

Finance Committee Meeting

October 8, 2020

10:00 a.m.

Admin Building Conference Room

Present: Dr. Richard Dawe, Ryan Howard, Dennis Wiles, Ben Cooper, Tina Wheelis, Amber Rush

The meeting was called to order at 10:00 a.m. by Dennis Wiles.

Dennis made the motion to approve the minutes from the April 28, 2020 finance committee meeting. Ben seconded the motion.

Bond Refunding:

Tina began the meeting by discussing the refunding of the Series 2013 and 2015 Bonds. Currently the College has two bonds outstanding. The Series 2013 has a maturity date of June 2043 and a principal balance of \$2,500,000. The Series 2015 has a maturity date of June 2036 and a principal balance of \$2,615,000. The College makes annual payments on each of these bonds totaling \$200,000.

Tina explained that every five years Ozarka could consider refunding the bonds to take advantage of lower interest rates. Crews & Associates recently reached out to the College and explained that the market was favorable for such a transaction. Savings from the refunding of the bonds could amount to approximately \$338,000 in savings over the remaining life of the bonds.

After some discussion by the committee, it was determined that they would recommend that the Series 2013 and Series 2015 Bonds be recalled to take advantage of this savings at the next scheduled Board of Trustees meeting.

Workforce Opportunity for Rural Communities Grant:

The next item on the agenda was the discussion of the Workforce Opportunity for Rural Communities (WORC) Grant. Dr. Josh Wilson was instrumental in obtaining this \$1,472,847 grant. The WORC grant is a Department of Labor grant that will run for a three-year period. During that time the grant will pay for the start-up costs to outfit a welding and industrial lab at the new Ash Flat Technical Center. It will also pay for the salaries and benefits for several employees that will be needed to run the center, including a Technical Center Director, Admin Assistant, and Industrial Maintenance Instructors.

Ben Cooper asked what would happen to these positions after the grant ended. Tina Wheelis explained that these positions would be institutionalized after the end of the grant. Ben followed up with another question regarding whether or not the Technical Center would be able to fund itself after that time. Tina explained that with the state funding Ozarka is already receiving through the Office of Skills Development and the local industry partners she saw no reason why the project would not be successful at that time. Dr. Dawe followed up by saying that the Technical Center would allow Ozarka to be very responsive to the local industry's needs and allow the College to move quickly to provide necessary training if and when the need arose.

Ash Flat Technical Center Welding Lab:

Tina explained to the committee that because of the receipt of the WORC grant, the College will be able to move forward with the construction of a welding lab at the Ash Flat Technical Center. She explained that the estimate for the project would be approximately \$415,000, all of which would be covered by the grant.

Tina also explained that board approval was necessary, both for the selection of the architect and the bid process for the general contractor. The committee moved to recommend to the Board at the next meeting that the College be authorized to move forward with this project.

Construction Reserve:

Tina explained that in FY 2020, the board approved the transfer of \$300,000 from the construction/renovation/equipment reserve balance to fund the construction of the welding lab at the Melbourne campus. She went on to state that at the time of this transfer, there was significant uncertainty in state revenue projections due to the Covid-19 pandemic. However, Ozarka was able to end the year with a \$424,106 excess funds due to the reinstatement of some state revenue that had been cut prior to the end of the year. Because this amount was more than the balance transferred from the construction reserve, she asked that the board approve moving this amount back to the reserve account for future use.

Ryan Howard asked if the College felt comfortable with the amount of savings set aside in these accounts, given the addition of more facilities. Dr. Dawe explained that these funds were earmarked for projects and construction of new facilities, and were not used to pay for the maintenance needs of existing structures. Tina added that she didn't see the need to add more facilities in the foreseeable future given the transition to online learning for many of our students. With no further discussion the committee agreed to recommend the transfer of \$300,000 back to the construction reserve account.

COLA:

Dr. Dawe explained to the committee that Ozarka had not given a COLA on July 1 due to the uncertainty in the economy amid the pandemic. He went on to state that while many colleges throughout the state had experienced layoffs, Ozarka College was in a good financial position. This was due to many factors including the conservative management of Ozarka's resources by all Ozarka employees. Because of this, he felt that Ozarka was in a position to give employees a COLA.

Dennis Wiles asked how many employees would be eligible for a COLA. Tina explained that there were about 70 employees would be eligible for an increase. The total cost of a 2% COLA would be about \$74,184 if it was retroactive to July 1.

Dr. Dawe also presented the committee with other options to consider. Among these options were a 1% COLA, 2% COLA, or a one-time bonus for all employees. Ryan Howard stated that he felt that a bonus would be a better option because it wouldn't obligate the College to future increases amid a very uncertain time. After some discussion, the committee agreed to recommend a bonus to the board at the next Board of Trustees meeting.

With no further items for discussion, the meeting adjourned at 11:30.

