

**SPECIAL MEETING OF THE
FINANCE AND ADMINISTRATION COMMITTEE
BOARD OF REGENTS FOR HIGHER EDUCATION**
Room 209
39 Woodland Street
Hartford, Connecticut

Tuesday, September 11, 2012, at 10:30 a.m.

Minutes

REGENTS PRESENT

Lewis Robinson, Chair, Board of Regents
Gary Holloway, Chair, Finance and Administration Committee
Richard Balducci
Matt Fleury
Merle Harris, Chair, Academic & Student Affairs Committee
René Lerer (Telephonic)
Zac Zeitlin (Telephonic)

REGENTS ABSENT

Catherine Smith

STAFF

Michael Meotti, Executive Vice President; William Bowes, Chief Financial Officer; Elaine Clark, Vice President for Facilities & Infrastructure Planning; Braden Hosch, Director of Policy, Finance & Academic Affairs; Ray Yirga, Director of Accounting & Finance; Ilia Moldavski, Senior Finance Officer – Systems Support; Rosalie Butler, Administrative Assistant for Finance

CONNSCU REPRESENTATIVES

Jack Miller, President, CCSU; Lester Primus, Dean of Administration, Capital CC; Jim McDowell, Dean of Administration, Manchester CC; Jim Troup, Dean of Administration, Naugatuck Valley CC; Steve Frazer, Dean of Administration, Tunxis CC; Richard Bachoo, CAO, CCSU; Charlene Casamento, CFO, CCSU; James Howarth, Interim Vice President for Finance and Administration, ECSU; James Blake, Executive Vice President, SCSU; Paul Reis, VP for Finance and Administration, WCSU

With a quorum present, Chairman Holloway called the meeting to order at 10:40 am.

1. APPROVAL OF MINUTES FROM THE JUNE 13, 2012 MEETING

The minutes of the June 13, 2012 meeting were unanimously approved, as written.

2. MONTHLY FINANCIAL REPORTING

EVP Meotti explained that monthly revenue/expense reports would soon be provided to committee members on an institutional basis. Once finalized, the report would be used to drive policy-making decisions. Options, indicators and timing were discussed. The anticipated date for standardization of the format and distribution is December 1.

No action was taken

3. CURRENT SERVICES BUDGET

CFO Bowes explained the Current Services Budget is due to the Office of Policy and Management by September 1, but BOR had received an extension for submission. EVP Meotti provided an overview of the OPM budget process for all State agencies. BOR is projecting a 5.5% increase in FY14, driven predominantly by collective bargaining agreements.

No action was taken.

4. BUDGET RELIEF FOR DONOR COLLEGES

EVP Meotti explained the historical approach to the allocation of the state block grant to the Community Technical Colleges. He indicated the amount of tuition transfers across institutions has grown significantly over the years and is increasing the financial pressures on “donor” colleges. Discussion followed over the nature of unrestricted net assets and the true availability of reserves that might be used to decrease the impact of tuition transfers. The Committee reviewed a proposal that would provide one time relief in FY 2013 to donor colleges.

No action was taken.

5. LIQUIDITY/RESERVES ANALYSIS

Discussion continued regarding unrestricted net assets and the use of reserves. CFO Bowes provided a balance sheet showing the net assets for the community colleges for fiscal year ended June 30, 2011. EVP Meotti expressed a need to clarify the best approach to determining latitude with regard to use of reserves and cash. It was suggested that BOR look to PricewaterhouseCoopers to assist in this effort.

No action was taken.

6. FINANCIAL RATIOS

CFO Bowes explained the concept of the composite financial index, how it has become common for use by institutions and state higher education agencies, credit rating agencies and the Department of Education. He reviewed the underlying financial ratios, the methodology for computing the index, what the index reveals about an institution’s financial health and provided examples of its use at the University of Southern Maine and the Minnesota State Colleges &

Universities. He also pointed out some of the limitations on use of the ratios by public universities. Chairman Holloway requested these ratios be made available for the October BOR meeting.

No action was taken.

7. CHEFA PROJECTS

CFO Bowes provided information on the three processes by which the state universities and colleges receive funding for capital projects with extensive background on project financing through the CT Higher Education Finance Authority (CHEFA). He explained the CHEFA approval process, provided a list of university projects recommended for financing in the next bond issue and reviewed the pro forma financials that serve to demonstrate project viability.

President Miller provided context for the proposed projects at CCSU, the urgent need for additional residence hall beds and added food service capacity.

The approval process and timeline were discussed. Since the next meeting of CHEFA is scheduled for October 17, the day prior to the next BOR meeting, CFO Bowes indicated that he would determine the CHEFA Board's willingness to approve the proposed borrowing subject to ratification by the Board of Regents at its October meeting.

No action was taken.

With no other business to discuss, the meeting was adjourned at 12:45 a.m. on a motion by Regent Balducci, seconded by Regent Fleury.