

OWENS COMMUNITY COLLEGE
BOARD OF TRUSTEES
FINANCE COMMITTEE
January 20, 2010

A meeting of the Finance Committee was held in the Board Room of Administration Hall on the Owens Community College Toledo-area Campus.

Call to Order – Finance Chair Rich Rowe called the meeting to order at 3:05 p.m., and directed the record to show that the Finance Committee meeting was held in accordance with the Ohio Revised Code, Chapter 3358, and the policies of the Board of Trustees.

Roll Call – Roll Call was taken and the following committee members were present: Mr. Allan Libbe, Dr. Ronald McMaster and Mr. Rich Rowe (3).

Attendees – The following administrators were in attendance: Dr. Larry McDougle, Mr. John Satkowski, Dr. Renay Scott, Ms. Pat Jezak, Mr. Brian Paskvan, Ms. Laurie Sabin, Mr. Thomas Reed and Mr. Brad Meyer. The following reporter was in attendance: Ms. Marie Thomas of the Bowling Green Sentinel Tribune.

Approval of Minutes – The minutes of the December 14, 2009 meeting were previously received, and Trustee Rowe declared that the minutes stand approved as submitted.

Energy Conservation Project Financing – Mr. Satkowski reviewed the Project Cash Flow Projections of financing the Energy Conservation project. The RFP issued noted a 4.25 percent rate of financing over 7 years. The apparent proposal came in lower at an approximate 2.72 percent rate of financing over 7 years. The payback would be between years 2016-2017, and it would allow the College to finance major renovations for energy efficiencies to Heritage Hall roof. At this rate, the College would get additional financing at no cost to the College, plus a new roof. Mr. Satkowski stated that he recommends the 2.72 percent rate of financing for \$6,250,000. It is considered to be a Qualified Energy Conservation Bond (QECB), which provides a lower interest rate to the College as federal stimulus funds support the interest on the bonds. Laurie Sabin commented that the College would be the first to utilize QECB financing in Ohio. Mr. Satkowski stated that the only issue remaining to implement the project is the Attorney General’s finalization of the vendor performance contract.

Trustee Rowe asked if the Board Finance Committee members would like to forward the Energy Conservation Project financing recommendation to the full board at the February 2 regular meeting.

Dr. McMaster made a motion for the Finance Committee to present the Treasurer’s recommendation of financing not to exceed \$6,250,000 to the full Board of Trustees. Mr. Libbe seconded the motion. The motion was adopted following a voice vote.

Tuition Review – Mr. Satkowski reviewed the percentage of the College’s revenue from tuition and State support (SSI) from FY 2005 to FY 2011, estimated. The College’s SSI was stable at 56 percent until the tuition freeze was removed and the State decreased SSI, now making up 52 percent of the revenue. This causes tuition to increase from being stable at 43-44 percent to making up 47 percent of the revenue.

SSI FY 2009	SSI FY 2010	SSI FY 2011 (Estimated)
\$44,207,728	\$43,266,082	\$42,941,728

The decrease in SSI places pressure on the College's revenue. Mr. Satkowski then reviewed calculations of tuition revenue for FY 2010 and FY 2011. He explained that the FY 2010 budget began with a cushion of about \$2 million, preparing the College for potential offsets to revenue due to Executive Order cuts or a decrease in the SSI appropriation. Since the budget was adopted, the cushion has decreased to \$220,850 due to the decrease in SSI. In developing the FY 2011 budget, he is planning for a cushion of \$1.3 million, which will prepare the College for the uncertainty of the State's economic situation. The overall increase to revenue is about 2 percent planned for FY 2011 budget. The College continues to deal with enrollment growth and receiving less support from the State.

Mr. Satkowski stated that the SSI pool allocated for the statewide community colleges is \$432 million for FY 2010, regardless of enrollment growth. The State's higher education budget is relying on federal stimulus funds for FY 2010 and FY 2011. The \$6 million from federal stimulus funding in the College's SSI will not exist for FY 2012. It is unknown if the State will recover its revenue by FY 2012. The universities' SSI allocation is locked in at \$1.4 billion and for branches, \$132 million. Dr. McDougle stated that all of the State's enrollment growth has been through the community colleges. Mr. Satkowski confirmed stating that regardless of enrollment growth or loss, the SSI allocations are locked in for universities and for community colleges. The current SSI formula is based on enrollment, and the State plans to move to a formula based on 95 percent enrollment and 5 percent success momentum (performance) points based on student completion. Ms. Sabin stated that the College needs to be financially positioned to carry on when the \$6 million in federal stimulus is not part of the future SSI allocation.

Mr. Libbe asked about what the other state community colleges are planning for tuition. Mr. Satkowski stated that most of the two-year colleges will increase tuition. A recommendation is being made for February 2 since student registration begins in March. Mr. Satkowski stated the Owens will still be affordable, and he anticipates the College will maintain its ranking of 8th lowest annual tuition in the State.

Mr. Satkowski stated at the last Board Finance Committee meeting, the Committee had asked for an analysis of tuition revenue if the effective date of a tuition increase was delayed until Fall Semester 2010. Mr. Satkowski stated that \$168,180 in tuition revenue could be generated if the effective date of the tuition increase took place in summer. Mr. Paskvan commented that a student announcement has been placed on the website notifying of a potential increase in tuition for either summer or fall semester.

Trustee Rowe asked if the Board Finance Committee members would like to forward a recommendation to increase tuition by 3.5 percent, effective Summer Semester 2010 to the full board at the February 2 regular meeting.

Mr. Libbe made a motion for the Finance Committee to present the Interim President's and Treasurer's recommendation of a tuition increase of 3.5 percent, effective Summer Semester 2010 to the full Board of Trustees. Dr. McMaster seconded the motion. The motion was adopted following a voice vote.

Adjournment – As there was no further business to discuss, Trustee Rowe declared the meeting adjourned at 3:44 p.m.

ATTEST

Patricia Jezak

Secretary to the Board of Trustees

Approved 3-22-10