

**Minutes of the VSCS Board of Trustees Finance and Facilities Committee held Monday, December 2, 2019, at the Moore Community Room, Northern Vermont University-Lyndon, Lyndonville, VT - APPROVED**

The Vermont State Colleges Board of Trustees Finance and Facilities Committee met on Monday, December 2, 2019, at Northern Vermont University-Lyndon, Lyndonville, VT.

Committee members present: Churchill Hindes (Chair), David Silverman (Vice Chair), Lynn Dickinson, Peg Flory (via phone), Adam Grinold (via phone), Mike Pieciak

Absent: Linda Milne

Other Trustees present: Megan Cluver (9:42 a.m.), Karen Luneau, Jim Masland

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

Chancellor's Office Staff: Jeb Spaulding, Chancellor  
Tricia Coates, Director of External & Governmental Affairs  
Todd Daloz, Associate General Counsel  
Sheilah Evans, System Controller/Sr. Director of Financial Operations  
Jen Porrier, Administrative Director  
Steve Wisloski, Chief Financial Officer  
Sophie Zdatny, General Counsel (10:03 a.m.)  
Yasmine Ziesler, Chief Academic Officer

From the Colleges: Nolan Atkins, Provost, Northern Vermont University  
Jonathan Davis, Dean of Students, Northern Vermont University  
Michael Fox, Dean of Enrollment & Marketing, Northern Vermont University  
Leah Hollenberger, Development & External Relations Officer, Northern Vermont University  
Laura Jakubowski, Chief Budget & Finance Officer, Castleton University  
Tom Maus-Pugh, Provost, Castleton University  
Maurice Ouimet, Dean of Enrollment, Castleton University  
Sharron Scott, Dean of Administration, Northern Vermont University  
Michael Stevens, Director of Facilities, Northern Vermont University  
Toby Stewart, Controller, Northern Vermont University  
Littleton Tyler, Dean of Administration, Vermont Technical College  
Jamey Ventura, Associate Dean of Athletics, Northern Vermont University

Chair Hindes called the meeting to order at 9:13 a.m.

1. Consent agenda and approvals:
  - a. Minutes of October 21, 2019 meeting

**Trustee Silverman moved and Trustee Pieciak seconded the approval of the October 21, 2019 meeting minutes. The motion was approved unanimously.**

2. Approval of Endowments
  - a. Holly Grace Cannon Memorial Scholarship Fund (NVU-Lyndon)
  - b. NVU-Lyndon Senior Class Scholarship Endowment Fund

Northern Vermont University President Elaine Collins spoke briefly about the Holly Grace Memorial Scholarship and shared a quote from the family. President Collins also shared that the Senior Class Scholarship Endowment Fund was started in 2000 by students to benefit future NVU-L graduates. This fund is a compilation of 19 years of contributions matched by the NVU-L Endowment Matching Fund.

**Trustee Silverman moved and Trustee Pieciak seconded the motion to recommend to the Board the approval of the Holly Grace Cannon Memorial Scholarship Fund and the NVU-Lyndon Senior Class Scholarship Endowment Fund. The motion was approved unanimously.**

3. Medical reserve reduction and adjustment to FY2019 operating result

Chief Financial Officer Steve Wisloski explained the change to the FY2019 financial report which reflects a \$1.163 million reduction to the “medical reserve” estimate. Mr. Wisloski explained that the medical reserve combines the surplus or deficit from the System’s annual medical, prescription drug and dental self-insurance; workers compensation; and tuition remission expenses into a single fund. In recent years, this amount has ranged from \$2 million to over \$5 million, and has been incorporated into the following fiscal year’s budget. For FY2020, the budgeted amount was \$4.25 million, however the actual amount, which was not determined until after the end of the fiscal year was only \$3.087 million. The Business Affairs Council recommended and the Chancellor and Presidents approved realizing this shortfall in FY2019 when it was accrued. This will reduce the System’s previously reported FY2019 surplus of \$456,000 or 0.3% of budgeted expenses to a deficit of \$707,000 or minus 0.4%. Going forward, the System will phase out incorporating the medical reserve during budget development both to eliminate the risk of overestimating this amount, and to avoid the inherent distortion that results from transferring prior-year resources in the current year’s budget. However, because a one-time year-over-year reduction from \$4.25 million to zero would be significant, the BAC intends to phase out incorporating the medical reserve over two years, using a maximum assumption of \$2 million in FY2021 budgets, and then \$0 in FY2022 budgets. It is important to note that this treatment has no bearing on the System’s audited financials and is represented purely as a matter of internal financial presentation.

4. Review FY2019 Unrestricted Fund Balance and approve Carried Over Funds

Mr. Wisloski briefly reviewed the System’s Unrestricted Fund Net Position as of June 30, 2019. Community College of Vermont President Joyce Judy then explained that due to better than expected revenues, CCV ended the fiscal year with \$648,000 available unrestricted net assets which was reduced

by \$174,570 for the adjustment to the medical reserve for a balance of \$473,430. CCV is requesting the approval to carry these funds forward into Fiscal Year 2020 to be used for debt repayment under the restructured debt payment schedule, student retention, the recognition of CCV's 50<sup>th</sup> anniversary, classroom technology and the purchase of furniture.

**Trustee Dickinson moved and Trustee Pieciak seconded the motion to recommend to the Board the approval of CCV's request of the FY19 Carry Over Funds of \$473,430. The motion passed unanimously.**

5. Review of 1<sup>st</sup> Quarter FY2020 financial results and projection to year-end

Mr. Wisloski reviewed the 1<sup>st</sup> quarter financial reports explaining that these show that the System's projected FY2020 deficit has increased from \$2.1 million or minus 1.2% of budget to \$4.4 million or minus 2.4% of budget. The Presidents then shared their context. NVU President Collins shared that NVU's two largest enrollment growth areas are in graduate and new distance learning, largely on-line. Unfortunately, these growths do not compensate for the overall enrollment decline so NVU is currently showing a \$1.7 million deficit in their budget. NVU is addressing this deficit by strengthening key programs that are running ahead in enrollments, as well as reducing expenses through lowered attrition replacement. Castleton President Scolforo states that CU experienced record new enrollment but due to a cut in student services there was a significant drop in retention. Additionally, CU anticipated a higher than realized number of students living on campus. Therefore, to address the \$1 million offset in budget, CU is utilizing their awarded Title III Grant to focus on retention efforts as well as working with the Student Government Association and the President's Student Advisory Council to focus specifically on the reduction of first semester student attrition. Vermont Technical College President Moulton says that VTC's enrollment is up this fall (largely due to new Radiologic Sciences Program) and room and board revenue is also up significantly. VTC is on track for spring enrollment and out of state enrollments were slightly up due to some additional direct marketing strategies funded by a \$10,000 scholarship. CCV President Judy states that CCV's revenues and expenses are tracking as anticipated.

6. Review of functional expense trend from FY2014 to FY2019

Mr. Wisloski gave a review of the System's expenses from FY2014 through FY2019 as grouped by the U.S. Department of Education's IPEDS function expense classifications.

7. Update on refinancing of Series 2010B bond issue

Mr. Wisloski gave an update of the planned refunding of the System's Series 2010B bonds explaining that the refunding, or locking in of interest rates and corresponding savings, is now planned for late January 2020 with a closing in early February. Mr. Wisloski anticipates the necessity of a brief telephonic Board of Trustees meeting in early to mid-January to approve resolutions specific to the refunding bond issue's required documentation. Vice Chair Silverman requested that the future meeting incorporate a financial presentation that includes both the current and the refunding bond issues' structures and an estimate of annual and total savings. Mr. Wisloski reminded the Board that it had previously provided standing authorization to execute this refunding for savings in November 2016.

8. Other business

There was no other business.

9. Comments from the public

There were no comments.

10. Adjourn

Chair Hinde adjourned the meeting at 10:28 a.m.