

Minutes of the November 27, 2018 Finance, Compliance, Personnel & Audit Committee meeting – Alumni Board Room, Wellesley Hills Campus, 5:00 p.m.

Committee members present: Tom Peisch, Jamie Hoag, Matthew Kahn

Staff members present: David Podell, President; Neil Buckley, Vice President for Finance & Administration; Marcus Edward, Assistant Vice President for Finance & Administration; Debbie Georgopoulos, Executive Assistant for Finance & Administration; Lynn Hunter, Provost and Vice President for Academic Affairs; Samaria Stallings, Executive Director of Human Resources. Lisa Slavin, Assistant Vice President for Enrollment Management

Guests present: Andrew Wrobel, Advisor to the CFO, and adjunct faculty member in the Business Division.

In the absence of Committee Chair Dan Juliani, Board Chair Tom Peisch chaired the meeting.

Call to Order and Approval of Prior Meeting Minutes –After a quorum was reached at 5:30 p.m., the Committee considered the agenda. Consideration of the minutes of the October 16, 2018 meeting was deferred.

~~Quorum confirmed at 5:30 p.m. Noting changes to the Minutes, the Chair deferred approval of the Minutes to the next meeting.~~

FINANCE ITEMS

- **FY2019 Budget vs. Actual Comparison Report (Item 2)**

Vice President Buckley presented the report, noting that tuition and fee revenue as of October 31 was over budget by \$168K. All other revenue categories are on target.

~~The October budget comparison is based on the average of the last three year's percentage of budget expensed year to date at October 31 and applied to the current budget. The October budget is based on the average of the last three fiscal years of actual revenue and expense.~~

The adjunct faculty actual expense as of October 31 was under budget by \$108K. The consultant line expense as of October 31 was over budget by \$270K partly as a result of the need for an experienced technical person to help in the Registration area given the sudden and simultaneous retirement of both the Registrar and Associate Registrar. New staffing and the consultant have established a smoother, more efficient operation in the area with business processes being created and staff training being provided.

It was also noted that the early retirement incentive was expensed in the FY2018 budget, but will be paid out in FY2019.

MOTION: Trustee Kahn moved to accept the FY2019 Budget vs Actual Report, and recommend approval to the Full Board for consideration at the next Board Meeting. Trustee Hoag seconded and the motion passed unanimously.

- **Student Accounts Receivable and Cash Report (Item 3)**

Vice President Buckley presented the report as of October 31, 2018.

Receivables are improving. Assistant Vice President Edward explained the collections process, noting the College tries to avoid sending students to collection, and offers internal payment plans to help students avoid damage to their credit. Eventually, students may be sent to the Intercept program, where payment is collected from his or her Massachusetts tax refund.

A discussion of the Statement of Cash Flow as of October 31, 2018, noted that MMDT earns 2.43%. The earnings are untaxed and there are no fees associated with MMDT. The Bank of America checking accounts do not earn interest.

- **Review of Contracts Report (Item 4)**

Vice President Buckley presented the Contracts report for September 2018.

APC Development Group was awarded the contract for the Enrollment Center renovations at \$532K. Approximately half of the cost will be covered by a federal Title III grant.

- **Uniform Guidance (UG) Audit Report (Item 5)**

Vice President Buckley presented the report. O'Connor & Drew performs three audits for MassBay: College, Foundation, and Financial Aid (UG). Dave Dilulis will be at the full Board Meeting next week to discuss the report. The Auditors' opinion is unmodified, which is the best opinion that can be assigned.

In the federal financial aid audit (UG audit), there is zero tolerance for error. As a result, it was noted that it is typical for most Colleges to have financial aid findings, which are deficiencies. No material weaknesses were reported. However, there were findings. Lisa Slavin reported on the findings.

- Finding 1 – exit counseling. The College overpaid \$176 as a result of human error. The College is now running regular audits to avoid this in the future.
- Finding 2 – an ineligible student was awarded a Pell Grant as a result of human error. A second review has been implemented to avoid this happening in the future.
- Finding 3 – The College is not meeting the criterion of using 7% of Federal Work Study funds for community service activities. A site has been identified and hourly rate has been increased to entice students to apply. The College is being proactive, but having difficulty generating student interest in offsite job offerings.

- Finding 4 – Enrollment Reporting. An issue with National Student Clearinghouse reporting is found to be a problem among most of the community colleges.

MOTION: Trustee Hoag moved to accept the Uniform Guidance Audit Report dated June 30, 2018, and recommend approval to the Full Board for consideration at the next board meeting. Trustee Kahn seconded and the motion passed unanimously.

UPDATES ON FACILITIES AND PLANNED IMPROVEMENTS

- **Current Facilities Projects (Item 6)**

Vice President Buckley reported that the College has undertaken a number of projects recently.

- The Chiller project at a cost of \$410K will prove to be beneficial as the College moves courses from Framingham to Wellesley. Construction cost was \$7K over budget.
- Increased lighting on the Wellesley Hills Campus at a cost of \$220K. The College is hoping for funding from DCAMM for half of the cost.
- Enrollment Center redesign will take place this year at a cost of \$532K. This redesign will bring together related student services. The College received a Title III Grant, which will pay for half of this project (among other projects). The project will start February 1, 2019, and is expected to be completed by June 30, 2019. During the project, business will be conducted as usual.
- MassBay received \$270K from DCAMM to make the campus more ADA Compliant. This funding is separate from the \$5.1M (over 5 years) funding that the College received from DCAMM for deferred maintenance.
- Energy conservation improvements are occurring. They are funded by the Eversource Energy Rebate Program.

- **Bond Bill (Item 7)**

The Committee was provided with a list of projects the State funded, totaling \$5.1M. Interdepartmental Service Agreements (ISAs) are coming through to fund these projects. The funding for these projects have been authorized and appropriated.

- **Fitness & Recreation Center (Item 8)**

The proposed Fitness & Recreation Center project is being overseen by Massachusetts State College Building Authority (MSCBA). It will be helping with the plan, design and financing. A group from MassBay is going to visit three recently constructed facilities in the area in order to gather ideas. The College is narrowing down the exact location. Once a site is determined, (it is hoped this Spring) the College will obtain a schematic design and a better idea of costs. This will take place after the Health Science Center project gets underway.

The Board will consider the pros and cons of the project before making a decision as to whether to proceed with it.

- **Health Science Building** (Item 9)

This project is being managed by DCAMM, and the College is moving forward to get a concept of building design and programmatic content. The facility will be located on the parking lot belonging to Framingham State University (FSU). President Podell noted that Senate President Karen Spilka has been an outstanding advocate for the project. The Governor's Capital Budget will be released in January. We will know at that point how much (above the \$25M already awarded to MassBay) funding the College will be awarded for this project.

It was noted that a citywide vote will take place in Framingham next month on whether to build a new middle school to replace the Fuller School. The College is currently in negotiation with Framingham to extend our lease for the Farley School to 2023.

PERSONNEL ITEMS

- **Personnel Actions Report** (Item 9a)

Executive Director Stallings presented the report for informational purposes. Four new full-time employees have been hired.

- **Recruitment Report** (Item 9b)

Executive Director Stallings presented the report for informational purposes. The Director of Corporate Partnerships & Workforce Development has been hired.

OTHER

- **Investment Proposals**

Vice President Neil Buckley introduced Andy Wrobel, an adjunct faculty member at MassBay who has agreed to review the Investment Management Services proposals. Mr. Wrobel provided a document summarizing the RFP responses and subsequent interviews regarding the selection of an asset manager to assist MassBay Community College invest some of its available cash. A review of the responses narrowed the preferred provider to two firms: Eaton Vance and Vanguard.

In summary, Eaton Vance offers more personalized service that will require fiduciary oversight, but will be able to create a portfolio that would perform better than the applicable index.

Vanguard could manage "soon to be needed" funds in maturity-protected securities. The proceeds and additional returns above money market could be meaningful.

Chairman Peisch indicated his intention to appoint an ad hoc investment committee of Trustees to provide oversight should the Board decide to change the way current cash is held.


President Podell noted that the College will have more information in January about how much more funding (if any) we will be getting from the state for the Health Science Building. At that point, a decision as to how the College's cash is managed will be made.

FUTURE AGENDA ITEMS

- Financial Analysis of Academic Programs

ADJOURNMENT

MOTION: Trustee Hoag moved to adjourn, Trustee Kahn seconded. Chair Peisch adjourned the meeting at 6.29 p.m.



Thomas Peisch
Board Chair
Board of Trustees

2/5/19
Date



David Podell
President
Massachusetts Bay Community College

2/5/19
Date