

**BOARD OF TRUSTEES
FINANCE AND FACILITIES COMMITTEE**

**Delores E. Crawford, Chair
James B. Greene, Vice Chair
All Trustees are Members
James P. Tressel, *Ex-Officio***

**Tuesday, December 9, 2014
3:00 p.m. or immediately following
previous meeting**

**Tod Hall
Board Meeting Room**

AGENDA

- A. Disposition of Minutes for Meeting Held September 16, 2014**
- B. Old Business**
- C. Committee Items**
 - 1. Finance and Facilities Action Items**
 - a. Resolution to Modify Operating Budget Approval and Modification Policy, Tab 1
3009.01**
Neal McNally, Interim Vice President for Finance and Administration, will report.
 - b. Resolution to Approve Room Rental Rates for the University Courtyard Apartments, Effective Fall Semester 2015 Tab 2**
Jack Fahey, Vice President for Student Success and Student Experience, will report.
 - c. Resolution to Approve the Revised Scope of the Melnick Hall Project Tab 3**
Neal McNally, Interim Vice President for Finance and Administration, and John Hyden, Executive Director of Facilities and Support Services, will report.
 - d. Resolution to Approve the Selection of an Energy Efficiency Contractor Tab 4**
John Hyden, Executive Director of Facilities and Support Services, and Bill Haas, Associate Director of Engineering, will report.

2. Finance and Facilities Discussion Items

a. Quarterly Update on FY 2015 Operating Budget **Tab 5**
Neal McNally, Interim Vice President for Finance and Administration, will report.

b. Planning and Construction Projects Update **Tab 6**
Neal McNally, Interim Vice President for Finance and Administration, and Rich White, Associate Director of Planning and Construction, will report.

c. Report of Audit Subcommittee
A verbal report of the Audit Subcommittee will be presented. Delores E. Crawford will report.

d. Report of Investment Subcommittee
A verbal report of the Investment Subcommittee will be presented. James B. Greene will report.

D. New Business

E. Adjournment

AGENDA ITEM: C.1.a.

AGENDA TOPIC: Resolution to Modify Operating Budget Approval and Modification Policy, 3009.01

STAFF CONTACT(S): Neal McNally, Interim Vice President for Finance and Administration

BACKGROUND: Youngstown State University maintains policy 3009.01 to set procedures for the Board of Trustees' approval and modification of the University's annual operating budget.

SUMMARY AND ANALYSIS: As part of the regular 5-year review process, policy 3009.01 is scheduled for review in 2014. Modifications to the policy are largely stylistic, with some additional language intended to clarify parameters and definitions. Additionally, the responsible division officer has been changed from the President to the Vice President for Finance & Administration, since the latter serves as the chief financial officer responsible for preparing the annual operating budget.

RESOLUTION:

**RESOLUTION TO MODIFY
OPERATING BUDGET APPROVAL AND MODIFICATION, POLICY 3009.01**

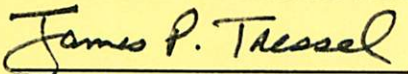
WHEREAS, the Institutional Policies are being reviewed and reconceptualized on an ongoing basis; and

WHEREAS, this process can result in the modification of existing policies, the creation of new policies, or the deletion of policies no longer needed; and

WHEREAS, action is required by the Board of Trustees prior to replacing and/or implementing modified or newly created policies, or to rescind existing policies;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees of Youngstown State University does hereby approve the modification of the Institutional Policy governing Operating Budget Approval and Modification, policy number 3009.01 of the *University Guidebook*, shown as Exhibit __ attached hereto. A copy of the policy indicating changes to be made is also attached.

RECOMMEND APPROVAL:



James P. Tressel, President

**Board of Trustees Meeting
December 16, 2014
YR 2015-**

UNIVERSITY GUIDEBOOK

Title of Policy:	Operating Budget Approval and Modification
Responsible Division/Office:	Office of the President <u>Finance & Administration</u>
Approving Officer:	<u>Vice-President of Finance and Administration</u>
<i>Revision History:</i>	December 2004; December 2006; December 2009
Resolution Number(s):	YR 2003-27; YR 2005-19; YR 2010-29
Board Committee:	Finance and Facilities
EFFECTIVE DATE:	December 16, 2009
Next Review:	2012 9 <u>(Changed to 2014 per Guidebook Policy 0001.00)</u>

A. Policy Statement: The Board of Trustees will approve the University's a-balanced operating budget for each fiscal year prior to the beginning of that fiscal year (July 1) and any subsequent modification(s) to the overall spending level.

B. Purpose: Establish a policy to approve and modify the University's Operating Budget.

C. Parameters:

- The annual operating budget shall be a balanced budget with expenses aligned with anticipated revenue and shall be consistent with the strategic goals of the University.
- All expenditures in the University's general and auxiliary funds must be budgeted each fiscal year prior to being spent.
- ~~The Board of Trustees will approve an Operating Budget for each fiscal year prior to the beginning of that fiscal year (July 1). If necessary, consideration will be given to modifying t~~The Operating Budget may be revised at the discretion at a meeting(s) of the Board of Trustees.

D. Definitions:

- **Auxiliary Funds** – funds for enterprises that exist to furnish goods or services to students, faculty, or staff, or incidentally to the general public. Auxiliary enterprises charge fees directly related to the cost of the goods or services (e.g., Kilcawley Center, Housing and Parking).

- **Budget Modifications** – increases or decreases to the overall level of the Operating Budget.
- **Designated Funds** – unrestricted funds internally transferred ~~by the Board~~ from an operating budget for a specific purpose and available for expenditure in the current budget year and/or succeeding budget years.
- **General Funds** – current unrestricted funds primarily sourced from student tuition and fees and state of Ohio appropriations and expended for instruction, student services, institutional support, maintenance and operations, financial aid, etc.
- **Operating Budget** – general and auxiliary funds representing the operating activities of the University for a given fiscal year. Excluded from the Operating Budget are Designated Funds, Plant and Capital Funds, Restricted Funds, Endowments and funds functioning as endowments.

Procedures:

1. Budget Approval

- a. The administration will present the annual Operating Budget for Board approval ~~at the June meeting~~ prior to the fiscal year beginning July 1.
- b. When sufficient financial resources exist, ~~T~~the annual Operating Budget will include a transfer to the General Fund Operating Reserve of at least five percent (5%) of the increase in the general fund portion of the Operating Budget over the previous year. The Board of Trustees may approve a deviation from the transfer of 5% of the increase in the general fund portion of the Operating Budget.

2. Budget Modifications

- a. **Revenue Changes** – budget modifications ~~aggregating \$250,000 of 5%~~ or more that relate to changes in enrollment, levels of support from the State of Ohio, and/or any other revenue source must be approved by the Board.

UNIVERSITY GUIDEBOOK

Title of Policy: Operating Budget Approval and Modification

Responsible Division/Office: Office of Finance & Administration

Approving Officer: Vice-President of Finance and Administration

Revision History: December 2004; December 2006; December 2009

Resolution Number(s): YR 2003-27; YR 2005-19; YR 2010-29

Board Committee: Finance and Facilities

EFFECTIVE DATE: December 16, 2009

Next Review: 2019

Policy Statement: The Board of Trustees will approve the University's operating budget for each fiscal year prior to the beginning of that fiscal year (July 1) and any subsequent modification(s) to the overall spending level.

B. Purpose: Establish a policy to approve and modify the University's Operating Budget.

C. Parameters:

- The annual operating budget shall be a balanced budget with expenses aligned with anticipated revenue and shall be consistent with the strategic goals of the University.
- All expenditures in the University's general and auxiliary funds must be budgeted each fiscal year prior to being spent.
- The Operating Budget may be revised at the discretion of the Board of Trustees.

D. Definitions:

- **Auxiliary Funds** – funds for enterprises that exist to furnish goods or services to students, faculty, or staff, or incidentally to the general public. Auxiliary enterprises charge fees directly related to the cost of the goods or services (e.g., Kilcawley Center, Housing and Parking).

- **Budget Modifications** – increases or decreases to the overall level of the Operating Budget.
- **Designated Funds** – unrestricted funds internally transferred from an operating budget for a specific purpose and available for expenditure in the current budget year and/or succeeding budget years.
- **General Funds** – current unrestricted funds primarily sourced from student tuition and fees and state of Ohio appropriations and expended for instruction, student services, institutional support, maintenance and operations, financial aid, etc.
- **Operating Budget** – general and auxiliary funds representing the operating activities of the University for a given fiscal year. Excluded from the Operating Budget are Designated Funds, Plant and Capital Funds, Restricted Funds, Endowments and funds functioning as endowments.

Procedures:

1. Budget Approval

- a. The administration will present the annual Operating Budget for Board approval prior to the fiscal year beginning July 1.
- b. When sufficient financial resources exist, the annual Operating Budget will include a transfer to the General Fund Operating Reserve of at least five percent (5%) of the increase in the general fund portion of the Operating Budget over the previous year. The Board of Trustees may approve a deviation from the transfer of 5% of the increase in the general fund portion of the Operating Budget.

2. Budget Modifications

- a. **Revenue Changes** – budget modifications of 5% or more that relate to changes in enrollment, levels of support from the State of Ohio, and/or any other revenue source must be approved by the Board.

AGENDA ITEM: C.1.b.

AGENDA TOPIC: Resolution to Approve Room Rental Rates for the University Courtyard Apartments, Effective Fall Semester 2015

STAFF CONTACT(S): Jack Fahey, Vice President for Student Success and Student Experience, and Matt Novotny, Executive Director of Student Services

BACKGROUND: Each year, University Housing Services evaluates the merits of adjusting room rental rates for student housing facilities. Early approval is sought to permit sufficient time needed to advertise next year's rates.

SUMMARY AND ANALYSIS: Effective fall semester 2015, Housing Services proposes to raise the rental rates for the University Courtyard Apartments by 3.3%, which will provide additional revenue needed to maintain these facilities and fund auxiliary overhead charge increase. Additionally, Housing Services will offer a renewal program that will enable current residents to lock into the current year's rates for the 2015-2016 academic year. For purposes of budget planning, an occupancy rate of 93% is assumed.

RESOLUTION:

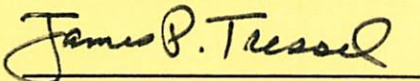
**RESOLUTION TO APPROVE ROOM RENTAL RATES
FOR THE UNIVERSITY COURTYARD APARTMENTS,
EFFECTIVE FALL SEMESTER 2015**

WHEREAS, Ohio law provides that each Board of Trustees of state-assisted institutions of higher education may establish special purpose fees, service charges, and fines and penalties; and

WHEREAS, the University Courtyard Apartments were acquired by the University in 2011; and

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees of Youngstown State University does hereby approve the room rental rates for the University Courtyard Apartments, as shown in exhibit __, effective fall semester 2015.

RECOMMEND APPROVAL:



James P. Tressel, President

Board of Trustees Meeting

December 16, 2014

YR 2015-

Exhibit __

**University Courtyard Apartments
Monthly Room Rental Rates**

<u>Unit Type</u>	<u>Proposed FY 2016</u>	<u>Actual FY 2015</u>	<u>Percent Increase</u>	<u>Dollar Increase</u>
1 Bed / 1 Bath	\$780.00	\$757.00	3.0%	\$23.00
2 Bed / 2 Bath	\$660.00	\$639.00	3.3%	\$21.00
4 Bed / 2 Bath	\$570.00	\$551.00	3.4%	\$19.00

AGENDA TOPIC: Resolution to Approve the Revised Scope of the Melnick Hall Project

STAFF CONTACT(S): Neal McNally, Interim Vice President for Finance & Administration

BACKGROUND: The Board of Trustees approved a resolution in March 2014 defining the scope of the Melnick Hall Project. Since that time, plans for the building's use have changed.

SUMMARY AND ANALYSIS: The resolution passed by the Board of Trustees in March 2014 stipulated that the renovation of Melnick Hall would provide space for the relocation of the WYSU radio station, and identified project funding sources as state capital appropriations and philanthropic gifts. However, after further analysis, the intended use of the project has changed to include space for the Youngstown State University Foundation. At the present time, the Foundation will be the initial tenant of the building on the main level, while the upper level of the building is renovated and used initially as swing space. Additionally, the funding sources for the renovation project include state capital appropriations and local bond proceeds, as well as contributions toward the project from the YSU Foundation and other private sources, such as philanthropic gifts.

RESOLUTION:

RESOLUTION TO APPROVE REVISED SCOPE OF THE MELNICK HALL PROJECT

WHEREAS, House Bill 482 appropriated \$2,500,000 in state capital funds specifically for the renovation of Melnick Hall on the campus of Youngstown State University; and

WHEREAS, the scope of the Melnick Hall project shall include improvements to the building, including upgrades to the mechanical and electrical systems, replacement of the existing roof, extensive interior renovations and the addition of an elevator; and

WHEREAS, the scope of the project shall also include renovations to accommodate the offices of the Youngstown State University Foundation; and

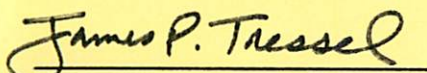
WHEREAS, the scope of the project shall allow for the creation of other usable space that may be utilized as, but not limited to, temporary swing space; and

WHEREAS, the project budget shall include, but not be limited to, available state capital appropriations, series 2010 general receipts bond proceeds, and philanthropic gifts; and

WHEREAS, this resolution replaces the resolution approved as agenda item E.3.e by the Board of Trustees on March 12, 2014.

NOW, THEREFORE, BE IT RESOLVED, that the Melnick Hall project, as described above is hereby approved by the Youngstown State University Board of Trustees.

RECOMMEND APPROVAL:



James P. Tressel, President

Board of Trustees Meeting

December 16, 2014

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AGENDA ITEM: C.1.d.

AGENDA TOPIC: Resolution to Approve the Selection of an Energy Efficiency Contractor

STAFF CONTACT(S): John Hyden, Executive Director of Facilities, and Neal McNally, Interim Vice President for Finance and Administration

BACKGROUND: YSU is presently in the 9th year of a 10-year performance contract with Johnson Controls, Inc. This project has provided demonstrable energy efficiencies and cost-savings. University management believes that now is the appropriate time to begin preparing for a second phase of this energy conservation project.

SUMMARY AND ANALYSIS: With the Board of Trustees' approval on October 14, 2014, the University published and distributed a request for proposals for an energy efficiency contractor. To date, proposals from multiple contractors have been submitted for review. University management has evaluated each proposal and recommends contracting with a vendor as described in Exhibit ____. Additional Board approval will be sought subsequently, after project scope and financing plans are finalized.

RESOLUTION:

**RESOLUTION TO APPROVE THE SELECTION OF AN
ENERGY EFFICIENCY CONTRACTOR**

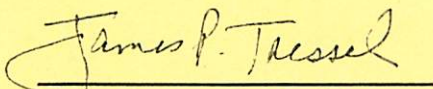
WHEREAS, the Board of Trustees of Youngstown State University authorized the solicitation of requests for proposals for an energy efficiency contractor in accordance with Ohio Revised Code Sections 3345.64-66; and

WHEREAS, proposals from multiple contractors have been received and evaluated by University management; and

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees of Youngstown State University does hereby approve the selection of an energy efficiency contractor, as recommended by University management and as shown in Exhibit __ and made part hereof; and

BE IT FURTHER RESOLVED, that University management will seek Board of Trustees approval to implement energy savings measures and financing mechanisms provided under said Ohio Revised Code sections.

RECOMMEND APPROVAL:


James P. Tressel, President

**Board of Trustees Meeting
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The exhibit for agenda item
**Resolution to Approve Selection of an
Energy Efficiency Contractor**
will be distributed prior to the Finance and
Facilities Committee meeting on
December 9, 2014.

AGENDA ITEM: C.2.a.

AGENDA TOPIC: Quarterly update on the FY 2015 Operating Budget

STAFF CONTACT(S): Neal McNally, Interim Vice President for Finance and Administration

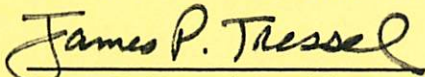
BACKGROUND: Each quarter, University management reports to the Trustees on the status of the University's operating budget. In addition, the Board is provided with a quarterly comparison of the budgeted revenues and expenses vs. actual revenues and expenses, which heretofore had been included as a background item in the Finance and Facilities Committee materials. At the request of the Committee chair and co-chair, the budget vs. actual comparison has been moved to the main agenda and included as part of the quarterly budget update.

SUMMARY AND ANALYSIS: The budget to actual comparative analysis is in a "dashboard" format, which uses color-coded business indicators to identify revenues and expenses that are on-target versus those that may be of concern.

For revenues, a red warning indicator was assigned to the category of tuition and fee income, which is below budget as a result of the University's FTE enrollment levels being 3.2% below budgeted levels. On the expense side, most categories are generally on or below target. However, a yellow cautionary indicator was assigned to the operations category because the University's structural operating deficit is budgeted here. University management has developed a plan to erase the operating deficit by FY 2016. This plan includes three main components: (1) a reduction in personnel costs, primarily through the elimination of position vacancies; (2) targeted reductions to non-personnel operating expenses; and (3) a renewed focus on student retention and attraction.

RESOLUTION: N/A DISCUSSION ONLY

REVIEW AS TO FORM AND CONTENT:


James P. Tressel, President

YOUNGSTOWN STATE UNIVERSITY
Budget to Actual
For the 3-month period of 7/1/14 - 9/30/14

FY2015 Revenue 1st Quarter, 9/30/14	Fiscal Year 2015		Actual as a % of Budget	Business Indicator	FY14 actual compared to FY13 actual
	Budget	Actual			
Tuition and mandatory fees	\$97,506,214	\$48,356,166	49.6%	●	↓
Other tuition and fees	\$8,837,567	\$4,570,269	51.7%	●	↑
Student charges	\$1,278,000	\$555,402	43.5%	●	↓
State appropriations	\$38,220,094	\$9,569,277	25.0%	●	↑
Recovery of indirect costs	\$2,177,079	\$437,382	20.1%	●	↑
Investment income	\$933,694	\$106,172	11.4%	●	↓
Other income	\$847,352	\$347,064	41.0%	●	↑
Total	\$149,800,000	\$63,941,732	42.7%	●	↓

● On/Above target

● Caution

● Warning

FY2015 Expenses 1st Quarter, 9/30/14	Fiscal Year 2015		Actual as a % of Budget	Business Indicator	FY14 actual compared to FY13 actual
	Budget	Actual			
Wages	\$80,471,744	\$15,667,802	19.5%	●	↓
Benefits	\$26,855,639	\$5,138,723	19.1%	●	↓
Scholarships	\$5,356,331	\$693,501	12.9%	●	↑
Operations	\$9,438,552	\$2,641,700	28.0%	●	↓
Plant & maintenance	\$9,820,177	\$2,377,088	24.2%	●	↑
Fixed asset purchases	\$397,304	\$53,032	13.3%	●	↑
Transfers	\$17,637,079	\$17,638,749	100.0%	●	↓
Total	\$149,976,826	\$44,210,595	29.5%	●	↓

● On/Below target

● Caution

● Warning

AGENDA ITEM: C.2.b.

AGENDA TOPIC: Planning and Construction Projects Update

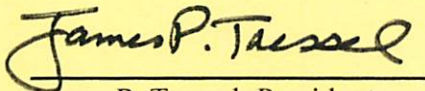
STAFF CONTACT(S): John Hyden, Executive Director of Facilities and Support Services, and Richard White, Director of Planning and Construction

BACKGROUND: This is a regular report presented to the YSU Board of Trustees to keep them informed of what major projects are currently ongoing, what projects are bidding, and which projects are currently in development.

SUMMARY AND ANALYSIS: Summary of construction/renovation projects in progress and of projects that have recently bid or have gone to OBOR for release of capital funds. Also included in the board update is a list of projects currently being developed for Spring/Summer 2015, some by outside A/E consultants along with several projects being developed by YSU staff.

RESOLUTION: N/A – DISCUSSION ITEM ONLY

REVIEWED AS TO FORM AND CONTENT:

A handwritten signature in black ink that reads "James P. Tressel". The signature is written in a cursive style with a large initial "J".

James P. Tressel, President

YSU Capital Projects Summary:

Board of Trustees 11/5/2014

Capital Projects Currently Underway:

Elevator Renovations – Lincoln Building	\$555k (Capital) Murphy Contracting, Contractor
Generator Upgrades	\$350k (Capital) Zenith Systems, Contractor
Campus Roof Renovations Phase II (EJSC)	\$255k (Capital) Building Technicians Corp., Contractor
Wind Turbines	\$119k (Grant) University Electric, Contractor
Housing Demolition	\$105k Developed by YSU Staff (Local Funds)

Recently Completed Projects:

Exterior Door and Window Upgrades	\$394k (Capital) Elk Enterprises, Contractor
Roof Renovations –EJSC	\$1.15M (Capital) Boak and Sons, Contractor
Rayen Building Demolition	\$210K (Local Funds) M&M Demolition, Contractor
Exterior Door and Window Upgrades	\$394k (Capital) Elk Enterprises, Contractor
Campus Core Lighting	\$316k (Capital) Penn-Ohio Electric, Contractor
Elevator Upgrades – Cushwa, Maag (Mid-Floor)	\$900k (Capital) Murphy Contracting, Contractor
Veterans Resource Center	\$1.4M (Philanthropy) Adolph Johnson, Contractor
Roof Renovations – Ward Beecher, Ped Bridge	\$150k (Capital) N.F. Mansuetto, Contractor
Beeghly Center Renovations - Flooring	\$644k (Capital) Murphy Contracting, Contractor
Concrete Replacement – Campus Core	\$394k (Capital) Parella-Pannunzio, Contractor
Kilcawley House Roof	\$225k (Local Funds) Building Technicians, Contractor
M1 & M2 Deck Repairs	\$450k (Local Funds) CPS Construction, Contractor
Debartolo Hall Phase 2 – Floors 2, 3, and 4	\$760k (Bond Funds) Brock Builders, Contractor
Kilcawley Center Exterior Stairs	\$60k (Local Funds) A.P. O’horro, Contractor

Projects Currently Being Advertised:

Elevator Safety Repairs & Replacements	\$2.5M (Capital Funds)
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Projects at Controlling Board for Release of Funds:

N/A

Projects Currently In Development:

Melnick Hall Renovations	\$4.0M (Capital/Bond Funds) Strollo Architects, Contractor
Roof Repairs and Replacements	\$1.5M (Capital Funds) BSHM Architects, Contractor
Kilcawley Center Career Services	\$150k Developed by YSU Staff (Local Funds)
Campus Core Exterior Lighting Upgrades Phase 2	\$800k Developed by YSU Staff (Capital Funds)
Moser Hall Advanced Manufacturing Lab Reno	\$700k Developed by YSU Staff (Capital Funds)
Restroom Renovations	\$1.1M Developed by YSU Staff (Capital Funds)
Roof Repairs and Replacements	\$1.5M (Capital Funds) BSHM Architects, Contractor
Utility Distribution Upgrades/Expansion	\$2.5M (Capital Funds) CL Firestone, Contractor
Building Exterior Repairs	\$1.3M (Capital Funds) GPD Group, Contractor
Beeghly Center Auditorium	\$300k Developed by YSU Staff (Capital Funds)
Meshel Hall Data Center Renovations Phase I	\$100k Developed by YSU Staff (Local Funds)
Kilcawley Center Roof	\$TBD (Local Funds) RoofTec, Contractor
Lyden House Windows	\$TBD Developed by YSU Staff (Local Funds)
Rec Center Flooring	\$175k Developed by YSU Staff (Local Funds)

2017 Projects in Constructability Review:

Ward Beecher Hall Renovations
Meshel Hall Interior Renovations