



The Peninsula's Community College

Thomas Nelson Community College Local Board
Finance and Municipal Liaison Committee
September 25, 2019

Member(s) Present: Alan Melton, Vince Warren, Scott VanVoorhees, Mary Ann Maimone, and Perry Showalter

Guests: Michael Kuhns, Vice Chair, Local Board

College Staff Present: Steven Carpenter, Vice President for Finance and Administration; Gil Gillespie, Budget Analyst; and Geraldine Mathey, Administrative Assistant

Mr. Melton opened the meeting at 4:00 p.m.

1. Introduction of Steven Carpenter. Mr. Carpenter introduced himself to the members of the committee.
2. April 24, 2019, Minutes. The minutes were reviewed. Mr. VanVoorhees made the motion to accept the minutes; Mr. Melton seconded the motion; and the minutes accepted for file purposes. Mr. Melton will recommend the Local Board accept the April 24, 2019, minutes.
3. FY 2019 Draft Year-end Local Funds Statement. Mr. Carpenter stated that he has been reviewing the local funds in light of the issues recently raised on a budget shortfall. He and Dr. Dever have requested the VCCS send Whit Madere, Director of Internal Audit, to Thomas Nelson to conduct a thorough audit of the College's local funds. This audit has been scheduled for mid-November. Mr. Carpenter stated that because of this pending audit he is not prepared to review the draft FY 2019 local funds statement nor the FY 2020 local funds budget at this time. He recommended Mr. Melton make an announcement to the full Board regarding the upcoming audit. Mr. Melton asked if the audit report would be ready for review by FAML and the Board at the December 11 meeting; Mr. Carpenter said the auditors would be on campus for about a week and it may take 2-3 weeks for them to complete their report so he did not think it would be ready for the December meeting. Mr. VanVoorhees asked if the audit would be done line by line; Mr. Carpenter said he anticipated the auditors would be very thorough but did not yet know how far back they would check. Dr. Showalter asked if the FY 2019 Year End Local Funds Statement would be reviewed at the December meeting; Mr. Carpenter said he did not anticipate any changes to the current draft and that the statement should be ready for review and acceptance at that time. Ms. Maimone said she was concerned that announcing the audit might raise additional questions; Mr. Carpenter volunteered to speak to the full Board to respond to

any questions or concerns. Dr. Warren was also concerned about possible questions. Mr. Carpenter stated that a reporter from the *Daily Press* had submitted a FOIA request for copies of local funds statements for FY 2017 through FY 2020; copies of FAML minutes from December 12, 2018, February 27, 2019, and April 24, 2019; and VCCS audits for the years ending June 30, 2016, and June 30, 2017. The College has provided all requested documents except the VCCS audits which are available online. Mr. Melton stated that, as an information item, he will share with the full Board that an audit has been requested; this will be in lieu of telling the full Board that the draft FY 2019 local funds statement was reviewed and accepted. Mr. Carpenter asked that he stress this audit is a routine procedure.

4. Overview of FY 2019 – FY 2021 Budget Process. Mr. Carpenter shared a PowerPoint presentation to briefly explain how the budget shortfalls came about. He pointed out that with lower enrollment numbers, the College is not generating enough revenue to offset expenditures. He noted that Thomas Nelson ended FY 2019 with a deficit of \$1.8 million and will have a comparable deficit at the end of FY 2020 if measures are not taken to remedy the shortages. By FY 2021 he anticipates the deficit to be approximately \$3.8 million, if steps are not taken now to fix the issues. Mr. Kuhns asked if other sources of revenue have been looked into, other than depending on tuition. Dr. Warren asked if applying for grants has been explored. Mr. Gillespie explained that grants are identified as separate funds and cannot be used to support the College; however, there is an indirect cost that is paid to the College. Mr. Kuhns asked if that means the College could not seek out performance grants; Mr. Gillespie said that is currently being investigated but is not within his area of expertise. Mr. Carpenter also stated that staff is actively researching ways to financially support the College, particularly in the areas of student retention and funding programs that would draw more students in. Mr. Gillespie said the College had purchased software that analyzes class sizes to determine those programs and classes not being fully utilized. Mr. VanVoorhees asked if the FY 2022 budget had been looked at; Mr. Carpenter replied it had been but only peripherally. Mr. VanVoorhees asked if the College has partnered with outside businesses; Mr. Carpenter said the Educational Foundation has been getting donations and that they (the Foundation) will be purchasing \$300K in instructional equipment for the College. Mr. Gillespie said the College has also been looking ahead when the Peninsula Workforce Development Center (PWDC) reverts back to the College and the decisions that will be made at that time as to renting out space and what to charge for that rent. Mr. Carpenter said his plan is to have a five-year plan in place, to start preparing for that now, and to be prepared for any impacts. Mr. Kuhns said it was vital, before going outside the College, to show to any potential partners that the College is able to perform. Mr. Gillespie said he feels the College is in a good position now and into the future, due to the new replacement building and the introduction of new virtual programs.

5. Diggs/Moore/Harrison Halls Replacement Building Update. Mr. Kramer provided the following updates:

- May 2019: The Art and Architectural Review Board (AARB) reviewed and approved the design schematics.
- May 2019: The State Board for Community Colleges approved the design schematics.
- Winter 2019 – Spring 2020: The Virginia General Assembly will approve both the detailed design and construction funding.
- Fall 2020: A contractor for the project will be selected by the VCCS.
- Winter 2020: Official ground breaking for the replacement building.
- Late 2022: Project is expected to be complete.
- Spring 2023: First classes to start in the new building.

6. Hampton Campus Digital Sign Update. Mr. Kramer reported that the LED panels have been constructed and are currently being stored in a shop just off Aberdeen Drive in Hampton. The shop drawings for the aluminum panels have been approved and are currently being built by a third party in northern Virginia. The project is scheduled to be completed by the middle of November and operational by Thanksgiving.

There being no further discussion, the meeting was adjourned at 5:03 p.m.

Respectfully submitted,

Steven Ray Carpenter
Vice President for Finance and Administration