

**Springfield Technical Community College
Special Meeting of the Committee on Ways and Means**

July 24, 2023

MINUTES

Present: Trustees MacArthur Starks, Jr., Jeffrey Sattler, Samalid Hogan, Norman Roldan, and Laurie Martin. Also present: President John B. Cook.

Trustee Starks called the meeting of the Committee on Ways and Means to order at 5:03 p.m.

Major Capital Project (School of Health)

Brief Project Scope and History

Dr. Cook provided a brief history and overview of the project to relocate the School of Health and Patient Simulation (SHPS) out of Building 20. He re-emphasized the importance of the move due to the fact that the health programs are mission-critical and well-documented issues with Building 20 functionality.

Project Status and Update

Andrea Nathanson, VP of Administration and CFO, reviewed the original project scope, costs, and funding for the project, and provided an overview of and rationale for a proposed update to the plan. Explaining that the original proposal to move the SHPS programs to STCC Building 13 and the Tech Park Building 104 unfortunately turned out to be cost prohibitive, mainly due to the expense of addressing what were unrealized infrastructure deficiencies. A pivot, described in Memo from Dr. Cook to the DCAMM Commissioner as well as Secretary of Education, was shared with Trustees, and endorsed approved by DCAMM to move SHPS to Building 2 at cost that provided a pathway to a viable project. While the total project cost is significantly lower than for Buildings 13 and 104, it requires a total project budget of \$50 million, an increase of \$8.5 million over the original budget, mainly due to construction inflation, and associated expenses of capital infrastructure project management.

Funding Structure & Updated Fiscal Outlook

The original proposed budget included \$30M from DCAMM, \$5M via earmark from a 2021 Economic Development Bill (with sponsorship from the legislative delegation) specifically for the Tech Park element, \$6M of Trustee-approved STCC reserves, and a contribution of \$500K from the STCC Foundation, for a total of \$41.5M.

Recognizing the impact of inflation and the inability to formalize the \$5M via legislation, DCAMM successfully secured (President Cook used the phrase “made STCC whole”) a total of \$8M in additional funds for the project, resulting in a net increase of \$3M from the state. At a total project cost of \$50M, the balance needed from STCC reserves is now \$11.5M, an increase of \$5.5M over the original \$6M.

Vice President/CFO Nathanson reviewed current and projected reserve balances, and demonstrated how a shift of \$5.5 million of reserve funding from planned, and previously approved, operational support, to now be directed to the SHPS capital project, would have no impact on reserve balances as it relates to the original plan. The College will still use a total of \$16M from reserves over four years, resulting,

conservatively, in a projected unrestricted net position in FY26 that is anticipated to be an amount higher than pre-Covid levels. She also explained that the shift of \$5.5M in funding from operations to the project will have no impact on college operations because savings of that amount have already been achieved in FY23 and/or are built into the approved FY24 budget.

Vice President/CFO Nathanson also addressed questions of further inflation risk by explaining that DCAMM builds in a 140% mark-up/contingency into any major project budget and that inflation beyond that amount would be addressed by refining the project scope and value engineering, with Dental the priority example cited of a program that with its clinic, chairs and technology, cannot be easily relocated under emergency circumstances..

Revised Trust Fund Reserves Authorization [Motion 2024-01]

Trustee Sattler moved that the Springfield Technical Community College Committee on Ways and Means, pursuant to the provision of Section 22, Chapter 15A, recommends to the Board of Trustees a total of \$11,500,000 from the General Education Trust Fund budget sources of funds and uses of funds, by utilizing Trust Fund reserves. The funds will be used towards relocating the programs and offices currently located in Building 20 (School of Health and Patient Simulation). The motion was seconded by Trustee Roldan and approved unanimously via roll call.

Background: This motion is a revision to a previous approval from the Committee, and subsequently the full Board (November 2021). By way of context, the majority of the infrastructure in Building 20 is past its useful life and as a result, the College has seen a progression of emergencies that threaten the continuity of the School of Health and Patient Simulation (SHPS) programs. STCC has sought funding from the Division of Capital Asset Management and Maintenance (DCAMM), Legislative Delegation Support, and support from the STCC Foundation, in addition to the use of reserves by way of Trustees. As of June 2023, a total of \$38,000,000 has been confirmed from the Commonwealth of Massachusetts specific to this project via the state “Capital Investment Plan.” As a note, the \$11,500,000 will need to be divested from a combination of the cash balance, and/or the College’s investment portfolio managed by Fiducient Advisors.

Date of the next meeting

October 12, 2023 at 5:00 p.m.

Adjournment:

A roll call vote was taken to adjourn at 5:52 p.m.

Respectfully submitted by: Dominick Uguccioni