



Governing Board's Finance and Audit Committee

Friday, April 17, 2020

9:00am

Virtual Meeting - Zoom Webinar

Meeting Minutes

In Attendance:

Tracy Nuckolls (Chair), David Bea (Ex-Officio), Demion Clinco, Scott Odom, Ken Marcus, Ben Tuchi, Daniel Soza (Ex-Officio), Agnes Maina (Ex-Officio), Jesus Manzanedo, Adrianne Regrutto (Chair-Elect), Maria Garcia

Unable to Attend:

Clarence Vatne

Guests:

John Utter, RBC; Executive Director Norma Navarro-Castellanos

General Matters

1. Call to Order

Chair Tracy Nuckolls called the meeting to order at 9:03am, noting a quorum was met.

Action Items

2. Approval of Minutes from February 14, 2020

Chair Nuckolls asked if the Committee had any changes to the minutes. With no changes, a motion was made to approve the minutes.

Motion No. 202004-01: Approve Minutes from February 14, 2020

First: Jesus Manzanedo

Second: Ben Tuchi

Vote: Motion passed unanimously (Nuckolls, Marcus, Tuchi, Manzanedo, Regrutto, Garcia voting in favor)

Motion Carried.

Reports and Feedback

3. RBC Investment Update (John Utter)

Mr. Demion Clinco and Mr. Scott Odom joined the meeting in progress.

Mr. John Utter from RBC Global Asset Management, the College's contracted investment firm, began with an overview of the recent market fluctuations prior to reviewing the prospectus. Mr. Ken Marcus inquired about investments in credit card firms, as there are stressors in the market.

Mr. Utter and Mr. Odom spoke to the various factors related to the credit card firms. Mr. Clinco inquired about technology firms and the possibility of supply chain issues.

Mr. Utter discussed the types of recovery the economy may experience, as this is an unprecedented time for everyone and the unemployment numbers are potentially one-third of the workforce. Return to work, especially in service and resort industries, will have a large impact on the ability of the economy to recover.

Ms. Adrienne Regrutto inquired about cash flow in response to the federal stimulus. Mr. Utter shared information on this topic and the impact of the federal government's willingness to provide a fiscal response. The paycheck protection program, meant to support small businesses, has already used all of the allocated resources. Mr. Tuchi asked about the possibility of negative interest rates and the prolonged effect, and Mr. Utter spoke to the 2020 outlook and the rapidity with which it is changing. Fluctuations in medical technology, retail sales, unemployment, and Gross Domestic Product are all factors; rates are also down.

Chair Nuckolls inquired about liquidity, and Mr. Utter and his firm are working with the College to ensure accurate cash flow based on needs. Ms. Regrutto expressed satisfaction with the approach and the stability of the College's investments.

4. Financial Aid Update (Norma Navarro-Castellanos)

Ms. Norma Navarro-Castellanos provided an overview of how the College is working to remain in compliance with the regulatory provisions of the CARES Act and the implications for students, including Federal Work Study and return of Title IV.

Next, she discussed the disbursement of nearly \$10M in funds that will be allocated by the College through the CARES Act, at least half of which will be going directly to students. Additional provisions are also in place as the College is a Minority Serving Institution. Ms. Maria Garcia asked about how those funds will be disbursed, and Ms. Navarro-Castellanos stated that some may be direct payments while others are for the purchase of equipment or development of services to directly support students. Ms. Garcia noted the importance of providing education to assist students in the use of these technologies. The Governing Board is holding a Special Meeting later today to authorize the expenditure of these funds for portable computing equipment.

Chair Nuckolls inquired about feedback from students at this time. Ms. Navarro-Castellanos spoke to the evaluation process utilized to determine if courses could be moved to a virtual online environment and how this complies with Satisfactory Academic Progress. She concluded with an update on withdrawals and the College's grading policies.

5. COVID-19 - College Response and Financial Implications (David Bea)

Dr. David Bea gave an overview of the presentation provided to the Governing Board at their April 1, 2020 meeting. He also discussed the effort by the Arizona community colleges to seek expenditure

limitation (EL) relief, which is challenging because the legislature is currently in recess. The “skinny” budget released by the state currently includes no funding for PCC.

Dr. Bea and Dr. Nic Richmond will be leading a Study Session on April 27, 2020, to discuss scenario planning and enrollment projects, as well as the adjustments pending for the fiscal year 2021 budget. Typically, community college enrollment is counter-cyclical to the economy, but it is difficult to tell if that will lead to an increase in PCC’s enrollment. Residential colleges are highly impacted.

Chair Nuckolls inquired about the reduced need for physical plant if a large majority of students transition to online education. Use of space is a topic of interest to this Committee, and these changes will likely impact the speed at which decisions are made to retain all physical locations.

The biggest anticipated changes to the fiscal year 2021 budget will include reduced projections in Prop 301 and investment revenues, as well as levy neutral property taxes. The budget serves as a mechanism to determine the maximum spending capacity; the College may reduce expenditures based on actual enrollments and revenues. Personnel will be reviewed, as well as strategies for employee salaries and wages.

Potential concerns may also include the fact that the College is self-funded for medical. Chair Nuckolls spoke to some of the challenges the medical industry is facing, as elective procedures and office visits have been reduced. Contributions to the Arizona State Retirement System were also discussed.

6. CFO Update (David Bea)

The revenue bond projects are still progressing in support of the College’s Centers of Excellence. A pared-down FY21 Capital Project Plan will be submitted to the Governing Board for approval.

Provided to this Committee as information, the HP Managed Print Case Study highlights the efficiencies in created at the College.

Chair Nuckolls concluded by mentioning the Internal Audit quarterly report, which earlier this week was shared by email to this Committee. Any comments can be sent to the Finance and Administration Office to be shared with the Internal Auditor. The report will be discussed at the next meeting.

7. Effectiveness Discussion

Mr. Nuckolls inquired about the experience using Zoom for this meeting. Mr. Marcus provided tips to maximize Zoom for meetings.

Information Items

8. Future Agenda Items

- a. Competency-Based Education
- b. Marketing
- c. Enrollment Management
- d. Program Viability, Use of Space, and Revenue Bonds
- e. BP 4.07, Cash Reserves
- f. Enterprise Risk Management
- g. Internal Audit

Adjournment

The meeting concluded at 10:56am.

Next Meeting:

June 19, 2020

Virtual Meeting - Zoom Webinar