



Governing Board's Finance and Audit Committee

Friday, April 9, 2021

9:00am

Virtual Meeting - Zoom Webinar

Meeting Minutes

In Attendance:

Tracy Nuckolls (Chair), David Bea (Ex-Officio), Demion Clinco, Ken Marcus, Scott Odom, Ben Tuchi, Jesus Manzanedo, Clarence Vatne, Agnes Maina (Ex-Officio), Maria Garcia, Keri Hill (Recorder)

Not in Attendance:

Daniel Soza (Ex-Officio)

Guests:

John Utter, RBC Global Asset Management; Ozlem Kacira, Director; Jeff Silvyn, General Counsel

General Matters

1. Call to Order

Chair Tracy Nuckolls called the meeting to order at 9:07am, noting a quorum was met.

Action Items

2. Approval of Minutes from February 19, 2021

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. 202104-01: Approve Minutes from February 19, 2021

First: Ben Tuchi

Second: Maria Garcia

Vote: Motion passed unanimously (Nuckolls, Clinco, Marcus, Odom, Tuchi, Vatne, Garcia voting in favor)

Motion Carried.

Reports and Feedback

3. Investment Update (John Utter)

John Utter from RBC Global Asset Management began with the Summary of Combined Portfolio Characteristics and the Portfolio Performance for the one- to three-year term. The portfolio characteristics and the yields were discussed compared to the benchmarks, and the conversation moved into the management of the proceeds from the Revenue Bonds, Series 2019.

Since December 2020, the market outlook has changed drastically. Vaccine rollout and the reduction in the number of COVID-19 cases support a strong U.S. recovery in 2021. It is expected that economic recovery could reach pre-pandemic levels by early 2022, as the federal monetary and fiscal policies leave the U.S. in a strong position. The federal response has been key in the recovery, and inflation is expected to be transitory/short-lived, with temporary increases in consumer goods. Mr. Ken Marcus inquired about construction, and Mr. Utter stated that there may be a delay in projects as prices come back down.

Mr. Jesus Manzanedo joined the meeting progress.

Financial assets are continuing to rise, and they may reach record degrees as confidence builds. Further, the U.S. economy is gaining traction as jobs are recovered. Mr. Utter concluded with the overall economic outlook, with the Gross Domestic Product expecting a large increase and recovering interest rates.

Ms. Garcia thanked Mr. Utter for his presentation. Chair Nuckolls asked about the investment allocations, which have protected assets while providing a reasonable return despite the recent volatility, and Mr. Utter concurred.

Mr. Demion Clinco inquired about the sectors expecting to see labor shortages, aside from hospitality and aviation. Mr. Utter expects to see more of these areas as the economy recovers, especially given the timing and the recovery seen in Permanent vs. Temporary Job Losses. Dr. David Bea also noted that Information Technology labor may see some pinch points given the needs for technology infrastructure and cybersecurity. Mr. Utter spoke to repurposing labor currently involved with the fossil fuel industry as there is a move to clean, sustainable energies.

Chair Nuckolls asked about educational training programs and the transition into the new economy; Mr. Utter spoke to Centers of Excellence, the need for a four-year degree, and flexible scheduling.

4. Enrollment Trends (Ozlem Kacira)

Ms. Ozlem Kacira, Director of Analytics and Reporting, joined the Committee to provide an update on the trends in enrollment. She began with an overview of the types of reports and snapshots utilized to gather information from the College's data warehouse. Similar to changes to industry as a direct result of the pandemic, the College's programs and instructional modalities have shifted as a result of COVID-19.

Ms. Kacira's report continued with a comparison of pre- and post-pandemic enrollment across the various demographics, as well as a look at persistence (Fall to Spring) and retention (Fall to Fall) of students.

The report concluded with an update on current activities by the Strategy, Analytics and Reporting department, including the Future Conference, draft *Strategic Plan 2021-2025*, progress towards

Achieve60 Arizona goals, and expansion of the data warehouse. Further, her department is working on Integrated Data Systems and machine learning projects.

Mr. Clarence Vatne asked about comparisons to other Arizona Community colleges, and Ms. Kacira noted that PCC's enrollment has dropped slightly more than the statewide average of approximately fifteen percent.

Ms. Garcia inquired about enrollment and Full Time Student Equivalent and how those numbers are utilized given the amount of square footage at the College. Ms. Kacira spoke to how the data from the warehouse can be spliced to create a report showing these metrics, and Chair Nuckolls commended the ability of the College to be able to provide this level of reporting and the advancement compared to years past. Dr. Bea also noted that Ms. Garcia's question is a fundamental issue of the College, and this Fall will be a starting point for determining if students will be back on-site or if there will be a need in the coming years to reduce the physical footprint of the College.

Building on this and the report provided by Mr. Utter, Mr. Clinco stated that the typical cycle of a community college is counter-cyclical to enrollment (Example: when the economy is down, enrollment is typically up). What does this mean for those who have not returned to education? Ms. Kacira spoke about promising Fall enrollment as a result of projections for Dual Enrollment, Adult Basic Education, and the Centers of Excellence.

Mr. Clinco noted that the ability of the College to access this level of data also allows for targeted marketing. Chair Nuckolls commended Ms. Kacira and her department on the progress made with the College's data warehouse and reporting.

5. CFO Update (David Bea)

Dr. Bea began with an update on the budget development process. The Fiscal Year 2022 (FY22) Proposed Budget will be provided to the Governing Board at their May meeting in preparation for publication and the June Public Hearing and Special Meeting to adopt the budget and set property tax levies and rates. He provided revenue projections, as well as a summary of increased expenditures related to employee benefits due to the additional contributions to the Public Safety Personnel Retirement System, increases in medical costs, and improvements to the short term disability program.

Mr. Clinco asked about the classification and compensation study. Dr. Bea stated that employees have submitted their position description questionnaires and the contracted vendor, Segal, is reviewing the submissions in preparation for creating the job categories and completing a market analysis of compensation. Funds will be built into the budget for FY22 to begin implementation.

As Mr. Utter mentioned, the fiscal relief policies of the federal government will provide a bridge to Fiscal Year 2022, and the College has submitted a proposal to the Governor's Office for additional

funding. Dr. Bea will be providing an update on the federal Higher Education Emergency Relief Funds (HEERF) to the Governing Board at their meeting on April 14, 2021. HEERF will stabilize the College's budget while providing reimbursement for lost revenue, reducing the immediate need to decrease staff positions. The American Rescue Plan Act will also provide funds to the College.

6. Committee Membership (Tracy Nuckolls)

Chair Nuckolls asked the Committee members to start thinking about recommendations for new members, as several will be concluding their terms in the next year.

Information Items

7. Future Agenda Items

- a. Marketing

Adjournment

The meeting adjourned at 10:40am.

Chair Nuckolls asked for a motion to convene an Executive Session for discussion or consultation for legal advice from the College's legal counsel concerning the Comprehensive Integrated Energy Management Program vendor selection process review.

Motion No. 202104-02: Convene Executive Session to discuss Comprehensive Integrated Energy Management Program vendor selection process review

First: Demion Clinco

Second: Ken Marcus

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

Motion Carried.

Next Meeting:

May 7, 2021 - Executive Session

Virtual Meeting - Zoom