

MINUTES OF FINANCE COMMITTEE

March 13, 2023

1. Call to Order and Roll Call

Mr. Nowak called the meeting to order at 2:00 p.m. and asked the recorder to call the roll.

Finance Committee members present: Mr. Nowak, Mr. Rodriguez, Dr. McCreary

Finance Committee members absent: none

Other Trustees present: Dr. Ollayos, Mr. Duffy

Others present: Dr. Sam, President; Ms. Loewe, Recorder; Dr. Heinrich, VP Teaching, Learning & Student Development; Dr. Wagner, VP Business & Finance; Ms. Scholl, Asst VP, Business & Finance; Dr. Phil Garber, VP, PIE; Respicio Vasquez, General Counsel; Ed Martin, Internal Auditor; Brian Hextell, PMA; Tom Lanzara, PMA; various other ECC employees

Others present (virtually): Various other ECC employees

2. Approval of Meeting Minutes of the Finance Committee of December 12, 2022

Motion: Trustee Nowak moved to approve the December 12, 2022, meeting minutes.

Second: Trustee McCreary seconded the motion.

Roll Call Vote: Aye, 3: Nowak, McCreary, Rodriguez

Nay, 0

3. Audience Wishing to Address the Committee

Ms. Loewe reported to Mr. Nowak that there were no requests.

4. New Business

A. PMA Investment Review (Brian Hextell and Tom Lanzara)

Representatives from PMA presented an overview of the investment strategies employed by their firm on behalf of the College. They also provided a review of current market conditions and an evaluation of the College's portfolio.

The markets remain unpredictable at best; however, PMA remains committed to a "belt and suspenders" model for ECC investments, ensuring all deposits are fully collateralized and protected. Further, they explained that the investment strategies currently in place for the

College are designed to withstand the rollercoaster of interest rates; moreover, there is hope that interest rates will actually fall in the fourth quarter.

PMA recognizes this is an unusual time in economic history, with rising global ally concerns, debt ceiling maximization, and an overall austere outlook. However, the College can continue to operate efficiently with the correct selection of investments, including a maturities portfolio and the employment of tactical yield curves to maximize income; furthermore, the portfolio contains a mix of high-rated, highly protected investments. A complete examination of the PMA presentation can be obtained by contacting the Recorder, Ms. Loewe.

Following the presentation, Trustee Rodriguez questioned the lack of PMA analysis related to CD rates and their accompanying penalties, resulting in the following motion:

Approval to Analyze Current CD Fees and Penalties

Motion: Trustee Rodriguez moved to have PMA and/or the Finance team analyze the College's current CD fees and penalties for possible renegotiation and/or opportunities for maximization.

Second: Trustee Nowak seconded the motion.

Roll Call Vote: Aye, 3: Nowak, McCreary, Rodriguez

Nay, 0

B. Internal Audit Update (Kimberly Wagner)

The Business & Finance Department is pleased to welcome Mr. Ed Martin to the team as our newly appointed Internal Auditor. Mr. Martin will be instrumental in the forthcoming preliminary audit, as well as the FY23 audit.

C. Auxiliary Business Plans (Kimberly Wagner)

Prior to the start of the presentations, a motion was needed to approve the change in agenda items to allow for adequate time.

Approval to Reorder Agenda

Motion: Trustee Nowak moved to reorder the agenda to allow for Item E (Auxiliary Business Plans) to be moved after Item A due to time restraints.

Second: Trustee McCreary seconded the motion.

Roll Call Vote: Aye, 3: Nowak, McCreary, Rodriguez

Nay, 0

Dr. Wagner provided a brief overview of each of the Auxiliary Unit Business Plans, including the Arts Center, Athletics, Bookstore, Childcare Center, Continuing Education, Corporate Training, Facilities Rental, Food Service, Production & Print Services, and Student Life.

A comprehensive collection of the plans can be viewed here:

[Auxiliary Units Business Plans](#)

D. Fiscal Year 2023 Financial Update (Heather Scholl)

Revenue

Ms. Scholl provided an update regarding 2023 revenues, consisting of eight months of activity from the previous report in December. Property tax revenue exceeds what was budgeted; however, revenue from tuition and fees remains slightly below budgetary expectations. Dual credit tuition continues to play a critical role in our structure, with revenue generated at both high-school and campus-based programming, at 7% and 70%, respectively.

Grant monies remain to help cover lost revenue from CRRSSA funds, set to expire on June 30th; additionally, realized revenue from state sources continues to pad the budget. Despite previous losses in 2022, investment value is returning strongly, as has the PPRT tax.

However, early indications from ICCB are that the increased PPRT tax level will likely not remain, despite many community colleges dependent on the allocation.

Expenditures

Currently, the College has spent 62% of the budget, in line with expectations at this point in the year. Ms. Scholl also noted the slight difference between actual salary expenses and the budget. Generally, salaries comprise 75%-80% of our expenditures; still, we are operationally within the same parameters, attributing this to the College's zero-based budgeting model.

E. Fiscal Year 2024 Budget Discussion (Kimberly Wagner, Heather Scholl)

The budget process is underway, with budget books released to officers in February and due today. The rollout of the new Questica software platform has gone well, and the Finance team has received many positive reviews regarding the software. The team is excited to explore additional reporting features to analyze budgetary requests as the Budget Council meets soon to begin its reviews.

Ms. Scholl highlighted several areas of the budget, but most specifically, the tapering off of funding sources. A combination of leveling off from the State combined with no tuition or property taxes increase has created a heavy financial dependence on our tuition and fees. Although enrollment continues to trend upward, there is hope that a recent request to the ICCB budget of a 7% increase will further insulate the budget. Returns on investments remain strong yet conservative due to the continuing volatility of the market.

Unfortunately, credit hours are trending down; however, the unit cost per credit hour continues to rise. Careful attention to unit cost remains critical, as does increased enrollment. The most significant expenditures component remains salary and benefits. Ms. Scholl also reminded the

board that there remain limitations in spending related to the discretionary fund; furthermore, continued careful analysis of incoming requests (new positions, new programs, contractual obligations) is required to maintain a balanced budget.

F. Capital Projects Priority and Funding List (Kimberly Wagner, Heather Scholl)

Ms. Scholl presented several changes to the project timeline, including the recent Spartan Terrace upgrade, noting that estimates brought forward for carpeting and furniture were lower than expected. Grant funding has been allocated to cover the cost of new equipment for the mechatronics lab; additionally, the search for a space for the respiratory tech program continues, with the hope that grant funding will cover the much of the construction cost.

G. Fiscal Year 2023 Audit Fees (Kimberly Wagner)

The Board was presented with a draft action to approve the audit fees for 2023. The proposal from Sikich is \$87,600, representing a 3% increase over their FY2022 fees. Sikich has represented the College since 2003, even after an RFP in 2018. They remain our premiere auditor, and the Finance team believes the proposal to be fair.

Approval of Fiscal Year 2023 Audit Fees

Motion: Trustee Nowak moved to approve the proposed Fiscal Year 2023 Audit Fees.

Second: Trustee McCreary seconded the motion.

Roll Call Vote: Aye, 3: Nowak, McCreary, Rodriguez

Nay, 0

5. Old Business

Trustee McCreary reminded the Finance team that her request to review the College's insurance policies has gone unfulfilled. Further, she urged the committee to review Lundstrom's services; moreover, she would like the College to explore other insurance carriers for possible savings.

Dr. Wagner clarified that multiple insurance companies manage the College, but she will provide a comprehensive list of our carriers to the May meeting for review.

Adjournment

Motion: Trustee Nowak moved to adjourn the meeting.

Second: Trustee Rodriguez seconded the motion.

Roll Call Vote: Aye, 3: Nowak, McCreary, Rodriguez

Nay, 0

Meeting adjourned at 3:37 p.m.

The next Board of Trustee Finance Committee is on Monday, May 8, 2023.