

Minutes of the VSC Board of Trustees Finance and Facilities Committee held Wednesday, October 19, 2016 at Johnson State College—APPROVED November 30, 2016

The Vermont State Colleges Board of Trustees Finance and Facilities Committee met on October 19, 2016 at Johnson State College.

Committee members present: **Jerry Diamond**, Lynn Dickinson, Church Hinds (Chair), Karen Luneau, Chris Macfarlane (Vice Chair), Linda Milne, Martha O'Connor, Aly Richards

Absent: Bill Lippert

Presidents: Elaine Collins, Joyce Judy

Chancellor's Office Staff: Sheilah Evans, System Controller/Senior Director of Business Operations
 Deb Robinson, Controller
 Elaine Sopchak, Administrative Director, Office of the Chancellor
 Jeb Spaulding, Chancellor
 Steve Wisloski, Chief Financial Officer

From the Colleges: Scott Dikeman, Dean of Administration, Castleton University
 Barb Flathers, Assistant to the Dean of Students, Johnson State College
 Loren Loomis Hubbell, Dean of Administration, Lyndon State College
 Laura Jakubowski, Director of Finance, Castleton University
 Barbara Martin, Dean of Administration, Community College of Vermont
 Sandy Noyes, JSC Unit Chair, Staff Federation
 Sharron Scott, Dean of Administration, Johnson State College
 Lit Tyler, Dean of Administration, Vermont Technical College

1. Chair Hinds called the meeting to order at 11 a.m.
2. Consent agenda
 - a. Approve minutes of September 28, 2016 meeting
 - b. Grants and Endowments

No items were requested to be removed from the consent agenda. Trustee Diamond moved and Trustee Macfarlane seconded the approval of the consent agenda.

Trustee Diamond requested that the Committee consider requiring that the minutes be more descriptive. Chair Hindes acknowledged the Justin Clayton Memorial Endowment and thanked his family for the opportunity to honor him.

The consent agenda was approved unanimously.

3. LSC/JSC Unification and System Consolidation updates

This item was not discussed. Chancellor Spaulding will send an update to the full Board via email.

4. Review and approval of FY2018 Capital Bill request

Trustee Macfarlane moved and Trustee Diamond seconded the resolution. CFO Wisloski gave a brief description of the capital appropriations process, and reviewed the table on page 11 of the Committee materials, *Capital Appropriations from 1993-2017, and 2018-19 Request*. He informed the Committee the state has been steadily reducing the amount of bonding it authorizes. He stated that the VSC request is reasonable when placed in historical context as shown in the table, and noted that the resolution reflects an additional \$3M for enterprise resource planning software.

Trustee Richards pointed out the trend in state appropriations has recently turned in the right direction. CFO Wisloski reminded the Committee that while the trend has begun to be positive, the base appropriation has remained level, with some single incidences of increased funding for individual projects. Trustee Milne left the meeting at this time.

Chancellor Spaulding reminded the Committee that though the capital appropriations request is larger than in the past, it must be acknowledged that the VSC is different from UVM and VSAC in that it does not have access to the same level of philanthropic funds. He stated that the VSC is the extension of the public K-12 system into the postsecondary years; that the system serves more Vermonters than all other higher education institutions in the state combined; and that the system serves the same demographics as the K-12 system. He cited the series of changes the VSC has made to secure its financial standing, including closing the retiree health insurance group; lowering the employer contribution to the defined contribution plan; requiring a high deductible health insurance plan for all new employees; and the ongoing consolidation and unification initiatives. This year's appropriations request acknowledges that even with all these significant changes the system still needs substantial assistance from the state to maintain the facilities where Vermonters go to college.

Trustee Dickinson noted that recent funding includes matching from the colleges. Chancellor Spaulding agreed that college matching provides the legislature with the confidence that the college is invested in attaining matching funds; however, he noted that some VSC colleges are more connected than others to philanthropic resources and that matching is not always a viable option.

Trustee Diamond stated that the third item in the resolved clause of the resolution could be confusing, particularly the phrase “in lieu of.” CFO Wisloski explained the phrasing is a way to prioritize the enterprise resource planning software replacement in the capital appropriations funding. Chancellor Spaulding clarified that the VSC asked for both \$4M for capital funding and \$3M for enterprise resource planning software replacement.

Trustee Diamond inquired whether the resolution under discussion was necessary. Chair Hinderes replied that the Chancellor should be able to tell the legislature that the Board supports the appropriations request.

Trustee Diamond moved to amend the resolution to delete the phrase “in lieu of all or a portion of” from item 3 of the resolved clause. Chair Hinderes moved to amend the resolution to delete the words “up to” from item 3 of the resolved clause. Trustee Macfarlane seconded these friendly amendments. The resolution was approved as amended unanimously. The revised resolution is attached to these minutes.

5. Requested repeal of Policy 411, Deferred Payment of Tuition and Fees

CFO Wisloski shared with the Committee a revised resolution to allow the amendment of Policy 411 rather than its repeal. The amendment maintains the nondiscrimination portion of the policy. The changes made to the resolution were only to the title and the last resolved clause. The revised resolution is attached to these minutes.

Trustee Jerman moved and Trustee Diamond seconded the amended resolution. The Committee discussed the policy with the deans of administration and the presidents. The amended resolution was approved unanimously.

6. Requested approval of revised debt restructuring resolution

Trustee Macfarlane moved and Trustee Diamond seconded the resolution. CFO Wisloski reviewed the marked up version of the resolution included in the Committee materials. He explained that the VSC debt profile includes five debt instruments but the existing resolution

refers to only one instrument. The new resolution before the Committee includes all the VSC debt instruments and allows for more flexibility for future refinancing and bonding.

Trustee Diamond inquired why the VSC wouldn't instead refinance all debt at a lower rate. CFO Wisloski explained the first step is to eliminate the balloon payment, and subsequent steps will be taken to ameliorate constraints in the other debt instruments.

Chair Hindes moved to strike the word "most" from the final resolved clause. Trustee Macfarlane seconded the amendment. The Committee approved the amended resolution unanimously. The revised resolution is attached to these minutes.

7. Final enrollment summary for Fall 2016

CFO Wisloski distributed an updated enrollment report as of 10/15/16, as the materials were distributed to the Committee before the 15th. The new report is attached to these minutes.

The Committee discussed the figures at length with the deans of administration and presidents. Trustee Diamond requested that the Committee see a report on the actual number of enrolled first-year students year-to-year, in order to account for decreases in enrollment caused by larger graduating classes. Chancellor Spaulding stated that is an annual report also compiled on October 15th, and will be shared with the Committee as soon as it is complete.

Increases and decreases in both full time and part time students were discussed. President Collins stated that growth in part time students is an area of emphasis and it is important to acknowledge meeting that goal. Also, there has been an increase in retention and the numbers for first time students are healthy; these will positively affect other measures. Trustee Richards requested information (if available) on whether new programs or other factors might be driving part time enrollment growth.

The presidents and Chancellor Spaulding emphasized that data for enrollment reports are compiled in compliance with federal requirements as set forth by IPEDS. But each college internally analyzes its data in different ways. The Committee would like to see what gauges the college presidents pay the most attention to in addition to federally required statistics.

The presidents reported enrollments relative to budget.

- CCV: Ahead of budget
- JSC: Below, but predict to meet budget
- CU: Level with budget

- VTC: On budget currently; a decline in international students is a long term concern; positive enrollment comes from nursing and other capped programs.
- LSC: Ahead of budget for new students, down returning; overall below budget.

Chair Hinds suggested that a tutorial in the near future for the Board on how to interpret enrollment numbers and the assumptions behind them would be appropriate.

The Committee asked the presidents and deans of administration to share the most important reports (or “levers”) they rely upon to gauge where the colleges stand on a regular basis.

- Vermont Tech Dean Tyler: FTE enrollment, tuition/fee revenue year-to-year.
- Castleton University Dean Dikeman: the same reports as Dean Tyler, adding retention.
- Lyndon State Dean Loomis Hubbell: admissions statistics for entrants by components (transfers, first-years, etc); registration; tuition/fee revenue.
- CCV President Judy: depends on audience, cohorts, and financial limitations of each component; tuition/fee report; course placements; teacher salary line, which varies based on course placements and class size averages; in-state versus out-of-state enrollment.
- Johnson State President Collins: residential students; admissions; retention; mix of full time and part time enrollment; students exiting; cash; formulas. President Collins shared that accurately tracking the admissions cycle of deposits, enrollment, and registrations requires better data system processes.

8. Review of Committee meetings for remainder of FY2017

CFO Wisloski reviewed topics for upcoming Committee meetings.

9. Other business

Chair Hinds recognized outgoing VSC Controller Deb Robinson for her service to the Committee and to the VSC.

10. Public comment

There were no public comments.

Chair Hinds adjourned the meeting at 1 p.m.

VERMONT STATE COLLEGES

BOARD OF TRUSTEES

RESOLUTION

FY2018 VSC Capital Budget Proposal and State Appropriation Request

WHEREAS, The Vermont State Colleges possesses institutional facilities which require major maintenance and improvements, and funding these needs necessitates both state capital appropriation and other VSC funds; and

WHEREAS, The Board is committed to seeing the system catch up on the backlog of deferred maintenance projects; therefore, be it

RESOLVED, That the Vermont State Colleges Board of Trustees hereby approves the proposed plan of facilities maintenance and improvements with an emphasis upon deferred maintenance projects, including specifically:

1) The attached “VSC FY2018 State Capital Appropriation Request” totaling \$4,000,000; and

2) The attached “VSC FY2018 Self-Funded Capital Projects” totaling \$1,000,000; and

3) ~~Up to~~ \$3,000,000 for system-wide business process standardization and software, whether as a single instance of Colleague or a new Enterprise Resource Planning (ERP) system, in addition to ~~or in lieu of all or a portion of~~ approved facilities maintenance projects.

November 30, 2016

VERMONT STATE COLLEGES

BOARD OF TRUSTEES

RESOLUTION

VSC Authorization to Refinance Outstanding Debt Obligations

- WHEREAS, During FY2008 the VSC entered into a 20 year SWAP loan agreement with a 30 year amortization with TD Bank for \$72,026,000; and
- WHEREAS, During that time period the longest financing term available to the VSC was a 20 year term loan with a balloon payment due in the 20th year (2028); and
- WHEREAS, Credit markets have recovered since the loan was issued; and
- WHEREAS, By refinancing the current loan to a 30 year loan the VSC can do away with the balloon payment in the 20th year, while keeping the payments generally the same amount; and
- WHEREAS, By also refinancing the remaining TD Bank Loans from FY2005 and FY2009, VSC may obtain relief from related loan covenants that limit additional borrowing to support needed capital projects; and
- WHEREAS, By also refinancing bonds issued in FY2010 and FY2013, VSC may obtain near-term debt service relief and possible refinancing savings; and
- WHEREAS, The VSC would like authorization to seek and secure refinancing of all or a portion of its outstanding debt at the time when it is most financially advantageous to do so; therefore be it
- RESOLVED, That the Vermont State Colleges Board of Trustees hereby authorizes the Chancellor to seek and secure the refinancing of all or a portion of its outstanding debt when it is ~~most~~ advantageous for the VSC.

November 30, 2016