



BOARD OF TRUSTEES

Finance and Capital Assets Committee

Minutes

February 7, 2017

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

Excused absence: Trustee Landrau.

Participating Remotely: Secretary Johnson

Trustee guests present: Trustees Slakey, Magovern, Martin.

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

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

Committee Chair Queenin announced that we will be audio recording the meeting and announced that Secretary Johnson will be participating remotely.

Secretary Johnson was called in at 1:01PM

Committee Chair Queenin moved to agenda item Approval of Minutes for December 6, 2016.

MOTION was made by Trustee Marcus to approve the minutes of December 6, 2016. The motion was seconded by Trustee Trafford.

Chair Queenin asked if there was any discussion. Trustee Sullivan brought forward a typographical error on page three, paragraph five. The number 300 should read 3000. Roll call was done for approval

Roll Call:

Chair Queenin – Yes
Trustee Marcus – Yes
Trustee Sullivan – Yes

Trustee Johnson – Yes
Trustee Trafford – Yes

Chair Queenin then moved to the next item on the agenda, Second Quarter Financials and introduced Vice President Stephen Taksar and Associate Vice President Lisa Freeman.

Vice President Taksar referenced the attachments of second quarter financials for FY17, brief one page narrative and a comparison report for FY16. Report is similar to the first quarter, except expenses tracking within the first six months. No significant changes in enrollment within DCGE or undergraduate students. Residence life tracking at a loss, noting that loss could be greater by end of year as they are down 75 students. Dining program is tracking well. Expect up-tick with expenses in dining program, should be covered by revenue from higher participation rate. Expect to hit contribution margin by end of year. Last thing, on the university budget added footnote # 5.

Chair Queenin moved forward with the travel expenses for the President and his direct reports. Lisa Freeman, Associate Vice President, pointed out the travel expense sheet is a semiannual report for first six months of the year.

Trustee Johnson asked if we recouped the funds from the cancellation of President Torrecilha's travel to California due to a family emergency. Ms. Dominique Chapman stated all funds were recouped with the exception of the processing fee.

Chair Queenin asked for any more questions. No questions.

Chair Queenin moved on to Dining Services Metrics and Benchmarks.

Vice President Steve Taksar mentioned a summary was put together of the metrics. Vice President Taksar introduced Mr. Andrew Mankus, Director of Dining Services.

Mr. Andrew Mankus, Director of Dining Services, discussed the draft of the metrics and the six major areas used to track performance and went over the documents. A successful survey was implemented in December. This survey reached out to 2500 students with a response rate of about 19%. Survey was explained. Mr. Mankus spoke about bringing in three main local distributors, and discussed tracking of sustainable seafood. Mr. Mankus said that the quality and variety of food is what is bringing satisfaction up. Chair Queenin asked Trustee Trafford for his opinion on the food. Trustee Trafford briefly stated some issues, but felt it was too early to tell about the satisfaction of the students. President Torrecilha asked the question if food costs are higher due to buying local. The answer was no, because of higher quantity purchasing and help of UMass we have locked in good rates with vendors. President Torrecilha asked about the participation rate and if it was possible to segregate the fall from the spring. Spring normally has lower numbers and this might be something we want to think about.

Chair Queenin asked about student hiring. Mr. Mankus stated that student hiring has been going well and is a great help.

Trustee Slakey asked if we put out signage on our local food purchases. Mr. Mankus said yes, they have a QR code you can scan with your phone and it will track where the food has come from. Vice President Steve Taksar mentioned that the dining facility brings in local farmers for the students to meet and ask questions. Vice President Steve Taksar talked about meetings with the Kendall Foundation

and their grant funding. The foundation is very interested in the sustainability approach. The foundation wants to present WSU as a case study on promoting sustainability.

Trustee Marcus left the room: 1:20

Trustee Marcus returned at 1:21

It was suggested by Chair Queenin that the trustees should try dinner at the dining commons.

Chair Queenin asked for any questions. Vice President Taksar asked about the metrics information and if it was enough or too much. Chair Queenin stated that at the next meeting we should come back and do the same thing (i.e., have Mr. Mankus come in and review the updated numbers).

Trustee Johnson's phone was disconnected at 1:20PM

Trustee Johnson was reconnected at 1:21

Chair Queenin asked if there were any other questions. No questions.

Chair Queenin moved into agenda number 4, Capital Planning.

Vice President Steve Taksar introduced a partner from Sightlines, Brendon Martin, Senior Account Manager, to do a presentation on 2016 Deferred Maintenance Study.

Trustee Johnson's phone disconnects at 1:22PM

Trustee Johnson reconnected at 1:23PM

Trustee Johnson's phone disconnects at 1:26PM

Trustee Johnson reconnected at 1:27PM

Mr. Martin introduced the presentation of the power point slides. Mr. Martin discussed schools that compare in size and showed a grouping of facilities peers. Sightlines targets within MA and smaller NH schools that are comparable to WSU from a size and geographical standpoint. Two areas that were looked at are first value change and operation success.

Mr. Martin discussed two distinct waves/time periods of construction on college campuses (i.e., 1970s and early 2000s) As a consequence of the original construction time of multiple facilities, there are multiple maintenance and construction issues coming due at the same time. Campuses, including WSU, are trying to prioritize. Analysis from Sightlines indicates that WSU has higher risk space compared to peers because 73% of the campus is over 25 years old.

Mr. Martin discussed capital investment – Average spending on capital maintenance and improvement is 15 million per year, with the majority coming in the last 5 years. Most has been spent on investment in existing space. Sightlines' comparison of investment by WSU to our peers indicates a differential of \$4 per sq. ft. (WSU) to \$7 dollars per sq. ft. (peers).

President Torrecilha asked if he could disaggregate MSCBA from this calculation because there is a funding mechanism for MSCBA and there is no funding mechanism for other building/maintenance. President Torrecilha asked what the picture would look like if we disaggregate.

Trustee Johnson's phone disconnected at 1:30PM. Trustee Johnson was not reconnected.

Mr. Martin pointed out that the question is covered in slide 5, E&G versus housing. There is a separate funding source with bonding authority and MSCBA side. Peers have been investing 4.5 million dollars more per year into their facilities compared to WSU. WSU's lower investment rate has increased the current need on campus.

Mr. Martin discussed replacement value, equilibrium needed and target need. This is a straight-line depreciation model. The equilibrium is the annual amount needed to address the buildings at life-cycle, broken out into envelope/mechanical and space/program. There is a bigger investment in the envelope/mechanical side (i.e., more expensive, but longer cycle for replacement) while investment in the space/program turns over faster. Mr. Martin discussed total existing space spending vs. stewardship investment target spending. He noted that low annual stewardship investment creates a backlog. Compared to peers we have the highest backlog within our peer group. Sightlines encourages us to look at our priorities. We, at WSU, have identified our current needs at 56 million dollars, a portion of which is higher risk HVAC systems. The second issue concerns renewal need, (i.e., items not due today, but within the next 10 years). We also have modernization and infrastructure needs. He then demonstrated how a lack of investment will compound over the next ten years.

President Torrecilha asked how Mr. Martin came up with 7.5 million dollars. Mr. Martin explained that he did a percentage.

Slide 13 projected different funding levels, including an increase of \$750,000 per year. President Torrecilha asked if the \$750,000 is what needs to be added in order to contain this escalation or if we can invest at a lower level? Mr. Martin states that it depends on our available funds.

Chair Queenin stated that the board had settled on putting one million dollars a year towards capital and we have been faithful to that commitment. President Torrecilha stated we need to see the value of the million dollars 5 years ago compared to today. He stated we need to be aware of inflation. Mr. Martin says averaging this out and expanding the funds every year is critical on an annual basis.

Mr. Martin stated other schools are establishing green funds, normally a student fee.

It was noted that some schools when building new space, get rid of old space. UMass Boston was an example. They are taking away deferred maintenance funding needs eliminating old buildings. This is a highly unusual process.

Mr. Martin asked for questions.

Vice President Steve Taksar talked about campus funding in terms of two buckets, the MSCBA supported buildings and DCAMM supported buildings. He explained a new initiative at the state to formalize a new methodology of allocating capital. Discussion will center on deferred maintenance. Mr. Martin noted that Sightlines has been retained by DCAMM in this regard.

President Torrecilha suggested we develop a new strategy that does not depend on DCAMM. The president also pointed out that we need to have facilities studies done ahead of time so we are ready to bring forth a plan to have a chance of getting funds when they are released.

Chair Queenin asked for other comments.

Trustee Slakey asked about a previous statement that UMass Boston tore down old buildings and replaced them with new ones. Mr. Martin stated that it was a special circumstance.

Chair Queenin discussed putting together a subcommittee focused on what we just heard and focus on a strategic plan. This committee would bring the plan back in the next 6 months to a year.

Trustee Marcus asked about what some of the other institutions do. Mr. Martin stated you look at it as a portfolio situation.

President Torrecilha feels that we need three parallel processes. First take a look at what is realistic for our budget, next phase is to think about it in a portfolio way, what buildings to look at. The third process is long term process to develop a master plan for the institution.

Trustee Sullivan discussed how this had been done on the municipal side.

Trustee Slakey pointed out that there will be a lot of political work involved. All agreed.

Chair Queenin asked what would be a plan to discuss moving forward. Trustee Sullivan and Chair Queenin stated we should put together a committee to work with Vice President Steve Taksar and report back to the board.

Chair Queenin asked if there was any further discussion. No further discussion.

Chair Queenin turned the discussion over to Vice President Steve Taksar to talk about capital projects.

Vice President Steve Taksar discussed the Dower Center for Performing Arts. The project is nearly complete with the exception of punch list items. We will exceed the budget by approximately 10%. Vice President Taksar does not have a final number yet. There is other funding to cover the additional costs. Looking at what we are going to do to minimize under budgeting in the future. He noted that the project ran longer than expected and additional work in the music practice rooms was an issue. The state building inspector required a different level of approval to install these rooms. A select number of ceiling tiles were radioactive (small amounts of radium) and had to be properly disposed.

Vice President Steve Taksar turned the discussion over to Bob Henry. Mr. Henry discussed the Science Center. We are at about 120/130 punch list items, down from over 1000.

Dower center only had 110/120 punch list items. These are small things which will be completed through the semester.

The baseball field bleachers have been turned over to us and are ready for the season to start.

Plans for the Center for Undergraduate Research and Creative work space in Ely should be ready by end of February.

Plans for the Physicians Assistant program space will be available for the PA program to present to their accrediting agent.

Trustee Marcus asked the question on the Dower center and if it was an additional 6 million dollars. President Torrecilha stated that the project budget started at 3.5 million dollars. The 6 million dollar figure is a total cost for the project.

Trustee Slakey asked if the things that happened with the Dower center were normally what happens during a project renovation. It was discussed by Vice President Taksar that the more work you do up front for projects the better able you are to prevent these issues and create fewer surprises down the road.

Mr. Henry discussed the rusty pitted pipe that had been sitting on the table, noting that the repair for related issues cost \$280,000.00. DCAMM funded the fix (i.e., replacing 120 lineal feet of steam supply line) because it was considered an emergency. He referenced that the pipe is indicative of what we have in the ground and what we will be dealing with in the next few years.

Vice President Taksar discussed Parenzo hall. This is a high priority project and we need a plan to move this project forward. He suggested that we will need to invest in a study at our own cost. This will give us a good position to move the project forward. The cost of the study is estimated at \$500,000 to \$800,000. Chair Queenin asked if there is a way to recoup that money from the state if they sign off on the building. Vice President Taksar did not know the answer at the time. Moving forward, the plan is to do the study and present to the board.

The next project that was addressed was the replacement of the turf field and track. A study will be started now with funds that were set aside this year. Estimated cost for the project is \$250,000 to \$300,000 for the study and three and a half to four million dollars for the work. A study is required by DCAMM because we are using state funds. The shelf life for field and turf is 10 years. Cost of natural turf would be four to five million plus upkeep.

Vice President Taksar stated we are looking at a few more projects where DCAMM will fund half. The two projects are the steam line replacement and roofing projects. A study will be done on this.

Mr. Henry covered the capital planning process using the flow chart. The goal is transparency.

Vice President Steve Taksar discussed the plan for capital budgeting. There is a holding spot in the budget for capital allocation. He noted that the plan is to stay true to that model and hold it at three million dollars. We have completed several projects this year and have spent about 13 million dollars. We are in need of a longer-term plan.

Chair Queenin moved to item FY18 Budget Update.

Vice President Taksar gave a brief update on where we are with the budget process. He stated that the instructions and guidelines were distributed in early January. He expects to bring forward in April a

nearly final budget. The goal is to come back to June meeting to formalize approval of the budget. Fee schedule will be brought to April meeting.

Vice President Taksar noted about vacancies that they are carried as budgeted conditions.

Chair Queenin asked if there were any other questions. No questions.

A motion was made by Trustee Marcus to adjourn the meeting. The motion was seconded by Trustee Magovern.

No role call was done due to the fact that Trustee Johnson was not connected by phone.

All were in favor of the motion to adjourn.

Meeting adjourned at 2:48PM.

Attachments presented at this meeting:

Capital Planning (Improvement Program)

Capital Planning (sightlines Presentation)

Dining Services benchmarks and Metrics

Second Quarter Financials (FY16)

Second Quarter Financials (FY17)

Second Quarter Financials (FY17)

Travel for the President and Direct Reports to the President July – December 2016