



## BOARD OF TRUSTEES

### Finance and Capital Assets Committee

#### Minutes

December 6, 2016

Board of Trustees committee members in attendance: Committee Chair Queenin, Vice Chair Sullivan, Secretary Johnson, Trustees Landrau and Trafford.

Excused absence: Committee member and Board of Trustees Chair Marcus.

Trustee guests present: Trustees Magovern, Slakey, and Martin.

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

The meeting was called to order by Committee Chair Queenin at 1:00 PM.

Committee Chair Queenin moved forward to agenda item Approval of Minutes of September 27, 2016. Assistant to the Board of Trustees Loubert brought it to the attention of the Chair that a clerical correction had been made to the minutes prior to today's meeting and agenda packets on BoardPaq had been updated with the corrected minutes. The correction is at the top of page 7 and is now correctly worded to read, "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."

Committee Chair Queenin asked for a motion to accept the minutes as corrected.

**MOTION** was made by Trustee Johnson to approve the minutes of the September 27, 2016 meeting. This motion was seconded by Trustee Landrau. Committee Chair Johnson asked if there were any further questions or comments. Hearing none, the vote was called. It was voted unanimously to approve the minutes of the September 27, 2016 meeting.

Committee Chair Queenin then moved to the next item on the agenda, Items for Information and introduced Vice President Stephen Taksar and Associate Vice President Lisa Freeman to present on the First Quarter Financials.

Vice President Taksar, referencing the first quarter Financial Results (FY17) and (FY16), highlighted key points for the committee. The undergraduate enrollment exceeded budget by 320 students plus an increase in dining participation rates of 5.8%. He explained that this was partially offset by lower than planned occupancy and related revenue in residential life. The Division of Graduate and Continuing Education revenue is down by 1.4%.

Vice President Taksar explained that today's report is for the first quarter period ending September 30 so with regard to the dining services, information pertains to one month of operations. He also pointed out that revenue is down for DGCE due to a delay in the start of the Physician Assistant program in FY17. Expenses have been incurred for that program without any revenue offset. The upfront investments in the program are necessary, for example, the hiring of faculty.

It was stated that Vice President Taksar's narrative (FY17 Quarterly Financial Update) was very helpful.

Committee Chair Queenin asked if there was any other discussion or any questions. Hearing none, Vice President Taksar moved to the Dining Services Update and was joined by Director Andrew Mankus and Garrett Distefano of the UMass Dining Services.

Vice President Taksar presented that overall, the transition to the self-operation model has gone relatively well. Dining plan participation increased 5.8% this year compared to the budget. Student workers have been hired and this has been a great success. This represents 30 percent of the part-time workforce. He said that Mr. Mankus and his staff did a great job accommodating the students and finding jobs for them. He also thanked Mr. Distefano and his UMass colleagues for doing a "phenomenal job."

Discussion then turned to benchmarks and metrics with regard to the dining services program. Mr. Taksar gave the floor to Mr. Mankus who explained that there are five main areas which dining services studies in connection with metrics: financial performance, student satisfaction, health and wellness, sustainability, and overall participation rate. Mr. Distefano joined the discussion stating that when revenue is reviewed, efficiencies and effectiveness in what is being done is also being reviewed. He explained that there is an organization, the National Association of College & University Food Services that provides benchmarking. For example, waste and waste management is studied. In households, waste is at 40 percent and the goal at the university is to be below that household average. Satisfaction is another area. Mr. Mankus said that a survey will be going out to measure student satisfaction. Dining services is working with the student food service committee to refine menu choices, resolve concerns and seek feedback on overall service and quality.

Committee Chair Queenin stressed that the board does not want to micromanage the program, but it is a new program and feedback is necessary. However, as the dining services program progresses and because the program now is privatized, the board will stay focused on the numbers and would be interested to see the survey results. Committee Chair Queenin also brought up that it may be time to think about setting up some type of a reserve in order to replace outdated equipment.

President Torrecilha noted that as student participation in the program increases, how dining space is used may need to be looked at.

Vice President Taksar said the team will continue their work on metrics and the top five benchmarks to track key data and feedback elements for continuous improvement. This is a work in progress as the academic year progresses and a full year of data is available to report.

Committee Chair Queenin thanked Vice President Taksar and his staff for the report and requested that only a brief overview be given at the December 15 Board of Trustees meeting. He then asked if there was any further discussion or questions. Hearing none, he allowed Vice President Taksar to move to the Retirement Incentive Update.

Vice President Taksar said that nine retirements will occur under this program (staff and faculty) and these will be effective December 31, 2016. The payout incentive totaled is \$300,00 and this should be mitigated by vacancy savings this year. Mr. Taksar told the committee that in the previous year, this program resulted in 19 people taking the incentive payout.

Committee Chair Queenin asked if there were any questions. Hearing none, Executive Director Alan Blair moved forward with agenda item, IT Consultant Follow up and the need for a consultant to be brought on board. Mr. Blair and Vice President Taksar are in the process of analyzing and focusing on the details of what needs to be accomplished noting that two areas are of concern: Information Technology Services and the Academic Information Systems. Once the analysis is done, then a request for proposals will be prepared and issued by the end of January. Mr. Blair said that this will be a gap analysis of infrastructure, applications, and the people who support these areas as well as developing benchmarks; where the university is and where it is going in this area.

Vice President Taksar said another area of focus is cyber security and whether the university is investing enough in this area.

Committee Chair Queenin asked if there were any further questions. Hearing none, FY18 Budget Planning was brought forward. Vice President Taksar noted that this is a continuation of discussion that was had at the Board meeting in October with regard to long term financial planning. With regard to this, financial model scenarios are presented here for review and discussion. The four scenarios (Models A, B, C, and D) each reflect a different set of assumptions, primarily driven by variations in revenue with similar expenditures. Factors such as funding critical institutional priorities, salary increases, unfunded state mandates, health and

safety issues, contractual issues, and more are considered. Vice President Taksar reviewed and explained each model as detailed in the attachment presented. He said that now, key decisions must be made in order to begin the budget planning process. He brought to the attention of the committee that the proposed residential life budget has been reduced by \$1M; this reduced the impact on the cost of attendance. Also, dining services is expected to continue to return a net contribution of \$2.4M for FY18.

The committee asked Vice President Taksar questions regarding each model. President Torrecilha pointed out that each model is based on an incoming class of 1,300 students and that a downward trend in high school aged students continues to be a concern, but it is hoped that by building relationships with other institutions, this will build up the student body; another focus continues to be retention. He stressed that all institutions are going through the same experience.

Vice President Taksar said that Model C is preferred; it is the most realistic. He asked for a consensus in direction since the process moving forward will be linked to a model.

Committee Chair Queenin stated that after careful review, he was comfortable with Model C. He was not favorable towards using a model that presented a deficit at the start.

Discussion concluded as to the details of each model. Committee Chair Queenin asked for a general idea of how the committee as well as trustee guests (number of 8) felt about the models. The group (including committee members and trustees guests) indicated that Model C was the model of choice.

Vice President Taksar thanked the committee and others for their direction.

The next agenda item was brought to the committee, Sponsorships and Community Events, Motion.

Trustee Sullivan brought forward the Motion as follows:

**MOTION:** To authorize the university to spend up to \$30,000 in FY17 on sponsorship and/or attendance at community events, consistent with university guidelines for the expenditure of such funds. The university will report all expenditures made under this umbrella approval no later than the June 15, 2017 meeting of the Board of Trustees.

Trustee Johnson seconded the Motion.

Committee Chair Queenin asked if there was any discussions or questions. Hearing none, he called for the vote. The vote was unanimous in favor of this motion.

Committee Chair Queenin asked if there was any further discussion. Hearing none, he asked for a Motion to adjourn. Trustee Sullivan made this Motion with a second from Trustee

Sullivan. Committee Chair Queenin called for the vote. The vote was taken and was unanimous to adjourn the meeting.

The meeting was adjourned at 2:27 PM.

Attachments presented at this meeting:

- a. First Quarter Financial Update
- b. First Quarter Financial Results (FY17)
- c. First Quarter Financial Results (FY16)
- d. Dining Services Update
- e. Memo from Vice President, Stephen Taksar
- f. FY18 Financial Model Scenarios
- g. FY18 Payroll and Fringe Impact
- h. Sponsorships and Community Events History
- i. Motion—Sponsorships and Community Events.