

**Springfield Technical Community College
Committee of Ways & Means Report
August 17, 2020**

Present: MacArthur Starks, Jr., Marikate Murren, Jynai McDonald, Vicki Crouse, Jeffrey Sattler, Elizabeth Sposito and Maurice Lindsay. Also present were Dr. John Cook, Michael Chase, Dr. Geraldine de Berly, Jonathan Tudryn, Darcey Kemp, Dorothy Ungerer, Keith Paul, David Buonora, Katherine Senie, Cliff Porter, and Nanette Flores

The meeting of the Committee on Ways and Means was called to order by MacArthur Starks, Jr. at 5:00 p.m.

Outlook on College Reserves/Investment Update

Michael Chase, Fiduciary Investment Advisors presented the group with an overview of the College's investment portfolio. The overview included a review of both the short and long term investment accounts and the purpose of each account. Trustee Starks requested more information on the amount of time needed to acquire funds from the long term funds account. Mr. Chase responded that 90% of the funds can be liquid within one day. The other 10% is quarterly liquidity. Mr. Chase also noted that the higher education landscape in general is facing a very difficult environment at this time. At the conclusion of his presentation, Dr. Cook thanked Mr. Chase for his time.

Investment Subcommittee Report

Trustee Murren provided a brief overview of the Investment Subcommittee meeting held on August 6, 2020. Please see **attachment 1** for the minutes to the meeting.

Investment Policy Statement

Dr. Cook made reference to the Investment Policy Statement and that it was included in the material for those members of the Committee who may wish to review it.

Historical Use of Investments

Dorothy Ungerer, Interim Controller, presented a historical perspective of trustee approved uses of reserves/investments dating back to 2007. Since 2007, reserves have been approved for various uses including building renovations, core switch replacement and to offset 9C reductions.

FY 2021 Budget Detail

Cash Flow Projection

Mr. Tudryn provided an overview of the College's Cash Flow Projection spreadsheet. The College currently has approximately \$2,300,000 available at TD Bank which is higher than normal for this time of year. There are no major changes between this cash flow projection and the one presented at the July, 2020 meeting. Mr. Tudryn noted that at this time of the year, the College is often looking to divest money from FIA to cover shortfalls until the first financial aid disbursement arrives. The cash flow projection will be extended through June at the next meeting.

FY 2021 Budget Update

Mr. Tudryn presented an update on the FY 2021 Budget. The Governor signed an interim budget through October, which represents a 4% decrease in the State Appropriation. There is the likelihood of 9C reductions which could be anywhere between 5-20% translating to approximately \$1.3M to \$5.4M. Mr. Tudryn also presented enrollment trend data for review, students are registering at a lower rate as compared to previous years. Trustee Crouse inquired about the credits impacted by the seven programs that have been discontinued. Dr. Cook noted that typically the enrollment from those seven programs is under 3% of total College enrollment. Trustee Starks noted that he feels the enrollment outlook is good considering the current environment. Trustee Crouse requested more information on what is being done to outreach to prospective students. Vice President Kemp explained that a multi-prong approach is being used which includes telephone calls to the prospective students from staff members who may have a personal connection to the student, emails and virtual registration days.

Mr. Tudryn shared that approximately 93% of revenues comes from the combination of State Appropriation and student fee revenues, both of which are unknown at this point. Also presented was a State Appropriation and enrollment matrix providing various forecasts on the FY 2021 budget. The appropriation factored in 5%, 10%, and 20% 9C reduction scenarios. The enrollment forecasts range from a 10% decline in fall and 6% decline in spring to a 20% decline in fall and 15% in spring. Outcomes from the matrix range anywhere from a balanced budget to a budget deficit of \$6.5M. Cabinet has identified potential savings, but the possibility exists to submit a request of Trustees to utilize reserves. Trustee Sattler would like to see what can be done to decrease expenses to mitigate these budget assumptions. Trustee Crouse noted that based upon what is known today, there is not a need for money from reserves.

President's Perspective

Dr. Cook noted that he is thankful the Trustees understand the uncertainty that is beyond our control. In addition to budget unknowns, enrollment is a big concern and the College is pulling out all the stops for fall semester. The House and Senate have both approved an economic development bill which includes funding for our Health Sciences building relocation to the Technology Park. The next step includes obtaining approval from the Conference Committee and then funding to be appropriated.

Date of the next meeting

September 21, 2020

Adjournment: A roll call vote was taken to adjourn at 6:12 p.m. Approved by Trustees Starks, Murren, Sattler, Crouse and McDonald.

Respectfully submitted by: Carolyn deliefde

**Springfield Technical Community College
Investment Subcommittee Report
August 6, 2020**

Attendees: Marikate Murren, Anthony Montemagni, Michael Chase, President Cook, Jonathan Tudryn, Denise Hurst, Gerry de Berly, Dorothy Ungerer, Keith Paul, and Nanette Flores.

The committee met with Fiduciary Investment Advisors (FIA) on August 6, 2020 for the quarterly investment subcommittee meeting.

Mr. Chase presented the Quarterly Investment Review Report for the second quarter of 2020. The Fiduciary Governance Calendar for the second quarter contains an investment focus:

- Portfolio Attribution
- Asset Class Review

Mr. Chase acknowledged that he has been having conversations with all of his higher education clients about their plans for the fall due to the impact of COVID-19. Consideration is being given to what their needs might be with respect to the use of reserves and or special appropriations.

Mr. Chase proceeded to provide updates on re-validating a diversified equity allocation, analyzing the global opportunity set, the impact of the strength (or weakness) of the U.S. dollar on foreign equity returns for U.S. investors, the valuation of the U.S. dollar over time, the benefit of owning non-U.S. assets, technology performance leadership, relative valuations of international stocks compared to U.S. stocks, the Wells Fargo & Principal custody transition, second quarter market events, financial market performance, economic review, equity and fixed income markets, and investing viewpoints.

Investments managed by FIA totaled \$15,855,640 at June 30, 2020. This represents a fiscal year-to-date increase in portfolio value of \$204,781.

The long-term investment account totaled \$10,956,860 at June 30, 2020. A summary of the STCC Long Term Investment Account as compared to the L/T STCC Hybrid benchmark is listed below by quarter, calendar year to date, fiscal year to date, and since inception (11/1/2014).

	QTR	YTD	FYTD	Inception
STCC Long Term	14.0	-5.4	0.4	3.6
L/T STCC Hybrid benchmark	12.7	-3.0	2.9	4.7

The L/T STCC Hybrid benchmark consists of:

	Weight (%)
Bloomberg Barclays U.S. Aggregate Index	30.0
Russell 3000 Index	30.5
MSCI AC World ex USA (Net)	24.5
HFRI Fund of Funds Composite Index	7.5
FTSE EPRA/NAREIT Developed Index (Net)	3.5
Diversified Real Asset Blended Index	4.0

The short-term liquid account totaled \$4,898,779 at June 30, 2020. A summary of the STCC Short Term Investment Account as compared to the S/T STCC Hybrid benchmark is listed below by quarter, calendar year to date, fiscal year to date, and since inception (11/1/14).

	QTR	YTD	FYTD	Inception
STCC Short Term	2.1	1.5	2.7	1.5
S/T STCC Hybrid benchmark	1.0	2.5	3.9	1.8

The S/T STCC Hybrid benchmark consists of:

	Weight (%)
90 Day U.S. Treasury Bill	30.0
Bloomberg Barclays 1-3 year Gov/Credit Index	60.0
Bloomberg Barclays U.S. Aggregate Index	10.0

An estimated fee analysis was also provided:

Long-Term Investment Account Average Weighted Fee	54 basis points
Short-Term Liquid Account Average Weighted Fee	17 basis points
FIA Discretionary Fee (Flat Fee)	\$46,371

Dr. Cook shared his perspective regarding the fiscal challenges caused by COVID-19 and the uncertain financial environment the college is facing. Mr. Chase responded that he would be glad to work with STCC to plan for the needs of the college. Dr. Cook requested that Mr. Chase partner with Jonathan Tudryn to draft a memo regarding how the college portfolio was set up, its intentionality, and past usage. Both Dr. Cook and Marikate Murren agreed that this would be especially valuable to new Trustees for future decision-making.

Respectfully submitted by: Dorothy Ungerer