

**MEETING OF THE
FINANCE COMMITTEE**

Board of Regents for Higher Education
Tuesday, November 12, 2013, at 11:00 am
Community Room
61 Woodland Street, Hartford CT

Minutes

REGENTS PRESENT

Matt Fleury, Chair, Finance Committee
Richard Balducci
Gary Holloway
Rene Lerer (Telephonic)
Tom Failla

REGENTS ABSENT

Catherine Smith

CONNSCU REPRESENTATIVES

Gregory Gray, President, BOR; James Blake, Executive Vice President, SCSU; Richard Bachoo, Chief Administration Officer, CCSU; Charlene Casamento, Chief Financial Officer, CCSU; Steven Fraser, Dean of Administration, NWCC; James Howarth, Vice President for Finance & Administration, ECSU; Cliff Williams, CFO, COSC; Paul Martland, Dean of Administration, QVCC; Michael Lopez, Dean of Administration, TRCC; Paul Reis, Vice President for Finance & Administration, WCSU; Robert Sheeley, Associate Vice President for Capital Budgeting & Facilities Operations, SCSU

CONNSCU STAFF

Erika Steiner Chief Financial Officer; Liz Caswell, Chief of Staff; Darlene Mancini-Brown, Interim Vice President for Facilities & Infrastructure Planning; Juliet Manalan, Director of Public Relations & Marketing; Karen Stone, Director of Internal Audit; Keith Epstein, Director of Capital Projects; Kyle Thomas, Legislative Program Manager; Melentina Puzstay, Interim Budget Director; Erin Fitzgerald, BOR Secretary; Rosalie Butler, Administrative Assistant

GUESTS

Jim Kadamus, Jon King, Sightlines LLC; Jacqueline Rabe Thomas, CT Mirror

With a quorum present, Chairman Fleury called the meeting to order at 11:40 am.

1. APPROVAL OF MINUTES FROM THE OCTOBER 8, 2013 MEETING

The minutes of the October 8, 2013 meeting were unanimously approved, as written.

2. INFORMATION ITEMS

A. FY2012 Facilities MB&A Presentation by Sightlines LLC – Jim Kadamus, Vice President and Jon King, Associate Director

Chairman Fleury introduced Messrs. Kadamus and King, who provided an executive summary of their work to date. Metrics used to evaluate ConnSCU Return on Physical Assets included Annual Stewardship (annual investment needed to ensure buildings will properly perform), Asset Reinvestment (accumulated backlog of repair and modernization and the resources needed to correct them), Operational Effectiveness (i.e., operating budget, staffing/supervision and energy management) and measuring the Service process (maintenance/quality of space, and customers' opinion of service delivery).

B. First Quarter FY2014 Annual Projection

Chairman Fleury turned to VP Howarth for further explanation. Howarth reported that the annual projection for fiscal year 2014 contains total revenue of \$1.1 billion, representing a shortfall of \$2.8 million, or 0.3%. This reflects lower tuition and fees of \$8.4 million (1.7%) and a late budget adjustment in state appropriations of \$1.3 million (0.4%), offset in part by an increase in fringe benefits paid by state of \$7.3 million (3.9%). A late budget adjustment was announced just prior to Board of Regents approval of the annual budget, was deemed to be immaterial to the overall budget and would be adjusted as part of the annual projection process.

Earlier presentations identified that projections for FY 2014 would be negatively impacted by higher fringe benefit expenses based on both higher than budgeted rates for insurance and retirement plans and the conversion of some employees from the Alternative Plan to the State Hybrid Plan. Each institution has now completed their projection and where possible, adjusted their projection to minimize the impact to their overall results.

Total personal services and fringe benefits are projected to be \$2.1 million (0.3%) higher than the original budget reflecting increased fringe benefits of \$10.7 million (4.1%) offset in part by deferred hiring in full time positions of \$12.5 million (3.0%). It is important to note the impact of increased fringe benefits was minimized in the projection by the deferral in filling selected positions.

Total other expenses decreased by \$ 0.5 million (0.2%) reflecting a \$2.0 million (1.2%) decrease in all other operating expenses offset in part by increased student financial aid of \$1.6 million (2.9%).

After taking into consideration all of the factors identified above the current projection for FY 2014 is a net loss of \$3.3 million or 0.3% of total revenues.

C. CSUS 2020 Progress Report

Director Epstein explained the report format and provided Committee members with a current status of CSUS 2020 projects.

3. ACTION ITEMS

A. Use of Reserves and Insurance Proceeds by Southern Connecticut State University for Renovations at Buley Library

Chairman Fleury turned to Director Epstein for explanation. He recalled the May BOR meeting, at which time Regents gave approval for SCSU to use reserves up to \$995,000 and the reallocation of \$1.05 million in uncommitted CSUS 2020 funds to ensure the completion of Phase II of the Buley Library renovation project. This left floors 2, 3 and 4 unfinished. Bids are now in with a total project completion cost of \$8,039,412. Opportunities identified to fund the build-out are \$2,546,369.30 in uncommitted Buley Library insurance proceeds (operating funds) and unrestricted fund balances of \$5,493,042.70. Use of fund balances greater than \$250,000 require Board of Regents approval, while state law requires legislative approval through the Finance Advisory Committee if repairs alterations or additions to university facilities supported by the operating fund cost one million dollars or more.

The resolution was unanimously approved on a motion by Regent Balducci, seconded by Regent Lerer.

B. Update to the 2007 Comprehensive Campus Master Plan for Western Connecticut State University

Director Epstein provided a brief overview of the campus master planning process at the four universities. He explained that Western Connecticut State University's police station is currently housed in several rooms attached to the Midtown Campus Boiler House and totals 1,100 assignable square feet (ASF). A 2003 programming study for the Police Station reported both significant space deficiencies and lack of a visible presence for the university community. Western's 2007 Master Plan also identified the Police Station space deficiencies and recommended that a larger facility be allocated to better support university needs. A renovated space in White Hall was recommended for this purpose. Subsequently, the CSUS 2020 program funded \$500,000 in FY12 for design and \$4,250,000 in FY14 for construction (\$4,750,000 total funding) for the relocation of Western's Police Station into a renovated White Hall space.

As the design phase commenced, Western's senior administration and Police ultimately concluded that White Hall was not a beneficial location for the new Police Station. Located in a basement of an academic building on the west side of the Midtown Campus at the corner of White St. and Fifth Street, this location does not sufficiently promote a visible presence for the university, is located on the opposite side of campus from the midtown residence halls, police functions are not compatible with White Hall's main use for classrooms and faculty offices, and the pre-existing structure imposes restrictions and challenges in constructing a modern, functional police facility.

Current detailed design studies have determined that a new, standalone police station should be located across the street from the current Boiler House/Police Station on the north side of Roberts Avenue. The project budget for design and construction remains unchanged. BOR approval for a 2013 Western Master Plan modification, due to the project relocation and new classification from renovation to new construction, is required.

The Resolution was approved on a motion by Regent Balducci, seconded by Regent Fleury.

With no other business to discuss, the meeting was adjourned at 12:30 p.m., on a motion by Regent Balducci, seconded by Regent Holloway.