BOARD OF TRUSTEES
Finance and Capital Assets Committee
Minutes

President’s Boardroom, Horace Mann Center
April 26, 2018

Board of Trustees committee members in attendance: Committee Chair Queenin, Vice Chair Sullivan, Secretary Hagan (entered at 10:13 AM), and Trustees Marcus, Martin and Swan.

Trustee guests present: Trustees Magovern and Slakey.

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

The meeting was called to order by Committee Chair Queenin at 10:06 AM.

Committee Chair Queenin moved forward to agenda item Approval of Minutes and asked for a Motion.

**MOTION** was made by Trustee Sullivan and seconded by Trustee Martin to approve the minutes of the February 15, 2018 meeting. There being no discussion, the Motion passed unanimously.

Committee Chair Queenin welcomed Stephen Taksar, Vice President of Administration and Finance, to discuss the first item for information, the FY18 Third Quarter Financials. Vice President Taksar stated that all the expenses had not yet been loaded into the report and that the bottom line is not a projection but just a snapshot. Enrollment is still declining compared to last year at this time primarily because we had high enrollment for three prior years, but that was known. Enrollment decreases are occurring across most institutions in Massachusetts. This semester the campus reinvested some excess revenue in key strategic areas in Information Technology (IT), enhancing our welcome center for enrollment management, and Wi-Fi upgrades in residence halls. Overall, we are using $1 million of savings and excess revenue to fund these initiatives. For IT, we will spend $400,000 this year for a multi-year plan to reinvest in IT infrastructure. The Wi-Fi project to enhance the network in the Woodward Center will be $200,000. President Torrecilha stated another $150,000 will be spent in a public relations campaign that will cover the eastern part of the state in order to remind the population that Westfield is open for business and doing well, which will be money well spent in light of last semester; another $60,000 will be spent next year. The Massachusetts State College Building Authority (MSCBA) was asked to invest in Wi-Fi improvements in the residence halls. They will contribute $150,000 this year and we will invest $235,000 from our capital account, for a total of $385,000.

Trustee Hagan entered the meeting at 10:13 AM.

Lisa Freeman, Associate Vice President of Finance and Administration, shared the third quarterly report and stated that total expenses were tracking by -2.6%. University operations report a positive variance in the construction line due to the large upfront payments for the athletic field project. Other expense variances are due to timing of the report. This is the first time a quarterly report has been shared in April so some of
The larger items had to be estimated. The net result is a positive variance of revenue over expenses of approximately $3.8 million. As requested at a prior meeting, the detailed consultant expense as of March 31 is included. The attorney fees are our portion of the shared legal expense for the College of Presidents as well as what we pay Rubin & Rudman for our own advice for Title IX, compliance, and negotiating new contracts with the unions. Management consultants include Isaacson Miller and the diversity consultant.

The current surplus is about $3.8 million in the third quarter, which is a snapshot of where we are now. We are going into the end of the year with no more revenue but expenses will increase. There is another pension liability that could wipe out any surplus when it hits. Without that, we do have some vacancy savings. We are spending all excess revenue on the special projects.

Vice President Taksar then gave an update on Parenzo Hall. He met with the Division of Capital Asset Management and Maintenance (DCAMM) who didn’t discuss any further information but did say we submitted a great proposal. A decision in May is expected. If awarded the funds, the approximate timeline would be spending the next year doing design and planning, and DCAMM may want us to use our funds first. This would be a three- to four-year project.

Vice President Taksar moved to the next item for information and stated that a year ago we had a steam problem and started a study (which concludes this month) to assess the distribution system. As part of the study, a thermal scan was done of the campus which detected other leaks. This could be a substantial issue because if the problems can’t be resolved, it may cause issues providing heat to some of the facilities. Funds have been secured from the Division of Capital Asset Management and Maintenance for $600,000 worth of emergency repairs, which is only a down payment for what is needed. Additional funds have been added to the budget for steam upgrades. We need to develop a schedule to start maintaining the lines to avoid being reactive. A multi-year plan will be provided by the consultants, which will be reviewed and discussed with the Trustees in the future.

Vice President Taksar continued to the items for discussion and proposed forming a subcommittee to the Finance and Capital Assets Committee to help guide the process of making investments of cash to yield more benefit to the University. Non-board members can participate in the subcommittee but only to provide context and information and cannot vote. The subcommittees have to be public meetings and be noticed according to the Open Meeting Law. We need to move in this direction to optimize our funds. There is guidance in the Massachusetts General Laws on how boards should handle their funds. We need to review our investment policy and find an advisor this summer to have a plan ready for next fall. In the next three weeks, a subcommittee will be created and guidelines established. It was stated that if anyone had an interest to serve on the investment subcommittee, they should contact Committee Chair Queenin.

The meeting moved to discussion of the FY19 budget, and Vice President Taksar shared a preliminary FY19 budget based on the work to date. A lot of the groundwork was laid in previous Trustee meetings and the parameters, models and key recommendations were already agreed upon. A final budget will be presented at the June meeting, which will look similar to this one. Since February, Vice President Taksar attended a Student Government Association meeting to present information related to the budget priorities and fees which resulted in good questions and information discussed. Campus sessions are being held this week to talk about the budget structure. A few differences from previously presented budgets are that we are assuming there will be $1 million in capital rollover funds for projects including the steam line repair, and residence life operation is showing a projected loss of about $408,000. They are working hard to reduce that figure and are now at $250,000 toward balancing their budget. We assumed our enrollment would be flat and believe it will level out at 4,350, which is slightly conservative. The contingency is made up of a couple of different elements; it is part contingency and part surplus from Dining Services and the College for Graduate and Continuing Education (CGCE). Dining services and CGCE are meeting their financial
obligation to subsidize the operating budget by contributing about $2.4 million each, and CGCE is showing a positive growth next year with a 10% increase in enrollment. The strategic investment pool lined up at $1.2 million and the main expenditure for that is $375,000 to fully fund the college structure. There were 150 budget requests in the amount of $7.5 million with only about half of that amount available to fund.

Vice President Taksar introduced Jon Conlogue, Executive Director of Residential Life, who stated that their deficit is based on the debt service payment next year of $550,000 and decreased occupancy in the residence halls, plus 3-year contracts. They are continuing to whittle down expenses and looking at ways to increase revenue. Next year Dickinson Hall will be offering double rooms as a single premium room, which will provide an additional $150,000. President Torrecilha shared that he had had the benefit of working with some consultants who looked at our conference operations and gave us a list of things to do in the long and short term on how we can market and use our residence halls better. Thought needs to be given on how to market the benefits of on-campus living and recruit the students that will fill classrooms and dining halls and residential life. The Lansdowne lease ends in 2021. Studies show that students living on campus for their first two years have a higher retention rate and the consultants said we should be focusing on the happiness and satisfaction of first- and second-year students in their housing selection and retention by offering them some preferred housing options. If you are not focused on keeping students from freshman to sophomore year, you lose 10% more of them. Trustee Slakey suggested trying to figure out some way to track the data for the reasons students don’t live on campus, whether it is primarily due to the cost of staying on campus or whether it is because there is loss of connection with the University.

Vice President Taksar stated that the Massachusetts State College Building Authority will fund a strategic facilities 10-year plan for residence life. We are also asking them to fund some of the residence life IT upgrades.

It was questioned what was happening with FTE staffing since there were faculty at the last board meeting who were concerned with faculty lines. Vice President Taksar stated that there are currently funded 20 vacant faculty lines, which are budgeted. Not all of them are vacant as some are filled with one-year terms. It is hoped that the new deans will help provide guidance on the vacant lines.

Vice President Taksar brought forward the proposed change to the University Business and Expenses and Petty Cash Funds Policy and said the purpose of the revisions were to clean up some technical wording in the policy under Section 2(a) in the calculation of the tip. The change seems minor, but he is recommending not specifying how the tip is calculated so that staff does not have to spend time trying to figure out how it was calculated and can operate a little more fluidly.

**MOTION** was made by Trustee Queenin, seconded by Trustee Hagan, to approve and adopt the updated Westfield State University policy on University Business Expenses and Petty Cash Funds (0300), as presented. **There being no further discussion, the Motion passed unanimously.**

Vice President Taksar continued that open budget forums have been run twice in one week with about 25 people attending each, with more staff than faculty. The forums have been very engaging with good questions asked. The campus community really doesn’t understand how the budget process works or the financial structure of the University. The forums provide more clarity, especially in light of the enrollment decline. There was also a town hall meeting with the President where the budget process was discussed with about 200 people. The more information we can get out to the campus community the better.

It was requested to see the projected faculty and staff numbers in the quarterly reports and it was stated that the whole number of positions is already displayed in the report (at the top of each unit).
There being no further business, Committee Chair Queenin asked for a Motion to adjourn.

**MOTION** was made by Trustee Marcus, seconded by Trustee Hagan, to adjourn. **Motion passed unanimously.**

The meeting was adjourned at 11:09 AM.

**Attachments presented at this meeting:**

a. Minutes of February 15, 2018
b. Third Quarter Financials (FY18) - Narrative
c. Third Quarter Financials (FY18)
d. Third Quarter Financials (FY18) - Consultant Expense by Account
e. Third Quarter Financials (FY17)
f. Preliminary FY19 Budget - Narrative
g. Preliminary FY19 Budget - FY19 to FY18 Comparison
h. Preliminary FY19 Budget - Detailed Budget by Trust Fund
i. Preliminary FY19 Budget - Capital Funding Plan
j. Preliminary FY19 Budget - Approved Schedule of Annual Tuition and Fees
k. Preliminary FY19 Budget - CGCE Budget Narrative
l. Motion - University Business Expense and Petty Cash Funds
m. Policy - University Business Expense and Petty Cash Funds (Revised)