

**MEETING OF THE
FINANCE AND INFRASTRUCTURE COMMITTEE**

Board of Regents for Higher Education

Tuesday, August 14, 2018

10:00 a.m.

61 Woodland Street, Hartford, CT

Minutes

REGENTS PRESENT

Richard Balducci, Committee Chairman

Del Cummings

David Jimenez (Telephonic)

JoAnn Ryan (Telephonic)

REGENTS ABSENT

Felice Gray-Kemp

Catherine Smith

CSCU STAFF PRESENTING

Mark Ojakian, President; Erika Steiner, Chief Financial Officer; Keith Epstein, Vice President, Facilities, Real Estate and Infrastructure Planning

With a quorum present, Chairman Balducci called the meeting to order at 10:00 a.m.

1. Approval of Minutes from the June 6, 2018 Meeting

On motion by Regent Jimenez, seconded by Regent Ryan, the minutes of the June 6, 2018 meeting were approved as submitted.

2. Action Items

2A. CSCU – Intent to Adopt “Red Tape Elimination” Guidelines

CFO Steiner reviewed Public Act 17-130 and its intent. The Act was enacted to simplify certain purchases made by public institutions of higher education by eliminating excessive contracting formality specific to only three types of agreements: (1) revenue-generating contracts, (2) non-monetary arrangements, and (3) “certain other agreements”. The Act also exempts specific types of purchases from the competitive bid process and eliminates the need of certain state boilerplate. After canvassing the CSCU institutions, Central Connecticut State University expressed an interest in having the Public Act reviewed. The Public Act allows the Board to adopt a related policy, provided such policy is posted on the CSCU website and interested parties are provided reasonable opportunity to present their views prior to adoption.

On motion by Regent Balducci, seconded by Regent Ryan, the resolution concerning the CSCU Public Notice of Intent to Adopt “Red Tape Elimination” Guidelines was unanimously approved.

2B. Housatonic Community College – License Agreement with Derby High School to Use Their Space

CFO Steiner commented on the request to utilize space at Derby High School for the expansion of the College Connections program at Housatonic Community College. The purpose of the program is to provide early college education and training for high school students in Advanced Manufacturing and support the growing need in Connecticut for highly skilled workers in the Advanced Manufacturing field. The Department of Economic and Community Development (DECD) entered into an agreement with CSCU whereby DECD would provide matching funds in order to help satisfy growing needs in the state for highly skilled workers provided certain metrics are met and the number of high school students participating would grow.

The cost of instruction will be covered by Derby High School. DECD will support 50% of tuition as well as direct costs incurred by students for books and materials. This program is cost neutral to Housatonic from an operating standpoint with 50% tuition reimbursement from DECD covering any administrative costs. Housatonic will offer non-credit Advanced Manufacturing courses to adult learners and the incumbent worker population during evening hours and weekends. Housatonic will provide and/or purchase and install all equipment and furnishings required to administer the program at a cost of \$400,000. Derby High School will provide a renovated classroom space as fully equipped laboratory space in addition to a Manufacturing Center classroom and Metrology Lab. The College requests a three-year license agreement for space use, including an option to renew.

On motion of Regent Ryan, seconded by Regent Cummings, the Resolution concerning Housatonic Community College License Agreement with Derby High School for Space Use was unanimously approved.

3C. Tunxis Community College (Bristol Facility) – License Agreement with Capital Workforce Partners

Keith Epstein, Vice President, Facilities, Real Estate and Infrastructure Planning, commented on Tunxis Community College’s opportunity to extend community involvement on campus and benefit Tunxis students by working with the Capital Workforce Partners (CWP) in providing career service opportunities on campus. The Farmington/Bristol region of the CWP is currently administered by the New Britain office. Students will be able to avail themselves of the services that CWP provides with public assistance with career counseling, job identification, connections to employers and workshops that may include resume writing, employment strategies, interview skills and computer basics.

Tunxis Community College is seeking approval to enter into a two-year license agreement with renewal options of 1-year extensions with Capital Workforce Partners that would permit CWP to conduct business out of Tunxis’ leased Bristol location. This accommodation would improve

distance to travel for services for Tunxis students, as well as heighten their awareness of availability of services. Due to budget constraints in recent years, Tunxis offers only limited career services.

Conditions of the license will include a \$48,000 annual rent that provides for tenant use of 2,500 s.f. from available space in Tunxis' 8,006 usable s.f. Bristol lease. The rent under the proposed agreement is a prorated amount that funds the CWP's use of space and operating expenses funded by Tunxis in exchange for student and graduate employment assistance services.

On motion of Regent Balducci, seconded by Regent Cummings, the Resolution concerning Tunxis Community College (Bristol Facility) License Agreement with Capital Workforce Partners was unanimously approved.

3D. Western Connecticut State University – CSCU 2020 Funding Reallocation

VP Keith Epstein, commented on the recent completion of the new Police Department building on the campus of Western Connecticut State University. During Fiscal Year 2014 of the CSCU 2020 program, \$6,445,000 was allocated for construction and equipment for the Police Department project. With the completion of the project, \$452,583.66 remain uncommitted and available for use on other projects. Legislation allows the Board of Regents to reallocate unused program funds at the completion of a project to other CSCU 2020 named projects and programs provided that the total project budgets are not increased 5% or more.

Management is requesting that the Board of Regents approve the reallocation of Western's Police Department uncommitted funds of \$452,583.66 to Western's Code Compliance/Infrastructure Improvement program.

On motion of Regent Balducci, seconded by Regent Ryan, the Resolution concerning Western Connecticut State University CSCU 2020 Funding Reallocation was unanimously approved.

3E. Middlesex Community College – Memorandum of Understanding with the Connecticut Valley Hindu Temple Society for Parking Lot Use

VP Epstein commented on the informal process that developed over the years with Middlesex Community College allowing the Connecticut Valley Hindu Temple Society (CVHTS) to park in their campus parking lot(s) on occasion of holidays that they require an overflow parking area at no charge and at their own risk. The CVHTS parking lot use does not interfere with college operations as the Temple utilize the lot(s) in the evening or on holidays.

This fall the CVHTS anticipates undergoing a parking lot renovation and has requested to use Middlesex's parking lot as an overflow while they complete their renovation. Once their lot is completed, the Middlesex lot will only be used as an overflow lot for the occasions of holidays. Over the years, Middlesex has received no negative feedback, complaints or issues from the previous parking arrangement. The College would like to have the overflow parking arrangement formally approved by the Board in addition to the temporary parking arrangement.

The Memorandum of Understanding (MOU) will include an indemnification of any CSCU liability associated with use of the parking lot, and a clause indicating that the Temple is liable for any damages.

On motion of Regent Balducci, seconded by Regent Cummings, the Resolution concerning Middlesex Community College Memorandum of Understanding with the Connecticut Valley Hindu Temple Society for Parking Lot Use was unanimously approved.

2F. CSCU – FY20/FY21 Biennium Baseline Operating Budget and Capital Budget

CFO Steiner reviewed the Biennium Baseline Operating Budget and the process for developing a baseline budget for submission to the Secretary of the Office of Policy and Management (OPM). The Baseline Operating Budget is based on our current spending profile, current revenues, and certain revenue and some limited cost growth factors. It was noted that the Biennium Budget submittal is not the same as the System's annual budget, but rather a vehicle to communicate adjustments required by law or other approved factors to the current baseline of funding provided to OPM.

The Capital Budget for this Biennium includes funding required by our longer-term institutional master plans, but does not contemplate facilities that will be requested through CHEFA financing. With the expiration of the System's CSCU 2020 long-term capital program, this Biennium does include requirements for the four state universities which were previously contemplated in CSCU 2020.

The Baseline Budgets for FY20 and FY21 result in escalating losses for the system as a result of the FY19 Budget loss and the assumptions built into the following two years that includes a 5.5% pay increase required by SEBAC for each of the two years; job protection during the budget periods; expectation that fringe benefits will continue to escalate; and lack of State funding to fully cover either of these increases. State funding at a minimum will be required to protect our ability to meet payment obligations. The System is unable to survive with the current funding. There was a general discussion amongst the Regents regarding options to address the lack of sufficient funding.

VP Epstein reviewed the Capital Request for the FY20/FY21 Biennium which does not include the \$126,000,000 funding of which was deferred from FY19 for two university projects, to a new CSCU 2020 funding year of FY20. The request also excludes facilities that are funded through CHEFA revenue bonds. Under this Biennium Capital Budget, \$195.2 million and \$250.0 million for FY20 and FY21 respectively is being requested. The primary requirements for the System in this capital request are to continue our programs of code compliance and infrastructure improvements. The near term priorities of the system are not to increase capacity, but modify use of existing facilities or replace and upgrade those that cannot be modified. All project funding requests are consistent with each institutions most current Master Plan.

On motion by Regent Balducci, seconded by Regent Cummings, the Resolution concerning the CSCU – FY20/FY21 Biennium Baseline Operating Budget and Capital Budget Request was unanimously approved.

There being no further business, on motion of Regent Cummings, seconded by Regent Ryan, the meeting adjourned at 11:37 a.m.