MEETING OF THE
FINANCE COMMITTEE
Board of Regents for Higher Education
Hartford, Connecticut

Tuesday, October 8, 2013, at 10:30 am
Community Room
61 Woodland Street, Hartford, CT

Agenda

1. **APPROVAL OF MINUTES FROM THE SEPTEMBER 10, 2013 MEETING**

2. **INFORMATION ITEMS**

   A. CHEFA Series N Bond Sale Update

3. **ACTION ITEMS**

   A. Use of CSUS 2020 funds to purchase property at 156 Windham Street, 160 Windham Street and 393 Prospect Street, Willimantic for Eastern Connecticut State University

   B. Naming of the Werth Center for Coastal and Marine Studies at Southern Connecticut State University

MEETING OF THE
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Tuesday, September 10, 2013, at 10:30 am
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61 Woodland Street, Hartford CT

Minutes

REGENTS PRESENT
Gary Holloway, Chair, Finance Committee
Richard Balducci
Matt Fleury
Rene Lerer (Telephonic)
Catherine Smith (Telephonic)

CONNSCU REPRESENTATIVES
Mary Papazian, President, SCSU; James Blake, Executive Vice President, SCSU; Charlene Casamento, Chief Financial Officer, CCSU; Paul Reis, Vice President for Finance & Administration, WCSU; Cliff Williams, Chief Financial Officer, COSC; Paul Martland, Dean of Administration, QVCC; Charles Cleary, Dean of Administration, TCC; Steven Frazier, Dean of Administration, NWCC; Robert Sheeley, Associate VP for Capital Budgeting & Facilities Operations, SCSU; James McDowell, Dean of Administration, MCC; Jill McDowell, Director of Finance, GCC

CONNSCU STAFF
Liz Caswell, Chief of Staff; Jim Howarth, Interim Chief Financial Officer; Elaine Clark, Vice President for Facilities & Infrastructure Planning; Juliet Manalan, Director of Public Relations & Marketing; Karen Stone, Director of Internal Audit; Melentina Pusztay, Interim Budget Director; Erin Fitzgerald, BOR Secretary; Rosalie Butler, Administrative Assistant

GUESTS
Kerry Kelley, OPM; Kathleen Megan, The Hartford Courant; Jacqueline Rabe Thomas, CT Mirror

With a quorum present, Chairman Holloway called the meeting to order at 10:44 am.

1. APPROVAL OF MINUTES FROM THE JUNE 13, 2013 SPECIAL MEETING

The minutes of the June 13, 2013 special meeting were unanimously approved, as written.

2. INFORMATION ITEMS

A. Use of Reserve Funds and Insurance Proceeds as Supplemental Construction Funding to Renovate the Second, Third and Fourth Floors of Buley Library at Southern Connecticut State University

Chairman Holloway turned to VP Clark for further explanation. She provided a synopsis of the Buley Library construction timeline to date. SCSU now wishes to complete the build-out of the second, third and fourth floors. The completion of the second, third and fourth floors will consolidate Southern's use of Buley and also reduce unresolved space deficits documented in Southern's 2004 approved Master Plan. VP Clark offered the following project information:

Current cost estimates for the completion of floors two, three, and four assume that funding will be available in late 2013.

The second floor has been bid and carries a cost of $1,832,644. The number will remain valid until the end of the current construction project.

Costs for the third and fourth floor have been estimated by the BOR's project Construction Manager and are "order of magnitude" numbers. The estimate to renovate the third and fourth floors is $4,850,000. This number will change after the floors are bid in late October 2013.

Furniture for the complete project is estimated at $1,356,768.

The total estimated cost to complete the Buley Library project (second, third and fourth floors and furniture) is $8,039,412 (comprising $6,682,644 for construction and $1,356,768 furniture and equipment).

Identified opportunities to fund the second, third, and fourth floor build-out are:

1. $2,546,369.30 Uncommitted Buley insurance proceeds (operating funds)
2. $5,493,042.70 Southern's Unrestricted Fund Balances
   = $8,039,412

VP Clark explained that CSU Fund Balance Guidelines stipulate use of fund balances greater than $250,000 requires Board approval. In addition to BOR approval, State statute requires legislative approval if "repairs, alterations or additions" to University facilities supported by the operating fund cost one million dollars or more. Legislative approval is through the Finance Advisory Committee when the legislature is not in session.

President Papazian stressed the importance of the library to any college campus. She indicated that while no additional space would be gained through the improvements, SCSU looked forward to the completion of a "21st Century" library in 2015.

BOR staff plan to submit the following requests for approval to the Finance Committee and full Board in November, after floors three and four have been bid:

Approval for Southern to use $5,493,042.70 from its operating reserves to fit out floors 2 through 4 of the Buley Library (this number may change depending upon bid results for floors three and four); and

Approval for Southern to use $2,546,369.30 from Buley Library flood insurance proceeds for the same purpose; and

Approval to submit the above two items to the Legislature's Finance Advisory Committee in December 2013.

B. Projected Impact of Increased Fringe Benefit Expenses on FY14 Budget

Chairman Holloway explained that two years ago, a state labor arbitrator ruled the public colleges and universities must offer employees a second opportunity to convert to the State's pension retirement system, as opposed to the Higher Education Alternative retirement plan, in which many are currently enrolled. He turned to Interim CFO Howarth for more detail on the expected budgetary impact.

CFO Howarth indicated that as more employees exercise their option to convert, the BOR will be paying significantly more each year toward the state's pension plan, known as the State Employees Retirement System (or SERS). Under the Alternative retirement plan, the required annual contribution for the state is 11.2 percent of each employee's salary. Under SERS, the required contribution is 54.71 percent. Preliminary numbers indicate 335 employees have switched plans and there is no way to predict how many more may do so. The IRS has yet to make a determination as to whether converting to the pension plan will be considered a taxable event for the employee. Using actual payroll expenses from fiscal year 2013 and assuming a 5% increase in pay for Fiscal Year 2014 and actual benefit rates, the projected increase in fringe benefit expenses is anywhere from $18 - $20 million. Adjusted after increased state funding of fringe benefits for General Fund employees, the net impact is reduced to $5 - $6 million. The projections will continue to be refined with actual payroll data and updated retirement conversion information.

3. ACTION ITEMS

A. Authorization to Sign Documents for the Board of Regents for Higher Education, the Connecticut Community Colleges, Charter Oak State College, and the Connecticut State Universities

CFO Howarth advised that, consistent with its statutory authority, the Board of Regents has identified those positions whose incumbents would be authorized to sign official documents for the ConnSCU System, and the type of documents to which the authorization applies. The recent restructuring of the System Office and resultant title changes to certain positions require this policy to be revised.

The resolution was unanimously approved on a motion by Regent Balducci, seconded by Regent Fleury.

Regent Lerer left the meeting at 1:15 AM.

B. Pilot Partnership Agreement Between the Connecticut State Universities, Charter Oak State College and United Technologies Corporation

Chairman Holloway turned to CFO Casamento for further explanation. She indicated that since the publication of the meeting materials, agreement had been reached with UTC to extend the pilot partnership to include Charter Oak State College, in addition to the four State Universities. She allowed there may be further opportunities to add the Community Colleges in the future.

CFO Casamento explained Regents' approval is sought to enter into a two-year pilot Partnership Agreement with the United Technologies Corporation through their Employee Scholar Program. Under the terms of this agreement, CSU and Charter Oak will be among 22 preferred providers of higher education for UTC employees, for whom the corporation will pay all tuition and course fees. The field of 22 includes other Connecticut Higher Education Intuitions such as UCONN, Albertus Magnus, Fairfield University, University of New Haven, Sacred Heart and University of Hartford.

CSU and Charter Oak will offer UTC employees a 5% discount on tuition, or a total discount of approximately $28 per undergraduate and $47 per graduate for a three-credit course. While UTC receives a discount, CSU and Charter Oak eliminate the risk they might otherwise incur of no-shows, non-payment, collection activities, or bad debt expense. In addition, both CSU and Charter Oak would be showcased on a UTC website as a preferred education partner. There would also be a positive impact on the 15% financial aid set-aside, because the employer funds 100% of tuition and fees.

CFO Casamento suggested the agreement may help to boost student enrollment at a time when the pool of prospective traditional-age students is projected to shrink. The agreement may also help the universities and COSC become more competitive in attracting non-traditional students in Connecticut.

A two-year term for the pilot partnership agreement is proposed, during which enrollments and tuition revenues will be monitored. A report will be provided to the Board of Regents annually. Chairman Holloway stressed the need for integration with the business sector.

The Pilot Partnership Agreement was approved on a motion by Regent Balducci, seconded by Regent Fleury.

The meeting was adjourned at 11:30 a.m., on a motion by Regent Balducci, seconded by Regent Fleury.

STAFF REPORT **FINANCE COMMITTEE**

ITEM
Use of CSUS 2020 funds to purchase property at 156 Windham Street, 160 Windham Street, and 393 Prospect Street, Willimantic for Eastern Connecticut State University

BACKGROUND
The CSUS 2020 Land and Property Acquisition Program provides funding for the acquisition of properties strategic to the attainment of university campus planning goals. Land and buildings considered for purchase are located adjacent to or near the universities in varying zoning districts.

Funding became available in two fiscal years: $4,250,190 in FY 2009 and $3 million in FY 2013. Of the $7,250,190 in CSUS 2020 funding allocated for property purchases, $3,155,221 was expended for the purchase of 190 White Street for Western Connecticut State University. A balance of $4,094,969 is available for purchases at the other three campuses. Central and Southern each has a potential future purchase on the list. Eastern's request is $515,000. If all three purchases were completed, an estimated $2,085,000 would remain in the CSUS 2020 property acquisition account.

ANALYSIS
Eastern's 2008 Master Plan calls for acquisition of adjacent residential parcels along campus boundaries. The strategy has enabled the university to establish a street presence and expand the otherwise landlocked campus footprint as opportunities allow. Owners of 156 Windham Street, 160 Windham Street and 393 Prospect Street expressed interest in selling their residential properties to the State for Eastern's use. At the BOR's request, the Department of Administrative Service obtained property appraisals and negotiated purchase prices for the subject parcels. The purchase prices are as follows:

156 Windham Street	$170,000
160 Windham Street	$130,000
393 Prospect Street	$215,000
Total	$515,000

Normally, the purchase of only one property would be requested. However, due to the low purchase price of the three parcels, the critical need to secure them for campus needs, the availability of funds for this and upcoming acquisitions (Central and Southern) and the fact that in excess of $2 million remain in the CSUS 2020 property purchase account following acquisitions at the four universities, the purchase of all three is recommended.

PRESIDENT'S RECOMMENDATION
Approve the use of CSUS 2020 funds for the purchase of 156 Windham Street, 160 Windham Street and 393 Prospect Street for Eastern Connecticut State University at a total cost of $515,000, subject to review by the State Properties Review Board and the Attorney General.

10/8/13 Finance Committee
10/17/13 BOR

RESOLUTION

concerning

THE PURCHASE OF REAL ESTATE
FOR
EASTERN CONNECTICUT STATE UNIVERSITY

October 17, 2013

WHEREAS, The owners of three (3) residential properties adjacent to Eastern Connecticut State University have offered to sell their properties to the State of Connecticut for use by Eastern Connecticut State University; and

WHEREAS, The residential properties are located at 156 Windham Street, 160 Windham Street and 393 Prospect Street; and

WHEREAS, The approximate fair market value of the land and buildings are $170,000, $130,000, and $215,000, respectively; and

WHEREAS, Eastern's acquisition of 156 Windham Street, 160 Windham Street and 393 Prospect Street is part of the University's master plan to acquire properties adjacent to the campus to establish a street presence and to allow opportunities for expansion in light of the campus' land-locked status; and

WHEREAS, The Board of Regents recognizes the value that these parcels contribute to planning efforts at Eastern Connecticut State University; and

WHEREAS, The purchase of the three (3) residential properties, that totals $515,000, will be funded from the CSUS 2020 Land and Property Acquisition program ;and

WHEREAS, The Board of Regents' property purchase is contingent on the approvals of the Department of Administrative Services, State Properties Review Board; and Attorney General; therefore be it

RESOLVED, That the Board of Regents for the Connecticut State Colleges and Universities authorize the use of CSUS 2020 funds to purchase 156 Windham Street for the consideration of $170,000, 160 Windham Street for the consideration of $130,000 and 393 Prospect for the consideration

of $215,000 (total purchase value of $515,000) for Eastern Connecticut State University.

A True Copy:

_____

Erin A. Fitzgerald
Secretary

STAFF REPORT **FINANCE COMMITTEE**

ITEM

Naming the Center for Coastal and Marine Studies at Southern Connecticut State University in Honor of the Werth Family Foundation.

BACKGROUND

The Board of Regents has the sole authority to provide for the naming of facilities and programs at the Connecticut State Universities. In 2001, the former CSUS Board of Trustees adopted a Naming Policy for the Connecticut State University System in order to give private donors the opportunity to contribute endowment and other major monetary gifts to universities within the CSU System. The naming of academic programs, facilities and other capital projects provides an outstanding opportunity to honor these major contributions. The Board of Trustees revised the Trustee Recognition and Naming of Facilities and Programs Policy at their April 8, 2009 meeting.

ANALYSIS

Southern Connecticut State University is located centrally along the heavily urbanized Connecticut coastline proximate to a variety of diverse natural habitats. The Center for Coastal and Marine Studies (CCMS) at Southern Connecticut State University was established in 2007 by the CSU Board of Trustees and authorized to continue until December 31, 2012 (BR 07-10). The CSU "Guidelines Regarding Academic Centers and Institutes" (BR 01-47) requires each center or institution to be reviewed in its fifth year of authorization. Campus presidents review this report and then forward a recommendation for continuation. Both President Papazian and the Student & Academic Affairs Committee of the Board of Regents recommended that the authorization for CCMS be continued in 2012. The Board of Regents unanimously voted to continue the Center at their November 2012 meeting.

CCMS serves as an interdisciplinary collaboration among faculty and students to focus on coastal and marine environmental/ecological research and education along Connecticut's urbanized coast and harbors. CCMS resides in the School of Arts and Science and provides opportunities for faculty and students to participate in a variety of scholarly activities from field studies, research/student projects, seminars, conferences, presentations, papers and other publications.

Recent and on-going research conducted by or in collaboration with CCMS in such areas as oyster habitats and aquiculture, causes and remediation of chronic beach erosion, age and size of crustacean populations, mercury accumulation in bluefish and water quality monitoring have proven to be of significant importance or have demonstrated a potential to be significantly important to the well-being of the coastal and marine environment.

The Werth Family Foundation (the foundation) is a private, non-operating charitable family foundation (Woodbridge, CT) created to promote philanthropy as a family activity; building

and educating for the next generation. Since 2006, the foundation has contributed nearly $380,000 to the Center for Coastal and Marine Studies, providing 60 Southern students with environmental research projects.

The Werth Family Foundation has generously pledged $3 million over the next ten years to the SCSU Foundation to endow the Center for Coastal and Marine Studies. Of the $3 million, $787,500 will be provided to support the Center ($78,750 annually, over ten years), with an additional $675,000 to be provided annually to support two pilot programs: The Industry Academic Fellowship Program and Southern Summer Science Business Institute. To date, the Center has been funded almost exclusively through grants and donations; it has never been budgeted from the University's Operating Fund, thus implications to its operating budget are virtually nil.

PRESIDENT'S RECOMMENDATION

Approve the naming of the Center for Coastal and Marine Studies at Southern Connecticut State University in Honor of the Werth Family Foundation.

10/8/13 Finance Committee
10/17/13 BOR

Southern Connecticut State University

SCSU

Mary A. Papazian, Ph.D.
PRESIDENT

Office of the President
Connecticut Board of Regents

OCT - 3 2013

Connecticut Board of Regents

September 18, 2013

Dr. Gregory Gray
President, Board of Regents for Higher Education
Connecticut State Colleges and Universities
39 Woodland Street
Hartford, CT 06105-2237

Dear Dr. Gray:

In compliance with the *CSUS Policy on Trustee Recognition and Naming of Facilities and Programs* (Section 4.D. and 4.J.), I respectfully request the Connecticut Board of Regents approval for the naming of the Center for Coastal and Marine Studies in honor of the Werth family. I have attached the required information as denoted in the policy.

I thank you in advance for your support of this request and would be happy to answer any questions you or members of the Board of Regents might have.

Sincerely,

Mary A. Papazian
President

Attachment

cc: R. Stamp, Vice President for Institutional Advancement
D. McHale, Chairman, SCSU Foundation, Inc.

Request for Naming a Portion of a Facility:

A. Institution name:

Southern Connecticut State University

B. A detailed request, citing the facility or program in question, the proposed name:

In recognition of the significant gifts and commitments made by the Werth Family Foundation to the Southern Connecticut State University Foundation, the university requests approval to name the Center for Coastal and Marine Studies as the "Werth Center for Coastal and Marine Studies." The center will be located in the academic and laboratory science building currently under construction.

C. Justification:

The Werth family, through the Werth Family Foundation, has long supported the sciences at Southern, in particular the Center for Coastal and Marine Studies (CCMS). The foundation has contributed nearly $380,000 to the center since 2006. In a gift that will boost scientific research for students and faculty, the foundation has committed to providing an additional $3 million in support, to be paid over the next ten years. This contribution will fund a $1.5 million endowment for the Center for Coastal and Marine Studies. An additional $750,000 ($75,000 each year) will be donated to the center for its annual expenses, such as equipment and for stipends to students to support their research efforts.

The university has provided the CCMS co-directors with 6 reassigned time credits per academic year. For 2012-2013, that totals close to $12,000 in salary and benefits. Aside from those reassigned time credits (no cash), all other funds for the operation of the center have been provided by the Werth Family Foundation and other external funding sources (grants). The university does not provide any operating monies or other funding to this Center and therefore this gift does meet the BOR policy requiring that a donation be equal to or greater than 200 percent of the annual operating budget of the program.

The remaining funds from the new pledge have been earmarked for two new initiatives – the Industry Academic Fellowship Program and the Southern Summer Science Business Institute – which will combine science education and real-world/business experience through seminars, internships, and research opportunities, with stipends provided to participating Southern students and area science teachers.

D. Copy of gift contract and/or pledge agreement must be filed with the request for approval.

Attached is a letter of commitment from Pamela Werth on behalf of the Werth Family Foundation. A copy of the memorandum of understanding and the pledge agreement will be provided once finalized.

The Werth Family Foundation

September 3, 2013

Mr. Gregg Crerar
Associate VP of Institutional Advancement
Southern Connecticut State University Foundation
501 Crescent Street, Engleman A215
New Haven, CT 06515-1355

Re: $3,000,000 Ten-Year Pledge

Dear Gregg:

It is with great pleasure that I officially inform you that the Board of Directors of The Werth Family Foundation approved your request for a $3,000,000 Pledge over ten years. As outlined in your proposal and in our discussions, the funds will be allocated to three specific areas.

1. Endow the Werth Center for Coastal and Marine Studies
2. Annual Support for the Center for Coastal and Marine Studies
3. Funding for two Pilot Programs: Industry Academic Fellowship Program and Southern Summer Science Business Institute

Our Foundation recognizes that there is a required gift fee of 5 percent on annual gifts and 2 ½ percent on endowed gifts to the SCSU Foundation. We respectfully request that you reduce the 5% fee shown in this proposal to an overall fee of 2.5% during the length of this pledge. It is our desire to see those funds go directly toward the support of the outlined programs.

We are excited and proud to support SCSU initiatives to become a recognized center of excellence in the science disciplines and to provide students with learning opportunities that will enhance their professional development. We have been extremely pleased with our partnership and the efforts and success of the Center for Coastal and Marine Studies. We believe this new initiative will make a significant impact not only on the University and students, but also in expanding the expertise and talent pool needed to foster the next generation of scientists and business leaders in Connecticut. This is essential in providing valuable support to strengthen the New Haven business communities and Connecticut's economic base overall.

We look forward to our continued partnership with Southern Connecticut State University and wish you all the best for success in your endeavors.

Very truly yours,

Pamela H. Werth

Pamela H. Werth
Vice-President and Treasurer

Post Office Box 4034 · Woodbridge, CT 06525

Center for Coastal and Marine Studies

The Center for Coastal and Marine Studies responds to the needs of the university and the community in direct and tangible ways. The efforts of the faculty, staff and students associated with the Center focus on coastal and marine environmental/ecological research and education along Connecticut's urbanized coast and harbors. The emphasis is on applied research, including faculty-directed student research designed to address issues of local and regional importance. Ongoing student-faculty studies that are incorporated into the Center's portfolio include: distribution and concentration of heavy metals in Connecticut harbors, loss of coastal wetlands, storm impacts and beach erosion, landscape ecology, conservation biology and habitat selection and ecology of invasive species. The results of such studies are made available to resource managers and educational institutions through Center publications, contributions to peer-reviewed journals, public talks, conferences, consultations, and educational materials. The Center fosters collaborative research and pedagogical initiatives among faculty across traditional academic departments and disciplines. This interdisciplinary nature of coastal marine research provides a broad spectrum of students with opportunities to learn science by doing science.

Endow the Werth Center for Coastal and Marine Studies

	Annual	10-Year Pledge
Werth Center for Coastal and Marine Studies	$ 153,750	$ 1,537,5000

Annual Support for the Center for Coastal and Marine Studies Program

	Annual	10-Year Pledge
Center for Coastal and Marine Studies Program	$ 78,750	$ 787,500

Pilot Programs

Industry Academic Fellowship Program

The Industry Academic Fellowship Program will be designed to enhance the scientific knowledge and skills of undergraduate and graduate science students, middle school and high school educators and industry professionals. The main focus of the program is team-based interdisciplinary research through high-quality research experiences for students and teachers. A fellowship team is composed individuals with various backgrounds and interests including a faculty researcher, industry mentor, graduate and undergraduate students, and science teachers. The collaborative and interdisciplinary nature of the Industry Academic Fellowship Program encourages synergy and fosters formation of mentoring relationships among team members.

Additional benefits of the Industry Academic Fellowship Program include:

- Research teams will make use of numerous state-of-the-art teaching/research facilities at Yale and SCSU.
- Fellowship projects will be inspired by industry identified needs – teams will work collaboratively with industry to identify topics of interest.
- Industry mentors will be assigned to teams and will have the option of obtaining professional development. They may also work toward the Graduate Certificate in Nanotechnology.
- Practicing educators will gain experience in cutting edge STEM research and development and will also network with industry professionals. The effects will be multiplied as the teachers bring this information back to their classrooms.

Funding will support fellowships, a graduate assistant position, and research supplies.

Southern Summer Science Business Institute (S^3BI)-PILOT PROGRAM

The second pilot program – the Southern Summer Science Business Institute (S^3BI) – will provide an opportunity for STEM students to understand the business of science and for business students to understand the science of business. Students will spend half of the time engaged in seminars and the other half working at area scientific businesses applying the knowledge gained from the seminars. Students engaged in research projects with science faculty will have the opportunity to spend at least one day a week in the laboratory at SCSU with the expectation that at the end of the summer they will write a reflection of how their scientific research can be turned into a business model.

Students participating in the institute will be provided summer stipends of $5,000 as means to have students immerse in the institute and focus on the acquisition of knowledge without the distraction of outside work. The S^3BI will run for 10 weeks during the summer months and students will be expected to complete an eight (8) hour workday. S^3BI will rely on the expertise of the SCSU faculty in the School of Business and the School of Arts & Sciences as well as members of the science business community.

Southern faculty participating in the institute will be paid a summer salary based upon a fair calculation of their participation in S^3BI in terms of credit hours in concert with the summer salary requirements of the CSU BOT/AAUP Collective Bargaining Agreement. Wherever possible, seminars that involve members of the business community will take place off-campus at the location of the participating businesses.

Annual Support for the Industry Academic Fellowship Program
and
Southern Summer Science Business Institute (S^3BI)

	Annual	**10-Year Pledge**
Industry Academic Fellowship Program (Years 1 – 5)	$ 67,500	$ 337,500
Southern Summer Science Business Institute (Years 6 – 10)	$ 67,500	$ 337,500
TOTAL		$ 675,000