

OWENS COMMUNITY COLLEGE  
BOARD OF TRUSTEES  
FINANCE COMMITTEE MEETING  
January 31, 2023

A meeting of the Finance Committee was held in accordance with the policies of the Board of Trustees, and the Ohio Revised Code, Section 121.22 and Chapter 3358. The meeting format was hybrid in Administration Hall 170 and a videoconference public link was provided on the public meeting notice on the College's website.

**Call to Order** – Rich Rowe called the meeting to order at 9:01 a.m.

**Roll Call** – Roll Call was taken, and the following committee members were present: Sherina Ohanian (remote), Rich Rowe, and Rita Russell (remote). (3). Chair Hammond was also in attendance.

**Approval of Minutes** – The minutes of the November 29, 2022 meeting were sent in advance and hearing no corrections, Mr. Rowe declared the minutes accepted as submitted.

### **TREASURER'S REPORT**

Monthly Financial Report – December Fiscal Year 2023 – Jeff Ganues, Vice President of Business Affairs, Chief Financial Officer and Treasurer, reviewed the December financial report. He noted:

- YTD compared to Budget Dashboard – Page 2.
  - Spring enrollment. Mr. Ganues commented on the movement in the spring enrollment projections and revenues. Blake Renner, Vice President, Enrollment Management and Student Affairs, commented on the spring enrollment impact from the continuing student population that was down from fall semester; new student population is close to the prior year count and seeing momentum before classes begin. Adult students are up by 2 percent; this is an opportunity in the future for serving this student population.

Ms. Russell asked about the decline in student headcount. Mr. Ganues replied, currently, about 93 FTE is making up the 6 percent. Headcount is down by 5 percent, which is about 221 students. President Somerville asked about the opportunity to enroll students, which Dr. Renner replied, students are still adding credit hours for the second part of the term; union and CCP students are still being loaded into the system. The numbers will tighten up but that 6 percent is for the spring term.
  - Wages and fringes are over budget. Mr. Ganues said due to the \$1.6 million in 2021 claims from Aetna, as mentioned in the last Finance Committee meeting. He noted that the new provider has a feature for a maximum of reimbursement and it should assist the College in the first year. The new health care year will begin on April 1.
  - Operating expenses. Mr. Ganues noted it was over by 4.5 percent due to timing.

- Net gain/(loss) in position. Mr. Ganues commented on the projected loss; and continuing to monitor. Mr. Ganues will be sending an email to budget authorities on redeploying available funds.
- YTD comparison of FY 2023 to FY 2022 Dashboard – Page 3. Mr. Ganues commented on the variance of total revenue through December is due to the prior year’s HEERF funding. An apple-to-apple comparison of backing out the HEERF funds would be FY 23 at \$32.6 million and FY 22 at \$33 million, through December. Mr. Ganues asked the members of the Finance Committee if there is a preference for having a comparison without the HEERF funding, which the members agreed with. **Mr. Ganues will create another dashboard without HEERF funding.**
- Financial Walkthrough – Page 5. Mr. Ganues commented that the true-up for the State Share of Instruction (SSI) is reflected as a gain in revenue. Spring tuition and fees show a decrease, as technology fees are tied to credit hours. Lab and course fees have held. There was a pick-up in interest income. In response to Mr. Rowe on interest income and municipal bonds, Mr. Ganues and Jenny McVicker, Manager, Budget/Cash, commented on budget projection being too conservative and lower-rate certificates of deposit falling off; currently, seeing more return on investments. Mr. Ganues will follow up via email with Mr. Rowe.
- Reserves and Cash Flow – Page 6; SB 6 Ratios – Page 8. No comments from trustees.
- Balance Sheet – Page 9. Mr. Ganues commented on unearned revenue; grants not spent on Jobs Ohio.

Capital Planning – Update on the School of Nursing and Health Professions Renovations Project Presentation – Mr. Ganues presented and discussion, as follows.

- Project opportunities on reduced overall campus footprint square footage and projected student enrollment of 115 new students in the nursing and health care professions due to increased lab capacity from the renovation project.
  - In response to Ms. Russell, Mr. Ganues commented on the 37,000 SF reduction when the Health Tech and Bicentennial Hall buildings would go offline and the savings from deferred maintenance. He noted the limited value of the space in the obsolete buildings. He commented on other space on campus that may provide a lease opportunity. President Somerville commented on the state audit report of campus space assessment and impact from online learning.
- Projected yearly income. Mr. Ganues noted that to achieve the projected net income of \$2.2 million, it will take two years at optimum enrollment levels.
  - In response to Mr. Rowe on the other costs, Mr. Ganues commented that those are not included in the projection, such as for maintenance, insurance, etc.
  - In response to Ms. Russell on a worse-case scenario if enrollment is not realized, Mr. Ganues commented that his modeling will re-project based on enrollment. He said that the 115 new students projected was a conservative amount. President Somerville commented that the college budget is not based on per academic school or program, and administrative costs are done differently; additionally, the state funding formula is based on a three-year average of past enrollment. Ms. Russell stated her consensus with the projection, as presented.

- Denise Smith, Provost/Vice President, Academic Affairs, commented the Ohio Board of Nursing expectation that fulltime faculty teach theory courses. There was discussion of curriculum, faculty and administrators and program accreditation requirements.
- Floor plan designs. Dr. Smith commented on the building design to promote interprofessional education among the nursing and health profession programs. The heart of the floorplan contains offices for faculty and staff and student spaces. The STNA program has the option to move into the nursing space that will be vacated in Heritage Hall 2<sup>nd</sup> floor. STNA is a successful program and a rapid credential for students to enter the job market and to have a pathway to continue their education. Mr. Ganues commented that the Dental Clinic sees annually, 1,000 patients and access to the clinic would be near the parking lot. The interprofessional lab space will be like a hospital setting for students to work together. Dr. Smith noted that the interprofessional education space and lab capacity is to be proactive in sustaining the health profession programs and capacity for more graduates.
  - In response to Mr. Rowe on inviting hospitals and other health provides to review the project plans, Mr. Ganues commented that it was not typical; however, such a step would promote the project and the institution.
  - Dr. Smith commented on input from program advisory boards.
  - President Somerville commented on a strategy to make sure the project is industry-ready and relative to funding, some HEERF funding is still available at the state level. She also commented that there is opportunity through the Owens Foundation and institutional advancement to raise funds.
- Review of project costs. Mr. Ganues noted that construction costs increased due to inflation and labor; the contingency is high at 20 percent, as this is a different type of project in its design and bid phases. As of now, the total cost estimate is \$32 million, which is a conservative projection.
  - In response to Mr. Rowe if there was a drop in material costs, Danielle Tracy, Executive Director, Operations, commented, due to the CRM approach, if there are savings, such savings would come back to the college.
- Planning for financing. Mr. Ganues and Kelle Pack, Vice President, Institutional Advancement, commented on opportunities for fund raising or donations in the areas of equipment costs. Mr. Ganues commented on the potential to apply for an Ohio Super-RAPIDS grant that might include high-tech training equipment, pending more details from the Ohio Department of Higher Education.

Mr. Ganues provided three broad approaches for managing debt long-term, at an estimate of \$25 million. Mr. Ganues commented on maintaining a \$1 million bottom line before interest expense. He shared scenarios based on total net assets and projected SB 6 scores.

- In response to Mr. Rowe, about borrowing (full amount) from reserves and the impact on the SB 6 score, Mr. Ganues commented that it would be the worst scenario.
- Mr. Rowe suggested one-third from reserves with a five-year call and a mix. Mr. Rowe also asked about the threshold of the cash reserves that would not want to go below, which Mr. Ganues responded. Mr. Ganues also commented on reserves

allowing flexibility in planning. President Somerville commented on SB 6 scores in the three's. Members of the Finance Committee commented on Mr. Ganues' approach, based on total net assets and future projected SB 6 scores, to determine the basis of long-term debt.

- Mr. Rowe's summarized feedback from discussion, as a mixed call based on the College's resources and look at opportunities to reduce the debt. Mr. Ganues will explore more scenarios.
- President Somerville asked if there was any feedback on the investment into high-demand programs, which there were no concerns from the members of the Finance Committee.
- Next steps. Mr. Ganues commented on Bond Counsel's recommendations for the Board to endorse the project and to approve an authorization for a temporary advance for expenditures for a capital improvement from subsequent borrowing, in accordance with federal regulations. These items will be added to the agenda for the February regular meeting. Then at the April 25 Finance Committee meeting, Mr. Ganues will present an update on the construction costs and the planning for project financing. The final step would be to recommend a proposal at the May or June regular meeting of the Board.

Overview of Proposed Revisions to Purchasing Policies – Mr. Ganues provided an overview of the revisions proposed to the purchasing policies that stemmed from doing the deferred maintenance projects and having discussions with BGSU staff and benchmarking with community colleges, they had thresholds of \$200,000, which allowed projects to move quickly, especially for time and materials contracts. Mr. Ganues reviewed, as follows:

- Updated the competitive bid requirement amounts:
  - Increased services to \$50,000 from \$25,000.
  - Increased construction and works of improvements to \$200,000. This is consistent with other schools. This caused should relieve what was experienced in the deferred maintenance projects that were approved by the Board.
- Updated requirements to waive competitive bidding section to include:
  - Exception that allows us to utilize existing vendor to maintain consistency in programs ex. Nursing mannequins
  - Current policy allowed for exception for professional service providers, but then stated RFP should still be done. Removed language that RFP should still be done.
- Updated the RFP
- Updated the exception to purchase order for reimbursement of an employee. The current policy limits the exception to reimbursement of less than \$250 for employees.
  - This aligns with other policies and is necessary for Workday processes for employee reimbursements.
  - **In response to Mr. Rowe, Mr. Ganues will work on a procedure that clarifies the thresholds for an employee reimbursement.**
- Removed purchase card limit of \$1,000. Almost all of pcard holders have limits above this. There is a review by the Manager, Budget/Cash on limit requests and we do increase and decrease based on the role and needs.
- Adding clarifying language on purchase card not being to be used for meals when traveling. Currently, it just says meals.

- Added Board Notification section for all real property purchases. This was recommended by Auditors.
- Added section on Buy Ohio and Buy America
- Added section on Personal Purchases

Members of the Finance Committee were in support to move the proposed revisions of the purchasing policies forward in the review process, prior to a recommendation to the Board of Trustees.

**Good of the Order** – Chair Hammond thanked everyone for their work.

**Adjournment** – As there was no further business, Mr. Rowe declared the meeting adjourned at 10:30 a.m.

*Accepted 4-25-23*