

MASSACHUSETTS BAY COMMUNITY COLLEGE BOARD OF TRUSTEES

Minutes of the September 26, 2017 **Finance, Compliance, Personnel & Audit Committee** meeting
Alumni Board Room, Wellesley Hills Campus

Committee members present: Ken Der, Jamie Hoag, Dan Juliani, Tom Peisch

Staff members present: David Podell, President; Neil Buckley, Vice President for Finance & Administrative Services; Eileen Gerenz, Assistant Vice President for Finance & Administrative Services; Marcus Edward, Controller; Lynn Hunter, Vice President for Academic Affairs; Samaria Stallings, Director of Human Resources, Labor Relations, Compliance, and Affirmative Action; Debbie Georgopoulos, Executive Assistant for Finance & Administrative Services;

Call to Order and Approval of Prior Meeting Minutes –Committee Chair Ken Der called the meeting to order at 5:00 p.m. After introductions, Chair Der asked for the review of the prior committee meeting minutes (*Item 1*).

Mr. Peisch requested the minutes be amended to indicate that he left the room during contract discussion.

MOTION: Trustee Peisch made the motion to approve the minutes of the August 31, 2017 Committee meeting as amended. Trustee Hoag seconded, and the motion passed unanimously.

FINANCE ITEMS

- **FY2018 Budget Update and Discussion**

Vice President Buckley presented the FY2018 Budget Update and Discussion. In June the college predicted 6% decline in enrollment. The budget has been reforecast to reflect a 4% decline for FY2018 (actual decline of 3.4%.) The result is a favorable variance in tuition and fees revenue of \$413K. Vice President Buckley reported that MassBay had the 3rd lowest enrollment decline of all the Community Colleges. Collective bargaining will account for a small increase in expenses.

Significant changes in financial aid have resulted in improved financial aid operations. Under the direction of the new Director of Financial Aid, Curtis Cormier, the College has moved back to PeopleSoft from Powerfaids. Awards have been much timelier, and all pertinent offices can access the necessary Financial Aid information. The resolution of issues in Financial Aid has allowed the College to address non-recurring expenses, such as redirecting Sierra Cedar to assist fiscal, and assign matching grants for the Foundation.

\$660K was budgeted for IT initiatives, most are in process or complete. Projecting the cost will come in at \$620K, a potential savings of \$40K.

Vice President Buckley reported that the budget is balanced, and includes some contingency. The first quarter budget to actual report will be presented at the next FCP&A Meeting. It is anticipated that revenue will come in over budget and expenses will come in under budget.

- **Review of Operating Cash and Accounts Receivable**

Vice President Buckley reported that as of September 14, 2017, the College had \$15M in cash reserves, an increase of \$4.1M over the same period last year. A discussion of purposing the funds was undertaken. Footnotes will be added to the report to indicate that the funds will be required for the new MetroWest Campus, the Health and Wellness Center, and some of the deferred maintenance projects. It was noted that MassBay was competitive with other colleges when we raised fees, and that several of our sister colleges have been required to use reserves to make up for enrollment decline.

The Board of Trustees approved \$3.5M for \$33.5M cost of the new Framingham building.

President Podell reported that Mary Shia and Lynn Davis met with the Jacobs Foundation. The Jacobs Foundation will be giving \$500,000 toward the new Health Sciences Building, and if the College raises an additional \$2.5M, they will give an additional \$500,000. The Trustees offered kudos to Dr. Lynn Davis who was instrumental in obtaining the grant.

A discussion regarding the Accounts Receivable Report explained that accounts receivable was down 6% over the prior year. It was noted that accounts receivable was down 10% in the fall semester. Those numbers will change as hard collections occur. The collection process continues for a year and a half before sending to intercept. Assistant VP Gerenz will look to see how long students stay on intercept. Financial Aid was not timely last year. FY2016 numbers were accurate, but our own inability in fall 2016 to give financial aid resulted in showing higher receivables. Ms. Gerenz noted that financial reserves are adequate, and we are now better able to determine who will pay.

The Trustees expressed appreciation for the reformatting of the Accounts Receivable Summary Report which is much easier to interpret. A suggestion to include commentary at the bottom of the chart noting aberrations was put forth.

PERSONNEL ITEMS

- **Personnel Actions Report**

President Podell introduced Director of Human Resources, Samaria Stallings. Ms. Stallings provided a brief overview of her background, and looks forward to working with the Board. Jim Brown will attend the full Board Meeting on October 2, 2107 to represent Human Resources, as Ms. Stallings will be attending Title IX training in Philadelphia.

Ms. Stallings reviewed the personnel report, noting there have been five new hires, two employees in new roles, and two employees who left the College.

- **Recruitment Report *(Item 7)***

Director of Human Resources, Samaria Stallings, presented the report. The College has determined that Automotive Technology should be a separate Division rather than a Department under STEM. A search has been opened for the position of Dean of Automotive Technology. A candidate with deep industry experience is being sought to lead the Division.

AUDIT ITEMS

- **College Fiscal Year 2017 Audit Update**

Vice President Neil Buckley reported that the Auditors will be here next week to meet with the full Board. Four Audits are currently in progress:

College Audit - (due 10/13/17). The auditors will be issuing an unqualified opinion.

Foundation Audit - (due 10/13/17) The auditors are requesting clarification of ownership of the funds for the Endowment Challenge Grant. The funds were reclassified from unrestricted to temporarily restricted. The auditors have requested a joint statement of who the funds belonged to on 6/30/17 before they issue final statements. The Foundation Board Meeting is scheduled for September 27, 2017.

Uniform Guidance Audit - (due 3/31/18) Financial Aid Audit - formerly A-133

Findings: NSLDS reporting – enrollment status finding. There were seven students who were thought to be reported late, but who received funding later in the semester but prior to the deadline. One student from the sample was not reported at all. The Department of Education (DOE) asked the College to do a review of 2016 to determine what went wrong. Communication from faculty regarding the attendance of students results in students being reported late. This is a frequent comment on college campuses. MassBay now has a procedure in place where the request for census submittal gets elevated if it is not submitted by a certain time. It was noted that MassBay has just been approved to grant aid to students in the Cyber Security Program. Initial approval was hindered by a finding for non-compliance.

Another finding was the result of one instance from the sample where a student did not receive exit counseling.

Massachusetts Office of Student Financial Aid - State Audit needs to be done every 3 years.

Assistant Vice President Eileen Gerenz reviewed the report on the financial statement and student financial compliance audits for fiscal year 2017.

Current assets increased by 21%, current liabilities decreased by 3%. The College paid off debt, and the cash position improved.

Closure of issue between Foundation and Trustees regarding the endowment will be discussed at the Full Board Meeting. The Trustees expressed some concern regarding the Foundation's ability to fundraise. A discussion of language that would be appropriate for purposes of the audit was undertaken, however it was noted that confirmation that the assets were correctly reported as of June 30, 2017 is necessary.

- **Division of Capital Asset Management & Maintenance Peer Review**

DCAMM has \$140M for capital projects; up to \$20K will be allocated for projects that meet the appropriate criteria, including Commonwealth Priorities:

- Invest in repairing, renovating, demolishing or replacing current facilities, while maximizing use and functionality of existing spaces
- Expand and deepen programmatic collaborations between and among other academic institutions and outside public/private partners
- Align investments to the priorities of the Workforce Skills Cabinet or other quantifiable labor market needs
- Develop more flexible and innovative program delivery models, including online or hybrid learning, in order to minimize space requirements while improving student access and outcomes.

Neil Buckley will serve on the Higher Education Peer Review Committee, recusing himself for consideration of MassBay's proposal.

- **Development of Investment Policy and Issuance of RFP**

The Investment Policy is a work in progress. Vice President Buckley, Assistant Vice President Gerenz, and Director of Business Operations Lauren Curley are working on this. Four investment firms were contacted in an effort to identify a vendor to assist the MassBay Board of Trustees and Administration with the development of an investment policy and RFP for Investment Management services.


- Cambridge Associates – requires minimum balance is \$50M
- Common Fund – requires minimum balance of \$15M
- Prime Buchholz & Associates did not return the call
- FI Putnam will do an investment policy review and design for \$5K. This option would eliminate the need to go out to bid.

Because of a previous relationship with Putnam, Vice President Buckley reached out to the State Ethics Commission for guidance on recusing himself. The Vice President was advised that according to §. 23. B.3 he simply had to make a disclosure.

Vice President Buckley would impartially recommend F.I. Putnam as an investment advisor. In the future they may be able to assist with cash management. Vice President Buckley will extend an invitation to FI Putnam to meet with the Committee.

Adjournment

MOTION: Trustee Tom Peisch moved to adjourn; Chair Der adjourned the meeting at 6:10p.m.

 1/30/18

Ken Der
Committee Chair
Board of Trustees

Date

 1/30/18

David Rodell
President
Massachusetts Bay Community College

Date