



BOARD OF TRUSTEES

Finance and Capital Assets

Minutes

September 27, 2016

Board of Trustees members in attendance: Committee Chair Queenin, Committee Vice Chair Sullivan, Committee Secretary Johnson. Trustee members Landrau and (Board Chair) Marcus also present.

Excused absences: Trustees Trafford, Magovern and Hagan.

No trustee guests were present.

Dr. Ramon S. Torrecilha, President of Westfield State University was also present.

The meeting was called to order by Committee Chair Queenin at 1:06 PM.

Committee Chair Queenin moved forward to agenda item Approval of Minutes.

MOTION was made by Trustee Johnson to approve the minutes of the April 28, 2016 meeting. Trustee Landrau seconded this motion. Committee Chair Queenin asked if there was any discussion or questions and hearing none, called for the vote. The minutes were approved unanimously.

Committee Chair Queenin moved forward to agenda item Approval of Minutes.

MOTION was made by Trustee Landrau to approve the minutes of the May 31, 2016 meeting. Trustee Johnson seconded this motion. Committee Chair Queenin asked if there was any discussion or questions and hearing none, called for the vote. The minutes were approved unanimously.

Committee Chair Queenin then gave the floor to Vice President of Administration and Finance Stephen Taksar. Mr. Taksar presented Items for Information beginning with Bank/Cash Transfer Update July 2016.

Vice President Taksar gave a brief update on the bank/cash transfer that occurred over the summer. The Board voted to reallocate \$10 million worth of funds, and these transactions have been completed through short term investment accounts. He further explained that the goal is to keep funds as liquid as possible, and the policy will be revisited at the end of the fiscal year.

The next item on the agenda, Dining Services Update. Mr. Taksar stated that this has been a major transition for the university and a large undertaking. Dining services is now serving 5,000 meals per day, about a 20 percent increase. Fifty students have been hired to work in the dining hall. As pointed out by Trustee Landrau, these students act as ambassadors for the new program.

Mr. Taksar continued that retail operations are not yet fully staffed. A copy of the dining budget is provided the Trustees via the meeting packet material. Committee Chair Queenin informed the trustees that a more detailed report will be given at the full Board meeting and that numbers will be available each quarter.

Committee Chair Queenin asked if there were any questions or further discussion.

Previously, 62 percent of students used the program. Per Vice President Taksar, this will be the benchmark used when tracking these numbers.

There will be no impact on concessions which are separate from dining services.

President Torrecilha noted that the numbers look similar to those presented for June; he asked if the figures will be updated. Mr. Taksar responded that the numbers have not changed since June; expenses and the bottomline have remained the same.

Committee Chair Queenin asked if there was any further discussion or questions. Hearing none, he moved forward to agenda item Fixed Assets Inventory Progress Report. Vice President Taksar introduced Steven Scibelli, Associate Director of Accounting.

Mr. Scibelli explained that this report is provided on an annual basis as per policy. Mr. Scibelli said that he and Mr. Rondinelli attended a fixed assets inventory networking conference, the first time any WSU staff attended such a conference. Among the topics presented at the conference: how to better educate faculty and staff on inventory control and how to better communicate more efficient methods of inventory control such as online reporting. The biggest "takeaway" for Mr. Scibelli was the information regarding WSU technology (custom scanning) since some institutions still use pen and paper systems for inventory and are in the process of updating those systems. Mr. Scibelli feels it is beneficial that the WSU finance area and inventory are connected. As to the barcoding of items, Mr. Scibelli explained that barcoding does provide detail. Anything purchased since the start of the Banner system is included in that data.

Committee Chair Queenin asked if there were any other questions for Mr. Scibelli. There were none.

The next agenda item titled President's Travel Report was brought forward for address by Lisa Freeman, Associate Vice President of Finance. It was noted that for more clarity as to this report, the proper title to be stated is "Travel Expenses of the President and President's Director Reports, July 2015—June 2015."

It was requested that more specifics be provided in this report, and it was agreed that additional information will be provided in the future.

Committee Chair Queenin thanked Ms. Freeman and asked if there was any further discussion or any questions. Hearing none, the Committee Chair proceeded to the next agenda item to be addressed by Vice President Taksar, Early Retirement Program.

Vice President Taksar stated that in terms of highlights, this is a similar program that was offered a year ago. There about 19 people at WSU who took advantage of that program, and a cost savings was realized. There are incentive payments associated with the program. An employee's retirement date must be by the end of this calendar year. Mr. Taksar commented that at this point, it isn't clear how many employees will take the early retirement.

It was requested that this topic be placed on the full Board agenda for October 6.

Committee Chair Queenin asked if there was any further discussion or any questions. Hearing none, the agenda advanced to FY18 Budget Planning Parameters and Board of Trustees Timeline.

President Torrecilha explained that not only will the budget process begin earlier than in the past, the institutional priorities and the budget relationship are also being reviewed. Also, the structure of Academic Affairs is being discussed and that at this time, it is not certain what the structure will be. Other areas of discussion/review: Technology (inventory control) and enrollment (institutional) processes. He continued that there are capital projects for which funding needs to be planned (Ex. The Dower Center and future renovation of Parenzo). There was also discussion regarding the new positions in Advancement as well as staffing needs in Admissions and Administration and Finance.

Mr. Taksar explained that a framework is required on how to proceed, and it is the objective that by fall, to return to the board with various scenarios.

Committee Chair Queenin asked if there was any further discussion or any questions. He added that at the July 18 Trustees Retreat discussion broached some of this topic and that short and long term goals have been outlined with Mr. Taksar.

President Torrecilha commented that some priorities and initiatives cannot be implemented in one year; possibly a good three years such as the case of the Westfield Experience.

Challenges in the IT area were also discussed including funding and connectivity.

Vice President Taksar said that a consensus needs to be achieved moving forward in order that his department may be able to put forth something more concrete as the FY18 budget is constructed.

Committee Chair Queenin stated his understanding that there will be an agreement of objectives and goals with numbers and a timeframe. Through Administration and Finance, strategic priorities and funding will be developed. Also, there is the need to relate this to the day to day operations of the campus. The board is supportive of these efforts and if more interaction is needed with the committee, this will be done.

President Torrecilha stated that he would like to see what the budget will look like in February or March rather than waiting until May or June which he feels is too late.

Committee Chair Queenin asked if there was any other discussion or any questions. Hearing none, the agenda advanced to Capital Projects/Budget Overview.

Vice President Taksar referenced the handout “Capital Projects and Budget Overview September 2016” which explained what is trying to be accomplished and the capital budget issues associated with the funding of the capital projects. Mr. Taksar introduced Curt Robie, Associate Vice President of Facilities and Operations. Referring to his PowerPoint presentation slide, FY16 Rollover Capital Projects >\$100,000, Mr. Taksar explained that these are projects that are not fully funded, but funds are available as rollover. This is strictly a timing issue—a project that has been started one year is not completed and approval is required for rollover. In this instance, the rollover is at \$2.7 million. Mr. Taksar confirmed that this is not “new” money but rollover money.

Regarding the Dower Center, Mr. Robie explained that the university owned the building but allowed the city to use it as the Juniper Park School which is now vacated. Reviewing the master plan, it was recommended to turn the building into a performing arts center. Preliminary estimates were on the low side; the current project cost is estimated to be \$5.6 million or \$2 million more than initially presumed. There had been discussions as to whether to proceed or not. A substantial gift from Catherine Dower was received which has enabled the project to move forward. The project involves two phases which are itemized on the handout Catherine Dower Center for the Performing and Fine Arts, Project Cost Overview. Costs have come in higher than anticipated in trying to bring the building up to 21st century standards. The goal is a completion date by December 2016. Vice President Taksar \$1.3 million is needed to complete the center.

President Torrecilha pointed out that the university is using its own money; no borrowing is taking place.

Referring to slide number 3, “FY16 Changes in Unrestricted Net Position,” Mr. Taksar stated that the numbers shown on the slide are the best estimate. What is creating an issue is the impact of the state pension calculation for FY16. This is a two part audit adjustment which is

still being analyzed. At the moment, \$2.7 million is the immediate impact for FY16 with a longer term liability pending.

Mr. Taksar explained that unrestricted net position doesn't include capital coming in from the state for the new science building. The excess funds from additional revenue is \$1.8 million and a combination of unspent funding. Departments last year were asked to hold back on spending so some restraint last quarter of the year resulted in operating fund excess. Unspent fringe dollars are about \$400,000. These funds are brought forward but can't be counted on every year. He commented that it had been a good year with residential life and DGCE which resulted in a reallocation of funds, the remainder being audit adjustments. The result is \$6.7 mill in net unrestricted dollars.

Mr. Taksar moved to slide 4, Projected Net Position—FY16 and FY17, Baseline Model noting that \$25 million in unrestricted funds. A projected balance as of June 30, 2016 of \$94.7 million is shown, most of which invested in capital.

Mr. Taksar referred to slide 5, Projected Net Position—FY16 and FY17, Assuming \$4.0 Million Increase. He said that this slide assumes that every dollar is not spent and that there is excess revenue in fiscal year 2017. Mr. Taksar said that the \$4 million is not a stretch and that at the end of the day, an increase is generated as oppose to remaining flat (\$94.7 to \$98.1 million).

With no further discussion or questions, Mr. Taksar referred to the two motions before the committee.

Trustee Sullivan brought forth the first motion.

MOTION to approve additional FY16 capital rollover funding of \$2.7 million for a total FY17 capital rollover budget of \$5.2 million (\$2.5 million previously approved). The motion was seconded by Trustee Johnson. Committee Chair Queenin asked if there was any discussion. Trustee Johnson asked if there is money for the Westfield Experience and that he doesn't want to approve funds before it is heard what else needs to be done. President Torrecilha explained that the Westfield State Experience should not come from a "one time fund." Trustee Johnson accepted this response and Committee Chair Queenin called for vote on this motion. The vote was in approval of the motion and the vote was unanimous.

Trustee Sullivan brought forth the Motion as follows:

MOTION to approve additional funding of \$1.3 million to complete Phase I of the Catherine Dower Center renovation for a total cost of \$5.6 million. The motion was seconded by Trustee Landrau. There was no discussion on this motion. Committee Chair Queenin called for a vote. The vote was in approval of the motion and the vote was unanimous.

The agenda proceeded to Policy 0601, Fixed Assets, Capitalization and Inventory. Mr. Scibelli spoke about this policy stating that revisions have been made to the policy. These revisions have been influenced by several factors such as the internal audit by Risk Management, the asset verification process, and conference referred to earlier. The changes were to align the policy with Commonwealth procedures. He noted that half of the assets are technology assets.

Committee Chair Queenin asked if there was any further discussion or any questions. Hearing none, he asked that the Motion be brought forward.

Trustee Johnson brought forth the Motion as follows:

MOTION to approve changes to the Fixed Assets, Capitalization and Inventory Control policy as specified in the revised policy presented today. Trustee Landrau second the motion.

Committee Chair Queenin asked if there was any discussion. Trustee Sullivan referred to page two of the policy as it applies to Trustees and the iPads assigned to them. Mr. Scibelli responded that Trustees are special state employees.

Committee Chair Queenin asked if there were any other questions. Hearing none, he called for the vote. The vote was in approval of the motion and the vote was unanimous.

Committee Chair Queenin moved on to the next agenda item, the motion for the Trust Fund Management Policy (0604). Vice President Taksar explained that the changes to this policy allow the President and the Vice President of Administration and Finance to approve certain transaction that are now outside of their authority. He noted that there are exceptions to certain areas such as Dining Services expenditures, utilities, and payroll.

Committee Chair Queenin stated that there had been a discussion in an effort to remedy the payroll and food service contract since the university is now buying the food. He commented that there needs to be a “deeper dive” into this issue at some point. He stated that the policy changes accommodate the President and Vice President of Administration and Finance on three reoccurring items.

Both Committee Chair Queenin and Chair Marcus brought up the best practices in the state used by other institutions and, again, Committee Chair Queenin emphasized the need to review the entire policy.

Committee Chair Queenin asked if there was any other discussion or questions. Hearing none, he moved forward with the motion. Board Chair Marcus brought forward the motion.

MOTION to approve the changes to the Trust Fund Management policy as specified in the revised policy presented today. Trustee Landrau seconded this motion.

Committee Chair Queenin asked if there was any discussion on the motion. Hearing none, he called for the vote. The vote was in approval of the motion and the vote was unanimous.

Committee Chair Queenin advanced to agenda item of the motion regarding Travel Policy 0390. Mr. Christopher Raymond, Director of Procurement and Administrative Services, presented. Mr. Raymond explained that the change reflected that in July, the university went from a third party travel agent to an in-house travel agent. Changes to the policy today, reflecting change from July went from third party travel agent to on campus agent.

Committee Chair Queenin asked if there was any further discussion or questions. Hearing none, he asked that the motion be brought forth.

Trustee Landrau brought forth the motion.

MOTION to approve changes to the Travel policy as specified in the revised policy presented today. Trustee Sullivan second the motion. Committee Chair Queenin asked if there was any discussion. Hearing none, he called for the vote. The vote was in approval of the motion and the vote was unanimous.

Trustee Johnson brought forward the topic of the quarterly Profit and Loss Statements. Discussion took place regarding the timing of these statements. It was asked of Lisa Freeman regarding the level of difficulty to generate these reports. Ms. Freeman commented that the department prefers to wait a couple of weeks for accounts payable to come in. It would take approximately a week to generate the report.

Discussion took place regarding the scheduling of meetings and to review meetings dates for possible adjustment. It was also expressed by Trustee Johnson if there should be a monthly Finance Committee meeting; perhaps quarterly meetings are not enough.

Committee Chair Queenin asked about getting the quarterly Profit and Loss statement uploaded to BoardPaq.

Committee Chair Queenin thanked Vice President Taksar and his staff. He asked if there was any further discussion or questions. Hearing none, he called for a motion to adjourn the meeting. Trustee Sullivan made the motion to adjourn the meeting. This motion was seconded by Trustee Landrau. The motion was voted unanimously to adjourn the meeting.

The meeting adjourned at 2:53 PM.

Attachments presented at this meeting:

- a. Adjusted Dining Services Budget FY17
- b. Fixed Assets Inventory Progress Report

- c. Fixed Assets Inventory List
- d. President's Travel Report
- e. FY18 Preliminary Budget Planning Timeline
- f. Capital Projects / Budget Overview Summary
- g. Project Cost Overview - Catherine Dower Center
- h. Budget Overview PowerPoint Presentation
- i. Motion - Capital Project Funding - Rollover
- j. Motion - Catherine Dower Center Funding
- k. Fixed Assets, Capitalization and Inventory Control Policy (0601)
- l. Motion - Fixed Assets, Capitalization and Inventory Control Policy (0601)
- m. Trust Fund Management Policy (0604)
- n. Motion - Trust Fund Management Policy (0604)
- o. Travel Policy (0390)
- p. Motion - Travel Policy (0390)