

**Minutes of the VSC Board of Trustees Finance and Facilities Committee held Wednesday, November 30, 2016 at Community College of Vermont, Montpelier Academic Center—
APPROVED January 9, 2017**

The Vermont State Colleges Board of Trustees Finance and Facilities Committee met on Wednesday, November 30, 2016 at Community College of Vermont Montpelier Academic Center.

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

Absent: Lynn Dickinson, Karen Luneau

Presidents: Nolan Atkins, Elaine Collins, Joyce Judy, Pat Moulton, Dave Wolk

Chancellor's Office Staff: Tricia Coates, Director of Governmental & External Affairs
Kevin Conroy, Chief Information Officer
Bill Reedy, General Counsel
Dave Rubin, Grants Coordinator
Elaine Sopchak, Administrative Director, Office of the Chancellor
Jeb Spaulding, Chancellor
Steve Wisloski, Chief Financial Officer
Yasmine Ziesler, Chief Academic 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
Barbara Martin, Dean of Administration, Community College of Vermont
Sharron Scott, Dean of Administration, Johnson State College
Aimee Stephenson, Director of Development, Community College of Vermont
Lit Tyler, Dean of Administration, Vermont Technical College

1. Chair Hinds called the meeting to order at 9:00 a.m.

2. Consent agenda

- a. Approve minutes of October 16, 2016 meeting
- b. Grants and Endowments
- c. Uniform Guidance Policies

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

Trustee Diamond requested that the minutes be corrected to show that he was in attendance at the October 19th meeting. Chair Hinds acknowledged the Dr. Bruce Berryman Award Endowment and thanked the donor for the generosity of the endowment. Trustee Milne inquired about how cash management is addressed in the new uniform guidance policies. Dave Rubin, VSC Grants Coordinator, explained to the Committee that the VSC is in the process of creating standards and practices to implement the uniform guidance policies. In addition to a cash management policy there is a cash handling policy to assure that language around internal controls is established in policy. Trustee Milne requested a copy of the new standards and practices when they are completed.

The consent agenda was approved unanimously with the amended minutes.

3. Review of FY2017 first quarter results

Chair Hinds introduced the first quarter results and CFO Wisloski shared the projected operating deficit of just over \$3M, which is approximately \$1M better than was projected at the May 19 Committee meeting. In summary none of the colleges are presenting concerning new financial developments.

4. Initial discussion of System-level FY2018 budget framework

Mr. Wisloski reviewed initial assumptions for the FY2018 budget. Trustee Diamond inquired and the Committee discussed whether separating out CCV's budget from those of the residential colleges would give a more accurate budget picture. The Committee also discussed the way the state appropriation is shared among the colleges, and Chair Hinds requested that this topic be put on a Committee agenda in the near future. Trustee Diamond emphasized that the Chancellor's Office's highest priority is to create an FY2018 budget that is balanced and not in deficit. Mr. Wisloski noted that this is still the highest priority but that the costs of unification will affect the process significantly. Trustee Macfarlane asked that increases to the Chancellor's Office budget be explained, particularly as they relate to the business operations consolidation

process. Chancellor Spaulding assured the Committee that his staff and the colleges are working very hard to achieve the goal.

5. Quarterly cash and investments performance and review of Policy 430

Mr. Wisloski reviewed the cash and investment report, and the weekly concentration account balance report. The return on the endowment funds invested with Morgan Stanley have exceeded benchmarks for the first nine months of this calendar year.

Mr. Wisloski stated that he, Chair Hindes, and Chancellor Spaulding will review Policy 430 in December and will bring any proposed changes to the Committee. Committee members were encouraged to participate in the review.

6. Debt management policy proposal and potential bond sale update

Mr. Wisloski informed the Committee that he and Chancellor Spaulding would meet with Standard & Poor's on December 2nd. The change in the VSC rating in 2014 from A+ to A was primarily due to low state support and S&P's perception of unlikely state intervention. The 2015 rate change from A to A- was due to the same reason plus declining enrollment. A draft debt management policy, based on samples from NACUBO and other similar colleges, is under development.

An RFP for a bond issue firm has been posted, and Mr. Wisloski expects to engage a firm by the end of December. The purpose of the bond is to eliminate a balloon payment scheduled for 2028, to refinance two covenanted loans, and to refinance to achieve savings.

7. AGB Report initiatives update

Mr. Wisloski briefly reviewed system progress in achieving the recommendations made by AGB in its February 2015 report. He identified in the progress update ten major initiatives with corresponding quantitative goals. Towards the goal of identifying \$3M in savings, to date the system estimates it will reach this objective due to the introduction of a high deductible health plan, reductions in the employer contribution to the defined contribution plan, and consolidation of accounts payable across the system. Programming goals primarily around online academic programs and cross-college initiatives are being addressed through the 2016 CampusWorks report recommendations. Individual colleges have made some progress toward enrollment increases. The Board's work toward the goals included moderate tuition increases and timing tuition setting to facilitate early adoption of prior-prior FAFSA procedures.

8. Other business

Trustee Diamond asked if the next Long Range Planning Committee meeting could be held on the same day as a Finance and Facilities Committee meeting. He expects both committees would be interested in hearing Vermont Tech Interim President Moulton's presentation on her strategic analysis of the Williston campus and its future needs.

9. Public comment

There was no public comment.

Chair Hinds adjourned the meeting at 10:22 a.m.

VERMONT STATE COLLEGES

BOARD OF TRUSTEES

RESOLUTION

VSC Finance and Facilities Committee Business: Consent Agenda

WHEREAS, At its November 30, 2016 meeting the VSC Finance and Facilities Committee discussed the business items outlined below; therefore, be it

RESOLVED, The Committee has voted to approve the items outlined below and recommends them to the full Board:

- Approval of the minutes of the October 16, 2016 meeting
- Approval of the Dr. Bruce F. Berryman Award Endowment at Lyndon State College
- Approval of recommended new policies and procedures and revised Policy 432 by the Uniform Guidance Group

November 30, 2016