

Attachment A



Financial Advisory Council Meeting

Tuesday, March 2, 2004

Governing Board Room

2:00 p.m. to 4:00 p.m.

MINUTES

Members Present: Jan Binder, Alyssa Brown, Roy Cohen, Art DeCabooter, Rick Degraw, Rufus Glasper, Carnella Hardin, Karen Hardin, Leah Heathcoat (CGCC Student), Maria Hesse, Emily Hogan (GCC Student), Conrad Mills, Lorie O'Brien, Linda Rosenthal, Jane Saldana-Talley, Trevor Smith (CGCC Student), Les Strickland, Debra Thompson, Yvonne Zeka

Members Absent: Larry Christiansen, Steve Helfgot, Steve Riley, Anna Solley

Guests: Carl Couch, Lionel Diaz, Chad Douwstra, Mark Mason, Tom Nicol, Janet Ortega, Ernesto Ramirez (for Anna Solley)

Welcome and Introductions: Everyone was welcomed to the meeting. Jan Binder was introduced as the new MAT representative for FAC, replacing Lorie O'Brien.

January 27, 2003 FAC Meeting Minutes: The minutes were unanimously approved.

Agenda Items:

Capital Planning and Development Update/Information Item – Lionel Diaz provided FAC with an overview and update on Capital Planning. Lionel reviewed the 1994 GO Bond and discussed the upcoming bond initiative.

The 1994 GO Bond was passed by voters of Maricopa County in November 1994. The bond program totaled \$386 million and resulted in a 1.6 million square ft. growth in space of facilities District-wide. Operational funding provided for new and remodeled space was \$21.8 million. FTSE increased by 48%, an additional 21,169 FTSE from Fall 1995 to Fall 2003. The District has since received a variety of honors, awards and recognitions. In addition, MCCD has received an AAA rating from several bond rating agencies.

An inquiry was made on the criteria used in assessing the AAA rating. The ratings have to do with the financial management of the district over a long period of time. Some examples of criteria considered are: strong financial stability, Board's Financial Stability Policy, maintaining property taxes at the maximum level, and strong financial planning.

The rating results from several levels of planning: Governing Board, District Office and College level.

Currently a bond package is being considered for November 2004. The bond program proposes a total of \$951 million. Lionel provided a draft of the 2004 Capital Development Program Summary which provides a summary of proposed activities by College District-wide. The draft summary outlines a proposed 1.5 million sq. ft in new space to be constructed.

In discussing the proposed bond program a point was made that we need to be mindful that no bond money can be used for operational funds and will need to be included in the budget throughout the bond program. The highest anticipated cost will be technology and FAC will be looked to for recommendations for funding. It was brought to the council's attention that a formula for funding the 1994 bond program was developed by FAC and the program was fully fund in 9 years. Currently the FAC Subcommittee is developing a formula for funding the proposed November 2004 bond program. Once completed, it will be brought to FAC, CEC and the Governing Board for approval.

A draft Schedule for the Proposed November 2004 Capital Program was also reviewed.

At a recent CEC meeting a discussion took place that colleges could benefit from some examples of how to plan spending operational dollars in relation to the bond. A suggestion was made that FAC could take a role in developing some of these examples. The samples will only be for the purpose of providing guidelines and will not mandate anything.

Some possible issues for FAC to address that were mentioned:

- Operating funds for new & remodeled space and new technology: \$56 million
- Scheduling the timing of the proposed 2004 capital projects
- Prioritizing the allocation of limited financial resources District-wide

2004 Legislative Session Update/Information Item – Chad Douwstra from the Government Relations office provided an update on the 2004 Legislative Session. There are a number of legislative bills that the districts are reviewing and generally are opposing. As it stands now, the Dual Enrollment bill will cut FTSE by 50%. The bill was held again and the hope is that the bill is stopped. Chad highlighted Senate Bill 1138. SB 1138 removes time restrictions on payment obligations for leases entered into by community college district governing boards for real property. In addition, there is a series of bills that could limit taxing that are being closely monitored by the Government Relations office.

Currently the state budget is at a \$377 million deficit. Currently the state budget has much brighter outlook that previously thought. The community colleges are asking for growth funding and the Governor has recommended full funding.

A question was asked if there is any discussion on special sessions. Currently there has not been discussion on any special sessions.

Tuition and Fee Update/Information Item – The proposed tuition increase of \$4 has been presented to the Governing Board as an information item. The proposed increase is scheduled as an action item on the March 23rd Governing Board meeting. Several student briefings regarding the proposed increase have been held at all campuses and have had good attendance. Students have provided valuable feedback at the briefings and the briefings are going well.

Proposed FY 2005 FAC Calendar/Information Item – The proposed FY 2005 FAC Calendar was distributed to FAC. The calendar includes meeting dates and milestones for the upcoming planning year. The council was asked to add the meeting dates to their calendars and forward any comments or issues to the budget department.

Other Business: There was no other business.

Plus / Delta

- + Lionel Diaz's presentation – shared great information
- + Chad Douwstra's presentation – shared great information

- No flipchart

Next Meeting / April 6, 2004, from 2:00 p.m. to 4:00 p.m., in the Governing Board Room