COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE
Board of Trustees

FINANCE COMMITTEE
September 24, 2013

Members present: Allen Damren, Kathy Shields, Jack Calhoun, Bob Duhaime, Tricia Lucas, David Paquette, Ned Densmore, Alicia Harvey-Smith, Scott Kalicki, Lynn Kilchenstein, Alison Stebbins (via phone), Kathy Eneguess (via phone), and Susan Huard.

Regrets: Tom Garfield, Richard Heath, Ron Rioux, Kevin Shyne, and Jeremy Hitchcock,

Also in attendance: Shannon Reid, Matt Moore, Mike Marr, Amber Wheeler, Melanie Kirby, John Harrington, and Lynn Moore (via phone)

The meeting was called to order at 10:05 a.m. at NE Delta Dental, Concord, NH.

1. Approval of Minutes of the July 23, 2013 Meeting

VOTE: The Committee, on motion by Mr. Paquette, seconded by Ms. Shields, voted unanimously to approve the July 23, 2013 meeting minutes as presented.

2. FY13 Unaudited Financial Information

Mr. Marr noted that we submit unaudited financial statements to the State each year by September 30.

Mr. Marr explained the FY13 unaudited balance sheet. We have a strong cash position and a significant capital asset balance. For capital projects, we pay the contractors and then request reimbursement for our capital appropriation from the State. The income statement was also reviewed. The format used is what was suggested by the external auditors. These reports will be broken down further by college in the future.

These figures are unaudited and will likely change somewhat based on our yearend audit.
Mr. Marr explained the Unrestricted Funds report (report date 9/18/13). This report is useful in tracking where we are on a day-to-day basis.

**State Appropriations** – We have recorded the entire amount of State appropriations given the strong likelihood that we will receive 100% of the appropriation. We receive the funds from the State monthly.

**Tuition and Fees** – We have collected 54% of our budgeted estimate thus far. We are beyond the fall semester drop date however fall revenue will increase somewhat due to the 8 week courses which start later in the fall.

**Misc Revenue** – This item includes rental fees, corporate income, indirect costs and commissions. We have only collected 14% thus far but expect this will increase as the fiscal year progresses.

**Salaries & Benefits**

**Full-Time Personnel** – we have paid 5 of 26 payrolls through the 18th of September or 19%. Our amount spent is 14% of our budget so we are trending below budget. However, we will notice an increase in full-time expenses because of the pay increases in the collective bargaining agreement (projected to be approximately $1.7 million.)

**Part-Time Personnel** – includes adjuncts and part-timers. 10% of budget spent thus far however the adjuncts are paid at varying times during the semester. This percentage, compared to the 19% of payrolls issued, will change. Adjuncts will also see an increase in rate due to that union negotiation.

**Benefits** – 14% of budget spent, same as full timers. We will experience a 20% increase in health rates in January 2104 so this percentage will increase also.

**Direct Expenses**

**Overall** - we have spent (22%) or encumbered (23%) 45% of our direct expense budget.

**Operating Expenses** – These expenses include marketing (printing, publications, ads), and equipment under the capitalization level. These items would be expected to be front loaded in each semester.

**License and Service Agreements** – These expenses are front loaded each year; includes Blackboard and Banner software licensing.
Contractual Maintenance – Construction expenses at three colleges, Great Bay, $57,000, NHTI, $214,000 and Manchester, $390,000 accounted for the majority of expenses.

Difference in the Budget Column
This difference stems from the expense budget exceeding the revenue budget and is due to the following items.

Balance Forward - $3,300,013 was encumbered at the end of FY 13 and that amount came forward into FY 14 and increased the expenditure budget. There was no offset to the revenue budget.

House Bill 2 Section – House Bill 2 requires CCSNH to pay $957,295 for retiree health benefits in FY 14. To defray a portion of this new expense CCSNH also received a $500,000 general fund appropriation. The net of the two, $457,295 increased the difference in the budget column.

The Adjusted Budget column was explained. We can move monies from one account to another as long as the bottom line does not change. Mr. Densmore added that we are considering adding another column – original budget so changes would be visible.

Where do we stand to date: Tuition overall is stable/flat compared to last year although it varies from college to college. The budget was based on a 4% enrollment increase. We now have to compensate for this shortfall. Colleges make decisions based on the revenue.

Mr. Densmore noted that the goal of this committee is to better understand the process and information. This report enables us to meet this goal.

4. Credits Sold

The Credits Sold report appears on Sysnet, is updated daily and emailed to presidents. The report dated September 19 was reviewed.

Mr. Densmore added that there was a considerable change from last month at this time. Good marketing had to play a part in this enrollment increase.

Dr. Harvey-Smith provided today’s RVCC enrollment picture.
5. Committee By-Laws and Policy Changes

Mr. Densmore and Mr. Rioux have reviewed the existing by-laws and recommended the changes as presented. Discussion followed. Concern was expressed with the word “certain” in bullet 3.

VOTE: The Committee, on motion of Mr. Calhoun, seconded by Ms. Shields, voted unanimously to approve and recommend to the Governance Committee the following Board policy changes.

ARTICLE IV
Committees of the Board of Trustees

B. Finance Committee

There shall be a Finance Committee whose members and chairperson shall be appointed by the Chairperson of the Board. The Finance Committee, in accord with Board policies, shall have the responsibility to:

• Monitor financial planning and reporting

• Review in depth the proposed biennial operating and capital budgets and make recommendations to the full board.

• Approve certain budget transfers and special expenditures

• Approval of contracts and purchasing

• Manage the investment of operating and reserve funds

420 Operating Budgets

State law (RSA 188-F:6, VI) provides authority for the Board of Trustees to “prepare and adopt a
biennial operating budget for presentation to the Governor and the General Court.”

421 Trustee Delegation of Authority

The Board of Trustees shall approve a biennial operating budget for presentation to the Governor and General Court. The Board of Trustees shall also approve an annual operating budget including associated tuition rates and student fees. The Board of Trustees delegates to the Finance Committee the responsibility and authority for:

• Review and recommend to the Board the annual operating budget of the Colleges and the System Office.

• Approval of major current year budget adjustments and/or transfers.

• Review and recommendation to the Board of funds to be expended from System or College lapse accounts.

• Review and recommendation to the Board of funds to be expended from the Trustee Reserve Expendable Fund held by the CCSNH Foundation.

The Board delegates to the Chancellor responsibility and authority for oversight and management of funds and other resources and with preparing documents in an appropriate and timely manner that require Committee review and/or approval.

6. Contracts

Mr. Marr presented two contract amendments for RVCC and LRCC.

Mr. Moore explained that the change order for MacMillan Company in the amount of $540,336 was due to an increase of bids received vs. estimate for the renovations, air conditioning in several rooms, and changing the cafeteria to a
multi-purpose room. The main entrance is also being addressed. Available capital and critical maintenance funds will be used.

VOTE: The Committee, on motion of Mr. Damren, seconded by Mr. Paquette, voted unanimously to approve Change Order #1 for MacMillan Company LLC for renovations to Allied Health project in the amount of $540,336 for a new total of $2,952,490.

Mr. Moore explained the contract charge for LRCC in the amount of $56,000 to SMRT Architects. We had requested additional services for design work for the Health building in order to align with the proposed budget which was explained in the SMRT letter dated July 12, 2013. We were able to fairly negotiate the original request of $100,000 down to $56,000. They did a good job.

VOTE: The Committee, on motion of Ms. Shields, seconded by Mr. Damren, voted unanimously to approve the payment of $56,000 to SMRT Architects for additional services for design work for the Lakes Region Health and Sciences addition.

Mr. Densmore presented an item for information only. We are in the in process of selling the Tech support building at WMCC. We are obtaining a current appraisal.

7. Other

Mr. Densmore noted that Mr. Marr and staff have been looking at the amount of cash we keep in the bank. The interest we earn on our funds barely covers our bank fees so we are investigating the possibility of investing funds – short term, in safe investments. Discussions were held with Fidelity. We will now prepare an RFP.

We are also preparing a RFP for a utility broker.

Ms. Stebbins said she would recuse herself from discussion/decisions regarding fund investment.

A Stratham update was requested. Mr. Moore reported that EnviroVantage was the low bidder for the mold removal. They have been working at Stratham for the past two weeks and completed the project. The engineer will go in to do air testing to be sure all standards are met. Mr. Moore will then meet with the buyer to determine what needs to be replaced due to the demolition.

FUTURE MEETING DATES: January 14, March 25 and June 10.
Next Meeting: November 20, 2013 at 10:00 a.m. NE Delta Dental

The meeting adjourned at 11:12 a.m.

Respectfully submitted,

Marie Anne Mills
Assistant to the Chancellor