

OWENS COMMUNITY COLLEGE
BOARD OF TRUSTEES
FINANCE COMMITTEE MEETING
January 22, 2019

A meeting of the Finance Committee was held in the President's Office conference room, Administration Hall, on the Owens Community College Toledo Campus.

Call to Order – Ed Nagle called the meeting to order at 3:00 p.m., and directed the record to show the meeting of the Finance Committee was held in accordance with the Ohio Revised Code and the policies of the Board of Trustees.

Roll Call – Roll Call was taken, and the following committee members were present: Ed Nagle and Jason Johnson (2). Mary Beth Hammond was on the dial-in conference bridge.

Approval of Minutes – The minutes of the December 3, 2018 meeting were sent in advance and hearing no corrections, Mr. Nagle declared the minutes approved.

REPORT OF THE TREASURER

Capital Projects – Jeff Ganues, Vice President of Business Affairs, Chief Financial Officer and Treasurer, reviewed financing options for three pending capital projects, including the Advanced Manufacturing Training Center project, the Toledo Campus (Information Technology) Switch project and the LED Energy project.

- *Advanced Manufacturing Training Center (AMTC) Project.* The architect, SSOE Group, estimated the total three-phased project cost at \$9.2 million.
 - *Phase I.* Mr. Ganues commented that the state capital appropriation will cover phase I estimate, \$3.5 million. Phase I includes demolition, exterior upgrade, entrance canopies, life safety, HVAC, restrooms, a skilled trades lab and two classrooms. The construction period is targeted for May-December 2019.
 - *Phases II & III.* Mr. Ganues proposed conducting phases II and III for labor and cost efficiencies. The combined phases estimate is \$5.6 million. A capital campaign is being developed to raise a goal of \$2 million; a federal grant opportunity is being pursued and Mr. Ganues commented on the potential for financing the balance estimated, \$3.6 million. Phases II and III include all programming space for skilled trades (credit and non-credit): labs, classrooms, showroom, and Workforce and Community Services (WCS) offices, classrooms, computer labs. Occupancy is targeted for Fall 2020.
 - *Advanced Manufacturing Supply Demand Gap.* Denise Smith, Provost/Vice President, Academic Affairs, commented on a work-in-progress analysis from the Toledo Chamber of Commerce and Department of Labor information of a shortage of certificate/associate degree workers in advanced manufacturing occupations. She commented on the enrollment/apprenticeship training growth in WCS and School of STEM. The project would address the College's capacity, space and equipment, as well as the integration of robotics into auto and applied engineering and WCS. The project would also address the workforce needs in the region. Mr. Johnson commented on PLC and robotics' talent needed locally.
 - *Capital Campaign Development.* President Robinson commented on the development and preliminary prospect mapping for a capital campaign.
 - *Discussion.* There was discussion throughout the presentation. Mr. Nagle commented on his concern on the supply side of filling the region's need for workers and the enrollment plan. Mr. Johnson commented on adding to the College's fixed and

variable costs, determining the true return of the investment from the impact of enrollment, (tuition and SSI) revenue, other resources, economic value to the region, and alignment of human resources. Mr. Johnson commented on his support for financing and when developing the business plan, to include how the project will add value to the College and to the community. Mr. Nagle emphasized to include enrollment projections, the need to ensure supplying the demand of the workforce, and providing a five-year budget for financing and cash flow. Ms. Hammond commented on the administrative team being focused on the needs of the community, exploring the feasibility for fundraising, and business partners to help make the project attainable.

- *Financing.* Mr. Ganues commented on cash flow and financing options for the pending capital projects. All project expenses in 2019 may be paid from cash reserves. He commented that the College is eligible for a non-bank qualified loan at about 3.4 percent. He provided an amortization table, conservatively at 3.5 percent. He reviewed StarOhio investment earnings and a five-year analysis (FY 20 to FY 25) for interest earned, paid and the financial effects over a five-year period.
- *IT Switch Project.* The switches are more than 8 years old. Project cost estimate, \$1.5-\$1.6 million. Would like the project to begin Spring 2019.
- *LED Energy Project.* The replacement and upgrade to LED lights on the Toledo Campus would offset energy costs, annually about \$122,000. He is reviewing financing options. Would like the project to begin Spring 2019.

Mr. Johnson had to leave the meeting at 4:00 p.m., no quorum.

Mr. Nagle commented on the financial stability of the College and the position of investing College resources into deferred maintenance projects.

The remaining agenda items will be presented by Mr. Ganues to the full board at the regular meeting of February 5, 2019:

- December Financial Report
- Policy recommendations for:
 - 3358:11-4-25 Investment Policy – Draft Revisions
 - 3358:11-4-12 Purchasing Policy – Draft Revisions
 - Procurement for Federal Awards Policy & Procedures – Proposal

Mr. Ganues will also present the IT Switch and LED Energy projects at the regular meeting of February 5, 2019.

ATTEST

Patricia M. Jezak
Secretary to the Board of Trustees

Approved 4-23-19