

OWENS COMMUNITY COLLEGE
BOARD OF TRUSTEES
FINANCE COMMITTEE MEETING
December 8, 2020

A meeting of the Finance Committee was held by videoconference, in accordance with the policies of the Board of Trustees, Ohio Revised Code, Section 121.22 and Chapter 3358, and, Section 1 of the Am. Sub. House Bill 404. A public link to the videoconference was provided on the public meeting notice on the College's website.

Call to Order – Jason Johnson called the meeting to order at 9:02 a.m.

Roll Call – Roll Call was taken, and the following committee members were present: Jason Johnson, and Rich Rowe (2).

Mr. Johnson commented that the main focus was for a budget update and a discussion on deferred maintenance. He noted that the annual audit conference was postponed until a later date when the audit report is completed due to the federal government delay in the release of a portion of the compliance supplement for auditing federal grants (coronavirus relief funding).

Approval of Minutes – The minutes of the September 22, 2020 meeting were sent in advance and hearing no corrections, Mr. Johnson declared the minutes accepted as submitted.

Then And Now Certification Appropriation Detail For Board Review –Jeff Ganues, Vice President of Business Affairs, Chief Financial Officer and Treasurer, commented on the addition of the note for the total of items below the \$3,000 threshold, as requested at the prior meeting. He commented that the communication with budget authorities has been proactive and effective with compliance. The members of the Finance Committee questioned individual items listed, which Mr. Ganues replied some of the items had timing issues, and the budget authorities are requested to input their purchase requisitions with cost estimates, especially for planned purchases. Mr. Johnson commented on the necessity for budget authorities to follow the process, and he suggested for future listings to be prepared with more detail, if there are questions.

The review was concluded and the Then and Now Certification Listing will move forward to the next regular meeting agenda of the Board of Trustees.

TREASURER'S REPORT

October Financial Report – Mr. Ganues reviewed the October FY 2021 financial report. He commented on the dashboard reflecting the Fall tuition revenue and a change in the College Credit Plus program (CPP) recording in the Banner system due to timing. He also commented that Spring tuition revenue is ahead due to earlier registration in progress. Mr. Ganues also commented on the wages, due to timing/oversight on the payroll calendar. Mr. Johnson summarized that expenses were flat to budget and revenue was down, which Mr. Ganues concurred.

Mr. Ganues commented on the lowered projected Senate Bill 6 score. The ratio detail was on page 8. He said that the score may improve when the net income improves. The primary reserve ratio is on the border between 4 and 5. Mr. Ganues commented on timing of reserves and the bottom line of unrestricted funds, and his expectation that it will come back in line with timing. It is being monitored.

Mr. Ganues reviewed the financial walkthrough (page 5). He noted that Ohio Department of Higher Education is working toward protecting higher education sector’s state share of instruction (SSI), and he noted that the projection for Spring tuition revenue is down due to the projection for an enrollment decrease. He noted that overall, the fiscal year budget projections are estimated at a \$3.2 million bottom line, as long as SSI and Spring tuition revenue are maintained. Mr. Johnson summarized that the College is above board due to the SSI that is promised, which Mr. Ganues confirmed his observation. Mr. Ganues commented that the next month’s financial report for November will include the tuition revenue with CCP.

Mr. Ganues shared his screen and commented on the updated changes to the FY 2021 College budget,

Table 1 – FY 21 Budget Update

FY21 Budget Update	Budget	Projection	Difference	Comments
SSI Change	21,190,500.00	25,580,983.00	4,390,483.00	Budget included 20% decrease. ODHE announced a 4.38% decrease.
Summer Tuition	2,654,888.23	3,435,111.25	780,223.02	Budget included 26% decrease. Summer was down 9%.
Fall Tuition	10,306,457.87	9,271,500.10	(1,034,957.77)	Budget included 2.4% decrease. Fall was down 10%.
Spring Tuition	9,159,614.49	8,295,969.44	(863,645.05)	Budget included 2.9% decrease. Spring projection is decreased, 13%.
	43,311,460.59	46,583,563.79	3,272,103.21	

Mr. Ganues commented on the \$3 million projection for capital funding and that the Ohio Association of Community Colleges was hearing that the State legislature is expected to fully fund the capital bill for the two-year college sector, which would be good news.

Mr. Ganues commented that the reserve requirements (page 6) reflected the plant fund transfer.

As a follow up from the September Finance Committee meeting, Mr. Ganues commented on the investments (page 7) and that the funds in the Fifth Third Money Market account were being transferred to Star Ohio for a better rate. Mr. Ganues also noted that he is in progress for required investment training (per Ohio Revised Code) for commercial paper that may yield better rates.

Mr. Ganues also briefly commented on the statement of net position, and he closed the report by noting that the bank reconciliations (page 10) were available for review upon request.

CARES Funding Update – Mr. Ganues commented that pending funding guidance, expenses for the Department of Public Safety may be allowed. He is researching.

Deferred Maintenance Plan – As a follow up from 1-28-20, 4-24-20 and 5-26-20 Finance Committee meeting, Mr. Ganues shared his screen on the deferred maintenance plan that was listed in priority order over three phases. The very top priorities were for life safety items. Mr. Ganues commented on reviewing the plan for the purpose of recommending the Phase I estimate, \$2.2 million to \$3.2 million, with local funds to the Board of Trustees, as a whole for the February regular meeting agenda.

Table 2 – Deferred Maintenance Plan Phases – Cost Estimates

Phase I	\$2.2 million to \$3.3 million
Phase II	\$1.8 million to \$2.5 million
Phase III	\$1.3 million to \$1.7 million
Total	\$5.3 million to \$7.6 million

Mr. Ganues commented that the total estimate, \$7.6 million, is slightly lower than the \$8 million estimate provided earlier in 2020. Mr. Ganues commented that the phased approach should work with the schedule for the SSI and with reserves.

Mr. Johnson asked about the compliance requirements for the phase I life safety items. Danielle Tracy, Executive Director, Operations, commented on the prioritization of projects by condition, such as condition 1 (major repair/replacement to restore function) and condition 2 (significant repairs required, end of service life, obsolete).

Mr. Johnson asked about timing of cash flow and completion. Ms. Tracy commented that phase I would be done in two-parts with 1) items under state-term pricing, such as roof/fire panels, that will need some lead time and be completed by June 30, 2021; and 2) items that will need a Request for Qualifications for architectural/engineering to be issued, package projects, bid out, completion may bridge over two fiscal years, FY 2021 and FY 2022. Mr. Ganues projected a 9-month range for cash outlay.

Mr. Johnson asked for more detail of the priorities as related to life safety regardless of financial condition. Ms. Tracy responded on the priority 1 projects with the condition of physically failing (HVAC and fire panels) that may soon not be working and require replacement. Priority 1 estimate is about \$300,000.

There was discussion of cash flow timing, paying more for insurance based on safety scores. Mr. Ganues commented on emergency projects/contingency funding process. He commented that the intent of the reserves, with guidance from past Finance Chair Ed Nagle, was to address deferred maintenance. Mr. Ganues did not observe anything that would run a negative deficit on the balance statement. Mr. Johnson shared his concern of enrollment decline projections, flat expenses; however, he noted last fiscal year the College did a good job with variable costs; but he stated he was not ready to commit to fully funding (\$7.6 million) for all three phases at this time. Mr. Ganues agreed that he is not ready for that type of commitment either without more clarity of the future financial condition, and Mr. Ganues clarified that he wants to focus on a recommendation for local funding of \$2.2 million to \$3.2 million for Phase I projects. Mr. Rowe commented that he is ok with the Phase I plan and to continue to review at a future meeting for the balance of the deferred maintenance priorities. Mr. Rowe also commented on the potential lead time needed for ordering equipment due to manufacturing and logistics during the pandemic. Mr. Johnson also commented in support of Phase I projects and to proceed with purchases for life safety deferred maintenance.

Mr. Ganues asked for the Finance Committee's support to proceed on Phase I purchases that meet the President/CFO approval thresholds of under \$100,000, as listed in the Purchasing Policy and the Delegation of Authority (DOA) chart. Mr. Johnson also asked if the normal maintenance items could be removed from the listing. Mr. Ganues commented that the listing reflected the original request from Mr. Nagle from the report done by The Collaborative Inc. Mr. Johnson advised that the deferred maintenance Phase I recommendation for the Board of Trustees as whole, should only reflect the items that need Board approval, in accordance with the DOA. The deferred maintenance items under \$100,000 threshold can be shared as an FYI to the Finance Committee in the spirit of Mr. Nagle's original request. Mr. Rowe agreed.

Mr. Johnson summarized that going forward, 1) provide deferred maintenance updates as an FYI to the Finance Committee on items under the \$100,000 threshold; and 2) recommend the deferred maintenance projects that are more than \$100,000 for local funds to the full Board of Trustees.

Other – Mr. Ganues provided follow up on items from the September 22, 2020 Finance Committee meeting.

- CARES Funding/COVID Leave Summary. \$893,337 total available dollars; allowable for offset CARES funding. Mr. Ganues commented that it is uncertain if the 12-31-20 deadline will be extended.
- Cash Burn Rate. Mr. Ganues commented that the budget staff is working with the budget authorities and budget authorities have reached out to decrease expenses in their budgets. The budget staff is working on the list to align expenses. Web course revenue is up due to online courses. Overall, the lab/course fee revenue is up but not yet reflected in the projections. Mr. Ganues is waiting to see how the CARES funding and other pandemic related expenses will pan out. Mr. Johnson commented on the challenge of driving expenses to be in line with revenues other than by conservative projections. The idea is to manage expenses. Mr. Ganues concurred, and he noted that all departments are vetting their expenses.
- Health Care Cost Projections. Mr. Ganues commented that consultants, Findley Inc., is working with the College on projections. Currently, projecting a \$421,000 decrease in health care costs; the projections will be updated every quarter. Mr. Johnson summarized that it seemed from the September Finance Committee meeting discussion, the initial review looked like one-time occurrence for health care claims.
- Health Care Expenses. Mr. Ganues commented that the medical payout was trending down, as compared to the prior year. He noted that it is new reporting tool from the health insurance provider, and it will better inform the budget side for health care as the fiscal year progresses.

Draft 2021 Meeting Schedule – The Board Secretary provided a draft meeting schedule for 2021, which the attending members confirmed the third Tuesdays of the noted months works well with reviewing the monthly financial statements prior to a regular Board meeting. They noted the morning time of 9:00 a.m., works well, pending input from Finance Trustee Rita Russell by email.

Good of the Order – Mr. Rowe suggested if OACC could review the unemployment trend with the higher education enrollment trend, as it is different from past economic times. Board Chair Mary Beth Hammond thanked Mr. Rowe for stepping up to serve on the Finance Committee.

Adjournment – As there was no further business, Mr. Johnson declared the meeting adjourned at 10:11 a.m.

Approved 2-8-21