

OWENS COMMUNITY COLLEGE
SPECIAL MEETING OF THE BOARD OF TRUSTEES
JULY 15, 2015 ~ MINUTES

A meeting of the Board of Trustees was held in the Board Room, Administration Hall, on the Owens Community College Toledo Campus.

Call to Order – Chair Rich Rowe called the meeting to order at 12:30 p.m. and directed the record to show the meeting was held in accordance with the Ohio Revised Code and the policies of the Board of Trustees.

Roll Call – Roll call was taken, and the following members were present: Mary Beth Hammond, Srinivas Hejeebu, Ronald McMaster, Edwin Nagle, Rich Rowe, Diana Talmage and Thomas Uhler (7).

RECOMMENDATIONS OF THE PRESIDENT TO THE BOARD OF TRUSTEES

Employment of Personnel:

RESOLUTION 2015-07-15-01

BE IT HEREBY RESOLVED that the recommendation of the President to employ the following persons, in compliance with Affirmative Action Guidelines established by the College, be approved by the Board of Trustees:

NAME: David Cannon
ADDRESS: Columbus, OH
EDUCATION: Master of Business Administration with a major in Finance, from Webster University; Bachelor of Science with a major in Finance, from The Ohio State University
EXPERIENCE: Seventeen years of experience in business and finance
ASSIGNMENT: Vice President/Chief Financial Officer

NAME: Kenneth Erard
ADDRESS: Rossford, OH
EDUCATION: Bachelor of Business Administration with a major in Information Systems, from the University of Toledo
EXPERIENCE: Eleven years of experience in programing, networking and operating systems
ASSIGNMENT: Systems Engineer

NAME: John-David Ettore
ADDRESS: Fort Scott, KS
EDUCATION: Master of Leadership Studies with a major in Organizational Leadership, from Fort Hays State University; Bachelor of Arts with a major in Political Science, from Mount Saint Mary's University
EXPERIENCE: Six years of experience as an athletic director
ASSIGNMENT: Athletic Director

NAME: Jeffrey Keim
ADDRESS: Whitehouse, OH
EDUCATION: Bachelor of Business Administration with a major in Finance, from the University of Toledo
EXPERIENCE: Four years of experience in marketing/communication and leadership
ASSIGNMENT: Executive Director of the Owens Community College Foundation

RESOLUTION 2015-07-15-02

BE IT HEREBY RESOLVED that the recommendation of the President to revise the assignment on the basis indicated below be approved by the Board of Trustees:

<u>NAME</u>	<u>ASSIGNMENT</u>
Anthony Espinosa	Police Officer
Amanda Ki	Database Administrator I
Eldred Marchal	Application Systems Analyst, Senior
Ellen Sorg	Advisor (Findlay)
Jackson Starr	Advisor
Sweta Thakker	Database Administrator I
Heather Zisko	Program Manager, Medical Assisting Program

Mr. Nagle made a motion to approve the resolutions, which was seconded by Ms. Talmage. Following a voice vote, the motion was adopted. President Bower made introductions of Mr. Cannon and Mr. Keim to the Board of Trustees.

Appointment of Treasurer:

RESOLUTION 2015-07-15-03

BE IT HEREBY RESOLVED that the recommendation of the President to appoint David Cannon as Treasurer to the Board of Trustees effective July 15, 2015, be approved by the Board of Trustees.

Ms. Hammond made a motion to approve the resolution, which was seconded by Mr. Uhler. Following a voice vote, the motion was adopted.

Budget Amendment:

RESOLUTION 2015-07-15-04

BE IT HEREBY RESOLVED as recommended by the President, the Board of Trustees amends the fiscal year 2016 budget.

Ms. Talmage made a motion to approve the resolution, which was seconded by Mr. Nagle. Mr. Nagle commented on the excellent work of aligning the budget with the financial recovery plan. Following a voice vote, the motion was adopted.

President's Report – President Mike Bower presented an executive summary of the financial recovery plan (Appendix I) and presented the recommendation of the financial recovery plan.

Financial Recovery Plan:

RESOLUTION 2015-07-15-05

WHEREAS, in a letter dated April 21, 2015 from the Chancellor, Ohio Board of Regents, the Owens Community College Board of Trustees was notified of the declaration of fiscal watch pursuant to Ohio Administrative Rule 126:3-1-01, paragraph C; and,

WHEREAS, pursuant to paragraph B(3) of the Ohio Administrative Rule 126:3-1-01, criteria for a fiscal watch is a campus financial accountability composite score of 1.75 or less for two consecutive years and the composite scores for Owens Community College were 1.10 for fiscal year 2013 and 1.00 for fiscal year 2014; and,

WHEREAS, within ninety days of the declaration, the rule requires the institution to adopt a financial recovery plan with the purpose to end fiscal watch, which is to be approved by the Chancellor; and,

WHEREAS, the President recommends the financial recovery plan, which contains the requisites of:

- (1) An analysis of the financial difficulty and the causes of all significant revenue or expenditure problems
- (2) A description of efforts or initiatives proposed or undertaken and an estimation of the time required for the college to resolve the financial difficulty
- (3) An analysis of how these efforts or initiatives have or will resolve the financial difficulty
- (4) A description of the contingency plan designed to address the financial difficulty and other potential circumstances that could worsen the financial difficulty
- (5) A financial forecast for three years, which will correct all fiscal conditions at the end of the three-year period; and,

WHEREAS, other mandated actions of the rule include:

- (1) The Auditor of State to provide a written report to the Board of Trustees outlining the nature of the financial accounting and reporting and recommendations for corrective action
- (2) The Board of Trustees to establish a process of the monthly review of revenues, expenditures and encumbrances and the approval of expenditures and encumbrances and supporting documentation that may substantiate any departure from any approved level
- (3) The Treasurer and the President to provide to the Board of Trustees and the Board of Regents, a quarterly financial report and any significant changes or areas of noncompliance to the adopted financial recovery plan
- (4) The Board of Trustees to make an annual report on the anniversary of the fiscal watch declaration to the state offices, as listed in the rule;

NOW, THEREFORE, BE IT HEREBY RESOLVED that the Board of Trustees adopts the financial recovery plan.

Dr. McMaster made a motion to approve the resolution, which was seconded by Ms. Talmage. Following a voice vote, the motion was adopted.

President Bower thanked the administrative members who contributed and the Board of Trustees for the time given in developing the financial recovery plan.

Statements and Comments by Members of the Board of Trustees – Vice Chair Talmage thanked President Bower and the staff and commented on the well written financial recovery plan report. Mr. Uhler commented on his support of the financial recovery plan, the financial progress made to-date, and the diligence needed in the plan’s implementation toward fiscal recovery. Chair Rowe commented on an employee forum for the financial recovery plan scheduled for July 16, 2015.

Chair Rowe welcomed Treasurer Dave Cannon, and he made final comments on the financial recovery plan being the road map toward the future. Changes to the plan will be made as needed in moving forward. Financial recovery is a priority for the Board Finance Committee. He read the financial recovery plan closing statement aloud:

The Board of Trustees, administration, faculty and staff are committed to the mission of serving our students and our communities; and are fully invested in the success of Owens Community College. The purpose of the financial recovery plan is to strengthen the institution, which in turn strengthens our communities. Our doors are open to students seeking degrees, skills and employment. Generations of our graduates started their success with Owens Community College, and the Board of Trustees values the vital role of Owens toward advancing our region’s workforce in northwest Ohio and beyond. The financial recovery plan is meant to be a dynamic plan with annual updates from the Board of Trustees on progress toward increasing revenues, aligning expenditures and achieving a Senate Bill 6 composite score of at least 2.40 for a fiscal year. With the adoption of the financial recovery plan, the Board of Trustees recognizes the support of the Chancellor of Higher Education, the Board of Regents staff, the strategy consultants and the chief financial officers of peer institutions in the development of this plan.

Adjournment – As there was no further business to come before the Board of Trustees, Chair Rowe declared the meeting adjourned.

APPENDIX I



FINANCIAL RECOVERY PLAN

July 15, 2015

Executive Summary

PURPOSE: The purpose of the recommended Financial Recovery Plan is to guide the College toward achieving a Senate Bill 6 Composite Score of at least 2.40 for a fiscal year. The three-year period in which to achieve the desired composite score begins with Fiscal Year 2016.

OUTCOME: The outcome of the Plan is a strengthened institution with revenues aligned with expenditures. The Plan is meant to be dynamic and will be amended as significant strides are made toward attaining sources of other revenue, leveraging efficiencies, maintaining expenditures and fully utilizing the capacity of the College.

ELEMENTS: The Plan follows the statutory elements, as outlined in the Ohio Administrative Rule. These elements are in five sections:

- Section I. An analysis of the financial difficulty with respect to revenue or expenditures.
- Section II. A description of the efforts to address the financial difficulty within the three-year period.
- Section III. An analysis of how efforts will resolve the financial difficulty.
- Section IV. A description of contingency plans, should other potential circumstances worsen the financial difficulty.
- Section V. A three-year financial forecast and a description of key assumptions to correct the fiscal condition.

SECTION I. OVERVIEW OF THE FINANCIAL DIFFICULTY.

- Following a period of enrollment growth through 2010, Owens experienced enrollment declines, in line with trends experienced in Ohio and nationally.
- As the rates of enrollment and non-operating revenues declined, there was a lag in reducing operational expenses.
- The deterioration of the College's unrestricted net assets, cash and investments had a negative bearing on the College's Composite Scores, as required from Senate Bill 6.
- The composite scores of 1.10 in FY 2013 and 1.00 in FY 2014, triggered the fiscal watch declaration made in April 2015 from the Chancellor of Higher Education.

SECTION II. STEPS TAKEN TOWARD FINANCIAL RECOVERY.

- In 2013, the College addressed operational expenses.
- The Board of Trustees took actions on Financial Exigency in April 2013 and in December 2014.
 - \$16 million in expense reductions were made for FY 2014
 - \$4.5 million in expense reductions were made for FY 2015
 - \$4.1 million in expense reductions are planned for FY 2016
- Additionally, the Board of Trustees adopted the Financial Standards Policy in February 2015 to help guide the institution's financial operations, build reserves and begin long-range financial forecasting.

SECTION III. A FOUR-PART PLAN FOR FINANCIAL RECOVERY.

- The Plan consists of four parts, which in a nutshell represents the four sides of the operational "house" of the College – Business Affairs; Human Resources; Student Services and Academic Affairs. Each side of the "house" is vital and joined to strengthen the financial soundness and to support the foundation of the institution.
- **Part One - Fiscal Stability and Operational Expenses** are being achieved through aligning projected revenue with operational expenses and implementing cost-saving measures. For example:
 - Real estate is being repurposed through subleases and capital assets are identified to be converted into cash, such as selling undeveloped property.
 - Contractual terms have been renegotiated with vendors (such as for insurance and software maintenance) to help relieve operational expenses.
 - Other savings are being realized such as conferring credit card fees.
- **Part Two - Human Resources and Labor Relations.** The College is evolving its organizational capacity through a system-wide focus of meeting stakeholder needs and fostering accountability. For example:
 - Managing position needs strategically, which includes attrition, retirements, delaying replacements and redesigning responsibilities.
 - Prudent health care administration and group purchasing for pharmacy spending.
 - Offering a voluntary furlough program.
 - And as you know, I wish to thank and recognize our employees who have seen their paychecks reduced, beginning in 2015. Thank you for your commitment and service to support our students.
- **Part Three - Enrollment and Marketing.** The College is strengthening connections to prospective students and providing services to enhance student retention, transfer and completion. For example:
 - The continued implementation of the strategic enrollment management plan, which has improved communication, marketing and service to students.

- Utilizing best practices of Completion by Design, such as bringing on “Americorps Completion Coaches” to help students stay on track to achieve their goals. (grant-funded)
- **Part Four - Academic Programming.** The College is aligning academic programs with stakeholder needs. For example:
 - Achieving efficiencies in the active management of the master course schedule where anticipated capacity is planned for and additional demand is accommodated through creating class sections. These activities are providing significant savings.
 - Routine review of program revenues and costs and utilizing the PREP cycle for program to keep academic programs relevant for our stakeholders.
- **President’s Priorities.** In addition to the four-part recovery plan, in my capacity as President, my priority is to actively seek alternative resources to increase financial support. For example:
 - I have charged the Executive Director of the Owens Foundation with the direction of the Foundation Board to seek private philanthropy to support unrestricted resources that support operations for meeting the needs of our students, as well as for student scholarships.
 - I have charged the Athletic Director to seek private sponsorships to assist with the athletic operations, including the creation of an Athletic Booster Club.
 - And most importantly, the College has capacity and significant physical plant on its campuses. *With additional financial revenue*, Owens, as a robust partner, would be fully positioned to affordably train college-and-career-ready students, who are well-prepared for jobs now and in our region’s future. We are in the concluding stages of a feasibility study, which we initiated to explore the potential for a charter change.

SECTION IV. PLANNING FOR CONTINGENCIES.

- The College has already made very difficult reductions, eliminations and efficiencies, which have involved positions, programs and services. The positions, programs and services that we have are considered mission-critical to serve our stakeholders. With this in mind, in the report, we have identified contingency planning for worse-case scenarios, if the institution’s financial health worsens due to unforeseen events.
- I would like to emphasize that the contingency items are not for present action; but only have been prepared for extreme action for any unforeseen financial declines, as evidenced by the Senate Bill 6 Composite Scores.

SECTION V. A THREE-YEAR FINANCIAL FORECAST.

- A three-year financial forecast has been developed with projections of the Senate Bill 6 Composite Scores. The forecasts for Fiscal Years 2016, 2017 and 2018 are very conservative and in some respects, are in the context of scarcity to ensure meeting the required Senate Bill 6 composite score of at least 2.40 to terminate the fiscal watch declaration.
- The Forecast allows for what is known right now, and meets the guidelines from the Board Finance Committee Chair.
- With this initial three-year financial forecast, it is projected for the College to achieve a 3.10 Composite Score in FY 2017 and a 2.70 Composite Score in FY 2018; which exceed the State's requirement of at least 2.40 composite score for a fiscal year.

PRESIDENT'S RECOMMENDATION: Members of the Board of Trustees, in accordance with Ohio Administrative Rule 126-3-1-01, I recommend the Financial Recovery Plan for the Board's adoption. Upon the Board's action, the adopted Plan will be submitted to the Chancellor of Higher Education, no later than July 20, 2015.

As the President and Chief Executive Officer of Owens Community College, I attest the recommended Financial Recovery Plan for the purpose of guiding the College forward in remediating the financial conditions that led to the fiscal watch and to achieve a Senate Bill 6 Composite Score of at least 2.40 for a fiscal year. When these requirements are achieved, the Chancellor shall then be able to terminate the fiscal watch.