

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: June 14, 2018

SUBJ: Finance & Facilities Committee Meeting on June 21, 2018

The Finance and Facilities Committee of the Board of Trustees is scheduled to meet from 10:30 a.m. to 11:50 a.m. at Northern Vermont University–Lyndon at 1001 College Road, Lyndonville.

The meeting agenda and materials are attached. The consent agenda includes the Annual Banking and Investment Resolution and a grant proposal from Vermont Tech, and the regular meeting agenda includes a placeholder for an executive session if needed; an admissions and enrollment update; an annual review of Policy 433, Debt Management Policy; and, time permitting, a discussion of Committee meeting agenda topics for FY2019.

Please contact me at stephen.wisloski@vsc.edu or (802) 224-3022 with any questions.

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
June 21, 2018**

AGENDA

1. Call to order
2. Consent agenda and approvals:
 - a. Minutes of May 30, 2018 meeting
 - b. Annual Banking and Investments Resolution
 - c. Vermont Technical College grant proposal
3. Executive session (if needed)
4. Admissions and enrollment update (materials provided at meeting)
5. Review of Policy 433, Debt Management Policy
6. Discussion of FY2019 Committee meeting topics
7. Other business
8. Public comment
9. Adjourn

MEETING MATERIALS

1. Consent agenda
2. VSCS Policy 433, Debt Management Policy
3. FY2019 Finance & Facilities Committee meetings schedule
4. FY2018 Finance & Facilities Committee meetings schedule

Item 1:
Consent Agenda Items

Minutes of the VSC Board of Trustees Finance and Facilities Committee held Wednesday, May 30, 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 Wednesday, May 30, 2018 at the Office of the Chancellor, Montpelier, VT.

Committee members present: Churchill Hindes (Chair), Chris Macfarlane, David Silverman, Linda Milne, Jerry Diamond, David Silverman, Bill Lippert, Mike Pieciak (via phone)

Other Trustees present: Karen Luneau

Presidents: Joyce Judy, Karen Scolforo, Pat Moulton, Elaine Collins

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

From the Colleges: Laura Jakubowski, Chief Budget & Finance Officer, Castleton University
 Sharron Scott, Dean of Administration, Johnson State College
 Lit Tyler, Dean of Administration, Vermont Technical College
 Maurice Ouimet, Dean of Enrollment, Castleton University
 Andy Pallito, Dean of Administration, Community College of Vermont
 Kate Gold, VSCUP President, Northern Vermont University
 Nate Ball, VSCUP Vice President, Vermont Technical College

1. Chair Hindes called the meeting to order at 3:14p.m.

2. Consent agenda and approvals:

- a. Minutes of April 30, 2018 meeting
- b. Alyson Finn Memorial Rugby Scholarship Endowment (Johnson State College)

Trustee Diamond moved and Trustee Milne seconded the approval the April 30, 2018 minutes and the establishment of the Alyson Finn Memorial Rugby Scholarship Endowment. The motion was approved unanimously.

3. Legislative update re operations and capital support for FY2019

Ms. Coates gave a legislative update indicating that the Legislature and the Governor are currently at an impasse regarding the budget. The will be reconvening on that matter. The capital appropriation for Vermont State Colleges, which includes an additional \$1 million of base funding for a total of \$3 million in FY2019, will remain the same, as the Governor signed the capital bill. The Chancellor's Office has issued a formal request to draw the funds in. Additionally, \$350,000 in one time funds for Northern Vermont University supporting the unification of Lyndon State and Johnson State remains in the latest version of the budget and that isn't expected to be altered.

4. Review of admissions summary, budgeted student FTEs/FPEs, and employee headcounts

Mr. Wisloski reviewed admissions results through May 15, provided a brief update of incremental admissions through May 29, reviewed full time equivalent (FTE) student enrollments that support FY2019 budgeted revenue assumptions, and also reviewed full time employee headcount both by college and bargaining unit from Fall 2013 through Fall 2017, and FY2019 as budgeted..

5. Discussion and approval of final FY2019 budgets, and Castleton internal loan commitment

Mr. Wisloski read two resolutions, in support of the FY2019 System and college budgets, and of the internal loan commitment to Castleton University, on page 25 and page 26 of the meeting materials. Chancellor Spaulding had reviewed and recommended the resolutions.

Trustee Diamond moved and Trustee Milne seconded the motion to recommend the approval of the FY2019 budgets and the Castleton University internal loan commitment to the Board. The motion was approved unanimously.

6. Discussion of FY2020 tuition, fees, room and board proposal

Mr. Wisloski presented the proposal for FY2020 tuition, fees, room and Board. The resolution was to raise tuition by 2.9%, and fees, room and board by 3%, in both cases on average at the

System level, for FY2020. .

Trustee Lippert moved and Trustee Pieciak seconded the motion to recommend the tuition, fees, room and board proposal as presented to the Board. The motion was approved unanimously.

7. Other business

- a. Revision to State appropriation allocation – rationale and process

Mr. Wisloski stated that this has been assigned to the Business Affairs Council who will look in to how to reallocate the funds now that we have 4 institutions instead of 5. The BAC expects to make a recommendation to the Chancellor and Presidents for review and recommendation to the Board at the September Board of Trustees meeting.

- b. Annual surveillance from S&P Global Ratings

Mr. Wisloski reported that Vermont State Colleges Systems maintained the rating from last year of A- with a stable outlook.

- c. Review and discussion of FY2019 Committee meeting schedule and topics

The proposed Committee Meeting Schedule was shared with all present and feedback was requested.

- d. Proposed amendment to Policy 429, Purchasing Standards

Mr. Daloz previewed proposed revisions to the System’s purchasing standards to assist with compliance.

8. Comments from the public

The new VSCUP President (Kate Gold, Northern Vermont University) and Vice President (Nate Ball, Vermont Technical College) were introduced and recognized.

9. Adjourn

Chair Hindes adjourned the meeting at 5:05pm

Annual Banking and Investment Resolution

The VSC's Banking and Investment Resolution prescribes what financial activities are empowered to the Chancellor and/or Chief Financial Officer on behalf of the system, and what are empowered to the Presidents and/or Deans of Administration on behalf of the individual colleges. Financial institutions with which we deal desire to see such a document endorsed periodically by the Trustees, to assure the Board is currently comfortable with its implications. To accommodate this desire, now presented for review and approval is the following resolution, which is changed slightly from the one passed by the Board last year, both to reflect the addition of Northern Vermont University, and to state that institutions may administer existing accounts, versus establish new accounts.

While resolution wording is in necessary legal language, essentially it: (a) empowers the Chancellor and/or Chief Financial Officer to establish bank or other accounts for VSC operations as well as system cash management and investment activities; to secure financing consistent with applicable Board or legislative authority; to pledge collateral as may be necessary for certain financing; and to handle virtually all other aspects relevant to financial matters of the VSC; and (b) empowers college Presidents and/or Deans of Administration to administer bank or other accounts for respective college operations as well as college cash management activities.

VERMONT STATE COLLEGES SYSTEM

BOARD OF TRUSTEES

RESOLUTION

Banking and Investment

WHEREAS, The conduct of the business affairs of the Vermont State Colleges and each of its constituent members requires the establishment of banking relations and investment of funds; and

WHEREAS, The selected officials of the Vermont State Colleges should be empowered to conduct banking and investment affairs in keeping with the organization of Vermont State Colleges; and

WHEREAS, The term “bank” throughout this resolution also refers to credit unions and other depository or lending institutions that are licensed by the state of Vermont or the federal government; therefore, be it

RESOLVED, That the Chancellor and/or Chief Financial Officer are authorized to do the following:

1. Establish accounts with banks and authorized brokers/dealers (safekeeping, trust, checking, savings, money market, time or demand deposit) through which to transact the cash management and investment business of the Vermont State Colleges, and delegate authority for initiation of related wire transfers;
2. Borrow money and obtain credit from banks, authorized brokers/dealers, or other lending agencies in conformity with Board of Trustees approved budgets: and execute and deliver notes, draft acceptances, instruments of guaranty, and any other legal obligations of Vermont State Colleges, therefore, in form satisfactory to the lending agency;
3. Pledge or assign and deliver, as security for money borrowed or credit obtained, stocks, bonds, bills receivable, accounts, mortgages, merchandise, bills of lading or other shipping documents, warehouse

receipts, insurance policies, certificates and any other property held by, or belonging to, this corporation, with full authority to endorse, assign, transfer or guarantee the same in the name of this corporation, except as restricted by Vermont Statute;

4. Discount any bills receivable or any paper held by this corporation, with full authority to endorse the same in the name of this corporation;
5. Withdraw from banks or authorized brokers/dealers and give receipt for, or authorize banks or authorized brokers/dealers to deliver to bearer or to one or more designated persons, all or any documents and securities or other property held by it, whether held as collateral security or for safekeeping or for any other purpose;
6. Invest funds of Vermont State Colleges in legal investments as established by Board of Trustees policy;
7. Sell or authorize and request banks, or authorized brokers/dealers to purchase or sell, for the account of this corporation, foreign exchange, stocks, bonds, and other securities;
8. Apply for and receive letters of credit, and execute and deliver all necessary or proper documents for that purpose;
9. Execute and deliver all instruments and documents required in connection with any of the foregoing matters, and to affix the seal of this corporation; and, be it further

RESOLVED,

That the President, Dean of Administration, Chief Budget and Finance Officer or designee of each institution of the Vermont State Colleges (Community College of Vermont, Castleton University, Northern Vermont University, Johnson State College, Lyndon State College, and Vermont Technical College) are authorized to do the following:

1. Administer bank or accounts (safekeeping, trust, checking, savings, money market, time or demand deposit) through which to transact the banking business of the college in which they are officers.

June 21, 2018

**Vermont Technical College
Capacity Building Grants for Non-Land Grant Colleges of Agriculture Program (NLGCA)
May 2018**

Vermont Tech (VTC) proposes an integrated, large-scale comprehensive initiative to support Vermont's wood industry. The project builds capacity through education, outreach and extension to train workers in the wood industry to be technical operators proficient in the use of a cut to length system, an innovation that decreases operator risk and increases forest health and productivity. Vermont's wood industry is currently a changing marketplace, facing demographic and regulatory challenges, and the next generation of forestry workers will require increased training and certification. VTC and the University of Vermont (UVM) are well-positioned to support the wood industry by helping to mitigate high worker's compensation rates and reverse the trend of a diminishing low-grade wood market by offering innovative education and training to current and future industry workers.

Project Goals:

- Build capacity at VTC and UVM to ensure that cutting-edge technology is integrated into forestry curricula;
- Build an educational pipeline from Vermont secondary schools to VTC and UVM in support of the wood industry;
- Support the Vermont wood industry and aspiring wood industry workforce; and
- Evaluate program outcomes.

Objectives:

- Procurement of a Cut-to-Length simulator and a Forwarder, innovative harvesting systems that exemplify Acceptable Management Practice's and reduce accidents and injuries;
- Outreach and extension to UVM and Vermont Career Tech Ed Centers;
- Creation of training opportunities that support industry recognized credentials and degree attainment, as prescribed by legislation enacted in July 2016, and which train skilled workers for the safe operation of mechanized equipment, thereby lowering worker's compensation and insurance rates; and
- Analysis of what works well and what needs improvement in Vermont Tech's forestry curriculum.

Vermont State Colleges Grant Proposal Budget Analysis

Form A & B

College: VTC

Grant Title: NLGCA

Grant Agency: USDA NIFA

Project Director: Molly Willard

Purpose of Grant: To support VTC Forestry program through equipment purchase; faculty salary support; partnership w/ UVM.

Grant Period: 9/1/18 to 8/31/21

Review Period: 3 Multi-Yr** / Cumulative Grant Amt: \$750,080
 **(please enter number of years covered)

Proposed Funding	1st Yr		2nd Yr		3rd Yr	
	Grant	College	Grant	College	Grant	College
Direct Costs		N/A		N/A		N/A
Salaries & Wages	40,400		40,400		40,400	
Employee Benefits						
Operations						
Travel	7,500		7,500		7,500	
Equipment	281,919					
Library Acquisitions						
Other	87,183		80,499		85,727	
Total Direct	\$417,002	\$ -	\$128,349	\$ -	\$133,627	\$ -
Indirect Costs*	23,674		23,674		23,674	
Total Budget	\$440,676	\$ -	\$152,023	\$ -	\$157,301	\$ -

*(In-Kind & Other costs for space, utilities, maintenance, administrative support, etc.)

What is(are) the sources of College Funding? N/A

What continuing cost obligations does Granting Agency require/expect? N/A

What Continuing cost obligations does the College intend/see likely? regular maintenance of equipment.

Business Officer Review by: David Rubin Date: 6/12/18

Programmatic Review by: Molly Willard (OMR) Date: 6/12/18

Presidential Review by: Arthur N/A Date: 6/12/18

Full required documentation is being submitted, including all appropriate assurances regarding Civil Rights, People with Disabilities, Sex Discrimination, Human Subjects, Laboratory Animals, etc.

Item 2:
VSCS Policy 433, Debt Management Policy



Manual of Policy and Procedures

Title DEBT MANAGEMENT POLICY	Number 433	Page 1 of 3
	Date 6/20/17	

POLICY STATEMENT:

The Vermont State Colleges System (hereinafter, the “System”) may incur debt when necessary to fulfill the System’s strategic mission. The System’s debt management objectives are to:

- 1) Maintain access to capital;
- 2) Maintain a credit rating that minimizes the risk-adjusted cost of capital and maximizes favorable business terms; and
- 3) Limit financial risk.

This policy assigns debt management responsibilities, and sets forth guidelines with respect to debt limits, structuring, issuance, management and use of derivatives.

PROCEDURES:

- 1) Approval from the Finance and Facilities Committee and the Board of Trustees is required for all debt transactions.
- 2) The Officer of the Chancellor will initiate and manage all debt transactions.
- 3) The Chief Financial Officer is responsible for debt portfolio management and compliance with this policy.

DEBT LIMIT:

- 1) The System’s debt limit will target medians and ratios appropriate to a rating of A or the equivalent from Standard & Poor’s Ratings Group.

- 2) The System will maintain a debt service ratio (annual principal plus interest, divided by total expenses) of not more than 6%.

STRUCTURING:

- 1) Any System debt with a term longer than three (3) years shall be fixed rate.
- 2) The maximum maturity of any debt issue shall be the shorter of 30 years, or the useful life of the asset being financed.
- 3) Debt principal shall amortize such that annual debt service on a total portfolio basis is either level or declining over time, and not increasing.

ISSUANCE:

- 1) The System shall engage a qualified, nationally-recognized independent financial advisor to assist with any debt transaction.
- 2) Debt may be publicly sold or privately placed, however privately placed debt may not include business terms less favorable than for public debt (e.g., additional financial covenants beyond those contained in the System's bond resolution).
- 3) Public debt should generally be sold competitively. If a sale is negotiated, the underwriter must provide an estimate of interest rates for each maturity expressed as a spread to AAA-MMDTM or another widely-recognized and readily available independent index (for tax-exempt debt) or U.S. Treasury yields (for taxable debt) prior to the sale, and the independent financial advisor must concur with these rates prior to award.

MANAGEMENT AND COMPLIANCE:

The Chief Financial Officer shall create procedures regarding the investment of bond proceeds, ensuring compliance with all necessary Federal, State of Vermont and applicable regulations, primary and secondary market disclosure practices, and arbitrage rebate monitoring and filing, and report to the Chancellor and the Finance and Facilities Committee at least annually, and also immediately following any material event (e.g., a credit rating change).

DERIVATIVES:

Derivatives (e.g., interest rate swaps) are not permitted. Any derivatives in place prior to the approval of this policy shall be valued no less frequently than annually, and may be held to

maturity or terminated with the approval of the Board of Trustees. The System must engage a qualified independent derivative advisor to manage any such termination, and to provide a fairness opinion documenting that the derivative was terminated at fair market value.

OTHER PROVISIONS:

The Finance and Facilities Committee will review this policy on an annual basis or in the interim whenever substantive changes to the guidelines are proposed by the Chancellor.

Any activity or expense related to federal grants or contracts must comply with *2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, in addition to the provisions above.

Jeb Spaulding, Chancellor

Item 3:
FY2019 Committee Meeting Schedule

Finance and Facilities Committee
DRAFT Meeting Schedule for Fiscal Year 2019
 as of June 21, 2018

Mtg #	Date	Topic Count	FY2020 Budget Development	FY2021 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	MEETINGS ON SAME DATE
1	Wed, Aug 29, 2018	* 6			FY18 results, reserves and system loans, admissions as of Aug 15	Discuss outlook for Budget Adjustment, Big Bill and Capital Bill	Regular quarterly report (per Policy 404)		Capital projects list review			Annual review of Annual Operating Budget Policy 403		EPSL
2	Wed, Oct 24, 2018	5	Initial discussion informed by Q1 FY19 results		Review final Fall 2018 Enrollment, Q1 FY19 Results, Reserves	Possible vote to approve legislative requests			Vote to approve capital projects list					AUDIT
3	Thu, Dec 6, 2018	* 4	FY2019 and 3-year initial System outlook		Vote to approve carryover, System funds discussion		Regular quarterly report (per Policy 404)							BOT, LRPC
4	Mon, Jan 14, 2019	2										Annual review of Endowment and Investment Spending Policy 430		EPSL
5	Mon, Feb 11, 2019	* 4	3-year enrollment and budget outlooks by Institution		Q2 FY19 Results		Regular quarterly report (per Policy 404)							AUDIT
6	Mon, Apr 1, 2019	2	Preliminary FY20 Budgets "1st pass"											LRPC
7	Mon, Apr 29, 2019	4	Preliminary FY20 Budgets "2nd pass"	Initial FY21 Tuition discussion	Q3 FY19 Results									AUDIT
8	Wed, May 29, 2019	4	Vote on FY20 Budgets	2nd FY21 Tuition request			Quarterly report, Annual Banking & Investment Resolution (Policy 404)							EPSL
9	Thu Jun 20, 2019	* 3		Vote on FY21 Tuition								Annual review of Debt Management Policy 433		BOT

* Meeting on same day as, or last meeting before, quarterly Board of Trustees Meeting

Item 4:
FY2018 Committee Meeting Schedule

**Finance and Facilities Committee
Meeting Schedule for Fiscal Year 2018
as of June 21, 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 due 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)	6			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		Marie Augustin '58 Fund (LSC)	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	Vote to approve carryover, System funds discussion	Vote to approve budget request, BAA proposal (if any)	Regular quarterly report (per Policy 404), response to FFVSC		Vote to approve capital projects list			Vote 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)	6			3-year enrollment and budget outlooks by Institution		Q2 FY18 Results		Morgan Stanley presentation, continue discussion with FFVSC				Sugarman of Vermont Endowment (JSC)	Votes to approve new Policy 434 and amended Policy 301	Vote to approve partial fossil fuel screening pilot
	Mon, Feb 19, 2018		Meeting Cancelled												
5	Mon, Apr 2, 2018 (1:03pm - 3:12pm)	4			Preliminary FY19 Budgets "1st pass"		Expanded "all funds" discussion		Regular quarterly report (per Policy 404)						Admissions review
6	Mon, Apr 30, 2018 (2:46pm - 5:11pm)	4			Preliminary FY19 Budgets "2nd pass"	Initial FY20 Tuition discussion	Q3 FY18 Results	Legislative update							
7	Wed, May 30, 2018 (3:14pm - 5:05pm)	7			Vote on FY19 Budgets	Preliminary FY20 Tuition request and Vote on FY20 Tuition	Review of Admissions, Budgeted Enrollments, and F/T Headcount			S&P annual surveillance recap			Alyson Finn Memorial Rugby Endowment (JSC)	Policy 403 discussion	Review of draft FY2019 Committee calendar
8	Wed, Jun 20, 2018 *	5					Review of Admissions and Budgeted Enrollments		Quarterly report, Annual Banking & Investment Resolution (Policy 404)				NLGA Program Grant (VTC)	Policy 433, Debt Management Policy annual review	Discussion of FY2019 Committee meeting topics

* Last meeting before quarterly Board of Trustees Meeting