

**Springfield Technical Community College
Committee on Ways and Means Report
November 8, 2021**

Present: Trustees MacArthur Starks, Jr., Marikate Murren, Vicki Crouse, Jeffrey Sattler, Norman Roldan, Samalid Hogan and Maurice Lindsay. Also present: President Cook.

Trustee Starks called the meeting of the Committee on Ways and Means to order at 5:01 p.m.

FY 2021 4th Quarter Trust Fund and Vendor Expenditure Reports

Jonathan Tudryn, Controller presented the fourth quarter FY 2021 Trust Fund Reports and Vendor Expenditures over \$20,000 as required by the Board of Higher Education Trust Fund Guidelines. The College has three trust funds – General Education, Health Trust and Capital Improvements. Mr. Tudryn noted the line NN lines of the General Education and Capital Improvement funds reflect zero expenditures due to rollover funds being spent first. The trust fund revenues and expenditures fall in line with expectations considering the decrease in enrollment.

Major Capital Project Proposal (School of Health Relocation/Building 20)

In addition to President Cook, and CFO/Vice President of Administration Andrea Nathanson, included for elements of the presentation included Chris Scott, Dean of the School of Health & Patient Simulation (SHPS), Deb Avery, Senior Director of Facilities, Dr. Shai Butler, Interim Vice President of Advancement & External Affairs, and Dr. Gerry deBerly, Vice President of Academic Affairs.

The presentation began with a brief history of Building 20, including a note specific to the Board of Trustees endorsement of the college Campus Master Plan, which gave top priority to Building 20. Also reviewed were recent major issues/emergencies; the building had \$68.4 million in deferred maintenance needs as of 2017. The previous major capital submission (2019) to the Division of Capital Asset, Management and Maintenance (DCAMM) was reviewed, which entailed a full relocation of the School of Health to the Tech Park. In 2021, only five awards were given across all of public higher education, and the STCC project was not included. A new request/proposal will be submitted to DCAMM in December 2021. In the new proposal, three programs would move to the Technology Park (into the “End Cap”), a couple of workforce-focused programs would relocate to Building 27, with most of the remaining SHPS programs moving to a renovated Building 13. The Total project cost is currently estimated at \$41.5 million. The funding breakdown is as follows – DCAMM \$30 million; Economic Development bill \$5 million (via legislative support); STCC Equity \$6 million (via Trustee vote); and STCC Foundation \$500,000.

Andrea Nathanson, Vice President/CFO shared with Trustees that STCC recently engaged Dietz & Co. Architects to conduct a safety assessment of Building 20, and this was done in concert with the repopulation of campus, and to have a more current view on building needs and concerns. Key initial findings from the study were shared, which indicated a number of high-risk areas that require immediate repair or replacement in order to avoid failure that could interfere with continuity of SHPS programs. A question was asked regarding clarification of building status, and that at no point has an authority required that the building be closed; that has not happened to

date. Trustees also commented on the time-sensitive nature of addressing the building issues. Addressing questions from Trustees, it was noted that moving the public-facing Dental, OTA and PTA programs to the Technology Park is advantageous because the available space is well-suited: it is on the ground floor, has proximate parking, and is conducive to the community-engagement aspects of program operations.

Addressing questions about the use of Building 13 for SHPS were asked, including a discussion about how current classes can be shifted to other buildings, and the reuse of Building 13 does not displace formal academic programs.

Ms. Nathanson informed the Trustees that the College had a peer review meeting that included DCAMM and other peers in public higher education. This was another opportunity to further develop the 2021 proposal, and some of the feedback included encouragement for under-utilized space on campus. A commitment of funding from the Trustees will also make the proposal stronger. Additional discussion including the change from 104,000 square feet (existing) to 78,000 square feet (proposed), and if Building 20 will be completely vacant once relocation is complete. Additional discussion of enabling moves, including Electrical Engineering Tech/Robotics to Building 17 was reviewed.

Ms. Nathanson reviewed the funding sources for the DCAMM submission, which included a specific request of Trustees to approve \$6 million from reserves. Part of this conversation included post-project licensing that would be needed for occupying space in the Tech Park. CFO Nathanson shared that the annual expense is estimated to be approximately \$250,000-\$300,000 once the project is complete, which likely will have offsetting from the savings by vacating Building 20.

Ms. Nathanson reviewed some possibilities of what could occur if DCAMM funds the project at less than \$30 million. Trustee Starks noted that it was good to see that there will not be an additional ask of the Trustees over and beyond the \$6 million. A key contingency reviewed was use of the \$3.1 million yearly Facilities budget to help plug holes pending how the project budget firms up. President Cook noted that we will spend DCAMM dollars first.

Also included was a brief discussion of the status of discontinued Cosmetology and Automotive programs. A summary was provided to the Committee of known costs for reinstatement, including substantial capital/facilities/equipment investments.

A motion was made by Trustee Hogan that the Springfield Technical Community College Committee on Ways and Means, pursuant to the provision of Section 22, Chapter 15A, recommends to the Board of Trustees a \$6,000,000 increase to the General Education Trust Fund budget sources of funds and uses of funds by utilizing Trust Fund reserves. The funds will be used towards relocating the School of Health and Patient Simulation programs and offices currently located in Building 20. The use of the reserves is contingent upon receiving necessary funding from DCAMM and/or Legislative Support and may not take place until FY 2023 or later. The motion was seconded by Trustee Murren. A roll call was taken with all Trustees approving the motion.

FY 2022 Financial Update

Trustee Starks reviewed the FY 2022 Financial Update. There were no questions from the Trustees.

In closing, President Cook thanked the Trustees for their support of the project, and for the investment.

Date of the next meeting

January 10, 2022 @ 5:00 p.m.

Adjournment:

A roll call vote was taken to adjourn at 6:20 p.m. Approved by Trustees Starks, Murren, Crouse, Hogan, Roldan and Sattler.

Respectfully submitted by: Carolyn deliefde

Springfield Technical Community College
Investment Subcommittee Report
November 9, 2021

Attendees: MacArthur Starks, Anthony Montemagni, Michael Chase, President Cook, Andrea Nathanson, Jonathan Tudryn, Gerry de Berly, Dorothy Ungerer, Keith Paul, and Nanette Flores.

The committee met with Fiducient Advisors on November 9, 2021 for the quarterly investment subcommittee meeting.

Mr. Chase presented the Quarterly Investment Review Report for the third quarter of 2021. The Fiduciary Governance Calendar for the third quarter contains a governance focus:

- Investment Policy Statement Review
- Stewardship Best Practices

Mr. Chase proceeded to provide a review of the important elements of an Investment Policy Statement and presented Springfield Technical Community College's ("the college") Investment Policy Statement. Mr. Chase indicated that there are no recommendations for change in the Investment Policy Statement at this time. He also provided updates on committee best practices, endowment and foundation resources, market themes, economic review, asset class returns, the fixed income and equity markets, and financial market performance.

Investments managed by Fiducient totaled \$28,977,458 at September 30, 2021. This represents a fiscal year-to-date increase in portfolio value of \$9,850,942. The college had invested \$10,000,000 in August, and this is reflected in the increase in portfolio value.

The long-term investment account totaled \$16,034,630 at September 30, 2021. 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	-0.9	8.1	-0.9	6.7
L/T STCC Hybrid benchmark	-0.7	7.3	-0.7	7.1

The L/T STCC Hybrid benchmark consists of:

	Weight (%)
Bloomberg U.S. Aggregate Index	25.0
Russell 3000 Index	32.5
MSCI AC World ex USA (Net)	26.5
HFRI Fund of Funds Composite Index	7.5
FTSE EPRA/NAREIT Developed Index (Net)	5.0
Diversified Real Asset Blended Index	3.5

The short-term liquid account totaled \$12,942,827 at September 30, 2021. 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	0.0	-0.2	0.0	1.3
S/T STCC Hybrid benchmark	0.1	-0.1	0.1	1.5

The S/T STCC Hybrid benchmark consists of:

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

An estimated fee analysis was also provided:

Long-Term Investment Account Weighted Average Fee	50 basis points
Short-Term Liquid Account Weighted Average Fee	17 basis points

Mr. Chase noted that while the short term account is being managed conservatively, Fiduciant is trying to maximize yield wherever possible. He remarked that the returns that have been earned in the short term account are not likely to keep pace with inflation. This is something to keep in mind going forward.

Dr. Cook noted the great support from the college's trustees via the Committee on Ways and Means meeting on November 8 regarding a \$6 million commitment toward the Building 20 relocation project. He remarked that the college may not need to access the \$6 million for at least a year to two years. He wanted to bring this to Mr. Chase's attention for strategic consideration. Mr. Chase said that a two year window is tough considering the difficulty in projecting operation needs, balancing returns in the long-term account, and uncertain market conditions. Mr. Chase indicated that a middle of the road type of strategy might be preferable. Trustee Starks asked Dr. Cook about the timing of the need for the \$6 million commitment. Dr. Cook noted that once the Division of Capital Asset Management and Maintenance ("DCAMM") would be involved with the project, there would be greater clarity on timing. Dr. Cook also noted that the college's conservative approach has worked well in the past, but that inflation is a concern. Dr. Cook appreciated Mr. Chase's thoughts on a middle of the road type of strategy due to various uncertainties including enrollment and operational needs.

Mr. Tudryn presented a proposed schedule to rebalance the investment portfolio. The tentative proposal is to continue the strategy of moving \$1 million from short term to long term on a monthly basis through May 2022 and then to slowly return funds back to short term. This strategy would allow the college to take advantage of any potential returns by investing funds in the long term pool and "raise funds" to transfer back to the short term account. The proposal does not consider portfolio returns or losses. Mr. Chase gave some reassurance that the long term pool has a fixed income component which affords some degree of protection when Mr. Tudryn asked if he had concerns about raising funds in an uncertain market. Mr. Tudryn also stated that the college's balance at TD bank is currently projected to be about \$3 million at the end of this fiscal year in the event there are additional short term needs.

Trustee Starks asked Mr. Chase about his thoughts on the proposed schedule. Mr. Chase indicated that the proposal is a good starting point but that evaluation should be ongoing due to uncertainty. Dr. Cook and Trustee Starks both echoed these sentiments from the perspective of enrollment projections and operational needs.

Vice President Nathanson asked the subcommittee if this schedule could be implemented with a \$1 million transfer from short term to long term in January with a revisit of the proposal at the February Investment Subcommittee meeting. Trustee Starks stated he was comfortable with this action. Since this action is within the parameters of the college's Investment Policy Statement, no motion was required and Trustee Starks directed to move forward.

The meeting adjourned at 5:12 PM

Respectfully submitted by: Dorothy Ungerer