

**Minutes of the VSCS Board of Trustees Finance and Facilities Committee held Wednesday, June 17, 2020 at 4:00 p.m. via Zoom - APPROVED**

The Vermont State Colleges Board of Trustees Finance and Facilities Committee met on Wednesday, June 17, 2020 via Zoom.

Committee members present: Church Hinds (Chair), David Silverman (Vice Chair), Lynn Dickinson, Peg Flory, Adam Grinold (4:45 p.m.), Linda Milne, Mike Pieciak

Other Trustees present: Ryan Cooney, Karen Luneau

Presidents: Elaine Collins, Joyce Judy, Pat Moulton, Jonathan Spiro (Interim)

Chancellor's Office Staff: Donny Bazluka, Network/Security Analyst  
Kevin Conroy, Chief Information Officer  
Todd Daloz, Interim General Counsel  
Jen Porrier, Administrative Director  
Meg Walz, Program Manager, Library Coordinator  
Steve Wisloski, Chief Financial Officer  
Sophie Zdatny, Interim Chancellor  
Yasmine Ziesler, Chief Academic Officer

From the Colleges: Sarah Chambers, Coordinator of Instructional Technology, Castleton University  
Veronica Golden, Hartness Library, Vermont Technical College  
Laura Jakubowski, Chief Budget & Finance Officer, Castleton University  
Alison Lathrop, President, VSC Faculty Federation  
Sandra Noyes, President, VSC Staff Federation, Northern Vermont University  
Maurice Ouimet, Dean of Enrollment, Castleton University  
Andy Pallito, Dean of Administration, Community College of Vermont  
Sharron Scott, Dean of Administration, Northern Vermont University  
Michael Stevens, Director of Facilities, Northern Vermont University  
Littleton Tyler, Dean of Administration, Vermont Technical College  
Beth Walsh, Incoming President, VSCUP, Northern Vermont University

From the Public: Tom Evslin, Community Member  
Cyndi Miller, AFT Vermont  
Amy Nixon, Reporter, Caledonian Record

1. Chair Hinds called the meeting to order at 4:03 p.m.

2. Approval of June 1, 2020 meeting minutes

**Trustee Pieciak moved and Trustee Silverman seconded the approval of the minutes. The minutes were approved unanimously.**

3. Discuss and Approve Resolutions waiving policies or portions thereof:

- a. VSC Policy 410, Financial Aid and Other Financial Awards
- b. VSC Policy 433, Debt Management Policy

Chief Financial Officer Steve Wisloski explained that Policy 410 was last updated in January 1999, limits financial awards to 5% of operating budgets, and further limits both non-need based aid and aid to non-Vermonters to 50% of total institutional aid. Tuition discounting has increased steadily over the past two decades, in is now over 50% at many private colleges. Also, in the VSC's case, because non-Vermonters tuition is approximately twice as much as in-State tuition, a non-Vermonters with a relatively large discount still pays significantly more than a Vermonters with no discount. Also, the limitation on non-need based aid limits the ability to recruit students based on criteria such as academic merit. For these reasons, and as a practical matter because three of the System's four Institutions were not in compliance with the Policy, the System sought and received a waiver of Policy 410 for fiscal year 2019, and seeks a waiver for fiscal year 2020 as well.

**Trustee Pieciak moved and Trustee Flory seconded the motion to recommend to the Board the approval of Resolution 2020-006, Waiver of Policy 410, Financial Aid and Other Financial Awards for Fiscal Year 2020. The motion was approved unanimously.**

Mr. Wisloski explained that Policy 433 requires that the System's total annual debt service must be level or declining, and not increasing, in each fiscal year. Following the 2017 restructuring of the System's 2005, 2008 and 2009 loans with TD Bank, the System received a waiver of this provision until the beginning of FY2022. However, the refinancing of the Series 2010B bond issue in February was structured to provide savings during fiscal years 2021 through 2024 inclusive, and as a result the System's maximum annual debt service now occurs in fiscal year 2025. As such, a waiver is being requested of this provision until the beginning of fiscal year 2025.

**Trustee Flory moved and Trustee Dickinson seconded the motion to recommend to the Board the approval of Resolution 2020-007, Waiver of Level or Declining Debt Service Requirement of Policy 433, Debt Management Policy. The motion was approved unanimously.**

4. Legislative Update, including anticipated additional funding

Interim Chancellor Sophie Zdatny shared that the Budget Adjustment Act 2 was signed by the Governor, which provides the VSC with \$12.5 million in Coronavirus Relief Funds (CRF) for fiscal year FY20. The VSC is waiting on the Agency of Administration to provide guidance on how the funds can be spent. In the meantime, the Colleges are working together to prepare a report determining how the funds will be spent, making sure the uses are consistent with the State's requirements.

5. Discuss Reports from the Office of the State Treasurer and Independent Consultant James Page

Mr. Wisloski shared an overview of the reports. The Treasurer's report provided three budget scenarios for FY2021: a "Best/Middle Likely" scenario projecting a \$19.3 million system deficit; a "Worse Likely" scenario projecting a \$36.3 million deficit; and a "Worst Likely" scenario projecting a \$46.3 million deficit. Mr. Page's report recommended that the State provide \$30 million of "bridge" funding in FY2021, with an additional \$10-\$12 million of funding if in-person instruction cannot resume in the fall. More generally, the budget scenarios provided in both reports closely follow the System's standard budget and financial reporting formats, provide detailed narrative discussions, and serve as a useful starting point for the System's FY2021 System Annual Operating Budget development process.

6. Discuss and Approve FY2021 Transitional System First Quarter Budget Resolution

Mr. Wisloski stated that the proposed Transitional System First Quarter Budget Resolution covers just the period from July 1 to September 30, and its sole purpose being to provide spending authority to the System while full-year budgets are being developed. The proposal mirrors the approach taken by the State of Vermont and the University of Vermont.

**Trustee Silverman moved and Trustee Flory seconded the motion to recommend to the Board the approval of Resolution 2020-008, FY2021 Vermont State Colleges System Transitional First Quarter Budget. The motion was approved unanimously.**

7. Review and Discuss the FY2021 meeting schedule through December

Mr. Wisloski noted that a July Finance and Facilities meeting date needed to be added. Chancellor Zdatny stated that it would be July 23<sup>rd</sup>.

8. Other Business

Mr. Wisloski shared that the Standard and Poor's (S&P) rating for VSC's underlying general obligation credit, which applies to the System's 2013 Bonds, was downgraded from an A- with a negative outlook to BBB+ with a negative outlook, but added that over 100 other colleges also had their outlooks changed from stable to negative at the same time, including Champlain College and St. Michael's College. Trustee Silverman also reminded the Committee that the VSC issued bonds using an Aa2 (Moody's) rated "State intercept" credit through the Vermont Bond Bank in 2017 and again in 2020, and with the Vermont Bond Bank's approval could continue to do so if needed in the future.

9. Comments from the public

There were no comments from the public.

10. Executive Session

**At 5:15 p.m. Trustee Dickinson moved that the VSC Board of Trustees enter executive session pursuant to 1 V.S.A. § 313(a)(1)(F), for the purpose of receiving confidential attorney-client communications made for the purpose of providing professional legal services; and § 313(a)(1)(E) to discuss pending civil litigation to which the VSC is a party; because premature general public knowledge of these discussions would place VSC at a substantial disadvantage, it is appropriate for the Committee to enter executive sessions. Trustee Dickinson further moved that the Board enter executive session pursuant to 1 V.S.A. § 313(a)(2) to discuss negotiating or securing real estate**

**purchase or lease options. The motion stated that the Board would make any final decision regarding any such public officer in an open meeting and would explain the reasons for this final decision during the open meeting. Along with the members of the Board present at the meeting, the Board invited the Interim Chancellor, The Presidents and Deans of Administration for Vermont Tech and Northern Vermont University and VSC Chief Financial Officer and Interim General Counsel to attend portions of the executive session. Trustee Milne seconded the motion and it passed unanimously.**

The Board exited Executive session at 6:05 p.m.

11. Adjourn

Chair Hinds adjourned the meeting at 6:06 p.m.