

012-F

**Antioch University
Finance Committee Minutes
May 31 and June 1, 2001**

Present: Jim McDonald, chair; Bruce Bedford; Bob Krinsky; Monique Clague; Pegene McPhaden; Leressa Crockett; Art Zucker; Niels Lyster; Judy Palmer; Glenn Watts; Rosalie Sturtevant; Toni Murdock; Barbara Danley; Jim Craiglow; Mark Schulman; Bob Devine; Jim Hall; and David Weaver. Several other members of the Board were also present.

The Finance Committee meeting held in Keene, New Hampshire spanned May 31 and June 1, 2001. The meeting began with the approval of Beverly L. Viemeister as the Chair of the Glen Helen Board of Overseers and Randall G. Daniel as the Chair of the WYSO Resource Board by unanimous vote. Both terms begin July 1, 2001.

The main item of discussion was the 2001-02 Antioch University budget. An introduction concerning the 2000-01 year-end by Glenn Watts indicated that Antioch's bottom line has been drifting down in recent years. He mentioned that the University could realize a deficit of \$870,000 or more at June 31, 2001, including stock market fluctuations.

In the 2001-02 budget, as in past years, depreciation is not covered and will represent a \$2.9 million expense. The College budget contains a Lead Gift line of \$1.7 million with no definitive revenue source behind it and represents a significant gamble to the institution. This budget is extremely tight and, even though the contingencies and liquidity reserves are pledged to cover depreciation, the budget still represents a deficit. Everything must go right to avoid another deficit, and this budget contains too much risk. In the past, liquidity and contingency reserves have been sufficient to cover the deficit, but that is not the case in 2001-02. Problems that arise with a deficit are unfavorable audit comments, not meeting bond covenants, risks to continuation of Federal financial aid, and the upcoming NCA reaccreditation process. In summary, the Vice Chancellor said that he could not recommend approval of the budget as presented.

Speaking on behalf of the Presidents, Jim Craiglow emphasized that the campuses need short term stabilization, both financial and strategic. The adult campuses have over \$2 million in unfunded reserves due them from the 1980's. The Presidents do not want this fact lost in stabilization discussions.

A discussion ensued concerning the budgeted \$600,000 of Endowment gains to be used for adult campus capital and program development projects. It was agreed that Antioch needs to shoot for a break even finish in the 2001-02 year.

Chair Jim McDonald next suggested that in order to approve the budget, an 'embargo list' of items that would not be spent until lead gifts were received, needed to be developed and attached to the budget (see attachment for embargo list and spending procedure).

The meeting was recessed until the next day, 6-1-01.

The meeting reconvened on 6-1-01 at 10AM. Present: Jim McDonald, chair; Jeff Kasch; Art Zucker; Pegene McPhaden; Niels Lyster; Bill Hooper; Judy Palmer; Sandra Deming; Bruce Bedford; Lillian Lovelace; Glenn Watts; Jim Craiglow; Bob Devine; Toni Murdock; Barbara Danley; Mark Schulman; Jim Hall; Lois Mann

After discussion, it was agreed that the Lead Gift line must receive \$350,000 before any of the specific embargoed items can be released.

President Mudock presented a proposal to build-out part of the space in the Seattle building that was formerly leased to the Swallow's Nest.

The meeting was recessed until later in the day.

The meeting was reconvened at 4PM. Present: Jim McDonald, chair; Niels Lyster; Sandra Deming; Art Zucker; Pegene McPhaden; Jeff Kasch; Bruce Bedford; Bill Hooper; Glenn Watts; Rosalie Sturtevant; Bob Devine.

There was a motion to approve the tuition rates, as they appear in the 2001-02 budget, by Art Zucker, seconded by Niels Lyster. All approved.

There was a motion to approve the 2001-02 budget, with the Lead Gift line increased to \$2.0 million and the embargo qualifications, by Art Zucker, seconded by Judy Palmer. All approved.

Bob Devine registered objections to the \$2.0 million lead gift line contained in the College budget and to the encumbrance procedure. Jim McDonald replied that the encumbrance procedure was a short term fix to keep us from a deficit in 2001-02 and was not intended as a permanent shift in how we do business. Glenn Watts commented that these are needed controls that several of the CFOs are welcoming and that the University Controller will work with the CFOs to set up an encumbrance system. Jeff Kasch added that we need discipline in place to limit the downside risk in this budget.

A resolution was moved by Bruce Bedford, seconded by Pegene McPhaden to allow the one time use of \$600,000 of unrestricted endowment gains by the campuses for capital and program development items as described in the budget. All approved.

The meeting adjourned at 5:20 p.m.

Attachment

Attachment to the Finance Committee Minutes
of May 31-June 1, 2001

The Finance Committee requires that \$350,000 in uncommitted additional revenue be received before any revenue may be applied to the embargoed items. A second \$350,000 is to be generated on the Lead Gift line and not expended for any new purpose since it will be needed to cover expenses already in the budget.

The following items in the College Budget are considered "embargoed expenditures":

Development Office vacant position	\$ 67,548
Build-up in the Admissions Office	455,075
Drey Revolving Fund	200,000
Salary Increases above 2%	299,377
Campus Contingency, Discretionary	150,000

And the following items are also considered embargoed expenditures:

University Conference Fund	
New England	\$ 8,480
Seattle	8,400
Southern California	9,240
McGregor	5,240
College	8,640
Adult campuses, \$17,000 each	68,000
University Administration	20,000

The total of specific items is \$1,300,000.