

BOARD OF TRUSTEES

Special Meeting

August 30, 2023

PRESENT: Trustees Lampassi, Mattera, Morales, Wellman and Chair Russell. Also participating at the meeting were President Keenan and Board Secretary Montague.

ABSENT: Maldonado

In accordance with the General Laws of the Commonwealth of Massachusetts, Chapter 30A and An Act Relative to Extending Certain State of Emergency Accommodations, which, among other things, extended the expiration of the provisions pertaining to the Open Meeting Law. Governor Healey signed into law a supplemental budget bill, which further extended the remote meeting provisions to March 31, 2025. Specifically, this extension allows public bodies to continue holding meetings remotely without a quorum of the public body physically present at a meeting location, and to provide "adequate, alternative" access to remote meetings. the Salem State University Board of Trustees met remotely on August 30, 2023. All votes were taken by roll call.

* * *

I. CALL TO ORDER - Chair Russell having a quorum of the board present called the meeting to order at 5:00 pm.

Call to Order

II. AGENDA - Chair Russell noted that the board had one item which required action on its agenda. The matter before the board for consideration was a contract by and between Salem State University and DCAMM for Design and Construction of Project BOLD in the amount of \$59.6 million.

Agenda

Chair Russell discussed the importance of Project BOLD for Salem State University and for the North Shore Region. Then the chair turned the meeting over to Vice President of Finance and Facilities House.

VP House discussed the funding gap for Project BOLD and recapped the application process and initial cost estimates and cost escalations. Slides were used throughout the meeting to facilitate the meeting and highlight key aspects of the meeting topics, supplementing previously distributed materials.

A discussion ensued regarding variations to the Campaign contribution and any possibility of a shortfall from the sale of South Campus. The Foundation could vote to increase unrestricted funds once more schematics and information were available. VP House expressed confidence that DCAMM had been conservative in its real estate estimates and that the sale would be a productive one. The trustees' main concern was to not to add to students' debt and that the board would be consulted on next steps.

Hearing no further discussion Chair Russell called for a motion which was presented by Trustee Mattera, seconded by Trustee Morales, and by a roll call it was,

VOTED:

The Board of Trustees of Salem State University hereby approves a contract by and between Salem State University and the Commonwealth's Department of Capital Asset Management and Maintenance (DCAMM) for Design and Construction of Project BOLD, also known as SSA 2202-PDC Modernization of Science Labs and Health Sciences. The Board authorizes Karen House, Vice President for Finance and Facilities, to execute and deliver the \$59.6 million contract for the university. It is specifically understood and agreed that as the design work proceeds, some details of the total project amount and timeline may change. The Board delegates authorization to Ms. House to execute amendments to the contract, subject to the proviso that if any increase (or accumulation thereof) exceeds the original authorized amount by between \$500 thousand and \$2.5 million, the Executive Committee of the Board must approve prior to executing such amendments. Should any amendment(s) cumulatively increase the contract by \$2.5 million or more, the Board of Trustees must approve prior to executing such amendments.

The current budget for the project is \$104.6 million. The Commonwealth has appropriated \$45 million as its share. President Keenan is actively working with the Commonwealth to increase the state's portion.

This motion is not an authorization to issue debt which would require a separate motion at the appropriate time if debt is used. Fund Sources for the university's portion are below.

SSU Contribution for BOLD

Cash/Debt* \$ 35,391,000
SSU Meet the Moment Campaign \$ 1 0,000,000
Net Proceeds, Sale of South Campus \$ 1 4,189,000
Total \$ 59,580,000

*A decision on use of debt has not been made. If debt is appropriate, there would be a separate and specific motion for the Board of Trustees to consider. SSU has sufficient cash/investments on hand at 6/30/23 to pay this portion without debt

Approved:
Contract by
and
between
SSU and
DCAMM
for design
and
construction
of \$59.6M

VOTED: Voting in the affirmative: Lampassi, Mattera, Morales, Wellman
Russell (Chair)
Voting in the negative: None
Absent: Maldonado

ADJOURNMENT - There being no further business to come before the Board and on a motion made by Trustee Mattera and seconded by Trustee Lampassi it was unanimously,

Adjournment

VOTED: to adjourn the meeting at 5:52 pm

Voting in the affirmative: Lampassi, Mattera, Morales, Wellman
Russell (Chair)
Voting in the negative: None
Absent: Maldonado

Respectfully submitted,



John Keenan
President



Lynne Montague
Secretary to the Board of Trustees

REQUEST FOR TRUSTEE ACTION

Date: August 28, 2023

To: Board of Trustees

From: Karen P. House, vice president for finance and facilities

Subject: Project BOLD contract with DCAMM (financial commitment)

Request action: Approval

MOTION

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Trustee Action: Approved
Trustee Approval Date: 8/30/23
Effective Date: 8/30/23

Signed: _____LynneMontague_____

Title: ____Secretary of the Board of Trustees____

Date: ___8/30/23_____

Board of Trustees Approval to execute contract with DCAMM for BOLD August 30, 2023

John Keenan
President

Karen House
Vice President for Finance and Facilities



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SSU BOLD has a funding gap; SSU commitment will increase

- Recap of program
- Application to DCAMM (12/21): \$84.3M budget
- After Program Study, estimate was \$109M
 - Better understanding of Horace Mann
 - Cost escalation in current economic environment

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Strategies explored to fill gap

- Value engineering (about \$5M was cut, explorations continue)
- Add DCAMM funds
- Add SSU funds

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BOT motion to approve BOLD contract with DCAMM

- Cost estimate – now \$104.6 million (TPC)
 - \$74.6M est. construction costs
 - \$30.0M FFE, soft costs, contingency
- DCAMM funding: +\$15M to \$45M
- DCAMM requires signed ISA now
- ISA establishes SSU obligation for \$59.6 million of the project (incl. all SSU sources)

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Source of SSU total

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- Trustees originally approved up to \$20M Cash/Debt.
- Campaign and Sale of South Proceeds likely to lag; will discuss later.

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Planned schedule below has slipped pending financial issues

- SSU BOLD timeline (May 2023)
 - Study nearly complete
 - Schematic Design by end of summer
 - Certification, includes budget alignment, September 2023
 - Design & Construction Docs by June 2024
 - Construction to begin June 2024
 - DCAMM estimates occupancy May 2026

Occupancy now anticipated for Fall 2026

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Cash/Reserves balances

- At 6/30/23, SSU holds \$104.3 million in cash and investments (preliminary, unaudited)
- The cash/debt portion of SSU's commitment for BOLD can be handled without new debt
- Whether to use debt at all would be decided later

Timing considerations

- Use DCAMM money first
- Whether or how much SSU funds in debt will be determined later, and a separate Board motion would be brought
- SSU Meet the Moment and Sale of South Campus proceeds may lag the cash flow need

Timing of SSU's contribution

Estimated Cash Flows from SSU to DCAMM for BOLD*

FY24	July 1, 2023 - June 30, 2024	\$	-
FY25	July 1, 2024 - June 30, 2025	\$	8,580,000
FY26	July 1, 2025 - June 30, 2026	\$	48,000,000
FY27	July 1, 2026 - June 30, 2027	\$	3,000,000
SSU BOLD Total		\$	<u>59,580,000</u> **

* At August 2023; subject to change

** Includes SSU Reserves/Debt as well as Funds Raised from Meet the Moment Campaign and Net Proceeds from Sale of South Campus



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Phases – Sale of South Campus

2 Please describe how your phasing plans are consistent with the leasehold interest being temporarily retained by the University in the Harrington Building and surrounding property.

RFP and Zoning	
Bid	2Q22
Award	3Q22
Neighborhood Meetings	3Q23
Complete Due Diligence	3Q23
Re-Zoning	4Q23 – 4Q24
Avalon Salem	
Permitting & Design	1Q24 – 4Q25
Construction	3Q25 – 3Q27
Lease-Up & Occupancy	3Q27 – 4Q27
Winn Active Adult	
Permitting & Design	1Q24 – 4Q25
LIHTC DHCD Full Application #1	1Q26
LIHTC DHCD Full Application #2	1Q27
SSU Harrington Lease End	4Q26
Construction	2Q28 – 3Q29
Lease-Up & Occupancy	3Q29 – 4Q29




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SSU South Campus Tentative Disposition Schedule
BUYER: Avalon Bay Communities, Inc. (AVB) and WinnDevelopment Company L.P. (Winn)

Date:	Action – REVISIONS MAY BE REQUIRED
June 16, 2023	Execution of Provisional Designation Agreement (PDA)
September 2023	AVB/Winn Complete Due Diligence (up to 90 days from execution PDA)
4Q 2023	Execution of Purchase and Sale Agreements AVB Deposit: \$500K, 1 st Winn Deposit: \$94.5K
4Q 2023 – 4Q 2024	AVB/Winn - Rezoning
1Q 2024 – 4Q 2025	AVB/Winn – Permitting & Design
4Q 2025	AVB Closing Payment: \$5M ¹
4Q 2026	Winn LHTC ² DHCD Application (First Round)
1Q 2026	2 nd Winn Deposit \$189,000 ³
1Q 2026	AVB Post Closing Payment ⁴ ; Remainder of the \$10M minimum purchase price or up to \$12M, minus attributable payments ⁵ .
December 31, 2026	End of Harrington Lease Term ⁶
1Q 2027	Winn LHTC DHCD Application (Second Round) ⁷
2Q 2027	Winn Closing Payment: Remainder of a minimum \$1.89M or up to \$2.190M, minus attributable payments ⁵

¹ Represents the first of two AVB Parcel Closing Payments
² Low Income Housing Tax Credit
³ Additional deposit upon receipt of financing commitment sufficient to construct the Winn Parcel




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Motion

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Discussion