



## **BOARD OF TRUSTEES**

Finance and Capital Assets Committee

### **Minutes**

President's Boardroom, The Horace Mann Center

February 6, 2020

---

**MEMBERS PRESENT:** Committee Chair Sullivan, Vice Chair Hagan, Trustees Boudreau, Neves, Queenin and Williams.

**MEMBERS EXCUSED:** Trustee Magovern

**TRUSTEE GUESTS PRESENT:** Trustees Alvarado and Martin

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

The meeting was called to order at 11:39 AM by Committee Chair Sullivan.

**MOTION** made by Trustee Sullivan, seconded by Trustee Boudreau, to approve the minutes of the December 11, 2019 meeting. **Trustee Sullivan abstained from voting and Motion passed unanimously.**

Trustee Williams joined the meeting at 11:40 AM. Committee Chair Sullivan invited Mr. Stephen Taksar, Vice President for Administration and Finance, and other members of the finance team, to give updates on the following informational items.

- The FY20 second quarter financial reports were provided. Trustee Hagan joined the meeting at 11:41 AM. There is a \$1.6 million deficit caused by enrollment and state appropriation, but we have been able to close about half of the gap at this point in time. Decreased revenue shows the early implications of the impact from retention. Vacancy savings were realized since the beginning of the fiscal year. Some capital projects are in a holding pattern. The Voluntary Separation Incentive Program (VSIP) expenses will be reflected in the third quarter report and payouts would likely come from reserves.
- The projected budget gap for FY20 and the current budget reduction were shared. It is anticipated to finish closing the gap in FY21 to help balance the budget for the general fund. The projected FY20 VSIP payout less current vacancy savings showed a total estimated use of reserves, without applying any savings.
- Travel expenses for the President and the President's direct reports for July 1 through December 31, 2019 were brought forward, showing the total spent.
- An overview of the Parenzo Hall renovation project was given. The conceptual design is close to being completed. The last cost estimate was significantly higher and the engineers have re-scoped the project to bring it into alignment with available funds. The Parenzo working group is involved working through

the details of the process. Most of the goals will be met but there is not enough funding to eliminate Mod Hall as less space in Parenzo will be renovated than planned, primarily in the lower level. A detailed facility study of Mod Hall will be done to assess its useful life. A move coordinator has been hired to start planning the move out of Parenzo Hall in January 2021. Last week the architects gave a preview of the new design and answered questions from the Parenzo Hall stakeholders. Prime instructional space, on the first and second floors, will be renovated, but not the basement, which houses mostly service departments. The first floor will contain support services for student success with classrooms on the second floor.

- A presentation was given on the December water emergency, showing a timeline of the discovery and repair of the water main break behind the Ely Campus Center. Discussion took place on the final repair of the slope behind University Hall and who is responsible for the groundwater damage. Funding for the emergency work came out of the Division of Capital and Asset Management and Maintenance (DCAMM) 5-year capital project funding plan, which required adjusting the timing and elimination of other projects. The five-year deferred maintenance plan will be reviewed to determine which projects on that list may have to be postponed or eliminated. The as built plans showing all steam and water pipes on campus have been updated since this emergency and the age of piping ranges from twelve to forty years. The Ely water main has been repaired but the infiltration system is broken which requires a longer-term solution. It was suggested to obtain the city's rule of retention of water on our property.
- A schedule of the Voluntary Separation Incentive Program (VSIP) for 33 participants was shared, showing the savings to be realized exceeded expectations. Once implemented, there will be \$1.7 million in total savings, lowering the budget gap by that amount. The process for restructuring and filling critical positions is underway. The refill rate is expected to be approximately 60% of the total positions in the VSIP plan. The cost for the VSIP will be incurred in FY20 and the savings from the plan will occur in FY21.
- An update on the Investment Subcommittee was shared and the Eaton Vance second quarter investment report summary was reviewed, showing the implementation of the investment strategy provided to them. It is assumed that the invested funds will not be needed so that they can continue to grow and provide investment income to the University utilizing a conservative investment approach. The benchmarks were created in response to the staggered investment strategy. At the next subcommittee meeting, a further discussion will take place of benchmarks needed both in the next six months and ongoing in line with industry standards. It was requested to have Eaton Vance come to the October meeting showing the benchmarks proposed and agreed upon. In response to a question of what reserves were available for emergencies, it was stated that there are cash reserves of about \$60 million currently, including the \$20 million for Parenzo. We have been a cash generator for a number of years but that is likely to change given increasing financial pressures, leaving us cash neutral (or declining), requiring the use of more cash resources.

An update on the FY21 Budget was discussed as follows. Trustee Queenin left the meeting at 12:34 and returned at 12:36 PM.

- Retention is affecting Residence Life and the number of students in the residence halls through the reduction of retaining first and second-year students combined with declining enrollment, expanding debt issues on campus buildings, and the Lansdowne lease. The goal of Enrollment Management is to highlight the positives of living on campus to the students. The following strategies were discussed to keep students on campus:
  - Moving housing selections to the fall and winter instead of spring and offering housing selections to new students when making their deposit.
  - Creating areas for academic support in the residential halls.

- Creating support for students taking CGCE classes to remain living on campus.
  - Revising the fee structure for residence halls.
  - Reserving Lansdowne for seniors only in single rooms.
  - Trustee Sullivan stated that the athletics department has a template that is working with a 73% retention rate instead of 61% and their template should be followed. It was mentioned that the Honors, Urban Ed, and Banacos programs do have high retention rates and the goal is to create those types of community cohorts for all students on campus.
  - Financial aid is also being targeting and increased for students living on campus.
  - Piloting a program this semester in providing housing to students attending Holyoke Community College. Trustee Boudreau left the meeting at 12:55 and returned at 12:59 PM.
- The current FY21 budget model was presented, with no significant changes from previous models. Total revenue and expenses were highlighted, showing state appropriation lower than earlier planned. There is no information which confirms any collective bargaining cost implications, so the funding and expenses related to CBA increases is excluded from the model. Expense based budget reductions of \$835,000 plus the VSIP reductions have been included in the model. Built into the FY21 model are \$3.1 to \$3.2 million reductions anticipated to be realized. The model shows continued investment in the Strategic Plan and Financial Aid. The general budget funds the Lansdowne deficit. This scenario shows an expected \$2.8 million loss. Savings from operational trust funds are not rolled over to the next year. The net loss (assuming use of reserves of \$2.6 million primarily for residential life) is approximately \$254,000 after counting for all factors, including offsets of appropriation, VSIP savings, reductions in campus contingencies and capital budgets, strategic plan and service contract funding, and elimination of FY20 vice president salary increases. Two budget presentations were given in the fall, the second being a dialogue session to obtain feedback, providing over 100 ideas for cost savings and generating revenue, which will be given to the budget advisory group to work on ways to close the gap. Divisional dialogue sessions are also being held to discuss the budget. Cabinet will be meeting regularly over the next couple of months to work on feedback and develop a budget.

Committee Chair Sullivan brought forth the following items for action:

**MOTION** made by Trustee Sullivan, seconded by Trustee Boudreau, to approve the FY21 annual tuition and fees schedule for undergraduate students and College for Graduate and Continuing Education (CGCE) students, as presented.

Discussion: Mr. Taksar stated that they have tried to stay within the parameters of a 2% to 3% increase assumed in the fall planning parameters. He met with the Student Government Association (SGA) to discuss the recommended fees. Tuition and fee comparisons for Massachusetts state universities were presented, showing Westfield in line with the other universities. This year's 2.7% increase is the second lowest in the last five years. Dr. Prusank, Provost and Vice President for Academic Affairs, stated that CGCE has put together fee increases by programs, ranging from 1.3% to 5.9%. Competitor's fees were taken into consideration when setting increases. Trustee Alvarado left the meeting at 1:15 and returned at 1:18 PM. Nursing fee increases are being requested for two categories: 1) clinical fees being imposed by clinical sites, which is new for the fall 2020 semester. This will be a new cost to the institution which will be passed on to the student; and 2) technology fees for required ATI programs which will be rolled into the student's overall package and can be paid for with financial aid. **Motion passed with five yes votes and one no vote.**

Mr. Taksar stated that in order to receive better short term investment rates for University cash funds at our local institutions, it is proposed to close some accounts and move funds to money market accounts getting higher short

term investment rates.

**MOTION** made by Trustee Sullivan, seconded by Trustee Neves, to close the University's bank accounts at Peoples Bank and Massachusetts Municipal Depository Trust (MMDT), investment account at Commonfund, and Berkshire Bank certificate of deposit at maturity date 3/7/2020 and to approve the transfer of those funds to the University's money market account at Berkshire Bank. **There being no discussion, Motion passed unanimously.**

There being no further business, **MOTION** made by Trustee Boudreau, seconded by Trustee Neves, to adjourn. **Motion passed unanimously.**

Meeting adjourned at 1:23 PM.

Attachments presented at this meeting:

- a. Minutes, December 11, 2019
- b. Second Quarter Financials FY20 (Summary)
- c. Second Quarter Financials (FY20)
- d. Second Quarter Financials (FY19)
- e. Budget Balancing Update (FY20)
- f. Travel Expenses for the President and the President's Direct Reports: July 1- December 31, 2019
- g. Parenzo Hall Project
- h. Voluntary Separation Incentive Plan Summary
- i. FY20 Second Quarter Investment Summary
- j. FY21 Current Budget Model Scenario (Summary)
- k. FY 21 Current Budget Model Scenario
- l. Motion – FY21 Schedule of Annual Tuition and Fees
- m. FY 21 Schedule of Annual Tuition and Fees (Tuition and Fee Recommendations)
- n. FY21 Schedule of Annual Tuition and Fees (Undergraduate)
- o. FY21 Schedule of Annual Tuition and Fees (CGCE)
- p. FY21 Schedule of Annual Tuition and Fees (Comparison State Universities FY20)
- q. FY21 Schedule of Annual Tuition and Fees (CGCE Request)
- r. FY21 Schedule of Annual Tuition and Fees (Nursing Fee Memo)
- s. FY21 Schedule of Annual Tuition and Fees (Baystate Notification)
- t. FY21 Schedule of Annual Tuition and Fees (Nursing Fee Increase Calculations)
- u. FY21 Schedule of Annual Tuition and Fees (Student and Faculty Resources)
- v. Motion – Consolidation of Bank Accounts
- w. Memo – Consolidation of Bank Accounts