



BOARD OF TRUSTEES

Finance and Capital Assets Committee

Minutes

President's Boardroom, Horace Mann Center

October 9, 2018

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

Excused absence: Vice Chair Hagan and Secretary Martin.

Trustee guests present: Trustees Hill, Landrau and Magovern.

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

The meeting was called to order at 10:00 AM by Committee Chair Sullivan, who then asked for a motion to approve the minutes of the June 7, 2018 meeting.

MOTION was made by Trustee Queenin, seconded by Trustee Swan, to approve the minutes of the June 7, 2018 meeting. **Trustee Marcus abstained and the Motion passed unanimously.**

Committee Chair Sullivan welcomed Lisa Freeman, Associate Vice President of Administration and Finance, who stated that the invoice payment date (p-card post date) had been added to the travel expense report at the request made at a previous meeting.

Steve Scibelli, Associate Director of Financial Accounting, shared the 2018 fixed asset inventory progress. A new strategy has been started with open meetings to scan devices remotely in different parts of the campus. Different depreciation schedules are used for different assets. The state's rule is to tag all equipment with a \$1,000 value; we tag all assets/computers even if the value is less than \$1,000.

Stephen Taksar, Vice President of Administration and Finance, gave updates on the following items:

- Year-end dining dashboard for FY18 and a draft for FY19. Most metrics exceeded or nearly met targets in FY18. In FY19 the key goal is to increase participation rates, with the biggest growth potential being through the optional meal plan. The health and wellness metric was removed from the dashboard and will be added to the overall student satisfaction metric.
- The investment subcommittee met for the first time in August. A Request for Proposals (RFP) for an investment advisor (who will be a consultant) has been issued and the committee will participate in reviewing responses by mid-November. The committee will also review the investment policy and submit suggested improvements to the Finance & Capital Assets Committee. It is the goal to restructure the investment portfolio prior to the end of this fiscal year to gain a higher rate of return in FY20. Chair Queenin stated John Davies and Sheridan (Bing) Carey from the Westfield

State Foundation, both of whom have had professional experience assisting as advisors, have agreed to assist the investment subcommittee, and two or three more trustees are needed to join this committee.

- Outstanding news on the Parenzo Hall renovations. Space studies, program development and plans are starting to be formulated.
- The steam system report was finalized, submitted to the state, and full funding was received from the Division of Capital Asset Management and Maintenance (DCAMM). The repair will create a redundant loop in the steam system instead of one primary line into campus which will help mitigate the risk that a failure in the main line would shut down the campus.
- DCAMM has a new process for deferred maintenance. We will receive \$6.4 million from the state with a campus match of \$3.1 million, spread out over 5 years, so we will have nearly \$10 million for deferred maintenance projects to be completed based on the Sightlines report. On average, our annual contribution would be around \$600,000, which would be part of our \$3 million budgeted for deferred maintenance annually. Predictability is important for deferred maintenance funding over the next 5 years.
- DCAMM works on a cash basis so it is unclear when the next funding opportunity will be. It was asked what would be at the top of the list for improvements if we entertained a proposal for funding to DCAMM. The projects in the next three to five years are deferred maintenance, steam line repair, and Parenzo Hall, with the steam line at the top of the list. It was questioned what the state of the classrooms were and if there could be renovations planned. A working group needs to be created to assess all classroom and instruction space over a period of time. Dr. Prusank stated that the advisory committee on facilities and the advisory committee on academic planning will work in tandem on this. President Torrecilha suggested getting a proposal into DCAMM before December, and Vice President Taksar stated that the criteria for funding is defined by the state for major projects and has not yet been determined.

Committee Chair Sullivan moved to Agenda Items for Discussion and brought forth the FY20 Budget Planning Parameters and Timeline. President Torrecilha stated this is the second year of receiving the proposed budget planning early, which has been helpful so that there are not any surprises in June. The goal is to approve the parameters and stick to them through the process. Vice President Taksar stated the Strategic Plan will drive the resource allocation. FY20 shows a predicted 1% overall enrollment decline from this year but assuming a significant increase in investment income. Most concerning is residence life with lower occupancy rates and debt service increasing. Work is being done to resolve the budget gaps and bring everything back in balance over the next few years. Savings or underspending has historically funded other areas of the campus that have not been fully funded. Once the Parenzo renovation starts, our balance sheet will be affected since we have committed \$20 million toward the project. President Torrecilha suggested attaching a maintenance fund for each new construction on campus. The Trustees unanimously supported both the budget planning assumptions and the timeline.

Committee Chair Sullivan shared an article from The Republican stating that in a study for best colleges for your money, Westfield State is in the top 200 in the country and 19th in the state. There was discussion of how to rank higher in the state. Vice President Forster said we are always looking at value and outcomes and that being ranked 19th in the state shows we are ranked very well in the value that parents look for. Trustee Magovern asked what the criteria for the study was and suggested it be brought to a future meeting.

Vice President Taksar shared the Massachusetts State College Building Authority (MSCBA) debt schedule from 2017 to 2044 which differentiates between non-resident life debt, MSCBA pooled debt, and residence hall debt, showing the debt significantly increasing over the next ten years as residency hall occupancy rates decrease, and a large drop off in system debt in 2029. He is proposing formalizing a plan with MSCBA

to refinance our debt structure starting next year, which shouldn't have a direct effect on rates, but will impact the budget. The time period of the debt would not be extended, just restructuring within the same time period. Both residence life and the president are in favor of this plan. The Trustees agreed that a proposal should be brought back to the board in December.

There being no further business, Committee Chair Sullivan asked for a motion to adjourn.

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

The meeting was adjourned at 10:55 AM.

Attachments presented at this meeting:

- a. Minutes of June 7, 2018
- b. Travel Expenses of the President and the President's Direct Reports: July 1, 2017 – June 30, 2018
- c. Fixed Assets Inventory Progress Report (Executive Summary)
- d. Dining Services Dashboard (FY18) Executive Summary
- e. Dining Services Dashboard (FY18)
- f. Dining Services Dashboard (FY19) Executive Summary
- g. Dining Services Dashboard (FY19) Recommended Metrics
- h. Capital Planning and Facilities Report
- i. FY20 Budget Planning Parameters and Board of Trustee Timeline
- j. MSCBA Debt and Refinancing (Executive Summary)
- k. MSCBA Debt and Refinancing
- l. Handout: Republican Article "*Westfield State ranked by Money*" September 10, 2018