

**Springfield Technical Community College
Committee on Ways and Means Report
November 14, 2022**

Present: Trustees MacArthur Starks, Jr., Marikate Murren, Samalid Hogan, and Jeffrey Sattler. Also present: President John B. Cook.

Absent: Trustee Norman Roldan

Trustee Starks called the meeting of the Committee on Ways and Means to order at 5:00 p.m.

FY 2022 4th Quarter Trust Fund Report

Jonathan Tudryn, Assistant VP of Administration and Controller, presented the report in accordance with trust fund guidelines. The revenues and expenses for all three trust funds fell in line with expectations for the 4th quarter. It was noted that no expenses were recognized in the Construction and Improvements line as these expenses were paid for using funding that was carried forward from FY22 as well as the State Appropriation. The vendor expenditure report was also presented and vendors appearing on the report for the first time in FY22 were identified.

Investment Subcommittee Report

Trustee Murren and Mr. Tudryn provided highlights from the Investment Subcommittee meeting from November 10, 2022; please see attachment 1 for the Investment Subcommittee Report.

Financial Update and Outlook

Cash Flow Projection

Mr. Tudryn presented a slide that outlined the historical and projected Unrestricted Net Position as well as Cash & Investments balances. The projections for FY 2026 in both categories are ahead of pre-Covid figures, despite using reserves for the SHPS relocation and to balance the budget. The traditional cash flow projection was also presented and the College's projected cash balance at the end of the fiscal year will be approximately \$4.9M, after taking into consideration the \$6.0M that will be transferred to the investment portfolio.

FY 2023 Budget Outlook

Jason Cohen, Senior Director of Finance and Budgets, presented the FY 2023 Budget Outlook, noting that there is still a projected \$800,000 favorable variance for the fiscal year, as reported at the October meeting of the Committee on Ways and Means.

Update on Fiscal Forecast

Andrea Nathanson, VP of Administration and CFO reminded the committee of the 4-year plan to use \$10 million from reserves to allow for a less-disruptive transition to a balanced budget by FY27. Eliminating the structural deficit by FY27 will require implementation of strategic cost reduction initiatives to reduce net expenses by \$1 million annually for the next four years. FY24 budget discussions in the Spring will need to consider these potential reductions, including the impact on salary expense, which is the most significant component of the budget.

Facilities Discussion

Trustee Sattler shared an overview of Facilities funding sources and projects, including a status update on the STCC and DCAMM budgets. He indicated that project plans and associated spending are on track, and expressed appreciation for Facilities management of the complex and dynamic nature of the STCC

campus. He also shared a status update on the project to relocate the School of Health and Patient Simulation

President's Perspective

President Cook provided an update on the Union Station Cyber Center, a partnership with local, state, and federal government agencies, which is targeted to open in early 2024. He noted that STCC's partnership with the Cyber Center is budget neutral for the College. With FY24 budget development set to begin in February 2023 Dr. Cook reminded the committee of the importance of considering value making budget decisions, meaning that continued investment in high-impact areas, such as IT and Nursing, should be continued, while also considering reductions in other areas to be determined..

Date of the next meeting

January 9, 2023 at 5:00 p.m.

Adjournment:

A roll call vote was taken to adjourn at 5:50 p.m.

Respectfully submitted by: Dominick Uguccione

**Springfield Technical Community College
Investment Subcommittee Report
November 10, 2022**

Attendees: Norman Roldan, Marikate Murren, Anthony Montemagni, Michael Chase, Matthew Fratini, President Cook, Andrea Nathanson, Gerry de Berly, Jonathan Tudryn, Dorothy Ungerer, and Dominick Uguccioni.

The committee met with Fiducient Advisors on November 10, 2022 for the quarterly investment subcommittee meeting.

Mr. Fratini presented the Quarterly Investment Review Report for the third quarter of 2022. The Fiduciary Governance Calendar for the third quarter contains a governance focus:

- Investment Policy Statement Review
- Stewardship Best Practices

Mr. Fratini proceeded to provide a review of the important elements of an Investment Policy Statement and presented Springfield Technical Community College's ("the college") Investment Policy Statement. There are no recommendations for changes to the Investment Policy Statement at this time. Mr. Fratini also provided updates on best practices, endowment and foundation resources, market themes, economic review, asset class returns, and financial markets performance.

Mr. Fratini highlighted recent portfolio activity:

- Long Term Portfolio – The college's position in Boston Partners Small Cap Value Fund II Instl was liquidated and a position in Hotchkis & Wiley Small Cap Diversified Value I was added.
- Short Term Portfolio – Liquidated position in Vanguard Short Term Bond Index Adm and added position in Baird Ultra Short Bond Fund Instl.

Investments managed by Fiducient totaled \$24,978,872 at September 30, 2022. This value includes a fiscal year to date loss of \$1,245,449.

The long-term investment account totaled \$19,240,823 at September 30, 2022. A summary of the STCC Long Term Investment Account as compared to the L/T STCC Hybrid benchmark is listed below by quarter, fiscal year to date, and since inception (11/1/2014).

	QTR	FYTD	Inception
STCC Long Term	-6.1	-6.1	3.5
L/T STCC Hybrid benchmark	-5.9	-5.9	3.6

The L/T STCC Hybrid benchmark consists of:

	Weight (%)
Bloomberg U.S. Aggregate Index	25.0
Russell 3000 Index	33.5
MSCI AC World ex USA (Net)	25.5
HFRI Fund of Funds Composite Index	7.5
FTSE EPRA/NAREIT Developed Index (Net)	3.5
Diversified Real Asset Blended Index	5.0

The short-term liquid account totaled \$5,738,049 at September 30, 2022. A summary of the STCC Short Term Investment Account as compared to the S/T STCC Hybrid benchmark is listed below by quarter, fiscal year to date, and since inception (11/1/14).

	QTR	FYTD	Inception
STCC Short Term	-0.2	-0.2	0.8
S/T STCC Hybrid benchmark	-1.2	-1.2	0.8

The S/T STCC Hybrid benchmark consists of:

	Weight (%)
90 Day U.S. Treasury Bill	30.0
Bloomberg 1-3 Year Gov/Credit	60.0
Bloomberg U.S. Aggregate Index	10.0

An estimated fee analysis was also provided:

Long-Term Investment Account Fee	51 basis points
Short-Term Liquid Account Fee	18 basis points

Mr. Tudryn presented an asset allocation/investment opportunity. The college currently has a healthy cash position with approximately \$12.6 million in the operating account and a projected June 30, 2023 cash balance of about \$10.9 million. Given this strong position, it is proposed to transfer \$6 million to Fiduciant, with \$2 million allocated to short-term and \$4 million to long-term. This will allow the college to take advantage of the strong cash position through the maximization of returns, to be able to support the budget and support the \$6 million use of reserves for the SHPS relocation. This proposal will be presented at the November 14, 2022 Committee on Ways and Means meeting for additional consideration and discussion.

President Cook remarked that the proposal can be moved forward administratively, but it will be presented to the Committee on Ways and Means to see if there are any questions or clarification needed.

The meeting adjourned at 5:06 PM.

Respectfully submitted by: Dorothy Ungerer

Asset Allocation/Investment Opportunity

OPERATING CASH	
Projected Cash Balance at June 30, 2023	\$10.9M
Transfer of Funds to Fiducient	-\$6.0M
Revised Cash Balance at June 30, 2023* (projected)	\$4.9M

*\$3M Available for FY2024

SHORT-TERM INVESTMENTS	
Short-term Investment Portfolio at Sept 30, 2022	\$5.7M
Transfer from Operating Cash	\$2.0M
Revised Short-Term Investments	\$7.7M
Use of Reserves – SHPS Relocation*	-\$6.0M
Revised Short-Term Investments	\$1.7M

*Use of Reserves:
\$3M in FY24
\$3M in FY25

LONG-TERM INVESTMENTS	
Long-term Investment Portfolio at Sept 30, 2022	\$19.2M
Transfer from Operating Cash*	\$4.0M
Revised Long-Term Investments	\$23.2M

*Attractive Entry Point
Anticipate 8% Annualized
Return (over 20yr period)