



## BOARD OF TRUSTEES

### Finance and Capital Assets Committee Minutes

Room 134, Catherine Dower Center for the Performing and Fine Arts  
June 15, 2017

---

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

Trustee guests present: Trustees Magovern 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 10:03 AM.

Committee Chair Queenin announced that the meeting will be audio recorded.

Committee Chair Queenin moved forward to agenda item Approval of Minutes of April 4, 2017 and asked for a Motion to approve the minutes.

**MOTION** was made by Trustee Johnson and seconded by Trustee Trafford to approve the minutes of the April 4, 2017 meeting. **Motion passed unanimously.**

Stephen Taksar, Vice President of Administration and Finance, came to the table and brought forward Items for Information – Third Quarter Financials, and welcomed Lisa Freeman, Associate Vice President of Administration & Finance. Ms. Freeman explained the Consolidated Financial Report for the third quarter. The total revenue was up 2.4% as of March 31, expenses are tracking on budget, and there was a net surplus of \$2 million.

On the university side, there was a 1.9% savings as reported in the first and second quarter. The construction expense was above budget by 107% due to additional funds allocated and the DGCE revenue and expenses are trending below budget. Residential life revenues are down 2% as reported in the first quarter; they will use planned reserves at the end of the year. Residential life for the third quarter was at 99% occupancy. Occupancy rates started at 102% in the first semester and it drops every semester. The average occupancy rates have been 98-99%. It was requested by the Trustees to get them a “break even occupancy number.” It was stated that number is probably 90%.

The next Item for Information, Annual Debt Report, was brought forward in compliance with the

University's Debt policy. The summary on page one shows the true university debt at approximately \$25 million on June 30, 2016. The amount of debt being carried for the residence halls is approximately \$124 million in obligations. Although this is not debt to the university since MSCBA carries this debt, it looks like university debt when the layers are peeled away. The two new residence halls built in the last ten years represents most of that debt and full funding should come from the residence hall trust fund, with revenues from student rent. The reserves in the residence hall trust fund will pay the residence life debt if student rent doesn't take care of the full amount due. The state appropriation may be withheld if we don't make the debt payment (if there are no reserves, then the university would pay these debts.) As part of the MSCBA debt, our campus-specific obligations are for our residence halls and we are also responsible for a percentage of pooled obligations for MSCBA system debt which will eventually be eliminated once bonds are retired.

The institution is solid based on the ratios and is managed financially well. It was noted that going forward, the focus needs to look at the concept of debt and what the true picture of financial health is.

Trustee Landrau joined the meeting at 10:13 AM.

The next agenda item, FY17 Sponsorship Update, was brought forward and VP Taksar explained the three-year summary for university sponsorships. In FY17 a conservative approach was taken towards minimizing the sponsorships so that more funds would be available for campus priorities. It was added that there are several sponsorships later in June that are not on this report.

In FY18, the same amount as the FY17 figure will be requested so that other events that are critical and strategic can be funded. This was a deliberate pause in FY17 as the Cabinet is looking at sponsorships more strategically as a university-wide project.

Moving on to agenda item Dining Program Update, VP Taksar stated that the first full year of self-operation went fairly well. A final year-end metrics will be provided at the next meeting. Participation for the year averaged 66%. There was a decline of about 2%, which may be due to commuter plans. The participation goal for next year is to maintain the current numbers, which will be challenging, since overall enrollment is decreasing. It was discussed that it would help to put together a strategic multi-year plan and to market the dining plans to the students. The dining program does have a healthy surplus, which helps the university with overhead and indirect costs, plus it employs the students.

The next agenda item, IT Consultant Update, was given by VP Taksar, who stated the process of hiring a consultant to provide feedback on IT issues and needs was progressing well. The first phase has been finished, with a cost avoidance of about \$40,000. A consultant has been selected, and a draft report should be available by the beginning of September.

Committee Chair Queenin moved on to Items for Discussion – Deferred Maintenance, and gave the floor to Trustee Sullivan, who stated that they have a good working group. They have looked at the templates for deferred maintenance, capital, and risk management and have researched debt service and policies for other projects. They have created a mission statement and are looking at funding without the need to go to DCAMM. They will also meet with Provost Ansari once he arrives in July to discuss strategies. Plans for tours of deferred maintenance sites are being developed.

Committee Chair Queenin moved to Items for Action and asked for a Motion on the FY18 Operating Budget.

**MOTION** was made by Trustee Johnson, seconded by Trustee Sullivan, to approve the FY18 Operating Budget as presented and to authorize the President to make budget adjustments to these funds.

Vice President Taksar stated that the biggest difference from previously reported figures was the adjustment in projected enrollment. The assumptions made in the fall were reassessed and the projected enrollment was decreased by another 100 students, bringing the overall difference to approximately 300. The extra 100 students is composed of a decline in both returning students and new students. The budgets were adjusted and there is a balanced budget based on these numbers.

Dan Forster, Vice President of Enrollment Management, was invited to the table. Vice President Forster stated that many state colleges have seen a decrease in enrollment because they have waited for applications to come in instead of marketing particular students. Enrollment Management will be creating a marketing funnel where student names will be purchased through the College Board, SAT and ACT testing programs and contact will be made with those students through phone calls, high school visits, college fairs, events on campus, until they become an applicant. A dashboard needs to be created and a priority is marketing Westfield State to students right now to make them aware of the university. The low birth rate will continue to be an issue for 10 to 11 years. After that, the minority will become the majority. A CRM (Customer Relations Manager) was recently purchased and is going live in July. The conversion on those names is going to be fairly slow.

We currently have four diverse recruiters actively on the road recruiting, and each member of the staff is a part of the marketing funnel. There is a very strong network of schools that know about Westfield State in the region, and it is planned to expand our footprint into other regions. The two computer programs, Raiser's Edge and Banner, should be able to integrate effectively.

Strategic Planning for next year will include building the name bank, investing in technology, and hiring more recruiters, which is needed to compete with nearby states offering free tuition to residents or in-state tuition to non-resident students. The Westfield Experience is a good tool to differentiate ourselves as it is distinctive to Westfield State.

Vice President Taksar returned to the table and discussed the adjustments made in the budget from April to June, which totaled approximately \$2 million. Different strategies were looked at to preserve the guiding principles and institutional priorities in order to keep strategic investments. The capital rollover funding for dining was increased, together with an increased use of reserves slightly. In the past, these have not been identified in the budget, but they are included in the all funds budget presented today.

The comparison from FY17 to FY18, despite the changes, is still tracking well below the capital rollover amount from last year. The finance department worked hard to give the

board a realistic picture in October and in April to see the whole process earlier in the year. The end product is a result of very significant work and this is being presented as the final budget for year.

The Trustees agreed that there was extraordinary work accomplished in putting the budget together this year, especially with the shortfall. The process and output shows the effort of the entire campus community. Critical solid financial planning needs to be looked at two and three years down the road as each budget is created. Vice President Taksar noted that multi-year planning has already been discussed and will be started in the next few weeks.

**There being no further discussion, the Motion passed unanimously.**

Committee Chair Queenin asked for a Motion on the Capital Projects Exceeding \$500,000.

**MOTION** was made by Trustee Johnson, seconded by Trustee Sullivan, to approve FY18 capital projects exceeding \$500,000, as presented here:

- |  |             |
|--|-------------|
| 1. Parenzo Hall Study                      | \$ 700,000  |
| 2. Catherine Dower Center Roof Replacement | \$1,000,000 |
| 3. Ely/Lammers Sewer Injection Project     | \$ 500,000  |

Vice President Taksar stated that this motion is being brought to comply with the Trust Fund policy which states board approval is required for capital project expenditures over \$500,000. Both the Catherine Dower Center and Ely/Lammers projects are shared expenses, with our portion being 50%. We are waiting for the other entities to come through with their portion of the funding (the Dower Center is DCAMM and Ely/Lammers is MSCBA).

**There being no further discussion, the Motion passed unanimously.**

Committee Chair Queenin asked for a Motion on the Schedule of Annual Tuition and Fees.

**MOTION** was made by Trustee Johnson, seconded by Trustee Landrau, to approve the FY18 annual tuition and fees schedule for graduate and undergraduate students, as presented.

Vice President Taksar stated the undergraduate tuition and fees have not changed from the earlier recommendation in October. Some campus fees have increased, such as the teaching fee and the student health insurance, which is determined by the state. For DGCE, the board already approved the Master of Science in Occupational Therapy tuition and Occupational Therapy program fee at the last meeting. We are making ourselves competitive in our market by trying to price differentiate.

**There being no further discussion, the Motion passed unanimously.**

Committee Chair Queenin asked for a Motion on the FY18 Sponsorships.

**MOTION** was made by Trustee Johnson, seconded by Trustee Landrau, to authorize the University to spend up to \$30,000 in FY18 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 June 2018 meeting of the Board of Trustees.

**There being no discussion, the Motion passed unanimously.**

Committee Chair Queenin asked for a Motion on the Vehicle Lease/Purchase Program.

**MOTION** was made by Trustee Johnson, seconded by Trustee Landrau, to approve the FY18 expenditures for the vehicle lease/purchase program, as presented.

Vice President Taksar noted that since April, the purchase of a police cruiser was added and that all items are within the budget. The goal is to move to leased vehicles.

**There being no further discussion, the Motion passed unanimously.**

Committee Chair Queenin asked for a Motion on the Fixed Assets, Capitalization, and Inventory Control Policy.

**MOTION** was made by Trustee Johnson, seconded by Trustee Landrau, to approve and adopt the updated Westfield State University policy on Fixed Assets, Capitalization, and Inventory Control (0601), as presented.

The current policy calls for capitalization and inventory control for fixed assets of \$1,000 or more. The state and most other universities set this policy at \$50,000, and our auditors recommended this change to our policy. The implications of this change will affect year-end financial statement reporting and net position. With the increased threshold of capitalization and increased depreciation, there will be an increase in recorded expenses on the bottom line. For FY18, the projected additional expense at the end of the year is anticipated to increase by \$600,000 and capitalization threshold next year would increase from \$1,000 to \$10,000. It is anticipated that the capitalization threshold will continue for several years but will level out at \$50,000 in five years. This recommendation is the best model out of several that were developed and will have the least amount of negative financial consequences over time. It will not have an impact on inventory control threshold.

**There being no further discussion, the Motion passed unanimously.**

Vice President Taksar recognized Steve Scibelli, Associate Director of Accounting, Evie Soucie, Interim Assistant Vice President of Human Resources, and Lisa Freeman, Associate Vice President of Administration and Finance, together with the rest of his staff, who worked very hard this year to make this new budget presentation work. The Trustees agreed that the work product shows the commitment

to this task by this team and also expressed their appreciation.

There being no further business, Committee Chair Queenin asked for a Motion to adjourn.

**MOTION** was made by Trustee Johnson, seconded by Trustee Landrau, to adjourn. **Motion passed unanimously.**

The meeting was adjourned at 11:18 AM.

Attachments presented at this meeting:

- a. Third Quarter Financials – Narrative
- b. Third Quarter Financials – FY17
- c. Third Quarter Financials – FY16
- d. Annual Debt Update
- e. FY17 Sponsorship Update
- f. Motion – FY18 Operating Budget
- g. FY18 Budget – Memo
- h. FY18 Budget – Narrative
- i. FY18 Budget – Detailed Budget
- j. FY18 Budget -- FY17 Comparison
- k. FY18 Budget – April to June Comparison
- l. Motion – Capital Projects (Exceeding \$500,000)
- m. FY18 Budget – Capital Funding Plan
- n. Motion – Schedule of Annual Tuition and Fees
- o. FY18 Budget - Schedule of Annual Tuition and Fees (Undergraduate)
- p. FY18 Budget - Schedule of Annual Tuition and Fees (Graduate)
- q. Motion – FY18 Sponsorships
- r. Motion – Vehicle Lease/Purchase Program
- s. FY18 Budget – Lease Purchase Vehicles
- t. Motion – Fixed Assets, Capitalization, and Inventory Control Policy
- u. Policy – Fixed Assets, Capitalization, and Inventory Control Policy (Narrative)
- v. Policy – Fixed Assets, Capitalization, and Inventory Control Policy (Revised)