

MINUTES
KCTCS Board of Regents
Finance, Technology, and Human Resources Committee
September 13, 2018

Committee Members Present:

Ms. Lisa V. Desmarais, Committee Chair
Mr. Mark A. Wells, Committee Vice-Chair
Dr. Gail R. Henson
Ms. Mary R. Kinney

Mr. Ricky T. Shaw
Mr. Mark A. Wells
Mr. Donald R. Tarter

CALL TO ORDER

Committee Chair Lisa V. Desmarais called to order the meeting of the Kentucky Community and Technical College System Board of Regents Finance, Technology, and Human Resources Committee at 1:58 p.m. (ET) on September 13, 2018. The meeting was held in the Regional Postsecondary Education Center Quads of Elizabethtown Community and Technical College in Elizabethtown, Kentucky. The press was notified of the meeting on September 5, 2018. Hon. Mike Murray, KCTCS General Counsel, served as parliamentarian.

It was noted that KCTCS Board Chair Marcia Roth attended the Academic Affairs and Curriculum Committee meeting.

There being a quorum present, the meeting began with the approval of minutes.

WELCOME OF NEW COMMITTEE MEMBERS

Chair Desmarais extended a welcome on behalf of the Finance, Technology, and Human Resources Committee to Mr. Ricky Shaw, as a newly assigned committee member. Mr. Shaw is one of the newly elected student representatives from Hopkinsville Community College to the Board. Chair Desmarais also welcomed Mr. Mark Wells, as a newly assigned Vice Chair of the committee.

APPROVAL OF MINUTES

Chair Desmarais asked if there were any corrections to the June 14, 2018, minutes presented in the meeting materials. There being none, the minutes were declared approved as presented.

ADDITIONS OR CHANGES TO THE AGENDA

There were no additions or changes to the agenda.

ACTION: RATIFICATION OF PERSONNEL ACTIONS

RECOMMENDATION: That the KCTCS Board of Regents ratify the personnel actions listed in the agenda materials.

Chair Desmarais called on KCTCS President Jay K. Box to present the item. KCTCS Vice President Wendell Followell assisted with the presentation. It was noted that the personnel actions presented were in

accordance with reporting guidelines and policies adopted by the KCTCS Board of Regents.

Chair Desmarais called for discussion.

During discussion, it was shared that the KCTCS President assigns a President Emeritus title after a recommendation from the college Board of Directors. The title is one of honor for a president who has served a college for an extended period. It was noted that there is no financial compensation that accompanies the title.

Chair Desmarais called for a motion.

MOTION: Mr. Tarter moved and Dr. Henson seconded that the Finance, Technology, and Human Resources Committee recommend that the KCTCS Board of Regents ratify the personnel actions listed in the agenda materials.

VOTE: The motion was approved unanimously.

Chair Desmarais moved to the next agenda item.

**ACTION:
RESOLUTION TO
ENDORSE 403(B)
OPTIONS**

RECOMMENDATION: That the KCTCS Board of Regents adopt the *Resolution to Endorse KCTCS 403(b) Options* (Attachment A).

President Box noted that KCTCS sponsors a 403(b) Defined Contribution Plan governed by federal regulations, including Internal Revenue Service (IRS) code. KCTCS expanded eligibility for participation in its 403(b) Defined Contribution Plan on January 1, 2014. The expanded eligibility required employees working 25 or more hours a week, or 100 or more hours in a month, to participate in the KCTCS 403(b) Defined Contribution Plan (Plan).

Upon later review, it was determined that KCTCS needed to amend and update its Defined Contribution Plan to reflect the change in eligibility. KCTCS requested the authorization to amend and restate the Defined Contribution Plan per the IRS's Voluntary Correction Plan Program in January 2017. In May 2018, KCTCS received from the IRS written approval to amend and restate the Defined Contribution Plan in accordance with prior and current operation.

In accordance with the Compliance Statement approved by the IRS, the KCTCS Board of Regents are required to adopt by resolution and incorporation into its minutes the *Resolution to Endorse KCTCS 403(b) Options* (Attachment A).

Chair Desmarais called for discussion.

During discussion, it was shared that those who were eligible as of 2014 have already been in the plan; they are not being added. Previously, only full-time, regular faculty could be a part of the plan.

It was also noted that there are no penalties being imposed by the IRS; rather, the IRS is simply asking that the governing Board approve.

Chair Desmarais called for a motion.

MOTION: Dr. Henson moved and Ms. Kinney seconded that the Finance, Technology, and Human Resources Committee recommend that the KCTCS Board of Regents adopt the *Resolution to Endorse KCTCS 403(b) Options* (Attachment A).

VOTE: The motion was approved unanimously.

Chair Desmarais moved to the next agenda item.

**ACTION: KCTCS
INTERIM PROJECT
APPROVAL
JEFFERSON CTC
PARKING LOTS
ACQUISITION**

RECOMMENDATION: That the KCTCS Board of Regents approve the interim project acquisition of parking lots at the Downtown Campus of Jefferson Community and Technical College with a scope of \$2.5 million.

Chair Desmarais called on KCTCS President Jay K. Box to present the item. KCTCS Vice President Wendell Followell assisted with the presentation.

President Box noted that KCTCS requested a project for Jefferson Community and Technical College in the 2018-2020 Capital Budget Request in the amount of \$2.5 million titled “*Acquire and Improve Parking Lots*” at the Downtown Campus. The approved budget bill, House Bill 200, removed all acquisition pools and projects from the 2018-2020 budget. The requested portion of the project for improvement remained in the budget. Approval and reporting of the acquisition of the parking is required to proceed.

President Box shared that there are currently not enough student parking spaces at the Downtown Campus. The current parking lots that are available for acquisition are adjacent to the campus. Funding for this acquisition will come from agency funds.

Chair Desmarais called for discussion.

During discussion, it was noted that the funds for the acquisition of the parking lots will come from the college’s fund balance and will not interfere with the college’s reserve balance. The college is currently leasing the property, which is very expensive.

Chair Desmarais called for a motion.

MOTION: Dr. Henson moved and Mr. Shaw seconded that the Finance, Technology, and Human Resources Committee recommend that the KCTCS Board of Regents approve the interim project acquisition of parking lots at the Downtown Campus of Jefferson Community and Technical College with a scope of \$2.5 million.

VOTE: The motion was approved unanimously.

Chair Desmarais moved to the next agenda item.

**UPDATE:
ADMINISTRATIVE
SERVICES REPORT**

Chair Desmarais called on President Box to present the item. Vice President Followell assisted with the presentation.

President Box noted the Statement of Revenues and Expenditures reflects the actual program and operational expenditures compared to the 2017-18 budget approved by the KCTCS Board of Regents, June 09, 2017. This report reflects total revenues of \$815,392,000 or 96 percent of the budgeted revenue and appropriated funds.

It was noted that the Statement of Revenues and Expenses also reflects current fund expenses and budget reserve of \$714,839,000, or 84 percent of the expenses budgeted for the year. The Statement of Net Position reflects the overall financial position of the System and includes assets deferred outflows; liabilities deferred inflows, and net position. KCTCS's net position remains a strong \$467,118,000 as of June 30, 2018.

President Box shared that KCTCS defines diverse suppliers as those businesses owned by ethnic minorities, women, veterans, or the physically challenged. Fiscal Year (FY) 2018 data (July through June) is reported in the agenda materials. The data indicates for FY2018 that KCTCS spent \$5.6 million (8.9 percent) of a total \$63.2 million in impactable discretionary spend with diverse suppliers. In terms of business conducted, the percentage spent with diverse suppliers as compared to the total spend was higher in FY2018 (8.9 percent) compared to FY2017 (6.2 percent).

Chair Desmarais called for discussion.

During discussion, it was noted that KCTCS is accrual based. The books closed on June 30, 2018, but entries were made until August 2018. The Kentucky Teacher's Retirement System's (KTRS) auditors have not yet opined on KTRS's roll forward balances. This may delay KCTCS in finalizing its FY2017-18 audit.

Chair Desmarais called for further discussion. There being none, she moved to the next agenda item.

**UPDATE:
TECHNOLOGY
SOLUTIONS REPORT**

Chair Desmarais called on President Box to present the item. Vice President Paul Czarapata assisted with the presentation.

Vice President Czarapata shared highlights from the *2017-18 Technology Solutions Accomplishments Report*.

Vice President Czarapata then introduced Technology Solutions staff member Stephanie Proffitt who gave a demonstration of the Visual Schedule Builder advising software, which was recently enhanced.

The *2017-18 Technology Solutions Accomplishments Report* is available at:

<https://publicsearch.kctcs.edu/publication/ts/Pages/2017-18AccomplishmentsReport.aspx>

Chair Desmarais called for discussion.

During discussion, it was noted that transfer information is not recognized in the new advising software, but they are working on a way to incorporate it.

There was also discussion regarding the new KCTCS college web page designs and how the software is incorporated into those web pages.

Chair Desmarais called for further discussion. There being none, she moved to the next agenda item.

**UPDATE: OFFICE OF
AUDIT SERVICES
REPORT**

Chair Desmarais called on Mr. Mike Murray, KCTCS General Counsel, to introduce Mr. Glenn Paige, Office of Audit Services (OAS), to provide a semi-annual report on the activities of the OAS.

Three audits were performed due to college leadership changes. The audits performed at Big Sandy Community and Technical College had zero findings; West Kentucky Community and Technical College is in progress; and, the audit at Ashland Community and Technical College is in progress.

One special review was conducted for the Automotive Manufacturing and Technical Education (AMTEC) program at the request of the KCTCS Chancellor's office. The review was completed in June 2018 and the report is currently in draft review process. There was one reportable finding noted regarding customer service. A follow-up review will be scheduled in 2019.

In addition to the audits, the Office of Audit Services has been working with Crowe to perform tests of students receiving financial aid for Return to Title IV compliance, grant and contract expenditures, and numerical data contained in A-133 report. There were no significant findings reported.

KCTCS overall risk profile is low based on this assessment. For FY 2019, the highest relative risk units are Student Financial Aid at a 3.8 medium risk; Federal and State Grants and Contracts at a 2.5 medium risk; and Human Resources/Organizational Development at a 2.5 medium risk.

Subject to special requests by the KCTCS Board of Regents, KCTCS President, or President’s Cabinet, the FY 2019 audit plan will focus on scheduled reviews at colleges with leadership changes, student financial aid testing, annual audit fieldwork assistance with external auditor, Crowe, and – if time permits – System Office departments. With the pending retirement of the current Director of Audit Services at the end of September 2018, a new director will transition into the role as soon as possible.

Chair Desmarais called for discussion. There being none, she moved to announcing the next meeting.

NEXT MEETING

The next regularly scheduled Finance, Technology, and Human Resources Committee meeting is for December 6, 2018, at the KCTCS System Office, Versailles, Kentucky.

ADJOURNMENT

Mr. Wells moved and Mr. Tarter seconded that the Finance, Technology, and Human Resources Committee adjourn.

VOTE: The motion was approved unanimously. The Finance, Technology, and Human Resources Committee meeting adjourned at 3:58 p.m. (ET).

12/06/18

Date Approved by the
Finance, Technology, and Human
Resources Committee

Lisa V. Desmarais
Committee Chair



**Kentucky Community and Technical College System
Board of Regents**

Resolution to Endorse KCTCS 403 (b) Options

WHEREAS, the Kentucky Community and Technical College System ("System") sponsors the Kentucky Community and Technical College System 403(b) Defined Contribution Plan ("Plan"); and

WHEREAS, the System requested from the Internal Revenue Service ("IRS") a Compliance Statement for the Plan through a Voluntary Correction Program application, intended to address certain Plan eligibility issues; and

WHEREAS, on May 15, 2018, the IRS issued a Compliance Statement requiring that the Plan be corrected by its adoption of an amended and restated Plan document amending the eligibility provisions of the Plan to comply with the Plan's prior and current operation;

WHEREAS, the Board of Regents believes to be in the best interests of the System and desires to amend and restate the Plan in the form required by the IRS.

NOW, THEREFORE, BE IT:

RESOLVED, that the Board of Regents hereby approves amending and restating the Plan in accordance with the Compliance Statement; and

FURTHER RESOLVED, that the President, on behalf of the System, is hereby authorized, empowered and directed to execute the appropriate amendment and restatement to the Plan, and he and the appropriate officers of the System, are hereby authorized, empowered and directed to do all further acts and things, and to execute all further documents in writing which each such officer determines to be necessary or appropriate to effectuate amending and restating the Plan.

ADOPTED this fourteenth day of September 2018.

ATTEST:

Marcia L. Roth, Chair
KCTCS Board of Regents

Tammy L. Thompson, Secretary
KCTCS Board of Regents

Jay K. Box, Ed.D.
KCTCS President

