



BOARD OF TRUSTEES

Finance and Capital Assets Committee

February 17, 2022

Minutes

Loughman Living Room, Scanlon Hall

And via Zoom in accordance with Massachusetts Gov. Charlie Baker's Executive Order Suspending Certain Provisions of the Open Meeting Law, G.L. c. 30A, § 20 dated March 12, 2020.

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

MEMBERS PRESENT: Committee Chair Ali Salehi, Vice Chair Theresa Jasmin, and Trustee Chloe Sanfacon

MEMBERS PARTICIPATING REMOTELY: Secretary Paul Boudreau and Madeline Landrau

TRUSTEE GUESTS PRESENT: Trustees Melissa Alvarado, Dr. Robert Martin, and Dr. Gloria Williams

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

Committee Chair Salehi called the meeting to order at 11:07 AM.

MOTION made by Trustee Jasmin, seconded by Trustee Sanfacon, to approve the minutes of the December 16, 2021 meeting.

There being no discussion, ROLL CALL VOTE taken:

Trustee Boudreau	Yes
Trustee Jasmin	Yes
Trustee Landrau	Yes
Trustee Sanfacon	Yes
Trustee Salehi	Yes

Motion passed unanimously.

It was announced that the meeting was being livestreamed and recorded.

President's Remarks. President Thompson stated she is committed to the glide path and enrollment growth and will make necessary reductions if the enrollment goal is not reached.

Parenzo Hall Renovation. Key members of the Parenzo Hall Renovation project management team from Division of Capital Asset Management and Maintenance (DCAMM), Miller Dyer Spears Architects (MDS), and Walsh Brothers Construction (the new construction manager), gave updates on the project.

- The project overview, goals and schedule were reviewed. The project is in the demolition and abatement process with most of the work to be complete by the end of this July with a move-in for most departments by July 2023.

- The project is currently tracking at \$43,429,788, which is \$3,229,788 over the budget of \$40,200,000. The overage will be split between DCAMM at 53% and Westfield State at 47%, creating a need of \$1,518,000. The Board of Trustees approved a campus allocation of \$20,000,000. The current campus shortfall above this approved amount is \$468,000, less \$200,000 in fundraising, which nets an unfunded overrun of \$268,000. Grant funds will be requested and/or ARPA funds will be used to fund the remaining shortfall. There was extra work needed in the steam tunnels between Parenzo and Scanlon Halls, the tunnel to the trades building, and steam piping in Davis Hall. DCAMM is funding those projects while they are already working on campus, which will not affect the budget outside of the 53% they are contributing. The current market is very abnormal, some trades have come in high, and DCAMM and Walsh Brothers ensured all numbers were accurate. Increased costs are due to the high rate of escalation and delay in bids due to the change in general contractor. It is not desirable to re-bid the project at this time.
- The project design is very cost efficient and value engineering challenges were shared in the process to show how they calculated the \$3.3 million. There were 74 options developed and shared with the working group, which led to \$400,000 in savings.
- No major design changes can be made as design and construction documents were completed and accepted in August 2021, and bidding was completed in the fall/winter of 2021.
- It was questioned whether the former contractor had any liability toward the \$3 million overage. It was stated that DCAMM tried to obtain additional funding and that maybe there was no negligence on the contractor's part but changing contractors did delay the project. The best way to move forward was securing Walsh Brothers and staying on schedule.
- There are some contingencies in the budget to take care of small change orders and DCAMM has a separate fund for unforeseen items that arise.
- Board approval is being sought for additional funding to keep the project on the current schedule to open for school year 2023.

Capital Projects Update. A corroded pipe from a residence hall was shown. Its failure resulted in moving 76 students from one hall to another because heat could not be supplied. Many people assisted in the difficult move for students to an empty apartment building which had been reserved for Covid isolation. The Massachusetts State College Building Authority (MSCBA) is being worked with to assist with funding. The condition of the pipes in all apartments will be reviewed this summer.

- The projection for deferred maintenance is approximately \$120 million, with the study first of single points of failure having a negative effect of running the campus, such as utilities and steam lines.
- The list of completed and ongoing FY21 capital project updates was shared.
- The list of FY22 planned projects was shown, with some projects being split between FY22 and FY23 due to their size.
- June 30, 2023 is the deadline to finish the projects identified in the DCAMM five-year deferred funding plan.
- The funding for FY24 to FY28 will remain the same so the University's match would be \$3,058,028, to which contingencies will be added for emergencies.
- We are in phase one of three phases to create a Facilities Master Plan to be a guide through the next round of funding.
- It is expected to receive \$3.5 million in funding soon from the American Rescue Plan Act (ARPA) to use for maintenance, repairs, and Covid expenses, which may be able to be used to backfill some of the overrun on the Parenzo renovation. These funds will be in additions to the FY22/FY23 funding and will be factored into the capital planning process.

Travel Expenses for the President and the President's Direct Reports: July 1 – December 31, 2021. This report is required to be presented to the Board by the travel policy. There were no questions.

FY22 Second Quarter Financials. Major points were highlighted, with 28 students under budget. Auxiliaries had an average favorability to the total budget at the time of the federal HEERF grant. Overall expenses of \$2.7 million were unfavorable, but net neutral to the final result. Underspending of \$3.3 million offsets the \$6 million grant overage. Savings from vacant positions are due to timing lags. There is an overall net surplus of \$2.6 million, with the projected surplus reduced by \$1.2 million for dining and housing credits for the spring semester. The short-term strategy should be realized by the end of the fiscal year with a best guess to break even. This report is for December's static point in time and not a projection.

FY23 Planning Model and Budget Process Update. President Thompson and Stephen Taksar, Vice President for Administration and Finance, shared the following.

- The projection for enrollment seems to be holding. The 10-year enrollment trend shows the projection now closer to actuals. It is assumed that overall enrollment next year will be flat, but there is still a need to recruit more new students.
- Major changes to the FY23 Scenario B Model were shared. The update to the FY23 budget model compared to the February 2022 model shows a deficit of \$5,273,084.
- The glide path approach and funding were shared.
- Recommended fee increases and expected utility and vendor increases are included in this model.
- Current recommendations with background information have been presented to the Student Government Association (SGA) twice. Tuition has not changed in 20 years (determined by the state legislature) and the fees over the last five years were shown. Tuition and fees were flat last year, and we are \$10 below the weighted state average.
- The FY23 tuition and fee recommendation proposes a 3.5% increase. We are in year two of a residential repricing plan to increase retention of upper classmen. Pricing of meal plans is problematic due to very unstable supply chain challenges. Dining is proposing a 5% increase on their rates due to labor, CPI, and supply chain issues.
- SGA suggested a \$39 student activity fee increase. Total mandatory fees increase 3.2% for commuter and 3.6% for residential students for a total of a 3.4% average.
- Graduate and continuing education fees were discussed with the president's cabinet, which are tracking at 3% in general. The recommendation is to reduce the RN-to-BSN tuition/fees for FY23.
- Course and lab fees (campus fees) are new this year for specific courses. The president has the authority to approve these fees and they will be added to student bills as appropriate. There are eight new fees going forward connected to onboarding and specific classes. Fees are shown on the course offerings and student accounts webpage, so students know about the fees before registering for classes.
- There is a need to review an overall repricing strategy based on specialized majors that require additional funding. Trustee Salehi stated that shared sacrifice is needed across the entire University.
- The Parenzo Hall renovation financial summary was presented. Part of the DCAMM contribution of 53% was related to bond funding set aside. They contributed more at the beginning and we contributed less after the project was started, so we have had more capacity to address the shortfall because they had a greater percentage of the match.
 - Some of our \$468,000 shortfall for the project overage will be covered from the Dever Seat fundraiser. Our additional cost will be between \$200,000 to \$300,000.
 - The scope of reductions has been identified. Possible grant funding is being pursued for technology. The ARPA funding will be used as a last resort.
 - If the \$43,429,788 figure holds, there will be enough options to reduce the overall impact for funding needed for campus and not use reserves.

- Every piece of the project is for the safety and success of our students. Today the Board is being asked to approve our share.

Motion – FY23 Schedule of Annual Tuition and Fees (Undergraduate and Graduate).

MOTION made by Trustee Jasmin, seconded by Trustee Sanfacon, to approve the FY23 annual tuition and fees schedule for undergraduate students and College for Graduate and Continuing Education (CGCE) students, as presented.

There being no discussion, **ROLL CALL VOTE** taken:

Trustee Boudreau	Yes
Trustee Jasmin	Yes
Trustee Landrau	Yes
Trustee Sanfacon	Yes
Trustee Salehi	Yes

Motion passed unanimously.

Motion – Parenzo Hall Renovation.

MOTION made by Trustee Jasmin, seconded by Trustee Sanfacon, to allow the President to execute a new Interdepartmental Service Agreement (ISA) with DCAMM for the Parenzo Hall renovation project and to approve an increase in the overall campus commitment up to \$20,468,000. Due to unanticipated cost escalations, the project is now projected to cost \$43,429,788 vs. the original budget of \$40,000,000. The University’s proportional share of the project cost is \$20,468,000, an increase of \$468,000 above the previously approved commitment of \$20,000,000. Funding for the difference above \$20,000,000 will be provided from a combination of the following sources: reduced scope or cost savings from the project, fundraising, external grant funding, or other state capital funding sources. The campus will provide a report to the Finance and Capital Assets Committee on the final funding sources once they have been confirmed.

There being no discussion, **ROLL CALL VOTE** taken:

Trustee Boudreau	Yes
Trustee Jasmin	Yes
Trustee Landrau	Yes
Trustee Sanfacon	Yes
Trustee Salehi	Yes

Motion passed unanimously.

There being no further business, **MOTION** made by Trustee Jasmin, seconded by Trustee Sanfacon, to adjourn.

There being no (further) discussion, **ROLL CALL VOTE** taken:

Trustee Boudreau	Yes
Trustee Jasmin	Yes
Trustee Landrau	Yes
Trustee Sanfacon	Yes
Trustee Salehi	Yes

Motion passed unanimously.

Meeting adjourned at 12:48 PM.

Attachments presented at this meeting:

- a. Minutes 12-16-21 (Draft)
- b. Parenzo Hall Renovation
- c. Capital Projects Update
- d. Travel Expenses for the President and the President's Direct Reports July 1 – December 31, 2021
- e. Second Quarter Financials (Summary)
- f. Second Quarter Financials (FY22)
- g. Second Quarter Financials (FY21)
- h. FY23 Planning Model and Budget Process (Summary)
- i. FY23 Planning Model and Budget Process (Model)
- j. Motion – FY23 Schedule of Annual Tuition and Fees
- k. FY23 Schedule of Annual Tuition and Fees (Recommendations)
- l. FY23 Schedule of Annual Tuition and Fees (New Campus Fees)
- m. FY23 Schedule of Annual Tuition and Fees (Schedule)
- n. FY23 Schedule of Annual Tuition and Fees (Phase II Rate Restructure Plan and Housing Rates)
- o. FY23 Schedule of Annual Tuition and Fees (CGCE Schedule)
- p. FY23 Schedule of Annual Tuition and Fees (CGCE Summary)
- q. FY23 Schedule of Annual Tuition and Fees (Assumptions and Timeline)
- r. Motion – Parenzo Hall Renovation