



Governing Board's Finance and Audit Committee  
Meeting Notice and Agenda\*  
Friday, August 23, 2019  
9:00am  
District Office, D225

**General Matters**

- |                  |                |        |
|------------------|----------------|--------|
| 1. Call to Order | Tracy Nuckolls | 9:00am |
|------------------|----------------|--------|

**Action Items**

- |  |                |        |
|--|----------------|--------|
| 2. Approval of Minutes from June 14, 2019        | Tracy Nuckolls | 9:05am |
| 3. Review of Finance and Audit Committee Charter | Tracy Nuckolls | 9:10am |

**Reports and Feedback**

- |   |                           |         |
|---|---------------------------|---------|
| 4. Enterprise Risk Management and Compliance          | Jeff Silvyn               | 9:20am  |
| 5. Financial Aid Update                               | Norma Navarro-Castellanos | 9:50am  |
| 6. Employee Service Center Update                     | Denise Morrison           | 10:10am |
| 7. Discuss Vacant Seat on Finance and Audit Committee | Tracy Nuckolls            | 10:30am |
| 8. RFP for PCC's Investment Firm                      | Daniel Soza, Agnes Maina  | 10:40am |
| 9. CFO Update   | David Bea                 | 10:50am |
| a. Revenue Bonds                                      |                           |         |
| i. JCCR Project Update                                |                           |         |
| ii. Bonds Oversight Committee                         |                           |         |
| iii. Projects and Funding Projections                 |                           |         |
| b. FY21-23 Three-Year Budget Plan                     |                           |         |

**Effectiveness Discussion**

**Information Items**

- 10. Future Agenda Items
  - a. Competency-Based Education
  - b. Athletics
  - c. Marketing
  - d. Enrollment Management

**Adjournment**

Next Meeting

October 25, 2019  
District Office, D225

**\*Option to recess into executive session** – Pursuant to A.R.S. 38-431.03(A)(2) the Committee may vote to go into executive session for discussion or consideration of records exempt by law from public inspection, including the receipt and discussion of information or testimony that is specifically required to be maintained as confidential by state or federal law.

**\*\*Additional Information** – Additional information about the above agenda items is available for review on the College's [website](#).

**\*\*The Committee reserves the right to change the order of agenda items.**

**\*\*To request a reasonable accommodation for individuals with disabilities, a minimum of five (5) business days before the event is requested. Contact Phone: (520) 206-4539 Fax: (520) 206-4567.**

Members of the Committee may participate by telephone, video, or internet conferencing.



Governing Board's Finance and Audit Committee

Friday, June 14, 2019

9:00am

Downtown Campus, RV-116

### Meeting Minutes

#### In Attendance:

Tracy Nuckolls (Chair), David Bea (Ex-Officio), Ben Tuchi, Marie Nemerguth, Jesus Manzanedo, Clarence Vatne, Maria Garcia, Agnes Maina (Ex-Officio)

#### Unable to Attend:

Demion Clinco, Scott Odom, Adrienne Regrutto (Chair-Elect), Daniel Soza (Ex-Officio)

#### Guests:

Greg Wilson, Dean of Applied Technology; Ian Roark, Vice President of Workforce Development; David Doré, Campus President and Vice Chancellor of Workforce and Economic Development

#### General Matters

##### 1. Call to Order

Chair Tracy Nuckolls called the meeting to order at 9:01am, noting a quorum was met. Dr. Ben Tuchi was introduced as the Committee's newest community representative.

#### Action Items

##### 2. Approval of Minutes from April 12, 2019 and May 21, 2019

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. 201906-01: Approve Minutes from April 12, 2019 and May 21, 2019*

First: Marie Nemerguth

Second: Maria Garcia

Vote: Motion passed unanimously (Nuckolls, Tuchi, Nemerguth, Manzanedo, Vatne, Garcia voting in favor)

Motion Carried.

##### 3. Approval of Proposed FY 2019-2020 Meeting Schedule (Tracy Nuckolls)

The proposed schedule was reviewed, and the Committee concurred that August 23 will be the tentative first meeting date for the 2019-2020 schedule. No formal action was taken.

## Reports and Feedback

### 4. Downtown Campus Tour: Center of Excellence in Applied Technology (Greg Wilson)

Mr. Greg Wilson, Dean of Applied Technology, led the Committee through the current Applied Technology facilities at the Downtown Campus, describing stackable credentials, staffing, equipment, industry standards and certification, and skill development for a variety of programs, including Automotive, Building and Construction Technology, Welding, Mechatronics, and Machine Tool. The Committee viewed the space for the future Center of Excellence for Applied Technology.

### 5. Workforce (David Doré, Ian Roark, Greg Wilson)

Dr. David Doré began with introductions, describing his role at the College. Dr. Doré, Dr. Ian Roark, and Mr. Wilson reviewed renderings of the new facilities and layout of the Campus, describing the changes in program locations. Dr. Roark continued, discussing flexible space, which may be utilized for meeting the needs of local workforce without disrupting the traditional instruction for students in guided pathways with guaranteed schedules.

Dr. Doré continued with a description of the new robotics program, which is a field integrated across many of the applied technologies. Chair Nuckolls inquired as to how workforce and industry participated in the design of space, and the College's architect, Swaim, led Summits to obtain this exact type of feedback. Industry is included in the ongoing discussions and planning processes as pieces are implemented, and advisory committees play a key role.

Chair Nuckolls inquired as to how faculty are maintaining the right skills to teach students to meet standards in these fast-paced industries. Dr. Roark spoke to the commitment of the College to professional development and participation in externships for both faculty and the lab specialists. Dr. David Bea noted that pay scales will be reviewed to ensure competitive compensation to attract and maintain faculty.

Mr. Wilson mentioned the need for training high school students, as well as incumbent workers. Dr. Roark noted this is part of the holistic workforce development approach, which blurs the distinction between conceptual and hands-on skills. Mr. Jesus Manzanedo inquired as to how the high schools will be integrated into the stackable credentials, particularly for automotive program.

Dr. Roark spoke about declining rates of high school graduates in Pima County; looking to that population to boost enrollment and provide expenditure limit capacity will not be sufficient. An examination of the education levels of adults in the County demonstrates that training adults for skilled labor is key. The College partners with the Pima County One Stop, and the organization will have a presence on campus to provide wraparound services to students. Housing Adult Education at Downtown and partnerships with JobPath are significant to setting up a one-stop model for a variety of services.

Dr. Tuchi inquired about the number of students ultimately dropping out, which is a trend in higher education. He noted higher education is high on fixed costs, and distributing those costs is key to continue investments in the programs vital to the College. There are challenges with traditional

career and technical education (CTE) programs, which have high success rates but lead to low wage jobs. Marketing will be important.

Keeping talent in the area is also a challenge, since many graduates leave. JobPath does a great job of tracking its participants. Dr. Tuchi asked about the regionally unique programs provided here, and the capacity of the programs. Dr. Doré noted that Nursing is in high-demand and PCC's current program cannot meet the capacity or the needs of Arizona in 2025. Aviation and Clinical Research Coordinator are regionally unique, as well as the Paralegal program, which is American Bar Association approved. Raising the bar for CTE programs to high-skill, high-wage will keep CTE above traditional careers that are technically low skill, low wage.

## **6. CFO Update (David Bea)**

Dr. Bea began with an update on the revenue bonds, which have recently seen a \$1.6M expenditure. The Architect has been selected for the Downtown Campus, and Mr. Manzanedo inquired about any issues with the local community related to the construction projects and the expansion of the campus footprint. Mr. Clarence Vatne inquired about the revenue bonds and offsetting costs; has there been a study to determine how the new revenues will fund the debt service? The more likely answer is to look for corporate partnerships and funding. The Aviation project was developed over three years and will be primarily funded through one-time state appropriations.

The Board approved and adopted the budget on Wednesday, and Ms. Maria Garcia asked for categories of non-anticipated revenue streams that support the Center of Excellence projects and offset the need for the College to fund the projects through debt.

The RFP for the classification and compensation study will be out soon, and expectations will be set prior to the beginning of the study. Ms. Garcia asked how this will be communicated to faculty. Difficult conversations will be had in person, and the faculty pay structure may look different to ensure key personnel are retained.

Mr. Vatne inquired about the status of the review of physical space vs. enrollment. Dr. Bea talked about the sale of Community Campus, as well as leasing space. UA South, Vail School District, and Cyber Warfare are at East Campus, while West Campus houses NAU. Northwest will likely have additional space for capacity.

## **Information Items**

### **7. Future Agenda Items**

- a. Financial Aid Update
- b. Competency-Based Education
- c. Athletics
- d. Review of Committee Charter
- e. Enterprise Risk Management and Compliance
- f. Health Plan Self-Insurance

- g. Employee Service Center
- h. Marketing
- i. Enrollment Management

### Adjournment

The meeting concluded at 11:30am.

Next Meeting:

August 23, 2019

District Office, D225



## ~~Board of Governor's~~Governing Board's Finance and Audit Committee Charter

### Purpose

The purpose of the Finance and Audit Committee ("the Committee") is to assist the Pima County Community College District (PCCCD) Governing Board's oversight and monitoring responsibilities of financial, audit, and investment related performance, policies, and procedures, including:

- The College's financial condition, annual budget performance; and capital investment;
- The reliability, integrity, and transparency of financial information reporting and disclosure;
- The ongoing monitoring of processes to ensure the adequacy of the system of internal controls and their functioning;
- The independence and performance of internal and external auditors;
- The compliance program and internal audit program;
- The investment function and its policies, procedures, and performance; and
- Identification and control of key risks and related policies, processes, and ongoing monitoring efforts.

### Composition

The Committee will consist of no fewer than seven but no greater than ten members, independent of the staff of the College and free of any relationships that would interfere with their abilities to exercise independent judgment as Committee members. ~~The chief financial officer of the College will serve on the committee~~ *ex officio* and will be responsible for providing staff support to the Committee.

The composition of Committee members shall be as follows:

- PCCCD Governing Board Members (2)
- Community Representatives (5-8)
- Chief financial officer (*ex officio*, non-voting)

The two PCCCD Governing Board Members shall be appointed by a vote by the ~~Board of Governors~~Governing Board.

The community representatives shall be professionally knowledgeable about finance, accounting, auditing, and/or investments and will be recommended by the Committee and appointed by the PCCCD ~~Board of Governors~~Governing Board.

All members of the Committee shall be familiar with the basics of PCCCD finance and accounting practices, understand PCCCD's business, and generally understand internal control and risk management frameworks. To obtain this familiarity and understanding, Committee members will be provided training conducted by PCCCD.

The Committee shall elect a chair and chair-elect, which will be community representatives. ~~One of the College's Governing Board members will serve on the Committee as the co-chair.~~ ~~To the extent possible, the co-chair will be a member of the Board who has previously served on the Committee.~~ Length of service will be expected to be at least one year and will be a maximum of two three year terms. Due to the nature of some of the information that Committee members will work with, Committee members will be required to sign a confidentiality statement.

## Meetings

The Committee will meet no fewer than four times per year and more often as needed. All Committee members are expected to attend each meeting, in person or via tele- or video-conference.- Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared and approved at a subsequent Committee meeting.

The Committee may hold executive sessions when deemed necessary (e.g. to discuss matters with external auditors, internal auditors, and/or general counsel). Executive sessions allow for the discussion of any matters believed better discussed without members of management present. Such matters might include complaints, ethics violations, fraud, or legal and regulatory inquiries.

State of Arizona open meeting statutes A.R.S. §§ 38-431 to 431.09 will be applicable.

## Responsibilities

The College's chief financial officer, the director for internal audit, the Chancellor, and other College employees are responsible for, among other things: determining that the College's financial statements are complete, accurate, and prepared in accordance with generally accepted accounting principles; planning or conducting audits; developing budgets; and managing the financial operations of the College. -These employees are also responsible for the preparation, presentation, and integrity of the College's financial statements and for the appropriateness of the accounting principles and reporting policies used by the College. Independent external auditors are responsible for auditing the College's financial statements and other aspects of the College's business.

The responsibilities of the Finance and Audit Committee are to assist the Governing Board and College administration by monitoring:

### I. Financial Reporting

1. Review with College staff, the external auditors, and the director of internal audit, financial statements, reports, and other financial information related to College business.
2. Review with College staff, the external auditor, and the director of internal audit, recent or proposed professional and regulatory pronouncements, including, when applicable, those having a material impact on the financial statements.
3. Annually, review with College staff, the external auditors, and the director of internal audit, the external auditor's proposed audit scope, and approach for the upcoming annual audits, including coordination of efforts with internal audit.
4. Annually, review with College staff, the external auditor, and the director of internal audit, the annual audited financial statements, and related documents.
5. Annually, review with finance personnel, College staff, the external auditor, and the director of internal audit, the external auditors' report on Internal Control over Financial Reporting and Compliance, and the results of tests of compliance with certain provisions of laws, regulations, contracts, and grants.

### II. Investments

1. Review investment policies including investment goals, asset allocation, distribution policies, and performance benchmarks, adjusting as market changes dictate.
2. Review investment costs, including cost of internal management, fees to outside managers, and custodial, reporting, and brokerage fees.
3. Review performance of investments compared to relevant benchmarks or indices.
4. Provide recommendations for improvements as determined.



### III. Risk, Internal Control, and Governance

1. At least annually, review with College staff, the external auditor, the director of internal audit, and other involved parties, major risks and exposures, including physical and information technology security, and the steps taken to monitor and control such risk and exposures.

### IV. Internal Audit Function

1. Review with College staff and the director of internal audit completed internal audits and audits in progress.
2. Review with College staff and ~~the~~ director of internal audit the status of any outstanding internal audit recommendations and action plans, including any follow-up activity that was performed.
3. Annually, with College staff and the director of internal audit, review internal audit's risk-based annual audit plan and provide recommendations to the ~~Board of Governors~~Governing Board.
4. Annually, review with College staff and the director of internal audit the adequacy of the internal audit charter, objectives, budget, and staffing, including the adequacy of its organizational reporting structure, to ensure it supports an independent internal audit function.
5. Annually, review with College staff and the director of internal audit the compliance of internal audit with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

### V. Audit Committee Management, Reporting, and Other Responsibilities

1. Provide an open avenue of communication between the Finance and Audit Committee, and external auditors, the director of internal audit, finance personnel, College staff, and the Governing Board.
2. Review any substantive issues that arise with respect to the quality or integrity of the financial statements and information, risk management processes, systems of internal control, governance processes, compliance with legal or regulatory requirements, and the performance and independence of external auditors, or internal auditors.
3. Review related findings and recommendations of the external and internal auditors together with management responses.
4. The Committee may request the Governing Board investigate matters brought to its attention.
5. Periodically, review and update this Charter.
6. Annually, provide a report to the Governing Board describing the Committee's composition, meeting minutes, responsibilities, and how they were discharged.
- ~~6-7.~~ Review such other financial-related matters as may be requested by the Governing Board from time to time.



**PimaCountyCommunityCollegeDistrict**

*Office of the Chancellor*

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July 29, 2019

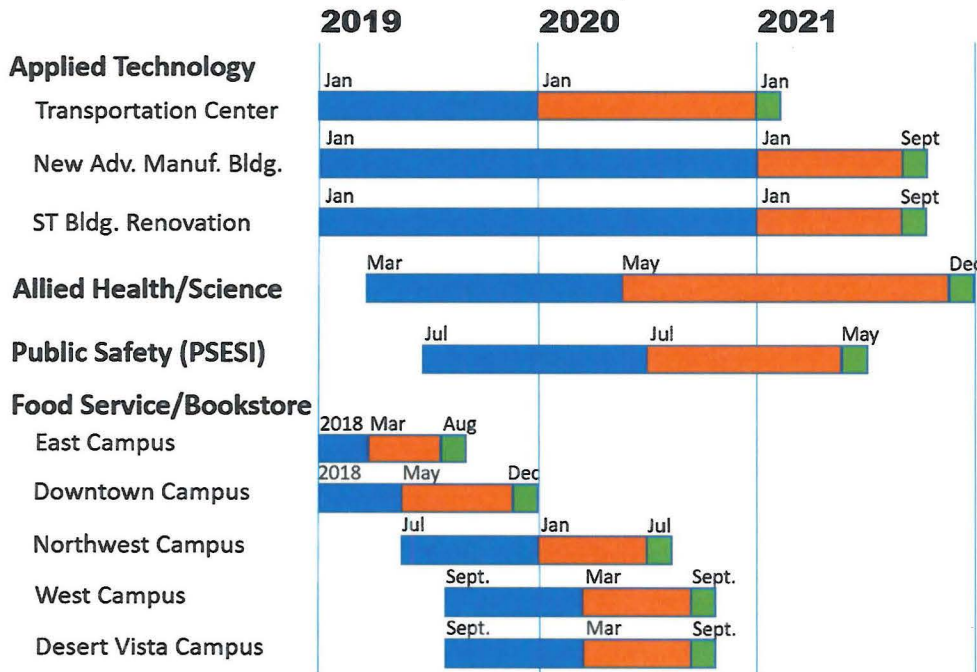
State of Arizona  
 Joint Committee on Capital Review  
 Richard Stavneak, Director  
 Phoenix, Arizona 85007

RE: Status Update, Pima County Community College District Revenue Bonds, Series 2019

Dear Mr. Stavneak:

As requested in your letter dated September 25, 2018, Pima County Community College District is pleased to provide this status update to the Joint Committee on Capital Review for projects financed from the 2019 revenue bond issuance. This update includes the status of each project, the expected completion dates, and the expenditures through the fiscal year ended June 30, 2019. There have been no changes in scope.

**Construction Timeline**



- Design
- Construction
- Completion

The estimated schedule is based on industry trends for design and construction timelines. PCC will work diligently to take advantage of potential opportunities to accelerate the completion dates when possible.

Revised 07/10/2019

The following table provides an update on each project, showing the related academic programs, the budget amount, and the revenue bond expenses as of the fiscal year ended June 30, 2019.

| <b>Downtown Campus - Applied Technology</b>   |   |               |  |                 |
|---|---|---------------|--|-----------------|
| <p>The College has completed the space programming study and has contracted with architectural firm DLR Group to design the Center of Excellence of Applied Technology at the Downtown Campus. The initial concepts explored new construction and renovations, and the College will construct two new buildings and renovate an existing building. The location of each program was also determined, and budget was distributed accordingly.</p> <p>The schematic design for a new Transportation Building is complete, and the solicitation for construction contractors will be advertised in the Fall of 2019. A new Advanced Manufacturing Building is in the design phase, and the final stage will include the renovation of the existing Science &amp; Technology Buildings.</p> <p>The College has expanded the footprint of the Downtown Campus with the purchase of two properties, 127 W. Drachman and 333 W. Mabel. The revenue bond proceeds will fund the purchase of additional real estate at 227 W. Drachman (\$1,361,845.46) and 225 W. Drachman (\$1,373,252.17), as well as the historical assessment of the Drachman properties (\$19,972.12).</p> |   |               |  |                 |
| <b>CAMPUS</b>   | <b>PROGRAMS</b>   | <b>AMOUNT</b> | <b>PROJECT</b>   | <b>EXPENSES</b> |
| Downtown  | Automotive/Transportation   | \$12,500,000  | New construction:<br>Transportation New Building                                   | \$165,180       |
| Downtown  | Makerspace, CAD, Welding, Machine Tool, Mechatronics, Applied Technology, Contract Education, and Industry/<br>Business Partner Incubator | \$25,275,000  | New construction:<br>Advanced Manufacturing New Building                           | \$260,616       |
| Downtown  | Building & Construction Trades, Workforce Development   | \$2,500,000   | Renovations:<br>Science & Technology Buildings Renovations                         | \$25,369        |
| Downtown  | Real Estate Expansion/<br>Development Opportunities   | \$4,745,000   | Purchases:<br>Real Estate  | \$2,779,474     |
| <b>East Campus and 29th Street Coalition Center - Public Safety and Emergency Services Institute</b>  |   |               |  |                 |
| <p>The College has contracted with architectural firm SWAIM to provide an assessment of the existing East Campus and 29<sup>th</sup> Street Coalition Center public safety and emergency services programs. SWAIM will also complete a space programming study, which is expected to be complete by the end of September 2020. With that document, the College will advertise for a construction project and design architect. Design is anticipated to be complete by July 2020.</p>   |   |               |  |                 |
| East and 29th St. Center  | Public Safety and Emergency Services Institute (PSESI)  | \$5,150,000   | Relocation/renovation:<br>PSESI program to align with Emergency Medical Technology | \$0             |

| <b>West Campus - Allied Health/Science</b>   |  |                     |   |                    |
|--|--|---------------------|---|--------------------|
| The College has contracted with architectural firm BWS Architects to provide an assessment of the existing West Campus nursing and science labs and to complete a space programming study. The study is expected to be complete by the end of July 2019. With that document, the College will advertise for a construction project and design architect; design is anticipated to be complete by May 2020.                                     |  |                     |   |                    |
| CAMPUS   | PROGRAMS                               | AMOUNT              | PROJECT   | EXPENSES           |
| West   | Allied Health                          | \$2,700,000         | Expansion/renovation:<br>Establish a Center of Excellence of Allied Health  | \$7,496            |
| West   | Science Labs                           | \$2,800,000         | Renovations:<br>Integration of science labs with classrooms in support of the Center of Excellence of Allied Health                   | \$0                |
| <b>Food Service and Bookstores</b>   |  |                     |   |                    |
| The College has contracted with Follett to provide food service, vending, and bookstore management across the district. Based on input from students, the existing Follett-managed spaces have been redesigned and will be consolidated at each campus.  |  |                     |   |                    |
| Work at the East Campus started in May 2019 and is expected to be complete by the end of August 2019. At Downtown Campus, work started in June and is expected to be complete by the end of December 2019. Project work on the Northwest, West, and Desert Vista Campuses began with the initial design work in July 2019. Northwest Campus is estimated to be complete by July 2020, and West and Desert Vista will follow in September 2020. |  |                     |   |                    |
| Multiple   | Food Service and Bookstore Renovations | \$500,000           | Renovations:<br>Combine vendor service areas and provide a modern, convenient one-stop shop for students                              | \$188,504          |
| Contingency  |  | \$8,830,000         | Contingency:<br>Material and labor escalation, tariffs, labor shortage, real estate purchase, purchased real estate development, etc. | \$0                |
| <b>TOTAL BOND PROJECTS:</b>  |  | <b>\$65,000,000</b> | <b>Expenses as of June 30, 2019</b>   | <b>\$3,426,639</b> |

If additional information is needed, please do not hesitate to contact me or Dr. David Bea, Executive Vice Chancellor for Finance and Administration.

Sincerely,



Lee D. Lambert, Chancellor  
Pima County Community College District

Cc: The Honorable David Livingston, Chair JCCR  
Senator John Kavanagh, Vice-Chair JCCR  
Mr. Geoffrey Paulsen, JCCR  
Dr. David Bea, Pima County Community College District