

**Springfield Technical Community College  
Committee on Ways and Means Report  
September 13, 2021**

**Present:** Trustees Vicki Crouse, Jeffrey Sattler, Norman Roldan and Samalid Hogan. Also present: President Cook.

The meeting of the Committee on Ways & Means was called to order by Trustee Crouse at 5:03 p.m.

**Investment Subcommittee Report**

Trustee Crouse presented the minutes from the Investment Subcommittee meeting held on August 5, 2021. Please see **attachment 1** for the minutes to the meeting.

**Cash Flow Projection**

Controller Jonathan Tudryn reported on the College's cash flow status and projection for FY 2022. The cash balance reported at the June 2021 meeting was approximately \$7,700,000. An additional \$6,600,000 was drawn down from HEERF funds at the end of June, increasing the balance to approximately \$14,500,000 available at TD Bank. Of this balance, \$10,000,000 was transferred to Fiducient to be invested between the short-term and long-term portfolios as referenced in the Investment Subcommittee Report. The College currently has approximately \$4,400,000 available at TD Bank. The cash projection shows three spikes this fiscal year – one in mid-October when the fall financial aid disbursement is called down, one in February when the spring financial aid disbursement is called down and one in May, 2022 when additional HEERF funds are called down that are associated with lost revenue. At this time, the projected year-end balance is approximately \$2,500,000. Trustee Crouse asked how this compares to previous years. Mr. Tudryn noted that this is better than the normal year-end balance which is usually approximately \$1,000,000.

**Audit Update**

**2020 State Audit**

Mr. Tudryn presented an update on the 2020 State Audit. The purpose of this audit was to determine whether the College administered the CARES Act funds in accordance with the criteria established by US DOE and MDHE. The financial activity from the CARES Act for the period of March 1, 2020 to September 30, 2020 was reviewed. A positive review: there were no instances of noncompliance (clean audit).

**FY2021 Financial Audit**

Mr. Tudryn presented an update on the FY 2021 Financial Audit currently being performed by O'Connor and Drew. The audit this year includes both the single audit and the MOSFA Agreed Upon Procedures. The STCC Foundation and the STCC Assistance Corporation audits both roll up to the College's financial statements and must be approved prior to finalizing the STCC Financial Statements. After review and approval by the Audit Committee, the draft audit will be presented to the Ways & Means Committee for approval at the October 14 meeting.

### **Capital Projects Outlook**

Trustee Sattler met in August with Andrea Nathanson, VP of Administration and CFO and Deb Avery, Senior Director of Facilities to review the College's Capital Project process. Trustee Sattler presented a slide highlighting the project processes for both STCC funded projects as well as DCAMM funded processes. Trustee Sattler will continue to collaborate with Ms. Nathanson and Ms. Avery and will serve as a liaison with Facilities project reports that will be presented at future Trustee meetings.

Although not present at the meeting, Trustee Starks asked for an update on the Building 20 project. President Cook gave the new trustees a background on the Building 20 project, including that the college has a safety assessment of the building underway, and is working with the Assistance Corporation/Technology Park, to do a "test fit" of what can land across the street, and how much can be afforded. A new major capital project proposal for the Building 20 relocation will be submitted to DCAMM in December, 2021.

### **FY 2022 Outlook and Remarks**

VP of Administration/CFO Andrea Nathanson presented an FY 2022 Status Update. She shared with the Committee that year-to-date FY 2022 financial results will be presented at the end of the first quarter when more meaningful information is available.

Ms. Nathanson reminded the Committee that student enrollment is the most significant risk in the budget, and shared that preliminary Fall enrollment is currently very close to budget (about -10% year-over-year). She also noted that, because Fall enrollment will not be final for a few weeks, the numbers are likely to fluctuate. She also shared a graph showing the impact on net revenue related to different levels of enrollment variances to illustrate how enrollment impacts the financial outlook of STCC.

Graphs were presented showing multi-year trends of both credits and revenue from FY17-FY22. Notable is the enrollment decline from FY20 through projection in FY22 of almost 25,000 credits, resulting in lost revenue of approximately \$4.64 million. This decline in revenue over the last 2 years is a significant factor in the FY22 baseline budget deficit of about \$5 million. Understanding that such a gap is not sustainable, the finance team will be developing a methodology/framework to clarify program costs, especially for use in the future when the HEERF funding is no longer available.

Ms. Nathanson presented an update on the total amount spent on marketing of the reinstated programs. To date, and as also reviewed by Trustees in the Internal/External Committee, \$112,698 will be spent in 2021 on Biotechnology, Landscape Design, Biomedical Engineering, and Civil Engineering Technology: across all four, 11 new students have matriculated for Fall Semester. Trustee Roldan expressed interest in seeing a more in depth look at the Marketing ~~budget~~ detail/approach, and the total amount spent to date.

Ms. Nathanson presented an update on the HEERF Funding/Spending showing that almost all of the HEERF I and II funds have been drawn down, and explained that HEERF III (ARPA) funds will be spent over the course of the current academic year.

Trustee Hogan inquired if the College keeps track of the demographics of the student enrollment. Dr. Cook noted that this information is followed closely by the Internal/External Committee.

**President's Perspective**

Dr. Cook welcomed Trustee Hogan and Roldan to the Committee. He also thanked Trustee Sattler for his assistance with the Capital Projects.

An update on the NECHE visit was presented. The final evaluation team report will be shared with the college and with Trustees, with key points made about strengths and challenges. In November, Dr. Cook and Trustee Murren are scheduled to meet with the Commission regarding accreditation status specifically, as well as any required follow-up reports, and timetable. Related, development of a new strategic plan will begin in late 2021/early 2022 for the College; it is expected that the college will hire a consultant to help facilitate.

**Date of the next meeting**

October 14, 2021 at 5:00 p.m.

**Adjournment:**

A roll call vote was taken to adjourn at 6:15 p.m. Approved by Trustees Crouse, Hogan, Roldan and Sattler.

Respectfully submitted by: Carolyn deliefde

**Springfield Technical Community College**  
**Investment Subcommittee Report**  
**August 5, 2021**

**Attendees:** Marikate Murren, MacArthur Starks, Maurice Lindsay, Anthony Montemagni, Michael Chase, President Cook, Andrea Nathanson, Jonathan Tudryn, Gerry de Berly, Shai Butler, Dorothy Ungerer, Keith Paul, John Reynolds and Nanette Flores.

The committee met with Fiducient Advisors on August 5, 2021 for the quarterly investment subcommittee meeting.

Mr. Chase presented the Quarterly Investment Review Report for the second quarter of 2021. The Fiduciary Governance Calendar for the second quarter contains an investment focus:

- Portfolio Attribution
- Asset Class Review

Mr. Chase proceeded to provide updates on inflation and its effects on rates and investments, market themes, fixed income and equity market updates, the case for diversification, and a review of financial markets performance.

Fiducient Advisors is making a manager change from Aetos Alternative Management to pursue better opportunities in other Hedge Fund of Fund options. A liquidation notice was submitted to Aetos in late June, and proceeds are expected in September. Fiducient will likely be redeploying the funds from Aetos to Ironwood.

Investments managed by Fiducient totaled \$19,126,516 at June 30, 2021. This represents a fiscal year-to-date increase in portfolio value of \$3,270,904.

The long-term investment account totaled \$14,183,616 at June 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).

	<b>QTR</b>	<b>YTD</b>	<b>FYTD</b>	<b>Inception</b>
STCC Long Term	5.1	9.1	29.1	7.1
L/T STCC Hybrid benchmark	5.5	8.0	25.2	7.5

The L/T STCC Hybrid benchmark consists of:

	<b>Weight (%)</b>
Bloomberg Barclays 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 \$4,942,900 at June 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).

	<b>QTR</b>	<b>YTD</b>	<b>FYTD</b>	<b>Inception</b>
STCC Short Term	0.3	-0.2	0.6	1.4
S/T STCC Hybrid benchmark	0.2	-0.2	0.3	1.6

The S/T STCC Hybrid benchmark consists of:

	<b>Weight (%)</b>
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	50 basis points
Short-Term Liquid Account Average Weighted Fee	17 basis points

Trustee Starks noted that the results looked good to him as expected on the long-term side.

VP Nathanson noted that the cash position is much stronger than it usually is at this time of the year. She asked Mr. Tudryn to perform an analysis and to look at different investment strategies. The strategy does not require a vote, but the committee's input and feedback would be appreciated.

Mr. Tudryn presented an analysis of cash and investments from FY2018 through FY2021 as a basis for a discussion surrounding a potential investment of funds from the College's TD bank account to Fiducient. Based on cash flow analysis for the rest of the fiscal year, it is projected that the College could invest \$10 million with Fiducient. Three options (strategies) were presented:

- Option 1 – Invest \$10 million in the short-term portfolio (most conservative approach).
- Option 2 – Invest \$5 million in the short-term portfolio and \$5 million in the long-term portfolio.
- Option 3 – Invest \$8 million in the long-term portfolio and \$2 million in the short-term portfolio

Mr. Tudryn reminded the committee that for FY20 the typical reallocation based on unrestricted net position was not performed due to uncertainty of COVID and enrollment, with which the committee was comfortable. The typical reallocation would have been in line with option 2.

Mr. Tudryn had reached out to Mr. Chase to review these options and Mr. Chase provided a range of outcomes and volatility figures. Mr. Chase provided an analysis of risk vs. return in terms of short-term vs. long-term to the committee as well as various projected outcomes and volatility. He also encouraged the committee to have a mindset that any funds invested in the long-term portfolio should stay there for approximately five years.

Mr. Tudryn discussed factors that were considered when determining the best strategy, including a potential FY2023 budget shortfall, a potential need for capital investments (including Building 20), and uncertainty with enrollment and COVID-19. It appears that the best-fit strategy is to proceed with Option 2 - \$10 million to the investments, with \$5 million to short-term, and \$5 million to long-term. However, Mr. Chase recommended using a dollar cost average approach when transferring funds to the long-term portfolio. The College will transfer \$10 million to

Fiducient, with \$9 million allocated to short-term and \$1 million to long-term, with \$1 million being reallocated by Fiducient from short-term to long-term approximately every month thereafter. This approach will also allow the College to reassess potential cash needs in October/November once the financial statements are available and there is more clarity concerning COVID-19 and enrollment.

Trustee Starks asked about the short-term need for cash including how much would be needed for Building 20 and other purposes. He also inquired about investing the \$10 million all in the short-term portfolio. Mr. Tudryn indicated that the College would have the opportunity to earn a higher return in this scenario, while still having \$10 million available in the short-term portfolio, which is not an insignificant amount of funds and would be available to respond to needs as they arise. Mr. Chase added that the slower transfer of funds from short-term to long-term is a more conservative approach in times of uncertainty.

Dr. Cook added that enrollment will be known by mid-September and will be helpful as this plan is carried out. The College anticipates resubmitting a major capital project to DCAMM in December. The College may be able to commit to a number for the Building 20 project at that point.

The meeting adjourned at 5:10 PM

Respectfully submitted by: Dorothy Ungerer