

## MEMORANDUM

TO: VSC Finance & Facilities Committee  
M. Jerome Diamond  
J. Churchill Hindes, Chair  
Bill Lippert  
Christopher Macfarlane, Vice Chair  
Linda Milne  
Michael Pieciak  
David Silverman

FROM: Steve Wisloski



DATE: March 27, 2018

SUBJ: Finance & Facilities Committee Meeting on April 2, 2018

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The Finance and Facilities Committee of the Board of Trustees is scheduled to meet from 1:00 p.m. to 3:00 p.m. in Conference Room 101 at the Chancellor's Office in Montpelier.

The meeting agenda and selected materials are attached. This meeting will entail a review of the "first pass" at bottom-up FY2019 budgets at an institution level, as well as an update on admissions, a review of an "all funds" presentation, a cash and investments update, and an initial discussion to set the stage for FY2020 tuition planning.

Should you have any questions regarding the upcoming meeting or any other matter, or any requested additions to the agenda, please contact me at [stephen.wisloski@vsc.edu](mailto:stephen.wisloski@vsc.edu) or (802) 224-3022. Thank you.

Attachments:

1. Agenda
2. Meeting Materials

cc: VSC Board of Trustees, Council of Presidents and Business Affairs Council  
Lisa Cline, President, VSC Faculty Federation  
David Beatty, Vermont Department of Finance & Management  
The Honorable Douglas Hoffer, Vermont State Auditor

**Vermont State Colleges Board of Trustees  
Finance and Facilities Committee Meeting  
April 2, 2018**

**AGENDA**

1. Call to order
2. Consent agenda and approvals:
  - a. Minutes of February 12, 2018 meeting
3. Review of admissions summary from March 15
4. Review and discussion of preliminary “bottom up” FY2019 budgets
5. Review and discussion of fund balances
6. Quarterly cash and investments update
7. Preliminary FY2020 tuition discussion
8. Other business
9. Public comment
10. Adjourn

**MEETING MATERIALS**

1. Consent agenda
2. Admissions summary from March 15
3. Preliminary FY2019 budgets [provided separately]
4. “All Funds” presentation [provided separately]
5. Cash and investments report
6. FY2018 Finance & Facilities Committee meetings schedule

Item 1:  
Consent Agenda Items

**Minutes of the VSC Board of Trustees Finance and Facilities Committee held Monday, February 12, 2018 at the Office of the Chancellor, Montpelier, VT – UNAPPROVED**

*Note: These are unapproved minutes, subject to amendment and/or approval at the subsequent meeting.*

The Vermont State Colleges Board of Trustees Finance and Facilities Committee met on Monday, February 12, 2018 at the Office of the Chancellor, Montpelier, VT.

Committee members present: Church Hinds (Chair), Chris Macfarlane, Jerry Diamond, Tim Jerman (via phone), Linda Milne, Mike Pieciak, Bill Lippert

Other Trustees present: Karen Luneau, Lynn Dickinson

Presidents: Elaine Collins, Joyce Judy, Karen Scolforo

Chancellor's Office Staff: Jeb Spaulding, Chancellor  
Steve Wisloski, Chief Financial Officer  
Tricia Coates, Director of External & Governmental Affairs  
Sheilah Evans, System Controller & Senior Director of Financial Operations  
Sophie Zdatny, General Counsel  
Kevin Conroy, Chief Information Officer  
Todd Daloz, Associate Legal Counsel  
Yasmine Ziesler, Chief Academic Officer  
Harriet Johnson, Executive Assistant

From the Colleges: Scott Dikeman, Dean of Administration, Castleton University  
Laura Jakubowski, Chief Budget & Finance Officer, Castleton University  
Barbara Martin, Dean of Administration, Community College of Vermont  
Sharron Scott, Dean of Administration, Johnson State College  
Lit Tyler, Dean of Administration, Vermont Technical College  
Maurice Ouimet, Dean of Enrollment, Castleton University  
Toby Stewart, Controller, Johnson State and Lyndon State College  
Beth Walsh, President, VSCUP  
Morna Flaum, VP of VSCFF

Guests: Professor Brendan Lalor, Castleton University  
Jason Kaiser, Lyndon State College  
Jodi Neuman, Trillium Asset Management (via conference call)

Brian Pelkey, Morgan Stanley Consulting Group  
Tim Candon, Morgan Stanley Consulting Group  
Peter Sylvester, Morgan Stanley Consulting Group

1. Chair Hinde called the meeting to order at 2:10 p.m.

Chair Hinde reviewed the upcoming agenda and advised the committee that Vice Chair Chris Macfarlane will provide updates from the Finance Committee at future Board of Trustees meetings.

2. Consent agenda and approvals:
- a. Minutes of December 1, 2017 meeting
  - b. The Sugarman of Vermont, Inc., Scholarship Endowment (Johnson State)
  - c. New VSC Policy 434, Merchant Credit Card Policy

President Elaine Collins provided a brief summary of the Sugarman of Vermont Scholarship Endowment and Chief Financial Officer Steve Wisloski provided a brief overview of the new VSC Policy 434. **Trustee Diamond moved approval of the consent agenda. The consent agenda was approved unanimously.**

3. Review and approval of amendment to VSC Policy 301 (Welcome Home)

Chancellor Spaulding provided an overview of the revision of VSC Policy 301 on determination of in-state residency for tuition purposes. The proposed revision of the policy would apply to any student that earned a high school diploma, or its equivalent, after January 1, 2015. The revision would allow a Vermonter, who earned a high school diploma or equivalent official credential in Vermont and was domiciled in another state thereafter, to receive in-state tuition in the VSCS without re-domiciling in Vermont for a year, as long as the student is living in Vermont when the student enrolls in the VSCS. By altering some of the residency requirements, this revised policy is intended to encourage former Vermonters to come back, attend a VSCS institution, and live in Vermont.

Chancellor Spaulding answered questions from the Trustees and said further changes could be made if needed.

**Chair Hinde asked for motion to advance to full board adoption of amendment on page 15 of the committee materials minus the phrase “effective July 1 2018.” Trustee Milne moved, seconded by Trustee Lippert. The resolution pass unanimously.**

4. Review and discussion of 2<sup>nd</sup> FY2018 financial reports

Chief Financial Officer Steve Wisloski presented the executive summary of the unrestricted revenues and expenses of the FY2018 finance reports and answered questions from the committee.

5. Review and discussion of admissions summary from February 1

Chief Financial Officer provided an overview of an admission summary and reviewed the charts discussing the weekly comparison between the colleges.

6. Discussion of preliminary FY2019-2021 budget projections

Chief Financial Officer Steve Wisloski presented the historical enrollment and demographic data.

Chancellor Spaulding explained the scenarios of the balanced budget at a system level and how the changes among the colleges have now adjusted that. The committee discussed strategies retaining students, budget preparations and marketing of the schools.

7. Discussion and recommendation regarding Fossil Free VSC request

a. Presentation from Trillium Asset Management, LLC

Castleton University Professor Brendan Lalor provided brief comments and introduced Lyndon State College Student Jason Kaiser who spoke about their Fossil Free VSC proposal. Mr. Kaiser gave brief introductory remarks and introduced Jodi Neuman from Trillium Asset Management who joined the meeting via conference call. Ms. Neuman presented their views on divesting from fossil fuels and answered questions from the group.

b. Presentation from Morgan Stanley

Brian Pelkey, Tim Candon and Peter Sylvester of Morgan Stanley provided a review the system's portfolio, and answered questions on their fossil free approach, considering changes to the investment portfolio to respond to environmental, social and governance issues.

Chief Financial Officer Steve Wisloski reviewed the February 7, 2018 memo he wrote on the subject and explained his reasoning. Chancellor Spaulding summarized the options and suggested adopting a moderate approach as presented and watching the results for a long enough period of time to gauge the efficacy of the approach.

**Trustee Diamond moved to recommend approval by the Board of Trustees a "Plan for reallocating 20% of Portfolio to Fossil Free Approach" described by Morgan Stanley in today's presentation to screen 50% of the market value of three of the Endowment's passive index funds and one actively managed fund for fossil fuel related investments as follows:**

**Russell 1000 Growth index fund**

**Russell 1000 Value index fund**

**TFSE Developed Markets index fund**

**Thomas Partners**

After discussion, the Committee voted to approve the resolution. Trustees Macfarlane and Milne voted against the resolution. The resolution was approved (5 in favor, 2 opposed) and recommended to the full Board.

c. Proposed changes to Investment Policy Statement

As stated in the memo regarding fossil fuel divestment from endowment, Chief Financial Officer Steve Wisloski recommended adoption of the updated investment policy, both to incorporate previously-identified suggested changes, and to state unambiguously that the Committee and Board are authorized to pursue environmental, social and governance (ESG) objectives in addition to maximizing risk-adjusted return. The Committee decided to take this agenda item up again at a future board meeting.

d. Discussion and next steps

No comments on next steps.

Chair Hindes adjourned the meeting at 5:18 p.m.

Item 2:  
Admissions Summary from March 15





**Vermont State Colleges System  
Weekly Admissions Comparison  
March 15, 2018 vs. Prior Year**

	Fall 2018 from 3/15/18	Fall 2017 from 3/15/17	Year-to-year % Change	Total from Fall 2017	% of Fall 2017 Total rec'd by 3/15/17
<b>Applications</b>					
Castleton University	2,106	2,250	-6%	2,670	84%
Northern Vermont University	2,046	2,347	-13%	3,183	74%
Johnson State College	984	1,053	-7%	1,584	66%
Lyndon State College	1,062	1,294	-18%	1,599	81%
Vermont Technical College	1,542	1,265	22%	1,756	72%
<b>Total</b>	<b>5,694</b>	<b>5,862</b>	<b>-3%</b>	<b>7,609</b>	<b>77%</b>

<b>Acceptances</b>					
Castleton University	1,754	1,709	3%	2,172	79%
Northern Vermont University	1,510	1,839	-18%	2,601	71%
Johnson State College	727	839	-13%	1,322	63%
Lyndon State College	783	1,000	-22%	1,279	78%
Vermont Technical College	760	537	42%	1,037	52%
<b>Total</b>	<b>4,024</b>	<b>4,085</b>	<b>-1%</b>	<b>5,810</b>	<b>70%</b>

<b>Deposits</b>					
Castleton University	131	88	49%	595	15%
Northern Vermont University	147	229	-36%	857	27%
Johnson State College	72	82	-12%	512	16%
Lyndon State College	75	147	-49%	345	43%
Vermont Technical College	135	115	17%	659	17%
<b>Total</b>	<b>413</b>	<b>432</b>	<b>-4%</b>	<b>2,111</b>	<b>20%</b>

<b>Enrolled</b>					
Castleton University	0	0	N/A	582	0%
Northern Vermont University	0	0	N/A	780	0%
Johnson State College	0	0	N/A	470	0%
Lyndon State College	0	0	N/A	310	0%
Vermont Technical College	0	0	N/A	620	0%
<b>Total</b>	<b>0</b>	<b>0</b>	<b>N/A</b>	<b>1,982</b>	<b>0%</b>

	Summer 2018 from 3/15/18	Summer 2017 from 3/15/17	Year-to-year % Change
<b>Community College of Vermont</b>			
Applications	918	914	0%
Acceptances	477	495	-4%
Enrolled	0	0	N/A

**PLEASE NOTE: DIFFERENCES FROM PRIOR YEAR MAY BE DUE TO SYSTEMIC, PROCESS AND TECHNOLOGY ENHANCEMENTS IMPLEMENTED THIS YEAR**

Item 3:  
Preliminary FY2019 Budgets  
[Provided Separately]

Item 4:  
“All Funds” Presentation  
[Provided Separately]

Item 5:  
Cash and Investments Report

**VERMONT STATE COLLEGES  
CASH & INVESTMENT REPORT: As of 2/28/2018**

*(Excludes non-operating/non-endowment investments made by VSC capital bond trustees)*

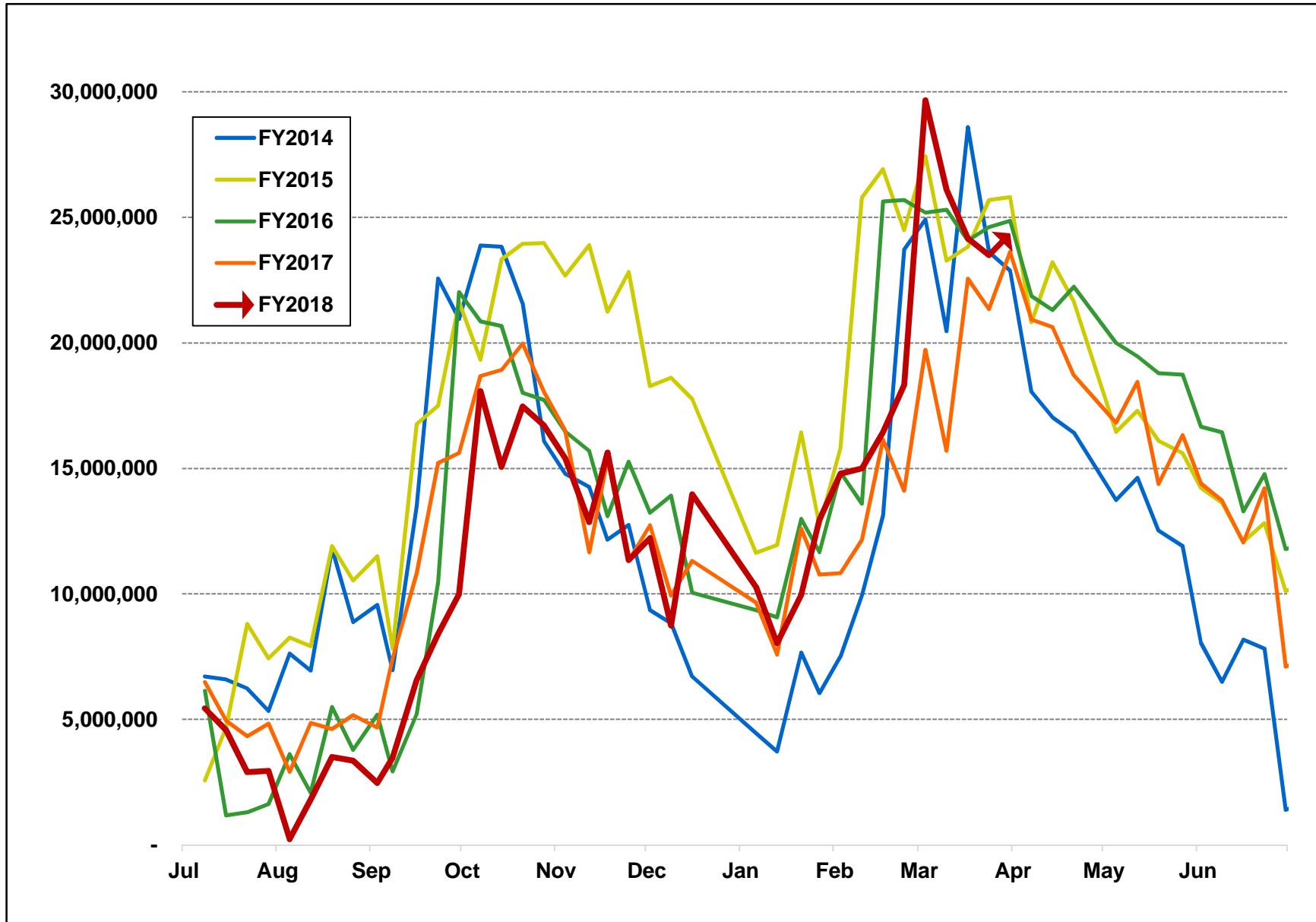
	<u>FY2016</u>			<u>FY2017</u>			<u>FY2018</u>			
	<u>CASH Avg Daily Balance</u>	<u>INV/MT Avg Daily Balance</u>	<u>CASH &amp; INV/MT Avg Daily Balance</u>	<u>CASH Avg Daily Balance</u>	<u>INV/MT Avg Daily Balance</u>	<u>CASH &amp; INV/MT Avg Daily Balance</u>	<u>CASH &amp; MM Avg Daily Balance</u>	<u>TD Wealth Avg Daily Balance</u>	<u>Morgan Stanley Avg Daily Balance</u>	<u>CASH &amp; INV/MT Avg Daily Balance</u>
JULY	\$3,355,541	\$46,380,924	\$49,736,465	\$5,802,598	\$48,252,972	\$54,055,570	\$9,925,153	\$19,746,418	\$27,045,158	\$56,716,729
AUGUST	4,592,608	46,127,004	50,719,612	4,771,979	48,240,933	53,012,912	8,135,046	19,831,367	27,109,575	55,075,988
SEPTEMBER	11,165,432	45,681,768	56,847,200	10,524,995	48,953,239	59,478,234	12,006,402	19,770,063	27,478,524	59,254,988
OCTOBER	20,198,716	46,848,645	67,047,361	19,921,855	48,422,041	68,343,896	23,397,501	19,773,797	27,865,448	71,036,746
NOVEMBER	15,282,537	46,770,232	62,052,769	14,272,286	48,583,595	62,855,881	19,949,369	19,720,644	28,261,689	67,931,702
DECEMBER	11,965,241	46,325,445	58,290,686	11,656,241	48,920,191	60,576,432	17,183,317	19,746,282	28,623,086	65,552,685
JANUARY	12,107,286	45,698,086	57,805,372	10,474,838	49,436,478	59,911,316	17,211,805	19,616,439	29,751,920	66,580,165
FEBRUARY	22,520,132	45,771,201	68,291,333	15,537,918	50,060,833	65,598,751	26,380,889	19,537,530	28,761,103	74,679,522
MARCH	25,540,713	47,312,657	72,853,370	21,394,047	50,181,763	71,575,810	0	0	0	0
APRIL	22,137,233	47,488,459	69,625,692	19,400,018	50,499,834	69,899,852	0	0	0	0
MAY	18,899,541	47,627,944	66,527,485	16,577,913	50,877,230	67,455,143	0	0	0	0
JUNE	14,118,440	47,984,522	62,102,962	11,517,369	50,956,847	62,474,216	0	0	0	0
Cash & Inv Avg thru 8 months	<u>\$12,648,437</u>	<u>\$46,200,413</u>	<u>\$58,848,850</u>	<u>\$11,620,339</u>	<u>\$48,858,785</u>	<u>\$60,479,124</u>	<u>\$16,773,685</u>	<u>\$19,717,818</u>	<u>\$28,112,063</u>	<u>\$64,603,566</u>

Summary of February Average Daily Balances

<u>CASH &amp; MM FUNDS:</u>	
TD Bank Concentration Account	\$20,681,553
TD Wealth Medical	191,934
TD Bank Enterprise Money Market	4,759,937
Remainder of money at local college banks	<u>747,465</u>
SUBTOTAL	<u>\$26,380,889</u>
<u>TD WEALTH INVESTMENTS:</u>	
TD Wealth Intermediate Investment	\$877,442
TD Wealth Long Term Investment	<u>18,660,089</u>
SUBTOTAL	<u>\$19,537,530</u>
<u>ENDOWMENT:</u>	
Morgan Stanley	\$28,761,103
<u>TOTAL CASH &amp; INVESTMENTS</u>	<u>\$74,679,522</u>

# Weekly Concentration Account Balance

July 1, 2013 to March 26, 2018



Item 6:  
Finance & Facilities Committee  
FY2018 Meetings Schedule

**Finance and Facilities Committee**  
**Meeting Schedule for Fiscal Year 2018**  
as of April 2, 2018

Mtg #	Date	Topic Count	Northern Vermont University	System Shared Services	FY19 Budget Development	FY20 Tuition, Fees, Room & Board	Quarterly Results, Metrics	Appropriation Requests	Cash, Investments, Endowment	Debt Management	Capital Planning and Projects	Facilities Management	Grants and Gifts	Policies and Procedures	Special Topics
1	Wed, Aug 23, 2017 (2:45pm - 5:00pm)	6					Q4 FY17 Results, reserves and system loans	Budget Adjustment and Appropriations Bills <b>due</b> mid-September	Regular quarterly report (per Policy 404)			Capital projects update		Review of draft revised Investment Policy	Review of Questions from May 31 (various topics)
	Wed, Sep 27, 2017 *		Meeting Cancelled; Board of Trustees Meeting to include update on Northern Vermont University, and presentation on Admissions and Enrollment												
2	Wed, Oct 25, 2017 (9:00am - 11:10am)	5			Initial discussion informed by Q1 FY18 results		Review final Fall 2017 Enrollment, Q1 FY18 Results, Reserves	Big Bill due 10/16, Capital Bill due 10/27, BAA TBD			Capital projects list review			Introduce Policy 504, Campus Safety Policy	
3	Thu, Dec 1, 2017 (9:45am - 12:10pm)	8			FY2019 and 3-year initial System outlook	Discuss amending Policy 301, Residency for In-State Tuition	<b>Vote</b> to approve carryover, System funds discussion	<b>Vote</b> to approve budget request, BAA proposal (if any)	Regular quarterly report (per Policy 404), response to FFVSC		<b>Vote</b> to approve capital projects list			<b>Vote</b> to approve Policy 504, Campus Safety Policy	VSC report (Act 85 Sec. E.101(c)) due to Legislature Jan 15
4	Mon, Feb 12, 2018 (2:15pm - 5:30pm)	5			3-year enrollment and budget outlooks by Institution		Q2 FY18 Results		Morgan Stanley presentation, continue discussion with FFVSC					<b>Votes</b> to approve new Policy 434 and amended Policy 301	<b>Vote</b> to approve partial fossil fuel screening pilot
	Mon, Feb 19, 2018		Meeting Cancelled												
5	Mon, Apr 2, 2018	5			Preliminary FY19 Budgets "1st pass"	Initial FY20 Tuition discussion	Expanded "all funds" discussion		Regular quarterly report (per Policy 404)						Admissions review
6	Mon, Apr 30, 2018	6			Preliminary FY19 Budgets "2nd pass"	Discussion of net cost of attendance for in vs. out of state students	Q3 FY18 Results			Debt "201" discussion, compliance procedures				Policy 403 discussion	AGB Report update
7	Wed, May 30, 2018	3			<b>Vote</b> on FY19 Budgets	Preliminary FY20 Tuition request			Quarterly report, Annual Banking & Investment <b>Resolution</b> (Policy 404)						
8	Wed, Jun 20, 2018 *	3				<b>Vote</b> on FY20 Tuition						Deferred maintenance update			AGB Report update

\* Last meeting before quarterly Board of Trustees Meeting