 will be balanced based on a planned increase in tuition and fees. While the state prevented tuition increases in each of the last three years, the college will be able to increase its credit hour rate by $10 for fall 2018, a nearly 6% increase over fall 2017.

Government appropriations, a significant 34% of operations in fiscal 2017, will likely remain flat due to limited growth in overall funding levels. However, the state provides aid to its community colleges through a performance based funding formula that could result in a higher or lower allocation of total government appropriations from year to year. [1]

Wealth and liquidity: strong operations lead to growth in reserves and liquidity

With future growth likely, financial reserves will provide stronger coverage of debt and operations. In fiscal 2017, total cash and investments of the college and affiliated foundation amounted to $14.6 million while spendable cash and investments cushioned debt and operating expenses 0.6x and 0.4x, respectively. Capital plans to address deferred maintenance will be funded with cash. The college has no substantial near term borrowing plans and expects to reduce expenses further which, given debt amortization and projections for stable to growing reserves will improve these ratios over the long term.

Liquidity

Fiscal 2017 monthly liquidity of $11.8 million translated to adequate monthly cash on hand of 129 days, more than double the 57 days held in 2015. Disruptions in funding from the state, or protracted limitations on tuition increases without offsetting support are the primary risks for potential declines in liquidity.

Leverage: cash flow coverage of debt service remains key credit strength

HTC's debt profile will remain moderate over the near term, and will slowly diminish over time given the regularly amortizing debt structure and the state's support of capital investment. While the college's financial leverage is adequate at 0.64 times, the three-year average debt service coverage is much stronger at a healthy 3.46 times. We project that coverage will improve to above 4 times by fiscal 2020 as HTC introduces new revenue streams and continues to actively implement cost reductions.

In the state's 2017-2018 biennium budget, HTC received $3 million in state capital appropriations offsetting the approximate $2 million annual depreciation charge.

Debt structure

All debt is fixed rate and amortizing, which provides predictable fixed costs to incorporate into budget models. There are no debt service reserve funds.

The Ohio Board of Regents State Credit Enhancement Program's mechanics are sound. Interceptable state share of instruction (SSI) provides a strong 8.7 times coverage of the college's debt service.

Debt-related derivatives
There are no debt-related derivatives.

Legal security
All rated debt are General Receipt Bonds which are secured by a gross pledge and first lien on the college's general receipts, including tuition and fees, and other legally available revenue, but excluding state appropriations, and restricted gifts and grants.

In addition to the general receipts pledge for the bonds, the bonds are secured by the Ohio Board of Regents State Credit Enhancement Program, which allows the Chancellor of the Ohio Department of Higher Education to redirect the college's state aid in the form of SSI to the bond trustee to pay debt service if there is a shortfall in general receipts revenue.

Pensions and OPEB
Exposure to pension and other post-employment retirement benefits (OPEB) is elevated. Total adjusted debt, including approximately $20 million of direct debt and $121 million Moody's three-year (2015-2017) average adjusted net pension liability, is a very high 3.7 times fiscal 2017 operating revenue.

The state largely controls public pensions in Ohio, setting benefits and contribution rates. College employees are covered by the two largest multi-employer statewide plans: the State Teachers Retirement Systems of Ohio (STRS) and the School Employees' Retirement System (SERS). Currently, employer contributions to these pension plans are capped at 14% of payroll. If the state were to increase this funding requirement, it would pressure the college's operations.

Management and governance: new management team implements balanced operations and fiscal prudence
Management's budgetary discipline that includes an annual $1 million reserve contingency underlies its very good strategic positioning. Under the direction of a president who joined in 2015, management completed a program review in fall of 2016. The college has already eliminated many faculty positions and courses with low enrollment in an attempt to reduce expenditures. Further cuts are expected. In order to offset the enrollment trends, the college has hired a new Vice President of Enrollment and Development who is focused on outreach to all applicants. There have been other additions to Hocking's senior leadership team including Chief Financial Officer.

Endnotes

1 The model primarily weighs course completion; degrees and certificates granted, number of transfer students accepted; and success points which measure the number of students who attain 12 and 36 hours of study. The state also provides capital funding that allows the college to continue to invest in its facilities.

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