

**Springfield Technical Community College
Committee of Ways & Means Report
May 11, 2020**

Present: Chair MacArthur Starks, Jr., Vicki Crouse, Marikate Murren, Eric Hagopian, Jynai McDonald and Jeffrey Sattler. Also present were Dr. John Cook, Joseph DaSilva, Dr. Geraldine de Berly, Jonathan Tudryn, Darcey Kemp, Keith Paul, Cliff Porter, David Buonora, Denise Hurst, William Johnson, Janice Mazzallo, John Reynolds and Nanette Flores

The meeting of the Committee on Ways and Means was called to order by Chair MacArthur Starks, Jr. at 5:02 p.m.

Investment Subcommittee Report

Trustee Starks presented the minutes from the Investment Subcommittee meeting held on May 7, 2020. Please see **attachment 1** for the minutes to the meeting.

President's Perspective

Dr. Cook informed the committee that nearly \$1,000,000 in CARES Act funds have already been mailed out to over 2,800 students. He also noted that we may be one of the first community colleges to distribute funding to students. Trustee Starks inquired about the institutional funding the College will receive under the CARES Act. Is there more flexibility on how those funds are used? Vice President DaSilva explained that there is much more flexibility than the student funds. The institutional funds can be used at our discretion on COVID-19 expenses. VP DaSilva noted that we also received \$239,000 in additional funding because we are a Title III institution.

Dr. Cook discussed three possible scenarios for returning to campus and the potential impact to the FY 2021 budget. The first scenario continues remote learning with staff returning by late fall and shows a 10% decline in enrollment for the fall semester. The second scenario continues remote learning with staff returning by early 2021 and shows a 25% decline in enrollment for the fall semester. The third scenario continues remote learning with staff returning extending well into 2021 and shows a 50% decline in enrollment for the fall semester.

Budget Perspective

Cash Flow Projection

Mr. Tudryn provided an overview of the College's Cash Flow Projection spreadsheet. The College currently has approximately \$3,100,000 available at TD Bank. The spreadsheet includes COVID-19 expenditures as well as CARES Act funding. The report that will be presented next month will extend the projections into FY 2021 and include the first disbursement of fall financial aid.

FY 2020 Revenue & Spending Report through April 2020

VP/CFO DaSilva presented the revenue and expenditure figures through April 2020. The sources of funds are generally where they are expected to be at this time of the year at 87% of the budget and are projected to come in on target. Trustee Starks requested that a seasonal target be included either on the top of the report or on each line item. Particular focus can then be brought to the line items with a variance as compared to the seasonable percentages. Due to the furlough of part time employees, the part-time salaries line is projected to come in under budget. With most

employees currently working from home, the utility expenses are also projected to come in under budget. Overall, the total uses of funds are forecasted to come in under budget by \$300,070.

FY 2020 Facilities Project Report

VP/CFO DaSilva presented the FY 2020 Facilities Project Report. As of April 30, 2020, all of the prior year funding which was carried forward (\$859,289) as well as \$852,513 of FY 2020 money has been spent on Facilities projects. The remaining balance is \$3,597,487. Due to the COVID-19 situation, projects are taking longer than expected. The DCAMM turnaround time for project approval went from two weeks to between four and six weeks. In addition, engineers and architects are hesitant to come on campus which is slowing progress.

FY 2020 3rd Quarter Trust Fund and Vendor Expenditure Reports

VP/CFO DaSilva presented the FY 2020 Third Quarter Trust Fund Reports and Vendor Expenditures over \$20,000. The General Education Trust Fund and the Health Trust Fund are both tracking within expectations. The Capital Improvement Trust Fund is under projections due to the COVID-19 issues and challenges getting projects off the ground as discussed earlier. The Vendor Expenditures Report was also provided. Trustee Murren inquired about the TWO/MCCTI vendor expenditure expense. Dr. Cook noted that he has had conversations with Dr. Royal from Holyoke Community College and they both realize this program is unsustainable at the present rate. The program will have to break even next year or be disbanded.

FY 2019 Student Receivables Report

Mr. Tudryn presented two Accounts Receivable Reports. The first report provides the outstanding student accounts receivable at June 30th for each fiscal year. In FY 2019 the College collected close to 96% of all amounts invoiced to students. Mr. Tudryn has had conversations with other colleges and they have noted that our collection rate is impressive. Trustee Starks requested that in the future a few bullets with items the trustees should be thinking about would be helpful with slides like this.

FY 2021 Budget Review

VP DaSilva presented a draft FY 2021 budget for review. The budget includes a 10% decline in fall enrollment; a 6% decline in spring 2021; a 50% decline in summer two and an \$8 fee increase. The revised FY 2020 budget had a total of 102,165 forecasted. The FY 2021 draft budget forecasts 92,607 credits.

A discussion ensued regarding the practicality of approving the FY 2021 budget considering the COVID-19 circumstances. Trustees questioned if the FY 2021 budget needed to be approved at this meeting or if it could be postponed until next month when potentially additional information would be made available related to COVID-19. VP DaSilva noted that if the student fee increase is approved, the college will be able to give students a clear picture of what will be covered by financial aid. The trustees suggested postponing the vote until June when more information may be available and to meet over the summer recess (July and August) if necessary. Dr. Cook noted that he is already working with Cabinet to identify potential areas to reduce expenditures depending on how enrollment comes in for the fall semester and what the State Appropriation will be.

Motion – FY 2021 Student Fees

Trustee Hagopian moved that the STCC Board of Trustees Committee on Ways and Means, recommends to the Board of Trustees, pursuant to the provision of Chapter 15A, Section 22, the authorization to take any and all prudent steps necessary to increase the General Education Fee by \$8.00 per credit and the Allied Health/Health Programs and Nursing Fee by \$240 per semester

effective for the Fall 2020 Semester. A roll call vote was taken with the motion being approved by Trustees Murren, Starks, Crouse, Hagopian, Sattler and McDonald.

Motion – FY 2021 Budget

Trustee Hagopian moved that the STCC Board of Trustees Committee on Ways and Means, pursuant to the provision of Section 22, Chapter 15A, recommends the approval of the FY 2021 College Spending Plan and the FY 2021 Trust Fund Budgets, and further authorizes the President of the College and/or his designee(s) to take any and all prudent steps necessary to award contracts for capital projects. Following discussion, Trustee Hagopian moved to withdraw the motion as presented.

Trustee Crouse moved to table the FY 2021 budget motion until the next Ways and Means meeting on June 15, 2020. A roll call vote was taken and the vote to table the motion to approve the FY 2021 budget was approved by Trustees Murren, Starks, Crouse, Hagopian, Sattler and McDonald.

Motion – Endowment Incentive

Trustee Murren moved that the Springfield Technical Community College Committee on Ways and Means recommends to the Board of Trustees the approval of the procedures developed by the STCC Foundation to administer the Program pursuant to Mass. General Laws. A roll call vote was taken with the motion being approved by Trustees Murren, Starks, Crouse, Hagopian, Sattler and McDonald.

Other Business

Trustee Starks requested that the Board of Trustees revise the meeting schedule to include meeting over the summer recess (July and August).

Date of the next meeting

June 15 @ 5:00 p.m.

Adjournment: A roll call vote was taken to adjourn at 6:40 p.m. Approved by Trustees Starks, Murren, Crouse, Sattler and McDonald.

Respectfully submitted by: Carolyn deliefde

Attachment 1

Springfield Technical Community College Investment Subcommittee Report May 7, 2020

Attendees: MacArthur Starks, Marikate Murren, Anthony Montemagni, Michael Chase, President Cook, Joe DaSilva, Jonathan Tudryn, Denise Hurst, Dorothy Ungerer, Keith Paul, John Reynolds, and Nanette Flores.

The committee met with Fiduciary Investment Advisors (FIA) on May 7, 2020 for the quarterly investment subcommittee meeting.

Mr. Chase reported that the merger between Fiduciary Investment Advisors and DiMeo Schneider and Associates that he outlined in previous Investment Subcommittee meetings was completed on April 1, 2020. Mr. Chase reflected that the transition has been going well and the integration is moving along nicely.

Mr. Chase presented the Quarterly Investment Review Report for the first quarter of 2020. The Fiduciary Governance Calendar for the first quarter contains a benchmarking focus:

- Portfolio/Investment Review
- Endowment/Foundation Landscape
- Peer Benchmarking
- Fee Analysis
- Ongoing Projects/Manager Specific Topics

Mr. Chase noted that while benchmarking can be used to recognize the college's investment differences with its peers, it is important to build a portfolio that is specific to STCC's Investment Objective and what it is trying to achieve.

Mr. Chase proceeded to provide updates on peer comparisons with respect to: detailed asset allocation, historical returns, and returns by asset class; detailed fee review (long-term account), CARES Act and the impact on educational institutions, economic and market conditions, index results, equity and fixed income review, equity market perspectives, fixed income market perspectives, staying the course, bear markets and the virtue of patience, and investing viewpoints.

Investments managed by FIA totaled \$14,400,840 at March 31, 2020. This represents a fiscal year-to-date decrease in portfolio value of \$1,250,019.

The long-term investment account totaled \$9,605,006 at March 31, 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	-17.0	-17.0	-11.9	1.3
L/T STCC Hybrid benchmark	-13.9	-13.9	- 8.6	2.6

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 \$4,795,835 at March 31, 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	-0.5	-0.5	0.6	1.2
S/T STCC Hybrid benchmark	1.5	1.5	2.8	1.7

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

Mr. Chase also provided a preliminary report of the long and short-term portfolio balances as of April 30, 2020. Mr. Chase pointed out that these preliminary numbers indicate that approximately \$600,000 of value has been recuperated on the college's long-term portfolio. MacArthur Starks obtained confirmation from Mr. Chase that especially in this uncertain investment environment, FIA will keep a close eye on the portfolio and offer suggestions for any changes that are deemed appropriate.

Respectfully submitted by: Dorothy Ungerer