
REQUEST FOR TRUSTEE ACTION

Date: November 20, 2019
To: Board of Trustees
From: Finance and Facilities Committee
Subject: Project BOLD Financing Plan
Requested Action: Approval

The Board of Trustees must approve a plan for funding the anticipated gap for BOLD, a Campus Unification and Modernization Project, to be attached to the application to DCAMM for Commonwealth funding for the project. Much of the university's contribution will come in the form of new debt and so the debt policy requirements have been addressed in the materials provided for the November 20 Finance and Facilities Committee meeting, summarized in an attachment to the motion. It is important to note that the university does not yet know with certainty exactly how much of project funds will come from others including the Commonwealth, the sale of South Campus, and via fundraising and grants. Thus, the motion is intentionally written with a not-to-exceed amount for the university's contribution. The expectation is that as these other funding sources are clarified, the actual amount of the university's contribution will be reduced. Further, it is noted that based on DCAMM's timelines and the design process, new debt is not imminent as it will be issued on the university's behalf by MSCBA when the cash is needed, which may be 1-3 years away.

MOTION

The Finance and Facilities Committee hereby recommends that the Board of Trustees approve the following motion pertaining to Project Bold.

Recommended motion

Subject to project funding of at least \$25 million from the Commonwealth, additional funds from the sale of South Campus, and contributions from others (fundraising and grants), the Board of Trustees of Salem State University hereby approves:

- (1) Project Bold, which includes: Sale of South Campus (with potential limited period leaseback of Harrington Building), funding the defeasance of remaining Bates Residence Hall debt, renovation of Horace Mann, renovation of the Library to incorporate approximately four new classrooms, an addition to Meier Hall to include seven new, state-of-the-art science labs, and additional parking spaces on North and Central Campuses.
- (2) University contribution for the project in an amount not to exceed \$20 million from a combination of cash and/or liquidated investments, and new debt.

The president, vice president for finance and facilities, and other university personnel are authorized to do all things and take all actions necessary to demonstrate to the Commonwealth the university has a responsible and authorized financial plan to fund the anticipated gap in order to deliver the transformative potential of Project Bold.

Committee: Finance and Facilities

Committee Action: Approved

Date of Action: November 20, 2019

Trustee Action:

Trustee Approval Date:

Effective Date:

Signed: _____

Title: Secretary of Board of Trustees

Date: _____

Attachment to Motion for Project Bold Funding**Project Bold Budget:** \$66 million**Project Bold Funding Sources (estimated):**

Commonwealth (DCAMM)	\$25 – 30 million
Sale of South Campus	\$11 – 15 million
Fundraising/Grants	\$5 – 15 million
Salem State University	Remainder; for purpose of motion not to exceed \$20 million

Debt Policy Requirements:

Approval of Project		Through this motion
Financial Feasibility, demonstrated via ratios		
	Viability Ratio	Significant improvement in FY18 and FY19
	Debt Burden Ratio	2.2% (on book only) in FY19 compared to policy guideline ceiling of 5%. This ratio becomes 3.0% assuming \$20M in new debt and no growth in operating revenues.
	Primary Reserve Trends	Improving since FY2017
	Return on Net Assets	Positive during FY17 – FY19
	Net Operating Revenues	Positive during FY18 – FY19
	Reporting of Ratios in MDA of financial statements	In compliance
Debt to be issued by:	MSCBA, Pursuant to authority of Chapter 703 of Acts of 1963, as amended. Section 156 of Chapter 131 of Acts of 2010 (outside section). Section 2 of Chapter 258 of Acts of 2008 (HE Bond Bill).	HE Bond Bill 2008: “ ...not less than \$106,433,169 shall be expended for the library and learning commons renovation or <i>replacement and for renovations and specialized space addition to Meier Hall at Salem State College</i> which may be combined with the library and learning commons renovation re replacement to provide a science and learning commons”

Balances on Hand (6/30/19)

Cash	\$31.3 million (increased by \$7.8 million during FY19)
Investments	\$16.5 million