



## BOARD OF TRUSTEES

Finance and Capital Assets Committee

December 16, 2021

Minutes

Conference Room A (Garden Level), Horace Mann Center

A live stream of the meeting for public viewing also took place on YouTube.

---

**MEMBERS PRESENT:** Committee Chair Ali Salehi, Vice Chair Theresa Jasmin, Secretary Paul Boudreau, and Trustees Madeline Landrau, Kevin Queenin, and Chloe Sanfacon

**TRUSTEE GUESTS PRESENT:** Trustees Dr. Robert Martin, William Reichelt (joined at 11:29 AM), and Dr. Gloria Williams

**TRUSTEE GUESTS PARTICIPATING REMOTELY:** Trustee Melissa Alvarado

Dr. Linda Thompson, President of Westfield State University, was also present.

Committee Chair Salehi called the meeting to order at 11:01 AM.

**MOTION** made by Trustee Jasmin, seconded by Trustee Queenin, to approve the minutes of the October 13, 2021 meeting. There being no discussion, **Motion passed unanimously.**

President's Remarks. President Thompson stated that the President's Council is discussing a good process for University budget hearings.

The action items were moved up in the agenda to ensure enough time for discussion and voting.

**MOTION** made by Trustee Jasmin, seconded by Trustee Queenin, to approve the changes and accept the newly revised Investment Policy (0430), as presented.

Discussion: The recommended policy change adds a spending policy of four percent of the trailing twelve-quarter average. To ensure the principal is not invaded, it will be reevaluated if it falls below four percent. It is anticipated that a draw down at the president's discretion will be made in FY23 to offer funding for strategic initiatives to encourage innovation for additional revenue for the future. There being no further discussion, **Motion passed unanimously.**

**MOTION** made by Trustee Jasmin, seconded by Trustee Landrau, to approve the FY22 capital project request of \$1,300,000 to replace the dish washing machine/conveyor system in Tim & Jeanne's Dining Commons. The funding source will be a combination of unspent capital project funds from the Dining Commons FY22 floor replacement project at \$300,000 and bond funding of \$1.0 million.

Discussion: The dish machine has passed its life expectancy. There is a five-month lead time to secure new equipment with a goal of a June/July replacement for fall semester. Bond funding was requested and approved from the MSCBA and approval will be needed from the BHE. The projected interest rate is 1.5% over ten years. The expense is built into Dining Services budget for next year. The new equipment could last 15 years. There being no further discussion, **Motion passed unanimously.**

**MOTION** made by Trustee Sanfacon, seconded by Trustee Jasmin, to approve the request to use \$12,000 from University reserves to assist in the purchase of a 2022 SUV for the Department of Public Safety in FY22. Should the vehicle be unable to be delivered by June 30, 2022, Public Safety will work with Finance to request a rollover of the allocated funds to FY23.

Discussion: The purpose is to replace a 2011 vehicle that is no longer in service. Vehicles are scheduled to be replaced every four years as they are being run 24/7. If ordered now, it could arrive by August. There is a fund set up for this type of activity. There being no further discussion, **Motion passed unanimously.**

**MOTION** made by Trustee Landrau, seconded by Trustee Sanfacon, to approve the changes and accept the newly revised Trust Fund Management Policy (0604), as presented.

Discussion: The changes are to address supply chain issues and increased costs for materials and labor. Two recommendations are being presented: 1) a change to the policy in when to come to the Board for approval, and 2) if limits are exceeded, a mechanism is needed to get approval on any costs over 25%. These recommendations will help avoid time lag that is critical in awarding projects. A delay could result in returning funds to the state if the allocation is not spent, resulting in half-completed projects. Actions will be reported back to the Board and checks and balances are in place. There being no (further) discussion, **Motion passed unanimously.**

FY23 Budget Planning Scenarios. The following were presented and discussed:

- FY21 financial ratios, including FY21 net operating revenues ratio and composite financial index
- FY23 budget themes and priorities [Trustee Reichelt joined at 11:29 AM]
- A recap of enrollment for FY22 and projection for FY23, assuming a flat overall enrollment of 3,215
- Scenario B is showing significant changes from the budget to assumptions, with a projected FY23 deficit of approximately \$5.5 million.
- FY23 planning scenarios, focusing on Scenario B, were presented:
  - Assumptions. No tuition and general fee increase was assumed in the model. There is funding for strategic initiatives. Scenario B shows a \$2.7 million housing deficit and a replenishment of housing reserve balance deficit of \$800,000. It was questioned whether housing decline was connected to online classes. The operating policy requires classes to be 80% on ground and 20% online, which is tied to collective bargaining. A 72.9% occupancy rate may be the new norm. There is a high degree of fixed costs related to the dorms and avenues are needed to work outside the box. Online classes are less expensive if done correctly but some students will not take online classes at all because they want to be on campus. Others do not want to be on campus at all. Increase the quality of online classes to improve the residential experience in targeting those students. Keep in mind that students do not want to pay the same for completely online classes. Residential Life is working on repricing strategies to target juniors and seniors to increase housing occupancy. The focus needs to be on our claim of a quality residential education experience and getting through this academic year successfully, which will bring more students back to campus.

- Revenue. The HEERF funding goes away. Tuition and fees are flat until a recommendation is achieved.
- Expense assumptions are noted in the model. The model assumes funding of reserves and capital rollovers.
- Auxiliaries. Projections for Residential Life, Dining Services, CGCE, and Facilities and Operations were provided.
- Multi-year financial glide-path strategy from FY23 to FY25 form basis of FY23 budget plan.
- Multi-year strategy with FY23 scenarios applies the glide path into the three scenarios. This results in a 3.5% increase across the board in the general fee, which was presented to the SGA. Inflation is at 7%. The assumptions rely on an enrollment of 3,215, which is realistic if we committed to it and retained more students. Divisions will be asked to look at how they can best operate, meet expectations, and close their gap through vacancies or other related strategies. The SGA has agreed to support an increase in their own activity fee. It is recommended to go forward with Scenario B and adjust the model monthly to get accurate figures by April/May. Permanent budget reductions could increase as the budget is developed and within a couple of years there will be a balance in revenues and expenses.
- The campus fee setting process. Fee approvals will be presented at the February meeting to award financial aid packages as quickly as possible.
- Next steps for the next 60 days.

Annual Debt Report and Ratios. Ratios were recalculated without the GASB and Foundation figures to give a more accurate rendering of the fiscal situation. The composite financial index is at 4.7, which is above the targeted figure of 3.0. The FY21 net operating revenues ratio showed an increase in positive direction for the 3-year average.

FY22 First Quarter Financials. Information is included in the meeting material and there was no discussion.

FY22 Early Retirement Incentive Program (ERIP). The ERIP payout did not use reserves so there is no need to replenish them as approved at a prior Board meeting. Campus budget savings and payroll accounts were used to fund the full ERIP obligation.

There being no further business, **MOTION** made by Trustee Sanfacon, seconded by Trustee Landrau, to adjourn. There being no discussion, **Motion passed unanimously.**

Meeting adjourned at 12:27 PM.

Attachments presented at this meeting:

- Minutes 10-13-21 (Draft)
- First Quarter Financials (Summary)
- First Quarter Financials (FY22)
- First Quarter Financials (FY21)
- Annual Debt Report (Summary)
- Annual Debt Report (Ratio Table)
- FY22 ERIP Funding Plan and Results
- FY23 Budget Planning Scenarios (Summary)
- FY23 Budget Planning Scenarios (Model)
- FY23 Budget Planning Scenarios (Assumptions and Timeline)
- Motion – Investment Policy
- Policy – Investment (Track Changes)
- Policy – Investment (No Track Changes)
- Motion – MSCBA Bond Approval
- MSCBA Bond Approval (Memo)

- p. MSCBA Bond Approval (Project Financing)
- q. MSCBA Bond Approval (Financing Options)
- r. Motion – Use of Reserves Request
- s. Use of Reserves Request (Memo)
- t. Motion – Trust Fund Management Policy
- u. Policy – Trust Fund Management (Memo)
- v. Policy – Trust Fund Management (Track Changes)
- w. Policy – Trust Fund Management (No Track Changes)