

**BOARD OF TRUSTEES
SALEM STATE UNIVERSITY
SALEM, MASSACHUSETTS**

MINUTES OF THE MEETING OF

October 8, 2013

MEETING OF THE BOARD OF TRUSTEES

October 8, 2013 – 5:00 p.m.

Enterprise Center, Room 106, Central Campus

Salem State University

Salem, Massachusetts

UPDATED AGENDA

I. Call to Order

II. Consent Agenda: Approval of Minutes & Committee Reports

III. Committee Actions

- ▶ Risk Management & Audit – Action Needed..... *Trustee Ansara*
- ▶ Inst'l Advancement, Mktg. Communications – Action Needed..... *Trustee Mattera*
- ▶ Academic Affairs & Student Life – Action Needed..... *Trustee Abdo*
- ▶ Finance & Facilities – Action Needed..... *Trustee Quiroga*
- ▶ Presidential Review – Action Needed..... *Trustee Abdo*

IV. Old Business

V. New Business

- ▶ Enterprise Center presentation..... *Lee Dellicker, Chair, SSUAC Long Range Planning Committee*

VI. Report of the President

VII. Report of the Chair

VIII. Open Forum

IX. Adjournment

MEETING OF THE BOARD OF TRUSTEES
October 8, 2013

PRESENT: Trustees Abdoo, Ansara, Booker, Burns, Davis, Lancome, Mattera, Quiroga, and Scott (Chair); President Meservey; Executive Vice President Cahill and Secretary to the Board Fleischman.

ABSENT: Trustees Segal and Stringer

Also present and participating in the meeting: Lee Dellicker, Chair, Salem State University Assistance Corporation Long Range Planning Committee; Gordon Hall, Chair, Salem State University Assistance Corporation Board of Directors; Christine Sullivan, Chief Executive Officer, Salem State University Assistance Corporation; Jennifer Perkins, Director, MA Department of Higher Education, Office of Trustee Relations.

The provisions of General Laws, Chapter 30A, having been complied with and a quorum of the Board being present, the Board of Trustees of Salem State University held a meeting in the Enterprise Center, Room 106, Central Campus, Loring Avenue, Salem, Massachusetts, on October 8, 2013, with Pamela C. Scott, Chair, presiding. This meeting was electronically recorded.

* * *

I. CALL TO ORDER

Call to Order

Chair Scott called the meeting to order at 5:06 p.m.

The chair began the meeting by acknowledging and welcoming Jennifer Perkins to the meeting. Ms. Perkins is the Director of the Office of Trustee Relations with the MA Department of Higher Education.

* * *

II. CONSENT AGENDA

*Acceptance
of the
Consent Agenda*

Chair Scott read the items contained on the Consent Agenda (Attachment A) and asked for any objections or modifications. With no corrections or modifications, she asked for a motion to accept the agenda as presented.

Upon a motion duly made by Trustee Burns and seconded by Trustee Mattera, it was unanimously **VOTED: To approve the Consent Agenda for the Meeting of October 8, 2013. (CA-14-01)**

* * *

III. COMMITTEE ACTIONS

*Risk Management
& Audit
Committee*

Risk Management & Audit: Chair Scott invited Trustee Davis to present the actions for the committee. Trustee Davis brought the Board's attention to the proposed Policy for Presidential

Business, Travel, and Entertainment Expenses and described the discussion that occurred at the committee meeting during deliberation of the committee's recommendation. She then read the committee motion; there was no further discussion. Trustee Mattera made the motion; it was seconded by Trustee Burns.

Upon a motion duly made by Trustee Mattera and seconded by Trustee Burns, it was unanimously

VOTED: The Board of Trustees of Salem State University hereby approves the Policy for Presidential Business, Travel and Entertainment Expenses as presented in the Risk Management & Audit Committee report of October 1, 2013 (AU-14-01)

President Meservey noted that the university's auditors have been asked to review the Policy and to make recommendations and that they have already provide preliminary results. These will be brought to the November committee meeting.

Trustee Davis then brought the Board's attention to the annual audit report that was distributed prior to the meeting. She read the committee motion, which was seconded by Trustee Burns.

Upon a motion made by Trustee Davis, seconded by Trustee Burns, it was unanimously

VOTED: The Board of Trustees of Salem State University hereby accepts the Salem State University Financial Statement and Management Discussion, Analysis and A-133 audit of federal programs for the fiscal year ended June 30, 2013. (AU-14-02)

Institutional Advancement, Marketing & Communications: Chair Scott asked Trustee Mattera to bring forward the action of the IAMC Committee. Trustee Mattera explained that the committee had met on October 1, 2013 and had approved for recommendation to the full board a policy needed to set in place procedures and naming rights in the occurrence of large donations to the institution. Trustee Mattera read the committee motion; it was seconded by Trustee Lancome.

Institutional Advancement, Marketing & Communications Committee

Upon a motion made by Trustee Mattera, seconded by Trustee Lancome, it was unanimously

VOTED: The Board of Trustees of Salem State University hereby approves the Naming Opportunities and Gift Recognition Policy as presented in the Institutional Advancement, Marketing & Communications Committee report of October 1, 2013. (IA-14-01)

Academic Affairs & Student Life: Chair Scott invited Trustee Davis to present the action for the committee as she had acted as chair at the committee meeting. Trustee Davis brought the Board's attention to the attachment in the AA&SL report outlining the proposed Ph.D. in Social Work. She then read the committee motion, which was seconded by Trustee Lancome. Trustee Davis added that she felt the proposal was well written and explained, and recommended reading it to any of her fellow trustees who had not already done so.

Academic Affairs & Student Life Committee

Upon a motion, duly made by Trustee Davis and seconded by Trustee Lancome, it was unanimously

VOTED: The Board of Trustees of Salem State University hereby approves the Ph.D. program in Social Work. (AA-14-01)

Finance & Facilities: Trustee Quiroga was invited to present the Finance & Facilities actions regarding the rescission of the full-time, day student fee; the final FY14 General Operations Budget; the Master Vision Plan; and the investment policy. She began by explaining the need to rescind the FY14 fee increase voted at the April 10, 2013 meeting for full-time, day students as a result of the increased state appropriation voted by the governor and legislature over the summer. Trustee Quiroga read the committee motion; it was seconded by Trustee Lancome. Trustee Mattera emphasized the positive nature of being able to take this action. The chair called the vote.

Upon a motion made by Trustee Quiroga, seconded by Trustee Lancome, it was unanimously

VOTED: The Board of Trustees of Salem State University hereby rescinds the \$400 per year fee increase for day undergraduate students for the academic year 2013-14 as approved on April 10, 2013 by the Board of Trustees. (FF-14-01)

President Meservey asked if the Board would be willing to make a formal expression of appreciation to the governor and legislature for the increased support that allowed the rescission. The general sense was that they felt this was a good suggestion.

Upon a motion made by Trustee Mattera, seconded by Trustee Ansara, it was unanimously

VOTED: The Board of Trustees of Salem State University hereby directs the drafting and submission of a letter of appreciation on its behalf to the Governor of the Commonwealth of Massachusetts, the President of the Massachusetts Senate and the Speaker of the Massachusetts House of Representatives for their support of public higher education in the Fiscal Year 2014 Budget. (NB-14-01)

Trustee Quiroga then read the committee motion for the Fiscal Year 2013-14 General Operations Budget; Trustee Davis seconded the motion.

Upon a motion made by Trustee Quiroga, seconded by Trustee Davis, it was unanimously

VOTED: The Board of Trustees of Salem State University hereby approves the Fiscal Year 2013-14 General Operations Budget as recommended by the president and described in Attachment A of the Finance & Facilities Committee report of October 1, 2013. The president and other officers of the university are hereby authorized to do all things and take all actions necessary to implement the budget and protect the fiscal health of the university. (FF-14-02)

The next item from the committee was the Master Vision proposal. Trustee Quiroga read the motion; it was seconded by Trustee Mattera. The Board, which had seen presentations on the plan at two prior meetings, did not have additional discussion. The chair called the vote.

Upon a motion made by Trustee Quiroga, seconded by Trustee Mattera, it was unanimously

VOTED: The Board of Trustees of Salem State University hereby approves the Master Vision Plan for the University as recommended by the president and as described in Attachments B and B1 of the Finance and Facilities Committee report of October 1, 2013. The president and other officers of the university are hereby authorized to do all things and take all actions to implement the plan. (FF-14-03)

Trustee Quiroga brought the Board's attention to Attachment C of the committee report, a letter signed by 24 business leaders of the North Shore to Governor Patrick calling for support of an Integrated Science Center at Salem State. She expressed the opinion that this was a reflection of the president's solid leadership and something for the Board to be aware of.

The final item presented by the committee was a proposed amendment to the university investment policy. Trustee Quiroga described the process undertaken to review the policy. She also highlighted the decision to review the performance of the portfolio manager every two years and to put the contract for portfolio manager out to bid every five years. Trustee Quiroga then read the committee motion; Trustee Lancome seconded the motion.

Upon a motion made by Trustee Quiroga, seconded by Trustee Lancome, it was unanimously

VOTED: The Board of Trustees of Salem State University hereby approves the investment policy as amended for the university as recommended by the president and as described in Attachment E of the Finance & Facilities Committee report of October 1, 2013 and as presented to this meeting. The new policy shall supersede the previous investment policy adopted on September 24, 2008. The president and other officers of the university are hereby authorized to do all things and take all actions necessary to implement the policy. (FF-14-04)

Presidential Review: Committee Chair Abdo began his presentation by thanking Trustee Mattera for chairing the last committee meeting in his absence. Trustee Abdo then brought the Board's attention to the report of the October 1, 2013 meeting and President Meservey's summary assessment for 2012-13, attached. He reminded the Board of the evolution of the presidential review process over the past five years and thanked the committee members for their time and effort. Trustee Abdo then read the committee motion; it was seconded by Trustee Ansara.

*Presidential
Review
Committee*

Chair Scott expressed the appreciation of the Board to the committee for their work on the comprehensive review and for adjusting to the new review guidelines provided by the Department of Higher Education over the past summer. Trustee Ansara stated the opinion that the review was well done, the process was good and that the university was lucky to have a president who is performing so well. Trustee Mattera noted that Salem State was at the forefront of comprehensive reviews among public institutions in the state. The chair called the vote.

Upon a motion made by Trustee Abdo, seconded by Trustee Ansara, it was unanimously

VOTED: The Salem State University Board of Trustees hereby approves the 2012-13 annual review of President Patricia Maguire Meservey as presented. (PR-14-01)

Chair Scott exercised the chair's prerogative and, going further on the agenda, called on President Meservey for her report.

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IV. REPORT OF THE PRESIDENT

*Report of the
President*

- President Meservey began her report with a discussion of fall enrollments. Headcounts overall are down slightly (1.9%) from this point last year with a decrease in transfer and non-degree seeking students. Graduate enrollments are about level, which was the goal since they had been declining in recent years. While the number of non-degree seeking students seems to be declining, the number of degree seeking students is increasing.
- The president described the successful Friends and Family Weekend that took place on North Campus the previous weekend. The events were generally oversubscribed and ranged from an a cappella group performance and brunch for first year family to athletic competitions and library tours.
- We are actively recruiting a dean for the newly reconstituted School of Education, and are confident to have someone seated by January.
- The site team from AACSB (Association to Advance Collegiate Schools of Business) visited Salem State in mid-September. The team informed the university that they would be recommending initial accreditation for SSU to the accreditation committee, which would then make a final recommendation to the AACSB board. This is promising news. When we are successful, Salem State University will be the first state university with AACSB accreditation in Massachusetts.
- The president reported that the Comprehensive Campaign has current funds raised of \$12,174,999 as of August 31, 2013.
- The Strategic Plan has been distributed to the campus community and to a select distribution list. She brought everyone's attention to a flip book version of the plan that was on display.
- The university was notified that Marsh Hall has received LEED (Leadership in Energy and Environmental Design) Gold Certification. The president acknowledged VP Soll, AVP and Dean Stoll and EVP Cahill for their work on this residence hall project.
- She discussed the postponement of the official opening event for the Frederick E. Berry Library and Learning Commons that was to have taken place on August 28, 2013. We remain in contact with Senator Berry and his staff to try to reschedule this event. The opening of the Harold E. and Marilyn J. Gasset Fitness Center is scheduled for Saturday, November 2, 2013. Kelly Janos has been hired as the new director of the facility.
- The president brought the board's attention to handouts at their seats: 1) AGB's *Top Public Policy Issues for Higher Education in 2013 and 2014*; and 2) a calendar produced by the World Languages & Cultures department with photos submitted by SSU faculty and staff.
- President Meservey closed by presenting Trustee Abdoo with a piece of re-bar from the old library building which is being torn down, a memento that he had expressed sentimental interest in as an alumni and someone who had spent considerable time in the now nearly demolished building.

Trustee Lancome inquired about the availability of the dashboard. The president reminded the board that the fall numbers would not be "frozen" until October 15th and that she expected to have an updated scorecard available for the November meetings.

* * *

V. REPORT OF THE CHAIR

*Report of
the Chair*

Chair Scott noted how busy the summer had been and examined the 2013-14 academic year. Among the highlights to be anticipated in the next year: the use of metrics and the tracking of strategic initiatives; reaching and surpassing the 50% mark in the comprehensive campaign; the roll out of the branding campaign; and the fostering of a positive, productive relationship with the

Department of Higher Education. On this last item, she also noted three upcoming DHE-related events: 1) the Vision Conference on October 18, 2013; 2) the Open Meeting Law training to be held at North Shore Community College in Danvers on October 24, 2013; and 3) the State-wide Trustee Conference on November 7, 2013 at UMass Medical Center in Worcester.

Chair Scott thanked the members for their commitment and time. She also introduced and thanked the advisory members of the board committees: Magnolia Contreras, Academic Affairs & Student Life; Francois Gadenne, Finance & Facilities; and Elaine Zetes, Risk Management & Audit – each of whom is also a member of the Board of Overseers.

* * *

VI. OLD BUSINESS

There was no old business on the agenda.

* * *

VII. NEW BUSINESS

Presentation by the Enterprise Center: Chair Scott invited Trustee Lancome, also a member of the Salem State University Assistance Corporation Board of Directors, to introduce the next item. Trustee Lancome began by stating that he finds his work with the SSUAC very satisfying and invited the trustees to look at the long and short term opportunities that the Assistance Corporation presents to enhance the University. Presenting for the SSUAC: Lee Dellicker, Chair of the Long Term Planning Committee and Chair of the Board of Trustees of Montserrat College of Art; Gordon Hall, Chair of the SSUAC Board of Directors; and Christine Sullivan, Chief Executive Officer of the Enterprise Center (Attachment B).

Mr. Dellicker began by describing his passion for the Enterprise Center as a North Shore businessman (Windover Construction). His mission for the evening was to ask the Board of Trustees to work with the Enterprise Center to devise ways for the Center to be sustained and grow after the building it is currently housed in is no longer available. He acknowledged the real estate mission of the Assistance Corporation, but emphasized how the entity has grown beyond that original purpose and then listed its various programs. He discussed how it will benefit SSU with regard to student recruitment, retention, and fundraising and how it will continue to bring people like himself to campus and introduce them to the university. He reviewed the many businesses aided by the Enterprise Center. Mr. Dellicker outlined the connection to the business community for students provided by the Center and how it augments their education and helps them get jobs, serving as an engine of economic development for the region. He asserted that the Enterprise Center is unique and doesn't exist anywhere else. He highlighted the urgency of committing to the Center's future now due to the need to maintain its leadership position with regard to entrepreneurship as other schools begin to establish similar efforts.

According to Mr. Dellicker, the next step is to develop a business plan for the Enterprise Center that is not reliant on its location. Trustee Burns asked if the concern on the part of the SSUAC board was related to the planned construction of the new residence hall on Central Campus, adjacent to the Enterprise Center. Mr. Dellicker responded that the new construction presented a challenge to the Center.

Trustee Mattera inquired into the integration of business curriculum and business operating in the Enterprise Center. President Meservey responded that there was currently not a great deal of

*Old
Business*

*New
Business*

integration. A faculty advisory group was established last year, however, to involve faculty and students in the operations of the Center. Trustee Lancome stated that with AACSB accreditation well advanced, he hoped that opportunity to look at more ways to incorporate curriculum with Center operations would present themselves. Ms. Sullivan also noted that the Center has offered to work with Career Services to develop internships.

Mr. Hall noted that 6000 people each year participate in Enterprise Center programming, each of whom are potential employers. Trustee Quiroga asked about the tracking done on these individuals, which is currently minimal and the opportunities for public relations and fundraising. In response to a question about the Center's history, Ms. Sullivan shared that the Center opened in December, 1999. A real estate operation in the beginning, in 2005 it became more robust in its activities and programming.

Trustee Ansara asked if relocating the Center in the Master Plan would be disruptive. Mr. Dellicker stated that a new model was needed, one that was not supported by real estate. Chair Scott felt that it would be important for the two organizations to work together so that the Enterprise Center continues to contribute to Salem State University and the North Shore community – to ensure that while it may be displaced, it is not destroyed. Trustee Lancome said he preferred to describe the change as relocation. Trustee Ansara offered that relocation requires a planning process that begins quickly due to the needs of young businesses. Trustee Quiroga stated it was incumbent upon the Board of Trustees to take advantage of this opportunity and get the president's guidance. Trustee Ansara noted that the University is at the tail end of the master planning process and needs to revisit this matter.

Chair Scott thanked Mr. Dellicker, Mr. Hall and Ms. Sullivan for the education and stated on behalf of the Board of Trustees that we look forward to working together with them.

* * *

VIII. OPEN FORUM

Chair Scott invited Jennifer Perkins, Director of the Department of Higher Education's Office of Trustee Relations to address the meeting. Ms. Perkins thanked the Board and described her efforts to meet with each of the university boards. She then described the Statewide Trustee Conference scheduled for November 7, 2013 in Worcester and encouraged the members to attend, promising more information would be forthcoming by email later this week.

* * *

*Open
Forum*

IX. ADJOURNMENT

Adjournment

There being no further business to come before the Board and on a motion duly made by Trustee Davis and seconded by Trustee Burns, it was unanimously

VOTED: To adjourn the meeting at 6:34 p.m.

Respectfully submitted,



Patricia Maguire Meservey
President



Jean E. Fleischman
Secretary to the Board of Trustees



ATTACHMENTS

Attachment A: Consent Agenda, 10/8/13

Attachment B: Salem State University Assistance
Corporation/Enterprise Center PPT presentation

Minutes from the
Meeting of
October 8, 2013
Salem State University
Board of Trustees

MEETING OF THE BOARD OF TRUSTEES

October 8, 2013 – 5:00 p.m.

Veterans Hall, Ellison Campus Center, North Campus

Salem State University

Salem, Massachusetts

Items for inclusion on the Consent Agenda:

Approval of the Minutes of the Meeting of June 5, 2013 and the reports of the following committees:

- **Institutional Advancement, Marketing & Communications: October 1, 2013**
- **Risk Management & Audit: August 12, October 1, October 7, 2013**
- **Finance & Facilities, October 1, 2013**
- **Academic Affairs & Student Life, October 1, 2013**
- **Presidential Review, August 29, September 12, and October 1, 2013**

Board of Trustees Update

Enterprise Center at Salem State University

OCTOBER 8, 2013



Thank you very much.


I've been asked to talk to you tonight **on behalf of the Board of the SSU Assistance Corporation**. But really I am here to talk to you as a North Shore Businessman who has found a program, **right here on your campus**, which has **grown from within the Assistance Corporation**, that I have found very **valuable to me and my company... The Enterprise Center**.

I'm here because I have become very **passionate** about the Enterprise Center. **What it is, and what it can be**. I wanted you to hear from the North Shore Business Community how important the Enterprise Center is to us, and ultimately to the **economic development of the entire North Shore region**.

This place has **grown here right under our noses**, but **without many of us really appreciating it**.

This place is now currently **funded by by the rental income** generated from the building it is in. A building that may someday **go away, for the benefit of the University**.

So I am here on a mission! A **mission to get your support to sustain and grow** this amazing institution long after the real estate is gone.



Enterprise Center
AT | SALEM | STATE | UNIVERSITY

Purpose

- I. What is The Enterprise Center at Salem State University?
- II. How Does The Enterprise Center Benefit Salem State University?
- III. The Enterprise Center of Tomorrow
- IV. Time is Running Out
- v. Next Steps

I would like to give you **my perspective** on :

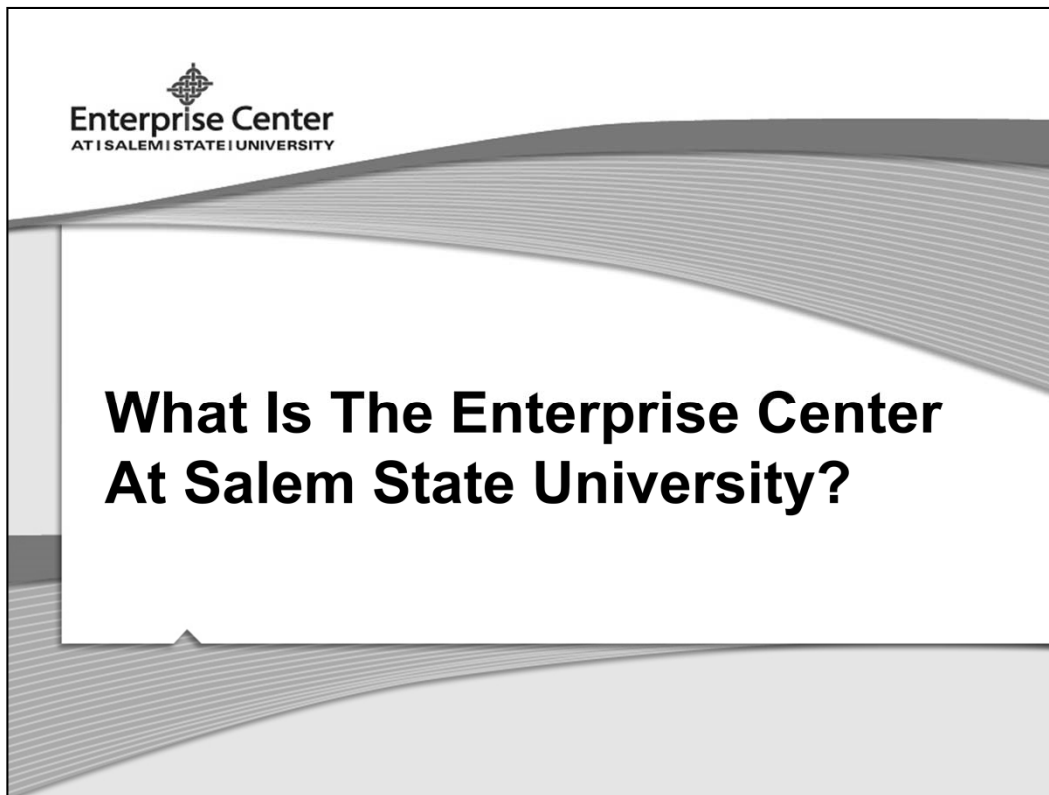
What the Enterprise Center is;

What it means to Salem State University

What it can be.

Why there is an urgency to talk about it.

And what I think the next steps are



First of all it is important that I clarify that I totally understand that **I am on the Board of the SSU Assistance Corporation**. I also understand **the primary** mission of the Assistance Corporation is **dealing with real estate for the benefit of SSU**.

That said, I think you all realize that the Enterprise Center was **first started as a way to lease space in a newly acquired building**, which was not being planned on being used by SSU for some time.

But it has evolved. Today, the EC is **not just a home** for budding businesses and entrepreneurs. It is **about what it does** for business, entrepreneurs, and non-profits.



The Enterprise Center is a **Center for corporate and professional excellence.**

It is all about the **leadership and resources it brings** to the North Shore.

It helps **students, non profits and business to grow and thrive** as well as **drive economic development and public policy.**



What is The Enterprise Center?

- I. 70 Educational Programs!
- II. 6,000 Registrations!
- III. 142 Communities!
 - 76% from outside of Salem.
- IV. We train business owners and employees.
- v. The EC Grows Clusters in the region.
 - Food, Creative Economy and more.



So what is the Enterprise Center?

It is....

- 70 different programs. **HOLD UP BROCHURE**
- Over 6000 people attend
- From 142 different communities!
- 76% from outside of Salem!
- We provide training
- And we help targeted business clusters




What is The Enterprise Center?

- I. CEO Groups
- II. Mentor Programs
- III. North of Boston Business Plan Competition
- IV. Young Entrepreneurs of the North Shore
- v. The genesis of:
 - Million Dollar Women Symposium
 - Creative Economy Association of the North Shore




- It also runs.....
 - 7 CEO Groups
 - A Huge Mentor Program
 - A Business Plan Competition
 - Programs for young entrepreneurs.
 - Programs for Women in Business
 - And the list goes!


Once again, its about **striving for Excellence in Business Education, Training, and Economic Development.**


Enterprise Center
AT | SALEM | STATE | UNIVERSITY

What is The Enterprise Center?

- I. An extension of your business program.
- II. Here for our students from ***Day 1 to Ever After.***

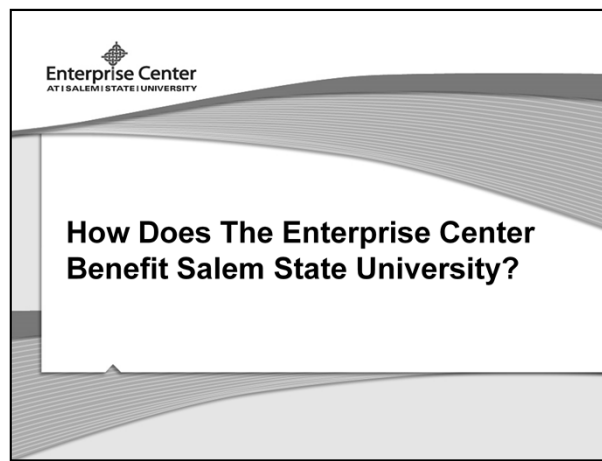

BERTOLON
SCHOOL OF BUSINESS



But the Enterprise Center is also an **extension of the your business program**

We now live in a world of entrepreneurship and the EC will be **the link between education and the real world.**

It can also be a very **powerful link between the University and its Alumni.**
Keeping them **tied to the University long after they graduate.**



It was very interesting to me to see the **close parallel between what the EC does and the mission of Salem State.**

In **addition to your stated mission**, I have heard Dr. Meservy talk about how important it is for Salem State to:

Be Good Stewards of Place

Do Public Good

And Prepare our Students for what Lies Ahead AFTER School

The Enterprise Center helps do all these, while totally supporting your Mission.

It **also supports the Strategic Plan** of the University by:

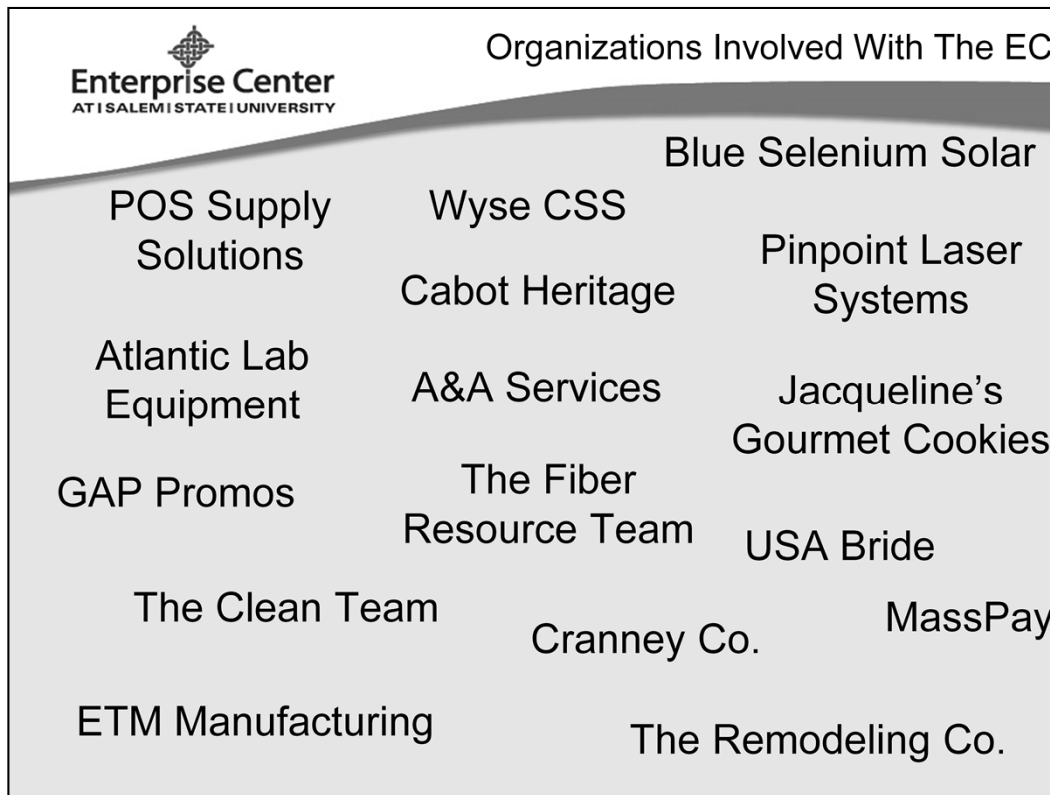
- Partnering with North Shore Businesses and **Providing Leadership and they need to thrive**

And what is **important to you** as Trustees...

- It will help with **Student Recruitment & Retention**
- It will help with **Fundraising**
- And it promote **Community Collaboration**

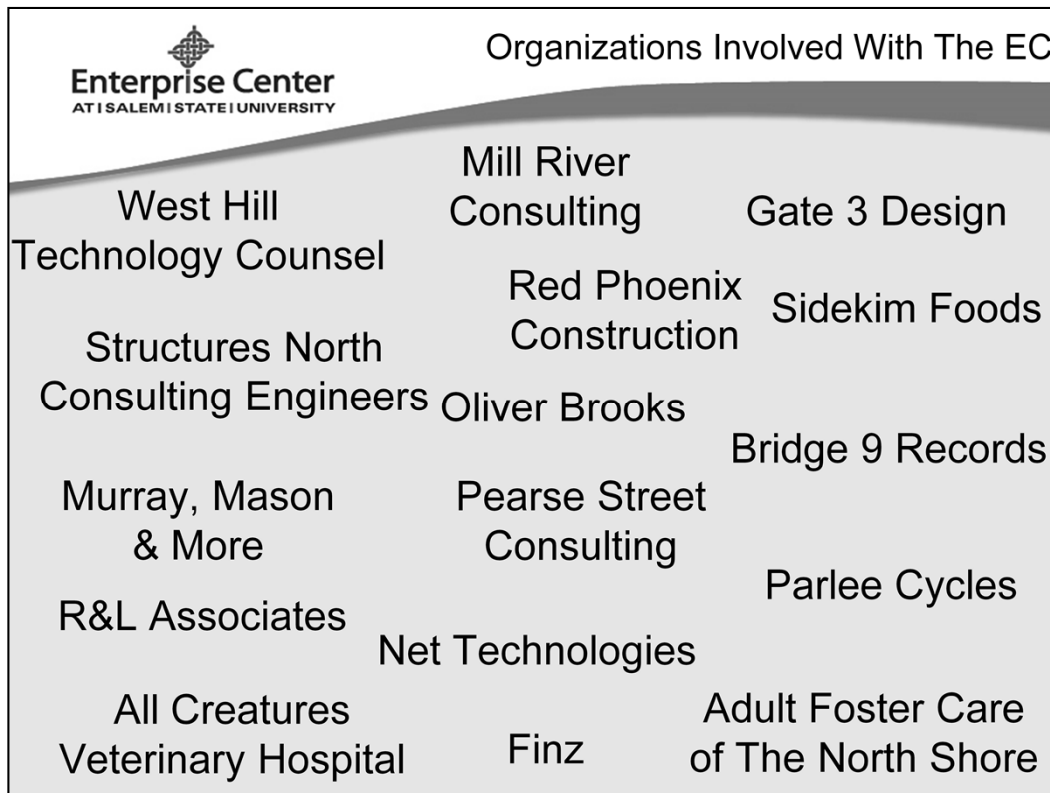
On a personal note... I had no idea how impressive Salem State is. I knew you were here, but I thought you were just that other Sate school down in Salem.

- The Enterprise Center **brought me to campus**
- The EC eventually **introduced me to President Meservy**
- The EC is **a major public face** of SSU
- And.... **IF it has connected me to SSU.... It must have done the same for many others**



So look at just some of the People and Organizations the Enterprise Center has touched.

<PAUSE>



And more....

<PAUSE>

And because of the Enterprise Center, I have met many of these people and organizations, which has **in turn helped my business to grow.**



In addition, these companies are housed right here at the Enterprise Center!

- EndoDynamix is looking at developing a program to help SSU grow its science presence.
- Fire and Ice is a Salem State alumni.

The Enterprise Center of Tomorrow

So What Can It Be?

For the University...

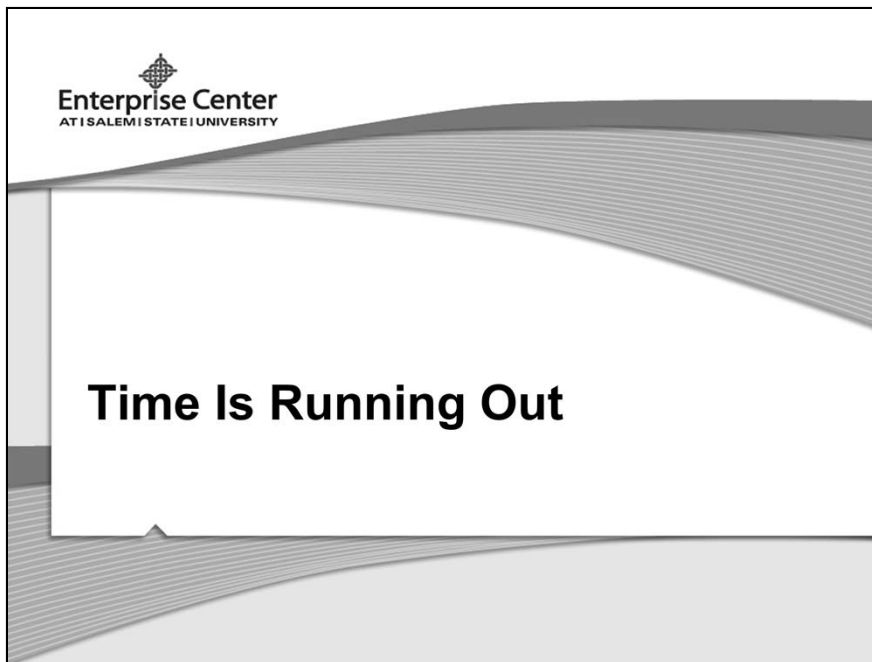
- It will help **Students become business savvy and achieve success** by giving them a **tie to the business community**.
- It will **attract new students!** (As a parent – this would attract me!)
- It will **augment** the students education
- It will provide students additional skills that **will help them get a job!**
- And, it will generate an enormous amount of **positive PR for Salem State....** As a **steward of the public good** throughout the Region and the Commonwealth.

And for the North Shore....

- It will be an **engine for economic development** on the North Shore
- It will turn this area in a region **known for business...** known for **quality in its education and its quality of life**.
 - I've learned a valuable lesson in my business career about quality. Quality is a lot more than just attention to workmanship. It is attention to details. How many time have you looked at something and been overcome with its quality. I would challenge you that often you cant even tell why you get that feeling. You get it because of the little details... that when focused on, become part of something bigger.

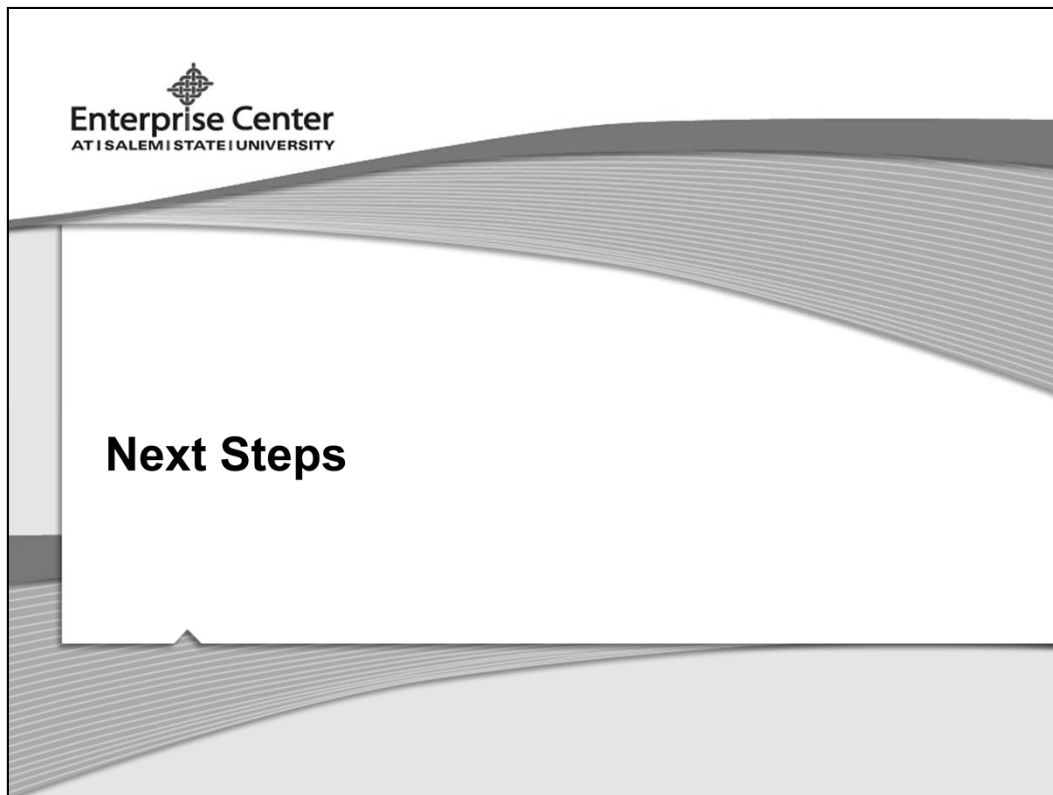
That is where I see the Enterprise Center making a big difference. It will teach **how to build, how to grow, and how to be passionate about the details that make a difference**.

This does not exist anywhere but here! We have something big here. We are a leader in this.



So why is it urgent to talk about this?

- **Enrollments may drop off** and the Enterprise Center will **differentiate** Salem State for other Institutions.
- We have been **trailblazing entrepreneurship** for years and **now its exploding**. Many other institutions are starting programs in Entrepreneurship (including Endicott, Gordon, Merrimac, UMass Lowell, and many more). But none are as advanced or like the Enterprise Center... and we need to keep it that way!
- We must continue to be active, involved, and embedded in the Community.... And as Dr. Meservy says....”**make us inseparable” with the community.**
- We must never just be one of the crowd. We have created something very special and we want to capitalize on it now, before someone else tries to imitate us.... They are already trying.
- There is opportunity NOW. The Enterprise Center is a **critical piece of the fabric of SSU.**



So what are the next steps?

- We need to **tell our story** over and over again.
- We need to develop a **business plan that is not dependent on the building**. We will be working on that next.
- We need **your support**
- We need to continue to **prove our value to the region... one student, one person, one business**, at a time.
- I want the North Shore to be **THE place to go for business**; filled with successful businesses that ALL say...

"I could not have done it without the help of the Enterprise Center at Salem State University"



Thank you



REPORTS OF COMMITTEES

Reports from the following committees:

- Risk Management & Audit: August 12, October 1 & October 7, 2013
- Institutional Advancement, Marketing & Communications: October 1, 2013
- Academic Affairs & Student Life: October 1, 2013
- Finance & Facilities: October 1, 2013
- Presidential Review: August 29, September 12 & October 1, 2013

Minutes from the Meeting of
October 8, 2013
Salem State University
Board of Trustees

SUBJECT: Risk Management & Audit Committee Report for Monday, August 12, 2013

The Risk Management & Audit Committee of the Board of Trustees met on Monday, August 12, 2013, in room 106 located in the Enterprise Center on the Central Campus of Salem State University.

Present for the Committee were Trustees Segal, Davis, and Stringer; Trustee Scott (ex-officio) and President Meservey (ex-officio); Executive Vice President Cahill (committee liaison) and Ms. Toomey, Staff Assistant, Risk Management.

Trustee Scott, on behalf of the board, welcomed Mr. Francois Gadenne to the board of overseers.

In the absence of Chair Ansara, Trustee Segal called the meeting to order at 12:05 pm.

He then turned the discussion over to Executive Vice President Cahill. Executive Vice President Cahill talked about the commencement of the audit by O'Connor & Drew and introduced the auditors that were present: Mr. David DeLulis, Mr. Steven Cohen, and Mr. Brendan McGuinness. He went on to say the auditors would be discussing audit points, normal audit procedures/testing, the audit schedule and also the new GASB regulations. Executive Vice President Cahill stated that O'Connor and Drew are currently also doing the audit on the Foundation as well as the Assistance Corporation.

Mr. DeLulis thanked the board for the opportunity to audit the university. He then turned the discussion over to Mr. Cohen. Mr. Cohen stated that there are two auditors currently working on site for the university. He discussed the timing of the audit, the audit approach for the year ending June 30, 2013, and the A-133 audit (second year being performed). The auditors historically arrive in early to mid-May for discussion and planning with Financial Services. They take a risk-based approach to the audit. They then return in mid-June to perform an interim audit/testing of internal controls. Early August through early September is the year end phase of work and the audit completion is mid- to late September through early October. There will be an exit conference with the president and the Risk Management & Audit Committee on October 7 to discuss the results of the audit.

The auditors are currently doing interim control testing and selecting a sample of transactions for disbursement such as, student revenue, the revenue and deposit process for admissions, cash receipts, payroll and general journal entries. They also test student financial aid, TRIO grants and small business grants. Testing has been completed and there are no items that need to be reported to the board. The board would have been notified of any major issues.

Major points discussed by Mr. Cohen:

- A-133 Audit. This is the Federal law that governs the spending of federal funds for governmental units required by the Federal Government through the Office of Management and Budget. A-133 requires an audit if an organization spends more than \$500,000 of Federal funds/year. Between student financial aid and other grants, the university spending exceeds \$500,000. The goal of the audit is to provide reasonable assurance to the federal government that federal funds are being spent as intended. The projection for FY13 is \$56M, most of it being financial aid through the direct lending program.

During the A-133 audit, the auditors need to determine if the university is a high or low risk auditee. Federal law dictates an organization must meet all of the following four attributes for the previous two years to be considered a low risk auditee:

- A-133 audits have been performed
- Auditors opinion on the financial statements and A-133 audit were unqualified
- There are no material weaknesses identified
- None of the federal programs audited had audit findings

Mr. DiIulis stated that last year the university received an unqualified opinion. By definition, the university and every other Massachusetts state college/university will be considered high risk auditees. This is not because of anything that was done last year. Rather, it is because that's the definition the federal government has to determine whether the A-133 is a low or high risk audit. If there are no findings this year, next year the university would be a low risk auditee.

Trustee Segal asked if there would be a conflict of interest with the auditors doing both the foundation and university audit and shouldn't they be done independently. Mr. DiIulis stated that both entities are actually being independently audited through O'Connor and Drew and it is not a conflict. This is the case with many of the institutions they audit.

New Account Announcements:

- GASB 60, Accounting and Financial Reporting for Service Concession Arrangements; that is when a third party provides an institution consideration (funds) in exchange for a right to operate an institution's asset (i.e., bookstore, dining commons, etc.). This will have no effect on the university.
- GASB 63, Financial Reporting Deferred Outflows and Resources, Deferred Inflow of Resources and Net Position. This has several different effects on the university. A minor detail is the changes to the balance sheet from the statement of net assets to the statement of net position. It also creates two different categories on the new balance sheet. One is deferred outflows and one is deferred inflows. Those items are neither assets nor liabilities. They represent special categories that don't represent any future benefit or future owing of a liability. Mr. DiIulis stated this pronouncement is just a change in geography on the balance sheet and nothing that the university needs to do.

Trustee Segal asked about service concession arrangements, are they considered deferred income. For example, Chartwells and their contributions and contract length, do they coincide in time or will this run out when their contract runs out. Mr. Cohen confirmed it will. At the end of the contract, the new category of Service Concession Arrangements will be zero if there aren't any new ones. President Meservey asked what would happen if the contract is extended, is the map reset. Mr. Cohen stated that it starts all over again. It doesn't matter when we receive the money, it's tied to the contract. If we received funds the first year of a five year contract, the university would still use a five year period of time to reflect it. That is what is currently done with Chartwells and Pepsi.

- GASB 65, Items Previously Reported as Assets and Liabilities. This GASB will go into effect the year ending June 30, 2014, and will have an effect on the university. The category that will affect the university is bond issue costs. There are certain cash outflows related to a bond issue. For example, accounting fees, legal fees, and printing fees. Previously, those expenses were capitalized/amortized at the release of the bond. This GASB requires those expenses to be expensed immediately when the bond is issued. The university has \$100,000 in those expenditures capitalized. When there is a new accounting principle, the auditors have to restate prior numbers, called a prior period adjustment. There is a materiality aspect and \$100,000 is not material compared to fixed assets. The university has to make a choice whether it wants to have a prior period adjustment or recognize the expense throughout the period. This decision does not have to be made now because GASB 65 will not go into effect until next year. The decision does, however, have to be made sooner vs. later.

Trustee Scott asked if it is expected that the \$100K in expenditures will increase by the time GASB 65 is implemented. Mr. Cohen stated the expenditures will probably be close to that amount. Trustee Scott asked if based on bond deals that exist right now, should the university do something else between now and, for example, January, will that be factored into the adjustment? Mr. DiIulis stated that component wouldn't be a prior period adjustment, it would be current. If we did a transaction in January it would get expensed in January. President Meservey stated this would affect our FY14 audit. President Meservey asked if the MSCBA follows GASB requirements and Mr. Donovan confirmed they do.

Mr. Cohen stated another transaction that will probably have no effect on the university is refunding of debt. If the university has plans to refinance other debt, for example, sales of future revenue, sale-leaseback transactions and non-exchange transactions (tax revenue, fines, etc.), it will be handled differently.

- GASB 67 Financial Reporting for Pension Plans will go into effect in June 2014. The university's pension plan is handled by the Commonwealth of Massachusetts. This GASB will most likely have no affect on Massachusetts public institutions with the exception of modifying the footnote disclosure.

Applicable to foundations, pronouncement ASU2013-06, Not for Profit Entities-Services from Personnel of an Affiliate, does not affect the university. It is a pronouncement issued by FASB. It is applicable to foundations and will go into effect June 30, 2015. This pronouncement states that for

not for profit entities that receive services from personnel of an affiliate, for example compensation wages, fringe benefits where services create or enhance non financial assets or require specialized skills, those revenue expenses should be recognized on the non-profit's financial statements. For example if the university provides funding to the foundation, that would be reflected on the foundation's financial statement. President Meservey stated we have staff members paid by the university who also work for the foundation. This would have to be reflected on the foundation's financial statements and is categorized as a specialized skill.

Mr. Cohen asked if there were any questions.

Trustee Segal asked about the length of time O'Connor and Drew had been auditing the university and the answer was two years. The audit was sent out to bid two years ago for all the state colleges/universities. Trustee Segal also asked if O'Connor and Drew measured the risk on bank deposits when the university is audited. Mr. Cohen stated that they not only look at the FDIC deposit, but they also verify that it is secure. Trustee Segal asked if the university has insurance on all of the deposits that exceed the FDIC. Mr. Cohen stated they could not guarantee that but they do look at it and disclose anything outside of the FDIC in the footnotes. Mr. DiIulis said that when they put a disclosure on cash on the financial statement, they quantify what is at risk when going through the financial statements every year and generally identify what the unsecured cash balances may be if there are any.

Trustee Segal asked if the university has any situation where an employee takes in cash. Mr. Cohen stated they are reviewing university processes, policies and procedures regarding this matter. They are also interviewing employees to review the day to day procedures and select a sample of transactions to ensure cohesion with policies and procedures. Mr. Donovan stated he works with offices that collect cash such as the bursar, financial aid, parking, etc., to ensure there are two to three levels of segregation with employees who receive cash for the university. Employees are not receiving money and also recording it. There are strict internal controls in place with persons who are collecting and recording funds for the university.

Trustee Scott stated that since the Risk Management & Audit committee meeting last summer, the university has ramped up on risk management. It has been formalized and added to the charter of that committee. Executive Vice President Cahill has been working on various aspects of risk management across the university since meeting last year. Risk Management has risen in prominence and the infrastructure supporting it. The board would like to know of any risks the auditors may identify.

A motion to move into executive session was called for the purpose of discussing fraud. Trustee Scott made a motion to enter into executive session and Trustee Segal seconded the motion.

A roll call was taken for the purpose of going into executive session at 12:38 pm. Voting in the affirmative to enter executive session were:

Roll Call:

Scott - yes

Segal - yes

Davis - yes

Stringer - yes

A roll call was taken at 12:57 pm for the purpose of coming out of executive session:

Roll Call:

Scott - yes

Segal - yes

Davis – yes

Stringer - yes

There being no further business to come before the Committee and on a motion duly made by Trustee Segal and seconded by Trustee Scott it was unanimously

VOTED: To adjourn the meeting at 12:57 pm

Prepared by L. Toomey, Staff Assistant, Audit & Risk Management

SUBJECT: Risk Management & Audit Committee Report for Tuesday, October 1, 2013

The Risk Management & Audit Committee of the Board of Trustees met on Tuesday, October 1, 2013, in room 106 located in the Enterprise Center on the Central Campus of Salem State University.

Present for the Committee were Trustees Segal, Davis, Stringer, and Chair Scott (ex-officio); President Meservey (ex-officio); Advisory Member Zetes, Executive Vice President Cahill (committee liaison) and Ms. Toomey, Staff Assistant, Risk Management.

Trustee Segal called the meeting to order at 12:31 pm.

Executive Vice President Cahill discussed the development of the Policy for Presidential Business, Travel, and Entertainment Expenses (Attachment A). The university needed a clearly defined policy and procedures for presidential use of a procurement card. President Meservey will do a full report each year of her expenditures at the end of September (at the same time the full audit is due). The policy will be formalized and posted on the university's web site. Executive Vice President Cahill talked about the rationale for the policy to provide the proper and appropriate stewardship of the university's resources regarding presidential business, travel and entertainment expenses in a manner that meets the requirements of the Commonwealth and the institution. The policy was established to prescribe a uniform procedure for the expenditure of funds for business, travel and entertainment as part of the president's responsibility. It will ensure that all such expenditures are done in a manner that is consistent with the requirements of the Commonwealth and the institution. The policy will also provide for a regular review of expenditures by the chair of the Board of Trustees and will allow for an annual report of presidential expenditures, including the purpose, location, and amount of each expenditure, at the end of the fiscal year.

Trustee Segal stated the review should be done quarterly and not annually and charges should be approved by the board. President Meservey stated it is the intent that the board chair signs off on all presidential expenditures. The new policy states that presidential expenditures will be reviewed by the board chair monthly and by the Risk Management & Audit Committee annually. The former practice of the university CFO's approval of presidential expenditures will no longer be used.

President Meservey stated she no longer has a procurement card. She uses her personal credit card and is reimbursed for approved expenses.

Trustee Davis and Trustee Stringer commended all for the organization of the policy. Trustee Stringer asked if the word "reasonable" could be added to the policy rationale. Also, presidential expenses are reviewed monthly by the board and yearly by the Risk Management & Audit

Committee. Trustee Stringer stated she feels as though this should be delegated to the board chair and doesn't need to go any further than that.

Chair Scott asked that the policy reflect the changes that presidential expenses will be *approved* by board chair and *reviewed* by the Risk Management & Audit Committee. She also stated October 8 should be the policy effective date.

Ms. Zetes asked if there are established travel guidelines and if the president's trips are budgeted. Executive Vice President Cahill stated there is a university travel policy and it can be found at www.salemstat.edu/3475.php. President Meservey stated there is an allocation for travel and it is built into the office budget. Her yearly travel amounts to between 3-5 trips out of state but that most of her travel consists of day travel.

Trustee Mattera asked about the use of a procurement card for the Foundation. The president travels for fundraising and some of this is for the Foundation and some for the university. Once the Presidential Business, Travel and Entertainment Expenses policy is approved for the university, one will be created for the Foundation as well. The executive director will be the approving authority. Greater clarity needs to be established between university and Foundation policies/procurement card use.

Trustee Mattera asked about the number of employees with cards and what is being done to review the appropriateness of expenses and reducing the number of cards. He asked for clarification on the financial risk to a university employee using a procurement card. President Meservey confirmed that once an expense is charged to the procurement card, the university incurs that expense. The only process is a post expenditure review for appropriateness and potential discipline for misuse of the card. The employee is not at risk financially. Executive Vice President Cahill said the university is obligated to pay that expense. President Meservey also stated the use of certain vendors can be limited.

President Meservey said there are a large number of university employees who have procurement cards. A careful review is currently being performed and some cards will be terminated. Monthly transaction limits will be reviewed and reestablished. A best practice policy will be established on annual procurement card audits. Features have been added to the monthly review process such as vice president approval and invoice scanning capability for transaction reconciliation. According to the Comptroller's office guidelines, all expenditures under \$5,000 should be charged to a procurement card. In her opinion, this may not be favorable from a public relations standpoint. The university considered establishing departmental procurement cards but this raised concerns about the ability to track the approval of expenditures to individuals. The university will make sure an annual review is performed and protocols are in place as people are terminated.

President Meservey handed out a document listing of the past 32 months of her expenses for the board to review (Attachment B). Due to an FOIA request last fall, this was previously prepared. It showed reimbursements from the university, reimbursements from the Foundation and a list of procurement card charges. Chair Scott asked if this is the same information that was supplied to the state; however, it was not, nor was it requested. According to the president, that inquiry was about the university as a whole and was asking for the number of procurement cards. To provide

sufficient time for the trustees' review, at the November committee meeting President Meservey will ask about questions, concerns and recommendations, regarding her expenditures.

Upon a motion duly made by Trustee Segal and seconded by Trustee Davis it was unanimously:

VOTED: To recommend to the full Board approval of the Policy for Presidential Business, Travel, and Entertainment Expenses, as amended.

Executive Vice President Cahill distributed the "Opportunities for Risk Improvement" document that was provided by Marsh Risk Consulting last spring (Attachment C). He developed a spreadsheet listing all 26 areas that were recommended for improvement. He discussed the areas he is currently working on:

- Developing a Continuity of Operations Plan (COOP) with Chief Labonte for the university with an outside firm. This should be in place by May 2014.
- Developing a procedure for dissemination of university emergency notification messages with Chief Labonte in the event the chief or deputy chief are off campus. Chief Labonte is training his staff on the procedures to publish emergency notification messages to the community.
- A comprehensive security assessment of the O'Keefe Center has been conducted to better ascertain who has access to the facility. New doors have been ordered to replace those doors that no longer close or lock properly. Additional security will be in place as the fitness center opens.

A motion to move into executive session was called for the purpose of discussing pending legal cases. Trustee Segal made a motion to enter into executive session and Trustee Davis seconded the motion.

Ms. Toomey took a roll call at 1:00; voting in the affirmative to enter into executive session were Trustees Scott, Segal, Davis, and Stringer.

Ms. Toomey took a roll call at 1:14, voting in the affirmative to exit executive session were Trustees Scott, Segal, Davis, and Stringer.

Trustee Davis asked about the shelter in place incident that happened on campus the previous Wednesday. She wanted to know if the van drivers will be looking at riders' IDs in the future from a risk management standpoint. She also stated the situation was handled very well. President Meservey stated it was a difficult situation that ended well. She commended the good response of the local and university police departments. There will be a detailed after action review for the board's November meeting.

There being no further business to come before the Committee and on a motion duly made by Trustee Segal and seconded by Trustee Davis it was unanimously

VOTED: To adjourn the meeting at 1:20 pm

Prepared by L. Toomey, Staff Assistant, Audit & Risk Management



University Administrative Policies
Policy Name: Presidential Business, Travel and Entertainment Expenses
Policy Number 13-0001; Web Link:

Responsible Office: Office of the President Responsible Official: Chair, Board of Trustees	Originator of the Policy: Patricia Maguire Meservey, President Origination Date: September 9, 2013	Effective Date: October 8, 2013 Revision History: N/A
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1. RATIONALE

To provide the proper and appropriate stewardship of the university's resources regarding presidential business, travel and entertainment expenses in a manner that meets the requirements of the Commonwealth and the institution.

2. STATEMENT OF POLICY

Establishment

Salem State University hereby establishes this Policy on Presidential Business, Travel and Entertainment to:

- A. Prescribe a uniform procedure for the expenditure of funds for business, travel, and entertainment as part of the university president's responsibility;
- B. Ensure that all such expenditures are reasonable and done in a manner that is consistent with the requirements of the Commonwealth and the institution;
- C. Provide for a regular review of those expenditures by the chair of the Board of Trustees;
- D. Allow for an annual report of presidential expenditures, including the purpose, location, and amount of each expenditure, at the end of the fiscal year.

3. SCOPE

This policy shall apply exclusively to the university president.

4. FISCAL CONSIDERATIONS

	Direct Costs / Savings / Revenue Generation	Indirect Costs / Savings / Revenue Generation
Initial Implementation	None	None
Ongoing	None	None

5. DEFINITIONS

Entertainment	Expenditures for advancing the position of the university or raising donations for the university.
Requirements of the Commonwealth	Procurement Card Procedures Manual and the university's travel policy should be referred to for further explanation of the requirements.
Presidential Expenditures	Any business expenditure that is deemed reimbursable and done in a manner that is consistent with the requirements of the Commonwealth and the institution.

6. RESPONSIBILITIES

Responsible Party	List of Responsibilities
University president	<ol style="list-style-type: none"> 1. To ensure that all expenditures for presidential business, travel, and entertainment are appropriately documented as required by the Commonwealth and the institution's procurement procedures. 2. To ensure no violations of the Commonwealth's and institution's procurement procedures occur regarding presidential business, travel, and entertainment expenses.

7. PROCEDURES

Task	Procedure
	<ol style="list-style-type: none"> 1. Prepare a comprehensive report of business/travel/and entertainment expenses that meet the following criteria: <ol style="list-style-type: none"> a) Expenditures must comply with Commonwealth and institutional procurement procedures. b) Entertainment expenses must list purpose of event, date, and names of participants. c) Original receipts must be kept for reimbursement purposes and as documentation of expenses paid by the university d) The university procurement card issued to the president may only be used by the president. 2. Presidential expenditures will be approved by the Board Chair monthly.

	3. Presidential expenditures will be reviewed by the Risk Management and Audit Committee annually at the fall meeting.
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8. POLICY ENFORCEMENT

Violation(s)	Violations of this policy shall occur should any of its elements be intentionally disregarded
Potential consequences	Review of president's alleged violation by the University's Board of Trustees. Appropriate sanction, if necessary, imposed.
How to report	Contact the Chair, University Board of Trustees

9. REFERENCE DOCUMENTS

Policy or Document	Web Address
Procurement Card	http://www.salemstate.edu/3472.php
Procedures Manual & the University's Travel Policy	http://www.salemstate.edu/3475.php

10. CONTACT(S)

Subject	Office or Position	Telephone Number	Email
Travel Policy Clarification	Evelyn Wilson	978.542.6152	ewilson@salemstate.edu
Presidential Expense Policy Clarification	Jean Fleischman	978 542.6613	jfleischman@salemstate.edu

11. APPROVALS/ENDORSEMENT/NOTICE REQUIRED

Level	Title & Name	Signature	Date
Chair or Director of Department or Office	N/A		
Dean or Assistant Vice President	N/A		
Vice President	N/A		
P.E.C. Initial Review	N/A		
P.E.C. Final Review	N/A		
All College Committee	N/A		
President	Patricia Maguire Meservey		
Board of Trustees (notice)	Pamela Scott		

12. EFFECTIVE DATE: October 8, 2013**13. DISSEMINATION**

Electronic to the Vice President and Associate Vice President for Finance and Facilities, all members of the Board of Trustees, and university's auditors

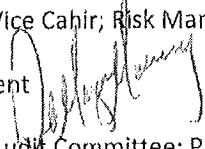
14. REVIEW CYCLE: Initial review after 12 months



Attachment B

Patricia Maguire Meservey, *President*

To: James Ansara, Chair; Jacob Segal, Vice Chair; Risk Management and Audit Committee

From: Patricia Maguire Meservey, President 

CC: Members, Risk Management and Audit Committee; Pamela Scott, Board Chair; Paul Mattera, Board Vice Chair; Stanley Cahill, Committee Liaison; Jean Fleischman, Board Secretary

Date: September 25, 2013

Topic: Presidential Expenses

Following the proposed policy for review of presidential expenses, I am providing you with a history of my expenses for the past 32 months, covering January 2011 through August 2013. Enclosed you will find:

1. Summary of expenses
2. List of check reimbursements from the university
3. List of check reimbursements from the foundation
4. Pro-card charges

Please let me know if you have any questions.

Presidential Expenses ProCard January 2011 through August 2013

Category	FY11 (1/2 year)	FY12	FY13	FY14 (2 months)	Total
University Reimbursement	\$ 4,005.91	\$ 5,581.91	\$ 3,996.45	\$ -	\$ 13,584.27
Foundation Reimbursement	\$ 654.71	\$ 1,319.28	\$ 2,256.77	\$ -	\$ 4,230.76
ProCard	\$ 748.95	\$ 1,841.82	\$ 2,116.23	\$ 607.00	\$ 5,314.00
Total	\$ 5,409.57	\$ 8,743.01	\$ 8,369.45	\$ 607.00	\$ 23,129.03

Presidential Expenses Reimbursed by University January 2011 through August 2013

Date	Purpose	Amount	Check Number	Notes
Jan-11	Parking	\$ 84.00	175996	
Jan-11	Parking, Tolls	\$ 59.20	180337	
Mar-11	Airfare	\$ 250.10		Washington DC paid by PO paid by PO
	Lodging	\$ 718.00		
	Meals	\$ 245.29		
	Fares - taxi	\$ 151.05		
		\$ 1,364.44	180337	
Mar-11	Airfare	\$ 425.40		Florida paid by PO
	Meals	\$ 120.27		
	Parking, Taxi	\$ 117.50		
	Lodging	\$ 771.56		
	Car rental	\$ 274.97		
	Gas	\$ 78.73		
		\$ 1,788.43	180337	
Mar-11	Office supplies	\$ 1.90		
	Stamps	\$ 26.40		
		\$ 28.30	180750	
Jun-11	Parking, tolls	\$ 253.90	184628	
Jun-11	Faculty book	\$ 20.00	184628	
Jun-11	Lunch (2) & dinner (1) for six SSU employees	\$ 278.81		Orlando trip
	Tolls	\$ 3.00		
	Gas	\$ 25.83		
	Taxi	\$ 100.00		
		\$ 407.64	185167	
Aug-11	Lunch Harrington, Nancy	\$ 54.37		
	Dinner Grant (MCLA)	\$ 103.65		
	Parking, Tolls	\$ 76.00		
	Audiobook for FYRE	\$ 19.55		
		\$ 253.57	186264	
Sep-11	Lodging	\$ 201.06	186264	MCLA
Oct-11	Dinner DeChillo	\$ 94.72		
	Lunch Sheila Davis Drs. w/o Borders	\$ 24.28		
	Phone charger	\$ 47.79		
		\$ 166.79	190407	
Oct-11	Parking, Tolls	\$ 108.75	189514	
Dec-11	Parking, Tolls	\$ 101.20	190946	
Dec-11	Internet access reimbursement	\$ 18.45	191053	
Dec-11	Dinner Cirillo	\$ 83.00		
	Dinner Glod	\$ 85.64		
	Dinner Greenstein	\$ 78.15		
	Lunch Doran	\$ 24.54		
	Lunch Nixon	\$ 44.93		
		\$ 316.26	191053	

Feb-12 Parking, Tolls	\$	97.80	195087	
Feb-12 Meals	\$	3.29		
Tolls	\$	3.00		
Car Rental	\$	53.13		
Baggage fee	\$	25.00		
	\$	84.42	195087	
Feb-12 Greeting cards	\$	10.50		
Dinner Cahill, St. Pierre	\$	66.31		
Car wash	\$	45.00		
	\$	121.81	195087	
Mar-12 Meals	\$	79.36		Funded raising trip to Florida
Mileage, Tolls, Parking, Fares	\$	6.50		
Car Rental, Lodging	\$	515.92		
Gas	\$	129.76		
Lodging	\$	963.08		
Other	\$	42.19		Baggage fee, packing material
	\$	1,736.81	196048	
Mar-12 Meals in Florida	\$	85.34		
Misc. Hotel fees	\$	23.32		
	\$	108.66	196938	
May-12 Mileage, Tolls, Parking, Fares	\$	103.25		Fastlane, local parking
Flowers for reception @ condo	\$	13.80		
	\$	117.05	197309	
May-12 Travel	\$	322.96		AGB, Washington DC
Parking	\$	147.00		
	\$	469.96		
Jun-12 Airfare to SFO	\$	154.80	199409	
Jun-12 Travel to China -- Commencement				Does not include airfare
Meals	\$	232.46		
Mileage, Tolls, Parking, Fares	\$	120.00		
Lodging	\$	764.77		
Other	\$	212.94		Mail regalia, pen inserts
	\$	1,330.17	200138	
Jun-12 Mileage, Tolls, Parking, Fares	\$	112.00		
Lunch with Morrissey & McIraih	\$	53.35		
Car Inspection	\$	29.00		
	\$	194.35	200074	
Oct-12 Dinner @ condo with Li, Esterberg, Ross	\$	52.43		No check receipt
Lunch with Fulp	\$	27.74		
Greeting cards	\$	12.93		
	\$	93.10	202998	
Oct-12 Mileage, Tolls, Parking, Fares	\$	125.50	202998	
Nov-12 Meals	\$	63.33		Brazil trip
Other	\$	26.73		Currency exchage., baggage
	\$	90.06	204578	
Dec-12 Mileage, Tolls, Parking, Fares	\$	50.00		
Meals (NEASC-CIHE)	\$	30.27		
	\$	80.27	205329	

Dec-12 Breakfast - Champy & Landers	\$	43.24		
Lunch Moulton	\$	27.95		
Breakfast - Palmer	\$	17.88		
Lunch Sullivan (alum)	\$	35.16		
Lunch PEC	\$	125.36		
Dinner Esterberg & Seow (Bertolon cand.)	\$	129.73		
Gift cards	\$	3.96		
	\$	383.28	205416	
Dec-12 Parking	\$	11.50	??	No check receipt
Feb-13 Meals	\$	168.00		Florida trip
Car Rental	\$	212.96		
Gas	\$	67.50		
Lodging	\$	361.57		
Commercial transportation	\$	533.41		
	\$	1,343.44	208612	
Feb-13 Lunch Barrett Menard, Leach	\$	72.23		
Breakfast Keenan, Harrington, Leach	\$	55.17		
Dinner for Campaign winners - Healy, Doherty	\$	100.50		
Lunch Lappin, McGurran	\$	52.13		
Breakfast Lozada	\$	17.39		
Parking - local; Ezpass	\$	73.70		
Lunch Andreas	\$	34.33		
Lunch Labonte	\$	48.36		
Lunch Marshall	\$	38.58		
	\$	492.39	208168	
Mar-13 Meals	\$	270.00		Florida & Washington DC
Mileage, Tolls, Parking, Fares	\$	112.00		
Lodging	\$	825.11		
	\$	1,207.11	209768	
May-13 Mileage, Tolls, Parking, Fares	\$	37.80		
Subscription - Chron. HE	\$	132.00		
	\$	169.80	212632	
Report total	\$	13,584.27		

Presidential Expenses Foundation January 2011 through August 2013

Date	Purpose	Amount	Notes
1/11/2011	Dinner @ home for Burns & Cuffe's	\$ 115.55	
	Gift for Alyce Davis - hosting Alumni board		
	Holiday dinner	\$ 22.46	
		\$ 138.01	
3/24/2011	Rick's airfare to Florida	\$ 396.70	*Paid directly to Richard Meservey
3/31/2011	Michael & Maureen Evans to attend the Salem Award dinner & Presentation	\$ 120.00	
9/7/2011	Beverages for Cultivation event @ home in Brewster, MA	\$ 258.01	
Jan-12	Food & beverage for Boston Pops	\$ 221.84	
	Parking Pops	\$ 30.00	
	Dinner @ condo with Cohen & Lucas	\$ 61.98	
		\$ 313.82	
Mar-12	Rick's travel to Florida	\$ 665.18	
	Gift for Lappins	\$ 22.45	
	Dinner for Guerrieros @ condo	\$ 59.82	
		\$ 747.45	
Aug-12	Dinner with Rosenbergs, Zaido, McGurren, Sheffer @ condo	\$ 85.12	
Sep-12	Dinner with Schiller & Bertolons	\$ 341.97	
Oct-12	Dinner with Elias	\$ 199.19	
	Dinner with Palen & guest post Agganis	\$ 267.68	
		\$ 466.87	
Nov-12	Dinner with Marmens	\$ 268.13	
Mar-13	Rick's travel to Florida (two trips)	\$ 711.31	*Paid directly to Richard Meservey
May-13	Dinner @ condo with Sidens	\$ 55.17	
Aug-13	Dinner with Merlesenas	\$ 328.20	
	Report total	\$ 4,230.76	

Presidential Expenses - ProCard; January 2011 through August 2012

Date	Purpose	Amount	Notes
Jan-11	Greeting cards	\$ 21.04	
Feb-11	Parking	\$ 52.00	
	Food - home entertaining	\$ 21.27	
		\$ 73.27	
Mar-11	Car Rental	\$ 274.97	Naples
Apr-11	Phi Kappa Phi	\$ 60.00	
	Parking	\$ 19.00	
		\$ 79.00	
May-11	Bookstore	\$ 28.68	
	Greeting cards	\$ 11.12	
		\$ 39.80	
Jun-11	Car wash	\$ 40.00	
	Home Entertaining	\$ 56.74	
	Car Rental	\$ 164.13	Orlando
		\$ 260.87	
Jul-11	Food - home entertaining	\$ 8.27	
	Parking	\$ 12.00	
	Office supplies	\$ 18.04	
	Greeting cards	\$ 8.41	
	Iphone app	\$ 10.61	
		\$ 57.33	
Aug-11	Boston Club (networking)	\$ 500.00	
	Dinner (Segal & Mesina)	\$ 159.75	
	Office supplies	\$ 19.19	
	Dinner (Commenger)	\$ 67.42	
	Parking	\$ 9.00	
		\$ 755.36	
Oct-11	Parking	\$ 143.00	
	Iphone app	\$ 8.49	
		\$ 151.49	
Dec-11	Parking	\$ 76.00	
	Greeting Cards	\$ 40.20	
		\$ 116.20	

Jan-12 Parking	\$	73.00	
Feb-12 Publications	\$	62.95	
Iphone app	\$	1.05	
Stamps	\$	27.00	
	\$	91.00	
Mar-12 Breakfast with Gordon Hall	\$	12.70	
Greeting cards	\$	13.89	
Parking	\$	24.00	
Iphone app	\$	2.11	
	\$	52.70	
Apr-12 Parking	\$	35.00	
May-12 Parking	\$	57.00	
Lunch with Villa	\$	25.36	
Coffee with Quiroga	\$	10.56	
Greeting cards	\$	8.49	
Honor Society	\$	80.00	Posted twice and credited
Baggage fee	\$	25.00	
Toyota - key battery replace.	\$	7.43	
	\$	213.84	
Jun-12 Stop & Shop Flowers for Recp.	\$	28.66	
Parking	\$	4.50	
Bed, Bath & Beyond -office	\$	18.04	
Airfare in China	\$	244.70	
	\$	295.90	
Jul-12 Airfare	\$	238.00	
Boston Club membership	\$	500.00	
	\$	738.00	
Aug-12 Greeting cards	\$	28.78	
Parking	\$	20.25	
Stamps	\$	27.00	
	\$	76.03	
Sep-12 Car wash	\$	45.00	
Parking	\$	8.00	
	\$	53.00	
Oct-12 Parking	\$	23.50	
Nov-13 Staples - supplies	\$	5.62	

Jan-13 Parking	\$	8.00	
Photocopying	\$	27.00	
	\$	35.00	
Feb-13 Parking	\$	71.00	
Mar-13 Parking	\$	50.50	
Greeting Cards	\$	18.98	
Gas	\$	47.64	
Taxi	\$	25.85	
Baggage	\$	25.00	
Metro DC	\$	10.00	DC
Car Rental	\$	742.11	Florida
	\$	920.08	
May-13 Parking	\$	54.00	
Jun-13 Parking	\$	140.00	
Jul-13 Parking	\$	66.00	
Car wash	\$	9.00	
Boston Club	\$	500.00	
	\$	575.00	
Aug-13 Parking	\$	32.00	
Total	\$	5,314.00	

Reimbursements to Patricia Meservey 01012011 - 09202013

SetID	Remit Vndr	Check #	Check Date	Amount
SSCOL	0000023983	175996	1/25/2011	\$ 84.00
SSCOL	0000023983	180337	3/24/2011	\$ 1,818.57
SSCOL	0000023983	180750	4/5/2011	\$ 28.30
SSCOL	0000023983	184628	6/16/2011	\$ 273.90
SSCOL	0000023983	185167	7/12/2011	\$ 407.64
SSCOL	0000023983	186259	9/8/2011	\$ 221.18
SSCOL	0000023983	186264	9/8/2011	\$ 454.63
SSCOL	0000023983	189514	11/8/2011	\$ 108.75
SSCOL	0000023983	190407	12/8/2011	\$ 166.79
SSCOL	0000023983	190946	1/5/2012	\$ 101.20
SSCOL	0000023983	191053	1/10/2012	\$ 334.71
SSCOL	0000023983	195087	3/8/2012	\$ 304.03
SSCOL	0000023983	196048	4/10/2012	\$ 1,736.81
SSCOL	0000023983	196616	5/3/2012	\$ 469.96
SSCOL	0000023983	196938	5/15/2012	\$ 108.66
SSCOL	0000023983	197309	5/29/2012	\$ 117.05
SSCOL	0000023983	199409	7/3/2012	\$ 154.80
SSCOL	0000023983	200074	8/2/2012	\$ 194.35
SSCOL	0000023983	200138	8/7/2012	\$ 1,330.17
SSCOL	0000023983	202998	10/23/2012	\$ 93.10
SSCOL	0000023983	202998	10/23/2012	\$ 125.50
SSCOL	0000023983	204578	11/13/2012	\$ 90.06
SSCOL	0000023983	205329	1/3/2013	\$ 80.27
SSCOL	0000023983	205416	1/8/2013	\$ 383.28
SSCOL	0000023983	208168	2/26/2013	\$ 492.39
SSCOL	0000023983	208612	3/7/2013	\$ 1,343.44
SSCOL	0000023983	209768	4/2/2013	\$ 1,207.11
SSCOL	0000023983	212632	6/6/2013	\$ 169.80
		Total		\$ 12,400.45
	Pending Reimbursement		9/13/2013	\$ 261.74
	Pending Reimbursement		8/8/2013	\$ 99.50
				\$ 12,761.69

Prepared by Karen Johnson September 20, 2013

Foundation Presidential Expenses from 7/1/10 - 9/3/13

Date	Purpose	Amount	Notes
7/15/2010	Dinner for Lapkins, Edna Mauriello, Dorothy Foley & Erik Champy and the Salem's & Castraberti's	\$ 237.60	
1/11/2011	Dinner @ home for Burns & Cuffe's	\$ 115.55	
	Gift for Alyce Davis - hosting Alumni board Holiday dinner	\$ 22.46	
		\$ 138.01	
3/24/2011	Rick's airfare to Florida	\$ 396.70	*Paid directly to Richard Meservey
3/31/2011	Michael & Maureen Evans to attend the Salem Award dinner & Presentation	\$ 120.00	
9/7/2011	Beverages for Cultivation event @ home in Brewster, MA	\$ 258.01	
Jan-12	Food & beverage for Boston Pops	\$ 221.84	
	Parking Pop	\$ 30.00	
	Dinner @ condo with Cohen & Lucas	\$ 61.98	
		\$ 313.82	
Mar-12	Rick's travel to Florida	\$ 665.18	
	Gift for Lappins	\$ 22.45	
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Oct-12	Dinner with Elias	\$ 199.19	
	Dinner with Palen & guest post Agganis	\$ 267.68	
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Nov-12	Dinner with Marmens	\$ 268.13	
Mar-13	Rick's travel to Florida (two trips)	\$ 711.31	*Paid directly to Richard Meservey
May-13	Dinner @ condo with Sidens	\$ 55.17	
Aug-13	Dinner with Merlesenas	\$ 328.20	
	Report total	\$ 4,468.36	
	Total Reimbursements to Patricia Meservey per Foundation reco	3,360.35	
	Total Reimbursements to Richard Meservey per Foundation reco	1,108.01	
	Prepared by Nicole Bousquet September 3, 2013		

Attachment C

4

Opportunities for Risk Improvement

Setting priorities for enhanced performance must consider a number of factors in addition to the potential probability and impact of an event. Cost will certainly be a consideration as should the impact on the reputation of the University. Life safety should be the number one consideration and amongst the Opportunities identified below, there are but two suggestions reflecting life safety, No's 9 and 10, enhance fire protection in Academic Building and Alumni Hall. While competing No. 9, automatic fire doors for Academic Building does preclude future protection with water sprinklers, it will reduce the life safety risk of a fire.

Campus security is reflected in a number of the campus risks: O'Keefe Center, residence halls, data security and general campus security. Improvement in administrative access control will not demand a significant investment as changes are primarily procedural. Investments will be required in facility improvements, entry door maintenance and lockdown hardware. As security related campus events affect the entire campus community and tend to make national headlines, there should be focus on improvement.

Continuity risks are critical to the ongoing daily activities and mission of the university. The campus will find conducting University business near impossible if information systems are down more than one week due to power or server loss. Continuity planning requires less investment initially, but is highly demanding in terms of administrative time dedicated to identifying alternative means of conducting business. Pre-identifying event outcomes and alternative means of meeting the needs of individual departments will minimize campus downtime and impact on the student and faculty.

2013 – 1. The University maintains an Emergency Evacuation and Operations Plan but has not yet expanded emergency preparedness planning to encompass recovery from a disaster. The University should develop and communicate a Continuity of Operations Plan that establishes priorities and procedures to:

- Sustains the safety and welfare of University employees, students and visitors;
- Deliver academic programs to students despite functional impairments;
- Preserves critical research;
- Provides for alternate methods and locations of operations for an extended event
- Maintains critical business, finance, and infrastructure operations
- Minimizes the financial cost of recovery

2013 – 2. In the event the Chief of University Police or Deputy Chief are not on campus and otherwise not available, no other administrator has been authorized to disseminate a University emergency notification message. The University should expand the number of administrators authorized to publish and disseminate an emergency notification message and authorize a chain of command for delivering emergency messages to the campus community.

Note: The Human Resources office states they do not receive emergency messages via voice mail. Department policy requires cellphones to be turned off in the office and text message emergency notifications will not be received in a timely manner. Other departments may be similarly affected.

2013 – 3. The University should initiate practice of various emergency response plans through emergency management team tabletop functional exercises in order to solidify campus administrator responsibilities and communications.

Tabletop exercises are simulated scenarios designed to test the response capability of an organization to a given event. The scenarios require coordinated response to a realistic situation that develops in real time with participants gathered to formulate responses to each development.

2013 – 4. The University should consider hosting a full scale exercise for an active shooter that includes participation from municipal, county and state resources to better prepare for a potential event.

A full-scale exercise is a test that presents a scenario as close to the real thing as possible. It is a lengthy exercise which takes place on location, using the equipment and personnel that would be called upon in a real event.

In a sense, a full scale exercise combines the interactivity of the functional tabletop exercise with a field element. It differs from a drill in that a drill focuses on a single operation and exercises only one organization.

2013 – 5. The University has conducted lock-down drills; however, many classroom and office doors cannot be locked, or can only be locked from the outer hall. Office and classroom doors should be lockable without using a key.

2013 – 6. Several University administrators on campus are not certain how or to whom their concern for a specific student or staff member, or incident should be reported. University guidelines for reporting security related concerns for staff and students should be periodically reviewed during staff department meetings.

- 2013 – 7. A comprehensive security assessment of the O'Keefe Center should be conducted to better ascertain who has access to the facility, protect entrance points, enhance security camera coverage and limit uncontrolled access to areas of the Center.
- 2013 – 8. Failure to report an auto accident can result in consequences to both the university and the driver when involving another vehicle. The University leaves itself open to unwarranted allegations for injuries and property damage. In all cases, the University or municipal police should be called to the scene to take statements and appraise the scene, vehicle damage and injuries. Employee discipline and consequences including termination for repeaters should be published for failing to report automobile accidents.
- 2013 – 9. Install fire alarm controlled magnetic holders for the doors that deactivate allowing the doors to close upon a fire alarm in the Academic Building.
- 2013 – 10. Consider installing automatic water sprinkler fire suppression systems in Alumni Hall and the Academic Building to facilitate emergency evacuation and to suppress fire damage to the structure.
- 2013 – 11. The Evacuation Assembly Point sign for the Pre-school posted next to the driveway entrance to the Academic Building, Alumni Hall and Pre-school buildings should be relocated away from the driveway where fire response vehicles will be entering the property.
- 2013 – 12. The IT Department maintains a plan for moving to "cloud" as a backup operating service in the event of computing system outage of significance. A cloud computing service provider should be selected based on needs such as compatibility with IT system and technology and information security protection. Processes for monitoring the cloud service should be developed and implemented. The system should be periodically tested to assure no technical issues exist.
- 2013 – 13. Increase security at the University Data Center to prevent walk-ins that could cause vandalism and impair campus computing.
- 2013 – 14. The University should determine which entity, the University of the school system, will obtain CORI reports for part-time and adjunct faculty. The University should be obtaining CORI and SORI reports for all students and staff whether full time or part time or adjunct whenever they will have responsibilities that require work in a medical facility.
- 2013 – 15. The University should consider creating a subcommittee reporting to the University Risk Committee that reviews, approves and defines guidelines for programs involving the children and the elderly. Development and communication of educational

programs that garner greater awareness of the risk issues involving minors and elder care will serve to limit the opportunity for involvement in child and elder abuse.

2013 – 16. The university buildings are owned by The Department of Capital Asset Planning Management and Maintenance (DCAMM) or the Massachusetts State College Building Authority (MSCBA) and it is understood the Authority or DCAMM will fund the cost of repairs and reconstruction to the building in the event of fire or other property loss. It is unclear if the Authority will reimburse the University for other than building losses such as loss of room and board, rents from Enterprise Building or loss of grant revenue for research in the event a building is not usable and activities cease temporarily. The University should determine how revenue losses are to be reimbursed or are considered a retained loss to the University.

2013 – 17. A formal process for managing risks associated with foreign travel should be implemented. Some universities dedicated an administrator to manage the risk. An International Programs Committee that develops and oversees University policy should work well at Salem State due to the low volume for programs offered abroad. Among the management systems and tactics required for minimizing risk are:

- Approval process for study and other travel abroad, including security review of destinations not limited to US Department of State Travel Warnings (iJet, or similar <http://www.iJet.com/>)
- Means of tracking travelers and daily itineraries
- Faculty handbook and guidance for preparing proposals and managing programs
- Faculty instructional program / orientation to University policy and procedures (handbook)
- Student handbook for referencing University policy and procedures
- Student orientation for specific program offerings that includes discussion of risk and behavioral expectations
- Define process for reporting and responding to emergencies developing abroad including a support system for faculty leading the trip
- Insurance program for both faculty and students that will fund injury and personal medical care in the host country as well as fund emergency evacuations attributable to medical condition, repatriation in the event of death and security evacuations.

2013 – 18. The allergy warning signs at Chartwells food service counters should be placed at the point of entry to the food service line.

2013 – 19. The University Safety Committee should be resurrected as a means of focus on occupational injury prevention.

- 2013 – 20. The stone retaining wall wrapped in steel mesh surrounding the flood retention basin between Marsh and Atlantic Halls has steel wire ends poking outward. Anyone sitting on the ends of the steel could be punctured. Since it will be difficult to prevent students from sitting on the mesh, the sharp wire ends should be turned inward.
- 2013 – 21. There is a missing section top rail fence padding on the right field fence just past first base at the varsity baseball field that is missing and should be replaced.
- 2013 – 22. The University should consider eliminating use of the trash chutes or reducing the openings to not more than 96 square inches in Bowditch and Peabody residence halls.
- 2013 – 23. Internships and service learning opportunities are closely related student work experiences. The University should consider reassigning service learning to the Career Services department for enhanced oversight and promotion among faculty.
- 2013 – 24. The faculty in the departments that operate instructional and research laboratories should be trained on hazardous waste spill containment procedures.
- 2013 – 25. Accessibility for the disabled should upgrade at Alumni House.
- 2013 – 26. Fraternity and sorority student leaders should be required to attend an annual fall meeting to learn/review their responsibilities and university policies on:
- Risk management planning
 - Alcohol possession/abuse
 - Behavior expectations at parties and other events
 - Drug possession and abuse
 - Fire and life safety
 - Hazing prevention and reporting
 - Sexual harassment
 - Student organization travel
 - Emergency preparedness planning and fire drills

**Risk Assessment Report
Salem State University
Fall 2013**

Task	Primary Point Person	Secondary Collaborations	Comments	Time Frame	Estimated Cost
2013-1. Establish a Continuity of Operations Plan (COOP)					
2013-2. Authorize a chain of command for delivering emergency messages to the community.					
2013-3. Initiate tabletop exercises for emergency management.					
2013-4. Host full scale active shooter exercise.					
2013-5. Install keyless locks on office/classroom doors.					
2013-6. Establish guidelines for reporting security concerns for staff/students.					
2013-7. Conduct security assessment of the O'Keefe Complex.					
2013-8. Establish reporting guidelines for university vehicle accidents.					
2013-9. Install fire alarm controlled magnetic holders for doors at Academic Building.					
2013-10. Install water sprinkler fire suppression systems in Alumni House and Academic Building.					
2013-11. Relocate evacuation assembly point sign for the pre-school.					
2013-12. Plans to move to "cloud" as backup operating service in the event of significant system outage.					

2013-13. Increase data center security.									
2013-14. Obtain CORI reports for part-time/adjunct faculty.									
2013-15. Create Risk Committee subcommittee to review, approve and define guidelines for programs involving children/elderly.									
2013-16. Determine how revenue losses are reimbursed or are considered a retained loss to the university.									
2013-17. Create formal process for managing risks associated with foreign travel.									
2013-18. Post allergy warning signs at Chartwells at the point of entry to the food service line.									
2013-19. Establish occupational injury prevention guideline through the University Safety Committee.									
2013-20. Repair steel wire ends on the stone retaining wall between Marsh and Atlantic Halls.									
2013-21. Replace top rail fence padding on right field fence-baseball field.									
2013-22. Consider eliminating/reduce opening of trash chutes in Bowditch and Peabody Halls.									
2013-23. Consider reassigning service learning to Career Services.									
2013-24. Train appropriate faculty on hazardous waste spill containment procedures.									

2013-25. Upgrade accessibility for the disabled at the Alumni House.					
2013-26. Update fraternity/sorority student leaders on university policies.					

SUBJECT: Risk Management & Audit Committee Report for Monday, October 7, 2013

The Risk Management & Audit Committee of the Board of Trustees met on Monday, October 7, 2013, in Marsh Hall, Room 210, on the Central Campus of Salem State University.

Present for the Committee were Trustees Segal, and Davis, Chair Scott (ex-officio) and President Meservey (ex-officio); Advisory Member Zetes, Executive Vice President Cahill (committee liaison) and Ms. Toomey, Staff Assistant, Risk Management. Also present and participating in the meeting: Associate Vice President Finance Donovan.

Trustee Segal called the meeting to order at 8:30 am.

He then turned the discussion over to Executive Vice President Cahill. Executive Vice President Cahill welcomed and re-introduced Mr. Steven Cohen and Mr. Brendan McGuinness from the accounting firm of O'Connor and Drew, who would be discussing the FY2012-13 audit of financial statements and federal programs (A-133).

Mr. Cohen thanked Associate Vice President Donovan, Mr. Hoover, Mr. Rigby and the Financial Services staff for gathering all the necessary documents needed for the audit. This was a difficult task due to the fact that the state does not close their books until September 1 and they have to get statements audited and approved by the board by October 15.

Mr. McGuinness discussed the major required communications points under GAAS & GAS (Attachment A):

- O'Connor & Drew has a responsibility to conduct its audit in accordance with auditing standards generally accepted in the U.S. as well as those contained in government auditing standards.
- O'Connor & Drew planned and performed the audit to obtain reasonable results— not absolute assurance about whether the basic financial statements are free of material misstatement, whether caused by error or fraud.
- The audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the university's internal control over financial reporting. They expressed no such opinion.
- Most importantly, O'Connor & Drew has an unmodified opinion of the university's financial statements and no material weaknesses/deficiencies were noted in the internal controls.

- In terms of initial selection of or changes in policies, there were no changes in significant accounting policies and transactions.
- Significant transactions – the main transaction was the commitment of DCAMM funds for construction of the Library/Learning Commons (\$24.7M).
- There were no audit differences or adjustments recorded as a result of the audit that were needed to be communicated.
- There were no uncorrected misstatements that were required to be communicated to the board.

O'Connor and Drew is required to disclose certain items on a financial statement that are a result of management's judgments and accounting estimates:

- Allowance for doubtful accounts;
- Net position classifications;
- Fringe benefits; and
- Depreciable lives of capital assets.

Other communications O'Connor & Drew is required to make:

- Disagreements with management, of which there were none;
- Consultation with other accountants/auditors – O'Connor & Drew consulted with SSU Foundation's previous auditor;
- Major issues discussed with management prior to retention, of which there were none;
- Difficulties encountered in performing the audit; again, none; and
- Significant written communications between the auditor and management, of which again there were none;
 - Engagement letter (signed in advance of audit).
 - Representation letter (signed by university once financial statements are accepted).

Requirements to disclose to independents:

- O'Connor & Drew was not aware of any relationships between O'Connor & Drew and the university that in their professional judgment may reasonably impact their independence.
- Related to the 2013 audit, O'Connor & Drew were independent with respect to the university within the meaning of the pronouncements of the Independence Standards Board, Government Auditing Standards, and under Rule 101 of the AICPA Code of Professional Conduct.

Management advisory services/tax services/other services:

- No management advisory services were performed for the university by O'Connor and Drew during 2013.

- O'Connor & Drew performed a Single Audit under the guidelines of OMB Circular A-133 for Federal Awards.

Trustee Segal asked if the auditors ever provided management advisory services. Mr. Cohen stated that according to government audit standards, they cannot perform both the audit and management advisory services.

Financial Statement Fraud Risks -Pervasive Risk:

- No pervasive financial statement fraud risks were identified.

Specific risks presumed by SAS No. 99:

- Risk of misstatement relating to revenue recognition
- Risk of management override of controls
 - Journal entries and adjustments
 - Significant accounting estimates
 - Significant unusual transactions

Specific risks to the university:

- Economic factors affecting all organizations.

Single audit under the guidelines of OMB Circular A-133:

- The university is a high risk auditee because federal funds had not been audited in the prior two years (OMB requirements). President Meservey asked if the university would no longer be considered high risk next year because federal funds have now been audited for two years. Mr. Cohen confirmed that was correct.
- The threshold to distinguish between Type A and Type B programs is \$300,000.
- Additional programs were tested since federal guidelines require auditors to exclude large loan programs (SFA cluster) in determining major programs.
- The major programs tested: Student Financial Aid cluster; TRIO cluster (Student Support Services and Upward Bound) and Small Business Development Center. \$357K.
- One finding on work-study payroll (Mass public college/university issue) resulting from a conflict between federal and state guidelines.

Mr. Cohen summarized the financial statements and major points were discussed (Attachment B). The audit opinion from last year for all colleges/universities changed. The Assistance Corporation as well as the Foundation were included in this year's audit. The auditor's responsibility was to go by two sets of standards, GAAS and GAS. The financial statement included the firm's opinion, required supplementation information, supplementary schedules (dorm trust funds), and other reporting required by GAS.

Mr. Cohen stated the Management's Discussion and Analysis (unaudited) document was very well written by Financial Services. It tells the story behind the numbers. The balance sheet/statement of net position shows current assets have decreased \$8.5M from last fiscal year. The reason assets are not as strong as last year is because funds were used to invest in the infrastructure (library/fitness center) which is important. Another important line item was capital assets of \$35M. The net position, the difference between assets and liabilities, was \$130M, \$25M higher than last year.

Regarding the income statement, the total increase in net position decreased by \$24.5M because of capital grants (\$25M). Operating revenues increased \$2M which stayed the same pace as operating expenses. On the statement of cash flows, the net increase in cash and equivalents has decreased by \$10.5M during this fiscal year, taking into consideration deposits by MSCBA for the fitness center, resulting in a break-even year. The combined statements for the Assistance Corporation and the Foundation have to be included as a component of the university's financial statements due to GASB39.

Mr. Cohen stated GASB 65-Items Previously Reported as Assets and Liabilities was discussed in August. For fiscal year 2014, a discussion needs to take place on whether to write bond issuance costs off for prior period adjustments. This is required for the audit next year. Trustee Segal inquired how the allowance for bad debt was determined and if it is in line with other institutions. Mr. Cohen stated it is based on the percentages based on the age. President Meservey asked if there is a way to get a sense of the age of the \$7M in doubtful accounts. Associate Vice President Donovan stated the university takes a percentage from 1, 2 and 3 years. The university also uses a very robust state intercept program. Mr. Cohen talked about Loans Receivable and Payables. These are campus based loan programs such as Perkins and Nursing program loans. Capital Assets activity for the university included the addition of \$39.5M for construction in progress (fitness center and library).

The A-133 (Attachment C) audit reported the major federal programs being audited that have expended more than \$300,000 during the year. There was one finding for the university. Trustee Segal asked about the item of non-compliance. Mr. Cohen stated it was Finding 2013-001 in regard to time reporting for work study. President Meservey explained that per state requirement, the university has to report time on Thursday, prior to the completion of the work week on Friday for work study. There is an issue of reporting before the work week is completed.

The unmodified opinion in the summary of findings was there were no material weaknesses. This means that next year, the university will be considered a low risk. Associate Vice President Donovan stated the Thursday time recording/time sheet process is being amended. Payroll and technical enhancements have been implemented. The respective departments now report time for the week they are in and re-verify their time on the Thursday, Friday and Saturday of the prior payroll week, making it a 10 day time sheet. Training and job aids were provided to staff. It was rolled out this fiscal year and is functioning well.

President Meservey asked if the new process described would also work with the electronic time reporting that we plan to implement for work study. Associate Vice President Donovan said it is

being analyzed and he thinks it is possible. The new process of the “10 day” time sheet should eliminate the audit finding for next year.

Regarding prior year finding 2012-2-enrollment status Mr. Cohen stated it was tested and there are no issues. Therefore, Finding 2012-2 has been eliminated.

Trustee Segal asked if the student financial system cluster and the TRIO cluster are based on a formula. Mr. Cohen stated the federal government defines where the clusters are and that they are to assist low income groups. President Meservey stated the TRIO and non-clusters are all competitive grants. TRIO is not based on a formula and is applied for in a 3-4 year cycle.

Trustee Segal asked if O’Connor and Drew had done any work to ensure the university is in compliance with procurement card spending and how the president’s expenses are handled. Mr Cohen stated his firm has reviewed two months of the university’s credit card statements. The university has a lot of credit card activity but it is sufficiently maintained. The cards are issued to individual employees. The president has had very few procurement card transactions. The employees with more transactions such as Athletics, Facilities, etc., were maintained in an orderly fashion. President Meservey stated the Presidential Business, Travel and Entertainment Expenses policy from last meeting has been implemented. Associate Vice President Donovan stated Financial Services has expanded the approval process for procurement cards with added supervisor approval and the ability to attach receipts.

Upon a motion duly made by Trustee Davis, seconded by Trustee Scott, it was unanimously

VOTED: The Risk Management and Audit Committee hereby recommends that the Salem State University Board of Trustees accept the Salem State University Financial Statement and Management Discussion, Analysis and A-133 audit of federal programs for the fiscal year ended June 30, 2013.

A motion to move into executive session was called for the purpose of discussing potential matters of audit concern. Chair Scott made a motion to enter into executive session and Trustee Davis seconded the motion.

Ms. Toomey took a roll call at 9:13; voting in the affirmative to enter into executive session were Trustees Scott, Segal, and Davis.

Ms. Toomey took a roll call at 9:25, voting in the affirmative to exit executive session were Trustees Scott, Segal, and Davis.

There being no further business to come before the Committee and on a motion duly made by Trustee Davis and seconded by Trustee Scott it was unanimously

VOTED: To adjourn the meeting at 9:26 pm

Prepared by L. Toomey, Staff Assistant, Audit & Risk Management

Attachment A

SALEM STATE UNIVERSITY

October 7, 2013

Required Communications

AUDITOR'S RESPONSIBILITY UNDER GAAS AND GAS

- We have a responsibility to conduct our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.
- In carrying out this responsibility, we planned and performed the audit to obtain reasonable – not absolute – assurance about whether the basic financial statements are free of material misstatement, whether caused by error or fraud.
- An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion.
- An unmodified opinion on the University's financial statements.
- No material weaknesses/deficiencies noted within the Report on Internal Control over Financial Reporting and on Compliance

Required Communications - Continued

SIGNIFICANT ACCOUNTING POLICIES AND TRANSACTIONS

Initial Selection of or Changes in Policies

- There were no changes in significant accounting policies. The accounting policies are discussed in Note 1 to the basic financial statements.

Significant Transactions

- Division of Capital Asset Management and Maintenance (DCAMM) funds for construction of Library/Learning Commons

Audit Adjustments and Uncorrected Misstatements

- There were no audit differences recorded as a result of the audit that are required to be communicated to the Committee.
- There were no uncorrected misstatements that are required to be communicated to the Committee.

Required Communications - Continued

MANAGEMENT'S JUDGMENTS AND ACCOUNTING ESTIMATES

- Allowance for doubtful accounts
- Net asset classifications
- Fringe benefits
- Depreciable lives of capital assets

OTHER COMMUNICATIONS

- Disagreements with management – None
- Consultation with other accountants/auditors – Consulted with Salem State University Foundation's previous auditor
- Major issues discussed with management prior to retention – None
- Difficulties encountered in performing the audit – None
- Significant written communications between the auditor and management:
 - Engagement letter
 - Representation letter

Required Communications - Continued

INDEPENDENCE

- We are not aware of any relationships between O'Connor & Drew and the University that in our professional judgment may reasonably impact our independence.
- Related to our audit for 2013, we are independent with respect to the University within the meaning of the pronouncements of the Independence Standards Board, Government Auditing Standards, and under Rule 101 of the AICPA Code of Professional Conduct.

MANAGEMENT ADVISORY SERVICES/TAX SERVICES/OTHER SERVICES

- No management advisory services were performed by O'Connor & Drew during 2013.
- O'Connor & Drew performed a Single Audit under the guidelines of OMB Circular A-133 for Federal awards.

Financial Statement Fraud Risks

PERVASIVE RISK

- No pervasive financial statement fraud risks were identified

SPECIFIC RISKS PRESUMED BY SAS NO. 99

- Risk of misstatement relating to revenue recognition
- Risk of management override of controls
 - Journal entries and adjustments
 - Significant accounting estimates
 - Significant unusual transactions

UNIVERSITY'S SPECIFIC RISKS

- Economic factors affecting all organizations

Financial Highlights

- See Financial Statements

DRAFT

Single Audit Under the Guidelines of OMB Circular A-133

- High risk auditee because Federal funds have not been audited in the prior two years (OMB requirements)
- Threshold to distinguish between Type A and Type B programs: \$300,000
- Additional programs were tested since Federal guidelines require auditors to exclude large loan programs (SFA cluster) in determining major programs

Single Audit Under the Guidelines of OMB Circular A-133

- Major programs tested:
 - Student Financial Aid Cluster
 - TRIO Cluster (Student Support Services and Upward Bound)
 - Small Business Development Center
- One finding:
 - Work-study payroll (Massachusetts public College/University issue)
- See summary of Auditors' results for more information



Questions/Comments

- Questions/Comments?
- Executive Session

DRAFT

Attachment B

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

**FINANCIAL STATEMENTS AND
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2013 and 2012

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

**Financial Statements and
Management's Discussion and Analysis**

June 30, 2013

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Salem State University
Salem, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of Salem State University (an agency of the Commonwealth of Massachusetts) (the "University") which comprise the statements of net position as of June 30, 2013 and 2012, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended and the related notes to the financial statements. We also audited the financial statements of Salem State University Assistance Corporation, Inc. (the "Assistance Corp.") as of June 30, 2013 and 2012, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended. We also audited the financial statements of Salem State University Foundation, Inc. (the "Foundation") as of June 30, 2013 and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended. We did not audit the financial statements of the Foundation for the year ended June 30, 2012. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it related to the amounts included for, is based solely on the report of the other auditors.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Salem State University as of June 30, 2013 and 2012, and the respective changes in net position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3-13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Schedules

Our audits were conducted for the purpose of forming opinions on the University's basic financial statements. The supplemental schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated DATE, on our consideration of Salem State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Salem State University's internal control over financial reporting and compliance.

Certified Public Accountants
Braintree, Massachusetts

DATE

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited)

For the Years Ended June 30, 2013 and 2012

I. Overview

We offer readers of Salem State University's (the "University") financial statements this narrative overview and analysis of the financial activities of the University for fiscal years ended June 30, 2013 and 2012. We encourage readers to consider the information presented here in conjunction with the financial statements and related footnotes.

Salem State University, founded in 1854, is one of the largest of Massachusetts' nine state universities. The campus consists of 112 acres and thirty-seven buildings on five sites: North Campus, Central Campus, South Campus, Cat Cove and the O'Keefe Athletic Complex. Today the University is a comprehensive institution of academic strength offering high quality, balanced education at the undergraduate and graduate levels. The undergraduate schools or colleges offer the following degrees: Bachelor of Arts, Bachelor of Fine Arts, Bachelor of Liberal Studies, Bachelor of Science, Bachelor of Science in Business Administration, Bachelor of Science in Nursing and Bachelor of Social Work. The curriculum spans the arts, sciences, and professional programs, with twenty-nine baccalaureate majors in thirty academic departments and seventy-three minor programs. At the graduate level, a variety of study opportunities are available leading to the following degrees in a range of subject areas in the Arts and Sciences, Education, Business Administration, Social Work, Nursing and Occupational Therapy: Master of Arts, Master of Arts/Master of Arts in Teaching, Master of Arts in Teaching, Master of Science, Master of Business Administration, Master of Science in Nursing, Master of Social Work, and the Certificate of Advanced Graduate Study in Education, as well as offering a diversity of graduate certificate and licensure-only programs in Education, Nursing, Business Administration and the Arts and Sciences. In addition to credit offerings, there are several non-credit special programs, institutes, and life enrichment and career development offerings at both on and off-campus sites. The undergraduate level has approximately 6,900 and the graduate level has approximately 1,200 annual FTE enrollments. The University is accredited by the New England Association of Schools and Colleges (NEASC). In addition, many of the University's programs are accredited by program-specific accrediting bodies.

In support of the University, there are two component units: Salem State University Assistance Corporation (Assistance Corporation) and Salem State University Foundation (Foundation). The Assistance Corporation, formed in 1995 by the legislature, promotes the orderly growth and development of the University. The Foundation, a separate 501(c)(3) corporation is the primary recipient of endowments, alumni funds and various other donations made to benefit the University.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

For the Years Ended June 30, 2013 and 2012

I. Overview - Continued

In accordance with Governmental Accounting Standards Board (GASB) requirements, we have prepared financial statements for the University that shows the Assistance Corporation and Foundation as component units.

II. Significant Accomplishments for FY-2013

Completion of Frederick Berry Library and Learning Commons

During FY-2011 construction of the new Library/Learning Commons was begun by the Division of Capital Asset Management and Maintenance (DCAMM) which continued through 2013. In July, 2013 the university received approval for occupancy and began moving material and personnel into the facility in anticipation of the September scheduled opening. Over fiscal years 2011 thru 2013 cumulative funding of \$52.4 million has been reflected in the Capital Grants line on the statement of Revenue and Expense toward the \$74 million dollar project budget. The balance of project funding will be shown in next year's financials.

Substantial Completion for the Gassett Fitness and Recreation Center

In January, 2012 the Massachusetts State College Building Authority (MSCBA) issued bonds on behalf of the University in the amount of \$16 million for the construction of the Gassett Fitness and Recreation Center at the O'Keefe Athletic Complex. Site preparation began in August, 2012, and continued through the summer of 2013. The facility will open in October, 2013.

Strategic Plan and Campus Master Vision Plan

In June, the University Board of Trustees approved a new Strategic Plan. This plan will focus on three essential goals for the University: one, providing distinguished academic programs; two, advancing students' intellectual, personal and professional growth; and three, promoting civic engagement, social justice and connection to place. Also, overview and detailed discussions occurred with the campus community and the Board of Trustees on the campus Master Vision Plan providing insight into this very important campus planning tool. In October, final approval for the University Master Vision Plan will be presented to the Board. Both these plans will provide key benchmarks and guidelines as the University develops over the near future.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

For the Years Ended June 30, 2013 and 2012

II. Significant Accomplishments for FY-2013 - Continued

Comprehensive Capital Campaign

During FY-2013, the campaign raised a total of \$2.9 million for the year exceeding its target by \$600 thousand. To date the campaign has raised over \$12 million toward its goal of \$25 million.

Increase in Investment Income

As reflected in the Statement of Revenue and Expenses, the market value for the University's investment portfolio generated gains and income totaling almost \$1.3 million over FY-2012 for this non-operating revenue item. It should be noted that such non-operating revenues were not used for any operating purposes. On a related note, the Foundation recognized similar asset appreciation of almost \$1.7 million for the year compared to FY-2012.

III. Ratio Analysis

Ratio analysis can be a management tool to indicate the University's effective use of its resources, its overall financial viability, its direction in achieving institutional strategic goals and its ability to meet short and long term obligations in a managed fashion. It should be noted that ratios are most useful in analyzing trends of an institution over time. A one-year fluctuation in a ratio may be indicative of an aberration for that year or may indicate a relevant trend. In addition, there may be programmatic or strategic initiatives undertaken by the institution that may cause a particular ratio to move in a contrary or unfavorable manner. In short, ratios become more useful by looking at them over time. Finally, budget considerations and appropriation levels must be factored into the discussion to determine if such constraints affect performance indicators.

Summary of Financial Ratios

<u>Ratios</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Primary	13.2%	12.1%	14.4	11.1%
Viability	80.8%	71.2%	234.8%	162.9%
Return on Net Position	23.1%	20.5%	25.2%	5.3%
Net Operating Revenues	0.0%	-1.9%	7.4%	1.8%
Cash Ratio	126.6%	132.4%	147.0%	130.2%
Debt Service Covenant Ratio	126.8%	125.8%	144.1%	112.3%

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

For the Years Ended June 30, 2013 and 2012

III. Ratio Analysis - Continued

Comments on Ratio Trends

Primary - This ratio provides a snapshot of a university's financial strength and flexibility by indicating how long a university can operate using expendable reserves without relying on additional new assets generated by operation. The level experienced in 2013 is approximately equal to the average of the three prior fiscal years due to an increase in the unrestricted (i.e. expendable) portion of this ratio.

Viability - This ratio measures a university's management of resources, including debt, and the availability of expendable net assets (cash and other liquid assets) to pay off long term debt. A ratio of 100% or greater indicates a university has reasonable expendable net assets to satisfy debt requirements. Similar to the Primary ratio above, this improved slightly in FY-2013 due to an improvement in the unrestricted (i.e. expendable) portion of this ratio.

Return on Net Position - This ratio measures asset performance and management. By measuring total economic return, this ratio indicates whether a university's resources are growing, and if the university is better off financially than in previous years. The trend continued in FY-2013 to show a positive financial condition reflected in the eleventh consecutive year that the University has operated with a positive return on net position.

Net Operating Revenues - This ratio measures operating results. It indicates whether total operating activities produced a surplus or deficit and answers the question, "Did the University live within its means during a fiscal year?" The very slight negative calculation (less than 0.011 % rounds to 0.0%) is driven by non-cash financial adjustments such as investment income or depreciation. The actual performance for cash operating accounts was positive for the year with a favorable \$50 thousand result.

Cash Ratio - This is the most conservative liquidity ratio. The cash ratio is an indication of a university's ability to pay off its current liabilities if for some reason immediate payment were demanded. Generally, a university would strive to have a 100% figure. For FY-2013, this ratio continues to exceed this desired goal.

Debt Service Covenant - This figure reflects the debt service covenants established by TD Bank for the Weir Property acquisition. The required target per terms of the bond requires this coverage to be 101.25% for the University. For FY-2013, the University significantly exceeded its required obligation.

SALEM STATE UNIVERSITY
 (an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

For the Years Ended June 30, 2013 and 2012

IV. Statement of Net Position Analysis

The Statement of Net Position (Page 14) presents information on all of the University's assets and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the University's financial position is improving or deteriorating. For FY- 2013, assets exceeded liabilities and deferred inflows of resources by \$130.5 million. By far the largest portion of the University's net position (85% of total Net Assets) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt, including capital leases, used to acquire those assets. The University uses these capital assets to provide services to students, faculty and administration; consequently, these assets are not available for future spending. Although the University's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A summarized analysis of this statement shown in millions (rounded):

	<u>2013</u>	<u>2012</u>	<u>\$ Change</u>
Assets			
Current	\$ 47.1	\$ 56.6	\$ - 9.5
Long Term	134.0	99.3	34.7
Total Assets	181.1	155.9	25.2
Liabilities			
Current	\$ 23.4	\$ 22.2	\$ 1.2
Long Term	26.3	26.7	-0.4
Total Liabilities	49.7	48.9	0.8
Deferred Inflows of Resources	\$ 0.9	\$ 1.1	\$ -0.2
Net Position			
Invested in Plant	\$ 111.5	\$ 88.6	\$ 22.9
Restricted	4.2	4.0	0.2
Unrestricted	14.8	13.3	1.5
Total Net Position	130.5	105.9	24.6
Total Liabilities and Net Position	\$ 181.1	\$ 155.9	\$ 25.2

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

For the Years Ended June 30, 2013 and 2012

V. Statement of Revenues and Expenses Analysis

The Statements of Revenues, Expenses and Changes in Net Position (Page 15) present information showing how the University's net position changed during the past two fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will result in cash flows in future fiscal periods (e.g. accrued compensated absences).

A summarized analysis of this statement shown in millions (rounded):

	<u>2013</u>	<u>2012</u>	<u>\$ Change</u>
Revenues			
Tuition and Fees, net of scholarships	\$ 53.9	\$ 52.1	\$ 1.8
Federal, State, Private Grants	18.5	18.6	-0.1
Sales and Services	3.0	3.3	-0.3
Auxiliary and Other	15.4	14.8	0.6
Total Operating Revenues	\$ 90.8	\$ 88.8	\$ 2.0
Expenses			
Compensation and benefits	\$ 96.6	\$ 94.1	\$ 2.5
Supplies and Services	29.3	30.3	-1.0
Utilities	3.5	3.3	0.2
Depreciation and Amortization	5.0	4.6	0.4
Scholarships & Fellowships	5.7	5.4	0.3
Operating Expense	\$ 140.1	\$ 137.7	\$ 2.4
Total Non-Operating Revenues, Net	49.1	46.3	2.8
Capital Grants	24.7	20.6	4.1
Increase in Net Position	\$ 24.5	\$ 18.0	\$ 6.5

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

For the Years Ended June 30, 2013 and 2012

Highlights for Revenues

An increase of total operating revenues of \$2.0 million resulted from the following increases and decreases:

- Tuition and Fees: gross tuition and fees increased by nearly \$1.8 million (3.3 %) primarily attributable to fee increases approved by the Board of Trustees of approximately 5%. Last year's trends continued with slight increases in Day Enrollment and declines in Continuing Education and the Graduate Studies
- Federal, State and Private Grants: revenues increased by \$1.0 million, represented by an increase of \$336 thousand in Federal and an increase of \$723 thousand in State awards, offset slightly by a decrease of \$49 thousand in private awards.
- Federal Award (ARRA): This represents a decline of \$1.1 million as the Federal stimulus plan has ended after FY-2012. During the three year period of stimulus funding (FY2010-FY2012) the University received \$14.2 million in ARRA funds, used mostly on capital improvements.
- Sales & Services of Educational Departments- revenues decreased by almost \$250 thousand almost all of which was attributable to a decline in ticket sales.
- Auxiliary Enterprises- revenues increased by almost \$700 thousand attributable due to increased dormitory room rates.
- Other Operating Revenues: decreases here totaled \$160 thousand primarily due to fluctuations experienced in FY-2012 where we received a higher level of recoveries than prior years for one time refunds, rebates, or reimbursements.

The increase of approximately \$6.9 million in non-operating revenues and capital grants resulted from the following:

- Non-Operating Revenues: This category increased by \$2.8 million, of which almost \$1.3 million was attributable to improved investment revenue and another \$180 thousand was due to savings on interest expense. The State appropriation was increased by over \$2.6 million but a drop in the fringe benefit rate offset this and the net growth in state assistance was just under \$1.3 million. Finally, gift income to the University was up by \$103 thousand.
- Capital Grants: This increased by over \$4.0 million over FY-2012 solely due to the continuing construction of the Library/Learning Commons and other DCAMM projects.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

For the Years Ended June 30, 2013 and 2012

Highlights for Expenses

Operating Expenses increased by almost \$2.4 million and the key changes were as follows:

- Compensation and Benefits: This increased by \$ 2.5 million primarily driven by contractual salary increases partly offset by savings in benefits due to rate decreases.
- Supplies and Services: expenses decreased by \$957 thousand primarily due to transferring approximately \$800 thousand in small operating improvements in facilities to capital accounts. Other operating expense categories decreased slightly.
- Utilities: utility costs were only up \$93 thousand due to continued conservation efforts offsetting any weather fluctuations.
- Depreciation and Amortization: This increased \$438 thousand continuing a trend as items completed in FY2012 received a full year's depreciation for the first time. This will continue as new projects are completed in FY2014.
- Scholarships: Scholarship expense funding was up \$300 thousand, primarily the result of Board approved increases. This category should also be reviewed in combination with the increase of \$1.5 million shown as a tuition offset to fully appreciate the increase of \$1.8 million in student assistance.

VI. Investments in Capital Assets

The University's investment in capital assets as of June 30, 2013 amounted to \$130.0 million net of accumulated depreciation. This investment in capital assets includes land, land improvements, buildings, building and leasehold improvements, infrastructure, construction-in-progress, vehicles, and equipment. Capital assets are controlled but not owned by the University. The University defines capital assets as assets with an initial, individual cost of more than \$50,000-\$100,000 (depending upon asset class) in accordance with the Commonwealth's capitalization policy. Assets are recorded at historical cost or estimated historical cost if purchased or constructed.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

For the Years Ended June 30, 2013 and 2012

VI. Investments in Capital Assets - Continued

As of June 30, 2013 and 2012, the University's capital assets are summarized as follows (rounded to millions):

	<u>2013</u>	<u>2012</u>
Land	\$ 2.5	\$ 2.5
Construction-in-Progress	71.0	34.7
Building (including improvements)	98.5	96.5
Equipment	26.6	25.3
Infrastructure	<u>1.6</u>	<u>1.6</u>
Total	\$ 200.2	\$ 160.6
Less: accumulated depreciation	<u>(70.2)</u>	<u>(65.1)</u>
Total capital assets, net of depreciation	\$ <u>130.0</u>	\$ <u>95.5</u>

For Fiscal Year 2013, total capital assets went up \$21.1 million and can be summarized as follows (in millions):

Library/Learning Commons (from DCAM)	\$ 24.6
Fitness Center (from MSCBA)	13.0
Facilities Improvements in laboratories and other space	1.2
Educational and Business Process Improvements	<u>0.7</u>
Total Additions to Capital Assets	\$ 39.5
Less: Additional Depreciation and Amortization	<u>(5.0)</u>
Total Increase to Capital Assets (Net of Depreciation)	\$ <u>34.5</u>

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

For the Years Ended June 30, 2013 and 2012

VII. Future Initiatives for FY - 2014 and Beyond

Future Bond Funding for Other Capital Projects

Over Fall 2014 appropriate analysis, review, and approvals will be effected in anticipation of a potential bond offering on behalf of the University from the MSCBA. At present the estimated portion for the University will exceed \$80 million and is scheduled to go to market in early calendar 2014. At this juncture the projects anticipated to be included in this offering are: a new residence hall located on the Central Campus in line with the University's strategic goal of 50% residency population, modernization of the Main Stage Theater to address theater and performing art programming needs; necessary temporary relocation of the Public Safety building to make room for the new residence hall, demolition and temporary parking on the former Weir Property to offset displaced parking due to the residence hall construction; and renovation and development of a one stop student service center located in the former interim library space on Central Campus. Each of these projects has been identified as crucial in meeting some of the goals outlined in the University's strategic plan and in the campus master vision plan.

Core Curriculum Changes

After three years of intense work by many of the campus community, the Presidents' Advisory Committee on Core Curriculum recommended a smaller and more flexible liberal arts focused, general curriculum that will serve the needs of all our students. This new curriculum will create a more inclusive general education program and when combined with a chosen academic area of study, will equip each of our students with the knowledge and skills to reach their educational and professional goals. Academic departments across the campus are working toward a Fall 2014 implementation.

One Stop Service Center

During 2014, University and outside personnel will be developing facility plans and operational policies and procedures for a new One Stop Service Center to be housed in the former interim library space on Central Campus. The Center is scheduled to open in Fall 2014 and will include the Registrar, Financial Aid, Bursar, Clipper Card offices and other student business functions.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

For the Years Ended June 30, 2013 and 2012

VII. Future Initiatives for FY - 2014 and Beyond - Continued

Requests for Further Information

This financial report is designed to provide a general overview of Salem State University's finances for all those with an interest in the University's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Vice President of Finance & Facilities, 352 Lafayette Street, Salem, Massachusetts 01970-5353.

DRAFT

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Net Position

June 30,

	<u>Assets</u>		<u>Component</u>	
	<u>Primary</u>		<u>Units</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<u>University</u>	<u>University</u>	<u>Combined</u>	<u>Combined</u>
Current Assets:				
Cash and equivalents	\$ 19,234,077	\$ 13,892,125	\$ 958,623	\$ 878,608
Restricted cash and equivalents	5,166,953	9,887,126	879,104	796,793
Deposits held by State Treasurer	3,517,158	4,463,429	-	-
Cash held by State Treasurer	1,954,054	1,366,155	-	-
Deposits held by Massachusetts School College Building Authority	3,032,909	13,800,136	-	-
Investments	10,679,856	9,564,045	-	-
Accounts, grants and other receivable, net	3,145,618	3,272,057	33,199	31,703
Pledges receivable, net	-	-	1,413,669	2,301,382
Loan receivable - current portion	299,161	294,709	-	-
Other current assets	99,819	25,896	21,025	46,130
Total Current Assets	47,129,605	56,565,678	3,305,620	4,054,616
Non-Current Assets:				
Investments	495,615	451,244	24,069,090	20,183,589
Loan receivable, net of current portion	2,058,408	2,028,283	-	-
Pledges receivable, net	-	-	2,408,239	2,874,142
Capital assets, net	130,017,094	95,467,459	10,309,804	10,454,162
Debt service reserve	1,258,603	1,258,603	-	-
Other non-current assets, net	181,344	161,222	185,580	163,670
Total Non-Current Assets	133,981,064	99,366,811	36,972,713	33,675,563
Total Assets	\$ 181,110,669	\$ 155,932,489	\$ 40,278,333	\$ 37,730,179
	<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>			
Current Liabilities:				
Accounts payable and accrued expenses	\$ 1,194,136	\$ 2,877,534	\$ 291,728	\$ 255,827
Accrued payroll	9,352,006	9,213,393	-	-
Accrued compensated absences	5,568,812	5,138,540	-	-
Accrued workers' compensation	210,943	250,397	-	-
Unearned revenues	2,832,239	2,727,413	35,728	73,423
Current portion of note payable	-	-	30,354	43,842
Current portion of capital lease obligations	-	-	283,313	274,238
Current portion of bonds payable	765,093	401,655	-	-
Deposits	1,429,666	1,546,160	-	-
Other	16,497	33,445	-	-
Total Current Liabilities	23,369,392	22,188,537	641,123	647,330
Non-Current Liabilities:				
Accrued compensated absences	2,739,332	2,538,309	-	-
Accrued workers' compensation	765,644	549,595	-	-
Capital lease obligations	-	-	-	-
Note payable	-	-	1,230,702	1,057,380
Long term portion of bond payable	20,501,349	21,264,880	3,225,859	3,663,207
Loans payable - Federal financial assistance programs	2,340,929	2,325,543	-	-
Other non-current liabilities	-	-	33,170	36,818
Total Non-Current Liabilities	26,347,254	26,678,327	4,489,731	4,757,405
Total Liabilities	49,716,646	48,866,864	5,130,854	5,404,735
Deferred Inflows of Resources	919,257	1,095,924	-	-
Net Position:				
Net investment in capital assets	111,449,069	88,675,838	5,682,909	5,578,828
Restricted:				
Nonexpendable	570,758	509,507	16,465,608	16,104,742
Expendable	3,673,519	3,440,971	12,304,494	10,051,164
Unrestricted	14,781,420	13,343,385	694,468	590,710
Total Net Position	130,474,766	105,969,701	35,147,479	32,325,444
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 181,110,669	\$ 155,932,489	\$ 40,278,333	\$ 37,730,179

See accompanying notes to the financial statements.

SALEM STATE UNIVERSITY

(an agency of the Commonwealth of Massachusetts)

Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30,

	Primary Government		Component Units	
	2013	2012	2013	2012
	<u>University</u>	<u>University</u>	<u>Combined</u>	<u>Combined</u>
Operating Revenues:				
Tuition and fees	\$ 68,139,932	\$ 64,923,087	\$ -	\$ -
Less: scholarships and fellowships	(14,284,108)	(12,790,362)	-	-
Net tuition and fees	53,855,824	52,132,725	-	-
Federal grants and contracts	13,227,539	12,891,534	-	-
Federal awards	-	1,051,167	-	-
State grants and contracts	5,065,564	4,342,199	-	-
Private grants and contracts	216,495	265,644	-	-
Gifts and contributions	-	-	2,540,103	7,087,102
Sales and services of educational departments	3,029,084	3,278,137	-	-
Auxiliary enterprises	14,932,182	14,232,877	1,120,811	1,119,892
Other operating revenues	431,407	591,354	198,933	149,710
Total Operating Revenues	90,758,095	88,785,637	3,859,847	8,356,704
Operating Expenses:				
Educational and general:				
Instruction	53,149,837	52,565,009	-	-
Public service	704,609	540,711	1,128,190	1,274,115
Academic support	13,928,122	13,467,766	-	-
Student services	13,921,343	13,236,351	-	-
Institutional support	22,726,470	21,644,215	409,315	319,132
Operation and maintenance of plant	10,804,483	11,567,157	-	-
Scholarships	5,726,894	5,416,160	259,600	246,106
Depreciation and amortization	2,003,990	4,566,292	235,870	222,551
Auxiliary enterprises	14,098,860	14,693,102	854,446	797,068
Total Operating Expenses	140,061,608	137,696,763	2,887,421	2,858,972
Net Operating Income (Loss)	(49,303,513)	(48,911,126)	972,426	5,497,732
Non-Operating Revenues (Expenses):				
State appropriations, net	46,914,521	45,657,065	162,402	175,184
Gifts	1,112,086	1,009,273	-	-
Investment income	1,441,453	165,022	1,867,756	174,792
Other Non-Operating Revenue	-	-	3,600	4,000
Interest expense	(319,256)	(499,806)	(184,149)	(209,135)
Net Non-Operating Revenues	49,148,804	46,331,554	1,849,609	144,841
Increase (Decrease) in Net Position Before Capital Grants	(154,709)	(2,579,572)	2,822,035	5,642,573
Capital grants	24,659,774	20,582,245	-	-
Total Increase in Net Position	24,505,065	18,002,673	2,822,035	5,642,573
Net Position, Beginning of Year	105,969,701	87,967,028	32,325,444	26,682,871
Net Position, End of Year	\$ 130,474,766	\$ 105,969,701	\$ 35,147,479	\$ 32,325,444

See accompanying notes to the financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Cash Flows

For the Years Ended June 30,

	Primary Government	
	2013 <u>University</u>	2012 <u>University</u>
Cash Flows from Operating Activities:		
Tuition and fees	\$ 54,312,254	\$ 52,736,530
Grants and contracts	18,539,465	18,216,825
Payments to suppliers and vendors	(33,155,767)	(34,651,536)
Payments to employees	(78,633,676)	(71,112,486)
Payments for benefits	(6,877,275)	(8,740,193)
Payments to students	(5,726,894)	(5,416,160)
Loans issued to students	(497,520)	(611,048)
Collection of loans to students	443,135	560,353
Auxiliary enterprises receipts	14,982,648	13,646,695
Sales and services of educational departments	2,994,590	3,330,551
Other	254,740	610,323
Net Cash Applied to Operating Activities	<u>(33,364,300)</u>	<u>(31,430,146)</u>
Cash Flows from Non-Capital Financing Activities:		
State appropriations	37,349,093	35,619,833
Tuition remitted to State	(511,398)	(923,449)
Student interest received	34,791	29,790
Gifts	1,112,086	1,009,273
Net Cash Provided by Non-Capital Financing Activities	<u>37,984,572</u>	<u>35,735,447</u>
Cash Flows from Capital Financing Activities:		
Purchases of capital assets	(14,873,624)	(5,039,616)
Principal paid on capital leases and bonds payable	(400,093)	(354,183)
Interest paid on capital leases and bonds payable	(122,883)	(507,264)
Payments of financing fees	-	(104,350)
Proceeds from bond financing	-	16,028,603
Net Cash Provided by (Applied to) Capital Financing Activities	<u>(15,396,600)</u>	<u>10,023,190</u>
Cash Flows from Investing Activities:		
Interest on investments	324,248	(437,390)
Proceeds from sale of investments	3,740,349	8,185,790
Purchase of investments	(3,792,089)	(8,746,419)
Net Cash Provided by (Applied to) Investing Activities	<u>272,508</u>	<u>(998,019)</u>
Net Increase (Decrease) in Cash and Equivalents	(10,503,820)	13,330,472
Cash and Equivalents, Beginning of the Year	<u>43,408,971</u>	<u>30,078,499</u>
Cash and Equivalents, End of the Year (Note 15)	<u>\$ 32,905,151</u>	<u>\$ 43,408,971</u>
Reconciliation of Net Operating Loss to Net Cash Applied to Operating Activities:		
Net operating loss	\$ (49,303,513)	\$ (48,911,126)
Adjustments to reconcile net operating loss to net cash applied to operating activities:		
Depreciation and amortization	5,003,990	4,566,292
Bad debts	(116,474)	340,492
Fringe benefits provided by State	10,076,826	10,960,681
Changes in assets and liabilities:		
Accounts receivable	240,253	(345,553)
Other non-current assets	1,354	-
Accounts payable and accrued liabilities	285,121	(1,623,319)
Accrued payroll and benefits	769,908	3,459,959
Other assets	(73,923)	114,642
Other liabilities	(16,948)	17,139
Loans to/from students	(42,559)	(62,078)
Deposits	(116,494)	57,985
Unearned revenues	(71,841)	(5,260)
Net Cash Applied to Operating Activities	<u>\$ (33,364,300)</u>	<u>\$ (31,430,146)</u>

See accompanying notes to financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Combining Statements of Net Position of Major Component Units

June 30, 2013
(with comparative totals for the year ended June 30, 2012)

	<u>Assets</u>			
	2013 <u>Foundation</u>	2013 <u>Assistance Corp</u>	2013 <u>Combined</u>	2012 <u>Combined</u>
Current Assets:				
Cash and equivalents	\$ 732,872	\$ 225,751	\$ 958,623	\$ 878,608
Restricted cash and equivalents	879,104	-	879,104	796,793
Accounts, grants and other receivable, net	-	33,199	33,199	31,703
Pledges receivable	1,413,669	-	1,413,669	2,301,382
Other current assets	21,025	-	21,025	46,130
Total Current Assets	<u>3,046,670</u>	<u>258,950</u>	<u>3,305,620</u>	<u>4,054,616</u>
Non-Current Assets:				
Investments	24,069,090	-	24,069,090	20,183,589
Pledges receivable, net	2,408,239	-	2,408,239	2,874,142
Capital assets, net	10,339	10,299,465	10,309,804	10,454,162
Other non-current assets, net	-	185,580	185,580	163,670
Total Non-Current Assets	<u>26,487,668</u>	<u>10,485,045</u>	<u>36,972,713</u>	<u>33,675,563</u>
Total Assets	<u>\$ 29,534,338</u>	<u>\$ 10,743,995</u>	<u>\$ 40,278,333</u>	<u>\$ 37,730,179</u>
	<u>Liabilities and Net Position</u>			
Current Liabilities:				
Accounts payable and accrued expenses	\$ 238,819	\$ 52,909	\$ 291,728	\$ 255,827
Unearned revenues	35,728	-	35,728	73,423
Current portion of note payable	-	30,354	30,354	43,842
Current portion of bond payable	-	283,313	283,313	274,238
Total Current Liabilities	<u>274,547</u>	<u>366,576</u>	<u>641,123</u>	<u>647,330</u>
Non-Current Liabilities:				
Note payable less current portion	-	1,230,702	1,230,702	1,057,380
Bond payable less current portion	-	3,225,859	3,225,859	3,663,207
Other non-current liabilities	-	33,170	33,170	36,818
Total-Non Current Liabilities	<u>-</u>	<u>4,489,731</u>	<u>4,489,731</u>	<u>4,757,405</u>
Total Liabilities	<u>274,547</u>	<u>4,856,307</u>	<u>5,130,854</u>	<u>5,404,735</u>
Net Position:				
Net investment in capital assets	10,339	5,672,570	5,682,909	5,578,828
Restricted:				
Nonexpendable	16,465,608	-	16,465,608	16,104,742
Expendable	12,304,494	-	12,304,494	10,051,164
Unrestricted	479,350	215,118	694,468	590,710
Total Net Position	<u>29,259,791</u>	<u>5,887,688</u>	<u>35,147,479</u>	<u>32,325,444</u>
Total Liabilities and Net Position	<u>\$ 29,534,338</u>	<u>\$ 10,743,995</u>	<u>\$ 40,278,333</u>	<u>\$ 37,730,179</u>

See accompanying notes to the financial statements.

SALEM STATE UNIVERSITY

(an agency of the Commonwealth of Massachusetts)

Combining Statements of Revenues, Expenses and Changes in Net Position of Major Component Units

For the Year Ended June 30, 2013
(with comparative totals for the year ended June 30, 2012)

	2013 <u>Foundation</u>	2013 <u>Assistance Corp</u>	2013 <u>Combined</u>	2012 <u>Combined</u>
Operating Revenues:				
Gifts and contributions	\$ 2,540,103	\$ -	\$ 2,540,103	\$ 7,087,102
Auxiliary enterprises	-	1,120,811	1,120,811	1,119,892
Other operating revenues	-	198,933	198,933	149,710
Total Operating Revenues	<u>2,540,103</u>	<u>1,319,744</u>	<u>3,859,847</u>	<u>8,356,704</u>
Operating Expenses:				
Educational and general:				
Public service	1,128,190	-	1,128,190	1,274,115
Institutional support	409,315	-	409,315	319,132
Scholarships	259,600	-	259,600	246,106
Depreciation and amortization	-	235,870	235,870	222,551
Auxiliary enterprises	-	854,446	854,446	797,068
Total Operating Expenses	<u>1,797,105</u>	<u>1,090,316</u>	<u>2,887,421</u>	<u>2,858,972</u>
Net Operating Income	<u>742,998</u>	<u>229,428</u>	<u>972,426</u>	<u>5,497,732</u>
Non-Operating Revenues (Expenses):				
State appropriations, net	-	162,402	162,402	175,184
Investment income	1,867,529	227	1,867,756	174,792
Other non-operating revenue	-	3,600	3,600	4,000
Interest expense	-	(184,149)	(184,149)	(209,135)
Net Non-Operating Revenues	<u>1,867,529</u>	<u>(17,920)</u>	<u>1,849,609</u>	<u>144,841</u>
Total Increase in Net Position	<u>2,610,527</u>	<u>211,508</u>	<u>2,822,035</u>	<u>5,642,573</u>
Net Position, Beginning of Year	<u>26,649,264</u>	<u>5,676,180</u>	<u>32,325,444</u>	<u>26,682,871</u>
Net Position, End of Year	<u>\$ 29,259,791</u>	<u>\$ 5,887,688</u>	<u>\$ 35,147,479</u>	<u>\$ 32,325,444</u>

See accompanying notes to the financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2013 and 2012

Note 1 - **Summary of Significant Accounting Policies**

Organization

Salem State University (the "University") is a public, State-assisted university, located in Salem, Massachusetts and governed by a local Board of Trustees under the direction of the Massachusetts Department of Higher Education. The University is empowered to award baccalaureate and master's degrees in education, business and arts and sciences, as well as conduct programs of continuing education. The University is accredited by the New England Association of Schools and Colleges.

Basis of Presentation and Accounting

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB).

The following discretely presented component units have been aggregated into a single combined column:

The Salem State University Foundation, Inc. (the "Foundation"), a component unit of the University, was formed in 1977 to render financial assistance and support to the educational programs and development of the University. The Foundation is legally separate from the University, and the University is not financially accountable for the Foundation. The Foundation has been included because of the nature and significance of its relationship with the University. Complete financial statements can be obtained from the Foundation's administrative offices in Salem, Massachusetts.

In 1995, Salem State University Assistance Corporation (the "Assistance Corporation"), a component unit of the University, was formed as a result of legislation established by the Commonwealth of Massachusetts. The Assistance Corporation was created to promote the orderly growth and development of the University and to assist the University in securing physical and financial resources necessary for the acquisition and development of a site formerly known as the GTE Sylvania plant. In June 2012, legislation was approved further defining the parameters of this "site" to include other such properties determined by the Corporation to fulfill its mission.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 1 - **Summary of Significant Accounting Policies - Continued**

Basis of Presentation and Accounting - Continued

The Assistance Corporation owns and operates commercial rental properties at this site in Salem, Massachusetts. The Assistance Corporation is legally separate from the University, and the University is not financially accountable for the Assistance Corporation.

The Assistance Corporation has been included because of the nature and significance of its relationship with the University. Complete financial statements can be obtained from the Assistance Corporation's administrative offices in Salem, Massachusetts.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Direct expenses are those that are clearly identifiable within a specific function. Program revenues primarily include charges to students or others who enroll or directly benefit from services that are provided by a particular function. Items not meeting the definition of program revenues are instead reported as general revenue.

The University has determined that it functions as a business-type activity, as defined by GASB. The effect of inter-fund activity has been eliminated from these financial statements. The basic financial statements and required supplementary information for general-purpose governments consist of management's discussion and analysis, basic financial statements and required supplementary information. The University presents statements of net position, revenues, expenses and changes in net position and cash flows on a combined University-wide basis.

The University's policies for defining operating activities in the statements of revenues, expenses and changes in net position are those that generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Certain other transactions are reported as non-operating activities including the University's operating and capital appropriations from the Commonwealth of Massachusetts, net investment income, gifts and interest.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 1 - **Summary of Significant Accounting Policies - Continued**

Basis of Presentation and Accounting - Continued

Net Position

Resources are classified for accounting purposes into the following four net position categories:

Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, repair or improvement of those assets.

Restricted - nonexpendable: Net position subject to externally imposed conditions that the University must maintain them in perpetuity, such as the University's permanent endowment funds.

Restricted - expendable: Net position whose use is subject to externally imposed conditions that can be fulfilled by the actions of the University or by the passage of time.

Unrestricted: All other categories of net position. Unrestricted net position may be designated by actions of the University's Board of Trustees.

The University has adopted a policy of generally utilizing restricted - expendable funds, when available, prior to unrestricted funds.

Cash and Equivalents

The University's cash and equivalents are cash on hand, cash and deposits held with the Commonwealth's Treasurer and Massachusetts State College Building Authority (MSCBA), which are short term, highly liquid investments with original maturities of three months or less from the date of acquisition.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 1 - Summary of Significant Accounting Policies - Continued

Allowance for Doubtful Accounts

Provisions for losses on receivables are determined on the basis of loss experience, known and inherent risks in the loan portfolio, the estimated value of underlying collateral, and current economic conditions.

Investments

Investments in marketable securities are stated at fair value. Dividends, interest, and net realized and unrealized gains or losses on investments are reported in the statements of revenues, expenses, and changes in net position. Gains and losses on the disposition of investments are determined based on specific identification of securities sold. Investment income is recognized when earned.

Capital Assets

Capital assets are controlled but not owned by the University. The University is not able to sell or otherwise pledge its assets, since the Commonwealth owns all the assets.

Real estate assets, including improvements, are generally stated at cost. Furnishings, equipment and collection items are stated at cost at date of acquisition or, in the case of gifts, at fair value at date of donation. In accordance with the State's capitalization policy, only those items with a unit cost of more than \$50,000 are capitalized. Educational resource materials are capitalized and amortized over a five-year period. University capital assets, with the exception of land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives, which range from 3 to 40 years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The University does not have collections of historical treasure, works of art, or other items that are inexhaustible by their nature and are of immeasurable intrinsic value, thus not requiring capitalization or depreciation in accordance with GASB guidelines.

Deposits Held by the Massachusetts State College Building Authority

Funds held by the Massachusetts State College Building Authority (MSCBA) are for ongoing projects.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 1 - **Summary of Significant Accounting Policies - Continued**

Fringe Benefits

The University participates in the Commonwealth's fringe benefit programs, including health insurance, unemployment, pension, and worker's compensation benefits. Health insurance, unemployment, and pension costs are billed through a fringe benefit rate charged to the University. Worker's compensation costs are assessed separately based on the University's actual experience.

Compensated Absences

Employees earn the right to be compensated during absences for vacation and sick leave. Accrued vacation is the amount earned by all eligible employees through June 30, 2013 and 2012. Compensated sick leave represents 20% of amounts earned by those employees with ten or more years of State service at the end of each year. Upon termination of employment, these employees are entitled to receive payment for this accrued balance.

Deposits and Unearned Revenues

Deposits and advance payments received for tuition and fees related to certain summer programs and tuition received for the following academic year are deferred. Funds received in advance from various grants and contracts are deferred. Deposits and unearned revenues are recorded as revenue as earned.

Student Fees

Student tuition and other fees are presented net of scholarships and fellowships applied to students' accounts. Other scholarships or financial aid in excess of tuition and fees are generally reflected as expenses.

Tax Status

The University is an agency of the Commonwealth of Massachusetts and is therefore generally exempt from income taxes under Section 115 of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 1 - Summary of Significant Accounting Policies - Continued

New Governmental Accounting Pronouncements

GASB 60, *Accounting and Financial Reporting for Service Concession Arrangements*, effective for periods beginning after December 15, 2011, establishes accounting requirements for arrangements between a transferor and operator (SCAs) in which (a) the transferor conveys to the operator the right and related obligation to provide services through the use of infrastructure or other public asset in exchange for significant consideration and (b) the operator collects and is compensated by fees from third parties. This statement applies only to arrangements meeting specific criteria determining whether a transferor retains control over the public asset. The deferred inflows of resources reflected on the Statement of Net Position were reclassified from unearned revenues with the implementation of GASB 60.

GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* is required for periods beginning after December 15, 2011. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The implementation of GASB 63 changed the name of "Net Assets" to "Net Position" and creates the "deferred inflow" and "deferred outflow" categories on the Statement of Net Position.

GASB 65, *Items Previously Reported as Assets and Liabilities*, is required for periods beginning after December 15, 2012. Earlier application is encouraged. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The adoption of GASB 65 will require that the unamortized deferred financing costs are charged off against net position at July 1, 2013.

GASB 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* is required for periods beginning after June 15, 2014. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 1 - **Summary of Significant Accounting Policies - Continued**

New Governmental Accounting Pronouncements - Continued

other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. Management is in the process of reviewing this Statement and its potential effect upon their financial reporting.

GASB 69, *Government Combinations and Disposals of Government Operations* is required for periods ending after December 15, 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. Management does not believe this Statement will have a material effect on the financial statements.

GASB 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*, is required for periods beginning after June 15, 2013. This Statement requires a state or local government guarantor that offers a non-exchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is *more likely than not* that the guarantor will be required to make a payment to the obligation holders under the agreement. Management does not believe this Statement will have a material effect on the financial statements.

Reclassifications

Certain amounts in the 2012 financial statements have been reclassified to conform to the 2013 presentation.

Note 2 - **Cash and Equivalents**

Custodial risk is the risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, the University would not be able to recover its balance in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC) and other third party insurance. The University's policy is to mitigate as much custodial risk associated with its cash assets as possible. Deposits in the bank in excess of the insured amounts are uninsured and uncollateralized. The University places funds with the Massachusetts Municipal Depository Trust (MMDT).

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 2 - Cash and Equivalents - Continued

The MMDT is an instrumentality of the Treasurer of the Commonwealth and therefore not covered by FDIC insurance and its political sub-divisions. It is designed as a legal means to temporarily invest available cash in safe, liquid and high yield investment vehicles by offering participation in a diversified portfolio of high quality money market instruments.

At June 30, 2013 and 2012 the carrying amounts of the University's deposits, net of deposits and disbursements in transit, were \$32,905,151 and \$43,408,971, respectively. Of the carrying amounts, \$18,661,536 and \$18,378,465 was held by the Massachusetts Municipal Depository Trust (MMDT) at June 30, 2013 and 2012, respectively.

At June 30, 2013 and 2012, the University had deposits of \$5,491,712 and \$5,480,756, respectively, held in a money market account which was insured by a third party up to a maximum of \$5.4 million.

The University maintains a \$50,000 target balance in its clearing account which is fully covered under FDIC limits. Any amounts greater than the target balance are transferred based on an overnight purchase agreement. The investments in these agreements are U.S. agency issued securities fully backed by the U.S. Government.

Amounts remaining that may be exposed to custodial risk at June 30, 2012 and 2012 were \$533,831 and \$359,133, respectively, which are primarily maintained as part of the University's investment portfolio.

Note 3 - Cash Held By State Treasurer

Accounts payable and accrued salaries to be funded by cash forwarded by the University to and held by the State Treasurer for payment of so-called 'non-appropriated' liabilities at June 30, 2013 and 2012 through MMARS were recorded in the sums of \$3,517,158 and \$4,463,429, respectively.

Accounts payable and accrued salaries to be funded by State appropriations at June 30, 2013 and 2012, were \$1,954,054 and \$1,366,155, respectively.

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 4 - **Investments**

The University categorizes short-term investments according to the level of risk assumed by the University. At June 30, 2013 and 2012 the entire balance of investments were \$11,175,471 and \$10,015,289 respectively. These holdings represent investments that are insured, registered and held by the University's investment agent in the University's name. At June 30, 2013 and 2012, there were no individual investments that represented 5% or more of the University's portfolio. The University currently follows investment policies largely defined by the Commonwealth of Massachusetts as well as internal policies approved by the University's Board of Trustees.

University

Investments of the University are stated at fair market value and consist of the following:

June 30, 2013
Investment Maturity in Years

<u>Investment Type:</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
Debt securities	\$ 3,514,288	\$ 226,746	\$ 2,950,456	\$ -	\$ 337,086
Bond mutual funds	90,223	-	80,139	10,084	-
U.S. agencies	<u>127,513</u>	<u>-</u>	<u>-</u>	<u>127,513</u>	<u>-</u>
Subtotal	<u>3,732,024</u>	<u>\$ 226,746</u>	<u>\$ 3,030,595</u>	<u>\$ 137,597</u>	<u>\$ 337,086</u>
Equity securities	7,087,705				
Exchange traded funds	<u>355,742</u>				
Totals	<u>\$ 11,175,471</u>				

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 4 - **Investments - Continued**

University - Continued

The following table summarizes the quality ratings of the University's debt investments at June 30, 2013:

Quality Ratings

	<u>Related Debt Instruments</u>										<u>Unrated</u>
	<u>Fair Value</u>	<u>Baa1 MDYS</u>	<u>Baa3 MDYS</u>	<u>A1 MDYS</u>	<u>A2 MDYS</u>	<u>A3 MDYS</u>	<u>B2 MYDS</u>	<u>AA3 MDYS</u>	<u>AAA MDYS</u>	<u>AGCY MDYS</u>	
Debt securities	\$ 3,514,288	\$ 1,188,907	\$ 107,434	\$ 787,552	\$ 465,840	\$ 665,254	\$ -	\$ -	\$ -	\$ 299,292	\$ -
Bond mutual funds	90,223	63,553	-	-	10,084	16,586	-	-	-	-	-
U.S. agencies	<u>127,513</u>	-	-	-	-	-	-	-	-	<u>127,513</u>	-
Totals	<u>\$ 3,732,024</u>	<u>\$ 1,252,460</u>	<u>\$ 107,434</u>	<u>\$ 787,552</u>	<u>\$ 475,933</u>	<u>\$ 681,840</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 426,805</u>	<u>\$ -</u>

June 30, 2012

Investment Maturity in Years

Investment Type:

	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
Debt securities	\$ 3,008,794	\$ -	\$ 2,801,660	\$ 207,134	\$ -
Bond mutual funds	4,537	-	1,675	2,862	-
U.S. agencies	<u>147,751</u>	<u>51,329</u>	<u>87,066</u>	<u>9,356</u>	-
Subtotal	<u>3,161,082</u>	<u>\$ 51,329</u>	<u>\$ 2,890,401</u>	<u>\$ 219,352</u>	<u>\$ -</u>
Equity securities	6,203,760				
Exchange traded funds	<u>650,447</u>				
Totals	<u>\$ 10,015,289</u>				

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 4 - **Investments - Continued**

University - Continued

The following table summarizes the quality ratings of the University's debt investments at June 30, 2012:

Quality Ratings

Related Debt Instruments

	<u>Fair Value</u>	<u>Baa1 MDYS</u>	<u>A1 MDYS</u>	<u>A2 MDYS</u>	<u>A3 MDYS</u>	<u>B2 MDYS</u>	<u>AA3 MDYS</u>	<u>Baa3 MDYS</u>	<u>AGCY MDYS</u>	<u>Unrated</u>
Debt securities	\$ 3,008,794	\$ 285,673	\$ 659,264	\$ 572,612	\$ 1,079,376	\$ -	\$ -	\$ 103,443	\$ 308,426	\$ -
Bond mutual funds	4,537	-	-	2,862	1,645	-	-	-	-	-
U.S. agencies	147,751	-	-	9,356	853	-	-	-	130,542	-
Totals	<u>\$ 3,161,082</u>	<u>\$ 285,673</u>	<u>\$ 659,264</u>	<u>\$ 584,830</u>	<u>\$ 1,088,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,443</u>	<u>\$ 438,968</u>	<u>\$ -</u>

Foundation

Investments of the Foundation are stated at fair market value and consist of the following at June 30:

	<u>2013</u>	<u>2012</u>
U.S. Government Obligations	\$ 659,315	\$ 676,867
Corporate Bonds	3,769,039	3,516,878
Money Market	3,068,847	1,796,846
Certificates of Deposit	241,601	916,586
Mutual Funds	7,718,849	6,917,909
Common Stock	7,140,377	5,327,948
State Municipal Bonds	1,470,562	1,030,055
Other	<u>500</u>	<u>500</u>
	<u>\$ 24,069,090</u>	<u>\$ 20,183,589</u>

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 4 - **Investments - Continued**

University and Component Units

The following schedule summarizes the investment return in the statement of revenue and expenses for the University and its component units for the years ended June 30:

	<u>University</u>	<u>University</u>	<u>Component Units</u>	<u>Component Units</u>
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Interest	\$ 333,012	\$ 348,162	\$ 426,646	\$ 351,731
Net realized and unrealized gains and losses	<u>1,108,441</u>	<u>(183,140)</u>	<u>1,441,110</u>	<u>(176,939)</u>
	<u>\$ 1,441,453</u>	<u>\$ 165,022</u>	<u>\$ 1,867,756</u>	<u>\$ 174,792</u>

Note 5 - **Accounts Receivable**

The accounts receivable balance was comprised of the following at June 30:

	<u>2013</u>	<u>2012</u>
Student accounts receivable	\$ 8,752,441	\$ 9,141,678
Grants receivable	730,758	821,587
Other	<u>523,760</u>	<u>452,229</u>
	<u>10,006,959</u>	10,415,494
Less: allowance for doubtful accounts	<u>(6,861,341)</u>	<u>(7,143,437)</u>
Total Accounts Receivable	<u>\$ 3,145,618</u>	<u>\$ 3,272,057</u>

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 6 - Pledges Receivable

Unconditional promises to give of the Foundation consisted of the following as of June 30:

	<u>2013</u>	<u>2012</u>
Receivable in less than one year	\$ 1,413,669	\$ 2,301,382
Receivable in one to five years	2,717,202	3,294,494
Receivable after five years	15,556	-
Less: Allowance for doubtful accounts	<u>(77,000)</u>	<u>(65,000)</u>
Net unconditional promises to give	4,069,427	5,530,876
Less: discount to net present value at 3%	<u>(247,519)</u>	<u>(355,352)</u>
Net contributions receivable	\$ <u>3,821,908</u>	\$ <u>5,175,524</u>

Note 7 - Loans Receivable and Payable

Loans payable and receivable consist primarily of the Federal Perkins Loan Program ("Perkins") and the Federal Nursing Loan Program ("NSL"). The Federal government provides the majority of the funds to support these programs. Loan payments from students made under those programs may be re-loaned after collection. The portion of the Perkins and NSL Programs provided by the Federal government is refundable to the Federal government upon the ending ("liquidation") of the University's participation in the programs.

Amounts that would have to be repaid to the Federal government upon liquidation by the University at June 30, 2013 and 2012 are \$1,597,261 and \$1,587,695, respectively for Perkins and \$743,668 and \$737,848, respectively for NSL, and they are included as a non-current liability in the financial statements, aggregating \$2,340,929 and \$2,325,543 for 2013 and 2012, respectively.

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 7 - Loans Receivable and Payable - Continued

The prescribed practices for the Perkins and NSL programs do not provide for accrual of interest on student loans receivable or for the provision of an allowance for doubtful loans. Accordingly, interest on loans is recorded as received and loan balances are reduced subsequent to the determination of their lack of collectability and have been accepted (assigned) by the Department of Education. Management closely monitors outstanding balances and assigns loans to the Department of Education based upon such factors as student payment history, current status of applicable students, and the results of collection efforts.

Loans receivable include the following at June 30:

	<u>2013</u>	<u>2012</u>
Perkins	\$ 1,556,977	\$ 1,604,157
Nursing	762,511	675,362
Other	<u>38,081</u>	<u>43,473</u>
Total loans receivable	<u>2,357,569</u>	<u>2,322,992</u>
Less: amount due in one year	<u>(299,161)</u>	<u>(294,709)</u>
Long-term Loans Receivable	<u>\$ 2,058,408</u>	<u>\$ 2,028,283</u>

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Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 8 - Capital Assets

Capital asset activity for the University for the year ended June 30, 2013 is as follows:

	Estimated lives (in years)	Beginning balance	Additions	Reclassifications	Ending balance
Capital assets not depreciated					
Land	-	\$ 2,536,173	\$ -	\$ -	\$ 2,536,173
Construction in progress	-	34,680,270	39,491,569	(3,199,264)	70,972,575
Total not depreciated		37,216,443	39,491,569	(3,199,264)	73,508,748
Capital assets depreciated:					
Buildings, including improvements	40	96,510,664	-	1,954,422	98,465,086
Furnishings and equipment	3-10	25,266,944	53,532	1,244,842	26,565,318
Infrastructure	5	1,638,552	-	-	1,638,552
Total depreciated		123,416,160	53,532	3,199,264	126,668,956
Total capital assets		160,632,603	39,545,101	-	200,177,704
Less: accumulated depreciation:					
Building, including improvements		46,586,913	3,342,651	-	49,929,564
Furnishings and equipment		18,083,340	1,532,232	-	19,615,572
Infrastructure		494,891	120,583	-	615,474
Total accumulated depreciation		65,165,144	4,995,466	-	70,160,610
Capital assets, net		\$ 95,467,459	\$ 34,549,635	\$ -	\$ 130,017,094

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Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 8 - Capital Assets - Continued

Capital asset activity for the University for the year ended June 30, 2012 is as follows:

	Estimated lives (in years)	Beginning balance	Additions	Reclassifications	Ending balance
Capital assets not depreciated					
Land	-	\$ 2,536,173	\$ -	\$ -	\$ 2,536,173
Construction in progress	-	18,515,141	23,204,695	(7,039,566)	34,680,270
Total not depreciated		21,051,314	23,204,695	(7,039,566)	37,216,443
Capital assets depreciated:					
Buildings, including improvements	40	91,646,758	1,550,139	3,313,767	96,510,664
Furnishings and equipment	3-10	20,671,839	869,306	3,725,799	25,266,944
Infrastructure	5	1,638,552	-	-	1,638,552
Total depreciated		113,957,149	2,419,445	7,039,566	123,416,160
Total capital assets		135,008,463	25,624,140	-	160,632,603
Less: accumulated depreciation:					
Building, including improvements		43,379,595	3,207,318	-	46,586,913
Furnishings and equipment		16,851,384	1,231,956	-	18,083,340
Infrastructure		374,308	120,583	-	494,891
Total accumulated depreciation		60,605,287	4,559,857	-	65,165,144
Capital assets, net		\$ 74,403,176	\$ 21,064,283	\$ -	\$ 95,467,459

Depreciation expense for the years ended June 30, 2013 and 2012 amounted to \$4,995,466 and \$4,559,857, respectively.

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 8 - Capital Assets - Continued

Other Non-Current Assets

Other non-current assets for the University consisted of deferred financing fees and expenses of \$151,344 and \$161,222 at June 30, 2013 and 2012, respectively. These fees are being amortized by the straight line method over the life of their respective bonds of approximately 20 years each. Accumulated amortization was \$39,961 and \$31,437 as of June 30, 2013 and 2012, respectively.

Capital asset activity of the component units for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Capital assets, not depreciated:				
Land	\$ 4,664,794	\$ _____	\$ _____	\$ 4,664,794
Total not depreciated	<u>4,664,794</u>	<u>_____</u>	<u>_____</u>	<u>4,664,794</u>
Capital assets, depreciated:				
Buildings	3,358,817	-	-	3,358,817
Building improvements	4,149,133	33,310	-	4,182,443
Furniture and equipment	<u>180,339</u>	<u>39,869</u>	<u>_____</u>	<u>220,208</u>
Total depreciated	<u>7,688,289</u>	<u>73,179</u>	<u>_____</u>	<u>7,761,468</u>
Total capital assets	<u>12,353,083</u>	<u>73,179</u>	<u>_____</u>	<u>12,426,262</u>
Less: accumulated depreciation:				
Buildings	515,447	83,957	-	599,404
Building improvements	1,226,127	120,715	-	1,346,842
Furniture and equipment	<u>157,347</u>	<u>12,865</u>	<u>_____</u>	<u>170,212</u>
Total accumulated depreciation	<u>1,898,921</u>	<u>217,537</u>	<u>_____</u>	<u>2,116,458</u>
Capital Assets, Net	\$ <u>10,454,162</u>	\$ <u>(144,358)</u>	\$ _____	\$ <u>10,309,804</u>

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Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 8 - Capital Assets - Continued

Other Non-Current Assets - Continued

Capital asset activity of the component units for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Capital assets, not depreciated:				
Land	\$ 4,664,794	\$ _____	\$ _____	\$ 4,664,794
Total not depreciated	<u>4,664,794</u>	<u> -</u>	<u> -</u>	<u>4,664,794</u>
Capital assets, depreciated:				
Buildings	3,358,817	-	-	3,358,817
Building improvements	4,118,890	30,243	-	4,149,133
Furniture and equipment	159,900	20,439	-	180,339
Total depreciated	<u>7,637,607</u>	<u>50,682</u>	<u> -</u>	<u>7,688,289</u>
Total capital assets	<u>12,302,401</u>	<u>50,682</u>	<u> -</u>	<u>12,353,083</u>
Less: accumulated depreciation:				
Buildings	431,477	83,970	-	515,447
Building improvements	1,111,697	114,430	-	1,226,127
Furniture and equipment	148,875	8,472	-	157,347
Total accumulated depreciation	<u>1,692,049</u>	<u>206,872</u>	<u> -</u>	<u>1,898,921</u>
Capital Assets, Net	\$ <u>10,610,352</u>	\$ <u>(156,190)</u>	\$ <u> -</u>	\$ <u>10,454,162</u>

Note 9 - Unearned Revenues

Unearned revenues include tuition received in advance from students for summer courses commencing after June 30, the subsequent fall semester, and grant funds received in advance.

Unearned revenues of the University include the following at June 30:

	<u>2013</u>	<u>2012</u>
Tuition and fees	\$ 2,548,804	\$ 2,423,723
Grants	<u>283,435</u>	<u>303,690</u>
Total Unearned Revenue	\$ <u>2,832,239</u>	\$ <u>2,727,413</u>

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Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 10 - Long-Term Liabilities

Long-term liabilities of the University at June 30, 2013 consist of:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds and loans payable:					
Bonds payable	\$ 19,763,878	\$ -	\$ 316,359	\$ 19,447,519	\$ 681,359
Bonds premium	1,902,657	-	83,734	1,818,923	83,734
Loans payable	<u>2,325,543</u>	<u>15,386</u>	<u>-</u>	<u>2,340,929</u>	<u>-</u>
Total bonds and loans payable	<u>23,992,078</u>	<u>15,386</u>	<u>400,093</u>	<u>23,607,371</u>	<u>765,093</u>
Other long-term liabilities:					
Accrued compensated absences	7,676,849	631,295	-	8,308,144	5,568,812
Accrued workers' compensation	<u>799,992</u>	<u>176,595</u>	<u>-</u>	<u>976,587</u>	<u>210,943</u>
Total other long-term liabilities	<u>8,476,841</u>	<u>807,890</u>	<u>-</u>	<u>9,284,731</u>	<u>5,779,755</u>
Total Long-Term Liabilities	<u>\$ 32,468,919</u>	<u>\$ 823,276</u>	<u>\$ 400,093</u>	<u>\$ 32,892,102</u>	<u>\$ 6,544,848</u>

Long-term liabilities of the University at June 30, 2012 consist of:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds and loans payable:					
Bonds payable	\$ 5,840,236	\$ 14,230,000	\$ 306,358	\$ 19,763,878	\$ 316,359
Bonds premium	151,879	1,798,603	47,825	1,902,657	85,296
Loans payable	<u>2,339,509</u>	<u>-</u>	<u>13,966</u>	<u>2,325,543</u>	<u>-</u>
Total bonds and loans payable	<u>8,331,624</u>	<u>16,028,603</u>	<u>368,149</u>	<u>23,992,078</u>	<u>401,655</u>
Other long-term liabilities:					
Accrued compensated absences	7,137,981	538,868	-	7,676,849	5,138,540
Accrued workers' compensation	<u>1,004,030</u>	<u>-</u>	<u>204,038</u>	<u>799,992</u>	<u>250,397</u>
Total other long-term liabilities	<u>8,142,011</u>	<u>538,868</u>	<u>204,038</u>	<u>8,476,841</u>	<u>5,388,937</u>
Total Long-Term Liabilities	<u>\$ 16,473,635</u>	<u>\$ 16,567,471</u>	<u>\$ 572,187</u>	<u>\$ 32,468,919</u>	<u>\$ 5,790,592</u>

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Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 10 - **Long-Term Liabilities - Continued**

Bonds Payable

Over the past nine years, the University, in association with the Massachusetts State College Building Authority (MSCBA), the Massachusetts Development Finance Agency (MDFA) and the Commonwealth of Massachusetts Division of Capital Asset Management and Maintenance (DCAMM) have entered into various financing and construction agreements for various campus projects. The projects are as follows:

O'Keefe Athletic Complex Fields

During fiscal year 2005, the University entered into an agreement with the MSCBA to initiate a construction project to upgrade the University's athletic field at the O'Keefe Athletic Complex. The scope of the services provided by MSCBA included planning and design as well as project management and construction. The project was completed during fiscal year 2006. The source of financing for the project is based on the issuance of Project Revenue Bonds issued by MSCBA on behalf of the University (Series 2005A via First Albany Capital, Public Finance). Through its agreement with MSCBA, the University has an agreement to re-pay this debt in semi-annual installments, which started June 30, 2005 and ends June 30, 2025, at an annual variable coupon rate averaging approximately 4.25%.

Central Campus Athletic Field and Tennis Court

During fiscal year 2006, the MSCBA issued Project 2006A bonds to support a project for the construction of a multi-purpose athletic field and tennis courts on the Central Campus of the University. The University has an agreement with the MSCBA to re-pay this debt in semi-annual installments, which started May 1, 2006 and ends May 1, 2026, as an annual coupon rate of approximately 4.26%.

Clean Renewable Energy Initiatives

During fiscal year 2008 the MDFA issued Clean Renewable Energy Bonds totaling \$214,500 on behalf of the University. The proceeds from this issue were used to install solar panels on various buildings on campus. Through its agreement with MDFA, the University agreed to re-pay this interest free debt with annual 'principal only' installments of \$14,300. The term of the issue is from December 31, 2007 to December 31, 2020. No interest is imputed on this debt due to lack of materiality.

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 10 - **Long-Term Liabilities - Continued**

Bonds Payable - Continued

Clean Renewable Energy Initiatives - Continued

In September 2010, the Commonwealth of Massachusetts issued Clean Renewable Energy Bonds (CREBS) at 3.5%. From this bond issue the University received \$289,995 for the purpose of acquiring and installing solar panels on the O'Keefe Center. The University makes semi-annual payments of interest and principal through the Commonwealth's payment and accounting system MMARS. The bond holder is Century Bank. The term of the bond extends to May 2027.

Harold E. and Marilyn J. Gassett Fitness & Recreation Center at the O'Keefe Athletic Complex

In January of 2012, the MSCBA issued 2012A Project Bonds. The University was allotted \$16,028,603 for the construction of a Fitness Center as part of the O'Keefe Athletic Complex. The University's portion of this issue consisted of principal of \$14,230,000 with a premium of \$1,798,603. The term of this debt extends to June 30, 2036 with a true interest cost (TIC) of 3.94%.

With this issue, the 2005 and 2006 bond issues were refinanced at the lower TIC. This resulted in lower interest payments on both the 2005 and 2006 bond issues starting with the MSCBA 2012 spring assessment until the respective maturity date of each bond. The Debt Service Reserve for the 2005 bond was also reduced by approximately \$159,000 leaving a balance of \$88,612. A Debt Service Reserve remains for the 2006 bond in the amount of \$247,737, which is unchanged from fiscal year 2012.

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 10 - Long-Term Liabilities - Continued

Bonds Payable - Continued

Maturities of the bonds payable subsequent to June 30, 2013 are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 765,093	\$ 899,925	\$ 1,665,018
2015	795,093	869,979	1,665,072
2016	825,093	837,472	1,662,565
2017	860,093	803,100	1,663,193
2018	895,093	751,818	1,646,911
2019-2023	4,990,465	3,208,554	8,199,019
2024-2028	4,737,767	1,858,332	6,596,099
2029-2033	4,291,902	1,309,750	5,601,652
2034-2036	3,105,843	257,125	3,362,968
Total	\$ <u>21,266,442</u>	\$ <u>10,796,055</u>	\$ <u>32,062,497</u>

Component Entities

Capital debt for the Assistance Corporation at June 30, 2013, consisted of:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Current</u> <u>Portion</u>
Term Loan	\$ <u>1,101,222</u>	\$ <u>1,261,056</u>	\$ <u>1,101,222</u>	\$ <u>1,261,056</u>	\$ <u>30,354</u>

Capital debt for the Assistance Corporation at June 30, 2012, consisted of:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Current</u> <u>Portion</u>
Term Loan	\$ <u>1,141,438</u>	\$ _____	\$ <u>40,216</u>	\$ <u>1,101,222</u>	\$ <u>43,842</u>

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 10 - Long-Term Liabilities - Continued

Component Entities - Continued

During the year ended June 30, 2013, the Assistance Corporation paid off its outstanding debt with the proceeds of a mortgage loan from another financial institution. The loan is a five year adjustable rate mortgage loan due October 2022 with a 25 year amortization. Under the terms of this loan, the Assistance Corporation borrowed \$1,261,056 to pay off its existing loan which had financed the expansion of available rental space. The terms of the loan require interest only through September 2013; payments in the amount of \$6,856, including principal and interest at 3.95% are due monthly through August 2017 at which time the interest rate will be adjusted to 4.625% for the remainder of the term. A final balloon payment representing the outstanding balance is due in September 2022. The loan is secured by a mortgage on real estate owned by the Assistance Corporation.

The annual debt service requirements to maturity for the capital debt are as follows:

<u>Years Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 30,354	\$ 45,165
2015	34,389	47,944
2016	35,773	46,611
2017	37,212	45,172
2018	31,084	51,301
Thereafter	<u>1,092,244</u>	<u>193,001</u>
Total	<u>\$ 1,261,056</u>	<u>\$ 429,194</u>

On August 26, 2010, HEFA issued Revenue Bonds, Salem State University Assistance Corporation Issue, Series 2010A bearing interest at 3.26% with a maturity date of September 15, 2020 in the amount \$4,700,000. HEFA sold the bonds to TD Bank and loaned the proceeds to the Assistance Corporation. The loan proceeds were used to acquire additional rental property for approximately \$4,500,000 and to pay for associated financial and closing costs.

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 10 - Long-Term Liabilities - Continued

Component Entities - Continued

The annual debt service requirements to maturity for the bond liability are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 283,313	\$ 115,212
2015	292,689	105,837
2016	302,374	96,151
2017	312,380	86,145
2018	322,117	75,808
2019-2021	1,995,699	130,983
	<u>\$ 3,509,172</u>	<u>\$ 610,136</u>

Bond liability for the Assistance Corporation at June 30, 2013 consisted of:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Balance</u>
Bond Liability	\$ <u>3,937,445</u>	\$ <u> -</u>	\$ <u>428,273</u>	\$ <u>3,509,172</u>	\$ <u>283,313</u>

Bond liability for the Assistance Corporation at June 30, 2012 consisted of:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Balance</u>
Bond Liability	\$ <u>4,351,455</u>	\$ <u> -</u>	\$ <u>414,010</u>	\$ <u>3,937,445</u>	\$ <u>274,238</u>

Note 11 - Deferred Inflows of Resources

Deferred inflows of resources include contributions made by certain vendors. The University's food service operations are managed under agreement by an outside party. In accordance with an agreement and subsequent amendments, induced by additional facilities to be constructed for the University, the vendor has made several contributions over the period from January 2002 through January 2013 totaling \$3,630,000. The term of the agreement was extended until 2022 and the amortization

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 11 - Deferred Inflows of Resources - Continued

tables were adjusted accordingly. Either party may terminate this agreement at any time, without cause, by providing sixty days written notice. In the event of termination, the unamortized portion is to be returned. At June 30, 2013 and 2012, the unamortized portion of these contributions approximated \$832,000 and \$960,000, respectively. Amounts received from other vendors at June 30, 2013 and 2012 approximated \$87,000 and \$136,000, respectively and are included in deferred inflows of resources.

Note 12 - Rental Income

The Assistance Corporation has long-term operating leases with lessees. Minimum future rentals under the non-cancellable operating leases subsequent to June 30, 2013 are as follows:

<u>Years Ending</u> <u>June 30,</u>	<u>Amount</u>
2014	\$ 869,463
2015	625,352
2016	553,718
2017	552,000
2018	552,000
Thereafter	<u>1,219,000</u>
Total	<u>\$ 4,371,533</u>

One of the lease agreements is with the University who during both fiscal years 2013 and 2012 paid \$552,000 as base rent for the lease, which commenced August 1, 2010. The base rent is paid directly to TD Bank and is applied to the debt service due under the acquisition loan from HEFA. The base rent in the first year was in excess of such debt service. In subsequent years, the base rent under lease is equal to the debt service due under the acquisition loan, provided that the University, at its sole option, has the right to pay additional base rent in order to reduce the principal balance of the HEFA loan.

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 13 - Operating Leases

The University leases property at 265 and 285 Canal Street and 70 Loring Avenue (the former location of Weir Valve and Control, Inc.) from the Assistance Corporation, property at 57 Loring Avenue, and equipment under operating leases, expiring in 2021. Future minimum payments related to these leases are as follows:

<u>Years Ending</u> <u>June 30,</u>	<u>Amount</u>
2014	\$ 1,232,918
2015	953,206
2016	881,572
2017	879,854
2018	607,970
Thereafter	<u>1,219,000</u>
Total	\$ <u>5,774,520</u>

Note 14 - Restricted Net Position

The University is the recipient of funds that are subject to various external constraints upon their use, either as to purpose or time. These funds are comprised of the following at June 30:

	<u>2013</u>	<u>2012</u>
Restricted - nonexpendable:		
Scholarships and fellowships	\$ <u>570,758</u>	\$ <u>509,507</u>
Restricted - expendable:		
Scholarships and fellowships	\$ 54,459	\$ 7,044
Research	523,500	523,500
Loans	463,312	454,344
Capital projects	5,645	5,645
Other	<u>2,626,603</u>	<u>2,450,438</u>
	\$ <u>3,673,519</u>	\$ <u>3,440,971</u>

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 14 - **Restricted Net Position - Continued**

The Foundation's restricted - nonexpendable and expendable net position consist of investments to be utilized for various scholarships and program support.

Note 15 - **Cash Flow Information**

Cash and equivalents are comprised of the following at June 30:

	<u>2013</u>	<u>2012</u>
Cash and equivalents	\$ 19,234,077	\$ 13,892,125
Restricted cash and equivalents	5,166,953	9,887,126
Deposits held by State Treasurer	3,517,158	4,463,429
Cash held by State Treasurer	1,954,054	1,366,155
Deposits held by MSCBA	<u>3,032,909</u>	<u>13,800,136</u>
 Total	 \$ <u>32,905,151</u>	 \$ <u>43,408,971</u>

The following summarizes non-cash transactions for the years ended June 30:

	<u>2013</u>	<u>2012</u>
Fringe benefits provided by the State	\$ <u>10,076,826</u>	\$ <u>10,960,681</u>
Acquisition of capital assets through DCAMM	<u>\$ 24,659,774</u>	<u>\$ 20,582,245</u>

Note 16 - **Commitments and Contingencies**

The University is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the Commonwealth is self-insured.

Various lawsuits are pending or threatened against the University which arise in the ordinary course of operations. In the opinion of management, no litigation is now pending, or threatened which would materially affect the University's financial position.

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 16 - **Commitments and Contingencies - Continued**

The University receives significant financial assistance from Federal and State agencies in the form of grants. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit. Any disallowed expenditure resulting from such audits become a liability of the University. In the opinion of management, such adjustments, if any, are not expected to materially affect the financial condition of the University.

The University participates in the Massachusetts College Savings Prepaid Tuition Program (the "Program"). This Program allows individuals to pay in advance for the future tuition at the cost of tuition at the time of election to participate, increased by changes in the Consumer Price Index plus 2%. The University is obligated to accept as payment of tuition the amount determined by this Program without regard to standard tuition rate in effect at the time of the individual's enrollment at the University. The effect of the program cannot be determined as it is contingent on future tuition increases and the Program participants who attend the University.

The U.S. Environmental Protection Agency (EPA) notified the University in August 1998 that it is a potential responsible party with respect to environmental impacts resulting from contaminated soil upon the removal of underground oil tanks in 1991. The EPA has not closed out their investigation. During fiscal years 2013 and 2012, the University paid no remediation costs and received no communication from Federal or State agencies. In the opinion of management, such adjustments, if any, are not expected to materially affect the financial condition of the University.

Note 17 - **Operating Expenses**

The University's operating expenses, on a natural classification basis, are comprised of the following at June 30:

	<u>2013</u>	<u>2012</u>
Compensation and benefits	\$ 96,550,205	\$ 94,069,281
Supplies and services	29,332,721	30,290,141
Utilities	3,447,798	3,354,889
Depreciation and amortization	5,003,990	4,566,292
Scholarships and fellowship	<u>5,726,894</u>	<u>5,416,160</u>
Total	\$ <u>140,061,608</u>	\$ <u>137,696,763</u>

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 18 - **Retirement Plan**

The University participates in the Commonwealth's Fringe Benefit programs, including active employee and post-employment health insurance, unemployment, pension, and worker's compensation benefits. Health insurance and pension costs for active employees and retirees are paid through a fringe benefit rate charged to the University by the Commonwealth and currently the liability is borne by the Commonwealth, as are any effects on net assets and the results of current year operations, due to the adoption of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions.

The Commonwealth of Massachusetts is statutorily responsible for the pension benefit of the university employees who participate in the Massachusetts State Employees' Retirement System (the "Retirement System"). The Retirement System, a single employer defined benefit public employee retirement system, is administered by the Commonwealth. The retirement portion of employees paid through State Appropriation accounts are met by the Commonwealth. Such 'pension expense' amounted to \$2,536,699 and \$2,340,050 for the years ended June 30, 2013 and 2012, respectively.

The University also makes direct contributions on behalf of employees who were paid by funds other than state appropriations at the same fringe benefit charge assessed by the Commonwealth. Retirement benefits paid directly to the Commonwealth by the University on behalf of employees amounted to \$1,511,399 and \$2,139,725 for the years ended June 30, 2013 and 2012, respectively. Employees also contribute a percentage of their regular compensation to fund the annuity portion of the Retirement System.

The overall 'fringe benefit charge' decreased from 34.92% in 2012 to 27.27% in 2013 including 1.94% and 1.29% in payroll taxes, respectively. The retirement portion of the 'fringe benefit charge' decreased from 8.98% in 2012 to 6.76% in 2013.

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 18 - **Retirement Plan - Continued**

In addition to providing pension benefits, under Chapter 32A of the Massachusetts General Laws, the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth, housing authorities, redevelopment authorities, and certain other governmental agencies. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care benefit costs which is comparable to contributions required from employees. The Commonwealth is reimbursed for the cost of benefits to retirees of the eligible authorities and non-state agencies.

The Group Insurance Commission (GIC) was established by the Legislature in 1955 to provide and administer health insurance and other benefits to the Commonwealth's employees and retirees, and their dependents and survivors. The GIC also covers housing and redevelopment authorities personnel, participating municipalities, and retired municipal employees and teacher in certain governmental units.

Health coverage options include an Indemnity plan, Preferred Provider-type Organizations (PPO), an Exclusive Provider Organization (EPO), and multiple HMO plans. The GIC also manages basic and optional life insurance coverage. As part of its UniCare State indemnity and active employee Tufts Health plans, it manages mental health/substance abuse benefits and also manages pharmacy benefits for the indemnity plans. For active State employees only, the GIC offers a long-term disability (LTD) program, two pre-tax employee programs – Health Care Spending Account (HCSA and Dependent Care Assistance Program (DCAP), and for managers, legislators, legislative staff and certain Executive Office staff, a dental/vision plan. The GIC also offers a discount vision and a dental plan for Commonwealth retirees.

As of June 30, 2013, the University had paid or accrued for all amounts charged to it through the Commonwealth's fringe benefit recovery program.

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 19 - **Massachusetts Management Accounting and Reporting System**

Section 15C of Chapter 15A of the Massachusetts General Laws requires Commonwealth Colleges and Universities to report activity of campus-based funds to the Comptroller of the Commonwealth on the Commonwealth's Statewide Accounting System, Massachusetts Management Accounting and Reporting System (MMARS), using the statutory basis of accounting. The statutory basis of accounting is a modified accrual basis of accounting and differs from the information included in these financial statements. The amounts reported on MMARS meet the guidelines of the Comptroller's Guide for Higher Education Audited Financial Statements.

The University's State appropriations are composed of the following at June 30:

	<u>2013</u>	<u>2012</u>
Direct unrestricted appropriations	\$ 37,349,093	\$ 35,619,833
Add:		
Fringe benefits for benefited employees on the state payroll	10,076,826	10,960,681
Less:		
Day school tuition remitted to the state and included in tuition and fee revenue	<u>(511,398)</u>	<u>(923,449)</u>
 Total unrestricted appropriations	 \$ <u>46,914,521</u>	 \$ <u>45,657,065</u>

A reconciliation between the University and MMARS fund 901 activity as of June 30, 2013 is as follows (unaudited):

Revenue per MMARS	\$ 96,166,778
Revenue per University	<u>96,166,778</u>
 Difference	 \$ <u> </u>

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 19 - **Massachusetts Management Accounting and Reporting System - Continued**

During the year ending June 30, 2010, the University received American Recovery and Reinvestment Act (ARRA) funds through the Commonwealth of Massachusetts Department of Higher Education allocated over a two year period for 'Educational Stabilization'. This award totaled \$11,375,798. During the year ended June 30, 2011, the University received an additional award of Federal Stimulus funds totaling \$2,898,999. These funds are expended, managed and reported on MMARS. At June 30, 2012, the University had fully expended both awards towards operations and various infrastructure projects. Revenue associated with these awards appears in the Statement of Revenue and Expenses and Changes in Net Assets as a discrete item listed as a Federal Awards. The terms for both awards ended as of September 30, 2011.

During the year ended June 30, 2010, the University received a National Science Foundation (NSF) grant. This grant was also expended, managed and reported on MMARS. Per the NSF funding originates from American Recovery and Reinvestment Act (ARRA) funds. While these funds are expended, managed and reported on MMARS, they are sub-granted to another educational institution. At June 30, 2012, the University had sub-granted and recorded expenditures for the full amount of the two year award of \$299,733. Activity for the grant is included in the statements of the University with Federal grant activity.

Note 20 - **Pass Through Student Federal Loans**

The University distributed sums of approximately \$42,410,000 and \$42,071,000 for the years ended June 30, 2013 and 2012, respectively, for student loans through the William D. Ford Federal Direct Lending Program. These distributions and related funding sources are not included as revenues and expenses or as cash receipts and cash disbursements in the accompanying financial statements.

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 21 - Massachusetts State College Building Authority (Unaudited)

The Massachusetts State College Building Authority (MSCBA) was created pursuant to Chapter 703 of the Act of 1963 of the Commonwealth as a public instrumentality for the general purpose of providing residence halls and outstanding for use by students of the state universities of the Commonwealth, as well as major construction projects on their campuses. The residence halls are leased from the MSCBA for various periods, with terms allowing 10 year periods.

The University is charged a semi-annual revenue assessment that is based on a certified occupancy report, the current rent schedule, and the design capacity for each of the residence halls, as well as debt service on instruments issued for dormitory and other major construction projects for the university. This revenue assessment is used by MSCBA to pay principal and interest due on its long-term debt obligations. These obligations may include the costs of periodic renovations and improvements to the residence halls, as well as other major construction performed on campus, which has included athletic field construction and repair. The Commonwealth guarantees these obligations.

The portions of the semi-annual Revenue Assessments paid to the MSCBA by the University for residence halls, related maintenance, insurance, other costs, historical pooled obligations, other major renovations and improvements for the University for the years ended June 30, 2013 and 2012 were \$9,399,267 and \$9,263,694, respectively, and are included in the auxiliary enterprise, and institutional support category in the accompanying statements of revenues, expenses and changes in net assets. All facilities and obligations of the MSCBA are included in the financial statements of the MSCBA.

Note 22 - Subsequent Events

In July 2013 the University entered into an agreement with the Division of Capital Assessment Management and Maintenance (DCAMM) and the Massachusetts State College Building Authority (MSCBA) regarding funding for the Mainstage Theatre renovation and modernization project at the University. As part of the terms of this agreement the University delivered \$1,750,000 on August 5, 2013; On or before February 1, 2014, the Foundation, on behalf of the University, will deliver the sum of \$3 million to DCAMM and on or about March 1, 2014, subject to approval and funding of a bond issue by MSCBA, the University will deliver to DCAMM the balance of project funds plus the customary management fee.

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2013 and 2012

Note 22 - **Subsequent Events - Continued**

On September 5, 2013 the University transferred \$676,800 to Massachusetts State College Building Authority (MSCBA) as per the funding requirement for a potential bond issue related to the Public Safety building relocation on Central Campus. The bond is anticipated to be issued in January 2014. On September 5, 2013 the University also transferred \$116,800 in support of a planning and feasibility study of the Weir Property related to relocation of parking facilities. The bond for this project will also be issued in fiscal year 2014.

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SUPPLEMENTAL SCHEDULES

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SALEM STATE UNIVERSITY
 (an agency of the Commonwealth of Massachusetts)

Schedules of Net Assets
Dormitory Trust Fund Report (Unaudited)
June 30,

Assets

	<u>2013</u>	<u>2012</u>
Assets:		
Cash and equivalents	\$ 1,525,635	\$ 1,538,103
Accounts receivable, net	463,792	483,250
Other receivables, net	<u>14,307</u>	<u>7,883</u>
Total Assets	<u>\$ 2,003,734</u>	<u>\$ 2,029,236</u>

Liabilities and Net Assets

Liabilities:		
Accounts payable	\$ 230,028	\$ 59,707
Accrued payroll and fringe benefits	-	147,623
Dormitory deposits	392,326	436,840
Accrued compensated absences	<u>148,907</u>	<u>171,741</u>
Total Liabilities	771,261	815,911
Net Assets	<u>1,232,473</u>	<u>1,213,325</u>
Total Liabilities and Net Assets	<u>\$ 2,003,734</u>	<u>\$ 2,029,236</u>

SALEM STATE UNIVERSITY
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**Schedules of Revenues, Expenses, and Changes in Net Assets -
 Dormitory Trust Fund Report (Unaudited)**

For the Years Ended June 30,

	<u>2013</u>	<u>2012</u>
Revenues:		
Student fees	\$ 14,442,343	\$ 14,081,369
Commissions	46,617	39,468
Rentals	132,698	253,861
Interest	15,000	15,000
Other	<u>1,866</u>	<u>687</u>
Total Revenues	<u>14,638,524</u>	<u>14,390,385</u>
Expenses:		
Regular employee compensation	1,785,937	1,637,988
Regular employee related expenses	701	516
Special employee compensation	503,711	454,072
Pension and insurance related	488,523	564,294
Administrative	23,542	204,257
Facility operational	180,273	161,432
Energy and space rental	1,356,171	1,365,773
Consultant services	13,050	5,543
Operational services	11,869	18,106
Equipment purchase	1,313	20,044
Equipment maintenance	757,074	629,354
Scholarships and fellowships	820,394	735,001
Loans and special payments	8,953,737	8,974,549
Information technology	<u>22,962</u>	<u>22,665</u>
Total Expenses	<u>14,919,257</u>	<u>14,793,594</u>
Excess of Revenues over Expenses	(280,733)	(403,209)
Net Transfers	<u>299,881</u>	<u>458,750</u>
Total Increase in Net Assets	<u>19,148</u>	<u>55,541</u>
Net Assets, Beginning of Year	<u>1,213,325</u>	<u>1,157,784</u>
Net Assets, End of Year	<u>\$ 1,232,473</u>	<u>\$ 1,213,325</u>

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

To the Board of Trustees of
Salem State University
Salem, Massachusetts

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Salem State University (the "University"), which comprise the statements of net position as of June 30, 2013 and 2012, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise Salem State University's basic financial statements and have issued our report thereon dated DATE.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Salem State University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Salem State University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Certified Public Accountants
Braintree, Massachusetts**

DATE

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Attachment C

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

**INDEPENDENT AUDITORS' REPORTS AS
REQUIRED BY OFFICE OF MANAGEMENT AND
BUDGET (OMB) CIRCULAR A-133 AND
GOVERNMENT AUDITING STANDARDS AND
RELATED INFORMATION**

JUNE 30, 2013

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

**Independent Auditors' Reports as Required by Office of Management and
Budget (OMB) Circular A-133 and *Government Auditing Standards* and
Related Information**

June 30, 2013

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Trustees of
Salem State University
Salem, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited Salem State University's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Salem State University's major Federal programs for the year ended June 30, 2013. Salem State University's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Salem State University's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Salem State University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of Salem State University's compliance.

Opinion on Each Major Federal Program

In our opinion, Salem State University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Finding 2013-001. Our opinion on each major Federal program is not modified with respect to these matters.

Salem State University's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Salem State University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Salem State University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Salem State University's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Salem State University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We

did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items Finding 2013-001, that we consider to be a significant deficiency.

Salem State University's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Salem State University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of Salem State University as of and for the year ended June 30, 2013, and have issued our report thereon dated DATE, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of Federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization* and not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Certified Public Accountants
Braintree, Massachusetts**

DATE

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
Salem State University
Salem, Massachusetts

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Salem State University (the "University"), which comprise the statements of net position as of June 30, 2013 and 2012, the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise Salem State University's basic financial statements and have issued our report thereon dated DATE.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Salem State University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Salem State University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Certified Public Accountants
Braintree, Massachusetts**

DATE

DRAFT

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedule of Current Year Findings and Questioned Costs

June 30, 2013

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported

Noncompliance material to the financial statements noted? No

Federal Award

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes

Type of auditors' report issued on compliance For major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedule of Current Year Findings and Questioned Costs - Continued

June 30, 2013

Major programs of Salem State University include:

<u>Program Title</u>	<u>CFDA Number</u>
Student Financial Assistance Cluster:	
Federal Supplemental Education Opportunity Grant Program	84.007
Federal Work Study Program	84.033
Federal Pell Grant Program	84.063
Federal Direct Student Loans (Note 2)	84.268
Teacher Education Assistance for College and Higher Education	84.379
Nursing Student Loan Program	93.364
TRIO Cluster	
Student Support Services	84.042A
Upward Bound	84.047A
Small Business Development Center	59.037

The dollar threshold to distinguish between Type A and Type B programs is \$300,000.

The Office of Management and Budget (OMB) has minimum requirements for a recipient of Federal funds to be considered a low-risk auditee. The University does not qualify as a low-risk auditee because the University's Schedule of Federal Expenditures of Federal Awards has not been subjected to the Single Audit in the prior two years.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedule of Current Year Findings and Questioned Costs - Continued

June 30, 2013

Finding number: 2013-001
Federal agency: U.S. Department of Education
Programs: Federal Work Study Program
CFDA #'s: 84.033
Award year: 2013

Condition

The Commonwealth of Massachusetts mandates that all University employees be paid through the state payroll system. The state payroll runs Sunday to Saturday, and all payroll information must be entered into the state payroll system by the following Monday.

Timesheets for students who work on Friday or Saturday were signed off by the student and the student's supervisor prior to the last day of the work week.

Criteria

According to 34 C.F.R. Section 675.19(b)

An institution must also establish and maintain program and fiscal records that: (i) include a certification by the student's supervisor, an official of the institution or off-campus agency that each student has worked and earned that amount being paid. The certification must include or be supported by, for students paid on an hourly basis, a time record showing the hours each student worked in clock time sequence, or the total hours worked per day.

Cause/Effect

The University's policy for "Reporting Time for College Work Study Employees" states that, "Completed time sheets must be submitted to the Financial Services office no later than 10 am on Friday of the current week." This policy was instituted to meet the timeframes of the state payroll system.

Recommendation

As discussed in management's response, management has instituted internal controls regarding this finding as of July 1, 2013. We recommend that management of the University ensure that the mitigating internal controls are working as intended.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedule of Current Year Findings and Questioned Costs - Continued

June 30, 2013

Questioned Costs

Unknown

Views of Responsible Officials

In the prior year A-133 audit report dated October 10, 2012, a recommendation was made by the audit firm of O'Connor and Drew and adopted by the University to "develop mitigating internal controls" as they relate to the student payroll time reporting schedule and mechanism. After this report was issued the administration went through a thorough review of Commonwealth and University policies and procedures. Initially it was anticipated that this issue would best be handled by using the Self-Service reporting system developed by the Commonwealth. However, it became apparent that there were shortcomings with this approach and an alternative method was developed internally by the University. Working cooperatively with University staff, a time reporting mechanism was developed, documented, approved and implemented to address the criteria outlined in the prior year finding and in accord with federal regulations on such reporting. Following payroll and departmental staff training sessions, this mechanism was implemented for the fiscal year beginning July 1, 2013 and at this writing is functioning as designed and in line with the prior year audit recommendation.

Contact Person

Joseph F.X. Donovan
Associate Vice President for Finance

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedule of Prior Year Findings and Questioned Costs

June 30, 2013

Finding number: 2012-01
Federal agency: U.S. Department of Education
Programs: Federal Work Study Program
CFDA #'s: 84.033
Award year: 2012

The Commonwealth of Massachusetts mandates that all University employees be paid through the state payroll system. The state payroll runs Sunday to Saturday, and all payroll information must be entered into the state payroll system by the following Monday.

Students' timesheets who either work on Friday or Saturday were signed off by the student and the student's supervisor prior to the last day of the work week.

Auditor's Current Year Comment

This finding was not corrected. See finding 2013-001 for more information and correction action plan.

Finding number: 2012-2
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #'s: Multiple
Award year: 2012

Out of a sample of twenty-five students who had a change in enrollment status, one student's leave of absence was not properly documented. The Federal government requires a student's leave of absence to be evaluated after the student provides the University with a properly documented request that is signed and dated.

The University's "Request for Leave of Absence" form was not properly completed in this situation as the information contained on the form was according to a telephone conversation with the student and not signed or dated by the student.

Auditor's Current Year Comment

Our current year testing revealed no findings in this area.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2013

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>Student Financial Assistance Cluster:</u>		
<i>U.S. Department of Education:</i>		
Federal Supplemental Educational Opportunity Grants	84.007	\$ 408,588
Federal Work-Study Program	84.033	468,806
Federal Pell Grant Program	84.063	10,901,672
Federal Direct Student Loans	84.268	42,410,388
Federal Perkins Loans	84.038	187,578
Teacher Education Assistance for College and Higher Education (TEACH) Grants	84.379	18,573
<i>U.S. Department of Health and Human Services:</i>		
Nursing Student Loans	93.364	<u>207,000</u>
Total Student Financial Assistance Cluster		<u>54,602,605</u>
<u>TRIO Cluster</u>		
<i>U.S. Department of Education:</i>		
Support Services	84.042A	446,048
Upward Bound	84.047A	<u>312,356</u>
Total Trio Cluster		<u>758,404</u>
<u>Non-Cluster</u>		
<i>U.S. National Science Foundation</i>		
Geosciences	47.050	<u>28,721</u>
<i>U.S. Small Business Administration</i>		
Small Business Development Center (Passed through from University of Massachusetts Amherst)	59.037	<u>357,391</u>
<i>U.S. Department of Education:</i>		
English Language Acquisition National Professional Development Program	84.195N	274,385
English Language Acquisition State Grants	84.365	<u>237,649</u>
Total U.S. Department of Education		<u>512,034</u>
<i>U.S. Department of Health and Human Services:</i>		
Child Welfare Research Training or Demonstration	93.648	<u>105,494</u>
Total Expenditures of Federal Awards		<u>\$ 56,364,649</u>

DRAFT

See accompanying notes to schedule of expenditure of Federal awards.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Schedule of Expenditures of Federal Awards

June 30, 2013

Note 1 - **Basis of Presentation**

The accompanying schedule of expenditures of Federal awards (the "Schedule") includes the Federal grant activities of Salem State University (the "University") (an agency of the Commonwealth of Massachusetts) and is presented on the accrual basis of accounting.

For purposes of the Schedule, Federal awards include all grants, contracts, and similar agreements entered into directly between the University, agencies, departments of the Federal government, and all subawards to the University by non-Federal organizations pursuant to Federal grants, contracts, and similar agreements.

Note 2 - **Federal Direct Student Loans Program**

The University disbursed \$42,410,388 of loans under the Federal Direct Student Loans program, which includes Stafford Subsidized and Unsubsidized Loans and Parents' Loans. It is not practical to determine the balances of loans outstanding to students of the University under this program as of June 30, 2013. The University is responsible for the performance of certain administrative duties and, accordingly, these loans are not included in the University's financial statements.

Note 3 - **Federal Perkins and Nursing Student Loan Programs**

During the year ended June 30, 2013, \$187,578 in loans were advanced under the Federal Perkins Loan Program and \$207,000, in loans were advanced under the Nursing Loan Program. As of June 30, 2013 loan balances receivable under the Perkins and Nursing Loan Programs were \$1,556,977 and \$762,511, respectively.

SUBJECT: Institutional Advancement/Marketing & Communications Committee Meeting Report for October 1, 2013

The Institutional Advancement/Marketing & Communications Committee of the Board of Trustees met on Tuesday, October 1, 2013 in room 106 in Enterprise Center on the Central Campus of Salem State University.

Present for the Committee: Mattera (chair), Quiroga (vice chair), Burns, Scott (ex-officio), Meservey, McGurren, Torello and Shahin. Also present and participating: Trustees Davis, Segal and Stringer; Staff: O'Brien and Crouse.

Trustee chair Paul Mattera called the meeting to order at 1:20 pm.

Discussion of Finding from Brand Awareness Study (Attachment)

Mr. Torello discussed the relationship between the campaigns and the understanding of the impact which the branding campaign has on the other two campaigns and how the graduate school and the comprehensive campaign are targeted campaigns with different, but synchronized messaging. Ms. McGurren added that the Institutional Advancement team, particularly assistant vice president Cheryl Crouse, who oversees campaign communications, has been working very closely with Corey Cronin in Marketing and Communications on all comprehensive campaign messaging efforts. Mr. Torello then discussed the research involved in the graduate studies which included a prospective student survey, internal focus groups (ideation) and creative testing, both internal and external. The branding campaign research involved internal focus groups and brand awareness survey, which Mr. Torello said he would share with everyone at the end of the meeting. Ms. McGurren reported the messaging for the comprehensive campaign was derived from discussions with our closest constituents in the feasibility study performed with the help of CCS in 2010. These groups included current and former board members, donors, alumni, business people and other opinion leaders in the region. These outcomes were then added to by the alumni survey. The research gathered from these efforts was key to outlining our goals and funding priorities. After the Board of Trustees and the Foundation Board jointly voted to move forward with the campaign in February 2011, we then sought additional input, again from a wide range of our supporters, by bringing together a task force between March-May 2011 to develop the case for support. The case statement, which Ms. McGurren said she would be sharing later with the Trustees, is a living document that outlines our priorities to seek funding for students, faculty, academic programs, financial aid and the annual fund. The President's Campaign Cabinet, in existence between May 2011 and December 2011, approved the case, prospect list, and launched the leadership and major gift phase of the campaign. Since January 2012, the Campaign Steering Committee has overseen fundraising, development of policies, the work of subcommittees, and an important one being our campus community group. As you may know, more than 70% of our campus community has donated over \$1.2M to make this campaign a success. She said they are invested in helping all of us present Salem State in a positive and unified way so we can attract students, great faculty and private financial support. Mr. Torello

emphasized the fact that all three campaigns support the same position and that their messages are essentially the same, just crafted for the target audience. He reported that the graduate studies campaign was launched in August 2012. We have utilized such media as cable television, radio, online, billboards, print and direct mail. The results of the graduate studies campaign is more than 25,000 visits to “whysalemstate.edu”; increased traffic to our graduate program websites; increased new degree and certificate seeking students; and an increase in overall credit hours. He discussed the next steps which include re-focused media and continued investment (at a reduced level). Mr. Torello then quickly reviewed the timing for the branding campaign. Ideation is completed, as well as the awareness survey. He reported he expects to have the final production of the branding campaign in January with a launch in late January or early February, several months before the public launch of the comprehensive campaign.

Ms. McGurren added that we are planning for the official launch of the public phase of the campaign on Saturday, April 12, 2014. The audience for this event will be top donors, volunteers and prospects. She said she looks forward to sharing a more detailed description of the plans at a future meeting, without showing our entire hand as we want much of what is planned to be a surprise. It will be an event unlike any Salem State has seen. She reported in preparation for the public launch, the IA and M&C teams have been working side by side with several jointly chosen outside vendors on a video that will be premiered at the April 12 event and released to alumni and friends via email the very next day.

In conjunction with many of our colleagues across campus, we are identifying volunteers, faculty, staff and particularly students to be the “face” of the reasons for the support. These are individuals who can tell a compelling story of why to give to the campaign. We also have an RFP out for the development of a campaign website, to be launched on April 13. Campaign materials have been in development and refinement with M&C throughout the silent phase culminating with the development of our 10,000 reasons campaign, which was approved by the Campaign Steering Committee. The materials, which included the executive summary of the case statement, planned giving materials and proposals, are all tools used by the major gift team in our one on one visits. They are printed on demand, which is very cost effective. We also have an app for our iPads which is continuously updated and brought with us on the road. Next spring’s issue of the Salem State, the university’s magazine, will be campaign themed. We will hold it for mailing until we can drop in the text and photos from the April 12 launch. We will also be working with the City of Salem to put up street banners with the 10,000 reasons theme and we’ll be “tagging” things on campus as “reasons” to give.

Trustee Scott inquired about the activities planned for our annual trip to Florida in March. Ms. McGurren reported our trip to Florida is built around the St. Patrick’s Day Parade which will be held on Saturday, March 15. We also will be hosting the Sullivan Society event. Due to the significant work involved with the public launch of the campaign and related costs, we will be limiting the activities being planned in Florida to those two events. Ms. O’Brien reported that Joanne Ricciardiello, who serves as co-chair of our Alumni & Parents Subcommittee of the Campaign Steering Committee, will be actively working to raise awareness and building our constituency in Florida, where she resides.

Naming Opportunities and Gift Recognition Policy (Attachment)

Ms. McGurren reported that the Foundation Board had reviewed the naming opportunities and gift recognition policy at their meeting on September 16 and, although they did not vote, they reviewed the policy and made some recommendations which were highlighted in the policy that was distributed to the board of trustees during the meeting. Ms. McGurren reviewed the highlighted changes and asked for their feedback. Trustee Davis raised the question of who is the representative of the University. It was clarified that the University is represented by the Board of Trustees. There was discussion relative to the level of involvement that the Board of Trustees should have in approving major gifts. Ms. McGurren shared with the Trustees the situation that occurred over the summer when a donor wanted to name a room in the new library and have the naming announced at the actual opening of the new library. The Board would have had to call a special meeting to vote on the naming. There was discussion of the need to be able to expedite naming opportunities. President Meservey also pointed out that naming of any building owned by DCAMM requires the approval of the Board of Higher Education. Trustee Mattera raised the matter of the limit that would be required for Board action and asked if the committee would be comfortable with a \$1M threshold. He then described opportunities from \$100,000 to \$999,999 as being ones that the President with the Board Chair, Vice President of Institutional Advancement and the Chair of the Institutional Advancement, Marketing & Communications Committee could review and decide on such opportunities. It was the sense of the Committee that the draft policy should be amended to reflect that threshold. The Committee agreed that the policy should be amended. With no further changes to be made to the policy, Chair Mattera called for a Motion to recommend that the Board accept the policy.

Upon a Motion duly made by Trustee Burns, seconded by Trustee Quiroga, it was unanimously

VOTED: To recommend that the Board of Trustees accept the Naming Opportunities and Gift Recognition Policy as presented in section IV

Trustee Burns expressed some concerns about the termination aspect, however, Ms. McGurren shared with the committee language used in an existing naming agreement, and he felt his concerns were lessened.

Campaign Financial Update (Attachment)

Ms. McGurren reported on the status of the campaign. As of August 31, 2013, we have raised \$12,174,999, with a balance to be raised by December 31, 2013 of \$4,346,457. We have 12 pending visits, totaling \$1,558,995; 79 visits to be scheduled, with 4 visits to be scheduled by December 31, 2013, totaling \$7M. The annual fund continues to do well with 82.28% towards our campaign goal for annual fund unrestricted and 87.39% towards our campaign goal for annual fund restricted.

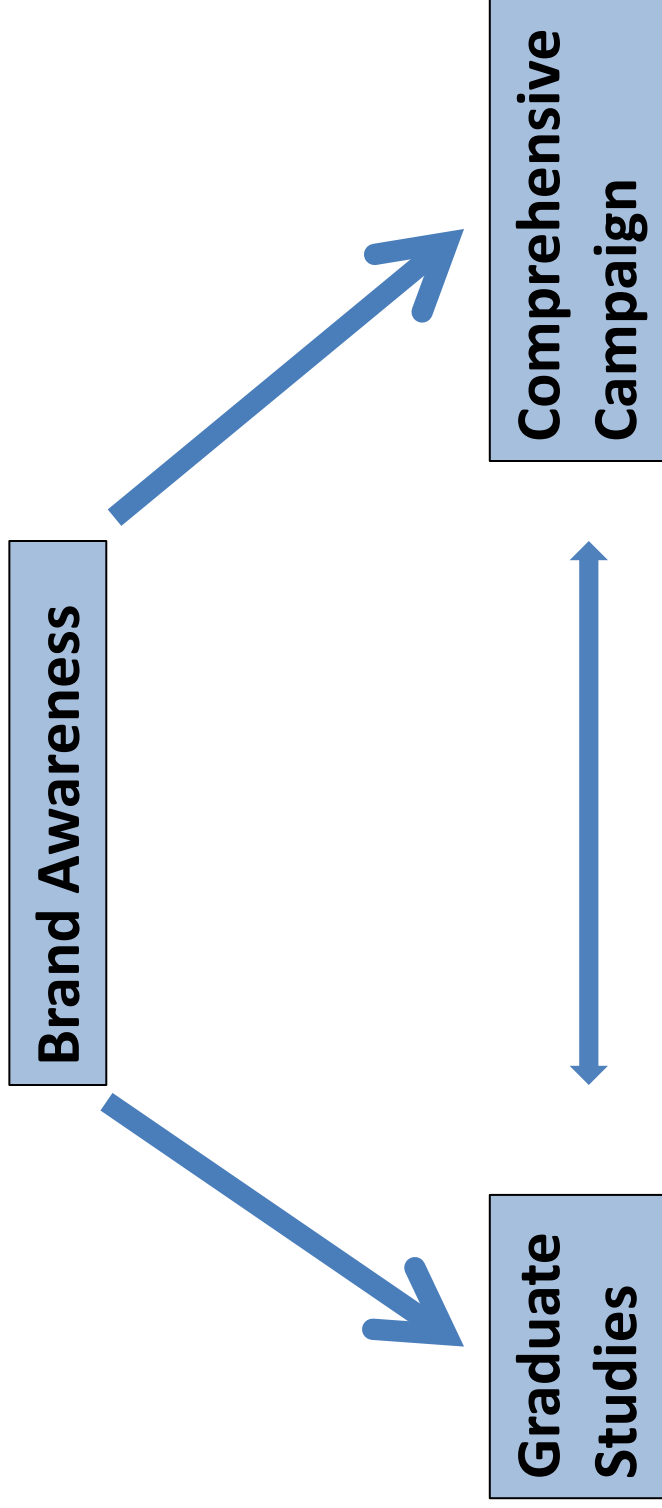
There being no further business to come before the committee and on a motion duly made by Trustee Quiroga and seconded by Trustee Burns, it was unanimously

VOTED: To adjourn the meeting at 2:25 pm.

Prepared by: Diane Shahin, staff assistant, Institutional Advancement

Marketing Salem State

Three Campaigns – One Message



Research

- Graduate studies
 - Prospective student survey
 - Internal focus groups (ideation)
 - Creative testing (internal and external)
- Branding campaign
 - Internal focus groups (ideation)
 - Brand awareness survey
- Comprehensive campaign
 - Campaign planning study (feasibility)
 - Alumni attitude study
 - Case statement task force
 - President's campaign cabinet
 - Campaign steering committee
 - Campus community campaign

Three Campaigns – One Message

	Graduate Studies	Branding	Comprehensive Campaign
Positioning	Salem State University serves the ambitious student. Our students work hard and value their education and we support them with dedicated faculty, real world experience, and a global perspective. We give them the opportunity to pursue their dreams and reach higher than they thought they could.		
Messages	<p>“Reasons”</p> <ul style="list-style-type: none"> - Academic excellence - Attention you deserve - Students who are serious about getting ahead in the world 	<p>“TBD”</p> <ul style="list-style-type: none"> - Academic Excellence - Attentive and supportive faculty - Global perspective - Student who work hard to achieve their dreams - Economic impact 	<p>“10,000 Reasons”</p> <ul style="list-style-type: none"> - Academic excellence - Relationship-based learning - Diverse Experiences. Broad perspectives - Our students work hard, but they need your help - Economic impact
Target Audiences	<ul style="list-style-type: none"> - Prospective Graduate Students 	<ul style="list-style-type: none"> - Prospective students and their families - Alumni - Opinion leaders - General public 	<ul style="list-style-type: none"> - Prospective donors - Alumni - Parents - Friends - Corporations - Foundations

Graduate Studies Campaign

- Launched August 2012
- Media
 - Cable Television (Bravo, Lifetime, Fox, MTV, Discovery, USA, TBS, NFL Network, TLC, ESPN, NESN)
 - Radio (WSKS-FM, WXRV-FM, WBZ-FM)
 - Online (Google adwords, YouTube, Facebook, Pandora, boston.com, bostonherald.com, Careerbuilder)
 - Out-of-home (billboards)
 - Print (Boston magazine)
 - Direct (email)



A top producer of Fulbright Scholars:

ELIZABETH DUCLOS-ORSELLO
Fulbright Scholar



GRADUATE STUDIES

REGISTER TODAY FOR FALL CLASSES — WhySalemState.com

OUR GRADUATE ALUMNI EARN AN \$18,000 SALARY INCREASE AND HAVE LESS THAN \$5,000 IN EDUCATION DEBT.

That's just one of the many great reasons to return to Salem State University for your graduate studies.

At our upcoming Graduate Studies Open House on Saturday, October 13, you'll learn about all the reasons to return to Salem State for graduate degrees and advanced studies. It's only a few days away, but you still have time to register for alumni!

At the Open House, you'll meet some of our Fulbright Scholar faculty members, talk to alumni and current students, and discover why 90% of our graduate students choose to return to Salem State for their graduate studies. Register now, and you'll receive a complimentary meal. Visit WhySalemState.com to explore our graduate programs.

Graduate Studies Open House Saturday, October 13 [Register now!](#)



GRADUATE STUDIES

arts and sciences • business • criminal justice • education • geoinformation science • nursing • occupational therapy • psychology and counseling • social work

CHIEF OF STAFF
Chief of Staff

GALEA CORRETT
Assistant Vice President for Student Services

SARAH DRETSCH
Assistant Vice President for International Education

ELIZABETH DUCLOS-ORSELLO
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BRIT HEDSON
Social Work

FRANK SHEL
Library Instructional and Learning Support

MATTHEW WELLS
Library Instructional and Learning Support

MICHELLE PIERCE
Fulbright Scholar
Historian and Fulbright Senior Specialist

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GALEA CORRETT
Assistant Vice President for Student Services

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Assistant Vice President for International Education

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University Scholar

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BRIT HEDSON
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FRANK SHEL
Library Instructional and Learning Support

MATTHEW WELLS
Library Instructional and Learning Support

MICHELLE PIERCE
Fulbright Scholar
Historian and Fulbright Senior Specialist

WE'RE ONE OF THE TOP PRODUCERS OF FULBRIGHT SCHOLARS IN THE UNITED STATES.

One more reason to choose Salem State University for your graduate studies. Sure, you know of us. But there's probably a lot you don't know about us—like the rather impressive list mentioned above. With such great international experience among our faculty, it's no wonder 90% of our graduate students choose to return to Salem State for their graduate studies. Register now, and you'll receive a complimentary meal. Visit WhySalemState.com to explore our graduate programs. We have plenty. Start applying at WhySalemState.com today.

Attend our registration and information open house on Tuesday, August 26, 4 - 6 pm.

arts and sciences • business • criminal justice • education • geoinformation science • nursing • occupational therapy • psychology and counseling • social work



WHY SALEM STATE GRADUATE PROGRAMS?

Graduates earn an average salary increase \$18,000, and average less than \$5,000 in tuition debt.

Attend an October Grad Event >>>
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Business
Education
Criminal Justice
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More Programs

BUSINESS

WHY SALEM STATE FOR GRADUATE BUSINESS PROGRAMS?

Discover more reasons at our Open House on Saturday, October 13.

[register now](#)

Salem State University

Graduate Studies Campaign

- Results
 - More than 25,000 visits to whysalemstate.com
 - Increased traffic to grad program websites
 - Grad admissions home page, 51% increase in visitors
 - Application page, 21% increase in visitors
 - Program home pages, 10% - 40% increase in visitors
 - Increased new degree and certificate seeking students (5%)
 - Increase in overall credit hours (4%)
- Next Steps
 - Re-focused media
 - Launch was much broader, with TV, radio, outdoor, and online
 - Current media is focused: pay-per-click, online banners, retargeting
 - Refreshing creative
 - Continued investment (at a reduced level)

Branding campaign development

- Ideation - completed
 - Identified core attributes to be focus of messaging
- Awareness survey - completed
 - Baseline to measure impact of marketing
 - Importance and perception of attributes
 - Clear need to build awareness outside of primary market and to move “neutral” perception to “positive”
- Creative partner selection – mid-October
 - RFP in the field
- Creative development – late October – December
- Final production – January
- Launch – Late January, early February

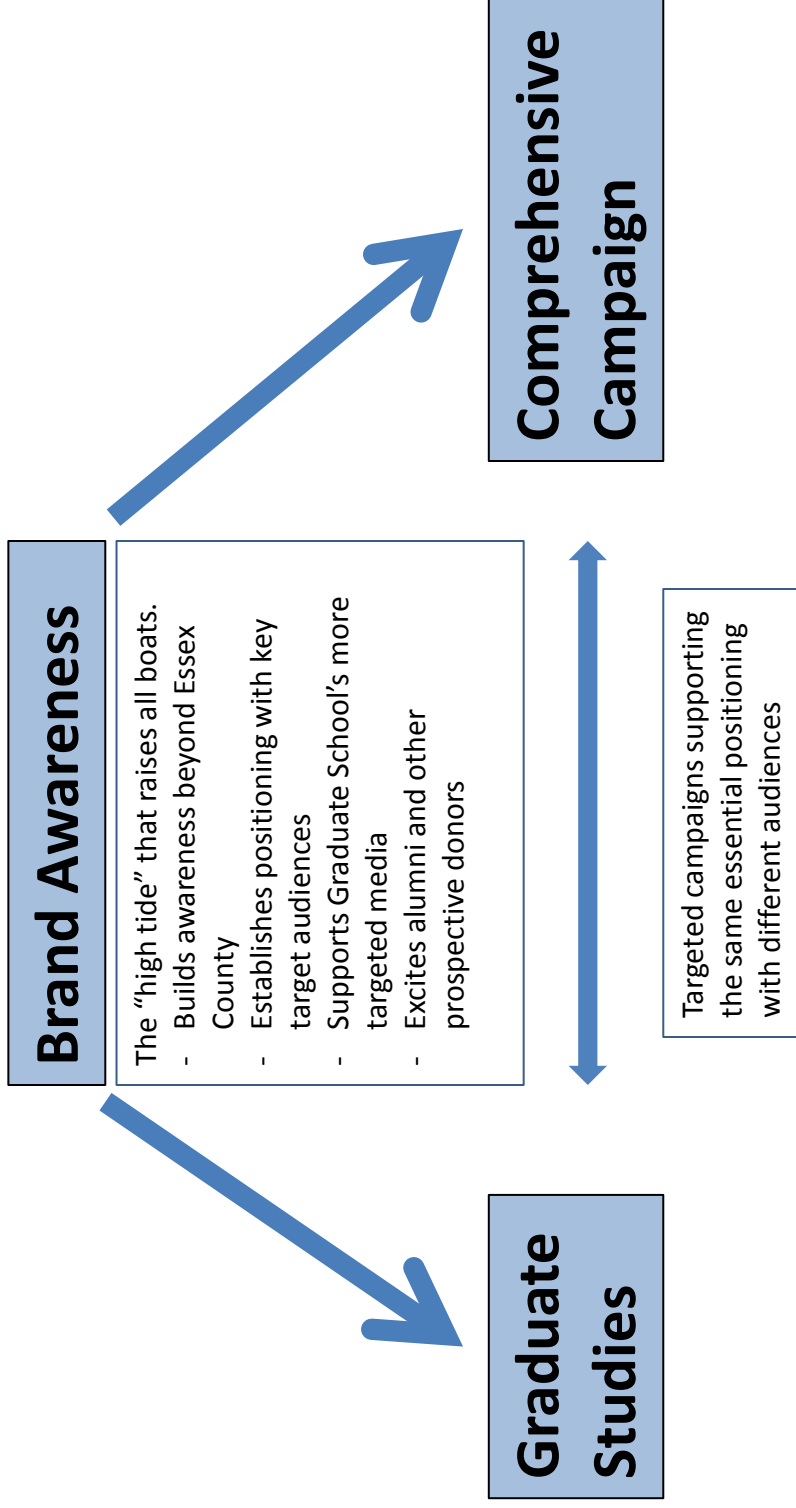
10,000 Reasons Campaign Communications

- **Campaign Launch Event (April 12, 2014)**
 - Official launch of the public phase of the campaign
 - Audience: Top donors, volunteers, and prospects
- **Campaign Video (April 12-13, 2014)**
 - Premiered at launch
 - Sent to alumni and friends via email
 - Imbedded on website with vignettes supporting priorities
- **Campaign website (April 13, 2014)**
 - Messages supporting campaign priorities
 - Tool for donors, prospects, and volunteers
- **Campaign communication material (ongoing)**
 - Messaging platform completed for 10,000 Reasons Campaign
 - Executive summary of our case for support
 - Tools or giving officers, flexible, short-run, up-to-date
 - Campus “reasons” messaging
 - Street banners
 - Collection of “reason” stories
 - Statement
 - Campaign themed issue
 - End of April mailing
- **Public Relations (April 2014 and ongoing)**

10000 REASONS

The Campaign for **SALEM STATE UNIVERSITY**

Three Campaigns – One Message



Benchmark Awareness and Perception Study - Summary

July 2013

Objectives

- Assess brand awareness and perception
- Create a benchmark to measure impact of future branding efforts
- Understand importance of factors identified during ideation session and how they match public perception of SSU
- Identify any issues with specific audiences

Methodology

- 11 minute telephone survey of 500 consumers in late May – early June 2013
- SSU was not identified as sponsor
- No incentive was offered for participation
- Sample included quotas by county based on applications from undergraduate students in each county
- Subgroups – Parents with high school aged children, opinion leaders, and hiring managers

Unaided Awareness

Unaided Awareness Summary

- SSU has strong awareness in Essex County vs. “brand name” schools, but awareness is very low outside of Essex.
- Only other state university that “hits the radar” is Bridgewater.
- Slightly better awareness among parents with high school-aged children
- Strong awareness among opinion leaders*
- Concerning lack of awareness among hiring managers

* Strong representation from healthcare and education sectors

Familiarity and favorability

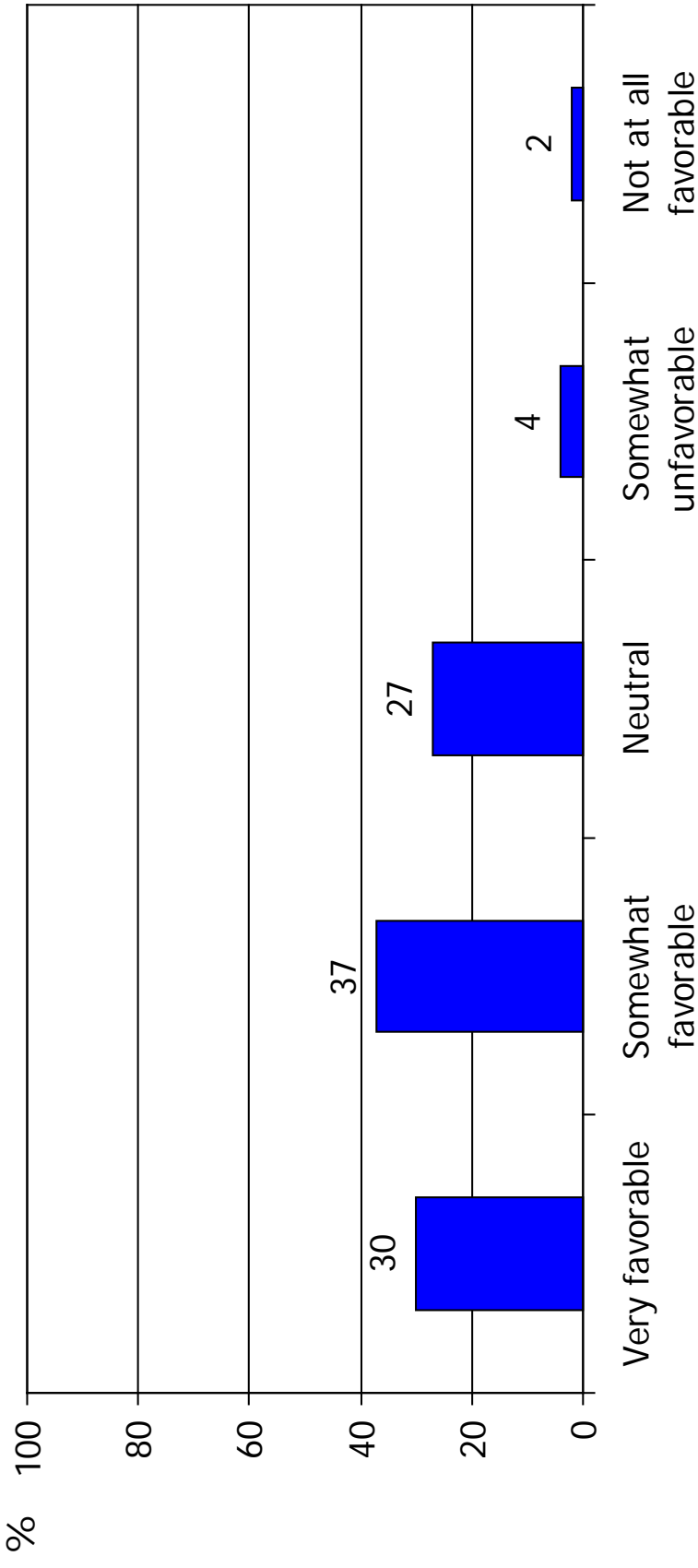
% Very/Somewhat Familiar (asked aided)

	Total Sample	Essex	Middlesex	Suffolk	All other counties
Salem State University	53%	80%	46%	51%	28%
UMass Amherst	64	65	67	65	61
UMass Lowell	52	58	61	43	41
University of New Hampshire	43	48	46	40	35
Suffolk University	43	44	46	62	28
Bridgewater State University	37	25	31	37	58
Merrimack College	36	56	37	23	16
Framingham State University	34	26	41	35	34
Endicott College	34	61	28	28	23
Fitchburg State University	27	24	28	23	31

Base= Total sample N=500; Essex N= 160, Middlesex N=145, Suffolk N=65, All other counties N= 130

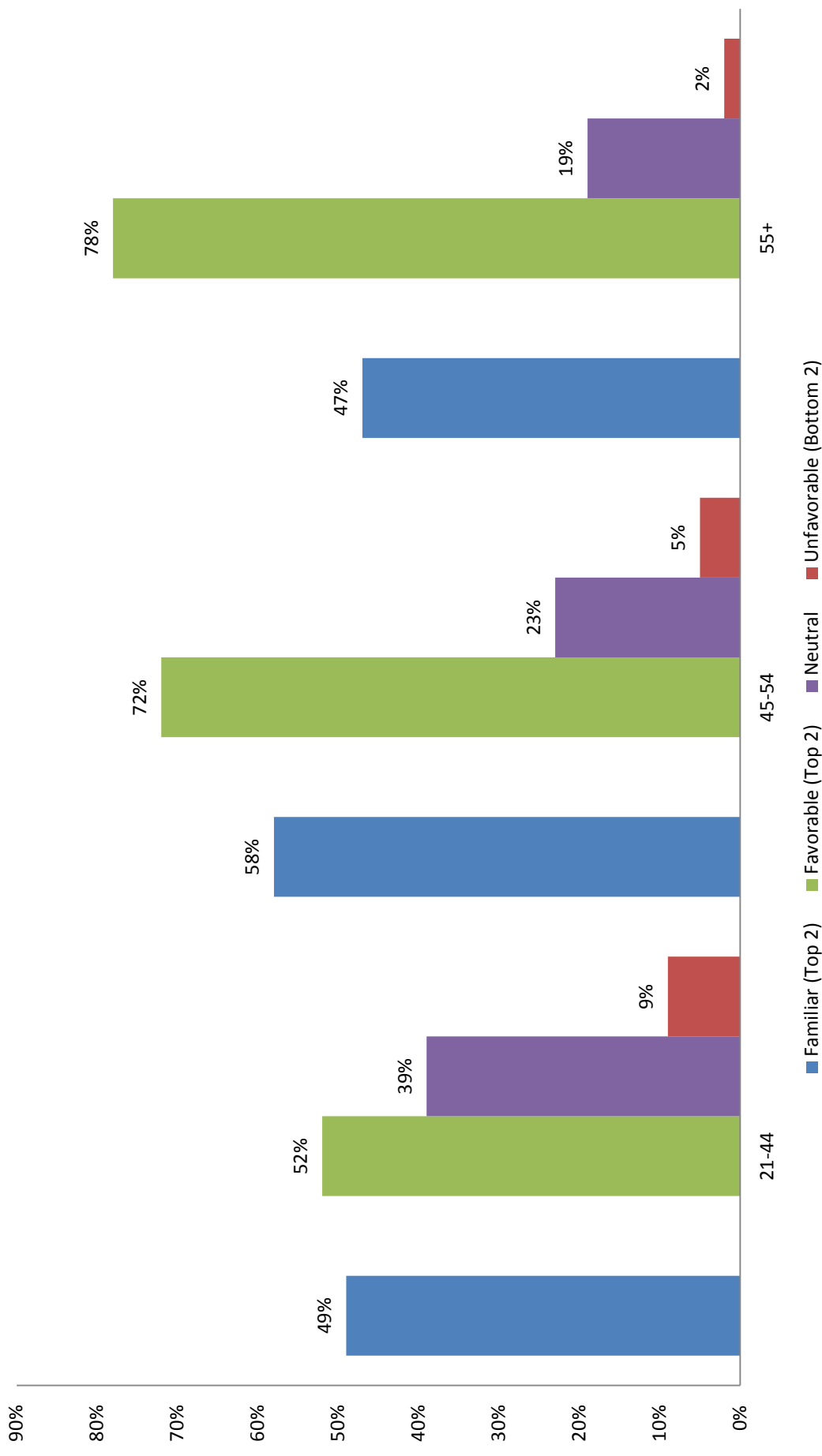
Red=Significantly higher familiarity in that county than overall sample

General Population Impression of Salem State University (5 point scale, 5=very favorable)

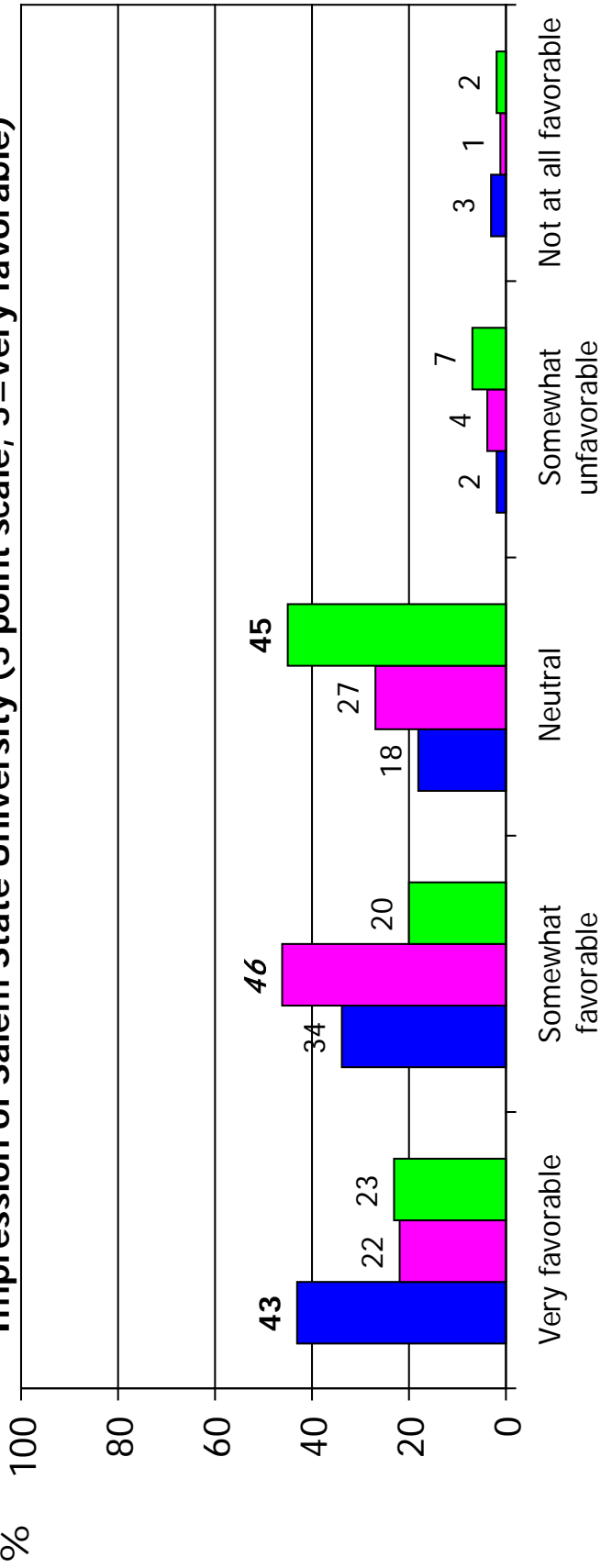


Base=General population, N=500

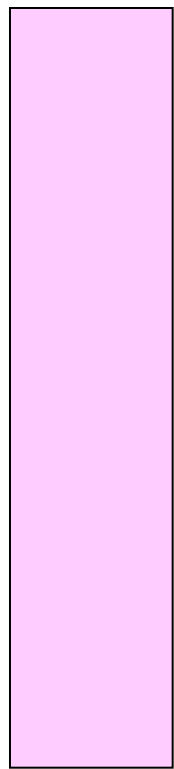
General Population Impression of Salem State University (5 point scale, 5=very favorable)



Impression of Salem State University (5 point scale, 5=very favorable)



■ Self or family attending or attended SSU
 ■ Know someone who attends or attended SSU
 ■ No relationship to SSU



Base=Very/somewhat familiar with SSU; Self or family attending or attended SSU N=95, Know someone who attends or attended SSU N=125, No relationship to SSU N=44

Bold=Significantly higher, 95% confidence
Bold italics Significantly higher than "No relationship to SSU", 95% confidence

Familiarity/favorability summary

- We're holding our own with our competitors
- Similar results among opinion leaders compared to competitors
- Concerning familiar/favorability numbers with younger audiences
- Much stronger favorability among those who know Salem State through personal contact (alumni, family member attended)

Perception

Methodology

- Respondents asked about 8 different attributes
 1. Provides quality education at affordable price
 2. Students take their studies seriously
 3. Is a place that helps students discover and reach full potential
 4. Professors actively mentor students
 5. Professors have work experience and share knowledge with students
 6. Has small classes
 7. Has tightly-knit campus community
 8. Students are from diverse racial and ethnic backgrounds
- Asked about importance of each attribute and how closely it described Salem State and other universities they were familiar with.

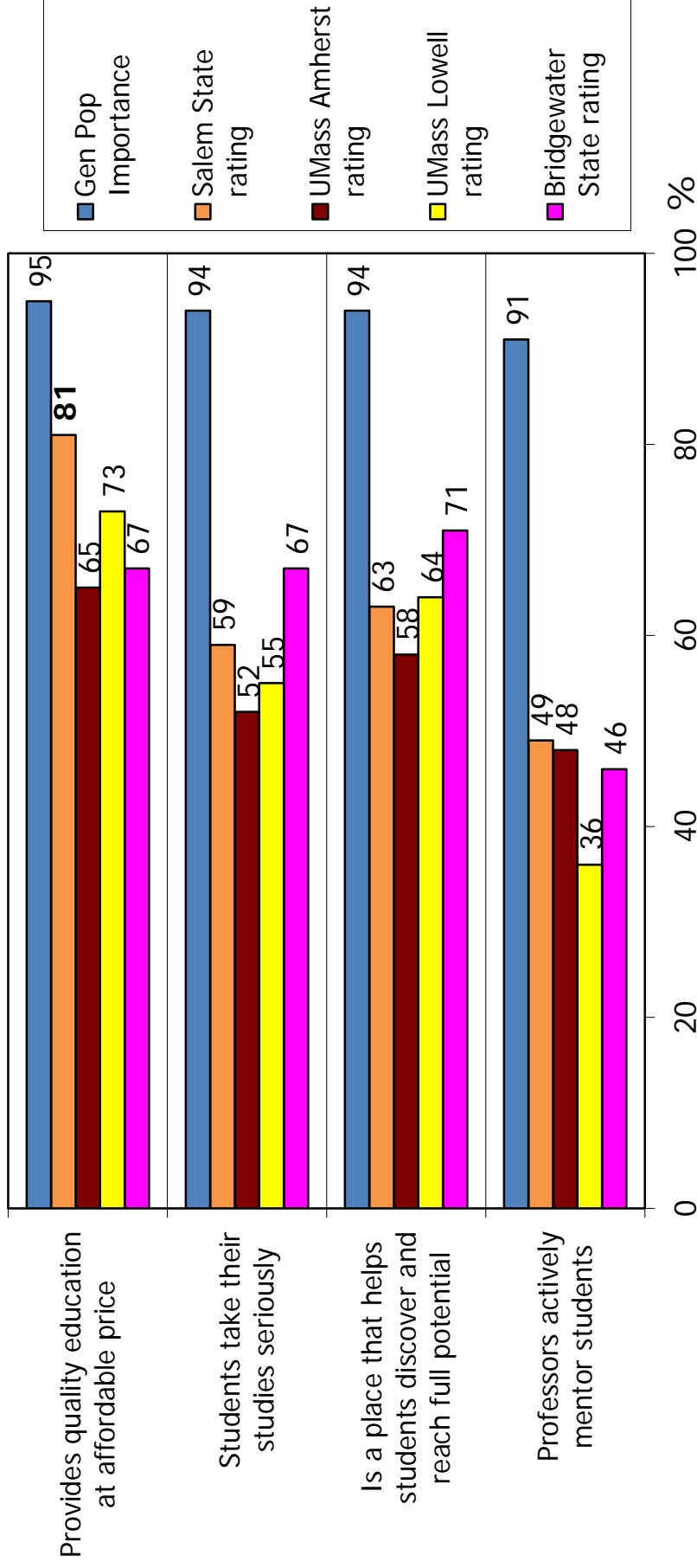
% Very/Somewhat Important (Top 2 Box)

	Total Sample	Parents w/ H.S Children
Provides quality education at an affordable price	95%	95%
Students at institution take their studies seriously	94	95
Is a place that helps students discover and reach their full potential	94	95
Professors actively mentor students	91	96
Professors have work experience in their field and share that knowledge with students	91	90
Has small classes	79	86
Has a tightly-knit campus community	76	82
Students are from diverse racial and ethnic backgrounds	69	75

Base= Total sample N=500; Essex N= 160, Middlesex N=145, Suffolk N=65, All other counties N=130

Importance vs. School Rating, (Top 2 box)

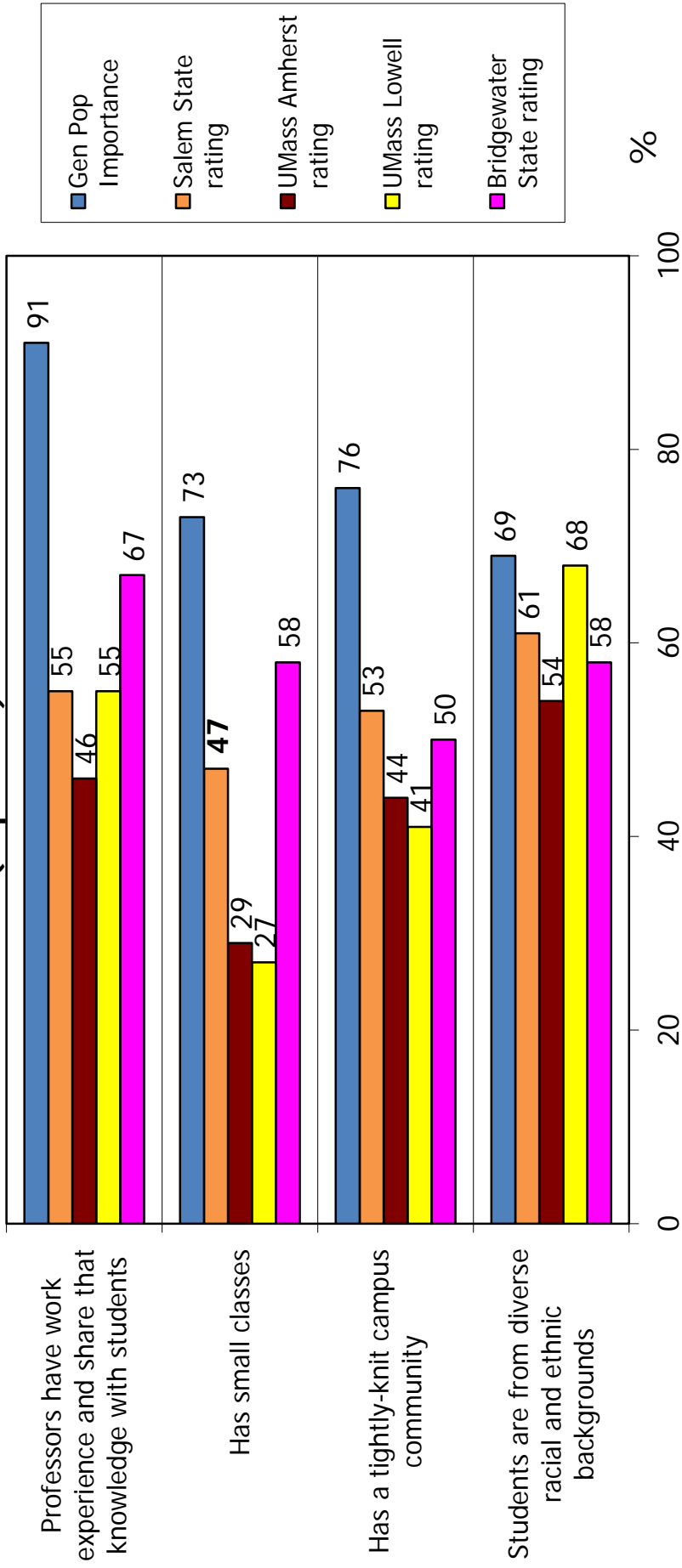
% Rating “Important” and % “Describes School”



Base=General Population N=500; Rated school: Salem State N=264, UMass Amherst N=48, UMass Lowell N=22, Bridgewater State N=24

Bold=Significantly higher than rating for UMass Amherst and Bridgewater State

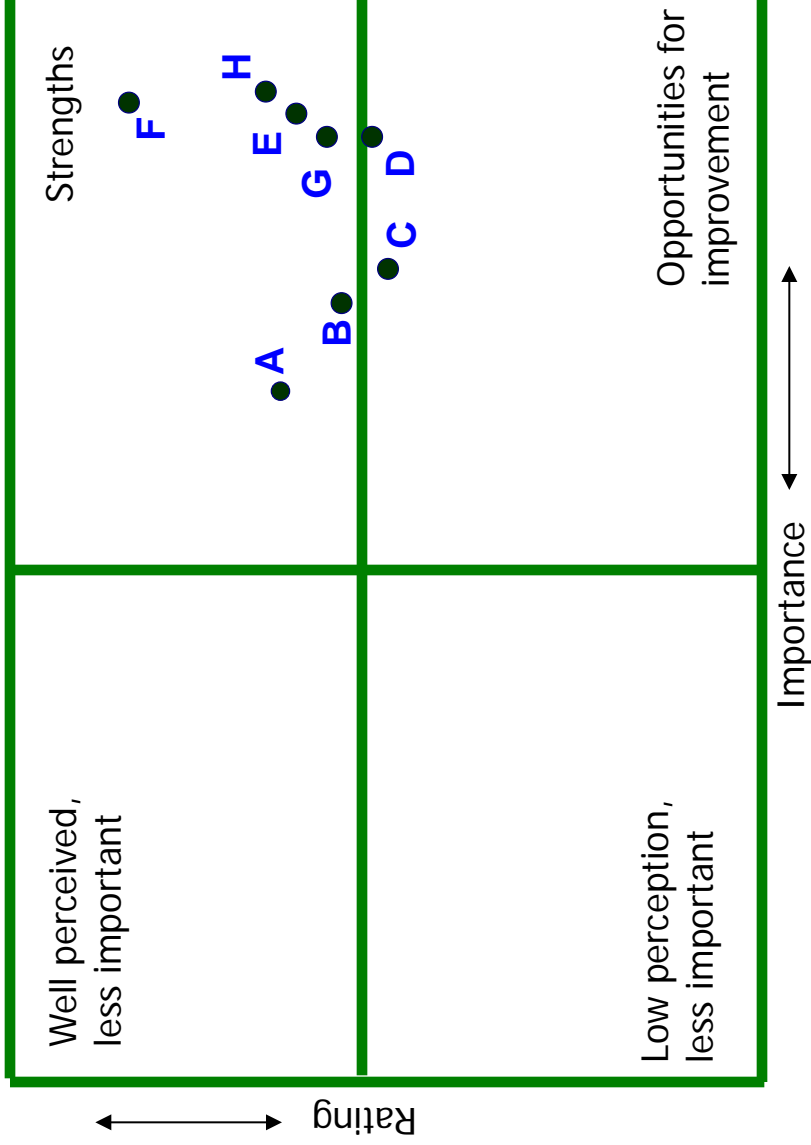
Importance vs. School Rating, (Top 2 box)



Base=General Population N=500; Rated school: Salem State N=264, UMass Amherst N=48, UMass Lowell N=22, Bridgewater State N=24

Bold=Significantly higher than rating for UMass Amherst and UMass Lowell

Importance vs. Attribute Ratings of Salem State



- A. Students are from diverse racial and ethnic backgrounds
- B. Has tightly-knit campus community
- C. Has small classes
- D. Professors actively mentor students
- E. Students at the institution take their studies seriously
- F. Provides a quality education at an affordable price
- G. Professors have work experience in their field and share that knowledge with students
- H. Is a place that helps students discover and reach their full potential

Base=General Population at least somewhat familiar with Salem State N=264. Ratings are % very/somewhat important vs. % closely/somewhat describes Salem State University.

Perception Summary

- **Perceived strengths of Salem State (important, favorable perception):**
 - Provides a quality education at an affordable price
 - Is a place that helps students discover and reach their full potential
 - Students at the institution take their studies seriously
 - Professors have work experience in their field and share that knowledge with students
 - Has a tightly-knit campus community
 - Students are from diverse racial and ethnic backgrounds
- **Perceived opportunities for improvement for Salem State (important, somewhat less favorable perception):**
 - Has small classes (though more so than Umass)
 - Professors actively mentor students
- **Bridgewater’s marketing seems to be having an impact**
- **A major point of differentiation, diversity, is not as important as other factors, however it does move up in importance to parents**

Overall Conclusions

- Need to build awareness outside of Essex County
- Need to drive up familiar/favorable numbers with younger audiences and people who don't have a connection to SSU
- Need to build awareness of strongest internal positives such as “faculty that mentor”
- Need to move people from “neutral” to “favorable”
- Need to invest in the brand image to stay competitive and reach strategic goals

Purpose

The purpose of this policy is to develop university-wide guidelines for gift naming opportunities and service recognition naming opportunities at Salem State University.

I. Introduction

Salem State University and the Salem State University Foundation, Inc., seek private funds to enhance the university's ability to meet the higher education needs of the community, particularly toward a level of excellence that would otherwise not be possible given state funding levels and restraints on student tuition and fees.

The foundation and the university will provide appropriate recognition to donors for their generosity. Recognition may take many forms and this policy seeks to establish guidelines for the naming of facilities, programs and funds.

The opportunity to recognize an individual, a family, a foundation, or a corporation by naming a space on campus or naming a fund is a matter of common practice among the more than 5,000 institutions of higher education in the United States. By naming facilities or academic programs, Salem State University recognizes high scholarly distinction, devotion, distinguished service, or a generous gift.

II. Policies and guidelines

The following are policies and guidelines for the permanent naming of facilities, programs and funds. They are designed to accommodate unpredictable situations and donor expectations while keeping the Salem State mission and policies at the fore in making decisions.

All naming opportunities are negotiable and the Salem State University Foundation recognizes that, notwithstanding this policy, the Board of Trustees of the university retains discretion to make exceptions or alter criteria or conditions as appropriate to the circumstances. There are innumerable ways the university may recognize an individual, a family, a foundation, or a corporation, just as there are many different types of contributions that are made.

General guidelines:

- The naming of any physical facility, campus grounds or academic program is usually only appropriate when a significant contribution has been received.
- Donor recognition does not need to be tied directly to a gift for that specific building or improvement, academic unit or endowment.
- Significant unrestricted gifts can be recognized through naming opportunities.
- MSCBA bonded projects that are supported by student usage fees (residence hall, for example) bear minimal direct cost to the university. Therefore donors who support such projects may make their gifts 'unrestricted' to the university.
- The naming of buildings owned by the Division of Capital Asset Management and Maintenance (DCAMM) may require approval from the Board of Higher Education.
- The merits of naming any physical facility, space, academic program, or endowed fund should be determined by carefully weighing a person's high scholarship, devotion or

distinguished service, and should be able to stand the test of time. Naming opportunities should be valued based on market benchmarks, taking into consideration historical value and location of space.

- The minimum amount required to establish a named endowed fund is \$25,000. This policy, which pertains to scholarship funds and other similar student, faculty and program support funds, was instated on March 26, 2007. Endowment funds with lower levels were established prior to this and are grandfathered as endowed funds.
- Donors may wish to establish a named temporary fund for faculty support, financial aid or other funding priorities. Under such an agreement, the donor commits to providing an annual gift equivalent to the income from an endowment for a fixed period of time, at a minimum of three years.
- All naming requests should support the honoree's or donor's intent to meet the highest values and societal standards.

III. Types of gifts for naming commitments

Any and all combinations of gifts, pledges and irrevocable deferred gift arrangements are acceptable for naming commitments. Gifts made through irrevocable deferred gift types (including, but not limited to charitable gift annuities, deferred pledge agreements or bequests) should generally not be accepted in instances when private funds are needed to pay for current building projects or other programs; accordingly, the donor should be presented with other opportunities. A naming opportunity may, however, be accepted for existing, unnamed opportunities not requiring major remodeling or renovation.

IV. Guidelines for naming physical facilities

- Buildings, campus grounds or other campus facilities will generally not be named for individuals currently employed by the university, unless a donor provides a sufficient gift in honor of that individual.
- When the person to be honored is living and no financial gift is being provided, at least three years should pass since any formal association with Salem State. Such affiliation includes time spent as a student, a compensated member of the faculty or staff, a volunteer board member, or a devoted public servant.
- Naming a building, wing, room, or lecture hall can be difficult, depending on size, age, prestige, location, original cost, etc. Recommendations on naming values are made by the vice president of institutional advancement, or his or her designee, in concert with the president and senior administrators, with ultimate review/approval from the chair of the Board of Trustees and chair of the Institutional Advancement & Marketing and Communications Committee.
 - Facilities, rooms, and grounds built by MSCBA or that are university owned and operated can be named and funds may be directed by the donor or honoree for the benefit of Salem State University.
 - Unscheduled or unplanned facilities that a donor wishes to have constructed will require a 100 percent gift commitment, plus a fully endowed maintenance fund.

V. Guidelines for naming programs

In order to name a center, program or academic unit, the gift should be proportional to the amount of endowment (for example, principal times 4 percent annual payout, in accordance with the foundation's spending policy at the time of this vote) that would be necessary to sustain or propel the program to new heights on a permanent basis. For example, it would require at least \$2.5 million to permanently name a program needing \$125,000 in annual expenditures.

However, if an academic program is being named for someone of unparalleled scholarly distinction, that name should bring great honor as well as "promise" to the program, so that the naming is a value-added act of good will and thoughtfulness, as well as a magnet for additional financial resources.

Opportunities also exist to establish named endowment funds in support of faculty, student or academic priorities.

VI. Approval process for naming of facilities or programs

All permanently named facilities and programs of \$100,000 or greater value should be reviewed and approved by the president of the university, chair of the Board of Trustees and chair of the Institutional Advancement & Marketing and Communications Committee, upon the recommendation of the vice president of institutional advancement in concert with the SSU Foundation, where appropriate, and ultimately subject to the approval requirements listed below. Gifts of \$99,999 or less are recommended by the vice president of institutional advancement to the president for approval.

The executive director of the Salem State University Foundation has the authority to review and approve names of support funds, such as scholarship endowments, on behalf of the foundation.

The following principles shall be fully adhered to in the naming process:

- All proposed names for buildings and other facilities are held confidential during the review and approval process. There should be a minimum of communication about the proposed naming before appropriate approval has been granted.
- The naming of buildings, grounds or endowed funds in recognition of a donor or honoree implies a promise to that donor or honoree that the space, site, facility, endowment fund, and other forms of tangible recognition will be permanently maintained, or, if change is unavoidable, that an alternative location of equal value will be found. See termination of agreement section for further detail on this.
- The university is responsible for maintaining a record of named rooms, buildings, grounds, and other spaces, in addition to endowed funds.

- Naming commitments and, in fact, all major gifts, whether recognized by naming rights or not, are reflections on the ideals and reputation of Salem State University. Accordingly, each gift and naming commitment should be reviewed carefully for full compliance with applicable laws and ethical principles. This is especially true where there is some direct or indirect business or other continuing relationship between the donor and the university, its officers or employees. Any questions about the applicability of state or federal laws on conflicts of interest and other ethical considerations should be referred to appropriate legal counsel.

Steps to follow:

- The donor, either in response to a formal solicitation or of his or her own volition, indicates to a gift officer at the foundation an interest in making a gift of significant value to the university.
- The individuals negotiating on behalf of the university determine the exact nature of the gift intention. Discussions with individual, family, corporate, or other organizational donors who seek naming rights must be conducted with the understanding that the president reserves final approval of naming up to \$100,000 and the chair of the Board of Trustees and chair of the Institutional Advancement & Marketing and Communications Committee reserve approval at the level of \$100,000 to \$999,999, **and the full Board of Trustees will approve all naming opportunities of \$1 million or greater.** Additionally, buildings owned by the Division of Capital Asset Management and Maintenance (DCAMM) may require approval from the Board of Higher Education.
- Once the individuals negotiating on behalf of the university determine the exact nature of the gift intention, and when the gift involves a proposal to name, they then forward the information to the vice president of institutional advancement for review with his/her peers at the university.
- It is the responsibility of the individual(s) negotiating on behalf of the university to advise potential funders that the acceptance of any philanthropic donation which involves a proposal to name is conditional upon approvals at all required levels.
- Upon approval from the vice president of institutional advancement, the naming opportunity and donor will be presented for approval at all required levels.
- Once the naming opportunity is approved at all required levels, a formal gift agreement is executed by the foundation, outlining parameters of the gift in support of the university (as well as the nature of the named recognition).
- Recognition steps are then set in motion, including appropriate media announcements, signage installation, campus ceremonies, etc. (consistent with the wishes of the donor and the level of support he/she is providing). It is important to note that, throughout the review and approval process, the donor's intentions should be held in strict confidence.

- A memo is sent by the vice president of institutional advancement to all senior administrators. The vice president of marketing and communications initiates communication to various news sources so the named gift is marketed as such in all publications and future announcements concerning this newly designated area.
- The Board of Trustees and the foundation board will be advised of naming agreements of \$100,000 or greater.

VII. Timeframe for pledge gifts

Endowed gifts have five years to reach the minimum endowment funding level of \$25,000. For endowment pledges that do not reach the minimum level within the five-year period, the donor or representative of the gift will be consulted to determine the most useful course of action, which may include a pledge extension or the transfer of the fund to the unrestricted endowment fund.

Naming will take place once a minimum of 25% of the pledge is fulfilled. In the event the pledge of cash or deferred gift (including, but not limited to charitable gift annuities, deferred pledge agreements, or bequests), by a donor is not fulfilled in accordance with the signed letter of intent, the university reserves the right to ask the donor(s), or his or her representative, to forfeit the naming opportunity at Salem State University.

VIII. Termination of naming agreement

The university may terminate an agreement and all rights and benefits of the donor(s) or honoree(s), including terminating the naming, in the unlikely event the university determines in its reasonable and good faith opinion that circumstances have changed such that the naming chosen would adversely impact the reputation, lineage, mission or integrity of the university.

Upon such termination of agreement and/or the naming, the university and the foundation have no obligation or liability to the donors and are not required to return any portion of the gift already paid. The president and the foundation may, however, have discretion on determining an alternative recognition for the portion of the gift already received, if appropriate.

1. Also, if a named space is ever transferred or conveyed from the university, closed, deconstructed, destroyed or severely damaged, relocated, or replaced, then the naming will cease. In addition, if the named space is ever significantly renovated, upgraded or modified at a significant cost to the university then the naming will cease. In such event, however, the Board of Trustees for gifts of \$1 million or greater, the chair of the Board of Trustees and the chair of the Institutional Advancement & Marketing and Communications Committees for gifts between \$100,000 and \$999,999, and the president for all gifts under \$99,999, will have the right, for no additional payment, to designate the name of another available and equivalent university facility related to the purpose of the original gift intent. If the original donors are living and competent, they would be consulted by the university

to discuss mutually agreed upon space. All naming right agreements will provide for termination detail as outlined in the above policy.

IX. Approval and review of this policy

The naming opportunities policy is reviewed with the Board of Trustees and foundation board as new fundraising plans are initiated for a campaign, when specific fundraising initiatives are launched or as the vice president of institutional advancement or president deem necessary.

Salem State University Foundation
 Campaign Snapshot
 July 1, 2010 – August 31, 2013

CONFIDENTIAL

To: Institutional Advancement and Marketing Trustee Committee

From: Cynthia McGurren, Vice President Institutional Advancement, and Executive Director, Salem State University Foundation

Date: September 24, 2013

RE: Campaign financial update – as of 8/31/2013

This snapshot report includes pledges and cash raised as of August 31, 2013

I. STATISTICAL REVIEW

Campaign Snapshot - Year Three

\$25,000,000 Campaign Goal
\$12,174,999 Raised 7/1/2010 through 8/31/2013
 \$12,825,001 Balance to be raised by 6/30/15

\$4,470,000 12/31/13 Benchmark Goal
\$123,543 Raised as of 8/31/2013
 \$4,346,457 Balance to be raised by 12/31/2013

\$1,558,995 Pending (12)
 \$1,000,000 Visits scheduled (1)
\$8,336,000 Visits to be scheduled (79)

Timeline to Campaign Goal of \$25,000,000

Date	7/1/2010	6/30/2011	6/30/2012	6/30/2013	12/31/2013	6/30/2014	6/30/2015
Cum. Goal	\$0	\$2,050,000	\$9,250,000	\$11,418,466	\$16,521,456	TBD	\$25,000,000
Actual	\$0	\$2,185,493	\$9,118,466	\$12,051,456	\$12,174,999 as of 8/31/2013	n/a	n/a

**COMPREHENSIVE CAMPAIGN FINANCIAL PROGRESS
JULY 1, 2010 – AUGUST 31, 2013**

Area	Goal	Documented	Verbal	Total Raised (Verbal & Documented)	Balance	% to Goal	Cash Received as of 8/31/13
Annual Fund Unrestricted	\$2,200,000	\$1,810,268		\$1,810,268	\$389,732	82.28%	\$1,071,387
Annual Fund Restricted	\$2,800,000	\$2,446,944		\$2,446,944	\$353,056	87.39%	\$2,011,719
Faculty	\$4,000,000	\$81,508		\$81,508	\$3,918,492	2.04%	\$60,163
Students	\$4,000,000	\$2,033,655		\$2,033,655	\$1,966,345	50.84%	\$2,033,655
Financial Assistance	\$4,000,000	\$2,464,930	\$18,000	\$2,482,930	\$1,517,070	62.07%	\$2,098,455
Academic Programs	\$3,000,000	\$239,551		\$239,551	\$2,760,449	7.99%	\$239,176
Unrestricted Endowment	\$125,000	\$125,000		\$125,000	\$0	100.00%	\$65,000
Gordon Center Campaign	\$3,400,000	\$1,055,145		\$1,055,145	\$2,344,855	31.03%	\$556,316
Comprehensive Campaign Unrestricted	\$1,475,000	\$999,998		\$999,998	\$475,002	67.80%	\$511,971
Designation to be determined	n/a	\$900,000		\$900,000		n/a	n/a
Campaign totals	\$25,000,000	\$12,156,999	\$18,000	\$12,174,999	\$12,825,001	48.70%	\$8,647,843

Note: The \$1.2 million Bertolon goal was attained 3/1/12. Those funds are now included in Annual Fund Restricted, Faculty, Students, and Financial Aid Salem State raised \$6,023,788 in a prior capital campaign for the Sophia Gordon Creative and Performing Arts Center.

^a \$400,000 included in the students area is spendable and not endowed funds.

**ANNUAL FUND PROGRESS
JULY 1, 2010 – AUGUST 31, 2013**

Area	Goal	Documented	Verbal	Total Raised (Verbal & Documented)	Balance	% to Goal	Cash Received as of 8/31/2013
Annual Unrestricted FY11	\$250,000	\$362,883	\$0	\$362,883	\$0	145.15%	
Annual Unrestricted FY12	\$475,000	\$925,929	\$0	\$925,929	\$0	194.93%	
Annual Unrestricted FY13	\$475,000	\$502,561		\$502,561	-\$27,561	105.80%	\$389,481
Annual Unrestricted FY14	\$490,000	\$18,895	\$0	\$0	\$490,000		\$17,709
Annual Unrestricted FY15	\$510,000	\$0	\$0	\$0	\$510,000		
Annual Unrestricted Total	\$2,200,000	\$1,810,268	\$0	\$1,810,268	\$389,732	82.28%	
Annual Restricted FY11	\$800,000	\$638,180	\$0	\$638,180	\$0	79.77%	
Annual Restricted FY12	\$500,000	\$985,919	\$0	\$985,919	\$0	197.18%	
Annual Restricted FY13	\$480,000	\$749,783		\$749,783	\$269,783	156.20%	\$707,330
Annual Restricted FY14	\$500,000	\$73,061	\$0	\$0	\$500,000		\$79,086
Annual Restricted FY15	\$520,000	\$0	\$0	\$0	\$520,000		
Annual Restricted Total	\$2,800,000	\$2,446,944	\$0	\$2,446,944	\$353,056	87.39%	
Annual Unrestricted + Restricted	\$5,000,000	\$4,257,212	\$0	\$4,257,212	\$742,788	85.14%	\$1,096,811

**FY12 Annual Unrestricted total: \$925,929

this includes \$350,000 in multi-year \$25,000 or greater campaign commitments that are not expected to be replicated in FY13 totals (\$575,929 without \$25k+ multi-year campaign commitments)

*FY12 Annual Restricted total: \$985,919

this includes \$275,000 in multi-year \$25,000 or greater campaign commitments that are not expected to be replicated in FY13 totals (\$707,919 without \$25k+ multi-year campaign commitments)

SUBJECT: Academic Affairs and Student Life Committee Meeting Report for October 1, 2013

The Academic Affairs and Student Life Committee of the Board of Trustees met on Tuesday, October 1, 2013 in room 106 at the Enterprise Center on the Central Campus of Salem State University.

Present for the Committee were Trustees Davis (acting chair), Segal and Stringer, and Chair Scott (ex-officio) and President Meservey (ex-officio); Provost Esterberg (committee liaison), and staff assistant Longo, academic affairs. Also in attendance and participating in the meeting were Trustees Mattera and Quiroga.

Chair Davis called the meeting to order at 2:30 pm. She noted the full agenda and turned the meeting over to Provost Esterberg.

Provost Esterberg began by providing a brief overview of the agenda noting that the most significant item for consideration is the proposed Ph.D. in Social Work (Attachment). She then proceeded with the first agenda item: an overview of the academic year. With Vice President James traveling, Provost Esterberg explained that she would be speaking to both academic affairs and student life priorities based on the strategic plan. For academic affairs, the most important priority is working toward implementation of the new general education curriculum. More details will be presented to the Board later in the year as to exactly what this entails. Other priorities for academic affairs include:

1. Developing a strategic plan for comprehensive internationalization. Academic Affairs is working closely with enrollment management on both recruitment and curriculum to ensure that students gain full exposure to global issues while at Salem State. We are also working on increasing study abroad opportunities.
2. Hiring a School of Education Dean. It was explained that the School of Education is working tirelessly to advance its 4+1 baccalaureate/master's program. The search committee is in the process of the Dean search. Provost Esterberg will update the Board soon as to its progress.
3. Developing new academic programs. In addition to the Ph.D. in Social Work which will be discussed in more detail at this meeting, priorities include strengthening STEM and STEAM programming. We are actively working toward securing a life sciences grant and improving lab facilities.

4. Overhauling Continuing and Professional Studies. Bringing together day and evening programs is an academic priority, including expanding course offerings and increasing choices to better serve student needs. The School of Continuing and Professional Studies is redesigning its business process and looking at ways to be more attractive to adult learners.

With regard to student life, one of the most important priorities is developing the One Stop Student Service Center. The One Stop Center will have all student services in one place – financial aid, bursars, registrar – with all staff equipped and cross-trained, with the goal of stopping the ‘Salem State shuffle’ that students often complain about. The Board will be hearing more about the One Stop Center over the academic year. Additional priorities for this committee in the area of student life include:

1. Assessment of Student Life Programming. Last year we reviewed best practices. This year we look at the impact of individual programming and begin assessing what students are learning. Bruce Perry is leading this effort.
2. Strategic Enrollment Management. Academic Affairs and Enrollment Management met with all programs to set goals and plans to ensure that we meet student demand. We are focused on increasing enrollment and increasing retention at all levels – undergraduate, graduate and continuing education – responding to demographic declines and ensuring marketability.

Chair Davis asked if the One Stop Student Center would also include health services and counseling. Provost Esterberg responded no, but that the parking office and clipper card office would be included.

Trustee Lancome asked if all students are assigned academic advisors. Provost Esterberg responded yes and mentioned that there are also staff academic advisors available as well.

Provost Esterberg then introduced Neal Fogg, assistant provost for institutional effectiveness and planning, to lead the discussion for the second agenda item: enrollment update and characteristics of the entering class.

Assistant Provost Fogg opened the discussion by stating that he has all good news to share. Enrollment and retention is looking up, even if the pace of change may not be that fast. Beginning with the enrollment update, fall 2013 appears to be the bottom of the trough. Graduate school enrollment is only down by less than 1% and that is likely a result of the decline in the graduate education market (M.Ed. program). Enrollments are now starting to trend back up. Undergraduate school enrollment is up for both full-time and part-time students. All indications are that the long term trend is upward.

President Meservey asked for clarification regarding graduate school enrollment as the credit hours are up but the enrollment number is slightly down. Assistant Provost Fogg explained that this is a headcount issue. The headcount for totals for degree students are down. Degree versus non-degree

is the difference. Graduate credit hours are up compared to last year. Undergraduate day enrollment is up, too, and credit hours are improving.

Trustee Quiroga asked if the data is saying that fewer students are taking more credit hours, and if so why. Provost Esterberg responded that there has been a concerted effort to encourage undergraduate students to carry a full credit load (five courses) in order to graduate on time. This is a more sustainable and economical approach. Trustee Quiroga followed up by asking if there is a possibility that graduation rates will improve too. Provost Esterberg responded yes, and that we are working very hard at this.

Assistant Provost Fogg continued the discussion by describing the composition of the incoming students. Freshmen have been steady. Transfer students have been lower, and are trending lower. Vice President James is working on this. Graduate students have increased from 320 to 340. Assistant Provost Fogg then highlighted some important statistics regarding incoming freshmen:

- 63% are women
- 64% come from within 20 miles of Salem
- HS GPA is up – went from 3.09 to 3.13. This is significant because GPA is a great predictor of success.
- SAT scores are up slightly, just under 1000
- 92% filed for financial aid
- 40% of those who filed for aid are eligible for PELL grants which are need-based grants for low-income students
- 39-40% are first generation
- 25-26% are students of color
- Most popular entering majors include business and science
- Biology, mathematics and science majors are growing
- Humanities majors are shrinking

Trustee Quiroga asked if there is a major that we would like to see grow. Provost Esterberg responded with a general overview of all programs and will be sharing major goals for growth or stability with the committee during the academic year.

Assistant Provost Fogg concluded his presentation with an update on retention and graduation rates. The following was highlighted:

- Undergraduate degrees conferred rose from 1,458 to 1,502. Graduate degrees declined, largely due to the M.Ed.
- The four year graduation rate for incoming freshmen has increased from 22% to 27%.
- The retention rate for incoming freshmen is higher than it's ever been (except for 2009).
- The six year graduation rate for incoming freshmen continues to improve.

- The graduation rate for transfer students continues to improve. The new general education curriculum will help with this.

Provost Esterberg thanked Assistant Provost Fogg for his work and commented that it is an exciting time for progress on student success goals.

Provost Esterberg then proceeded to the final agenda item: the proposed Ph.D. in Social Work. She opened the discussion by explaining that the role of the Board is two-fold: a) to ensure academic quality; and b) to ensure fiscal responsibility. She then acknowledged the representatives from Social Work in attendance that did tremendous work to develop this proposal: Carol Bonner who recently joined the School of Social Work as Associate Dean; Cheryl Springer, former Director; Professor Chris Hudson; Dean of Graduate Studies Carol Glod; and Dean of Health and Human Services Neal DeChillo. It was also noted that Professors Jonathan Lukens, Lisa Johnson, Monica Leisey and Mary Byrne were also instrumental in its development.

Provost Esterberg stated that there is a strong market need for high quality programming in social work, with a Ph.D. needed to practice in many fields including teaching at the university level. There is a shortage of Ph.D.'s in social work. Social work is the highest quality graduate program that Salem State currently offers. The School of Social Work has been working on a doctoral program since 1988 and the timing is right to create it now. Currently, there is no public doctorate program in Massachusetts, Vermont, New Hampshire or Maine. The University of Massachusetts does not offer one either. It seems appropriate to lead.

She went on to explain that a Ph.D. program would need to be approved by the New England Association of Schools and Colleges (NEASC) and the Massachusetts Board of Higher Education (BHE) and that the path to BHE approval is uncertain. The law requires that we cooperate with the University of Massachusetts. We have been collaborating with UMASS Lowell on a graduate group model, trying to understand how we might work together. Board approval is critical as we seek to move forward.

President Meservey commented that Salem State would be the first public institution in Massachusetts to offer a Ph.D. in Social Work and that we would be carving the path. The request with UMASS is working well and there is partnering potential on this program. She concluded by stating that Salem State is uniquely suited to lead the Ph.D.

Trustee Mattera asked why we are being asked to collaborate. Provost Esterberg explained that it is part of the legislation. Chair Scott confirmed that we are unable to mount a Ph.D. program by ourselves based on the legislation. President Meservey responded that we do not yet know the BHE path but cooperation is in the statute. She elaborated that there are three potential options:

- a) We would not offer a degree through UMASS, but would cooperate by participating in a graduate group model, like the Criminal Justice program.
- b) We would develop a degree program either from Salem State or UMASS.
- c) We would offer a dual degree, or shared program.

Trustee Segal asked how this would be accomplished. President Meservey responded that approval comes from the Board of Higher Education. We would need approval of the Salem State Board, cooperate with UMASS and then ask the BHE for the next steps. Trustee Segal suggested that we go forward on a positive note, and tell them how we want the program to be done rather than ask and let them decide.

Provost Esterberg continued the discussion noting that she believes Salem State's leadership in social work is the very best public option and that in the consideration of practical doctorates we should lead with our strongest program. The Salem State doctoral program is distinctive in that it is community-focused. There are only four doctoral programs in the Commonwealth and they are all at private institutions. University of Connecticut has the only New England public social work doctoral program. This is a significant competitive advantage. There is strong demand for doctorally trained social workers. It is critical that faculty have both clinical and theoretical experience.

Trustee Mattera asked if there is demand in the workforce for a doctorate in social work. Professor Springer replied yes, and that is well documented. There are growing needs in health services, particularly in Massachusetts, and a shortage of MSW's. A Ph.D. is required for educators. Trustee Mattera asked if there is a need for a Ph.D. in non-education fields. Professor Springer replied yes, particularly at large institutions. Leadership demands knowledge of evaluation and assessment in areas of child welfare, public health, disabilities, etc.

Trustee Quiroga mentioned that there is a strong demand for a Ph.D. in social work in the non-profit sector as well. This is in important sector of growth.

Chair Davis asked if the Ph.D. doesn't lead to licensure, would a student would need to have licensure. Provost Esterberg replied that student would need to have their Master's in order to enter the program, but not necessarily a licensure.

Provost Esterberg continued the discussion, stating that Professor Hudson conducted a student needs assessment and his findings indicate that the goal of admitting ten students per year is a reasonable goal. The program would take seven years to complete, including dissertation, and is part-time and cohort based to make it accessible to full-time professionals. Because of the way the program is structured students would stay in their cohort and work on their dissertations. Some of its unique strengths include balance of theory and practice, experiential practica and community based research and teaching.

She concluded her presentation by discussing the resources that would be needed to support the program. Some of the most important pieces include the need for a Doctoral Program Coordinator (faculty member on release time) and two full-time faculty which have already been budgeted in the three year academic hiring plan. There would also be a need to support graduate assistants which is the nature of doctoral education. In the best case scenario, we would need to add

\$100,000 per year to the academic budget in order to run the program. In the worst case scenario we would need to add \$200,000 per year to the budget. She stated that she is confident that this could be handled through reallocation.

Chair Davis asked if the budget would be different depending on UMASS Lowell involvement. Provost Esterberg responded that it would change the numbers and revenue numbers would be different, too. She is estimating the worst case if Salem State is responsible for the full cost of the program.

Trustee Segal commented that we should call it the best case and go forward as if we are going by ourselves. Salem State University should be on the diploma. Provost Esterberg stated that she feels very confident that we can make a case for the program at Salem State.

Trustee Quiroga commented that she thinks this is fabulous and congratulated the Provost and faculty. She thinks this is positive from a university-wide perspective – it has visibility, strong marketing potential and a lot of differentiators. Provost Esterberg responded that Associate Dean Bonner has wonderful outreach ideas for executive style programming. Trustee Quiroga suggested leveraging our higher number of female students as social work tends to be an area where women thrive. Associate Dean Bonner responded that she began working at Salem State on September 3 and that she could not be more excited. There are wonderful opportunities to make a distinctive program, she stated, and the timing is right to move ahead.

Chair Davis congratulated Provost Esterberg. Upon a motion made duly by Trustee Stringer and seconded by Trustee Segal, it was unanimously:

VOTED: to recommend to the full board the approval of a Ph.D. program in Social Work.

There being no further business to come before the Committee and on a motion duly made by Trustee Stringer and seconded by Trustee Segal, it was unanimously:

VOTED: To adjourn the meeting at 3:25 pm.

Prepared by: D. Longo, staff assistant, academic affairs

The Board of Trustees

Academic Affairs and
Student Life Committee

October 1, 2013

Agenda

- I. Overview of the Academic Year: Academic and Student Life Based on the Strategic Plan (Discussion)
- II. Enrollment Update and Characteristics of the Entering Class (Discussion)
- III. New Program Approval: Ph.D. in Social Work (Action Needed)

Overview of the Academic Year: Academic and Student Life Based on the Strategic Plan

Academic Affairs Goals

- Implement the new general education curriculum and create a new assessment plan for it (Goal 1A, C)
- Develop a strategic plan for comprehensive internationalization (Goal 1A, 2C)
- Hire School of Education dean and implement recommendations of the Education Working Group (Goal 1B)
- Develop new academic programs and strengthen STEM and STEAM programming (Goal 1B)
- Overhaul Continuing and Professional Studies (Goal 4C)

Enrollment Management and Student Life Goals

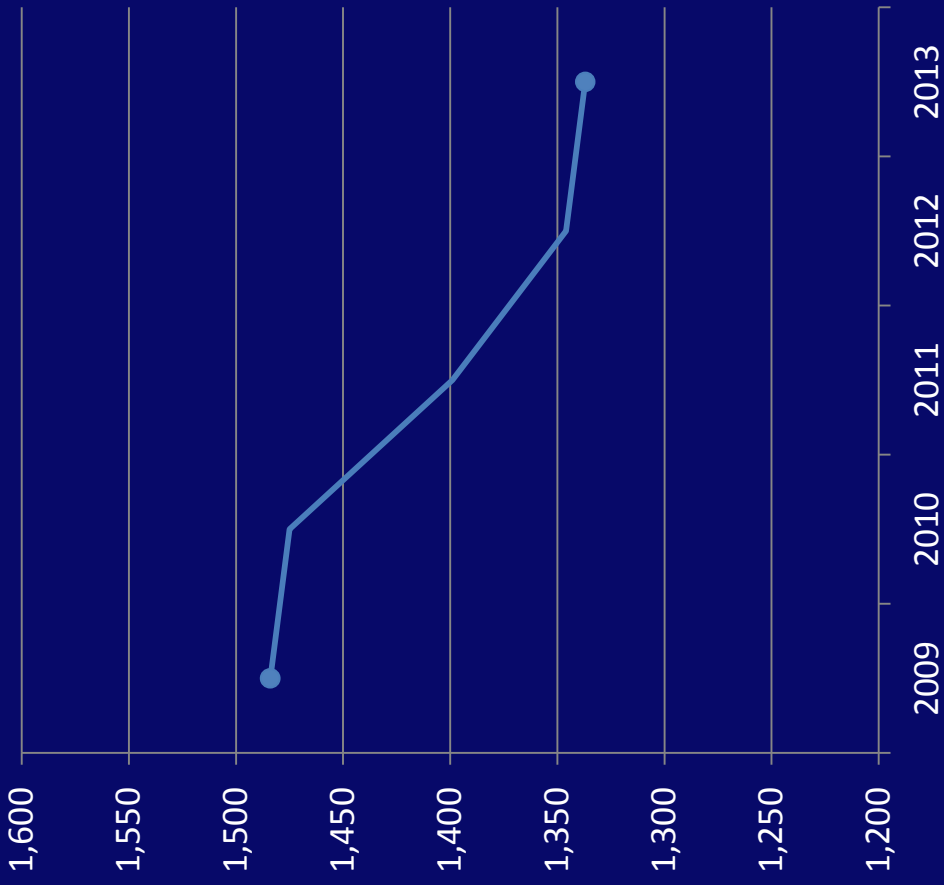
- One-Stop Student Service Center (Goal 4A)
- Assessment of Student Life Programming (Goal 1C)
- Strategic Enrollment Management (Goal 4A, 4C)

Enrollment Update and Characteristics of the Entering Class

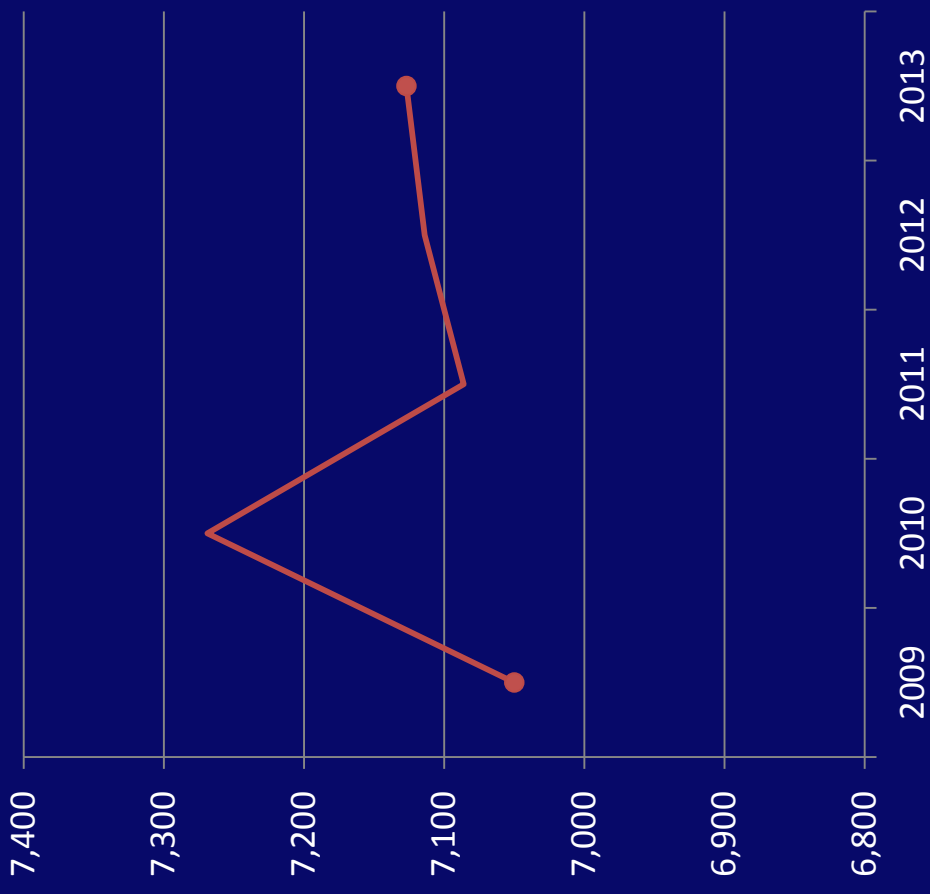
- Enrollment Update
- Fall 2013: Look Who's Coming to Campus
- Retention and Graduation Update

Fall Enrollment Headcount, Undergrad and Graduate (degree-seeking)

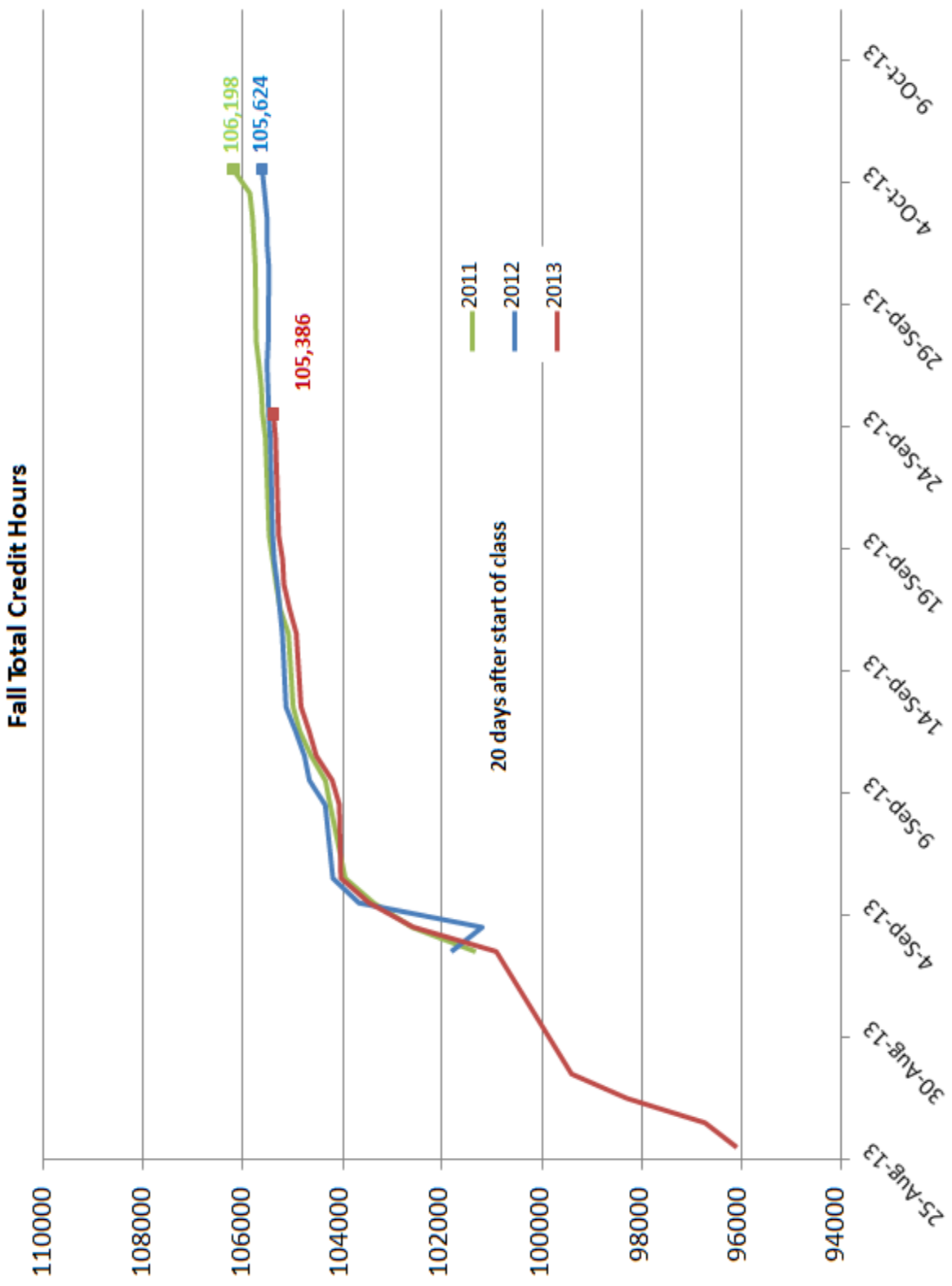
Grad



Undergrad

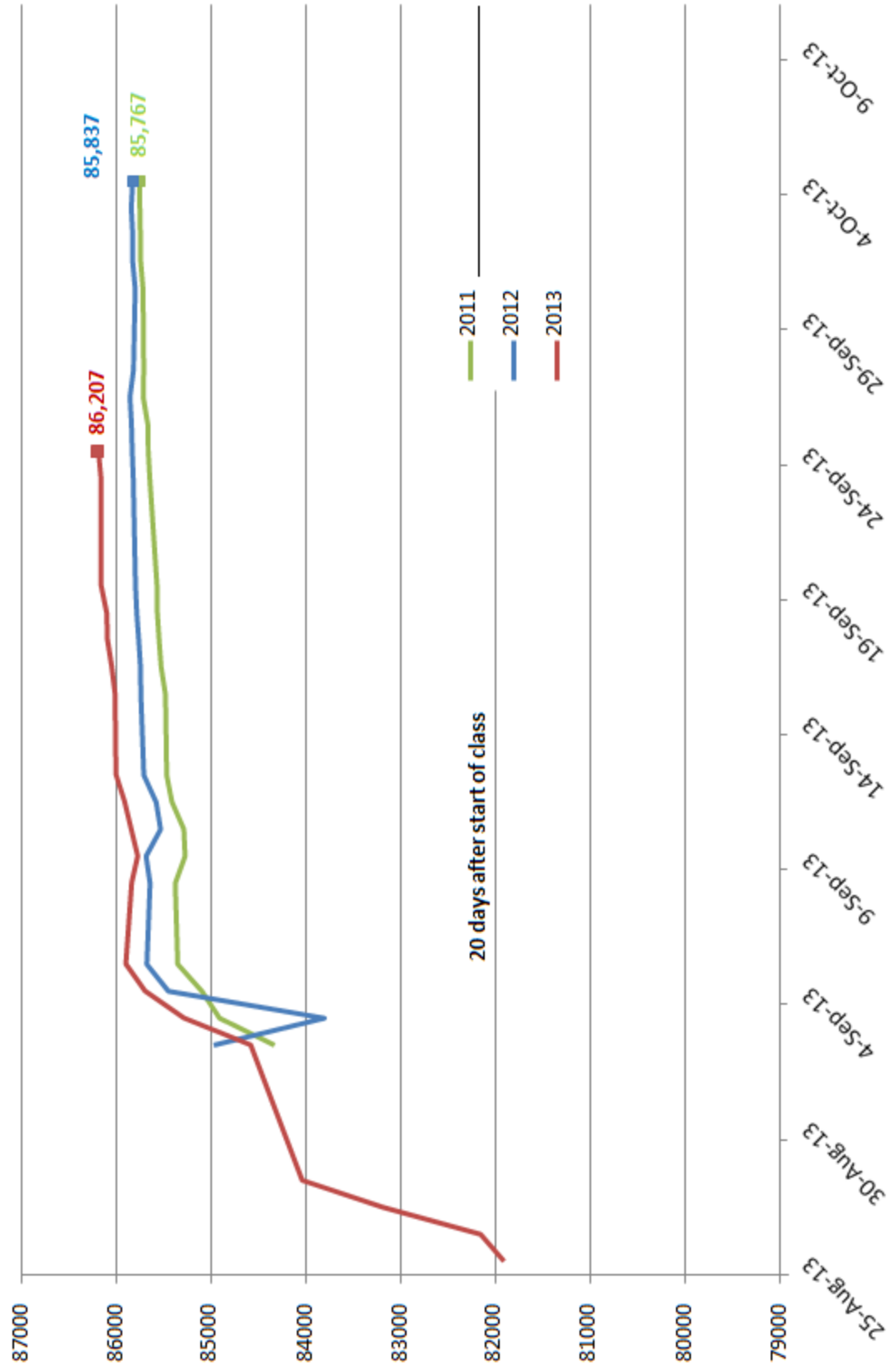


Credit Hours - Total

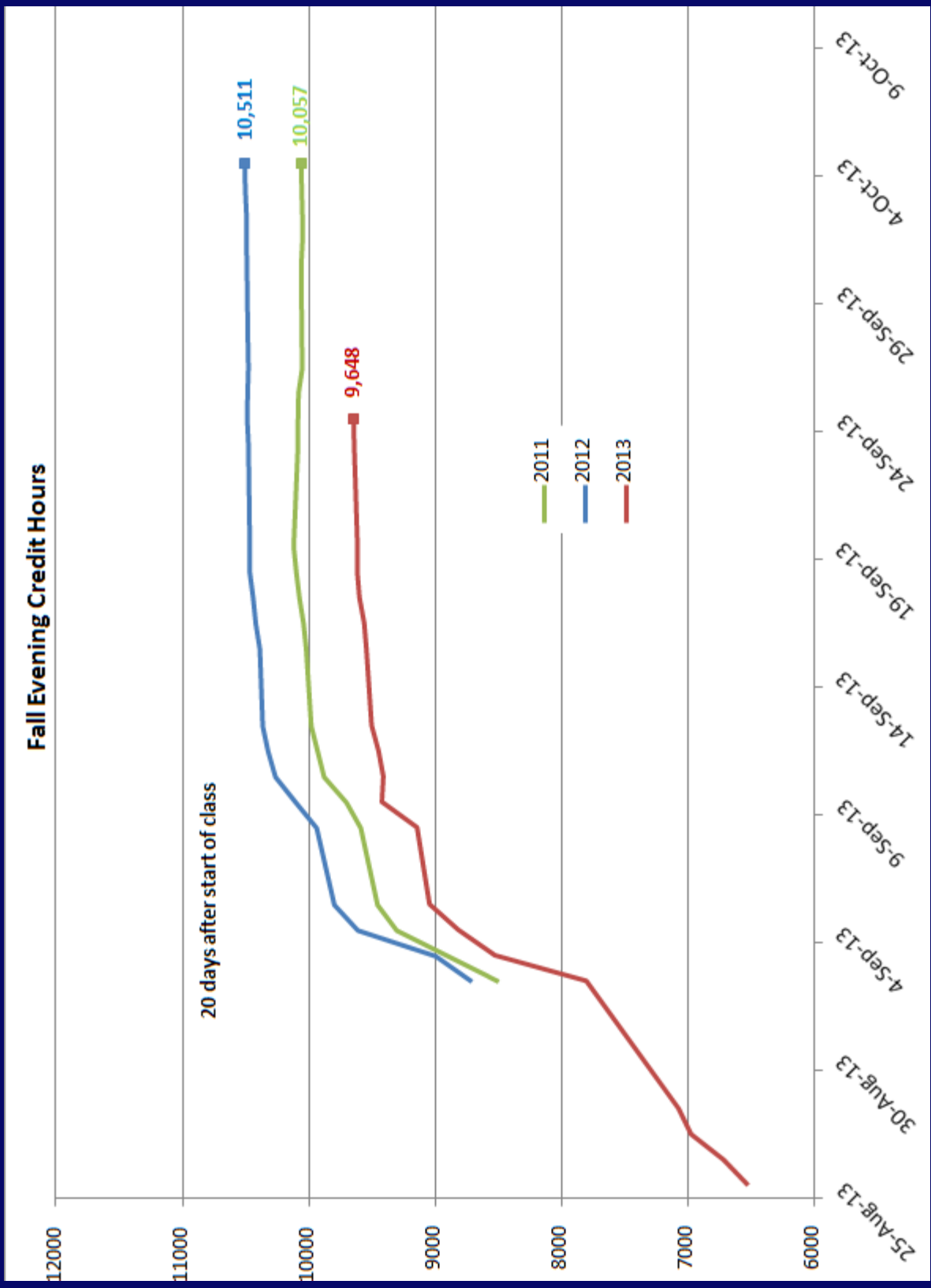


Credit Hours – Undergraduate Day

Fall Undergraduate Credit Hours

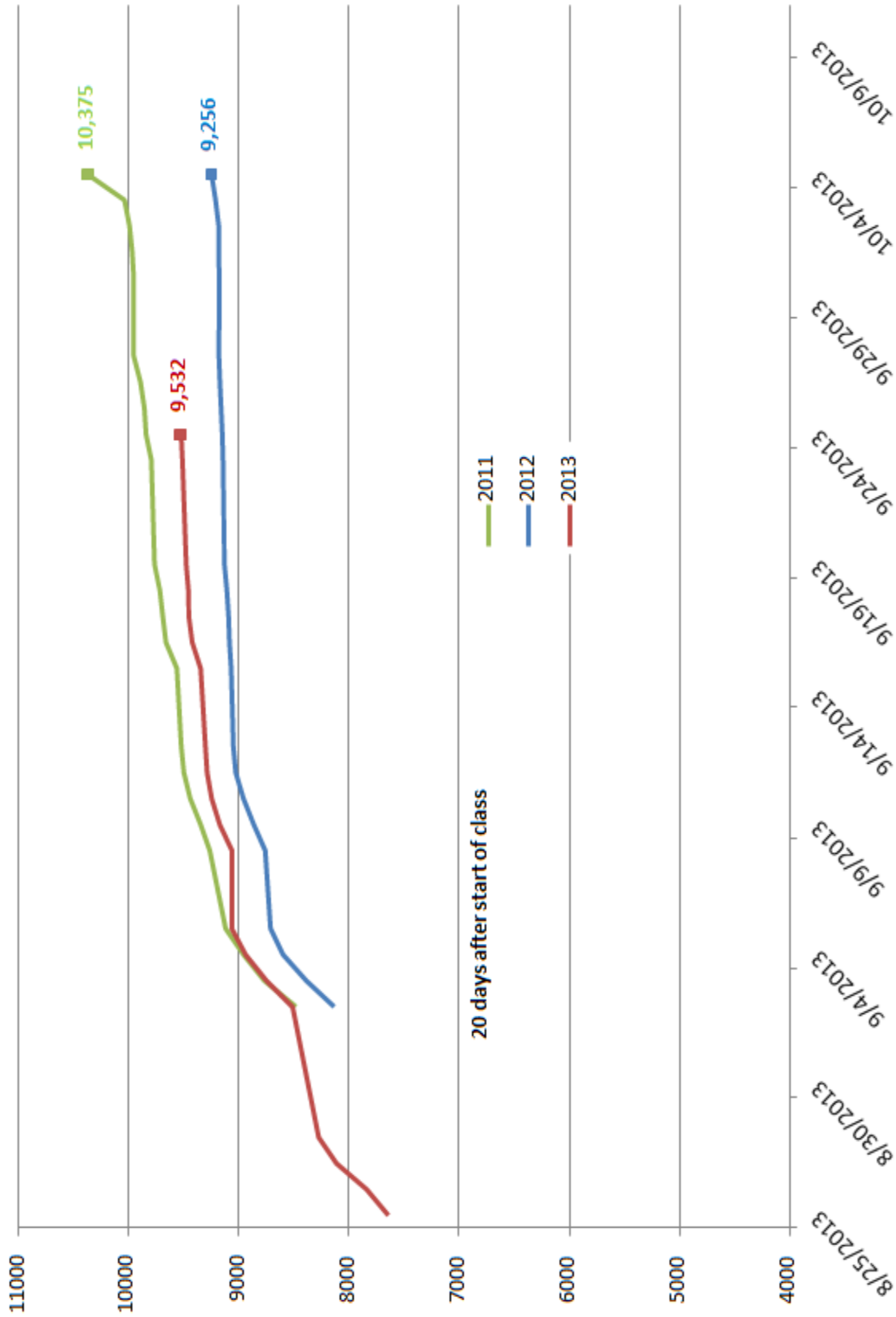


Credit Hours – Undergraduate Evening



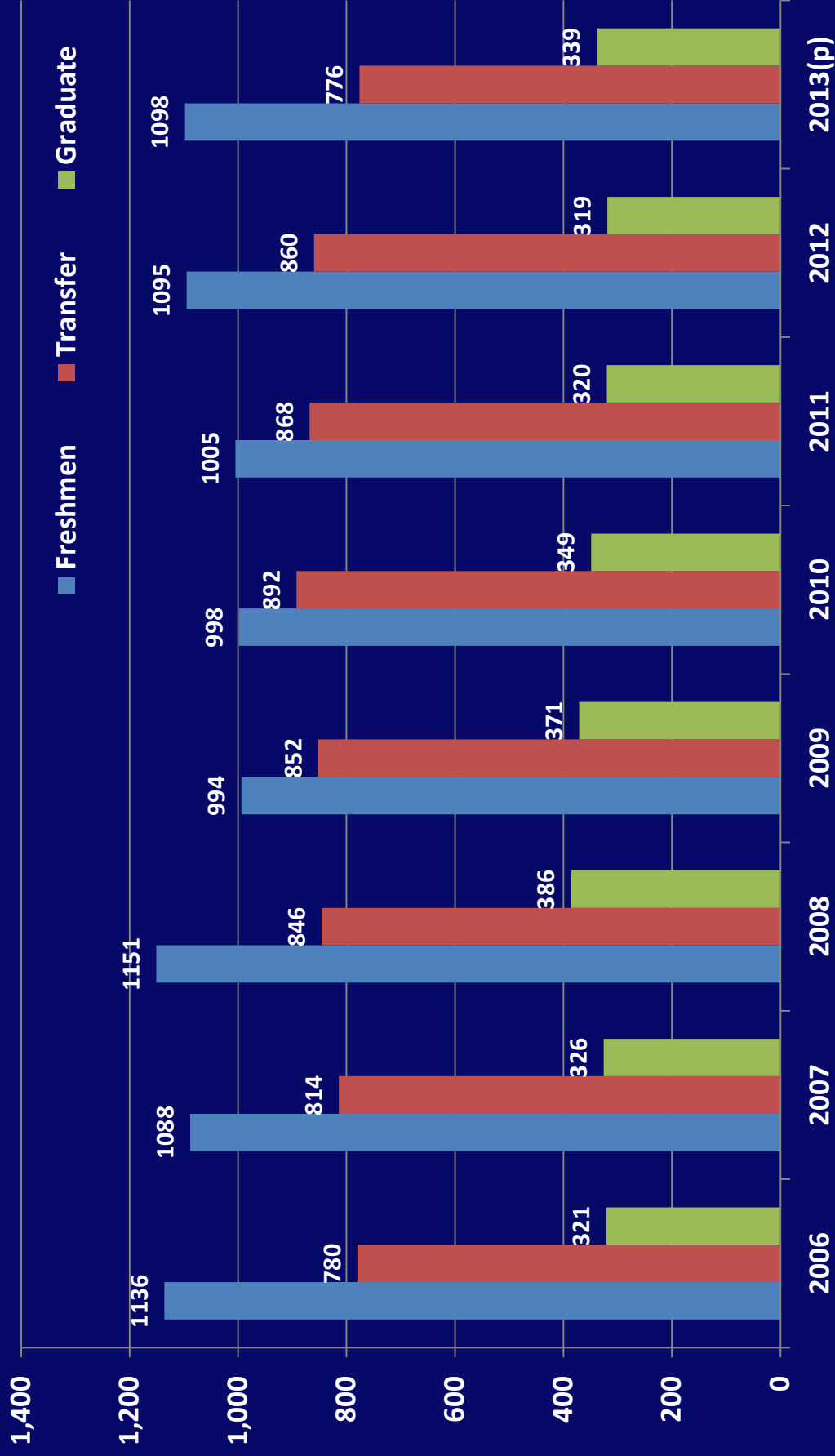
Credit Hours – Graduate

Fall Graduate Credit Hours



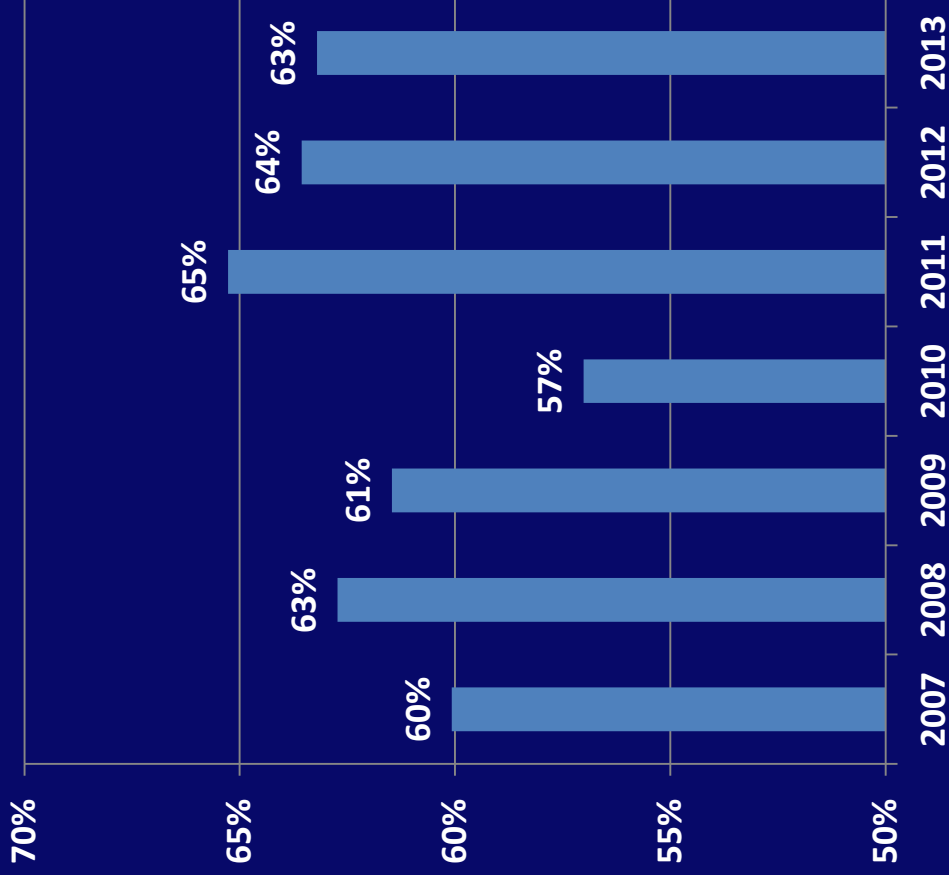
- Enrollment Update
- **Fall 2013: Look Who's Coming to Campus**
- Retention and Graduation Update

New Students Entering in Fall Term (2013 as of Sept 23, 2013)

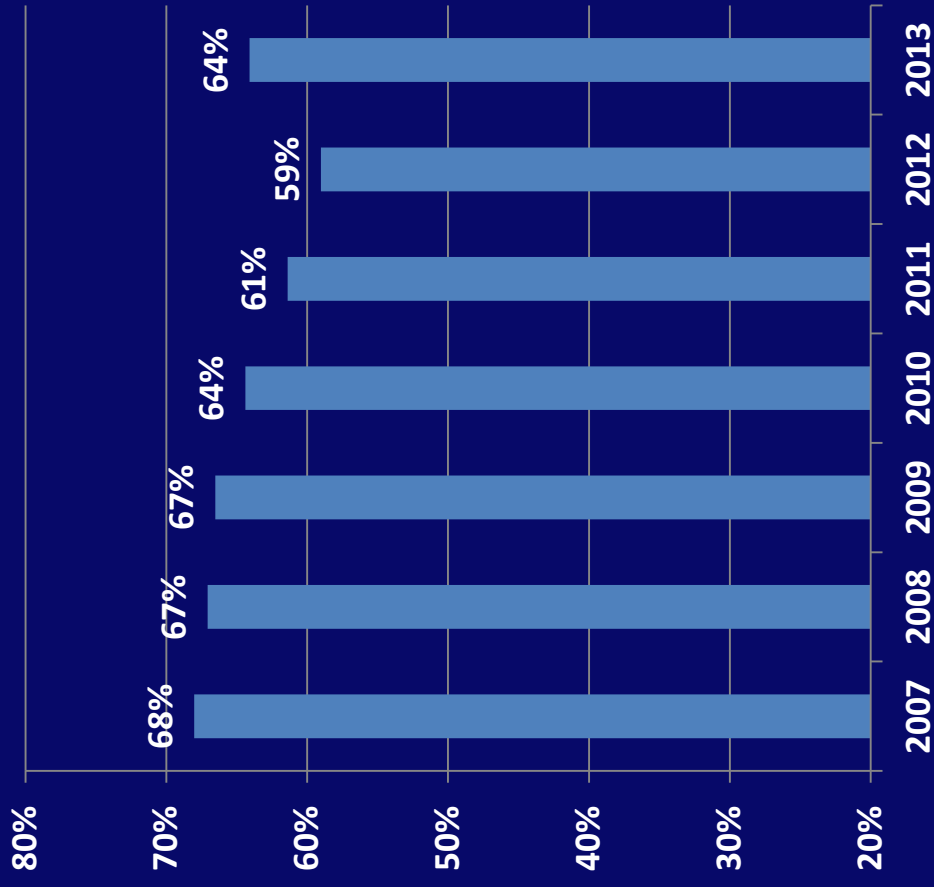


Freshmen

% Female

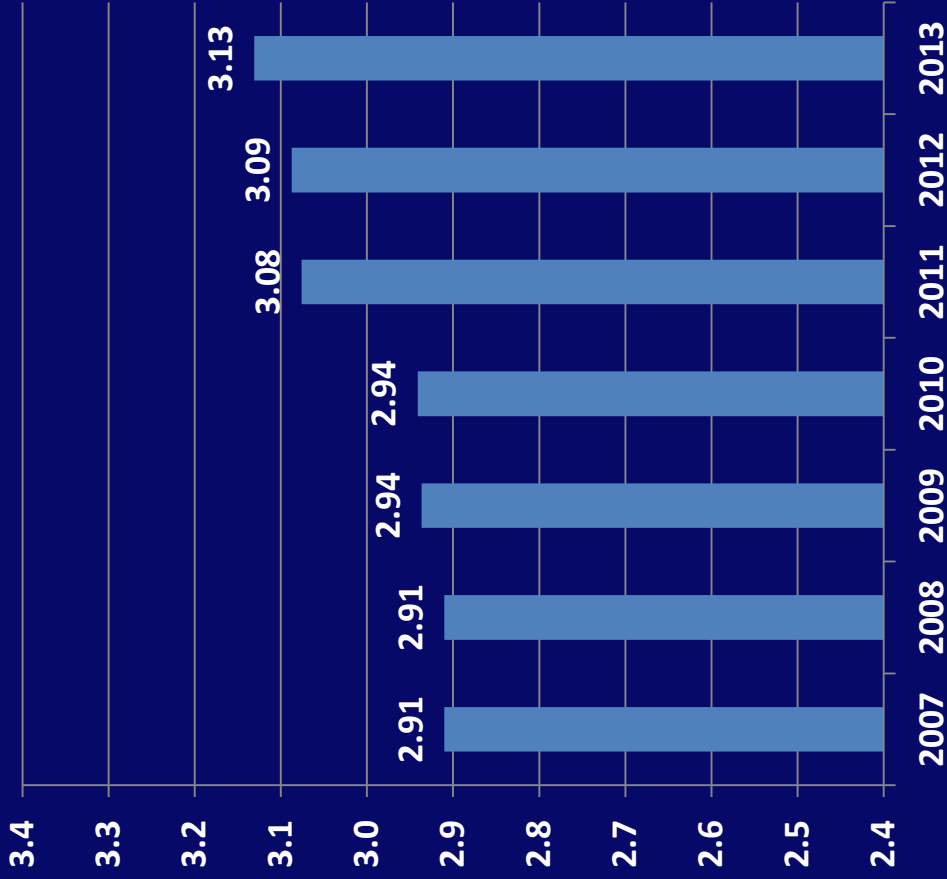


% <20 miles from Salem

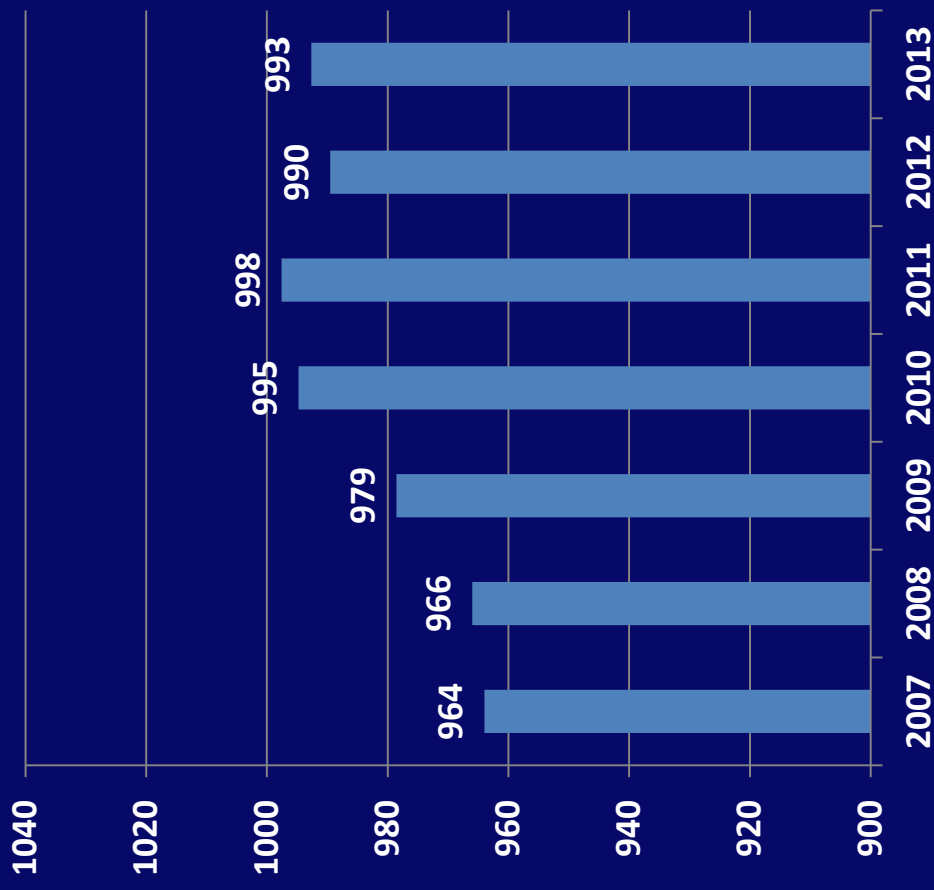


Freshmen

HS GPA

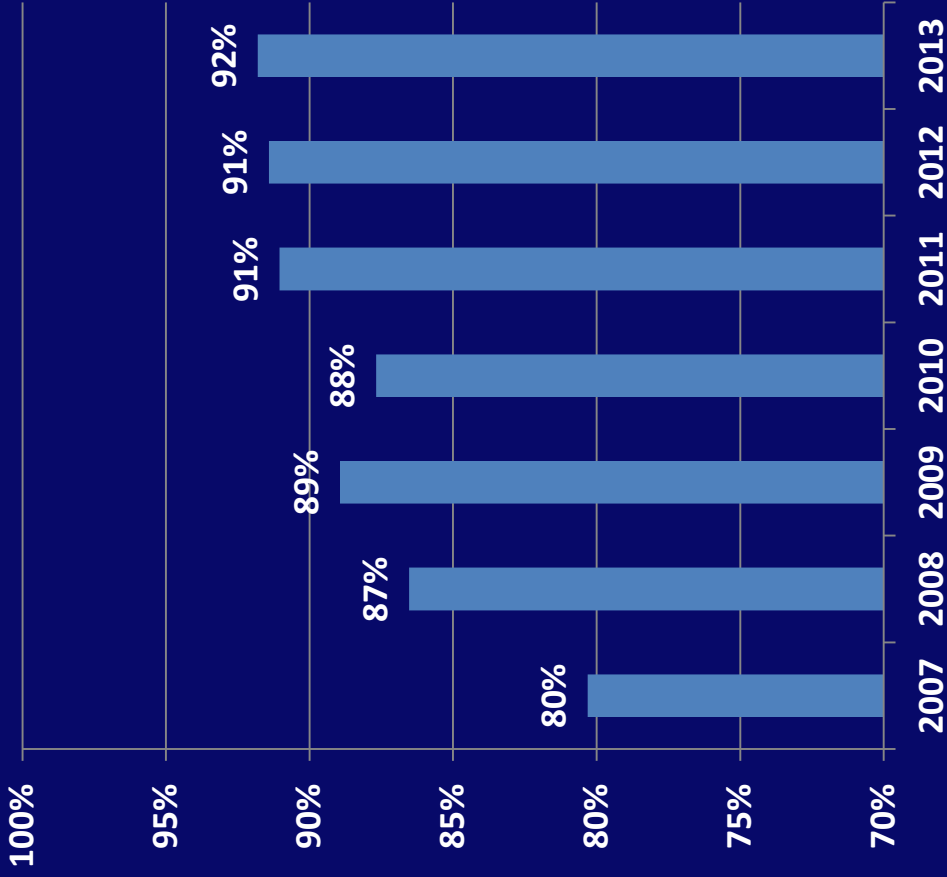


Combined SAT

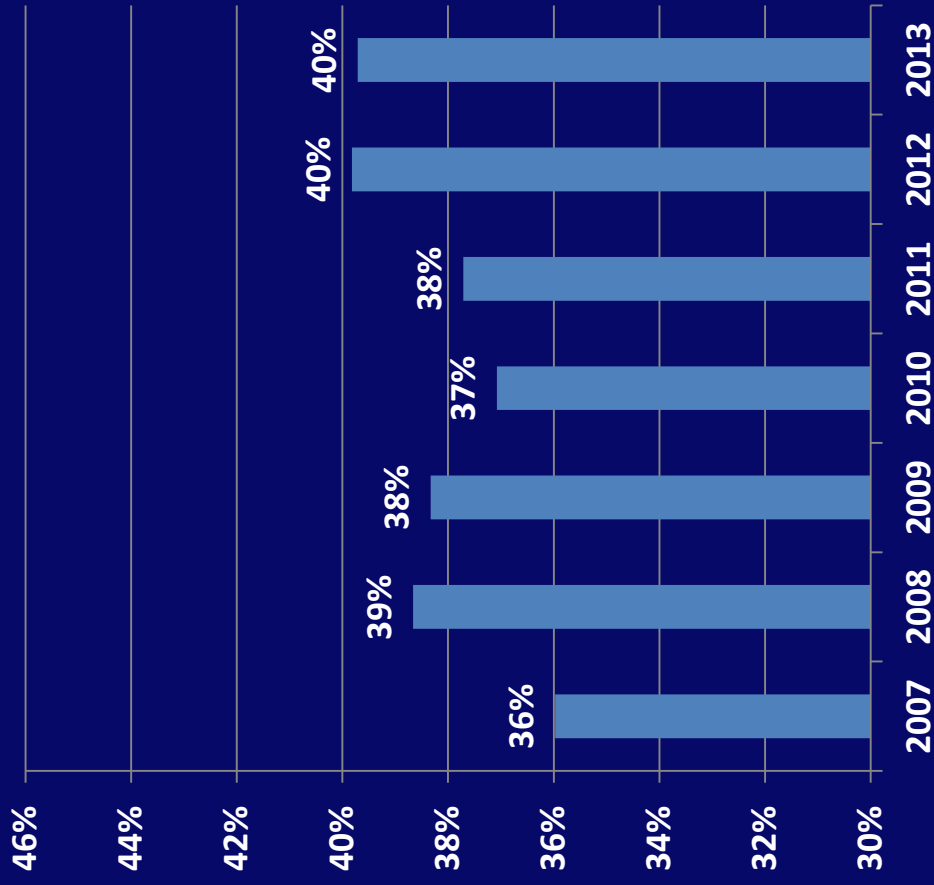


Freshmen

Filed for Aid



EFC <\$5k / All

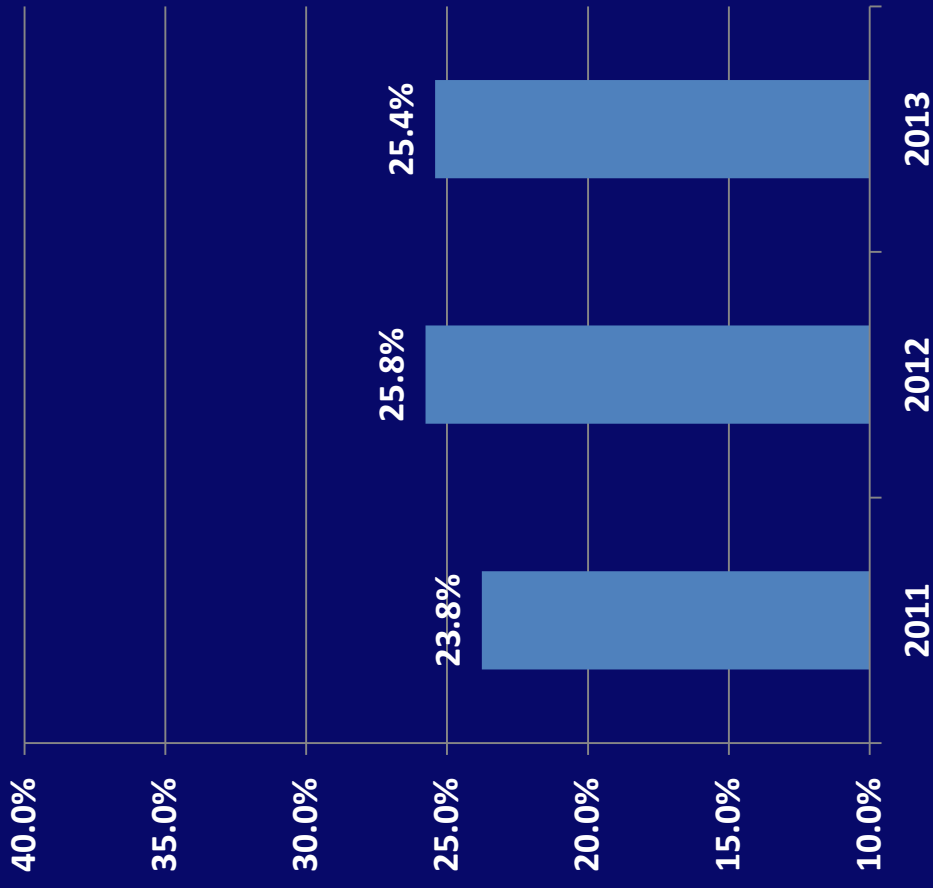


Freshmen

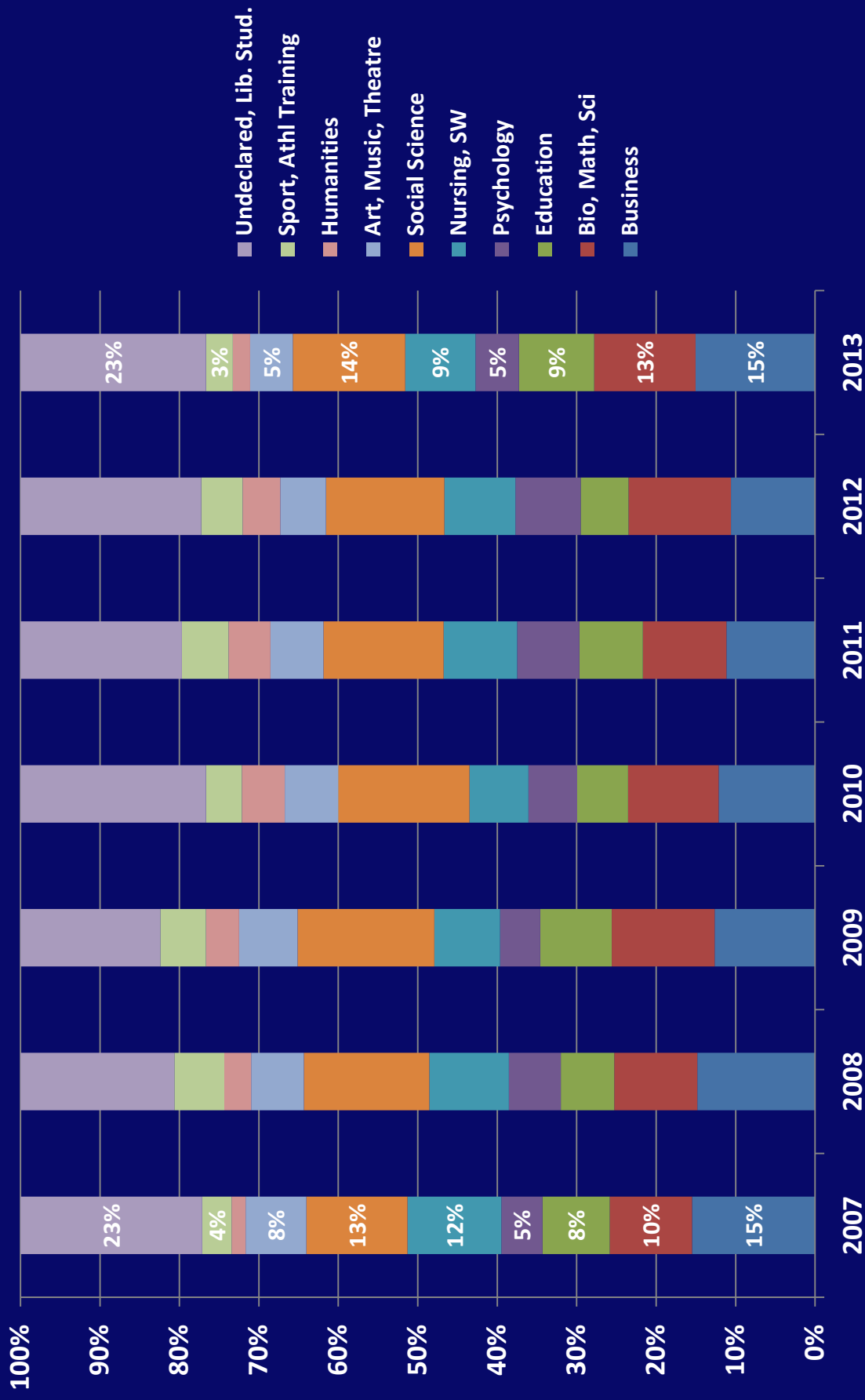
First Gen (filers, known)



Students of Color



Freshman – Entering Major

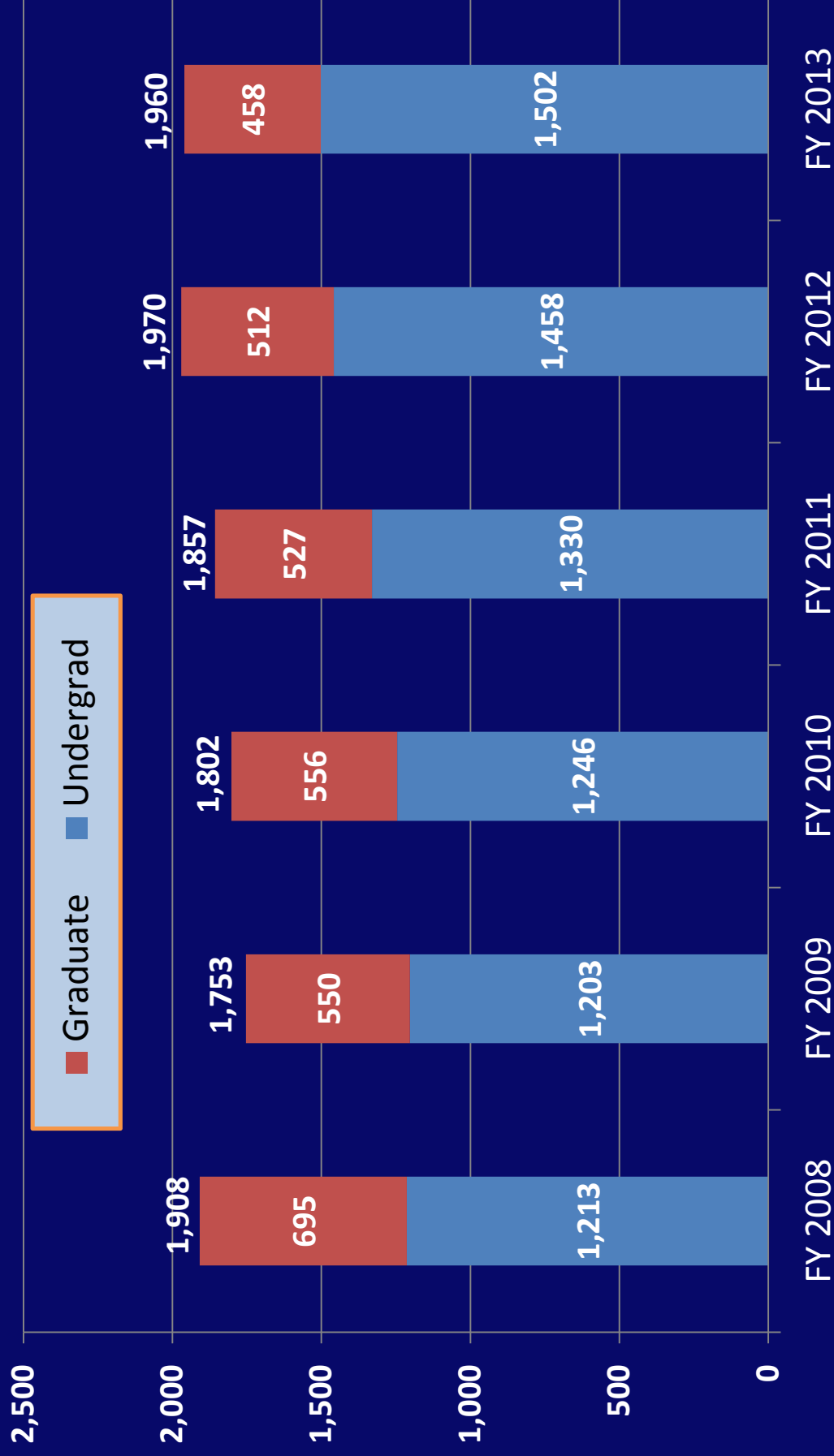


Who's coming to campus?

- Students of color
- First generation
- Lower income, more aid-reliant
- Lower HS GPA
- Lower SAT

- Enrollment Update
- Fall 2013: Look Who's Coming to Campus
- **Retention and Graduation Update**

Degrees Conferred



Full Time Freshmen

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Total Cohort	993	1022	1208	1129	1064	1134	974	986	989	1086
<u>% Enrolled or Graduated</u>										
1 Year later	76%	75%	71%	73%	71%	75%	81%	73%	74%	78%
2 Years later	63%	61%	56%	61%	63%	63%	66%	60%	64%	
3 Years later	58%	58%	52%	56%	58%	56%	60%	57%		
4 Years later	52%	52%	50%	53%	52%	53%	57%			
5 Years later	50%	49%	47%	49%	50%	50%				
6 Years later	49%	49%	48%	49%	50%					
7 Years later	49%	49%	48%	50%						
<u>Graduation rate</u>										
3 Years later	0%	0%	0%	0%	0%	0%	1%			
4 Years later	13%	15%	17%	20%	22%	22%	27%			
5 Years later	37%	37%	35%	38%	39%	40%				
6 Years later	43%	42%	42%	45%	46%					
7 Years later	46%	46%	44%	47%						
8 Years later	48%	47%	46%							

Full Time Transfer

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Total Cohort	549	541	449	561	606	608	648	690	694	656
<u>% Enrolled or Graduated</u>										
1 Year later	77%	77%	77%	77%	76%	82%	82%	82%	81%	83%
2 Years later	69%	67%	70%	69%	68%	74%	75%	70%	71%	
3 Years later	63%	62%	65%	62%	63%	67%	72%	68%		
4 Years later	61%	59%	64%	61%	62%	67%	70%			
5 Years later	61%	59%	63%	61%	61%	65%				
6 Years later	62%	60%	62%	61%	61%					
7 Years later	62%	60%	62%	62%						
<u>Graduation rate</u>										
3 Years later	27%	31%	32%	33%	33%	36%	44%			
4 Years later	46%	50%	50%	51%	51%	55%	60%			
5 Years later	54%	55%	55%	57%	57%	61%				
6 Years later	58%	57%	59%	59%	59%					
7 Years later	59%	58%	61%	61%						
8 Years later	60%	59%	62%							

New Program Approval: Ph.D. in Social Work

- Why the Ph.D. level?
- Why now?
- Why Social Work?
- What is the path to BHE approval?
- Who are our partners?
- Why is this a good thing for the university?

The Ph.D. in Social Work will prepare leaders who:

- Contribute to excellence in social work education
- Build knowledge through research and best-practices
- Serve as stewards of the profession
- Engage in community-based research
- Serve as leaders in regional, national and global communities
- Expand the pool of minority faculty in BSW/MSW programs

Program Distinction

The majority of established social work doctoral programs in the Commonwealth of Massachusetts are focused on producing researchers. The Salem State doctoral program will teach community-focused, applied social work practice research to address the need for social and health care leaders and educators in the public and non-profit sector, emphasizing teaching, research and leadership.

The program will be the first public doctoral social work program in the Commonwealth.

New England Social Work Doctoral Program Competitors

- Four social work doctoral programs are in private institutions of higher education in the Commonwealth of Massachusetts: Boston College, Boston University, Simmons College and Smith College.
- University of Connecticut has the only New England public social work doctoral program.
- There are no social work doctoral programs in Maine, Vermont, or New Hampshire.

Demand for Doctorally Trained Social Workers

- Group for the Advancement of Doctoral Education in Social Work [GADE], 2012) documents the need for PhD-educated social workers to provide leadership in social services and meet the need to educate faculty who are prepared to teach in bachelor's and master's degree programs in social work.
- A benchmark report on social work education in New England by the Council on Social Work Education (CSWE, Fall 2011) suggests a robust picture of social work doctoral education despite recent economic constraints.

- Dr. Neal Fogg's analysis of the Occupational Employment Statistics for post-secondary social work educators suggest a trend of increasing need.
- The need for higher education social work faculty is documented by recent national and regional surveys (Anastas, 2012; Barsky, Green & Ayayo, 2013; GADE, 2012). These surveys demonstrate a strong need for faculty with practice experience who are prepared to teach practice as well as research, often a challenge for hiring.

Student Demand**

Survey of 208 members of the Massachusetts Chapter of the National Association of Social Workers (NASW) assessed potential student demand/target market. Dr. Hudson's analysis suggests that our goal of educating ten matriculated students per year is a manageable goal.

** Needs assessment conducted by *Christopher Hudson, PhD*

Seven Year Program Overview

- 53 credit hours (beyond the Master's degree in social work) that include the core curriculum, electives and dissertation-focused cohort seminars
- Students enroll in 15-17 credits each year
- The fourth summer of the program focuses on completion of the doctoral portfolio and passing of the comprehensive exam
- Completion of the dissertation proposal and launch of the dissertation research takes place in year four
- Years 5-7 focus on completion of the dissertation with encouragement and support to complete the dissertation within two years

Unique Strengths of the Program

- Part-time program designed to offer courses scheduled for adult and working students
- Cohort-based support for completion of the dissertation
- Courses balanced between theory, practice, research and policy
- Emphasis on experiential course practica, engaging students in community-based research and teaching

Resources Needed

- Doctoral Program Coordinator (faculty member on release time)
- 2 FTE faculty (these are already accounted for and budgeted in the academic hiring plan)
- Additional staff assistance
- Support for graduate assistants
- Library materials
- Marketing

SUBJECT: Finance & Facilities Committee Meeting Report for October 1, 2013

The Finance & Facilities Committee of the Board of Trustees met on Tuesday, October 1, 2013, in room 106, Enterprise Center, Central Campus of Salem State University.

Present for the Committee: Trustees Quiroga (chair), Burns (vice chair), Mattera, Chair Scott, President Meservey (ex-officio), interim executive director for finance Ainsworth (committee co-liaison), chief of police Labonte (committee co-liaison), chief of staff Bower (committee co-liaison), staff assistant Beaulieu. Others present and participating were: Trustees Davis and Segal, advisory member Mr. Gadenne, vice president, finance and facilities Soll, associate vice president Stoll, Principal Johnston and senior architect Rawn from William Rawn Associates.

Committee chair Quiroga called the meeting to order at 3:33 pm.

FY2013-14 Final General Operations Budget

On behalf of the finance and facilities team President Meservey presented the final FY2013-14 general operations budget (Attachment A). The FY2013-14 pro forma was approved by the board on June 5, 2013. Changes are presented in the final budget. Revenue reflects an increase in the state appropriation and reduction in fee revenues. An agreement between the board and the university stated that if the university received an increase in its state appropriation an adjustment would be made to the day undergraduate student fee increase approved by the board on April 10, 2013. The net revenue adjustment is \$904,000. Under expenses the additional funding is distributed mostly across academic programs. The request includes funding new positions such as a dean for the School of Education, Information Technology Systems (ITS) positions, and a medical billing position (offset by revenues). Map Works, a program that was initiated with a grant requires annualization of expenses. The final FY2013-14 general operations budget presented is \$108.693 million. Two actions are requested by the university. First, to rescind the \$400 increase to day undergraduate students for the academic year 2013-14 and approval of the final FY2013-34 general operations budget as presented.

Trustee Burns made the following motion, seconded by Trustee Mattera.

MOTION

The Finance and Facilities Committee recommends that the Board of Trustees approve the following motion:

The Board of Trustees of Salem State University hereby rescinds the \$400 per year fee increase for day undergraduate students for the academic year 2013-14 as approved on April 10, 2013 by the board of trustees.

On a voice vote, the motion passed unanimously.

Trustee Burns made the following motion, seconded by Trustee Mattera.

MOTION

The Finance and Facilities Committee recommends that the Board of Trustees approve the following motion:

The Board of Trustees of Salem State University hereby approves the Fiscal Year 2013-14 General Operations Budget as recommended by the president and described in Attachment A hereto. The president and other officers of the university are hereby authorized to do all things and take all actions necessary to implement the budget and protect the fiscal health of the university.

On a voice vote, the motion passed unanimously.

Master Vision Plan

Vice President Soll reviewed the two previous master vision presentations to the Board. On April 10, 2013, Sasaki Associates made a presentation on the master vision plan that consisted of an overview of the planning process and participants; a review of data gathered, including such key data as classroom and lab utilization rates; and an analysis of existing conditions of the university's facilities, systems, pedestrian and vehicle circulation. The presentation looked at opportunities for growth within the existing boundaries of the various campuses and at possible directions to expand the campus boundaries. On June 5, 2013, Sasaki made a presentation that focused on future project plans and received input from the board on the preliminary major projects list. Since June, Sasaki has worked with the university, the Division of Capital Asset Management and Maintenance (DCAMM) and the Massachusetts State College Building Authority (MSCBA) on refinements to the plan and major projects list in preparing the final plan report. President Meservey distributed copies of the draft report narrative (Attachment B) and projects list (Attachment B-1) to the board in advance of today's meeting.

Vice President Soll asked that the committee turn its attention to the revised major projects list (Attachment B-1). Of the projects on the list, the red highlighted items are ones that have changed since the June 5, 2013, board meeting as a result of planning efforts over the summer. The current version of the list incorporates these changes to bring the master vision projects list as closely in line with current planning as possible. For example, the revised list includes the proposed new residence hall and several related enabling projects. The modular residence hall has been removed from the list because it was determined not to be feasible financially or time-wise. Collaboration between the university, Sasaki, DCAMM, and MSCBA has been ongoing. The cost estimator from DCAMM is working to be sure estimated costs of the projects on the list are realistic. The university plans to include these estimates in the final report.

Trustee Quiroga made an observation about the funding sources for these projects and noted that the board is sensitive to anything that has an impact on student fees. For example, the Art Studio improvements and redevelopment of the upper quad show university funding but no fee impact. She asked if there would be a fee impact since these projects will be through the university. President Meservey and Vice President Soll agreed that these projects could carry a potential fee impact. Vice

President Soll mentioned that it is possible that some of the smaller projects could be accomplished through the annual deferred maintenance program, which is already incorporated into the university budget and fee structure. The funding sources and fee impact, if any, would have to be reviewed as each specific project is developed, taking into account potential funding from the state, through MSCBA bonding, through donors and as part of the deferred maintenance program.

Trustee Quiroga congratulated the team, including Interim Executive Director of Finance Ainsworth, President Meservey and Vice President Soll, for bringing to the committee a wider view of the university's plans and their financial impact. It is a dynamic process that will continue to evolve and improve.

Trustee Davis wanted to know when the impact of some projects requiring fee increases should be moved. Trustee Segal asked about projects in the 1–3 year plan, specifically the science laboratory building at \$45 million. President Meservey responded that the university hopes to get the \$32 million included in the 2008 capital bond bill released to fund most of that project, reducing the portion that the university would have to cover. Vice President Soll added that this discussion is a road map that allows DCAMM and MSCBA to know what the university has on its list for planning purposes. However, approving the master vision plan does not authorize any specific project on the project list. Board approval for each project will be sought at the appropriate point in the development of the project. The president noted that the master vision plan is front loaded based on the current need for each project, but in reality we know that not all of this will happen in the order presented. Trustee Quiroga stated that the reason for having this document is that it is a way of looking at a plan or vision, not at specific projects. As the plan is implemented, each project will be addressed in greater detail for consideration by the board. Vice President Soll mentioned that the list, with an indication of possible student fee impact, was meant to address Trustee Mattera's "runway" concept that looks at projects the university is likely to face in the next few years.

Trustee Burns made the following motion, seconded by Trustee Scott.

MOTION

The Finance and Facilities Committee recommends that the Board of Trustees approve the following motion.

The Board of Trustees of Salem State University hereby approves the master vision plan for the university as recommended by the president and as described in the attachments (B and B-1) hereto and as presented to this meeting. The president and other officers of the university are hereby authorized to do all things and take all actions necessary to implement the plan.

On a voice vote, the motion passed unanimously.

President Meservey distributed a copy of a letter (Attachment C) to Governor Patrick with endorsements from the university's north shore legislative delegation requesting release of the \$32 million in the 2008 capital bond bill for Salem's science laboratory building.

Proposed Capital Projects

Trustee Quiroga initiated discussion of the preliminary review of capital projects. President Meservey informed the trustees that the university has had a very busy summer. President referred to three emails she had sent to board over the summer (Attachment C-1, C-2 and C-3). The university is eager to move forward with a new residence hall. There is over 125% occupancy for freshman in residence halls with some of the other residence halls also over 100% occupancy. There exists an extensive waiting list and the university feels an increasing sense of urgency. In addition there are enabling projects. The footprint for the new residence hall would require razing and relocating Public Safety and loss of parking on Central Campus. The project would also entail razing the blue building on the former Weir property to offset lost parking on Central Campus. Other projects, the One Stop Shop and Mainstage Theatre renovation could be bundled into the financing of the above projects.

President Meservey turned the discussion over to Associate Vice President Stoll. AVP Stoll reminded the committee that the goal of the university is to house 50% of undergraduates. There is a huge demand for on campus housing. Currently 2,000 students live on campus. The residence halls average 108% occupancy. The proposed residence hall would accommodate another 400 beds. The university partners with MSCBA for the building of residence halls, and other non-academic projects such as athletic fields. Twenty firms competed for the design on a new residence hall. William Rawn Associates was awarded the project. Rawn comes with a background of building residence halls at the University of Massachusetts Amherst Honors College, Northeastern University, and Berklee College of Music in addition to designing the Seiji Ozawa Hall at Tanglewood. Principal Doug Johnston and senior architect Kevin Bergeron from William Rawn Associates were introduced.

MSCBA Executive Director Edward Adelman spoke briefly. He expressed his enthusiasm being there. MSCBA is celebrating its 50th year in issuing revenue bonds for projects at the nine state university campuses. The first two projects it completed were Bowditch and Peabody Hall both located at Salem State University.

Mr. Doug Johnston, principal of William Rawn Associates presented a 3D model of the proposed residence hall project. Rawn Associates has built over 6,000 beds nationally with 1,600 at Northeastern University. Several sites were reviewed before deciding upon housing a new residence hall on central campus. It was important to provide a strong presence along Loring Avenue and create open spaces. Open spaces shown on the model included a front lawn on Loring Avenue and a private courtyard behind the proposed building. Critical needs included an open connection to the campus and keeping the scale of the building that would not be overpowering. Two wings are in the design, one lower than the other. Glass is used in a transparent way. Dormer rooms create special living suites. The rooms are all in suite configurations. Two double rooms surround a shared bathroom. Students preferred the mini suite design. The first floor of the left wing would house a coffee shop, a lounge and seminar spaces.

Trustee Quiroga raised the question of parking. While the design would utilize current parking for the university it would not impact the parking for the Enterprise Center and its tenants. Relocating parking to the Weir property would be provided after razing the blue building. Trustee Segal brought up the commitment of the university to the city of Salem to use this site as a gateway to the city. President Meservey explained that the use of the Weir property for parking would be temporary. In response to

an inquiry from Chair Scott, it was learned the new halls would be used to house sophomores. She asked also about the proximity to property lines. Mr. Burns noted that there would be push back from neighbors with property lines 23 to 75 feet away.

One of the concerns raised was the noise level from the cooling towers as experience in previous projects. In an effort to address this issue, a well would be created in which the cooling towers would be suppressed. Acoustically noise travels in a straight line. Trustee Burns inquired about outside lighting. On the neighbor side there would be no external lights on the building. Only normal lighting from windows of the rooms would be visible. Trustee Quiroga raised the issue of safety on that side of the building with reduced lighting. There would be ground lighting but nothing that would cause glare into neighbors' property. Chief of Staff Bower relayed to the committee that two meetings have been held with the neighbors regarding this project. Letters were sent out to all the Loring Avenue residences, including the owners of any of the rental properties. The first meeting had 20 neighbors in attendance and the second meeting only had three neighbors in attendance. The neighbors expressed more concern about a proposed parking garage.

President Meserve spoke about the financing of some of the projects associated with the building of the proposed residence hall. While pricing is not certain some placeholders are in place. The projected cost of the residence hall is currently \$54 million. The Weir surface parking project is at \$1 million. The interim police station was originally quoted at \$1.6 million but has increased to \$2 million. The residence hall project is supported by student rents. In addition a subsidiary of between \$100,000 - \$150,000 support from the university will be needed for the first few years. Rent increases in the future will make the residence hall self-supporting. The Weir parking surface and interim police station currently have no source of funding designated. The One Stop Shop and Mainstage Theatre renovation also need full or partial funding. Included in the mailing was a letter with a draft document (Attachment D) that identifies all of the current debt the university has in addition to the increase in debt service for these capital projects. In FY2016 the potential additional debt is \$1.050 million. The university has a \$2 million gift outstanding for the Mainstage Theatre renovation. The plan is to take the \$2 million and allocate it over three to four years to absorb some of this potential debt. The cost increase of the \$1.050 million is subject to change. Trustee Quiroga asked how much this cost would be to the students. President Meserve responded a little less than 2% of an increase in tuition and fees. The board has approved up to a \$150 per student, 1.8% increase in fees for the new fitness center which has not yet been charged. The university will continue conversation with legislators for increased funding in the state appropriation in order to stave off future fee increases.

President Meserve pointed out a bar chart in the package (Attachment D) that shows the level of long-term debt of Salem State University in comparison to other state universities for the academic years 2009-10 and 2010-11 of which Salem carries the lowest. Trustee Quiroga asked if there was an updated chart. It was noted that new information has not yet become available. The trustees will shortly be looking at the university's financial ratios during the final audit review, which the president believes are very healthy.

President Meserve explained that the finance package for the new residence hall and enabling projects will be presented at the November 20, 2013 committee meeting. MSCBA wants a sense of the board that it plans to approve the projects and associated funding. She asked if anything presented today raised

any concerns pending approval of a bond issue. The MSCBA board met and voted a general intent of the project. Trustee Burns felt that all presented was positive. The university is looking at opening the new residence hall for the fall of 2015. Trustee Burns added that the four year retention is up to 27%. He stated that now is the time to spend the money. Trustee Quiroga brought up the fee question. President Meservey reiterated that the university did not increase the fee this year. As we invest in the university we will have to increase fees. Trustee Segal asked if the trustees were banned from raising fees. If not, would it be possible to create a reserve that could be tapped for future projects. President Meservey commented that another state university recently approved a capital improvements fee. She further commented that all the research shows that providing an environment conducive to students that include a residential experience shows an increase in retention. Trustee Quiroga reminded the trustees that a residence hall is paid for by the students. Trustee Davis inquired about sufficient dining service. President Meservey responded that when Marsh Hall was built it took into consideration possible additional residence halls being built and to be able to accommodate additional residential students.

Discussion centered on whether a motion was needed to have the president further advance the projects. A vote will be needed in November for the issuance of bonds to fund the new residence halls and the other projects discussed. Trustee Scott stated that the trustees have already recommended approval of the master vision plan which currently includes the projects mentioned. Trustee Mattera heard a sense of confidence from the committee. He also has confidence and agreed that another motion is not necessary. President Meservey will have the final budgets presented at the November committee meeting. Trustee Quiroga reiterated that the trustees recommended approval of the master vision plan and that it is separate from approving the building of what is in the plan. President Meservey discussed next steps that included action by the MSCBA board. She informed the committee of costs being incurred by MSCBA and the university as the project is being developed. She also noted ancillary projects that could be included in the financing package (i.e. Mainstage Theatre renovation and other enabling projects). These issues will be addressed in greater detail at the November committee meeting. Trustee Burns and Mattera expressed support for the projects.

Investment Policy

Trustee Quiroga discussed the university's investment policy. The current policy was approved by the board of trustees on September 24, 2008. She asked the trustees for feedback and along with university staff involvement and review by the interim executive director for finance; a new policy is presented (Attachment E). Chair Scott noticed that under section X (ten), procedure for changing investment policy and investment managers, the last paragraph needed some clarification. The trustees suggested that the last sentence read "At least biannually, the Board will discuss the need to issue an RFP for investment managers and at least every five years an RFP for investment managers will be issued."

Trustee Burns made the following motion, seconded by Trustee Mattera.

MOTION

The Finance and Facilities Committee recommends that the Board of Trustees approve the following motion:

The Board of Trustees of Salem State University hereby approves the investment policy as amended for the university as recommended by the president and as described in the Attachment E hereto and as presented to this meeting. The president and other officers of the university are hereby authorized to do all things and take all actions necessary to implement the policy.

On a voice vote, the motion passed unanimously.

There being no further business to come before the committee, Trustee Mattera moved and Trustee Burns seconded a motion to adjourn.

MOTION: To adjourn the meeting.

On a voice vote, the motion passed unanimously.

The meeting adjourned at 5:00 pm.

Prepared by: Ms. Beaulieu, staff assistant, finance and facilities

 REQUEST FOR TRUSTEE ACTION

Date: October 8, 2013
To: Board of Trustees
From: Patricia Maguire Meservey, President
Subject: FY2013-14 General Operations Budget
Requested Action: Approval

On June 5, 2013, the Board of Trustees approved a 2013-14 pro forma general operations budget of \$107.789 million to enable the university to operate at the start of the new fiscal year pending completion of the state budget process. Since that time the state budget has been enacted, and the administration has reviewed the assumptions in the pro forma budget. In particular, a proposed increase to state appropriation to eliminate the need to increase fees for day undergraduate students was approved by the governor and forwarded to the university. To this end the proposed final budget as presented in Attachment A includes an increase in state appropriation of \$2.722 million to a FY2013-14 level of \$41.482 million. In addition the proposed budget also includes a roll back of the fee increase for undergraduate day students previously approved in June from \$400 per year to \$0 per year. The proposal final budget is presented in Attachment A.

The net effect of these changes is a balanced general operations budget of \$108.693 million for the 2013-14 fiscal year.

MOTION

The Board of Trustees of Salem State University hereby rescinds the \$400 per year fee increase for day undergraduate students for the academic year 2013-14 as approved on April 10, 2013 by the board of trustees.

MOTION

The Board of Trustees of Salem State University hereby approves the Fiscal Year 2013-14 General Operations Budget as recommended by the president and described in Attachment A hereto. The president and other officers of the university are hereby authorized to do all things and take all actions necessary to implement the budget and protect the fiscal health of the university.

Committee Assigned: Finance & Facilities
Committee Action: Approved
Date of Action: October 1, 2013

Trustee Action:

Trustee Approval Date:

Effective Date:

Signed: _____

Title: _____

Date: _____

FY2013-14 General Operations Budget Proposal

(\$ in thousands)

	FY13	FY14 - Budget	FY14 - Final Budget Proposal		Notes on Adjustments
	Final Approved Budget Base	Approved Pro Forma Budget	Adjustments to Base - Amended	Proposed Final Budget	
Revenues & Transfers					
Net Tuition and Fees	\$61,207	\$63,783	(\$1,800)	\$61,983	1
Enrollment Contingency	(\$298)	(\$298)	\$0	(\$298)	
Other Local	\$8,524	\$9,274	\$482	\$9,756	2
State Appropriation	<u>\$37,293</u>	<u>\$38,760</u>	<u>\$2,722</u>	<u>\$41,482</u>	3
Revenue before Transfers	\$106,726	\$111,519	\$1,404	\$112,923	
Transfers					
Capital Projects	(\$3,686)	(\$3,686)	(\$500)	(\$4,186)	4
Other	(\$44)	(\$44)	\$0	(\$44)	
Total Transfers	(\$3,730)	(\$3,730)	(\$500)	(\$4,230)	
Trustee Approved Revenue	\$102,996	\$107,789	\$904	\$108,693	
Expenses					
Personnel	\$77,159	\$80,140	\$334	\$80,474	5
Student Financial Aid	\$1,752	\$1,752	\$0	\$1,752	
General Operating Expenses	\$24,085	\$24,851	\$570	\$25,421	6
Debt Service	\$0	\$1,046	\$0	\$1,046	
Trustee Approved Expenditures	\$102,996	\$107,789	\$904	\$108,693	
Net Result	\$0	\$0	\$0	\$0	

Notes on adjustments

1. Reduction in projected fee revenues base on increase state appropriation
2. Medical billing receipts, one-time matriculation fee, tuition payment plan revenues
3. State appropriation increase
4. Fire suppression in Fitness Center, Diner renovations, Ellison study
5. Academic (School of Education), ITS, Medical Billing (offset by revenues), student drivers and graduate assistants
6. Strategic planning grants, Mapsworks, ITS infrastructure and upgrades, branding & graduate school campaign

Changes from Pro Forma

During the discussion leading to the approval of the Pro Forma budget, \$150K was allocated to Strategic Initiatives unassigned. These funds have been incorporated into the additional funds received between the Pro Forma and Final Proposed budget.

The "new" funds include:

\$2,722K state appropriation, offset by reduction in fee increase for a net of \$922K.

\$482K other local (see #2 above)

Total \$1,404K

Proposed Allocations:

\$500K Capital Projects (see #4 above)

\$334K Salaries (see #5 above)

\$570K General Operating Expenses (see #6 above)

Total \$1,404K

REQUEST FOR TRUSTEE ACTION

Date: October 8, 2013
To: Board of Trustees
From: Patricia Maguire Meservey, President
Subject: Master Vision Plan
Requested Action: Approval

MOTION

The Board of Trustees of Salem State University hereby approves the master vision plan for the university as recommended by the president and as described in Attachment B hereto and as presented to this meeting. The president and other officers of the university are hereby authorized to do all things and take all actions necessary to implement the plan.

Committee Assigned: Finance & Facilities
Committee Action: Approved
Date of Action: October 1, 2013

Trustee Action:

Trustee Approval Date:

Effective Date:

Signed: _____

Title: _____

Date: _____

EXECUTIVE SUMMARY

The Salem State University Master Plan establishes a vision for the future of SSU's presence in the greater North Shore region – a vision rooted in the academic mission of the University, and one that advances SSU's role in community and economic development. The school's strategic priorities—establishing a community of learners; educating students to drive innovative change; serving local and global communities; and, preparing students for today's workforce —suggest new models of enhanced collaboration and active learning, and the importance of strong connections within the school, across the university, and to the community. These drivers require a transformation of the physical environment.

The emerging 2040 vision is rooted in principles of flexibility, connectivity, identity, and community:

- **Flexibility:** The vision provides a roadmap for coherent campus development, while preserving the campus's ability to adapt to a variety of future conditions.
- **Connectivity:** The vision strives to improve vehicular access and safety; enhance pedestrian activity and establish a compact core; and maximize programmatic synergies.
- **Identity:** The vision establishes a collegiate street presence for the university; creates memorable spaces, and improves campus wayfinding.
- **Community:** The vision extends and enhances the living-learning environment; provides appropriate student life amenities; and, enhances partnerships with the surrounding neighborhood and the City of Salem.

Guided by these principles, the Vision considers the best use of the existing campus zones (North Campus, Central Campus, South Campus, the O'Keefe site, and the Weir Properties), possible connections between these zones, and opportunity sites for future expansion.

Comment [PM1]: And Cat Cove. I am disappointed to see little mention of this campus and its potential.

Planning Process

Master planning for SSU commenced in September 2012 under the guidance of Campus Planning Task Force, the President's Cabinet, and DCAMM. The process was highly inclusive and transparent, designed to provide deliberate and interactive engagement with the Salem State campus community, the broader Salem community, and other local partners. The process included on-campus work sessions, stakeholder interviews, presentations to the university community and neighborhood groups, and interactive online surveys.

Comment [PM2]: I believe the work stated earlier – Fall of 2011?

Key Program Drivers

The analysis phase of work revealed a series of key program drivers. These drivers provide the mission-based impetus for the recommendations articulated in the master plan:

- High-quality laboratory space to support teaching and research in the sciences and the arts;
- Learning space that supports active and experiential pedagogies and relieves the pressure on existing classrooms;
- Student interaction spaces including lounge, study, student organization, and group work spaces;

- Office space to support full-time and part-time faculty;
- Better faculty collaboration spaces;
- New residence halls to improve both the quantity and quality of the living-learning community;
- More distributed dining facilities;
- Adequate parking for Salem State students, faculty, staff, and visitors.

Urban Design Drivers

In addition to the programmatic drivers, the campus faces numerous physical and urban design challenges. These challenges dictate the following design response:

- Creating a campus, not just a collection of buildings—providing connectivity between SSU real estate is the key move here;
- Establishing a strong collegiate identity for SSU at campus edges and gateways;
- Providing clarity to circulation for vehicles, bicycles, and pedestrians;
- Strengthening the whole campus as part of the learning environment, including outdoor spaces;
- Maximizing real estate potential by leveraging existing assets and strategically investing in properties that advance SSU's mission.

These drivers translate into several physical moves:

- A new laboratory facility, linking to a renovated Meier Hall, to meet significant program demands for both sciences and the arts. The renovation to Meier Hall will enhance academic space, resolve building systems and exterior façade issues, and activate an important edge along Lafayette Avenue and College Drive;
- A renovated Sullivan Hall to support modern learning environments;
- Potential conversion of Horace Mann from a Salem Public Schools facility to a Salem State University facility; Harrington Hall, in turn, would be used by Salem Public Schools;
- A new residence hall, adjacent to Peabody Hall, to enhance the overall living-learning community on North Campus;
- Mixed-use living-learning residence halls on Central Campus, creating a critical mass of students;
- A redeveloped Campus Center to foster community needs, including space for commuter students, meeting spaces, student organization space, and dining;
- Improved indoor and outdoor recreation facilities, including a fitness center addition and new recreation fields at O'Keefe and South Campuses;
- A new partnership facility on the Weir Property to include [Welcome Center \(where will institutional advancement, bookstore, admissions all go when we raze the Enterprise Center?\)](#) science labs and the relocated Enterprise Center;

- Potential long-term partnership between the University and Rainbow Terrace to reimagine land use;
- [Potential long-term development of the Canal Street corridor.](#)
- [Cat Cove](#)

EXISTING CAMPUS ENVIRONMENT

Current Landholdings and Campus Organization

Founded in 1854 as the Salem Normal School, Salem State University initially served as a women's teachers college. In the early twentieth century, Salem State moved to its current location at the intersection of Lafayette Street and Loring Avenue and has expanded in the 1970s and 1990s to Central and South Campuses. Additional Salem State properties include Cat Cove and the recently acquired Weir Property.

The 2007 master plan identified the need to enhance connections among Salem State's numerous campuses; modernize buildings, especially on North Campus; and solidify campus identity through landscape improvements and by establishing a gateway entrance to campus. The plan prioritized a Science and Learning Commons, Center for Creative and Performing Arts, and Sullivan Building modernization. It also advised infrastructure, parking, and stormwater improvements; property acquisition to accommodate campus growth; and addressing deferred maintenance of key buildings. Since 2007, Salem State has made many improvements, such as the new Learning Commons) and the Marsh Residence Hall. This master plan update will continue to advance these goals and accommodate new priorities.

Building Use, Condition, and Quality

Each of SSU's three primary campuses – North, Central, and South – offer both academic and residential facilities. This helps foster a sense of an integrated learning and living environment, whereby the residence halls become an extension of the learning taking place within the formal academic spaces. This is a tremendous asset for the University and the master plan should endeavor to strengthen this use pattern wherever practical.

Both North and Central campuses also offer student life facilities, whereas South has only limited dining options and very little meeting and study space for students. This deficiency, combined with the distance of the South campus academic spaces from North and Central campuses, make South Campus a less than ideal academic location for SSU. Students cannot make a ten-minute class change time from South Campus to any of the other campus locations. As academics become increasingly interdisciplinary, the distance factor will limit student choice in course and schedule offerings.

Building condition and quality is a significant issue. While the University has several facilities worthy of investment, many have been neglected due to limited funding. Meier Hall and Sullivan Hall, both critical academic buildings with strategic locations, are in need of renovation investment. Facilities on Upper South are in severe need of renovation or redevelopment. Unlike the North Campus buildings, the cost to renovate Upper South facilities may exceed replacement cost or, at least, not achieve a minimum cost-benefit threshold.

Open Space and Pedestrian Circulation

Open space plays a significant role in distinguishing the Salem State campus from its suburban context. Campus landholdings include a salt water marsh, which has undergone ecological restoration and acts as both an aesthetic and recreational amenity. Recent projects, such as the North Campus Quad, built in conjunction with the Library and Learning Commons, as well as the Central Campus Quad between Atlantic and Marsh Halls, have been transformative to the sense of place on campus. Of equal importance are the campus' linear landscapes – as SSU strives to better connect its campus parcels, attention must be paid to the linkages between them. When the center of a walk circle is located over Rainbow Terrace, O'Keefe, Weir, North and Central Campuses all fall within a 5-minute walk radius. However, non-campus owned parcels, heavily trafficked roads, and steep areas create obstacles to movement between campuses. The enhancement of the streets between parcels, such as Loring Avenue and Broadway, to create a welcoming, attractive and safe environment for pedestrians, as well as vehicles, is key in the continuing improvement of the campus.

Parking and Transportation

Parking

To determine the parking need generated by the campus, and to provide guidance in the development of the parking program for the Master Plan, a comprehensive survey was taken of occupancy in campus parking lots. Table 1 shows the results of the parking survey on both days, in terms of parking spaces occupied by lot and time of day.



Figure 8. Parking Survey Zones and Lots

Lot	Capacity	7:00 - 8:00	8:00 - 9:00	9:00 - 10:00	10:00 - 11:00	11:00 - 12:00	12:00 - 1:00	1:00 - 2:00	2:00 - 3:00	3:00 - 4:00	4:00 - 5:00	5:00 - 6:00	6:00 - 7:00
A	705	6%	27%	58%	77%	78%	85%	67%	55%	38%	35%	25%	16%
B	23	22%	26%	35%	39%	57%	52%	65%	65%	61%	52%	43%	30%
C	78	31%	53%	87%	96%	103%	108%	110%	96%	62%	72%	38%	27%
D	60	5%	62%	115%	122%	125%	123%	118%	92%	67%	47%	40%	33%
E	37	19%	59%	81%	100%	100%	100%	92%	92%	100%	100%	81%	65%
F	18	6%	44%	56%	61%	78%	78%	78%	72%	72%	56%	56%	50%
G	190	4%	23%	100%	100%	100%	100%	100%	97%	94%	95%	76%	67%
H	362	10%	40%	83%	91%	98%	97%	88%	79%	67%	66%	67%	52%
J South	314	75%	83%	90%	90%	89%	89%	88%	85%	77%	80%	76%	78%
J North	157	29%	59%	76%	87%	99%	94%	92%	90%	83%	77%	70%	66%
Enterprise	134	4%	20%	64%	69%	85%	81%	78%	78%	71%	60%	42%	22%
P	352	43%	63%	77%	72%	76%	73%	72%	68%	64%	58%	61%	57%
Q	45	0%	24%	67%	89%	89%	91%	89%	84%	62%	60%	58%	18%
R	61	3%	25%	66%	92%	80%	74%	57%	62%	57%	61%	62%	84%
S	75	4%	13%	49%	71%	75%	72%	48%	35%	29%	24%	23%	23%

Table 1. Parking Occupancy by Lot and Hour, in Percent: Wednesday March 6, 2013

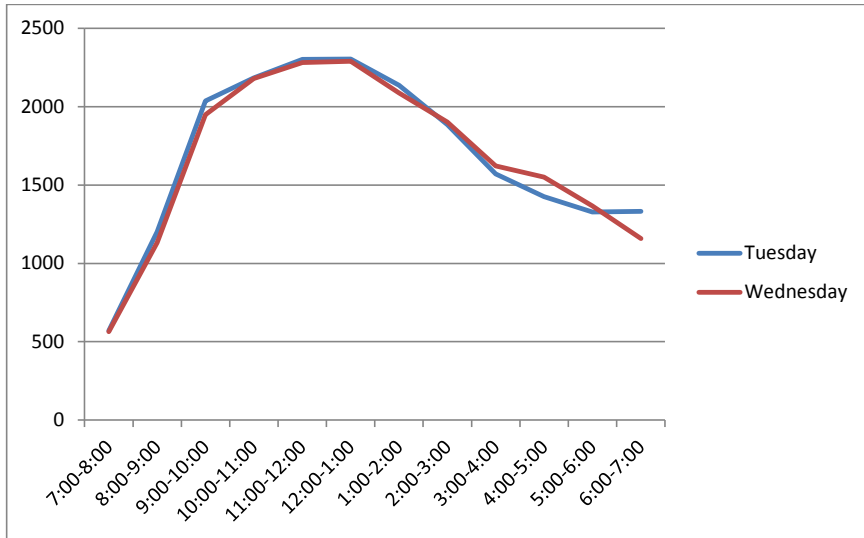


Figure 9. Total Occupied Spaces, Campus-wide by Time of Day

The survey revealed definite patterns in the use of parking lots. Parking proximate to the academic core is highly utilized. On the other hand, the O'Keefe Center lot's occupancy peaks at 85%-88%, with a minimum available capacity of 83 spaces. Lots C and D, at the Weir Property with 78 and 60 spaces respectively, are significantly over-subscribed, with occupancy greatly over capacity. In North Campus, all lots except Lot F (18 spaces) experience peak occupancies over 90% at some time of day. Likewise, in Central Campus, Lot J has peak occupancy over 90%. Given the size of Lot J, however, there are more available spaces at all times. At the peak hour of occupancy, 12:00-1:00 on Tuesday, there are 39 vacant spaces in all of Lot J: 25 permit spaces and 14 Enterprise Center spaces.

Comment [PM3]: How many total spaces are there? The graph does not reveal much without this baseline.

One of the few instances of noticeable difference between Tuesday and Wednesday occupancy occurs in the Enterprise Center portion of Lot J. On Tuesday occupancy peaks at 90% at 12:00-1:00, while on Wednesday it peaks at 85% at 11:00-12:00.

Parking is somewhat less congested at South Campus than elsewhere. The main lot, with 352 spaces, does not exceed 77% occupancy, with 88 available spaces. Looking at South Campus as a whole, there are never fewer than 124 vacant spaces out of a total of 533.

Traffic

The primary purpose of the traffic analysis was to develop an accurate picture of the movements along Loring Avenue, which is the main connector between North campus, Central campus and the Weir and O'Keefe properties on the north side of Loring. Vehicular traffic conditions were found to be similar in the AM and PM peak hours, with relatively balanced flows of traffic in both directions along Loring Avenue.

The intersection of Loring with Lafayette Street and West Avenue functions at Level-of-Service (LOS) 'E'¹ in both peak hours, indicating congestion and less-than-optimal traffic conditions. At the other signalized intersections – the two adjacent signals at the confluence of Loring, Canal, and Jefferson – LOS is measured as acceptable in both peak hours. It should be noted, however, that in practice they are subject to some friction and overlap, and that instances were observed of illegally stopped vehicles blocking lanes and causing inefficiencies.

At the five unsignalized intersections between Canal and Lafayette Streets, LOS measurements indicate varying levels of average delay for the side streets. Delays are significant – averaging over 50 seconds – at both the Raymond Road and Broadway approaches to Loring Avenue. However, at the other three intersections, importantly including the two SSU driveways, LOS is acceptable in both peak hours.

Pedestrian volumes are high along and across Loring at all times of day. In the mid-day, upward of 600 people were observed walking along the south side of Loring in a single hour. Loring Avenue is thus SSU's most important pedestrian corridor, and could be seen as the university's most important open space.

Pedestrian crossings of Loring Avenue are also significant, as students walk between the O'Keefe Center and North or Central campus. Over 300 crossings of Loring at Linden Street were observed – more than five per minute over a whole hour.

Conditions were also observed at the southern driveway to the Central campus parking lot. During the PM peak hour, when northbound traffic on Loring Avenue is heavy, drivers exiting the lot at this point must wait for someone to stop and let them enter the roadway. While usually this happens fairly quickly, the situation does suggest that a better level of service is desirable for the parking lot exit. Also, as discussed above, the redevelopment of Central campus will ultimately involve displacement of most of the parking lot, and its consolidation in a garage at the southern edge of Central campus. The existing driveway from the lot onto Loring Avenue east of Canal will become a pedestrian-oriented path and a spine of Central campus' main open space, and will no longer have direct access to parking. The driveway configuration for Central campus should therefore be reconsidered.

Space Analysis

Introduction

Modern campus learning environments place heavy demands on space. Formal learning environments and student life spaces now overlap. New technologies and pedagogical approaches demand flexible classroom capabilities. Maximizing the use of existing space has become more important as universities face operational budget pressures and strive to be as

¹ Vehicular traffic conditions can be characterized in terms of Level of Service, a system of grading the operations of an intersection on a scale of 'A' to 'F', 'A' representing little or no congestion and 'F' representing significant, unacceptable levels of congestion and delay. In urban conditions, Level of Service (LOS) 'D' is generally considered to be acceptable, with average delays of no more than 55 seconds for signalized intersections and 35 seconds for signalized.

sustainable and efficient as possible. This analysis explores existing capacity and use patterns at Salem State and will inform master plan priorities, especially for the distribution, quantity, and characteristics of academic, student life, and office space.

Using Salem State's space inventory and class schedule, Sasaki analyzed current space use patterns to determine opportunities for increased efficiency and possible consolidation. Natural science labs in Meier Hall were the focus of a suitability assessment, and potential divestment of south campus academic and administrative space was explored.

DCAMM and Sasaki standards and guidelines were applied when applicable. Spaces in the database are coded according to Facilities Inventory and Classification Manual (FICM) categories.

Inventory Overview

Excluding residential, health services, and unassigned space, Salem State has 580,444 assigned square feet (ASF). Space categories include classroom, teaching lab, research lab, office, study, special use, general use, and support. The O'Keefe fitness addition and new Learning Commons will bring this total to 695,762 ASF. The old Library and Horace Mann are not included in this analysis.

Instructional space (Classrooms and Teaching Labs) comprises 24 percent of campus space; the Office category (which includes conference rooms) occupies an equal proportion. Research space occupies only 1-2 percent of assignable nonresidential square feet. The O'Keefe addition and Library will increase, respectively, the proportions of general use and study space on campus.

Although Central Campus is at the geographic center of Salem State, its functions are largely residential and low-density. Academic and administrative space continues to be concentrated on the original North Campus.

Office

Although Salem State's overall office quantity appears to be adequate to support full-time faculty, the university's significant adjunct population may be underserved. Salem State's office station to full-time equivalent faculty and staff ratio is 0.90, much higher than the conventional ratio of 0.75. This suggests that there is adequate office space based on the total number of undifferentiated employees. However, isolating faculty offices reveals why there is a sense of limited faculty office space. Salem State has 359 faculty-assigned offices and, based on headcount, but over twice as many faculty members. Salem State has 424 part-time faculty and 337 full-time faculty members. Assuming that nearly all full-time faculty have an office, very few offices remain for part-time faculty to share. The extent to which part-time faculty are provided office space will be an important policy decision that stands to significantly impact the quantity of office space needed in the future.

Student Lounge and Study

With the construction of the new Learning Commons and the O'Keefe addition, Salem State has 45,177 square feet of student lounge and study space. This includes Study Rooms, Open Stack Study Rooms, Study Service, Lounge, and Lounge Service .

Over 40 percent of student lounge and study space is located in residence halls, even with the addition of the new library. This percentage is significant, especially in light of Salem State's large commuter student population. The proportion of student life space located in residence halls is likely to increase as Salem State continues to invest in its residential communities. To balance this investment, additional student study space should be a priority in renovation and new construction projects in order to support learning outside the classroom. For example, current temporary library space on Central Campus could become lounge space once the new library opens.

Instructional Spaces

When evaluating general classroom and lab use out of inventory totals, Sasaki applies a utilization target of 65 percent for classrooms, and a utilization rate of 40 percent for class laboratories. DCAMM's standards are slightly higher, 67 percent and 50 percent, respectively. The resulting target for use of individual rooms is 30 to 40 weekly room hours (WRH). In terms of station occupancy, DCAMM applies a 67 percent standard for classrooms.

When evaluating scheduled use patterns, Monday, Tuesday and Thursday register the most consistent usage. There are significant opportunities to improve use in the afternoons after 3:00 and on Mondays from 11:00am to 1:00 pm, which is currently reserved as the university's general activity period, when no classes are scheduled. Central Campus classrooms have the highest average weekly room hours (WRH). Some North Campus classrooms in Meier and Sullivan are also in high demand. Space quality and location are likely contributing factors for rooms with low utilization. Seven of the ten lowest utilized classrooms are in Academic Building on South Campus. SSU has a 48 percent seat fill rate; the DCAMM standard is 67 percent. The gap between seat fill and classroom capacity indicates that there may be a gap between classroom stock and ideal class size from a pedagogical perspective. Faculty indicated that seminar teaching spaces are in high demand.

Lab Utilization

Because of the specialized nature of the space, utilization expectations are lower for teaching labs than for classrooms: 25 hours per week for individual labs and 40-50 percent utilization. Salem State's labs most consistently achieve 40 percent utilization (or higher) between 9:00 am and 2:00 pm Tuesday through Friday. Monday utilization is lower, in part because holidays limit meeting opportunities for once-per-week labs. Additional evening sessions are another opportunity for improved use of existing lab space.

In addition to analyzing overall use patterns, the study also isolated the use of individual rooms and sorted them based on departmental ownership. Biology, ChemPhysics, Geoscience, Art, and Psychology have the highest lab utilization. Many labs are scheduled less than the 25 hours-per-week standard. Meier Hall labs are some of the highest, and lowest, utilized.

Building Condition and quality

Improved wet lab facilities were cited as one of Salem State's most urgent space needs. These facilities are concentrated in Meier Hall, a building poorly suited to wet lab renovation based on low ceiling height and mechanical systems limitations. Rather than investing Meier Hall's current wet labs, Salem State's lab needs could be more efficiently satisfied with an addition to Meier, creating space more suited to web lab research and instruction and allowing current wet lab space to be converted to dry lab, classroom, or office for a lesser cost.

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Comment [PM4]: I thought there was significant usage. This seem contradictory to prior information. Does it need to be augmented with information about the quality of the labs and the difficulty with prep.

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Many of Salem State's art studios are in poor condition, located in basements with poor ventilation. Faculty cite the need for greater collaboration among fine arts disciplines, which are currently divided in various campus buildings. Performance and gallery space is also needed.

South Campus

Many buildings on South Campus are in poor physical condition. The isolation of this area also complicates transportation and parking. Divestment of South Campus' academic functions could be possible if Meier Hall's current wet lab space is relocated and backfilled with dry lab, classroom, and offices.

Comment [PM5]: It would be helpful to clarify the difference between upper south and lower south.

Assigned space for all of South Campus, excluding Bates and the gymnasium, totals 64,000 SF. This equals 60% of the total space in Meier Hall.

Sustainability and Smart Growth

One of the central guiding principles of the master plan is a focus on enhancing and expanding the pedestrian environment on campus. This principle encourages compact, walkable development that improves pedestrian and vehicular safety, enhances the sense of place on campus, encourages social connections and physical wellness, and discourages driving between destinations. Rather than adding additional remote parcels to the campus landholdings, the plan selects adjacent parcels for growth or, where possible, seeks to transform existing facilities and densify or create parking structures within the existing campus footprint. In addition to conserving resources, this strategy concentrates energy and vitality and makes it visible to campus users.

The plan also focuses on the enhancement of campus open spaces. Future facilities are sited to frame open spaces and pedestrian corridors. Recent projects on campus, such as the Central Campus quad, have set a high standard for sustainable development that should be continued as resources allow. Energy and resource conservation, stormwater management, and the pedestrian environment should be considered at a campus-wide scale and then implemented on a project-by-project basis. A future opportunity includes the renovation of Canal Street for infrastructure improvements by the City – SSU should coordinate with the city to achieve a campus-appropriate streetscape. All future implementation projects should follow stormwater management best practices, including on-site detention and infiltration, and treatment for water quality mitigation where possible.

Accessibility and Wayfinding to be added by accessibility consultant.

Campus Image and Arrival

The Salem State campus is made up of several disparate parcels; wayfinding between parcels can be a challenge for both vehicles and pedestrians. The master plan proposes several enhancements to improve campus image along its public frontages as well as a simplification of vehicular circulation. Parking structures are located at the periphery of campus and vehicular traffic is limited in many areas in order to create a safer and more collegiate environment. In the long term, on the North Campus, the existing vehicular entrance off of Loring Avenue will be

transformed into a pedestrian gateway accessible only to service and emergency vehicles. A new road, an extension of Broadway, within what is now Rainbow Terrace, will create a link through campus to Lafayette Street; student, faculty, staff and visitor vehicular traffic will access the parking structure off of this route. On Central Campus, daily traffic will access the proposed parking structure off of Loring Avenue across from Sumner Road. The existing vehicular entrance off of Loring across from the Weir property will be transformed into a pedestrian gateway accessible only to service and emergency vehicles. Throughout the campus, street trees, tree lawns, and appropriately scaled sidewalks improve the character of the campus's public frontage. For additional detail on master plan recommendations, see circulation and open space sections within the neighborhood development strategies chapter.

CAMPUS VISION

Strategic Academic and Enrollment Plan

Strategic Academic Plan

The strategic plan, written in 2008, establishes Salem State's mission, values, goals, and objectives through 2014. Goals focus on academic excellence, student success, resource and facilities management, and community connections. The concrete objectives build toward the mission, vision, and values of the university.

Comment [PM6]: We have a new plan. See edits next page.

Mission Statement

Salem State's mission is to provide a high quality, student-centered education that prepares a diverse community of learners to contribute responsibly and creatively to a global society, and serve as a resource to advance the region's cultural, social and economic development.

Vision

~~*To be a premier teaching university dedicated to excellence in education, service and scholarship.*~~

Salem State University will be a premier teaching university that engages students in an inspiring transformational educational experience.

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- *We put students first in all that we do and are committed to their success.*
- *We are a community of learners where all faculty, staff and students have the opportunity to grow as individuals.*
- *We are innovators, offering a unique brand of public higher education that inspires students to reach higher and achieve more.*
- *We remain true to our heritage as a liberal arts university while we prepare students for today's workforce.*
- *We serve the communities of the North Shore while we create an ever more globally aware and culturally diverse campus environment.*

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Values

- ~~*Excellence in teaching and scholarship with a focus on creative and critical thinking*~~
- ~~*Holistic development of students through personalized, learner-centered education that integrates knowledge and skills to achieve student success*~~

- *A welcoming, diverse campus community that provides access to high quality and lifelong learning opportunities to a broad constituency*
- *Collaboration and community partnerships with emphasis on social justice and civic engagement*

Developing a unified campus identity remains a priority for Salem State, especially as it continues transitioning to university status. This movement toward greater cohesion appears in current academic, facility, and student life plans. Financial security, global awareness, community connections, and sustainability also inform the university's strategic priorities. Specific goals in the strategic plan include: improve career services, counseling, multicultural affairs, safety, and athletics; create a technology master plan; and increase civic engagement and collaboration with North Shore businesses.

The academic plan strengthens graduate education at Salem State and shows a desire for increased coordination among various departments and colleges, manifested through the development of interdisciplinary programs and accelerated Master's degrees.² The plan renews commitment to a liberal arts foundation, especially regarding foreign language requirements. Minimum enrollment standards for all programs are being instated to ensure academic quality and efficient resource allocation. To accommodate a variety of student needs, the plan also calls for continued expansion of online offerings. Space and facilities planning will consider these changes, especially the anticipated increase in interdisciplinary collaborations, so that the built environment enables the interactions that the university is pursuing.

Accelerated Master's (or "4+1" programs) may be developed in the following disciplines: Criminal Justice, Geography, Geological Sciences, History, Psychology, Sport and Movement Science, Childhood Education, and Adolescent Education and Leadership.

Anticipated academic changes focus on interdisciplinary possibilities and the streamlining of low-enrollment programs. For the Bertolon School of Business, there are possible Interdisciplinary collaboration in Hospitality and Tourism between Management and Geography. The college may also add MBA concentrations, such as Accounting.

In the College of Arts and Sciences, interdisciplinary programs would include an Environmental Studies/Sustainability offering among Biology, Chem/Physics, Geography, and Geological Sciences; a Hospitality and Tourism offering between Management and Geography; collaboration among Communications, Theatre and Speech, Art+Design, and IDS; a Global Studies offering among Foreign Languages, Geography, History, Music, Political Science, Sociology, etc; increased Health and Wellness programming involving Sport and Movement Science and Health and Human Services departments. To streamline offerings in the natural sciences and Mathematics, eliminate B.A. degrees in favor of stronger B.S. programs. Possible additions are B.A. degrees in Philosophy and Dance, Ph.D. programs in Geography and Counseling Psychology, and a low-residency MFA. The college will provide literacy coursework for writing, computers, and finance through English, Computer Science, and Economics departments.

² Provost's Response to the Final Report: President's College-Wide Advisory Committee on Academic Planning , October 2011

Many of the College of Health and Human Services' suggestions focus on Education. Plans streamline and strengthen Education's undergraduate and graduate degrees in collaboration with other departments; including Literacy, Counseling + Learner Development; Art+Design, Biology, Mathematics, and Sports and Movement Science. Possible doctoral programs in Criminal Justice (in collaboration with UML) and Social Work are being investigated. Current Nursing Master's degrees are being phased out in favor of a Nurse Practitioner option.

Enrollment Plan

Anticipated enrollment informs space planning, especially for classrooms and residences. Undergraduate enrollment has increased slightly since 2005; however, graduate enrollment has declined. Salem State continues to draw a majority of its students from Massachusetts (97 percent).

Salem State believes it can easily grow to 8,000 undergraduate students without significant growth in FT faculty and staff. Growth is needed due to budget constraints. Undergraduate enrollment will increase by 1 percent annually; graduate enrollment will increase by 5 percent annually. Programs targeted for growth include Education, Business, Criminal Justice, Biology, and Psychology. Much of the growth in undergraduate programs will come from substantial increases in graduate and retention rates, as well as increased partnerships with area community colleges.

Existing facilities are a limit to growth, particularly up-to-date science facilities.

Comment [PM7]: We do not have a sufficient number of full-time faculty.

Program Needs

The analysis phase of work revealed a series of key program drivers. These drivers provide the mission-based impetus for the recommendations articulated in the master plan:

- High-quality laboratory space to support teaching and research in the sciences and the arts;
- Learning space that supports active and experiential pedagogies and relieves the pressure on existing classrooms;
- Student interaction spaces including lounge, study, student organization, and group work spaces;
- Office space to support full-time and part-time faculty;
- Better faculty collaboration spaces;
- New residence halls to improve both the quantity and quality of the living-learning community;
- More distributed dining facilities;
- Providing adequate parking for Salem State students, faculty, staff, and visitors.

Functional Organization and Planning Principles

A key strength of Salem State's functional organization is its mix of uses across campuses. Each of the three primary districts – north, central, and south – features a dynamic relationship between academic environments, living-learning communities, dining, and support services. The 2040 vision celebrates this quality and plans for a future that continues this rich mixing unique to

Salem State. In addition, the vision is rooted in principles of flexibility, connectivity, identity, and community:

- **Flexibility:** The vision provides a roadmap for coherent campus development, while preserving the campus's ability to adapt to a variety of future conditions.
- **Connectivity:** The vision strives to improve vehicular access and safety; enhance pedestrian activity and establish a compact core; and maximize programmatic synergies.
- **Identity:** The vision establishes a collegiate street presence for the university; creates memorable spaces, and improves campus wayfinding.
- **Community:** The vision extends and enhances the living-learning environment; provides appropriate student life amenities; and, enhances partnerships with the surrounding neighborhood and the City of Salem.

Guided by these principles, the Vision considers the best use of the existing campus zones (North Campus, Central Campus, South Campus, the O'Keefe site, and the Weir Properties), possible connections between these zones, and opportunity sites for future expansion.

Opportunity Sites within Current Landholdings

The existing Salem State campus, while dense, still offers several opportunities for redevelopment. Below is a list of opportunity sites, by district, which can be renovated and/or redeveloped to achieve programmatic needs.

North Campus:

- Meier Hall is a critical campus asset that occupies a strategic site on North Campus. The building itself offers renovation potential. The adjacent site, once occupied by the campus library, can be redeveloped to support modern teaching labs.
- The area south of Lafayette and east of College Drive (in the vicinity of Peabody Hall) currently provides parking. This area is well-suited for mixed use academic/residential uses, as well as structured parking.
- The future of Horace Mann as an elementary school within the Salem Public Schools is unknown. It represents a potential opportunity for reuse by SSU. Plans for this facility should also include redevelopment of the adjacent house at the corner of College Drive and Loring Avenue.

Central Campus:

- The two large surface parking lots represent opportunity sites, with replacement parking provided in a parking structure
- Campus Police is located at a critical gateway to campus and does not represent the highest and best use of the site. Campus Police should be relocated and the site redeveloped.
- The Enterprise Center, while providing important campus facilities, does not represent the highest and best use of the land, since it is a one-story structure. Enterprise Center facilities can be relocated and the site reused for mixed use academic/residential environments.

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South Campus:

- All of Upper South (Academic Building, Alumni House, Preschool) is physically disparate from Lower South. The age and rehabilitation need for Upper South suggest potential for redevelopment, either by the University or another entity. Current academic space occupied by SSU can be replaced on North or Central campuses.

O'Keefe

- The large parking lot along Forest Avenue offers a redevelopment site, potentially for structured parking. [And playing fields.](#)

Weir Properties

- The Weir Properties occupy a critical site at the intersection of Loring Avenue and Canal Street. Recent investment has been made at the Stanley Building, but the other buildings offer opportunities for redevelopment.

Cat Cove

- Efforts should be made to expand, renovate, and/or replace the existing structures, particularly the laboratory facilities. There is ample land on which to do so, including the large existing parking lot, which sits at a higher elevation than the current facility.

Opportunity Sites beyond existing landholdings

The 2040 Campus Vision focuses on establishing a connected and compact mixed-use core. Acquisition of several adjacent parcels will enable this goal. Loring Avenue serves as a north-south linking corridor that abuts each major campus district; therefore, efforts should be made to acquire frontage along this corridor to establish a stronger identity and street presence for the University. The acquisition of frontage along Broadway offers the ability to better connect Central Campus to both the Weir property and O'Keefe. These parcels could be used to accommodate additional housing for graduate students, faculty, and/or staff.

Two key larger parcels offer opportunities for long-term University use. The first is Rainbow Terrace, which occupies the land between North and Central campuses. This parcel is well suited for academic use, with potential for additional student residences along Loring Avenue, adjacent to Bowditch Hall. The acquisition of Rainbow Terrace would unify North and Central campuses into one well-connected, compact, pedestrian-friendly core. Should Rainbow Terrace not be available over the long term, land west of Canal Street could offer potential space for expansion or relocation of administrative and support uses. If this latter direction is pursued, the Weir property could become an important academic expansion zone.

NEIGHBORHOOD DEVELOPMENT STRATEGIES**North Campus****Capital Projects**

North Campus continues to serve as a major academic hub for SSU, anchored by the new Learning Commons. Existing academic facilities, such as Meier and Sullivan Halls, undergo

renovation to support modern learning environments. The need for high quality lab space is met through an addition to Meier Hall, with the existing facility backfilled to accommodate studio space for the arts, as well as general classroom, office, and dry lab needs. Beyond the classroom, residential and student life uses support and complement the academic environment within this district. The existing first-year community at Peabody Hall is enhanced through the addition of a new adjacent residence hall, building a greater living-learning community adjacent to the nearby recent investment in the Learning Commons. Over time, the Ellison Campus Center is redeveloped to provide important space to foster student community needs, including space for commuter students, meeting spaces, and student organization space. Horace Mann represents an opportunity to partner with the city to potentially relocate the elementary school to Harrington Building, on South Campus, thereby recapturing academic space for SSU within the high-demand North Campus academic zone. Existing surface parking is replaced by a new parking structure, located south of Peabody Hall, to serve all of North Campus.

Circulation and Open Space

The recently completed North Campus Quad, framed by a renovated Meier Hall and the new Library and Learning Commons, serves as the heart of the North Campus district. A similar opportunity exists for Upper North Campus – the removal of the existing trailers in the center of the space and the renovation of the landscape to increase lawn and plantings and reduce pavement, will transform this area into another campus quad. Service and emergency access to buildings within this new quad should be preserved by developing walkways that are wide enough to accommodate vehicles, but appear pedestrian in character. The steep slope and retaining wall that divides the Upper North quad from the North Campus quad will be transformed from a barrier to a linking landscape: a series of grass terraces supported by seat walls will step gradually down the slope. The grass terraces, which will overlook the North Campus Quad, should be planted with canopy trees for shade to encourage informal use of the space between classes. A future new building could be located at the western edge of the slope as shown; the building should feature an atrium style lobby that can be accessed at the elevation of both the upper North and North quads. Accessibility could be provided between quads via an elevator within this atrium space.

The future living-learning communities proposed in the vicinity of Peabody Hall offer opportunities to enhance pedestrian connections back to the North Campus Quad. The construction of structured parking on North Campus will allow the replacement of existing surface lots with green space over time. New facilities should be designed to bridge topographic divides with internal elevators. A direct pedestrian route should be developed, connecting from the Peabody Hall area back to the space between Meier Hall and the Library and Learning Commons.

Central Campus

Capital Projects

A majority of respondents to the myCampus online survey identify Central Campus as the “campus heart.” It hosts several significant academic programs, a large share of the campus’s residence halls, and several important support functions. At the same time, Central Campus has significantly more development capacity. Relocation of both Campus Police and the Enterprise

Center, combined with reuse of the two large parking lots, will free up prime, centrally located land. This land can be redeveloped to accommodate new residence halls, helping the University close in on its goal of housing 50 percent of students on campus. As academic program needs are more clearly defined, there is potential for the ground level floors of these buildings to host academic programs, expanding the University's living-learning communities.

Circulation and Open Space

The Quad between Atlantic and Marsh Hall is extremely popular with students; its contemporary aesthetic and functionality as a working ecological landscape communicate the energy and forward-looking character of SSU to campus visitors. As surface parking on Central Campus is replaced with structured parking over time, there will be opportunities to extend this landscape towards the public face of the campus. A new civic-scale quad between the business school and future living-learning community to the south will act as a welcoming pedestrian campus gateway. Plazas for gathering and shaded seating areas should be developed to accommodate activity spilling out from these two flagship facilities. A smaller-scale interior courtyard at a future residence hall on the site of the existing Enterprise Center will offer a more private landscape for passive recreation.

A key landscape for the Central Campus is that between the proposed facilities and Loring Avenue. This zone, visible to all travelling along Route 1A, plays a major role in shaping the campus' image in passersby's minds. The acquisition of additional Loring Avenue frontage and the transformation of this area from a residential to an institutional "front yard" landscape will communicate the presence of the University and improve campus wayfinding, in a manner similar to the park-like landscape around the "prow" of the historic North Campus.

Loring Avenue

Three alternatives to the current condition were tested, all of which are premised upon the closure of the northern driveway, from the lot onto Loring Avenue east of Canal:

- Signalize the existing southern driveway. With the closure of the other driveway, the southern driveway would carry significantly more traffic than it does today, exacerbating the problem of exiting during peak hours. Signalization would resolve that problem. It would also increase delays on Loring Avenue in both directions. For that reason, and also given the proximity of the existing driveway to the signal at Jefferson Street, and to the intersection of Loring with Sumner Street (less than 200 feet to the south), the City of Salem and the Massachusetts Department of Transportation (MDOT) might not respond favorably to a request for a signal at that location.
- Closing the southern driveway as well as the northern one, create a new driveway from the lot directly into the intersection of Loring Avenue with Jefferson Avenue. This new driveway would be incorporated into the intersection, and would be under control of the signal there. The driveway would be on land currently occupied by two houses on Loring Avenue.

Capacity analysis and animated traffic simulation were performed to test this concept. It was found that the Loring/Jefferson intersection (which is integrated with the immediately

adjacent Loring/Canal intersection) could function at an adequate LOS with the introduction of the new driveway approach. To function most efficiently, the signal timing would need to be designed with the (westbound) driveway approach and the opposing (eastbound) Jefferson Avenue approach having a green light at the same time. (This would allow the heavy left-turn volumes on each approach to run simultaneously; a split-phase signal, giving the eastbound and westbound approaches separate green phases, would operate less efficiently.) However, with eastbound and westbound approaches sharing a green phase, the westbound left turns and the eastbound right turns would conflict as they come together in the southbound departure lane, significantly increasing congestion and queuing, particularly on the eastbound Jefferson approach, and also potentially causing a safety hazard.

To solve this problem, it would be necessary to widen the southbound departure from one lane to two. Figures 11 and 12 illustrate.



Figure 11. New northern driveway Figure 12. New northern driveway with added southbound departure lane

Widening Loring Avenue in this way would largely solve traffic operations issues. However, it would require land takings on one side of the street or the other. Such a solution would only be practical if SSU were to acquire at least four houses on the east side of Loring Avenue instead of two. In any case, this driveway would be located some 800 to 900 feet north of the proposed parking garage, and would induce traffic a considerable distance through the southern part of Central campus. Nonetheless, this alternative merits further investigation if the University is prepared to acquire the needed properties, as it would only involve altering an existing signal on Loring rather than introducing a new one.

- Closing the southern driveway as well as the northern one and using a stub street that leads to the intersection of Loring Avenue and Sumner Rd, create a new driveway south of the southern driveway. Figure 9 illustrates. The intersection would need to be signalized to operate at an adequate LOS.



Figure 9. New southern driveway

This solution comports best with the location of a new garage at the southern end of Central campus. It is far enough away from the Jefferson/Loring intersection; it meets an existing intersection (Summer Street); and it would provide direct access to the new garage, without traversing the pedestrianized campus. It is, however, not quite as far as it should be from the next intersection to the south (Loring/Monroe) – less than 300 feet.

Loring Avenue between Lafayette Street and Jefferson Avenue is the most important, visible and heavily traveled pedestrian corridor at SSU. The University should work with the City of Salem to enhance its streetscape, sidewalks, crosswalks and general safety. Street trees, upgraded sidewalks and curbing, enhanced crosswalks and better lighting will improve not only the environment for pedestrians but the University's public image.

In connection with the redevelopment of Central campus and the construction of a garage near the tennis courts to replace existing surface parking, the University should engage with the City of Salem and potentially MDOT regarding the optimal garage access solution. The University may need to perform additional traffic study, including a signal warrant analysis, and might need to contribute financially to the construction of a new signal or the alteration of the existing signal at the Loring/Jefferson intersection.

South Campus

Capital Projects

South Campus represents a significant opportunity for SSU. Many options remain under consideration. One option proposes the relocation of existing South Campus academic uses to North Campus, into space made available by the Meier Hall addition, as well as space improved through renovations to Sullivan Hall, and space within the Horace Mann Building, if this building is repurposed for SSU use. The public school that is now located within Horace Mann could be relocated to South Campus's Harrington Building. South Campus would also continue

to house the Bates residences. The physically disparate parcel of Upper South Campus may prove unnecessary for use by SSU, and could support alternate uses. [Can we be direct and say we wish to sell off upper south?](#)

Circulation and Open Space

The potential reuse of the Harrington Building as a public school would reduce the demand for surface parking on South Campus, allowing the development of a small recreational field adjacent to the Bates townhouses. This new facility would provide a much needed student life amenity within this campus parcel, as well as give Bates a green threshold between its front doors and the large surface lots at the Harrington Building.

O'Keefe

Capital Projects

The O'Keefe Center property will continue to provide critical athletic and recreational facilities to support the increasingly residential student population. In the short-term, a new O'Keefe addition will provide enhanced fitness facilities. Over the long-term, the O'Keefe site offers additional capacity for expanded turf fields and structured parking.

Circulation and Open Space

The construction of a parking garage on the O'Keefe surface lot will allow for the creation of a synthetic turf recreation field. A flexible pathway, to serve as both service and emergency vehicle access and as a pedestrian thoroughfare should be developed between O'Keefe and the new parking structure. This space has the potential to be used for ceremonial athletics and recreation events, and should include lighting, banners and canopy trees along the walkway.

Weir

Capital Projects

Given its proximity to Central Campus and O'Keefe, the Weir Property serves as a critical linking parcel. Due to its location and visibility, it is best suited for administrative uses, as a potential site for a Partnership Facility, which could include science facilities and the relocated Enterprise Center, and for graduate housing. [And Welcome Center, Institutional Advancement](#)

Circulation and Open Space

The Weir property will be one of the densest and most urban areas of the campus. Attention should be given to the development of a pedestrian grid of walks through this neighborhood to encourage walking and to enhance wayfinding. Small-scale gathering areas and open spaces should be created in association with individual buildings. The enhancement of the Broadway and Canal streetscapes to include consistent sidewalks and street tree planting will aid in connecting Central Campus and O'Keefe. The north and south tips of the triangular Weir property should be transformed into formal park spaces to enhance the campus's image along Canal Street and Loring Avenue.

Cat Cove

Cat Cove represents a significant and unique research opportunity for Salem State. The facility's coastal location, in an area with multiple redevelopment opportunities, also offers the potential to welcome area visitors. Investment in the existing research facilities will improve the Laboratory's ability to advance the study of aquaculture, marine organisms, and ecosystems. Meanwhile, the development of a potential Welcome Center will provide a place to demonstrate research activities to the community and expand education and outreach opportunities.

IMPLEMENTATION PROGRAM

The master plan vision guides a set of capital projects that will be realized over time. The following list specifies an approximate timeline in which various projects can be implemented.

Projects in Progress

Berry Library / Learning Commons

The new Library/Learning Commons will include 122,000 gross square feet, with a collection of approximately 325,000 books, periodicals and media, and 300,000 electronic books and 57,000 journals. It will also serve as home for the Center for Academic Excellence, the Commonwealth Honors Program and the Mary G. Walsh Writing Center, along with disabilities services and the student support Services TRIO Program.

Gassett Fitness and Recreation Center

The Gassett Fitness and Recreation Center contains 39,000 gross square feet, with 9,000 gross square feet renovation to the existing structure. The new facility will provide top-tier exercise equipment, locker rooms, studios for dance and yoga, two recreational basketball courts and a lounge area. By reconfiguring the second-floor basketball courts, the university will be able to accommodate 1,000 attendees of lectures and conferences.

Biology Laboratories Update

This modernization will impact approximately 4,000 square feet of laboratory space in Meier Hall and is meant to be a short-term solution until such time that a larger renovation and/or replacement labs come online.

Acquire Salem Diner

Salem State has acquired the Salem Diner. The University's food service provider, Chartwell's, will offer limited food service to Salem State students [and the community](#).

Projects in Years 1-3 of Plan

Gordon Mainstage Theatre Modernization

Information to be provided by DCAMM

Repurpose Interim Library

The interim library includes 22,000 gross square feet of space. The ground floor will be used, in the short-term, to house the relocated Campus Police until such time that their facilities are

replaced in Parking Garage I. Uses for the second floor are still being considered. [Second floor with be a One Stop Shop for student services.](#)

Science Laboratory ~~Building~~ Addition – not a full building

The proposed addition to Meier Hall contains 20 teaching and research labs totaling approximately 70,400 gross square feet. This is based on a conceptual design study that also proposes to enclose the existing Meier Hall courtyard thereby eliminating the need for building expensive enclosure upgrades to Meier Hall and providing a large, four season gathering space. The potential to dramatically connect this enclosed courtyard with the newly created quad to the west of Meier Hall has the potential to catalyze student and faculty collaborations, especially among the science and arts communities.

New Residence Hall I

Planned for Central Campus, this new residence will provide approximately 400 new beds for a total of 120,000 gross square feet of space.

Art Studio Improvements

Art Studio improvements will be provided as part of the Meier Hall renovation, and may even precede the overall building renovation. Art studio space from Sullivan Hall will be relocated to the renovated Meier Hall.

Redevelop Upper Quad (North Campus)

Upper Quad will be redeveloped to form an integrative landscape amenity to link to the recent investment made in Lower Quad.

Parking Garage I

This parking structure will provide 800 parking spaces. It will likely be located on North Campus, on the site of existing surface parking.

Demolition of Weir Buildings

Demolition of the Weir Buildings will enable surface parking for up to 150 cars, which will serve as replacement parking once the new residence hall is constructed. The Stanley Building will remain as an important campus facility.

Downtown Site/Courthouses/Housing

Downtown Salem continues to be evaluated for potential accommodation of self-contained academic programs. Graduate housing has also been identified as a potential opportunity.

Classroom Upgrades (miscellaneous)

Office Upgrades (miscellaneous)

Property Acquisition (miscellaneous)

Projects in Years 4-7 of Plan

Campus Center Redevelopment

Ellison Campus Center will be redeveloped. The current facility offers approximately 50,000 gross square feet of existing space. It is feasible that the existing structure could be renovated and also receive an addition to add up to 50,000 gross square feet of additional space.

Alternatively, the entire site could be redeveloped to make way for a new 100,000 square foot facility.

New Residence Hall II

Planned for North Campus, this new residence will provide approximately 400 new beds for a total of 120,000 gross square feet of space.

Meier Hall Renovation

Meier Hall, which is 83,750 gross square feet, will undergo an extensive renovation. Although Meier Hall is at the end of its expected life span as a science facility, it has great potential for reuse as a classroom, office and “dry” research facility. The practical need to renovate Meier Hall coincides with the University’s desire to consolidate the visual arts in a more visible location and create a center for science discovery and learning at the heart of the central campus. Given Meier Hall’s inability to support service-intensive science programs, the plan proposes a new building adjacent to Meier Hall in order to satisfy these needs. This facility should have significant connections to Meier Hall not only for the purpose of creating a vibrant learning hub but as a way to supply Meier Hall with new mechanical systems.

Horace Mann Repurposing

Should Salem Public Schools relocate to the Harrington Building, Horace Mann will be renovated to serve as a classroom and office building to serve Salem State University.

Partnership Facility – Science/Enterprise Center

A new partnership facility could locate to the Weir Property, at the intersection of Loring Avenue and Canal Street. The facility could provide science labs, where SSU could partner with the private sector on research. In addition, the facility could provide replacement space for the Enterprise Center, once that site is redeveloped for student housing.

Classroom upgrades (miscellaneous)

Office upgrades (miscellaneous)

Property acquisition (miscellaneous)

Projects in Years 8-10 of Plan

Sullivan Building Renovation

Sullivan Building, which is approximately 84,000 square feet, will undergo an extensive renovation to modernize classrooms and improve general building interiors and systems.

New Residence Hall III

Planned for Central Campus, this new residence will provide approximately 400 new beds for a total of 120,000 gross square feet of space.

Recreational Fields

New recreation fields will be provided on the surface parking lots at both O’Keefe and South Campuses. While they will not be regulation-size, they will provide appropriate space for informal intramural and recreational activities.

Parking Garage II

This parking structure will provide 800 parking spaces. It will likely be located on Central Campus, on the site of existing surface parking.

Classroom upgrades (miscellaneous)

Office upgrades (miscellaneous)

Property acquisition (miscellaneous)

DRAFT

**Campus Master Vision
Major Project Priorities**

	Estimated Cost	Funding Source	Fee Impact	Comments
Projects in Process				
Berry Library/Learning Commons	\$73.5 million	State	None	Opening August 28, 2013
Gassett Fitness and Recreation Center	\$15.0 million	MSCBA	Univ. Fee	Opening November 2, 2013
Biology Laboratories Update	\$1.5 million	University	None	Opening September 3, 2013
Modular Residence Hall	lease	Lease	Room Rent	Project Canceled
Salem Diner	\$600,000	University	None	Closing date TBD
Projects in Years 1-3 of Plan				
Gordon Mainstage Theatre Modernization	\$18.6 million	Private/Univ.	Univ. Fee	In design development stage
Repurpose Interim Library	\$4.0 3.5 million	University	None	Reduced Cost \$(0.5M)
Science Laboratory Building	\$405.0 45 million	State/Univ.	Univ. Fee	Increased Cost \$5M
New Residence Hall I	\$50.0 million	MSCBA	Room Rent	On schedule
Art Studio Improvements	\$5.0 million	University	None	Not actively underway
Redevelop Upper Quad (North Campus)	\$2.0 million	University	None	Not actively underway
Parking Garage I	\$12 20 million	MSCBA	Parking & Univ. Fee	Cost increase d/t Relocate Public Safety
Demolition of Weir Buildings for Parking	\$1 million	MSCBA	Parking & Univ. Fee	Reduce parking impact during construction
Campus Center Redevelopment	\$25.0 million	MSCBA	Univ. Fee	Begin next year; phased over three
Downtown Site/Courthouses/Housing	Lease	Lease	Univ. Fee	Court house -- Long-term project FY16 or 17
Satellite Campus(es)	TBD	University	None (enrollments)	See narrative -- Temple Shalom; Graduate School
Classroom upgrades	TBD	University	Univ. Fee	Annual deferred Main.
Office upgrades	TBD	University	Univ. Fee	Annual deferred Main.
Property Acquisition	TBD	TBD	TBD	
Projects in Years 4-7 of Plan				
New Residence Hall II	\$55.0 million	MSCBA	Room Rent	
Meier Hall Renovation	\$30.0 million	State	None	
Parking Garage II & Central Campus Roadway and Entry-Exit improvements	\$12.0 million	MSCBA	Univ. Fee	Move to 4 - 7 year plan
Horace Mann/Lower South	TBD	City/Univer.	TBD	Probably not realistic for at least three years
Satellite Campus(es)	TBD	University	None (enrollments)	
Classroom upgrades	TBD	University	Univ. Fee	
Office upgrades	TBD	University	Univ. Fee	
Property Acquisition	TBD	TBD	TBD	
Projects in Years 8-10 of Plan				
Sullivan Building Renovation	\$20.0 million	State	None	
New Residence Hall III	\$60.0 million	MSCBA	Room Rent	
Recreational Fields	\$5.0 million	MSCBA	Univ. Fee	
Cat Cove Marine Sciences Center	TBD	TBD	Univ. Fee	
Enterprise Center/Conference Center	TBD	TBD	TBD	
Satellite Campus(es)	TBD	University	None (enrollments)	
Classroom upgrades	TBD	University	Univ. Fee	
Office upgrades	TBD	University	Univ. Fee	
Property Acquisition	TBD	TBD	TBD	

Revised August 15, 2013 from prior distribution, May 22, 2013

**Campus Master Vision
Major Project Priorities**

	Estimated Cost	Funding Source	Fee Impact	Borrowed Amount	Bond/Loan Term (Years)	Annual Payment	Notes
Projects in Process							
Library/Learning Commons	\$73.5 million	State	None				
Fitness and Recreation Center	\$15.0 million	MSCBA	Univ. Fee	\$15,000,000	25	\$1,050,000	Bonds already issued
Biology Laboratories Update	\$1.5 million	University	None				
Modular Residence Hall	lease	Lease	Room Rent	n/a	n/a	\$600,000	annual lease amount; 5-year term
Projects in Years 1-3 of Plan							
Mainstage Theatre Modernization	\$18.6 million	Priv./Univ./MSCBA	Univ. Fee	\$15,000,000	30	\$1,100,000	Foundation funds used toward annual payments
Repurpose Interim Library	\$4.0 million	University	None				
Science Laboratory Building	\$40.0 million	State/Univ.	Univ. Fee	\$10,000,000	30	\$750,000	Possible supplement to state funds
New Residence Hall I	\$50.0 million	MSCBA	Room Rent				
Art Studio Improvements	\$5.0 million	University	None				
Redevelop Upper Quad (North Campus)	\$2.0 million	University	None				
Parking Garage I	\$12.0 million	MSCBA	Univ. Fee	\$12,000,000	30	\$900,000	
Downtown Site/Courthouses/Housing	Lease	Lease	Univ. Fee				Lease amount determined by sq. ft. leased
Satellite Campus(es)	TBD	University	None (enrollments)				
Classroom upgrades	TBD	University	Univ. Fee				
Office upgrades	TBD	University	Univ. Fee				
Property Acquisition	TBD	TBD	TBD				
Projects in Years 4-7 of Plan							
New Residence Hall II	\$55.0 million	MSCBA	Room Rent				
Meier Hall Renovation	\$30.0 million	State	None				
Campus Center Redevelopment	\$50.0 million	MSCBA	Univ. Fee	\$50,000,000	30	\$2,200,000	
Satellite Campus(es)	TBD	University	None (enrollments)				
Classroom upgrades	TBD	University	Univ. Fee				
Office upgrades	TBD	University	Univ. Fee				
Property Acquisition	TBD	TBD	TBD				
Projects in Years 8-10 of Plan							
Sullivan Building Renovation	\$20.0 million	State	None				
New Residence Hall III	\$60.0 million	MSCBA	Room Rent				
Recreational Fields	\$5.0 million	MSCBA	Univ. Fee	\$5,000,000	20	\$325,000	
Parking Garage II	\$12.0 million	MSCBA	Univ. Fee	\$12,000,000	30	\$900,000	
Enterprise Center/Conference Center	TBD	TBD	TBD				
Satellite Campus(es)	TBD	University	None (enrollments)				
Classroom upgrades	TBD	University	Univ. Fee				
Office upgrades	TBD	University	Univ. Fee				
Property Acquisition	TBD	TBD	TBD				



Patricia Maguire Meservey, *President*

September 6, 2013

His Excellency Deval Patrick
Governor
Commonwealth of Massachusetts
State House, Room 280
Boston, MA 02133

Dear Governor Patrick:

The enclosed letter of support for the Integrated Science Center at Salem State University comes as the result of hundreds of conversations and meetings with business, civic, and academic leaders across the North Shore region. As you will see from the diverse list of signers, there is wide support for this project across several sectors of the business community.

At Salem State University, we are committed to working in partnership with state and local business leaders to meet the 21st century workforce training needs of our students and state.

Salem State University and our partners in the business community stand ready to answer any questions that you or members of your team have regarding this project.

Thank you for your time and consideration of this incredibly important project for Salem State University and the North Shore Region as a whole.

Sincerely,

A handwritten signature in blue ink that reads "Patricia Maguire Meservey".

Patricia Maguire Meservey
President

September 6, 2013

Dear Governor Patrick,

We write to you today to request that \$32 million be included in your capital budget funding plan to support an Integrated Science Center at Salem State University.

As business leaders who represent the Life Science, Health, and Technology Industries on the North Shore and in Eastern Massachusetts, we are uniquely situated to make the case for this critically important regional economic development project.

Consistent with your calls for greater collaboration between our state academic institutions and regional industry leaders, the North Shore business community has stepped forward to partner with our higher education institutions to ensure that our students are receiving the skills and training needed to compete in an increasingly competitive job market.

A lack of hands-on laboratory experience and inadequate training on modern equipment for our new hires is a barrier to growth that we are trying to address with investments in workforce training, but we also see it as sound public policy for the state to continue investing in upgrading laboratory infrastructure at the state university level. This project at Salem State is of great importance to the North Shore region, and we believe that this investment is consistent with your vision for all of Massachusetts.

Salem State University (SSU) has the largest number of STEM majors of any institution in the State University System. Of the 7,700 undergraduates at SSU, over

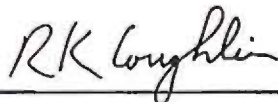
1,900 are majoring in STEM related fields. These staggering numbers, along with the fact that ninety percent of the University's graduates live and work in Massachusetts after graduation, present a clear opportunity for the state. Students need a 21st century university education to fulfill Massachusetts industry's need for a 21st century workforce.

You have been an outstanding advocate for higher education in Massachusetts. As your term draws to a close, many leaders on the North Shore are concerned about the future of the Salem State Integrated Science Center project. While investing in higher education, life sciences, and critical infrastructure projects has been a clear priority of your administration, we are fearful that a new administration may not share your values. That is why we feel a great deal of urgency around our advocacy.

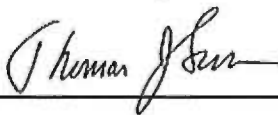
While your time as Governor may soon be ending, projects such as this will be long remembered as an important part of your legacy. Therefore, we would welcome the opportunity to partner with you on this critically important project.

Please let us know if there are additional things we can do to support the advancement of the Salem State Integrated Science Center in the coming months. Again, we cannot thank you enough for leadership and advocacy on behalf of so many important issues to our region and industries.

Sincerely,



Robert K. Coughlin, President & CEO,
Massachusetts Biotechnology Council



Thomas J. Sommer, President,
Massachusetts Medical Device Industry Council

David Reibel

David Reibel, President,
North Shore Technology Council

Martha Farmer

Martha Farmer, President & CEO,
North Shore InnoVentures

Howard R. Grant

Howard R. Grant, JD, MD, President & CEO,
Lahey Health

Marc N. Casper

Marc N. Casper, President & CEO,
Thermo Fisher Scientific

Christopher Benoit

Christopher Benoit, Chief Commercial Officer,
Enzymatics

Warren Shore

Warren Shore, President,
United States Biological

Gary Magnant

Gary Magnant, CEO,
Sage Science, Inc.

Harry G. McCoy

Harry G. McCoy, CEO,
Thorne Diagnostics, Inc.

Marc Bazin

Marc Bazin, President,
Hepatochem

Richard Gabriel

Richard Gabriel, COO,
GLG Pharma

Roger A. Nassar

Roger A. Nassar, President,
RAN Biotechnologies

Jonathan Larson

Jonathan Larson, CTO,
Lariat Biosciences

Jack T. Leonard

Jack T. Leonard, Founder & President,
NovaBio Advisors Inc.

James T. Kurnick

James T. Kurnick, MD, Managing Partner,
CytoCure LLC

Pavel Menn

Pavel Menn, CEO,
Endodynamics

Kevin D. Munnely

Kevin D. Munnely, CEO,
Gen9

Oliver P. Peoples

Oliver P. Peoples, Founder & CSO,
Metabolix, Inc.

Mirza Cifric

Mirza Cifric, CEO,
AbViro Inc.

Adeyemi Adesokan

Adeyemi Adesokan, CEO,
Pathogenica

Michael Koeris

Michael Koeris, Founder,
Sample6 & BiotechStart.org

Jason Kelly

Jason Kelly, Founder,
Ginkgo BioWorks

Sean Kevlahan

Sean Kevlahan, Founder & CEO,
Quad Technologies

SCIENCE LABORATORIES PUBLIC PRIVATE PARTNERSHIPS CASE STATEMENT



Vision for Salem State University Science Laboratories

Salem State University has been and continues to be a leader in the education and development of scientists, health sciences professionals and STEM educators on the North Shore and throughout New England. The University seeks to partner with regional science, health, and technology industries to forward economic and workforce development in the following ways:

- Improve and expand science education throughout the education pipeline from early education through graduate and professional education
- Prepare high school and college graduates to be employees with workplace-ready skills
- Upgrade current education laboratory and classroom facilities to match the industries' leading edge science and technology
- Create new innovative shared teaching spaces and laboratories that provide industry support, including incubator and start-up business spaces.

The Challenge: Current Science-Related Infrastructure Unsuited

A recent study by Sasaki Associates for Salem State University has re-confirmed the need to significantly upgrade our science laboratories to meet 21st century higher education and workforce needs. The Meier Hall science laboratories, constructed in two phases 1962 and 1968, and include 21 laboratories for science and health science. These facilities have not received any significant upgrades since the original construction. The current structure cannot be renovated as the floor heights are inadequate to install the needed infrastructure. At the same time, due to the size of Salem State's STEM programs, laboratory usage for many of the labs exceed DCAMM standards.

The Need: Salem State is the leader in state university STEM majors

Salem State leads the state universities with 1,900 of its more than 7,700 undergraduate students majoring in a STEM field (Table I.) Salem State has the largest nursing program, 700 majors, among all Massachusetts colleges. The university has over 430 biology majors and an increasingly popular biotechnology concentration. The Chemistry department attracts 80 majors a year and features a biochemistry concentration. Despite challenging laboratory infrastructure Salem State's faculty, curriculum and internship programs continue to attract and educate STEM's next generation. 90% of our graduates live and work in Massachusetts.

Salem State is also a leader in the education of our K-12 teachers. Our faculty hold particular expertise in STEM education and a growing area of expertise in STEM teaching and education for English Language Learners (ELL).

The Need: Alignment with STEM Industries

The North Shore of Massachusetts has a strong presence of biotechnology, advanced manufacturing, technology and health services companies. Salem State works closely with industry representatives regarding workforce needs. The feedback is that our students are generally well-educated and valued employees. But, because of the outdated condition of our laboratories, our students are not proficient in the use of current STEM laboratory contexts and technologies when they graduate. The exceptions are our nursing simulation laboratories and our state-of-art geographic information systems laboratory. And, while other neighboring institutions have similar issues, the volume of Salem State's programs present particular challenges.

The Need: Equal Investment among State Universities

Salem State University is the only state university that received a 2008 Higher Education Bill bonding allocation for science facilities that has not received authorization to bond (Table 1). Closure of the university's library due to structural deficiencies in 2007 necessitated raising the construction of a new library above the higher priority science laboratory replacement project. The 2013 Sasaki study confirms the finding of the Master Plan document of 2007 that a new Science building or addition is the #1 academic infrastructure priority for both the university and the economic development of the Commonwealth.

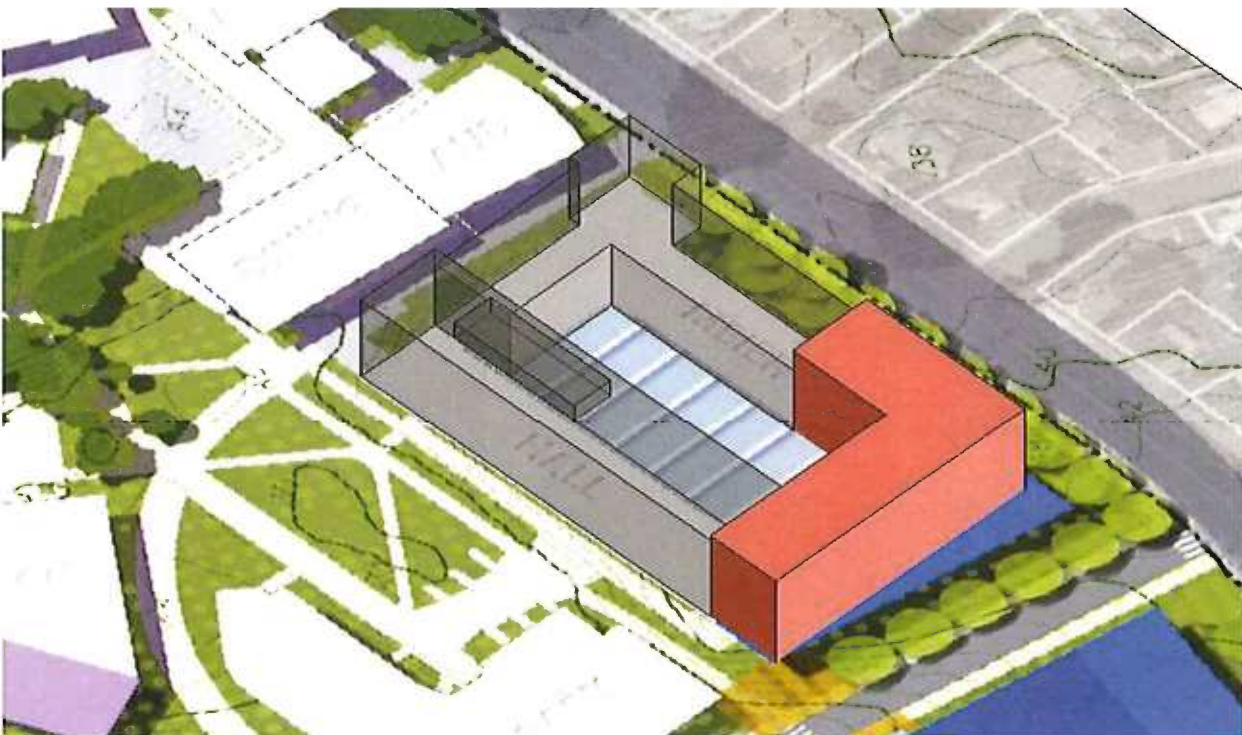
Table I – State University Science Infrastructure Projects 2000-2013 with STEM Majors

Campus	Type	Size (s.f.)	Status	Number of STEM Majors	Cost
Bridgewater State University Science & Mathematics Center	Addition Renovation	170,000 40,000	Complete 2012	1,547	~\$99M
Framingham State University Hemenway Hall	Upgrade	58,700	Fall 2015	441	~\$63M
Fitchburg State University Condike Science Facility Modernization	Renovation Addition	43,400 57,700	August 2012 June 2014 (Phase 2)	947	~\$58M
MA College of Liberal Arts Center for Science & Innovation	New	67,000	Fall 2013	258	~\$40M
Salem State University Science Laboratory Addition to Meier Hall & New Building	Addition New	75,000 150,000	Not authorized	1,912	~\$45M Phase 1 ~\$90M Phase 2
Worcester – Ghosh Center for Science & Technology	New	110,000	2000	1,127	Unknown

Current Conditions – Meier Hall



Proposed Science Addition to Meier Hall



Best Practices: Flexibility & Shared Resources





Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES
STATE HOUSE, BOSTON, MA 02133-1054

JOHN D. KEENAN
7TH ESSEX, SALEM

CHAIRMAN
Committee on Telecommunications,
Utilities and Energy

ROOM 473-B, STATE HOUSE
TEL: (617) 722-2263
FAX: (617) 722-2239
E-Mail: John.Keenan@MAhouse.gov

September 27, 2013

Governor Deval L. Patrick
Massachusetts State House, Room 280
Boston, MA 02133

Dear Governor Patrick,

We write as legislators from the Northeast region of the Commonwealth to urge your inclusion of \$32 million in the capital budget for Salem State University's proposed Integrated Science Center.

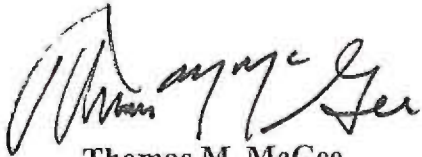
As representatives of communities on the North Shore, our constituent base consists of many families for whom Salem State University represents an accessible pathway to higher education. The Integrated Science Center will go a long way to ensure that Salem State University will be able to offer the cutting edge resources necessary for the future graduates of our region to compete. Salem State's Integrated Science Center plan includes laboratory space and equipment specifically targeted for the use of those next generation STEM professionals and entrepreneurs. The project marries the need for workforce development with the need for infrastructure that nurtures innovation under one roof.

Salem State University, recognizing its critical role in the economic future of our region, has reached out to and worked with a multitude of business leaders from our districts. This project is the product of collaboration with stakeholders from across the region. We urge you to consider including this project in your capital budget and thank you for your continued leadership and partnership. Should you have any questions or concerns, please do not hesitate to contact our offices.

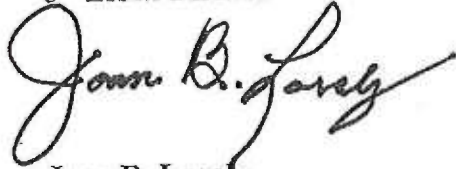
Sincerely,

A handwritten signature in black ink that reads "John D. Keenan".

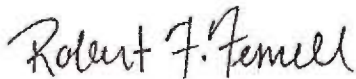
John D. Keenan
State Representative
7th Essex District



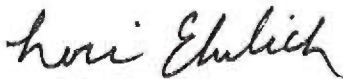
Thomas M. McGee
State Senator
3rd Essex District



Joan B. Lovely
State Senator
2nd Essex District



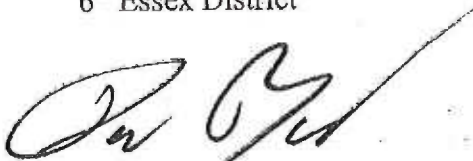
Robert F. Fennell
State Representative
10th Essex District



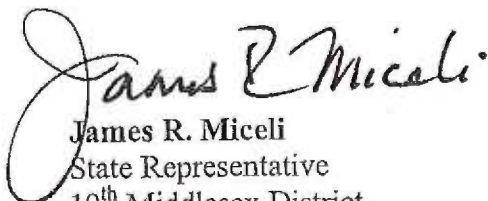
Lori A. Ehrlich
State Representative
8th Essex District



Jerald A. Parisella
State Representative
6th Essex District



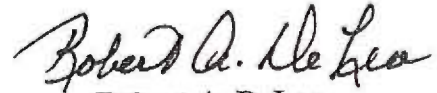
Paul A. Brodeur
State Representative
32nd Middlesex District



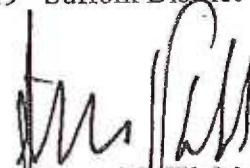
James R. Miceli
State Representative
19th Middlesex District



Bruce E. Tarr
Senate Minority Leader
1st Essex & Middlesex Districts



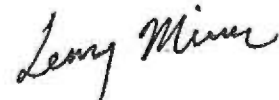
Robert A. DeLeo
Speaker of the House
19th Suffolk District



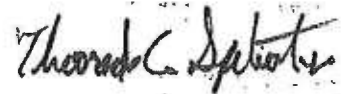
Steven M. Walsh
State Representative
11th Essex District



Bradford Hill
State Representative
4th Essex District



Leonard Mirra
State Representative
2nd Essex District



Theodore C. Speliotis
State Representative
13th Essex District

From: Patricia Meservey
Sent: Monday, August 19, 2013 1:21 PM
To: Alexander F. Booker; Alyce Davis (alyced35@gmail.com); Claude Lancome; dave_abdoo@yahoo.com; Diane T. Stringer; jansara@pih.org; Jean Fleischman; John Burns; jss@RonanSegal.com; Marcel Quiroga; Mattera, Paul; pscott16@aol.com
Subject: Campus facilities update

Good afternoon,

Attached please find a detail update of our various campus improvement/development projects. We will discuss these in much more detail in September but given so much was happening, I wanted to be sure you had the most current information.

Best,
Pat

Patricia Maguire Meservey, PhD, RN, FAAN
President
Salem State University
352 Lafayette Street
Salem, MA 01970

Office - 978-542-6134
Fax - 978-542-6126

Proud to be



To: Members, Board of Trustees

From: Patricia Maguire Meservey, President

Date: August 19, 2013

Topic: Campus Development

I hope everyone's summer has been enjoyable and there has been plenty of time for fun and relaxation. Your team here at the university has been very busy with wonderful summer programs, planning for the return of our students, welcoming new students, and planning for the continual improvement of our physical campus. It is that last effort that is the purpose of this update.

At our Board meetings in the spring, I provided you with the expected list of capital expansion/improvement projects we anticipated for the next ten years, grouped in terms of timing: current, one to three years, four to seven years, and eight to ten years (See attached list). Our current projects are progressing as expected with the Berry Library & Learning Commons grand opening on August 28th (you have all received an invitation to this event); the science laboratory renovation completion expected at the end of August; and the Gassett Fitness and Recreation Center opening on November 2nd (you will receive an invitation to this event in the near future). The old library is in the process of demolition and this work will be complete by December 2013. An issue with the land title for the Salem Diner has delayed our acquisition until this Thursday. With the cooperation of the current owner Salem State University and Chartwells have had access to the diner to assess the conditions and potential scope for re-opening it this fall. We are pleased that Chartwells has embraced operating the diner as a satellite operation and we look forward to reporting (and possibly touring) the diner in September. And, finally for the work that is near completion, you will be voting on the Master Vision in its final form at the October 8th meeting.

Many of the projects that were identified in the one to three year range have advanced quickly over the summer. We will be presenting these projects in detail to you through the Finance and Facilities Committee Meeting on September 25th. When we enter into a project with the Massachusetts State College Building Authority (MSCBA), the Board is informed of our plans through updates at the Board meetings and a formal vote is taken when the cost of the project is known and bond funding is being requested. For several of our projects we are in this process and we will be asking for votes for funding at a special meeting on December 4th meeting. For other projects, smaller projects, we would normally fund these through the operating budget.

Given the interconnectedness of some projects, we are able to finance these through the MSCBA as 'enabling projects'. For our library & learning commons, we were able to secure funding from the State through a 2008 Higher Education Capital Bond Bill, and it is our expectation that the majority of the funding for the science addition will also be from the State.

We understand the importance of the financial information and are working on pro forma budgets for each project. You will have this information well in advance of the September meeting.

Here is some further information:

1. Sophia Gordon Center for Creative & Performing Arts Mainstage Theater Modernization: The schematic design study was certified by DCAMM in July 2013 and we have reached an agreement with DCAMM regarding the financing that is allowing us to move to the design development phase. This \$18.6M project is being funded by three sources: private donations, university contributions, and 2014 MSCBA bonds. The timeline for beginning the actual renovation is the late spring of 2014.
2. New Residence Hall: We have moved very quickly on this project and identified Central Campus as the prime location for the new residence. It is planned to have approximately 380 beds for sophomore/junior students in a suite-style configuration. The location is on the parking lot in front of the classroom building and Enterprise Center and the Police Station. This requires us to relocate our police – an undertaking we had anticipated as the facility is too small for our current needs. This \$50M project will be financed through 2014 MSCBA bonds with the debt service funded through student rents in the facility with some subsidy from the university (to be determined). We are on target for construction beginning in the spring of 2014 and a fall 2015 opening. I am attaching three visuals for you. The first is the site plan showing the location of the proposed building. The second visual a picture of the campus model showing the placement of the proposed building. And the third visual is the close-up model of the proposed building.
3. Repurposing of the interim library: With the Berry Library coming on line, we have vacated the space in the Central Campus Classroom Building. The re-use of this space (about 17,000 square feet) will serve two purposes. The first priority is the temporary re-location of our police station to the first floor of the space near the Recital Hall. The second use is for a new "One-Stop Student Service Center". This Center will include the Registrar's Office, Financial Aid, Bursar's Office, Clipper Card, and several other business needs of our students. Rather than moving from office to office, the students will be able to complete their business in one place one stop. The cost for the combined projects is \$3.5M and we are discussing financing this through 2014 MSCBA bonds.
4. Demolition of the Weir warehouse and Foundry building: These buildings are evaluated to be beyond useful life and are not suited for rehab. A collaboration between SSU, the SSU Assistance Corporation and MSCBA plans to demolish these two buildings on the Weir property. The Stanley Building (brick building on Loring Avenue), which houses

ITS, Facilities and Music department assets, will remain. The recovered land will be used for several years to replace parking that will be lost in Central Campus during the Residence Hall construction and will clear the way for planning and development on Weir. Work to raze these buildings will begin later this year so parking will be available when Residence Hall construction begins in March 2013. Estimated cost of \$1M (demolition, remediation, and parking surface preparation) would be financed through 2014 MSCBA bonds.

5. Science Laboratory Addition: In the 2008 Higher Education Bond Bill, Salem State University was allocated \$106M for two projects. The Berry Library & Learning Commons, along with the demolition of the old library has tapped approximately \$74M of these funds. We are working with DCAMM and the Office of Administration & Finance to secure these funds for a new science addition as designated in the legislation. Thus the remaining \$32M is expected to be available for this project. The first step in this process is to get our project on the FY2014 spending plan for a feasibility study. I met with Commissioner Cornelison and Undersecretary Jordan August 2nd to present our plan. The proposal was very well received and we were told that the administration is currently reviewing projects for the spending plan and thus our timing was very good. We need to keep our optimism in check – nothing is guaranteed. We will keep pushing and time will tell. We estimate the cost of an addition to the Meier Building to be \$45M. The balance between the funds left from the Bond Bill would be financed through MSCBA. The earliest construction (and thereby our expense) for this project would be FY16.
6. Parking Garage: Yes, it is becoming a reality! Three sites have been identified through our Master Vision Plan and they are O'Keefe Lot, Central Campus Parking Lot (by the tennis courts) and Peabody Lot (North Campus). Our preferred location is the Peabody Lot and this requires our negotiating acquisition of a portion of Rainbow Terrance. We have begun these conversations and while it is very early in the discussion, we are hopeful an agreement will be reached. This process will take time therefore we expect construction of this project will begin in the spring of 2015. The plan would include a permanent location for our Public Safety in the ground floor of this facility. The expected cost of this facility, which would have 800 parking spaces, is \$20M funded through 2015 MSCBA bonds.
7. Ellison Campus Center Improvements: This project is on our four to seven year plan; however, in consultation with MSCBA we are investigating accelerating these improvements. We plan to undertake a study of the building this year funded by the University but capitalized in the bond issue when initiated. The study cost would be \$100-150,000 and the anticipated renovations would be \$5 – 8M. The funding would be through a 2015 or 2016 MSCBA Bond.

Other items to bring to your attention in these dog-days of the summer are:

1. Temple Shalom (207 Lafayette Street): We have been approached by a developer to consider whether the Assistance Corporation/SSU would want to be a tenant or anchor tenant should they purchase and renovate the building. The congregation has been decreasing over the past many years and they have made the decision to merge with a congregation in Marblehead and to sell the building. It is less than 0.2 miles from the Sullivan Building (North Campus) and 0.25 from the O'Keefe parking lot. The usable square footage is 16,000. We see potential for two strategic, immediate uses for this property:
 - a. Our Institutional Advancement (IA) offices are currently located at Upper South Campus in less than ideal office and meeting space. Upper South campus buildings have been determined by DCAMM to be beyond their useable life and DCAMM will not provide any funding for repairs. Both the Sasaki Master Vision Report and the Marsh Risk Assessment Report raise issues regarding Upper South. Sasaki suggests that SSU consider relocating off of Upper South Campus and avoid the substantial capital investment needed if we intend to continue to occupy. Marsh raised risk issues. Since DCAMM would not participate in funding any investment in this work SSU is pursuing alternative locations for IA. The Temple could work nicely.
 - b. English as a Second Language: Our ESL Program has been thriving over the past several years and we are confident it is a growth segment for us. In addition to servicing our own students, our business plan intends to offer our services to area colleges and universities (we are already working with Gordon College). The class schedule for these programs requires dedicated classroom space as they run all day. We do not have the space to expand on campus and the Temple would be a good solution to this constraint.
2. RCG New Development in Downtown Salem: We have been discussing offering housing for graduate students and new faculty in downtown Salem for several years. Our market analysis supports the need/desire for such housing and we believe it would be welcomed by the city and community leadership. RCG is a Cambridge-based developer who has done a good amount of work in Salem, including the building that houses the Tavern on the Square, Derby Lofts, and several other smaller apartment/condo buildings in town. They are planning to develop a property on the corner of Washington and Dodge Streets and have approached us to take a master lease in the building. Through the Assistance Corporation, we are signing a non-binding Letter of Intent to lease 15 – 25 units. We will have the opportunity to design the units to our needs. The non-binding LOI is just that – there is no legally binding obligation. The advantage to signing the document is largely for the developer to have a planned anchor tenant, and for the university to be able to say to the city and the community that we are making the commitment to the downtown. This will help us as we move forward

with construction on campus. This building would come on line in the fall of 2015 at the earliest and more likely fall of 2016. Costs would be covered by the student or faculty rents.

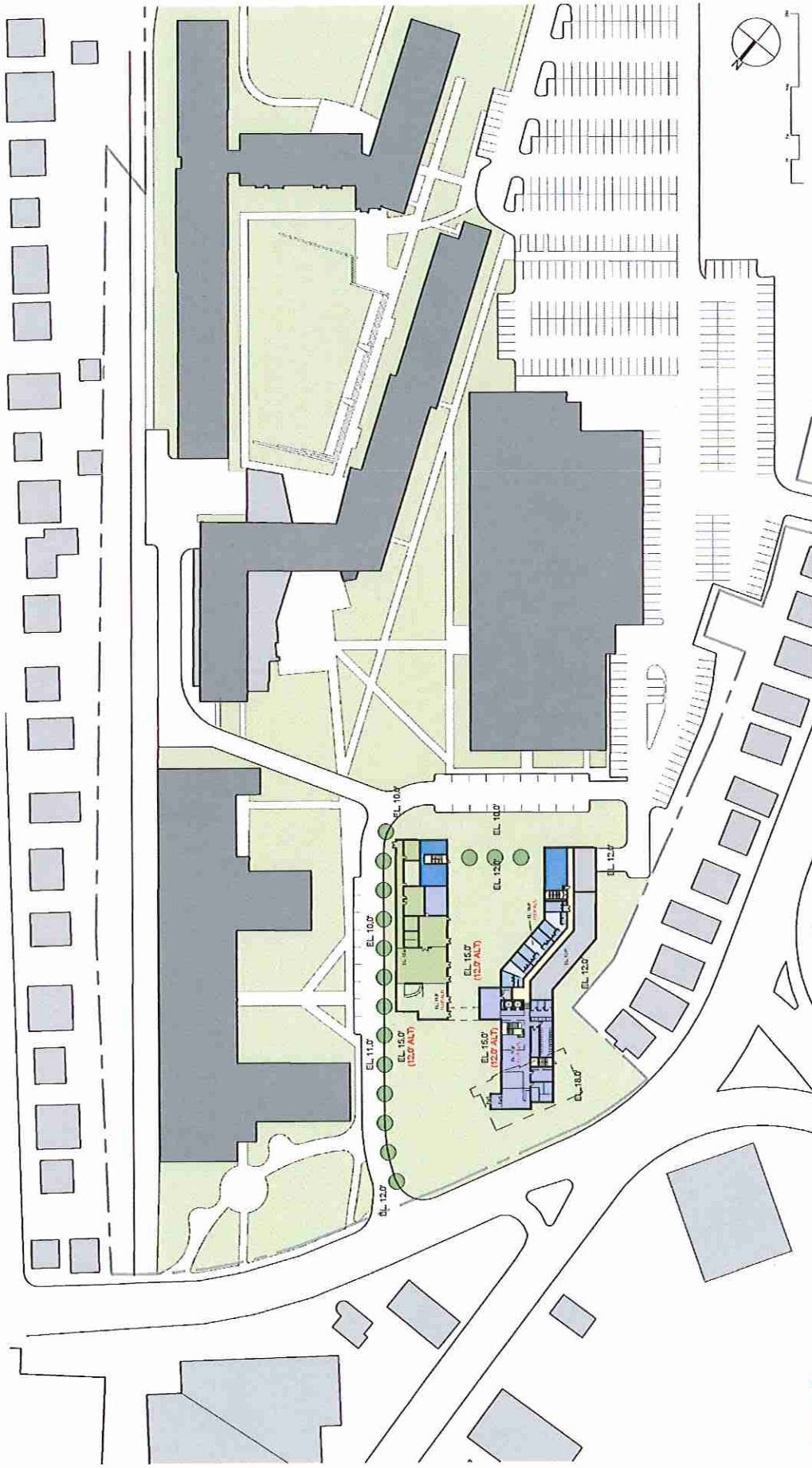
3. Graduate School and Science Laboratories: We are exploring a partnership with a company Higher Education Partners (HEP) whereby they lease space and build it to our specifications. We then offer programs in the location and we share net revenue. One location is being considered for immediate laboratory space for our science programs. A second location is being sought for a more accessible venue for our graduate programs. HEP has been working with Bristol, Northern Essex and North Shore Community Colleges and each report the partnership to be successful.
4. Federal Street Courthouses: We continue our work with the City of Salem to secure space in the vacated courthouses on Federal Street. Legislation has been filed on behalf of the City of Salem to move ownership of these buildings from DCAMM to the Salem Redevelopment Authority, with the expectation of a public-private partnership to rehab the buildings. We would be tenants, perhaps moving the School of Social Work which is currently located on Upper South Campus and also has high program growth potential. This has been and will be a long process. No financial commitments have been made. The earliest I think this would become a reality (meaning occupancy of the space) would be FY16, or 17.
5. Building swap of Horace Mann & Lower South Academic Buildings: Mayor Driscoll and I have had several conversations about moving the Horace Mann Elementary School programming to our South Campus. This location would be better suited to the children, relieve traffic congestion on Loring, and make available to us a solid building for offices and classrooms. We would continue to maintain the Bates complex, perhaps for Graduate Housing. This cannot happen until, and unless, we determine a suitable location for the current programs housed at Lower South and the Horace Mann building may not meet all of these needs. Therefore the timeline is at least three years out. The Mayor and I will be bringing the conversation out a bit in public to test the community reactions. We expect it will be very positive and again a way to support our South Salem Community as we continue to improve our campus.

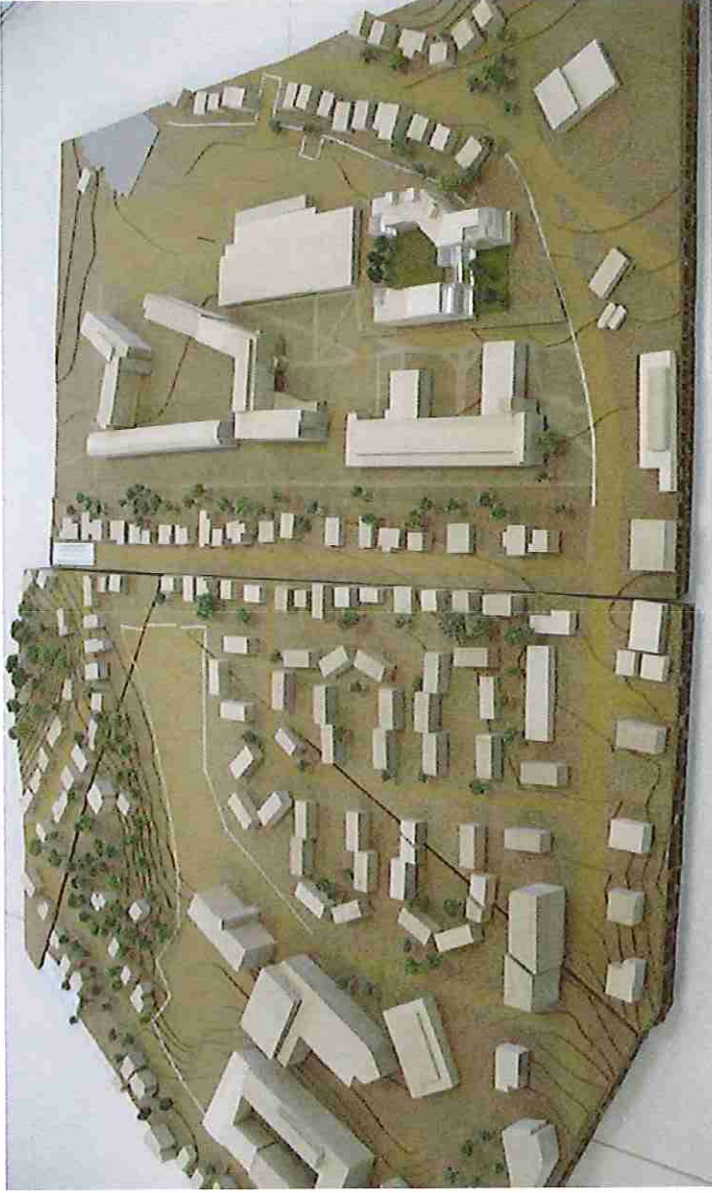
**Campus Master Vision
Major Project Priorities**

	Estimated Cost	Funding Source	Fee Impact	Comments
Projects in Process				
Berry Library/Learning Commons	\$73.5 million	State	None	Opening August 28, 2013
Gassett Fitness and Recreation Center	\$15.0 million	MSCBA	Univ. Fee	Opening November 2, 2013
Biology Laboratories Update	\$1.5 million	University	None	Opening September 3, 2013
Modular Residence Hall	lease	Lease	Room-Rent	Project Canceled
Salem Diner	\$600,000	University	None	Closing date TBD
Projects in Years 1-3 of Plan				
Gordon Mainstage Theatre Modernization	\$18.6 million	Private/Univ.	Univ. Fee	In design development stage
Repurpose Interim Library	\$4.0 3.5 million	University	None	Reduced Cost \$(0.5M)
Science Laboratory Building	\$405.0 45 million	State/Univ.	Univ. Fee	Increased Cost \$5M
New Residence Hall I	\$50.0 million	MSCBA	Room Rent	On schedule
Art Studio Improvements	\$5.0 million	University	None	Not actively underway
Redevelop Upper Quad (North Campus)	\$2.0 million	University	None	Not actively underway
Parking Garage I	\$12 20 million	MSCBA	Parking & Univ. Fee	Cost increase d/t Relocate Public Safety
Demolition of Weir Buildings for Parking	\$1 million	MSCBA	Parking & Univ. Fee	Reduce parking impact during construction
Downtown Site/Courthouses/Housing	Lease	Lease	Univ. Fee	Court house -- Long-term project FY16 or 17
Satellite Campus(es)	TBD	University	None (enrollments)	See narrative -- Temple Shalom; Graduate School
Horace Mann/Lower South	TBD	City/Univer.	TBD	Probably not realistic for at least three years
Classroom upgrades	TBD	University	Univ. Fee	Annual deferred Main.
Office upgrades	TBD	University	Univ. Fee	Annual deferred Main.
Property Acquisition	TBD	TBD	TBD	
Projects in Years 4-7 of Plan				
New Residence Hall II	\$55.0 million	MSCBA	Room Rent	
Meier Hall Renovation	\$30.0 million	State	None	
Campus Center Redevelopment	\$50.0 million	MSCBA	Univ. Fee	Significantly reduce project and begin next year
Satellite Campus(es)	TBD	University	None (enrollments)	
Classroom upgrades	TBD	University	Univ. Fee	
Office upgrades	TBD	University	Univ. Fee	
Property Acquisition	TBD	TBD	TBD	
Projects in Years 8-10 of Plan				
Sullivan Building Renovation	\$20.0 million	State	None	
New Residence Hall III	\$60.0 million	MSCBA	Room Rent	
Recreational Fields	\$5.0 million	MSCBA	Univ. Fee	
Parking Garage II	\$12.0 million	MSCBA	Univ. Fee	
Enterprise Center/Conference Center	TBD	TBD	TBD	
Satellite Campus(es)	TBD	University	None (enrollments)	
Classroom upgrades	TBD	University	Univ. Fee	
Office upgrades	TBD	University	Univ. Fee	
Property Acquisition	TBD	TBD	TBD	

Revised August 15, 2013 from prior distribution, May 22, 2013

SITE PLAN





Salem State University New Residence Hall
Massachusetts State College Building Authority
WILLIAM RAWN ASSOCIATES, Architects, Inc.

CAMPUS MODEL PHOTOS
August 16 2013



From: Patricia Meservey
Sent: Wednesday, September 11, 2013 12:07 PM
To: Marcel Quiroga; John Burns; pscott16@aol.com; Mattera, Paul
Cc: Jean Fleischman; Patricia Ainsworth
Subject: Long-term Obligations for Finance & Facilities

Dear Marcel, John, Pam & Paul,

We have been very hard at work this summer working through a better way to communicate information to the Board regarding our financial status. Candidly, I have struggled to obtain clear, comprehensive information in the past and felt our presentations were wanting. Pat Ainsworth has been very effective in guiding our finance department to be more transparent. Please know that I was not concerned that there was any risk but rather that the sharing of information was frequently confusing.

As a result of these efforts, I am providing you with a details look at our long-term obligations for the university. The attached memo summaries past obligations, as well as new projects that are under development and will be presented for your review and approval. For the proposed projects, these numbers are preliminary. As the projects take further shape, we will be able to refine the costs and revenues. I am also attaching my memo from August 19 that provided additional background to our projects activities.

I would like to provide this information to the rest of the Board but given the complexity, I thought it best to ask for your review and questions first. I look forward to hearing from you.

Best regards,
Pat

Patricia Maguire Meservey, PhD, RN, FAAN
President
Salem State University
352 Lafayette Street
Salem, MA 01970

Office - 978-542-6134
Fax - 978-542-6126

Proud to be





To: Marcel Quiroga, Chair; John Burns, Vice Chair; Finance & Facilities Committee
From: Patricia Maguire Meservey, President
CC: Pamela Scott, Chair; Paul Mattera, Vice Chair; Board of Trustees
Date: September 11, 2013
Topic: Financial Overview for Capital Projects

This document contains several pieces of information to provide a full understanding of the current and projected debt obligations of the university. I am hopeful that this information will give the board the foundation needed to consider the projects listed in the Master Vision plan.

In the packet are:

1. Long-term Debt through bonds & mortgages. This document lists all of our current and projected obligations for capital projects.
 - a. Current Obligations:
 - i. The first band of items is listed as MSCBA Owned and includes two categories. The first category is the Trust Account and this is the funding that is provided to MSCBA for their general operations. All state universities contribute to this fund at a level proportionate to the square footage and value of MSCBA owned facilities on their campuses. The second category includes capital reserve and insurance obligations.
 - ii. The second band, also listed as MSCBA Owned, includes the bonds that have been issued that support the building and maintenance of various campus-based projects. For each of these items, we either have the full obligation (as in the examples of Atlantic and Marsh Halls) or the portion of the bond that was dedicated to repair work on our campus.
 - iii. The third band is identified as SSU Owned MSCBA Related. These are projects we have undertaken on our campus and financed through bonds issued by MSCBA.
 - iv. The fourth band is labeled SSU Other. These are various other projects for which we have secured a loan or participated in a bond issue.

The debt service for items i and ii is supported through student fees for the residence halls. These funds are kept in the Salem State MSCBA Trust Fund from which we make semi-annual payments to MSCBA.

The debt service for iii and iv is covered by our operating budget, outside of the MSCBA Trust Fund.

- b. **Future Potential Obligations:** These include the projects we are currently planning over the next two to three years. As above, the MSCBA Owned would be supported through student fees for the residence halls. SSU Owned MSCBA related would be supported through our operating budget. The Parking Garage and Ellison Improvements are expected to be a blend where it is partially subsidized by parking and Student Government fees however a portion of the debt service support will come from the operating budget. These last two projects would not be bonded until January of 2015 at the earliest.
2. **Estimated Annual Cash Flow Requirements, Annual Obligated Payments.** This page presents the annual payments required through FY17 in each of the categories described above. As in the past, MSCBA-owned projects will be supported by students fees for the residence halls and SSU-owned projects are supported through our operating budget.
3. **New Central Campus Residence Hall Pro Forma Budget Summary.** This page provides a preliminary review of the pro forma for the proposed residence all. In the first several years (exact number still to be determined) the residence hall would need to be subsidized modestly by the university, as was the case with our two most recent residence halls (Atlantic & Marsh). This annual subsidy will range from \$150,000 to \$350,000 in this preliminary model. We are continuing to work on the actual costs of the construction and operation of the building.
4. **Long-term Debt per Annual FTE Student.** This final page is a presentation of the long-term debt of Salem State and the other state universities. This information comes from the federally reported IPEDS data and the most current information is from FY11. You will see that Salem is at the low end of this chart.
5. **Salem State University 2014 Proposed Projects.** Descriptions of the projects that are under consideration for FY2014 MSCBA Bonds.

I look forward to discussing these materials with you and then sharing them with the full Board of Trustees.

1. Long-term Debt through bonds & mortgages

DRAFT 9-11-2013

	Year of issue	Principal Balance as of 7/1/13	Interest Issue as of 7/1/13	Life of Interest rate	Last Scheduled Payment FY	Annual Obligated Payments
I. Current Obligations						
MSCBA Owned						
Trust Acct Pooled System Obligation	N/A	N/A		N/A	Indefinite	\$ 1,664,320
Capital Reserve	N/A	N/A		N/A	On-going charge	\$ 103,180
Insurance	N/A	N/A		N/A	On-going charge	\$ 29,454
Sub-total						\$ 1,796,954
2003A - Campus Repairs Bonds	2003	\$ 1,017,632	\$ 113,562		2023	\$ 110,943
2003A - Camous Proi. Bonds -	2003	\$ 46,440,000	\$ 30,283,374		2043	\$ 2,558,635
2004A - Repairs	2004	\$ 1,945,625	\$ 220,595		2023	\$ 235,187
2004A - Central Parking	2004	\$ 1,250,000	\$ 133,754		2023	\$ 151,653
2005A - Repairs	2005	\$ 1,597,895	\$ 288,710		2026	\$ 158,014
2009A - Residence Hall - Marsh	2005	\$ 65,245,000	\$ 68,187,719		2049	\$ 4,076,087
2009A - Repairs-20 Yr	2009	\$ 2,618,421	\$ 1,038,851		2029	\$ 124,152
2010B - Repairs	2010	\$ 387,185	\$ 116,706		2030	\$ 13,072
2010A - Repairs	2010	\$ 115,099	\$ (4,251)		2018	\$ 25,581
Sub-total		\$ 120,616,857	\$ 100,379,020			\$ 7,453,324
SSU Owned MSCBA Related						
2005A O'Keefe Field	2005	\$ 2,245,000	\$ 350,700	4.25%	2025	\$ 237,327
2006A Central Campus Athl Complex	2005	\$ 2,605,000	\$ 521,685	4.26%	2026	\$ 256,572
2012A Gassett Fitness Center	2012	\$ 14,230,000	\$ 10,784,329	3.94%	2037	\$ 1,046,341
Sub-total		\$ 19,080,000	\$ 11,656,714			\$ 1,540,240
SSU Other						
Mass Develop. Photovoltaic Project	2007	\$ 128,700	\$ -	0%	2022	\$ 14,300
DCAM - Alternative Efficiency Bond	2010	\$ 238,819	\$ 63,601	3.50%	2027	\$ 25,534
Weir Lease	2010	\$ 3,663,207	NA	3.26%	2021	\$ 552,000
Salem Diner	2013	\$ 600,000		4.92%	2023	\$ 123,072
Sub-total		\$ 4,030,726	\$ 63,601			\$ 714,906
Total Current Obligations		\$ 143,727,583	\$ 112,099,335			\$ 11,505,424
II. Future Potential Obligations						
	Year of issue	Project Budget	Scheduled Interest Life of Issue as of 7/1/13	Interest rate	Last Scheduled Payment FY	Annual Obligated Payments
MSCBA Owned						
Residence Hall	2014	\$ 54,000,000	\$ 54,890,918	4.59%	2043	\$ 3,921,419
Sub-total		\$ 54,000,000	\$ 54,890,918			\$ 3,921,419
SSU Owned MSCBA Related						
MainStage	2014	\$ 14,000,000	\$ 8,011,170	4.07%	2033	\$ 1,149,770
Weir Surface Parking	2014	\$ 1,000,000	\$ 571,541	4.07%	2033	\$ 84,192
Interim Public Safety	2014	\$ 1,600,000	\$ 911,359	4.07%	2033	\$ 132,159
One Stop	2014	\$ 2,000,000	\$ 1,144,470	4.07%	2033	\$ 163,671
Sub-total		\$ 18,600,000	\$ 10,638,540			\$ 1,529,792
Total Potential New FY-15 Obligations		\$ 72,600,000	\$ 65,529,458			\$ 5,451,211
SSU Owned MSCBA Related (Subsidized by parking fees)						
Parking Garage (Unofficial)	2015	\$ 20,000,000	\$ 10,750,458	4.50%	2035	\$ 1,537,523
Ellsion Campus Center Improvements	2015 or 2016	\$ 10,000,000	\$ 5,375,229	4.50%	2035 or 2036	\$ 768,761
Sub-total		\$ 30,000,000	\$ 16,125,687			\$ 2,306,284
Total Potential New FY-16/17 Obligations		\$ 30,000,000	\$ 16,125,687			\$ 2,306,284
Cummulative Total Current and Potential New Obligations		\$ 246,327,583	\$ 193,754,480			\$ 19,262,919

2. Estimated Annual Cash Flow Requirements, Annual Obligated Payments

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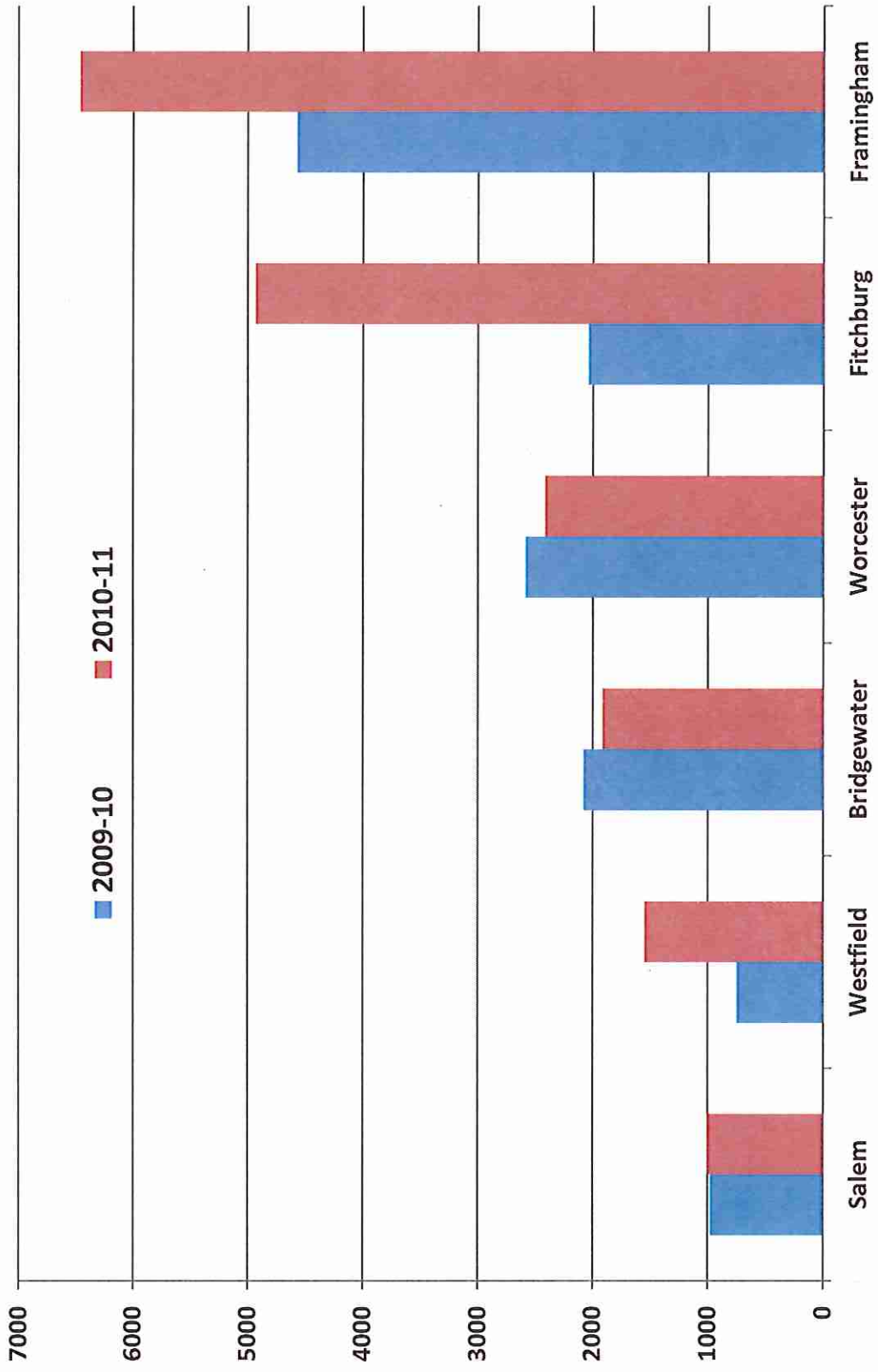
	Fiscal Year			
	2014	2015	2016	2017
	MSCBA Owned			
Trust Acct Pooled System Obligation	\$ 1,664,320	\$ 1,664,320	\$ 1,664,320	\$ 1,664,320
Capital Reserve	\$ 103,180	\$ 154,770	\$ 154,770	\$ 154,770
Insurance	\$ 29,454	\$ 44,181	\$ 44,181	\$ 44,181
Sub-total	\$ 1,796,954	\$ 1,863,271	\$ 1,863,271	\$ 1,863,271
2003A - Campus Repairs Bonds	\$ 110,943	\$ 111,524	\$ 111,538	\$ 111,821
2003A - Campus Proj. Bonds - Atlantic	\$ 2,558,635	\$ 2,576,154	\$ 2,575,146	\$ 2,578,802
2004A - Repairs	\$ 235,187	\$ 233,087	\$ 233,291	\$ 232,877
2004A - Central Parking	\$ 151,653	\$ 150,042	\$ 149,332	\$ 149,435
2005A - Repairs	\$ 158,014	\$ 157,876	\$ 158,129	\$ 158,202
2009A - Residence Hall - Marsh	\$ 4,076,087	\$ 4,131,062	\$ 4,184,112	\$ 4,239,862
2009A - Repairs-20 Yr	\$ 124,152	\$ 246,959	\$ 247,777	\$ 247,528
2010B - Repairs	\$ 13,072	\$ 13,072	\$ 13,072	\$ 13,072
2010A - Repairs	\$ 25,581	\$ 25,580	\$ 25,546	\$ 25,555
2014 - New CC Residence Hall	\$ -	\$ -	\$ 3,921,419	\$ 3,921,419
2015 - Parking Garage	\$ -	\$ -	\$ 1,537,523	\$ 1,537,523
Sub-total	\$ 7,453,324	\$ 7,645,356	\$ 13,156,885	\$ 13,216,096
	SSU Owned MSCBA Related			
2005A O'Keefe Field	\$ 237,327	\$ 236,343	\$ 235,191	\$ 233,824
2006A Central Campus Athl Complex	\$ 256,572	\$ 255,715	\$ 258,448	\$ 260,317
2012A Gassett Fitness Center	\$ 1,046,341	\$ 1,050,050	\$ 1,046,550	\$ 1,047,300
2014 - MainStage	\$ -	\$ 1,149,770	\$ 1,147,800	\$ 1,147,650
2014 -Weir Surface Parking	\$ -	\$ 84,192	\$ 80,800	\$ 79,750
2014 -Interim Public Safety	\$ -	\$ 132,159	\$ 132,159	\$ 132,159
2014 -One Stop Shop	\$ -	\$ 163,671	\$ 166,950	\$ 164,700
2016 - Ellison Campus Center Improvements	\$ -	\$ -	\$ -	\$ 768,761
Sub-total	\$ 1,540,240	\$ 3,071,900	\$ 3,067,898	\$ 3,834,461
	SSU Other			
2007 - Mass Develop. Photovoltaic Project	\$ 14,300	\$ 14,300	\$ 14,300	\$ 14,300
2010 - DCAM - Alternative Efficiency Bond	\$ 25,534	\$ 24,929	\$ 24,343	\$ 23,718
2010 - Weir Lease	\$ 681,931	\$ 682,897	\$ 683,892	\$ 682,897
2013 - Salem Diner	\$ 123,072	\$ 123,072	\$ 123,072	\$ 55,116
Sub-total	\$ 844,837	\$ 845,198	\$ 845,607	\$ 776,031
Offset for Utility Savings	\$ (39,834)	\$ (39,229)	\$ (38,643)	\$ (38,018)
Total Current & Planned Obligations	\$ 11,595,521	\$ 13,386,496	\$ 18,895,018	\$ 19,651,841
Debt serviced through Res. Hall Revenues	\$ 9,250,278	\$ 9,508,627	\$ 15,020,156	\$ 15,079,367
Debt serviced through Operating Budget	\$ 2,345,243	\$ 3,877,869	\$ 3,874,862	\$ 4,572,474

3. New Central Campus Residence Hall Pro Forma Budget Summary

DRAFT 9-11-2013

	FY-2016	FY-2019	FY-2022
ROOM RENTAL RATES (373 beds)			
Doubles (65% of rooms)	\$ 8,260	\$ 9,090	\$ 9,650
Triples (35% of rooms)	\$ 8,760	\$ 9,590	\$ 10,150
REVENUES			
Room Rents	\$ 3,146,255	\$ 3,455,845	\$ 3,664,725
Laundry/Vending Commissions	\$ 7,660	\$ 8,129	\$ 8,626
Summer Room Rental	\$ 50,000	\$ 50,000	\$ 50,000
Summer Conferences Fees	\$ -	\$ -	\$ -
Room Damage Assessments	\$ 3,064	\$ 3,064	\$ 3,064
University Support to RHTF	\$ 150,000	\$ 100,000	
Public Space Debt Svc	\$ 254,046	\$ 253,881	\$ 253,993
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Subtotal Other Revenue	\$ 491,330	\$ 450,041	\$ 353,893
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4. Long-Term Debt per Annual FTE Student



5. Salem State University 2014 Proposed Projects

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From: Patricia Meservey

Sent: Tuesday, September 17, 2013 6:36 PM

To: Alex Booker; Alyce Davis (alyced35@gmail.com); Claude Lancome; dave_abdo@yahoo.com; Diane T. Stringer; jansara@pih.org; Jean Fleischman (jfleischman@salemstate.edu); John Burns; jss@RonanSegal.com; Marcel Quiroga; Mattera, Paul; pscott16@aol.com

Cc: Andrew Soll; Patricia Ainsworth; Beth Bower

Subject: Master Vision Plan

Dear Trustees,

At our Finance and Facilities meeting on September 25, we will review our Master Vision Plan for the University. This is a project we have been doing with DCAM and Sasaki Associates. They are still drafting the final report so I am sharing a preliminary draft with you. The red-lines and comments are mine.

[See Attachment B]

I am also attaching the project list we (at the Board) have been discussing throughout this process. The red lines/words are changes from May to August and the Blue are from August to present. I look forward to continuing this discussion.

[See Attachment B-1]

Regards,
Pat

Patricia Maguire Meservey, PhD, RN, FAAN
President
Salem State University
352 Lafayette Street
Salem, MA 01970

Office - 978-542-6134
Fax - 978-542-6126

Proud to be





To: Members, Committee on Finance and Facilities

From: Patricia Maguire Meservey, President

CC: Pamela Scott, Chair; Paul Mattera, Vice Chair; Board of Trustees; Members, Board of Trustees

Date: September 20, 2013

Topic: Financial Overview for Capital Projects

This document contains several pieces of information to provide a full understanding of the current and projected debt obligations of the university. I am hopeful that this information will give the committee the foundation needed to consider the projects listed in the Master Vision plan.

In the packet are:

1. Long-term Debt through bonds & mortgages. This document lists all of our current and projected obligations for capital projects.
 - a. Current Obligations:
 - i. The first band of items is listed as **MSCBA Owned – Source of Payment is Student Residence Hall Fees** and includes two categories. The first category is the Trust Account and this is the funding that is provided to MSCBA for their general operations. All state universities contribute to this fund at a level proportionate to the square footage and value of MSCBA owned facilities on their campuses. The second category includes capital reserve and insurance obligations.
 - ii. The second band, also listed as **MSCBA Owned – Source of Payment is Student Residence Hall Fees**, includes the bonds that have been issued that support the building and maintenance of various campus-based projects. For each of these items, we either have the full obligation (as in the examples of Atlantic and Marsh Halls) or the portion of the bond that was dedicated to repair work on our campus.
 - iii. The third band is identified as **SSU Owned MSCBA Bonded -- Source of Payment is the University's General Operating Budget**. These are projects we have undertaken on our campus and financed through bonds issued by MSCBA.
 - iv. The fourth band is labeled **SSU Other Long-Term Debt -- Source of Payment is the University's General Operating Budget**. These are various other projects for which we have secured a loan or participated in a bond issue.

- b. **Future Potential Obligations:** These include the projects we are currently planning over the next two to three years. As above, the **MSCBA Owned** would be supported through student fees for the residence halls. **SSU Owned MSCBA Bonded** would be supported through our operating budget. The Parking Garage and Ellison Improvements are expected to be a blend where it is partially subsidized by parking and Student Government fees however a portion of the debt service support will come from the operating budget. These last two projects would not be bonded until January of 2015 at the earliest.
2. **Estimated Annual Cash Flow Requirements, Annual Obligated Payments.** This page presents the annual payments required through FY17 in each of the categories described above. As in the past, MSCBA-owned projects will be supported by students fees for the residence halls and SSU-owned projects are supported through our operating budget. The increased expense that would fall to our operating budget would be supported by a combination of increases in the state appropriation (depending on legislative action), student fee increases (general university fee), private donations (for the Mainstage Theater), and increased enrollments.
3. **New Central Campus Residence Hall Pro Forma Budget Summary.** This page provides a preliminary review of the pro forma for the proposed residence all. In the first several years (exact number still to be determined) the residence hall would need to be subsidized modestly by the university, as was the case with our two most recent residence halls (Atlantic & Marsh). This annual subsidy will range from \$100,000 to \$150,000 in this preliminary model. We are continuing to work on the actual costs of the construction and operation of the building.
4. **Long-term Debt per Annual FTE Student.** This final page is a presentation of the long-term debt of Salem State and the other state universities. This information comes from the federally reported IPEDS data and the most current information is from FY11. You will see that Salem is at the low end of this chart.
5. **Salem State University 2014 Proposed Projects.** Descriptions of the projects that are under consideration for FY2014 MSCBA Bonds.

I look forward to discussing these materials with you and then sharing them with the full Board of Trustees.

1. Long-term Debt through bonds & mortgages

DRAFT 9-20-2013

	Year of issue	Principal Balance as of 7/1/13	Interest as of 7/1/13	Life of Issue rate	Last Scheduled Payment FY	Annual Obligated Payments
I. Current Obligations						
MSCBA Owned -- Source of Payment is Student Residence Hall Fees						
Trust Acct Pooled System Obligation	N/A	N/A		N/A	Indefinite	\$ 1,664,320
Capital Reserve	N/A	N/A		N/A	On-going charge	\$ 103,180
Insurance	N/A	N/A		N/A	On-going charge	\$ 29,454
Sub-total						\$ 1,796,954
2003A - Campus Repairs Bonds	2003	\$ 1,017,632	\$ 113,562		2023	\$ 110,943
2003A - Campus Proi. Bonds -	2003	\$ 46,440,000	\$ 30,283,374		2043	\$ 2,558,635
2004A - Repairs	2004	\$ 1,945,625	\$ 220,595		2023	\$ 235,187
2004A - Central Parking	2004	\$ 1,250,000	\$ 133,754		2023	\$ 151,653
2005A - Repairs	2005	\$ 1,597,895	\$ 288,710		2026	\$ 158,014
2009A - Residence Hall - Marsh	2005	\$ 65,245,000	\$ 68,187,719		2049	\$ 4,076,087
2009A - Repairs-20 Yr	2009	\$ 2,618,421	\$ 1,038,851		2029	\$ 124,152
2010B - Repairs	2010	\$ 387,185	\$ 116,706		2030	\$ 13,072
2010A - Repairs	2010	\$ 115,099	\$ (4,251)		2018	\$ 25,581
Sub-total		\$ 120,616,857	\$ 100,379,020			\$ 7,453,324
SSU Owned MSCBA Bonded -- Source of Payment is the University's General Operating Budget						
2005A - O'Keefe Field	2005	\$ 2,245,000	\$ 350,700	4.25%	2025	\$ 237,327
2006A - Central Campus Athl Complex	2005	\$ 2,605,000	\$ 521,685	4.26%	2026	\$ 256,572
2012A - Gasset Fitness Center	2012	\$ 14,230,000	\$ 10,784,329	3.94%	2037	\$ 1,046,341
Sub-total		\$ 19,080,000	\$ 11,656,714			\$ 1,540,240
SSU Other Long-Term Debt -- Source of Payment is the University's General Operating Budget						
Mass Develop. Photovoltaic Project	2007	\$ 128,700	\$ -	0%	2022	\$ 14,300
DCAM - Alternative Efficiency Bond	2010	\$ 238,819	\$ 63,601	3.50%	2027	\$ 25,534
Weir Lease	2010	\$ 3,663,207	NA	3.26%	2021	\$ 681,931
Salem Diner	2013	\$ 600,000		4.92%	2023	\$ 123,072
Sub-total		\$ 4,030,726	\$ 63,601			\$ 844,837
Total Current Obligations		\$ 143,727,583	\$ 112,099,335			\$ 11,635,355
II. Future Potential Obligations						
	Year of issue	Project Budget	Interest as of 7/1/13	Life of Issue rate	Last Scheduled Payment FY	Annual Obligated Payments
MSCBA Owned -- Source of Payment is Student Residence Hall Fees						
Residence Hall	2014	\$ 54,000,000	\$ 54,890,918	4.59%	2043	\$ 3,921,419
Sub-total		\$ 54,000,000	\$ 54,890,918			\$ 3,921,419
SSU Owned MSCBA Bonded -- Source of Payment is the University's General Operating Budget						
MainStage	2014	\$ 14,000,000	\$ 8,011,170	4.07%	2033	\$ 1,149,770
Weir Surface Parking	2014	\$ 1,000,000	\$ 571,541	4.07%	2033	\$ 84,192
Interim Public Safety	2014	\$ 1,600,000	\$ 911,359	4.07%	2033	\$ 132,159
One Stop	2014	\$ 2,000,000	\$ 1,144,470	4.07%	2033	\$ 163,671
Sub-total		\$ 18,600,000	\$ 10,638,540			\$ 1,529,792
Total Potential New FY-15 Obligations		\$ 72,600,000	\$ 65,529,458			\$ 5,451,211
SSU Owned MSCBA Bonded -- Source of Payment is the University's General Operating Budget, Parking Fees, and Student Government Association Fees						
Parking Garage (Unofficial)	2015	\$ 20,000,000	\$ 10,750,458	4.50%	2035	\$ 1,537,523
Ellsion Campus Center Improvements	2015 or 2016	\$ 10,000,000	\$ 5,375,229	4.50%	2035 or 2036	\$ 768,761
Sub-total		\$ 30,000,000	\$ 16,125,687			\$ 2,306,284
Total Potential New FY-16/17 Obligations		\$ 30,000,000	\$ 16,125,687			\$ 2,306,284
Cummulative Total Current and Potential New Obligations		\$ 246,327,583	\$ 193,754,480			\$ 19,392,850

2. Estimated Annual Cash Flow Requirements, Annual Obligated Payments

DRAFT 9-20-2013

	Fiscal Year			
	2014	2015	2016	2017
MSCBA Owned -- Source of Payment is Student Residence Hall Fees				
Trust Acct Pooled System Obligation	\$ 1,664,320	\$ 1,664,320	\$ 1,664,320	\$ 1,664,320
Capital Reserve	\$ 103,180	\$ 154,770	\$ 154,770	\$ 154,770
Insurance	\$ 29,454	\$ 44,181	\$ 44,181	\$ 44,181
Sub-total	\$ 1,796,954	\$ 1,863,271	\$ 1,863,271	\$ 1,863,271
2003A - Campus Repairs Bonds	\$ 110,943	\$ 111,524	\$ 111,538	\$ 111,821
2003A - Campus Proj. Bonds - Atlantic	\$ 2,558,635	\$ 2,576,154	\$ 2,575,146	\$ 2,578,802
2004A - Repairs	\$ 235,187	\$ 233,087	\$ 233,291	\$ 232,877
2004A - Central Parking	\$ 151,653	\$ 150,042	\$ 149,332	\$ 149,435
2005A - Repairs	\$ 158,014	\$ 157,876	\$ 158,129	\$ 158,202
2009A - Residence Hall - Marsh	\$ 4,076,087	\$ 4,131,062	\$ 4,184,112	\$ 4,239,862
2009A - Repairs-20 Yr	\$ 124,152	\$ 246,959	\$ 247,777	\$ 247,528
2010B - Repairs	\$ 13,072	\$ 13,072	\$ 13,072	\$ 13,072
2010A - Repairs	\$ 25,581	\$ 25,580	\$ 25,546	\$ 25,555
2014 - New CC Residence Hall	\$ -	\$ -	\$ 3,921,419	\$ 3,921,419
2015 - Parking Garage	\$ -	\$ -	\$ 1,537,523	\$ 1,537,523
Sub-total	\$ 7,453,324	\$ 7,645,356	\$ 13,156,885	\$ 13,216,096
SSU Owned MSCBA Bonded -- Source of Payment is the University's General Operating Budget				
2005A - O'Keefe Field	\$ 237,327	\$ 236,343	\$ 235,191	\$ 233,824
2006A - Central Campus Athl Complex	\$ 256,572	\$ 255,715	\$ 258,448	\$ 260,317
2012A - Gassett Fitness Center	\$ 1,046,341	\$ 1,050,050	\$ 1,046,550	\$ 1,047,300
2014 - MainStage	\$ -	\$ 1,149,770	\$ 1,147,800	\$ 1,147,650
2014 - Weir Surface Parking	\$ -	\$ 84,192	\$ 80,800	\$ 79,750
2014 - Interim Public Safety	\$ -	\$ 132,159	\$ 132,159	\$ 132,159
2014 - One Stop Shop	\$ -	\$ 163,671	\$ 166,950	\$ 164,700
2016 - Ellison Campus Center Improvements	\$ -	\$ -	\$ -	\$ 768,761
Sub-total	\$ 1,540,240	\$ 3,071,900	\$ 3,067,898	\$ 3,834,461
SSU Other Long-Term Debt -- Source of Payment is the University's General Operating Budget				
2007 - Mass Develop. Photovoltaic Project	\$ 14,300	\$ 14,300	\$ 14,300	\$ 14,300
2010 - DCAM - Alternative Efficiency Bond	\$ 25,534	\$ 24,929	\$ 24,343	\$ 23,718
2010 - Weir Lease	\$ 681,931	\$ 682,897	\$ 683,892	\$ 682,897
2013 - Salem Diner	\$ 123,072	\$ 123,072	\$ 123,072	\$ 55,116
Sub-total	\$ 844,837	\$ 845,198	\$ 845,607	\$ 776,031
Offset for Utility Savings	\$ (39,834)	\$ (39,229)	\$ (38,643)	\$ (38,018)
Total Current & Planned Obligations	\$ 11,595,521	\$ 13,386,496	\$ 18,895,018	\$ 19,651,841
Debt serviced through Res. Hall Revenues	\$ 9,250,278	\$ 9,508,627	\$ 15,020,156	\$ 15,079,367
Debt serviced through Operating Budget	\$ 2,345,243	\$ 3,877,869	\$ 3,874,862	\$ 4,572,474

Alternative Cash Flow Option (See note below)

Debt serviced through Operating Budget	\$ 2,345,243	\$ 3,877,869	\$ 3,874,862	\$ 4,572,474
Supplement payment for Mainstage from Donations to Foundation	\$ -	\$ (500,000)	\$ (500,000)	\$ (500,000)
Net Debt serviced through Operating Budget	\$ 2,345,243	\$ 3,377,869	\$ 3,374,862	\$ 4,072,474

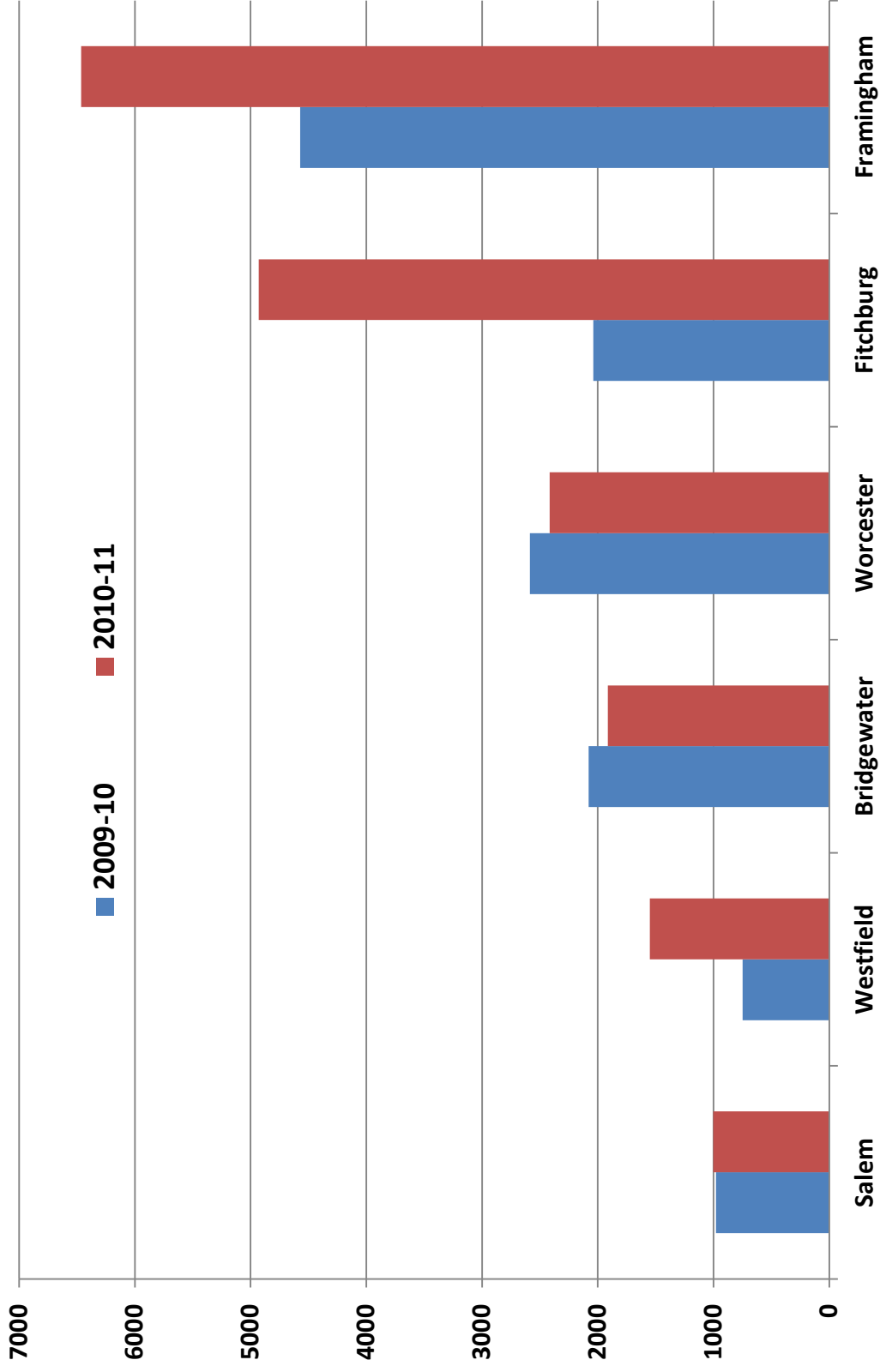
Note: Approximately \$2M is expected to be available in the Foundation from a donation that has not yet been received. Allocating these funds over four years would moderate the debt service payments as we transition into these projects.

3. New Central Campus Residence Hall Pro Forma Budget Summary

DRAFT 9-11-2013

	FY-2016	FY-2019	FY-2022
ROOM RENTAL RATES (373 beds)			
Doubles (65% of rooms)	\$ 8,260	\$ 9,090	\$ 9,650
Triples (35% of rooms)	\$ 8,760	\$ 9,590	\$ 10,150
REVENUES			
Room Rents	\$ 3,146,255	\$ 3,455,845	\$ 3,664,725
Laundry/Vending Commissions	\$ 7,660	\$ 8,129	\$ 8,626
Summer Room Rental	\$ 50,000	\$ 50,000	\$ 50,000
Summer Conferences Fees	\$ -	\$ -	\$ -
Room Damage Assessments	\$ 3,064	\$ 3,064	\$ 3,064
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 REQUEST FOR TRUSTEE ACTION

Date: October 8, 2013
To: Board of Trustees
From: Patricia Maguire Meservey, President
Subject: Investment Policy
Requested Action: Approval

On September 24, 2008 the Board of Trustees approved an Investment Policy. This policy was previously amended on May 20, 1999 and April 21, 2004.

At its meeting on May 22, 2013, the Finance & Facilities Committee decided that members of the committee should work with the university's administration to refine and update the investment policy. This work continued over the summer and the result of this effort is provided in Attachment E, representing a comprehensive document encompassing both investment policy and operational procedures. The proposed new policy is intended to replace the previous policy approved on September 24, 2008.

MOTION

The Board of Trustees of Salem State University hereby approves the investment policy as amended for the university as recommended by the president and as described in Attachment E hereto and as presented to this meeting. The new policy shall supersede the previous investment policy adopted on September 24, 2008. The president and other officers of the university are hereby authorized to do all things and take all actions necessary to implement the policy.

Committee Assigned: Finance & Facilities

Committee Action: Approved

Date of Action: October 1, 2013

Trustee Action:

Trustee Approval Date:

Effective Date:

Signed: _____

Title: _____

Date: _____

October 8, 2013



Investment Policy

October 8, 2013 DRAFT

Salem State University
Investment Policy

GLOSSARY OF TERMS

ASSET ALLOCATION – A term used to refer to how an investor distributes his or her investments among various classes of investment vehicles (e.g. stocks, bonds, cash).

BENCHMARK – A standard against which an investment’s performance can be compared, often an index of securities in the same asset class as the investment.

CASH/CASH EQUIVALENTS – Cash equivalents are short-term securities, such as Treasury bills, money market mutual funds, or short-term bank certificates of deposit that provide safety and liquidity but historically have only marginally outpaced inflation in terms of return.

CORPORATE BONDS – Generally a promissory note given by a corporation to an investor, involving a promise to pay interest and to repay the par or face amount (also known as the principal) at a certain date. Interest is usually paid every six months, and the par value or face amount is usually \$1,000. The payment date may be a few months or many years in the future. After a bond is issued, it may be bought or sold many times at discounts or premiums to face value depending upon the rate and term of the bond, the remaining term and the prevailing interest rates.

CUSTODIAN BANK – A specialized financial institution responsible for safeguarding client portfolio assets, arranging and accounting for any and all investment transactions, reporting status of investment activity on a regular basis and performing other fiduciary and financial services as directed by the university investment team.

EQUITY INVESTMENTS – Equity always refers to ownership. It is usually used as a synonym for common stock of a publicly traded corporation. There are variations but no maturity.

EXCHANGE TRADED FUNDS (ETF) – A type of investment company whose shares trade on stock exchanges at prices determined by the market.

EXECUTIVE MANAGEMENT – President, Vice President of Finance and Facilities, and Associate Vice President for Finance of Salem State University.

FEDERAL AGENCY SECURITIES – Generally a promissory note given by a government agency to an investor, involving a promise to pay interest and to repay the par or face amount (also known as the principal) at a certain date. Interest is usually paid every six months, and the par value or face amount is usually \$1,000. The payment date may be a few months or many years in the future. After a bond is issued, it may be bought or sold many times. This investment is not guaranteed by the US Treasury, but it is generally believed that a default of repayment of principal would never occur.

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FEE ONLY- A reimbursement model that pays investment managers or firms an agreed upon amount for agreed upon services.

FEE BASED- A reimbursement model that pays investment managers or firms an agreed upon percentage of portfolio assets for their services.

INVESTMENT ADVISOR(S) – Independent financial advisor and/or firm engaged to advise the University on investment strategies, portfolio selection, and economic forecasts as it relates to university assets. They may act on the university’s behalf to effect trades or transactions as agreed upon between the advisor and university management.

INVESTMENT MANAGER(S) – Investment management firms and/or bank trust departments engaged to manage the University’s portfolio.

INDEX FUNDS – A type of mutual fund or unit investment trust whose investment objective typically is to achieve approximately the same return as a particular equity or bond index by investing in the instruments of issuers included in the index (or a representative sample). Because an index fund is “passively” managed, its fees and expenses are typically lower than those of an actively managed fund.

LONG-TERM INVESTMENTS – May refer to a bond with a maturity of more than one year from the date of purchase.

MANAGED FUNDS – A portfolio of stocks or bonds owned by an individual or institution and managed by (i.e., investment decisions are made by) a professional investment manager.

MUTUAL FUNDS – Funds operated by an investment company that raise money from shareholders and invest it in stocks, bonds, options, commodities, or other money market securities. These funds offer investors the advantages of diversification and professional management. For these services they charge a management fee, typically one percent or less of assets per year.

NASDAQ – The National Association of Securities Dealers Automated Quotation, also called the “electronic stock market.” The NASDAQ composite index measures the performance of more than 5,000 U.S. and non-U.S. companies traded “over the counter” through NASDAQ.

OPERATIONAL PROCEDURES – Used by university managers as implementation and administrative guidelines for the Salem State University Investment Policy.

PORTFOLIO COMPOSITION – The investment holdings of an individual or institutional investor; includes stocks, bonds, options, money-market accounts, etc.

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PRUDENT INVESTMENT RULE-Generally refers to discharging of duties in good faith and with that degree of due diligence, care and skill which a prudent person would ordinarily exercise under similar circumstances in a like position.

SECURITIES AND EXCHANGE COMMISSION - A Federal agency established to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation.

SHORT-TERM INVESTMENTS - May refer to a bond with a maturity of less than one year from the date of purchase.

SECURITIES INVESTOR PROTECTION CORPORATION (SIPC) – Government-sponsored organization created in 1970 to insure investor accounts at brokerage firms in the event of the brokerage firm's insolvency and liquidation. The maximum insurance of \$500,000 per customer, including a maximum of \$100,000 in cash assets, covers losses due to brokerage house insolvencies, not losses caused by security price fluctuations. SIPC coverage is similar in concept to Federal Deposit Insurance Corporation coverage of customer accounts at commercial banks.

U.S. TREASURY SECURITIES - A promissory note given by the US Government to an investor, involving a promise to pay interest and to repay the par or face amount (also known as the principal) at a certain date. Interest is usually paid every six months, and the par value or face amount is usually \$1,000. The payment date may be a few months or many years in the future. After a bond is issued, it may be bought or sold many times. This investment is guaranteed by the US Government and is considered to have no default risk.

Salem State University

Investment Policy

I. PURPOSE

This Policy is intended to be used as a policy and procedural guide for the administration of Salem State University ("University") investment funds. The administration of these funds will comply with MGL Chapter 73, Section 14 as well as with MGL Chapter 180A, also known as the Uniform Management of Institutional Funds Law. This Policy will also serve as a basis for actions of management in carrying out its investment duties, and for the Board of Trustees of the University in monitoring management's investment activities.

The University shall use the services of one or more Investment Management Firms and/or a Bank Trust Departments ("Investment Manager[s]") to carry out the University's investment activities. The basic responsibility of the Investment Manager(s) will be to keep executive management of the University abreast of the economy and market conditions and to invest in a mix of eligible instruments within the context of laws, regulations and this Policy. The Investment Manager(s) shall be approved by the Board of Trustees ("Board") as part of this Policy. The University's Executive Management may delegate authority to the Investment Manager(s) to act within the boundaries of this Policy

II. OBJECTIVES

The primary objectives of the Policy are to provide safety of principal and sufficient liquidity to ensure a reasonable degree of flexibility in the operations of the University, while also achieving long-term capital growth and appreciation for the portfolio. This means that investments will be made which, if necessary, will provide the University with the ability to convert any asset to cash with the least amount of credit or interest rate risk (i.e. loss of principal) within a prescribed period of time as directed by the Board or Executive Management.

All investments made for the purpose of attaining the foregoing objectives shall be made exercising judgment and care consistent with the Prudent Investment Rule, so called, and consistent with all applicable statutes, regulations and generally accepted investment practices.

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III. PORTFOLIO COMPOSITION

The University's investment portfolio, for purposes of this Policy statement, shall consist of three major categories of financial investments: (1) fixed income - short and long term (bonds); (2) equity (stocks); (3) cash or cash equivalents.

1. Fixed Income - short term and long term (bonds):

(a) *Fixed Income – short-term.* These are investments which have maturities of no longer than one year. The purpose of the fixed income short-term investment portfolio shall be to provide sufficient liquidity to meet institutional objectives. The use of this portion of the portfolio shall be consistent with management's anticipated cash flow needs and future investment opportunities.

(b) *Fixed Income – long-term.* These are investments which have maturities of more than one year from the date of investment. The purpose of the long-term portion of the investment portfolio shall be to maximize return within the context of other recognized needs and risks. The portfolio shall be considered for purposes of capital growth and the provision of long term funding of capital needs. Eligible securities and other restrictions are as follows:

1. U.S. Treasury and Federal Agency Securities
 - a. Maximum size of portfolio - no limit
 - b. Maximum lot size - no limit
 - c. Maximum average maturity - 7 years
2. Corporate Bonds
 - a. Aggregate limit of all corporate bonds: 20% of capital (distributed over at least several corporations)
 - b. Maximum maturity – 7 years
 - c. All corporate bonds shall have a rating of A or better as published by Moody's or Standard & Poor's at the time of purchase
3. Municipal/Other Tax Exempt Issues

Municipal bonds and other tax exempt bond issues offer an opportunity that allows investors to avoid payment of taxes on income or capital gains resulting from the investment. Since the University is a tax-exempt entity that does not pay taxes, municipal bonds and other tax exempt bond issues are generally not advantageous to the investment portfolio although not necessarily prohibited within the portfolio

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2. Equity (stocks):

The purpose of the equity investment portfolio shall be to maximize return and provide a hedge against inflation through a diversified approach in compliance with applicable Massachusetts statutes. Eligible securities, appropriate rating service and dividend policy follow.

Equities may also be in the form of Managed Funds, which include such investment vehicles as mutual funds, exchange traded funds (ETFs) and other types of funds that function in a managed way but are not directly managed by the University's Investment Manager. Managed funds of this sort are acceptable in the University's portfolio if they are consistent with the standards that otherwise apply to equities.

<u>Eligible Securities</u>	<u>Rating Service *</u>	<u>Dividend Policy</u>
Domestic Equities	S & P Stock Guide Rating of B+ or Better	Maximum Reinvestment Enhance Growth
International Equities	MSCI All World Index Rating of B+ or Better	Maximum Reinvestment Enhance Growth
Total Equities (Blended)	Blend 60/40 S & P and MSCI Rating of B+ or Better	Maximum Reinvestment Enhance Growth
Mutual Funds	Morningstar Four Star or Better	Maximum Reinvestment to Enhance Growth
Exchange Traded Funds	To Be Determined * Four Star or Better	Maximum Reinvestment to Enhance Growth

*At least annually, the Rating Service (i.e. benchmark) will be determined based upon mutual discussion and agreement between the investment manager and University management.

3. Cash and Cash Equivalents:

Cash and cash equivalents are instruments that are relatively "liquid" in nature and are available for operational and/or investment opportunities. This component of the portfolio should be minimal.

4. Prohibited Investments:

Investment in derivative securities, forwards, swaps, futures of any type is prohibited under this policy.

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Investment Policy**

IV. ASSET ALLOCATION

Asset Allocation of the University portfolio should be equivalent to approximately 55% in equities, 45% in fixed income. Managed Funds that include both equity and fixed income underlying investments shall be distributed to the appropriate portfolio category for the purpose of reviewing asset allocation. Recognizing that from time-to-time during the course of business it is not realistic to expect complete compliance with this guideline, an acceptable range follows:

	<u>General Goal</u>	<u>Acceptable Range</u>
Equities	55%	45% – 65%
Fixed Income	45%	35% - 55%
Other investments	TBD	TBD
Cash	Minimal	0% - 10%

Any asset allocation not within these ranges should be communicated by the Investment Manager(s) to the Associate Vice President of Finance as soon as practicable but no later than the next monthly status report to the University. Unless otherwise directed by Executive Management, the portfolio should be re-balanced to fit within the acceptable ranges defined in this policy as soon as practical, taking investment risks into consideration.

V. INVESTMENT MANAGER(S)

The approved Investment Manager(s) must be fully-licensed and registered by all applicable Federal, State and professional agencies/organizations. The Investment Manager(s) shall be responsible for managing the portfolio consistent with the overall objectives of the Policy. Additionally, their responsibilities will include providing the University with overviews of current economic conditions and market forecasts and timely reports on the University's portfolio, which may impact investment strategies. The Investment Manager(s) shall be advised of the University's operational needs (if any) and projected capital expenditures that may impact the portfolio.

Each year, the Board will review the financial strength, standing, and performance of the Investment Manager(s). During this review, any material changes in the licensing, registration or

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other information deemed material in the relationship between the University and the Investment Manager(s) should be communicated to the Board.

VI. PORTFOLIO PERFORMANCE

Each Investment Manager engaged by the University to manage all or part of the investment fund shall report to Executive Management on a monthly basis and shall present a report to the Board of Trustees at least semi-annually or as requested by the Board. Reports to the Board shall review the performance of the portfolio in comparison to established benchmarks and asset allocation goals; comparison to a targeted return pegged to a pre-determined percentage above the Consumer Price Index (CPI) and where applicable comparison to other peer institution performance for a comparable and readily available period. On the basis of the performance report, the Board may direct changes in investment activities or approach.

VII. USE OF INVESTMENT PORTFOLIO

The University's intent in investing in securities is to hold the respective security to its maximum earning potential while addressing the fiduciary responsibility to preserve principal. The Investment Manager(s) is authorized to buy and sell securities to improve yields, quality and marketability or to realign the composition of the portfolio in order to make it consistent with the policies set forth herein. At the direction and with the formal authorization of the Board, monies may be withdrawn from the portfolio to fund unanticipated and/or extraordinary operational expenses of the University, improve the quality of life on campus, and/or capitalize on other opportunities.

VIII. REPORTING AND MONITORING

The Investment Manager(s) will provide the University with on-line tools that allow review of the portfolio on a daily basis, such on-line tools to be in conformity with industry standards relating to data security, and with timely reports (at least monthly) that include all transactions, fees/charges and accumulated earnings and changes in market value for the stated period. In addition, the Investment Manager(s) shall provide a quarterly report to Executive Management. The report should also include purchases and sales of securities, composition, valuation, quality and

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yield performance of the Portfolio for the stated quarter. The Investment Manager should also advise Executive Management as soon as practicable of any material changes to operations including but not limited to: changing economic or political situations, portfolio allocation assumptions; investment management staffing or partnership service arrangements; different investment opportunities not specifically addressed in this statement to name a few.

The Investment Manager(s) will meet with the Board semi-annually to review the investment objectives against the portfolio performance and economic forecasts. The first meeting should occur at the first meeting of the Board after the close of a calendar year and should primarily focus on portfolio performance for the recently completed year. The second meeting should occur in the fall of each year and should focus on strategic asset allocation, appropriate benchmarks and other performance criteria for the upcoming calendar year beginning in January. At both meetings, the Investment Manager(s) shall present economic forecasts and quantitative analysis impacting portfolio performance or investment strategies. Additional meetings with the Investment Manager(s) may be scheduled at the direction of the Board.

VIII. ASSIGNMENT OF RESPONSIBILITIES

Executive Management is responsible for carrying out the investment activities for the cash management and investment funds of the University. Executive Management may delegate authority to the Investment Manager(s) approved by the Board to conduct investment transactions consistent with the goals and objectives of this policy.

IX. OPERATIONAL PROCEDURES

The Operational Procedures are intended to be used by Executive Management as implementation and administrative guidelines for the Policy. The primary objective of the Operational Procedures is to provide Executive Management with the direction to oversee the investments consistent with the Policy. Areas of primary oversight include, but are not limited to the following:

- (a) Review of asset allocations
- (b) Investment Manager(s) selection

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- (c) Criteria for Investment Manager(s) performance and evaluation
- (d) Investment Manager(s) compensation
- (e) Conflict of Interest
- (f) Accounting and internal controls

(a) Review of Asset Allocations

The Vice President of Finance and Facilities and the Associate Vice President for Finance will review asset allocation by category to ensure consistency between the recommendations of the Investment Manager(s) and the objectives of the University as defined in the Policy.

(b) Investment Manager(s) Selection

The Vice President of Finance and Facilities and the Associate Vice President for Finance will recommend to the Board of Trustees selection of the Investment Manager(s). The recommendation will have resulted from a Request for Proposal (RFP) process in conformity with the Commonwealth's procurement laws and regulations. Appointment of the Investment Manager(s) shall be made after an RFP process and with the approval of the Board, such appointment being for a period of not more than five (5) years unless directed by action of the Board.

(c) Criteria for Investment Manager(s) Performance and Evaluation:

The Vice President of Finance and Facilities and the Associate Vice President for Finance will measure quarterly the performance of the Investment Manager(s). Evaluation criteria may include, but are not limited to, investment returns compared to the stated objectives for the portfolio, or various market indices or benchmarks as are determined to be appropriate. In addition, review of Investment Manager(s) performance and status of investment portfolio will be presented to the Board of Trustees of the University at least semi-annually.

(d) Investment Manager(s) Compensation:

The Investment Manager(s) will be engaged on a fee for services basis. The fee will be determined based on the competitive procurement process (RFP). Specific language for this computation will be clearly defined in the contract between the University and the Investment Manager(s).

(e) Conflict of Interest:

In accordance with Commonwealth statutes and University policy governing financial conflicts of interest, trustees, officers and employees of the University may not have any professional or personal relationship with a securities firm, Investment Manager or employee doing business with the University. Further, trustees, officers and employees of

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the University may not receive gifts, gratuities or travel expenses from Investment Manager(s), dealers, custodians or others authorized to do business with the University.

(f) Accounting and Internal Controls:

The Investment Manager(s) will report to Executive Management monthly that all of the investments for which it is responsible are in compliance with the investment policy. If any investments do not meet the Policy, the Investment Manager(s) will so note and explain the reason for that breach.

The securities will be held at an authorized custodian in separate accounts and not commingled in accordance with MGL Chapter 29 Section 34. It will be the responsibility of the Associate Vice President for Finance to ensure that appropriate internal controls are in place for the security and handling of all accounts.

The University will record and report all investment activity in accordance with Generally Accepted Accounting Principles. The University's auditors will audit the investment records and reports in accordance with Generally Accepted Audit Standards as part of the annual audit of the University's internal controls and financial statements.

X. PROCEDURE FOR CHANGING INVESTMENT POLICY & INVESTMENT

MANAGERS

This Investment Policy Statement may be changed only by a vote of the Board of Trustees. Executive Management shall report to the Board on an "as needed" basis regarding the desirability of modifying the Investment Policy Statement, however, notwithstanding, the Policy shall be reviewed by the Board annually.

At least biennially, the Board will discuss the need to issue an RFP for investment managers and at least every five years an RFP for investment managers will be issued.

Approved and Ordered By

BOARD OF TRUSTEES

Date Approved: October 8, 2013

SUBJECT: Committee on Presidential Review Meeting Report of August 29, 2013

The Presidential Review Committee of the Board of Trustees met Thursday, August 29, 2013, in room 106 of the Enterprise Center located on the Central Campus of Salem State University.

Present for the Committee were Trustees Abdoo (Chair), Mattera and Segal, Chair of the Board Scott, and Secretary to the Board Fleischman. Also present and participating in the meeting was Mr. Barry Nelson, a consultant with PDI/Ninth House; and Assistant Vice President, Human Resources and Equal Opportunity Marshall.

Committee Chair Abdoo called the meeting to order at 3:32 pm.

Chair Abdoo began by welcoming those present and then inviting Mr. Nelson to review the findings of the comprehensive review he had recently conducted of President Meservey at the request of the Board of Trustees. Mr. Nelson reviewed an Executive Summary of the process and results. In it, he described conducting 23 interviews, each lasting approximately 30-45 minutes in length and utilizing four primary discussion questions. The results, listed in the attachment, highlighted the president's primary strengths as well as areas for development, things to do more/less of and things to be more effective at. Generally, the responses were very positive. The three groups included in the study were: the president's direct reports, members of the Board, and people external to the institution.

Following the review of the results, there was discussion. Chair Scott asked of the timeliness of reassessment. Mr. Nelson stated that he advises firms not to conduct any reassessments sooner than 12-18 months from the time of the original review to assess behavioral change. Mr. Nelson informed the Committee that his next responsibility would be to provide President Meservey with action steps based on the results. In a discussion concerning metrics based on the results, Mr. Nelson advised the committee to remember to leverage the strengths of the individual while selecting areas of development to focus on, maintaining balance.

Mr. Nelson and AVP Marshall left the meeting at 4:15 pm. After a short break, the Committee began discussion of President Meservey's annual review for 2012-13.

Chair Abdoo began by reviewing the changes to the review process and content required by the Department of Higher Education since the 2011-12 annual review. Of particular note was the importance of demonstrating how Salem State's strategic plan aligns with the DHE Vision Project. The Committee then reviewed the president's summary performance review, first from the perspective of whether or not the institutional goals had been met and then in light of system level goals as outlined by the Vision Project. The result was a draft annual review for 2012-13 which the Committee asked the Board Secretary to type up and distribute with the committee report in advance of the next committee meeting.

There being no further business to come before the Committee, upon a motion duly made by Trustee Mattera and seconded by Trustee Segal it was unanimously

VOTED: To adjourn the meeting at 6:27 pm

Prepared by: J. Fleischman, Secretary to the Board of Trustees

SUBJECT: Committee on Presidential Review Meeting Report of September 12, 2013

The Presidential Review Committee of the Board of Trustees met Thursday, September 12, 2013, in room 204 of Marsh Hall located on the Central Campus of Salem State University.

Present for the Committee were Trustees Abdoo (Chair), Mattera, Quiroga and Segal, Chair of the Board Scott, and Secretary to the Board Fleischman. Also present and participating in the meeting was President Meservey.

Committee Chair Abdoo called the meeting to order at 5:05 pm.

The meeting began with a brief discussion of the comprehensive review. Trustee Mattera asked for feedback from President Meservey on the process. The president expressed her feeling that it had been a positive experience and that she had not had her final meeting with the consultant. The process had taken longer and been less intense than originally expected; however the feedback has been useful, if not as direct as she might have hoped for. Trustee Mattera was concerned by the protracted nature of the process. He cautioned against being too precise with regard to direction from feedback in an exercise such as this one in order to leave room for judgment. Trustee Quiroga asked the president if she felt the PDI/Ninth House effort was a good value to which the president replied that she did although she thought it would become clearer to a greater degree in time.

The discussion then turned to the annual review. The group discussed the value of the metrics set in fall 2012 to the 2013 review process and the difficulty of setting metrics for some items that Trustee Abdoo referred to as “soft leadership skills.” Trustee Quiroga agreed it was important to include information on board memberships, speeches, etc. in the review. Trustee Abdoo added that the collaborative efforts that President Meservey has initiated in her tenure have improved the University’s position with the Salem community. He stated these benefits are sometimes hard to measure but have a real impact.

There was further discussion about the marketing campaign and then the committee turned to reviewing the draft annual review. Chair Scott remarked and the members agreed that having the metrics was helpful in providing structure to the review and was a practice that should continue. There was a review of the instructions from Commissioner Freeland with regard to review structure, timeline and salary adjustment potential. The committee members agreed to recommend that the president receive the maximum allowable salary adjustment for the coming year. There was a request to the president for additional information on the University’s efforts in keeping with system goals, as per the instructions received from the Department of Higher Education (Att. A). Clarification was also requested from President Meservey on the section in her self-assessment related to the comprehensive campaign, the challenges it faces and the issues related to its going public next spring.

The meeting ended with a preliminary discussion of 2013-14 goals with a plan to meet again later this fall after system goals have been distributed.

There being no further business to come before the Committee, upon a motion duly made by Trustee Mattera and seconded by Trustee Quiroga it was unanimously

VOTED: To adjourn the meeting at 7:44 pm

Prepared by: J. Fleischman, Secretary to the Board of Trustees

SUBJECT: Committee on Presidential Review Meeting Report of October 1, 2013

The Presidential Review Committee of the Board of Trustees met Tuesday, October 1, 2013, in room 106 of the Enterprise Center located on the Central Campus of Salem State University.

Present for the Committee were Trustees Mattera (acting chair), Quiroga and Segal, Chair Scott, ex-officio and Secretary to the Board Fleischman. Also present and participating in the meeting was Trustee Davis.

Trustee Mattera called the meeting to order at 12:06 pm.

At Trustee Mattera's request, Chair Scott explained the purpose the meeting, which was to make final comments on the annual presidential review and executive summary. With that, the committee examined the draft documents and suggested final edits that are reflected in the final version (Attachment A). The bulk of the revisions offered at this session involved updating the data based on the most currently available figures. With the revisions completed, Trustee Mattera asked for a motion to accept the amended documents and to recommend them to the full board.

Upon a motion duly made by Trustee Segal, seconded by Chair Scott, it was unanimously

VOTED: The Presidential Review Committee hereby adopts and recommends to the Salem State University Board of Trustees the approval of the 2012-13 annual review of President Patricia Maguire Meservey.

Chair Scott then shared with the committee correspondence from the Department of Higher Education to the local boards asking whether any had experience with comprehensive presidential reviews and whether they would be willing to participate in a panel discussion at the DHE Trustees Conference scheduled for November 7, 2013. Since we have just completed such a review, the committee agreed that someone should represent the university. All agreed that Trustee Abdoo, chair of the Presidential Review Committee, should be approached about representing Salem State at the conference, which Chair Scott said she would do. Chair Scott also offered to serve as an alternate if Trustee Abdoo is unable to participate in the panel. Trustee Mattera clarified, and all agreed, that we would offer information on the process followed and not the resulting evaluative document. Chair Scott will respond to the DHE inquiry regarding the panel.

There being no further business to come before the Committee, upon a motion duly made by Trustee Segal and seconded by Chair Scott it was unanimously

VOTED: To adjourn the meeting at 12:25 pm

Prepared by: J. Fleischman, Secretary to the Board of Trustees

Annual Performance Review for Patricia Maguire Meservey 2012-2013

Introduction: This has been an exciting year of forward momentum at Salem State University, reflecting the leadership of our president, Patricia Maguire Meservey. In the last 12 months, we have redefined our Core Curriculum, set a course to guide our efforts for the next four years, conceptualized the physical space of the university through the year 2040, brought a new library and learning commons on line with a new fitness facility close behind, begun establishing a new footprint for the campus and have established an array of new graduate and undergraduate academic programming. While leading the institution in this time of transformational change, our president has also contributed to the success of the state university system and has established herself as a leader in Massachusetts public higher education.

The new evaluation guidelines for the following review set by the Department of Higher Education (DHE) call for attention to progress on both the university and system-wide levels, with particular emphasis on the steps taken to meet the outcomes outlined in the Vision Project and in conjunction with the Partnership for the Advancement of Collaboration and Efficiency (PACE). Metrics to measure progress in 2012-13 were set last fall related to student success. Significant progress has been made towards these goals. The University's commitment to system goals are clearly reflected in its new Strategic Plan. This important planning instrument was developed with emphasis on providing distinguished academic programs; advancing students' intellectual, personal and professional growth; promoting civic engagement, social justice and connection to place; and positioning the University to meet the challenges and opportunities of the future. President Meservey directed this effort while ensuring input from a wide range of university stakeholders.

Further, President Meservey has worked tirelessly in support of DHE initiatives throughout the last year and her presidency including as a PACE executive committee member, a member of the Working Group on Student Learner Outcomes and subsequent Davis Grant Advisory Committee, as a former member of the Readiness Center Initiative and a current member of the Nursing Initiative Advisory Committee.

The Salem State University Board became the first state university board to undertake a comprehensive review of its president, engaging a leadership consultant in the past year to conduct an evaluation that included feedback from her peers, direct reports and members of the community. The results from this effort were as expected: our president is a strong leader who is widely respected and admired. The items identified for attention are few and are useful for her continued development in the role of president.

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The Board of Trustees of Salem State University recommends that in recognition of her strong institutional leadership, and of her unceasing commitment to advancing quality, affordable public higher education in the Commonwealth of Massachusetts that President Patricia Maguire Meserve be provided a salary increase by the Department of Higher Education for Academic Year 2014 to the highest extent permissible. To that end, we recommend the full allocation of 1.75% increase; further, based on consideration of success toward system goals, we recommend the additional 1.75% increase that is at the discretion of the DHE Commissioner.

University Goals:

The Board has reviewed the metrics set last fall in consultation with the president in six key areas: Student Success, Academic Programming, Student Life, Finances, Physical Plant and Marketing & Communications. The results were as follows:

Student Success: There were performance goals set for undergraduate and graduate student success: retention and graduation rates for first time/full time students and transfers students; and credit hours and unduplicated head count for graduate students. FT/FT freshmen retention bettered its goal by 2.1%, rising from 73.3-78.1%. The FT/FT graduation rate also met its goal, improving to 45.6%. Transfer student results made significant progress toward goals: fall 2013 transfer retention met goal at 83.1% while the graduation rate was 59.1%. The large number of transfer students who enroll at Salem State is a unique feature of our university. It is the opinion of this Board that blended rates reflecting FT/FT and transfer students would be a better measure of our undergraduate students' success.

In the graduate area, after several years of declining enrollments, as well as recent efforts to address programmatic issues and a new marketing program, the goal had been to keep the headcount stable. While final numbers will not be available until after this report is due (i.e.: enrollment data will be frozen on October 15, 2013.), enrollments (as of September 24, 2013) are stable compared to last year, which had been the goal, and the number of graduate credit hours has increased 4%. There was also a 21.5% increase in matriculants over the summer.

Academic Programming: This area met with strong success over the past year. The major accomplishment was the passage through academic governance of a new Academic Core Curriculum, our general education segment. This was an enormous undertaking that required widespread collaboration among the faculty and will be fully implemented in Fall 2014. The result will be academic programs that are more responsive to the needs of our students, including greater flexibility of learning for them while maintaining a strong liberal arts foundation.

In addition to the Core, there has been a number of program development goals met over the past year. There are now three combined baccalaureate/masters programs (i.e.: "4+1 programs") allowing students to earn a master's degree with just one additional year of study, providing

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them with an advantage in the workforce and saving them money over traditional post-graduate programs. There are two new BA/BS programs and five new Master's level programs. There has also been substantial opportunity that has presented itself in the area of non-credit course development, in the form of a clinical trial management program with the German-based company Paraxel, and the workshop offering of the Retirement Income Industry Association (RIIA). These successful programs are the basis for a broader effort with the Enterprise Center to incubate such offerings. Additionally, the School of Education has been re-established as an entity independent from the College of Health and Human Services following a programmatic review. The new school will be led by its own dean and is already developing organizational structures and curriculum that will allow it to be fully implemented by fall 2014, pending approval by faculty governance this fall.

We note that the goal of developing a proposal for one area of doctoral study ready for DHE/BHE review by May 2013 was not met. The proposed program, a PhD in Social Work, had, however, completed the academic approval process and is expected to be submitted subsequent to Academic Year 2013.

Student Life: There were generally positive results in the Student Life area. The goal of simplifying the business of being a student on campus and eliminating institutional hurdles to their success is on track. The "One Stop Student Service Center" is set to open in July of 2014 in the former interim library space on Central Campus and will contain coordinated space and operations for the registrar, financial aid, bursar, Clipper Card and other offices necessary to students' business.

The goal of a complete program review in line with the Council for Advancement of Standards in Higher Education's (CAS) Professional Standards was not met. The preliminary review effort, however, led to necessary capacity building in several areas of the division that will put it on better footing to meet the CAS Standards. This past year was one of transition for the division as it joined Enrollment Management under Vice President Scott James. We will revisit goals in this area in Academic Year 2013-14.

Finances: Important advances have been made in the \$25M comprehensive campaign, with more than \$12M raised since the campaign began in February, 2011. Meeting the FY13 benchmark was challenging, however the Board of Trustees fully expects for the goal set for year-end to be reached at the full \$5.2M level.

Progress has been made toward diversifying the university's revenue in two areas: continued growth of graduate programs and the further development of noncredit programs. The university's success in the latter area is most notable with the Paraxel clinical trial management

course and the Retirement Income Industry Association workshop. The non-credit program area is in the building stage with significant revenue results not expected until FY 2015.

Physical Plant: This is an area of real achievement. The Master Visioning Plan for Campus 2040 has been completed and is set for a final Board of Trustees vote on October 8, 2013. The construction of the Frederick E. Berry Library & Learning Commons has been completed and the building is open. The construction of the Harold E. & Marilyn J. Gassett Fitness & Recreation Center is nearly complete and is scheduled for opening in mid-October. A financing strategy has been developed for the renovation of the Sophia Gordon Center for Creative and Performing Arts Mainstage Theater and the university has entered into an agreement with the Division of Capital Asset Management & Maintenance (DCAMM) to allow the design phase to continue. Study on a new residence hall has begun with a target date of fall 2015. The only outstanding goal from last fall is the study for new science facilities on campus. In order to achieve this goal the project funding must become part of the Administration's spending plan for FY 2014. The Board understands that discussions are active and continuing with the Administration on this matter.

Marketing & Communications: A marketing campaign for the School of Graduate Studies was undertaken within the last year and has been successful in raising the school's profile with potential students. A marketing campaign for the university as a whole is in development. Completion of the comprehensive branding plan is expected to support the Comprehensive Campaign as well.

System-level Goals:

The Strategic Plan developed this past year was closely aligned to the key outcomes of the DHE's Vision Project (see Att. A). As a result, the work of the University as planned through 2016 is designed to support system-level goals. The Board approved the Strategic Plan in June 2013 along with an institutional score card that will allow it to track progress on system-level metrics such as retention and graduation (college completion), service learning and community service (civic engagement), and student learning. The AY2013 results with regard to college completion were discussed in an earlier section. The metrics related to civic engagement and student learning are still under development.

Further in the area of college completion, Salem State is the host for the North East Readiness Center, a partnership effort among institutions of higher education and school districts of the region. Through the work of the Center, the university is researching effective teaching approaches for our students, offering programing to disseminate these findings and other evidence-based knowledge for best practices in teaching, and working with the leadership of the school districts to improve student success in early, elementary, and secondary education. President Meservey served on the taskforce that met for two years to develop the Readiness

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Centers Network which was announced by Governor Patrick at a press conference at Salem State University in November 2009.

President Meservey serves as president of the local business organization, The Salem Partnership. When the Salem Public Schools were classified as a Level 4 system eighteen months ago, The Partnership established a Community Advisory Board (CAB) to coordinate the engagement of individuals, associations, groups and businesses in a collective effort to improve the schools. The CAB has held community forums, supported fund raising of the Salem Education Foundation and grant activity that has brought significant funding to the support of the schools. Salem State faculty in the Education, English, Art and World Languages & Culture departments have offered a summer program at the Bentley Elementary school that has provided academic and social support to low-income students. The results have been remarkable with students advancing multiple grade levels in many instances in reading comprehension, math and English.

On campus, the work to support students is intense and includes, but is not limited to:

- Summer Bridge/Emerging Scholars programs to support students whose high school academic performance indicates they may be at risk;
- Map-Works student-at-risk tracking tool, implemented with support from a Vision Project Performance Incentive Grant;
- First Year Experiences including First Year Reading Experience;
- Learning Communities for students of different academic interests as well as Veterans;
- Financial Aid strategies to support our most vulnerable students, including participation in the DHE Incentive Program that provides increasing financial aid as students progress through their education.

With regard to student learning, President Meservey has helped guide several efforts and has established the university as a leader in state-wide efforts to fully determine the value of the education offered at our colleges and universities. She was a member of the DHE's Working Group on Student Learner Outcomes from its inception and continues as a member of the Davis Grant Advisory Committee. Salem State's Associate Provost and College of Health & Human Services Dean Neal DeChillo and Faculty Fellow James Gubbins serve on the AMCOA statewide group and have been invited to serve on the ongoing state efforts in AMCOA and LEAP. There are also significant efforts being undertaken by faculty on campus to determine methods and feedback of assessment. Members of the Salem State University Board of Trustees, faculty and administration, including President Meservey, participated this past year in a program sponsored by the Association of Governing Boards (AGB) targeted at providing information on assessment to our Board.

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President Meservey has shown initiative and creativity in meeting several other Vision Project-related goals. For example, the president conducted a listening tour of North Shore business leaders two years ago that led the university to increase its investment in its Career Services Center. In her discussions with over 60 members of the North Shore business community, she heard their concerns and their desire for graduates who can read, write and think critically and who are prepared in the STEM fields. As a result of these discussions, the university has been able to advocate for new facilities to prepare students in the sciences. In another example, the president has developed the university's commitment to civic engagement that has resulted in its achieving recognition through the President's Higher Education Community Service Honor Role. This national award bestowed by the President of the United States in spring 2013 was in recognition of Salem State's more than 300,000 hours of community service, as well as many other initiatives underway on campus and in the community. Finally, the programs aimed at addressing the concerns of students of color who comprise 25% of our student body, the highest enrollment in our segment, have been developed under President Meservey's leadership, including our Student Support Services, Young Black Men Initiatives, analytical work to determine academic areas of concern, and more robust student life activities to insure the social integration of all groups.

President Meservey serves on the executive committee of the Partnership for the Advancement of Collaboration and Efficiency (PACE). She has been a member of its steering committee since its inception three years ago and has provided leadership to this effort. Salem State has participated in most of the PACE-sponsored collaborative efforts, including: energy conservation, insurance review, auditing services, the information technology initiative, and the bookstore initiative. Salem State is also a participant in the Sightlines deferred maintenance review, which we feel holds great promise of future benefit to our campus.

Comprehensive evaluation: The Board of Trustees of Salem State University has conducted an annual review of President Patricia Meservey for each of the last six years. In early 2012, however, the president and the Board began to discuss the efficacy of conducting a more comprehensive presidential review. Contact with other state universities revealed that this would be a first in Massachusetts. Members of the Presidential Review Committee worked with the university's human resources director and solicited qualification and cost information in an RFP process from five potential vendors experienced with executive comprehensive evaluation services. The pool was reduced to three firms, who were invited to present to the committee. PDI/Ninth House, a Korn Ferry company, was selected to conduct a comprehensive, 360-degree review of the president with a goal of identifying both strengths and areas for development. The evaluation was conducted in late spring/early summer 2013; the executive summary is attached (Att. B).

The Board of Trustees is pleased with the result of this evaluation and not surprised by the numerous strengths identified in its pages. President Meservey is a well-respected member of the community and a strong leader. In addition, the evaluation serves as a tool for the president to continue in her professional development.

Conclusion: As a Board of Trustees, we are very proud of our university and its president. We are one of the largest, most complex public institutions of higher education in Massachusetts. Our access mission is second to none: we serve the largest percentage population of Pell Grant eligible students in the Commonwealth and have 33% of our students as the first in their families to attend college. Our students come from 29 states and 66 countries. As this review clearly indicates, whether on the university or system level, whether evaluating on an annual or comprehensive basis, our president, Patricia Maguire Meservey, continues to move this institution forward in many important ways and to align it with the goals set forth by the Massachusetts Department of Higher Education for the benefit of the citizens of the Commonwealth. For these reasons, this Board repeats its recommendation that the Department of Higher Education provide President Meservey with its maximum allowable salary adjustment for the coming academic year.



STRATEGIC PLAN
(crosswalk to Vision Project)

GOAL	OBJECTIVE
1	<p>Provide distinguished academic programs and innovative educational experiences</p> <p>Vision Project Key Outcome</p> <ul style="list-style-type: none"> 2: College Completion 3: Student Learning 4: Workforce Alignment 6: Closing Achievement Gaps 7: Research
GOAL	OBJECTIVE
2	<p>Advance students' intellectual personal and professional growth</p> <p>Vision Project Key Outcome</p> <ul style="list-style-type: none"> 2: College Completion
GOAL	OBJECTIVE
3	<p>Promote civic engagement, social justice, and connection to place</p> <p>Vision Project Key Outcome</p> <ul style="list-style-type: none"> 1: College Participation 4: Workforce Alignment 5: Civic Engagement
GOAL	OBJECTIVE
4	<p>Position the University to meet the challenges and opportunities of the future</p> <p>Vision Project Key Outcome</p> <ul style="list-style-type: none"> 4: Workforce Alignment