



Enclosure 2
September 13, 2017

**Minutes of the Finance and Facilities Committee of the
Council on Postsecondary Education Meeting
Wednesday, July 12, 2017 5:30 p.m.
Community College of Rhode Island - Flanagan Campus
President's Conference Room - Room 2144
Administration Area - Second Floor
1762 Old Louisquisset Pike
Lincoln, RI 02865**

The Finance/Facilities Committee of the Council on Postsecondary Education met on Wednesday, July 12, 2017, at the Community College of Rhode Island's Flanagan Campus at 1762 Old Louisquisset Pike, Lincoln, RI.

- At 5:30 p.m., Chair Heather Crosby welcomed everyone and thanked the President and her staff for their hospitality and the excellent campus tour that had preceded the meeting. She then took roll call.

Present: Heather Crosby, Timothy DelGiudice, and Dennis Duffy.

Absent: Dr. Jeffery Williams

1. ACCEPTANCE OF THE AGENDA

Chair Crosby entertained a motion to accept the agenda. On a motion duly made by Mr. Duffy and seconded by Mr. DelGiudice, it was

VOTED:	THAT	The Finance/Facilities Committee of the Council on Postsecondary Education accept the agenda for the meeting of July 12, 2017 as presented.
	VOTE:	Three members voted in the affirmative and no members voted in the negative as follows:
	YEAS:	Heather Crosby, Timothy DelGiudice, and

Dennis Duffy.

NAYS: 0

ABSTAIN: 0

2. APPROVAL OF THE MINUTES

Minutes of the Facilities Committee of the Council on Postsecondary Education's April 5, 2017 Meeting.

Chair Crosby asked if there were any edits related to the minutes but none were noted.

On a motion duly made by Mr. Duffy and seconded by Mr. DelGiudice, it was

VOTED: **THAT** *The Finance/Facilities Committee of the
Council on Postsecondary Education accept the
minutes of the Finance/Facilities Committee
meeting of June 7, 2017 as amended.*

VOTE: Three members voted in the affirmative and 0
members voted in the negative as follows:

YEAS: Heather Crosby, Timothy DelGiudice, and
Dennis Duffy.

NAYS: 0

ABSTAIN: 0

3. CHAIR'S REPORT

Chair Crosby thanked CCRI for hosting the meeting and for providing the Committee and other Council members with a tour of the Lincoln campus.

Chair Crosby continued with her thanks to Committee members for their attendance as well as other Council members who made time to participate in the campus tour of the Community College. She also thanked the members of the President's staff for an excellent tour and all the highlights of the campus. Chair Crosby noted the flexibility of the CCRI staff with the needed adjustments to the tour based on the severe weather of the day.

Chair Crosby also noted that the excellent signage was extremely helpful especially in light of the weather.

Chair Crosby indicated her surprise that the Budget Appropriations Act was not passed but that it had happened in the past, though infrequently. She told the Committee that the Associate Commissioner will be providing a brief update about the budget in its current form and the consequences for the system.

She wanted to provide the Committee with a calendar update. Chair Crosby indicated that, much to the chagrin of the Associate Commissioner, the meeting of August 23, 2017 will be cancelled and that the next meeting of the Committee will occur on September 13. The central topic of that upcoming meeting will be the first review of the proposed Capital Improvement Plan (2019-2023).

She informed the Committee that November 8th will not be a committee meeting as it appears in the calendar but will be converted to a Council meeting in order to provide as much time as needed for the Council to have the last review of both Capital and Operating budgets prior to the Board meeting the following week.

Chair Crosby noted that the meeting of October 18 is mission critical as it will be the final review of all budgets by the Committee who will need to provide its recommendation to the full Council for its next meeting.

4. ACTION ITEM.

4a) Discussion and recommendation to the Council on Postsecondary Education for the approval to add an additional 1,860 square feet of space to the existing lease from Schneider Electric during the development of the new College of Engineering Building.

The Council on Postsecondary Education/University of Rhode Island has entered into a lease with Schneider Electric for the lease of 30,000 sf of space at its West Kingston facility for use as swing space during the construction of the new College of Engineering.

The University has had the opportunity to hire new faculty in the Electrical Engineering Department but has determined that an additional 1,860 sf of space is needed to provide office and research space for these new faculty members for the upcoming two-year period.

The University is prepared to support the costs of this additional space at the Schneider facility. They have recommended the amendment of this lease to provide this much-needed space for new faculty during the construction period.

On a motion duly made by Mr. DelGiudice and seconded by Mr. Duffy, it was:

VOTED: **THAT** *The Finance and Facilities Committee of the Council on Postsecondary Education recommends the addition of an additional 1,860 sf of space to the existing lease from Schneider Electric during the development of the new College of Engineering Building to the Council on Postsecondary Education at its next meeting scheduled for July 26th. Upon approval, the transaction will be presented to the State Properties Committee for final approval and execution.*

VOTE: Three members voted in the affirmative and 0 members voted in the negative as follows:

YEAS: Heather Crosby, Timothy DelGiudice, and Dennis Duffy.

NAYS: 0

ABSTAIN: 0

5. DISCUSSION ITEMS.

5a.) Review of the Budget for FY 2018 and the Revised Budget for FY 2017 as proposed at the end of the legislative session.

Associate Commissioner Susan LaPanne provided a brief update on the current version of the budgets for FYH 2017 and FY 2018 as it came out of the House Finance Committee on June 15th.

She reported that the Supplemental Budget for FY 2017 includes a significant decrease in the system's Unrestricted Budget of almost \$12M. However, \$9.6M of that reduction is in the system's debt service savings due to the State's refunding of that debt earlier. However, the operating budget of URI was reduced by approximately \$2.3M and the Office's operations were reduced by \$184K which represents a significant percentage of its \$2M budget. RIC and CCRI had very nominal increases of \$56K and \$48K respectively.

Dr. LaPanne also noted that a significant concern was the House Finance Committee's lack of support for the additional \$1.1M request for the Dual and Concurrent Enrollment program. This budget item (which comes from the reserves of the Division

of Higher Education Assistance) remains at \$1.3M. This lack of support is of significant concern as the three institutions have already provided and billed for the services of Rhode Island high school students who have completed college level courses during the 2016-2017 academic year.

Dr. LaPanne continued her report on the current recommendation from the House Finance Committee related to the FY 2018 Unrestricted Budget. She indicated that the House's recommendation was to remove the Governor's \$500k of state support for the Dual and Concurrent Enrollment program, to reduce the Rhode Island Promise program by approximately \$4.5M in funds for preparation, and to redistribute another \$2.75M to the other institutions. In addition, there is a budget article from the House that is requiring that the Dual and Concurrent Enrollment program is maintained at the \$1.3M level with no opportunity for a supplemental request and that the Office will be held responsible for convening a work group to discuss how this program may be more accountable and predictable.

5b.) Discussion of bond refinancing opportunities as well as a projection of the costs related to funding for the construction of the White Horn Brook Apartment Complex at the University of Rhode Island.

As Chair Crosby has requested, the system's bond consultants at First Southwest have developed a model that reviews the potential refunding savings of certain bond issuances as well as a projection of the costs related to funding for the construction of the University's White Horn Brook Apartment Complex.

The White Horn Brook Complex was included in the Capital Improvement Plan as approved by the Board and the Council in November 2016. This residence structure will increase the number of beds available on campus by approximately 500. The University is seeking authorization to finance this project through bonds issued through the Rhode Island Health and Education Building Corporation (RIHEBC) from both the General Assembly (in accordance with the Public Debt Management Act) and the Council on Postsecondary Education.

The review of options related to potential refunding of current bond issuances is done periodically to assure that savings are maximized throughout the life of the financing vehicles. However, this discussion was pursued in anticipation of the upcoming bond issuance request to the Committee and the Council.

The Committee discussed the options presented with the understanding that the market conditions may be different at the time of issuance. During the course of the discussion, the key factors that make a refunding positive is that the percentage of savings is 3% of better net of negative arbitrage and fees and that the savings efficiency is 50% or more.

Chair Crosby was very supportive of both the refunding opportunities as she had been of the original residence hall project. She emphasized that the market was very good for both of these proposals.

5c.) Review of Insurance Portfolio effective July 1, 2017.

At the end of each fiscal year, Sean Donaghey from the Independent Insurance Agents of Rhode Island issues requests for proposal for all insurance policies. Both the State of Rhode Island and the Council on Postsecondary Education benefit from these services as these consultants are independent subject-matter experts who survey the commercial insurance environment for the best coverages for all areas of risk. The statewide work group reviews all of the proposals with the assistance of Mr. Donaghey and makes award decisions each June.

Mr. Donaghey presented the report on the results of this year's proposals and the insurance portfolio that was put into place on July 1.

As the Committee was aware, this past year marked the initial period of coverage for losses related to cyber security breaches. The policy for the Council is the first of its type for state coverage.

After a short discussion about the coverages included in the portfolio, Chair Crosby concluded that she would like to schedule a more in-depth discussion of the deductible levels for the various policies in order to assure that all of the institutions and the Office were served optimally. She asked Dr. LaPanne to keep this discussion request in mind for some time in the late winter.

5d.) Review of actual to budget results for FY 2017 for CCRI with discussion of the upcoming initiatives and other areas of focus for the upcoming capital and operating budget season.

President Meghan Hughes thanked the Committee for convening its meeting at the Lincoln Campus of CCRI so that her staff was able to provide them with an introduction to this campus and its various programs. She introduced and briefed the Committee on the strategic initiatives in place for FY 2017:

Enhancing student success and completion
Expanding partnership and programs
Strengthening the effectiveness of the organization

President Hughes reported on the various completed and ongoing activities on all campuses that supported the successful attainment of these goals during the most recent fiscal year. She turned the presentation over to Vice President David Patten and Business Manager, Ruth Barrington.

While there was a 2.6% negative variance in tuition and fee revenues, Mr. Patten indicated that this was based on an enrollment drop but that the new team had reduced the decline by approximately 50%. The expense budget, however, had come in on target largely due to such savings measures as delaying hiring of some permanent staff and reducing the number of adjunct faculty hired. The one budget line which was significantly higher than anticipated was the capital and technology line. A significant amount of money was shifted to technology enhancement in order to make the student experience more productive.

Mrs. Barrington reported that the 7% increase in tuition and mandatory fees for the year resulted in an actual increase of a net 5%.

In their enrollment projections, FY 2018 anticipates a decline in enrollment of approximately 266 FTE students which is a 3% decline. This projection presumes that the Rhode Island Promise program will be launched in September and that, without the program, the anticipated decline in enrollments would be closer to 5% or 6% as of their projection eight weeks before the beginning of classes. Chair Crosby asked the CCRI team if the market was demanding certificates or graduates and President Hughes indicated that both are demanded. She also reported that her team was addressing this question continuously in order to respond to right balance in workforce demands.

Enrollment is distributed among the four campuses of CCRI as follows:

Knight Campus, Warwick	-approximately 40% of total enrollment
Flanagan Campus, Lincoln	-approximately 30% of total enrollment
Liston Campus, Providence Newport County Campus	-approximately 30% of total enrollment combined

Vice President Patten outlined the capital projects that he expects to include in the Capital Improvement Plan for the upcoming year. He reported that Brewster Thornton has provided CCRI with a review of all four campuses along with recommendations. In addition, he provided a report on all of the work accomplished related to capital assets during FY 2017 with his anticipation for the projects that will be addressed in FY 2018.

As a conclusion to the presentation, the path forward for CCRI in FY 2018 tied back to President Hughes' strategic priorities discussed earlier. The team provided insight into

the specific projects and work to be done in the upcoming year to support those initiatives further.

Chair Crosby thanked President Hughes and her team for their thorough and informative presentation and discussion of all that is going on at the Community College. She said that she was very pleased to have all of this information and background as the Committee approached the budget season as it will make those discussions much more productive.

Both Mr. DelGiudice and Mr. Duffy expressed their appreciation for all of the information and insight as well.

5. ADJOURNMENT

On a motion duly made by Mr. DelGiudice and seconded by Mr. Duffy, it was:

VOTED: **THAT** *The Finance/Facilities Committee of the Council on Postsecondary Education adjourn its meeting.*

VOTE: 3 members voted in the affirmative and 0 members voted in the negative as follows:

YEAS: Heather Crosby, Timothy DelGiudice, and Dennis Duffy.

NAYS: 0

The meeting adjourned at 7:03 p.m.