

**MEETING OF THE BUSINESS AFFAIRS COMMITTEE
OF THE BOARD OF TRUSTEES
Community College of Philadelphia
Wednesday, January 18, 2017 – 10:00 A.M.**

Present: Ms. Suzanne Biemiller (Chair), Mr. Matthew Bergheiser, Mr. Steve Herzog, Mr. Michael Soileau, Mr. Jeremiah J. White, Jr., (*via* teleconference), Dr. Donald Generals, Mr. Jacob Eapen, Mr. Todd E. Murphy, Mr. Gregory Murphy, Mr. James P. Spiewak, and Victoria Zellers, Esq.

AGENDA – PUBLIC SESSION

(1) Contract Renewal for Group Life and Long-Term Disability Plans (Action Item):

Mr. Eapen explained to the Committee that the College's current insurance contracts with Symetra to provide Life Insurance and Long Term Disability Insurance for the College's faculty and staff ended on December 31, 2016 and Symetra agreed to extend these contracts through the end of February 2017. The College's broker, Alliant Insurance, issued an RFP on the College's behalf for life insurance and long term disability insurance for College employees. The attached chart, see Attachment A, identifies the proposed rate renewal with Symetra and the rates proposed by six (6) carriers.

Mr. Eapen explained that Symetra proposed a 2.4% rate increase and would guarantee that rate for a period of two (2) years. Sun Life proposed a rate reduction of 3.2% and was willing to guarantee that rate for a period of three (3) years. He also noted that Sun Life is highly rated with an A+ rated from A.M. Best and an AA- rating from Standard & Poor's. Please refer to Attachment B. In response to a question from Mr. Soileau, Mr Eapen confirmed that the coverage provided by Sun Life was equal to that provided by Symetra.

Mr. Herzog moved and Mr. Bergheiser seconded the motion that the Committee recommend to the full Board that the College enter into a contract with Sun Life to provide Life and Long Term Disability insurance protection for faculty and staff commencing March 1, 2017, and that this contract be for a term of three (3) years at the guarantee rate reduction of 3.2% as identified in Attachment A. The motion passed unanimously.

(2) Revised College Policies and Procedures Memorandum No. 202 – Purchases and Contracts Requiring Specific Board Authorization (Information Item):

Mr. Spiewak stated that, as a result of an internal audit related to professional service contracts, the College's internal auditor suggested modifying the existing Policies and Procurement #202 to better document which professional and other service agreements require Board approval. Staff suggested modified language that it felt better articulates the purchases and contracts that require Board approval. The proposed modification to the policy also includes additional language that describes how and when contract renewals, extensions and change orders are to be presented to the Board. Please refer to Attachment C which includes the Proposed and Current Policies and Procedures Memorandum No. 202.

Mr. Bergheiser questioned whether the dollar thresholds for certain Board action should also be reviewed particularly since some of the values were established many years prior. Mr. Eapen stated that staff will undertake this review including a survey of peer institutions. Once this additional review is completed, then a revised Policies and Procedures Memorandum No. 202 will be brought back to the Committee for review and approval. Accordingly, action on this item was tabled.

(3) Financial Advisors for Bond Refinancing. (Action Item):

Mr. Eapen noted that the College has an opportunity to refinance the remaining \$11.5 million of bonds outstanding of the 2007 issue. Preliminary estimates indicate that upfront savings of \$300,000 to \$400,000 are possible. He noted that an RFP was issued to three Philadelphia-based financial advisory firms – PFM Financial & Investment Advisors, Phoenix Capital Partners and Fairmount Capital Advisors. The lowest bid at \$15,000 was received from Phoenix Capital Partners. Attachment D provides information related to the RFP. Mr. Eapen noted that Mr. Allen is a minority partner of the firm. He received excellent reference checks. Ms. Biemiller stated that she spoke with an attorney that deals with municipal financing who confirmed his excellent reputation. Staff recommended that the contract be awarded to Phoenix Capital Partners.

Mr. Bergheiser moved and Mr. Herzog seconded the motion that the Committee recommend to the full Board that the College award the contract to Phoenix Capital Partners as detailed in Attachment D. The motion passed unanimously.

(4) Willis Towers Watson Contract Extension for FY 17-18 (Action Item):

Mr. Spiewak explained that the College typically bids out insurance broker services every five years. Normally the College would be in the process of undertaking an RFP process at this time. Willis Towers Watson (formerly Willis) has been the College's insurance broker for the past ten years and has served the College well. The College is currently leading an effort to determine if group purchasing by several community colleges of certain insurance lines will result in cost savings. Willis Towers Watson is coordinating the effort of gathering and consolidating the various College's insurance data and marketing our group to carriers. Since Willis Towers Watson is coordinating this effort, at the College's request and at no cost, they were asked to submit a proposal for a one-year contract extension to continue to provide insurance broker services to the College. Willis Towers Watson submitted a fee proposal of \$55,000 which is the same amount as the current year's fee. In order to continue the group purchasing efforts and maintain continuity of services, staff recommend a one-year extension at a fee of \$55,000. In response to Ms. Biemiller's question, Mr. Spiewak verified that the extension would result in Willis Towers Watson providing insurance broker service through June 30, 2018.

Mr. Herzog moved and Mr. White seconded the motion that the Committee recommend to the full Board approval of a one-year contract extension for fiscal year 2017-18 to Willis Towers Watson. The motion passed unanimously.

(5) Three Separate Purchases of Furniture that Exceed \$50,000 Related to Office Moves (Action Item):

Mr. Eapen provided an overview of activities related to this action item. He noted that the College is moving forward with renovations consistent with the Facilities Master Plan. Mr. Eapen reported that the West Building is being designated as the STEM Building which includes major biology laboratory renovations. The College is relocating offices that are not STEM-related. The Trio and Gateway programs are being moved to the Division of Access and Community Engagement in the Winnet Building. The ground floor of the West Building is being outfitted to serve as the Offices of the Division of Math, Science and Health Careers. The vacated offices on the second floor will house faculty who are relocating to accommodate the laboratory renovations on the third floor. Staff request Committee approval of the following three items associated with these relocations:

- (a) Demountable Partitions for Winnet Third Floor - \$81,173
These items are required to create reconfigurable/reusable office space required for the Division of Access and Community Engagement for the Trio and Gateway programs. Procurement of these items provides flexibility in renovations to the space that will house the College's growing high school and other youth partnership programs.
- (b) Furniture for Winnet Third Floor - \$85,163
These items are required to outfit the space required for the Division of Access and Community Engagement which will house the College's various high school and other youth partnership programs. The furniture is for use by both staff and students including additional capacity for student workers and temporary employees.
- (c) Furniture for West Building First Floor - \$160,848
These items are required to outfit the Offices of the Division of Math, Science and Health Careers which is being relocated from the second floor of the West Building to the first floor of the West Building. This furniture will be utilized in a combination of 23 offices, workstations and support space.

In response to a question from Mr. Soileau, it was stated that the items are contained within the Capital Plan that was recently approved by the Board. Subsequent to the meeting, staff is reporting that not all of the items are being purchased from the same vendor. The breakdown of purchase from the vendors are: CI Solutions, LLC (MWBE), \$130,450; Corporate Interiors (WBE), \$164,710; and Corporate Facilities of New Jersey, Inc. (MWBE), \$32,024.

Mr. White moved and Mr. Herzog seconded the motion that the Committee recommend to the full Board approval of the following three purchases of furniture and fixtures that exceed \$50,000 related to office moves:

- (a) Demountable Partitions for Winnet Third Floor - \$81,173
- (b) Furniture for Winnet Third Floor - \$85,163
- (c) Furniture for West Building First Floor - \$160,848

The motion passed unanimously.

The remaining meeting time was devoted to discussions of legal matters and potential donor in Executive Session.

(6) Next Meeting Date:

The next regularly scheduled meeting of the Committee is scheduled for Wednesday, March 22, 2017 at 10:00 A.M. in the Isadore A. Shrager Boardroom, M2-1. At that time, Mr. White recommended that the College's long- and short-term investments as well as cash flow be reviewed by the Committee.

JE/Im
Attachments

ATTACHMENT A
Community College of Philadelphia
2017 Plan Cost Renewal Review
Group Life & Long Term Disability Plans

**Community College of Philadelphia
2017 Plan Cost Renewal Review
Group Life & Long Term Disability Plans**

Employees: 1045

	Rate Guarantee		Current - Symetra		Revised Renewal Symetra		Sun Life		Lincoln		Prudential		Cigna		MetLife		Hartford		
		Volume	Monthly Rate	2 years	Monthly Rate	3 years	Monthly Rate	3 years	Monthly Rate	3 years	Monthly Rate	3 years	Monthly Rate	3 years	Monthly Rate	2 years	Monthly Rate	2 years	Monthly Rate
L i f e	Basic Life	\$129,679,000	\$0.295	\$0.295	\$0.285	\$0.335	\$0.285	\$0.335	\$0.285	\$0.370	\$0.295	\$0.370	\$0.285	\$0.370	\$0.291	\$0.285	\$0.285	\$0.285	\$0.285
	Annual Life Premium		\$459,064	\$459,064	\$443,502	\$521,310	\$443,502	\$521,310	\$443,502	\$575,775	\$459,064	\$575,775	\$443,502	\$575,775	\$452,839	\$443,502	\$443,502	\$443,502	\$443,502
	Basic AD&D	\$120,568,000	\$0.015	\$0.015	\$0.015	\$0.015	\$0.015	\$0.015	\$0.015	\$0.015	\$0.015	\$0.015	\$0.015	\$0.015	\$0.015	\$0.015	\$0.015	\$0.015	\$0.015
	Annual AD&D Premium		\$21,702	\$21,702	\$21,702	\$21,702	\$21,702	\$21,702	\$21,702	\$21,702	\$21,702	\$21,702	\$21,702	\$21,702	\$21,702	\$21,702	\$21,702	\$21,702	\$21,702
L T D	Core	\$3,961,253	\$0.480	\$0.510	\$0.460	\$0.580	\$0.460	\$0.580	\$0.460	\$0.545	\$0.545	\$0.545	\$0.460	\$0.775	\$0.792	\$1.100	\$0.460	\$0.792	\$1.100
	Annual Premium		\$228,168	\$242,429	\$218,661	\$275,703	\$218,661	\$275,703	\$218,661	\$259,066	\$259,066	\$259,066	\$218,661	\$368,397	\$376,477	\$522,885	\$218,661	\$376,477	\$522,885
	LTD Annuity	\$4,027,722	\$0.15	\$0.16	\$0.15	\$0.00	\$0.15	\$0.15	\$0.00	\$0.17	\$0.17	\$0.17	\$0.15	\$0.00	\$0.25	\$0.00	\$0.15	\$0.25	\$0.00
	Annual Premium		\$72,499	\$77,332	\$72,499	\$0	\$72,499	\$72,499	\$0	\$82,166	\$82,166	\$82,166	\$72,499	\$0	\$120,832	\$0	\$72,499	\$120,832	\$0
Total Annual LTD Premium		\$300,667	\$319,761	\$291,160	\$275,703	\$291,160	\$275,703	\$275,703	\$341,231	\$341,231	\$341,231	\$291,160	\$368,397	\$497,309	\$522,885	\$291,160	\$497,309	\$522,885	

TOTAL ANNUALIZED PREMIUM	
Current	\$781,433
Revised Renewal	\$800,527
% change over current	2.4%
Current	\$715,365
Revised Renewal	\$715,365
% change over current	-3.2%
Current	\$37,282
Revised Renewal	\$37,282
% change over current	0.0%
Current	\$18,188
Revised Renewal	\$18,188
% change over current	0.0%
Current	\$21,471
Revised Renewal	\$21,471
% change over current	0.0%
Current	\$190,417
Revised Renewal	\$190,417
% change over current	0.0%
Current	\$171,324
Revised Renewal	\$171,324
% change over current	0.0%

This analysis is for illustrative purposes only, and is not a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including patterns, catastrophic claims, changes in plan design, healthcare trends, etc. This analysis does not amend, extend or alter the coverage provided by the actual insurance policies and contracts. Please consult your policy or contract.



**Community College of Philadelphia
Group Life and LTD Benefit Review**

Life Insurance			
Class	Class Definition	Benefit	Guarantee Issue Amount
Class 1A	All Full Time Administrators	2.5 times annual salary	\$600,000
Class 1B	All Active Temporary Administrators and Grant Administrators	2.5 times annual salary	\$375,000
Class 2A	All full-time learning lab faculty, librarian, counselor and all other full-time faculty members, other than faculty participating in pre-retirement option	2 times annual salary	\$250,000
Class 2B	All active faculty members participating in the stepdown pre-retirement option, other than adjunct faculty members	2 times annual salary	\$250,000
Class 3A	All other active full-time classified members	2 times annual salary	\$150,000
Class 3B	All other active full-time confidential members	2 times annual salary	\$150,000
Class 4A	All active part-time classified members with less than 6 years of service	\$10,000	\$10,000
Class 4B	All active part-time confidential members with less than 6 years of service	\$10,000	\$10,000
Class 5A	All active part-time classified members with 6 or more years of service	2 times annual salary	\$150,000
Class 5B	All active part-time confidential members with 6 or more years of service	2 times annual salary	\$150,000
Class 6	All active part-time adjunct faculty members and visiting lecturer members	\$16,000	\$16,000
Class 7	Active full-time College President	2.5 times annual salary	\$500,000
Class 8A	Retired administrators and confidential members whose name is on file as a retiree with Community College of Philadelphia	Amount on File	Amount on File
Class 8B	Retired faculty and classified members whose name is on file as a Retiree with Community College of Philadelphia	Amount on File	Amount on File

Long Term Disability			
Own Occupation Duration		24 month own occupation	
Elimination Period		180 days	
Duration of Benefits		to SSNRA	
Class	Class Definition	Benefit	Monthly Maximum
Class 1	Administrators, other than Temporary Administrators or College President	60%	\$10,000
Class 2	All full-time Temporary Administrators and Grant Administrators	60%	\$10,000
Class 3	Classified Members who are a part of the bargaining unit, Confidential Members who are not a part of the bargaining unit, faculty, librarian, and counselor members	60%	\$5,000
Class 4	College President	60%	\$15,000

This analysis is for illustrative purposes only, and is not a guarantee of future expenses, claims costs managed care savings, etc. There are many variables that can affect future health care costs including patterns, catastrophic claims, changes in plan design, healthcare trend increase, etc. This analysis does not amend, extend or alter the coverage provided by the actual insurance policies and contracts. Please consult your policy or contract

ATTACHMENT B
Community College of Philadelphia
Group Life and LTD Benefit Review

Community College of Philadelphia
Group Life and LTD Carrier Marketing Results

Carriers		Rating	
		A.M. Best	Standard & Poor's
Incumbent:	Symetra	bbb+	A
Proposed:	Responses		
SunLife	Q	A+	AA-
Lincoln	Q	A+	AA-
MetLife	Q	A+	AA-
Prudential	Q	A+	AA-
Hartford	Q	A+	A
Cigna	Q	A u	AA-

Q	Quoted and included in this analysis
NC	Quoted but not financially competitive and not included in this analysis
DTQ	Declined to quote
NA	Does not underwrite particular line of coverage
Pending	Quote not completed at time of presentation
N/A	Not Available
NR	Not Rated
U	Rating under review



ATTACHMENT C

Proposed Policies and Procedures Memorandum No. 202
Current Policies and Procedures Memorandum No. 202

PROPOSED P&P 202

Purchases and Contracts Requiring Specific Board Authorization

Memorandum #202 Purchases and Contracts Requiring Specific Board Authorization

The Board of Trustees assumes the ultimate responsibility for the operation of the College, the prudent use of its resources, and for maintaining productive and supportive relations with regulatory and funding agencies. In exercising its responsibility to the public and private sources which annually provide the College with its operating and capital budget revenues, the Board of Trustees approves the annual budget prior to the start of each fiscal year. In addition to approving the aggregate budget plan, the Board will specifically approve certain types of expenditures and contractual relationships. These specific approvals may occur either as a part of the annual budget adoption process or as individual items brought to the Board during the course of the fiscal year through the Board of Trustees Business Affairs Committee.

The following financial transactions require specific Board approval:

- *Development of New or Modified Facilities* - Any program for the development or modification of a college facility and associated equipment with a total project value of fifty thousand dollars (\$50,000) or greater.
- *Construction Change Orders* - Any construction change order with a unit value of fifty thousand dollars (\$50,000) or greater. Normally the construction change order should be approved by the Board before it is authorized by the College's Vice President for Business and Finance. If a postponement in approving a change order would seriously delay an essential project or create an exposure to contractor claims for delay of project, and if the change order can be accommodated within available construction dollars, then the President may authorize proceeding with the change order with the understanding that the Board will be advised of the essential construction change at the first scheduled meeting of the Business Affairs committee and subsequent board meeting.
- *Capital Purchases or Leases* - Any single item or combination of complementary capital items with an annual cost of fifty thousand dollars (\$50,000). This includes both property leases and capital purchases.
- *Capital Write-Offs* - Disposal of capital equipment and other real property with an original acquisition price of twenty-five thousand dollars (\$25,000) or greater.
- *Real Estate Acquisition* - All acquisition of real estate including land and buildings. Potential real estate gifts to the College must be formally accepted by the Board before title to the property is transferred.
- *Debt Obligations* - Any agreements to borrow funds on behalf of the College. This includes both long-term debt such as bonds and mortgages as well as short-term borrowing for operating purposes.
- *Accounts Receivable Write-Offs* - Payments from any one source due to the College with a book value of ten thousand dollars (\$10,000) or greater for which staff believe there is no basis to expect payment.

- *Professional Services* - Because of their significance to the College and the responsibilities of the Board of Trustees, the following professional services will require Board approval at the time a change in provider is considered or a new contract for services is required: Public Accounting Services, Banking Services, Legal Services, Insurance Broker Services, Investment Management Services.

- Other Services - Engagement of any other service, regardless of type, with an annual expense or revenue volume of one-hundred thousand dollars (\$100,000) or greater, requires Board approval. Purchase of other services with a value less than \$100,000 whose costs are contained within the approved college budget may be authorized by the President or his or her designee.

- Renewals, Extensions and Change Orders for Professional and Other Services
 - Contract renewal options, if presented to the Board at the time of initial award with a stated dollar value, do not require a subsequent Board approval.
 - Contract extensions of less than a twelve-month duration do not require Board approval unless the value of the extension exceeds 105% of the value of the expiring contract. Any contract extension beyond a twelve-month time duration requires approval by the Board of Trustees.
 - Change orders to contracts for professional or other services that cause the value of a contract to exceed \$100,000 require that the modified contract be approved by the Board of Trustees. If a postponement in approving a change order would seriously delay an essential project, then the President may authorize proceeding with the change order with the understanding that the Board will be advised of the essential construction change at the first scheduled meeting of the Business Affairs committee and subsequent board meeting.

CURRENT P&P 202

Purchases and Contracts Requiring Specific Board Authorization

Memorandum #202 Purchases and Contracts Requiring Specific Board Authorization

Revised: February 5, 2009

Date of Issue: June 4, 1969

Reissued 28A - March 27, 1984

28A - May 6, 1985

The Board of Trustees assumes the ultimate responsibility for the operation of the College, the prudent use of its resources, and for maintaining productive and supportive relations with regulatory and funding agencies. In exercising its responsibility to the public and private sources which annually provide the College with its operating and capital budget revenues, the Board of Trustees approves the annual budget prior to the start of each fiscal year. In addition to approving the aggregate budget plan, the Board will specifically approve certain types of expenditures and contractual relationships. These specific approvals may occur either as a part of the annual budget adoption process or as individual items brought to the Board during the course of the fiscal year through the Board of Trustees Business Affairs Committee.

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- *Construction Change Orders* - Any construction change order with a unit value of fifty thousand dollars (\$50,000) or greater. Normally the construction change order should be approved by the Board before it is authorized by the College's construction manager. If a postponement in approving a change order would seriously delay an essential project or create an exposure to contractor claims for delay of project, and if the change order can be accommodated within available construction dollars, then the President may authorize proceeding with the change order with the understanding that the Board will be advised of the essential construction change at the first scheduled meeting of the Business Affairs committee and subsequent board meeting.
- *Capital Purchases or Leases* - Any single item or combination of complementary capital items with an annual cost of fifty thousand dollars (\$50,000). This includes both property leases and capital purchases.
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- *Professional Services* - Because of their significance to the College and the responsibilities of the Board of Trustees, the following professional services will require Board approval at the time a change in provider is considered or a new contract for services is required: Public Accounting Services, Banking Services, Legal Services, Insurance Broker Services, Investment Management Services, and engagement of any service with an annual expense or revenue volume of one-hundred thousand dollars (\$100,000) or greater. Purchase of other services whose costs are contained within the approved college budget may be authorized by the President or his or her designee.
- *Debt Obligations* - Any agreements to borrow funds on behalf of the College. This includes both long-term debt such as bonds and mortgages as well as short-term borrowing for operating purposes.
- *Accounts Receivable Write-Offs* - Payments from any one source due to the College with a book value of ten thousand dollars (\$10,000) or greater for which staff believe there is no basis to expect payment.

ATTACHMENT D
Financial Advisors for Bond Refinancing

COMMUNITY COLLEGE OF PHILADELPHIA

<u>Selection Criteria</u>	<u>PFM Financial & Investment Advisors</u>	<u>Phoenix Capital Partners</u>	<u>Fairmount Capital Advisors</u>
Responsiveness to RFP Proposal	Met required responses.	Met required responses.	Met required responses.
Experience of the Firm providing financial advisory services to higher education institutions	3 Community College References Lead FA for 6 PA Community Colleges.	No Community College Experience. Only Governmental and School Districts.	35 Higher Education transactions over \$2.0 billion in Par.
Qualifications of individuals assigned	3 Staff Assigned. More Bond Issues and par amount of Bonds than any other FA in market. Provides Training Seminars to Clients.	Only 1 person assigned to handle the entire transaction.	3 Staff Assigned.
Satisfaction of previous clients	Recommended by Community Colleges in PA.	No Community College Experience. Only Governmental and School Districts.	Recommended by other Higher education clients Loyola, Duquesne, Univ. of Delaware.
Approach or methodology	TBD	TBD	Most thorough analysis of the College's Debt Profile.
Fees	\$30,000 - \$35,000 plus OS Doc Fee Prep \$3,000 to \$5,000.	Fixed Price for this Transaction - \$15,000	\$27,500 for refunding via negotiated or private placement; \$40,000 for a competitively offered fixed rate sale.