TRUSTEES PRESENT
Richard J. Balducci, Vice Chairman  John H. Motley
Theresa Eberhard Asch, Secretary  Scott A. Nolan*
Michael A. Caron  Ronald J. Pugliese
Elizabeth S. Gagne  Peter M. Rosa
Bernard Kokinchak  John R. Sholtis, Jr.*
Benjamin McNamee  John P. Sullivan
Angelo J. Messina  Gail Hill Williams

TRUSTEES ABSENT
Ryan C. Sheehan
*via teleconference

OTHER OFFICIALS
Louise H. Feroe, Acting Chancellor, Connecticut State University System (CSUS)
Jack W. Miller, President, Central Connecticut State University (CCSU)
Elsa Nuñez, President, Eastern Connecticut State University (ECSU)
James Blake, Executive Vice President, Southern Connecticut State University (SCSU)
James W. Schmotter, President, Western Connecticut State University (WCSU)

STAFF TO THE BOARD
Erin A. Fitzgerald, Associate for Board Affairs

CALL TO ORDER
Vice Chairman Balducci called the meeting to order at 10:00 a.m., and, following announcement of emergency exits and roll call, declared a quorum present.

ADOPTION OF AGENDA
Vice Chairman Balducci requested a motion to adopt the agenda as presented. On a motion by Trustee Kokinchak, seconded by Trustee Sullivan, the agenda as presented was adopted.
APPROVAL OF MINUTES

Vice Chairman Balducci requested a motion to approve the meeting minutes from September 15, 2011; on a motion by Trustee Motley, seconded by Trustee Pugliese, the minutes were unanimously approved.

CHANCELLOR/PRESIDENTS REPORTS

Acting Chancellor Louise H. Feroe provided remarks regarding the value the universities of the CSU System bring to Connecticut and the challenges and many opportunities that await within a reorganized system of higher education. Dr. Feroe stated that the existing “state university niche” needs to be nurtured and communicated to all constituencies: potential students and their parents, the K-12 community, the executive branch, the legislature and the business community. She emphasized that the task of both working to consolidate services and serve broad policy goals for public higher education while emphasizing and nurturing that unique niche would be the major tasks going forward transitioning to a reorganized system.

The university presidents provided an overview of their enrollment reports and each commended the members of the Board for their stewardship of the governing board and the universities.

AUDIT & RISK MANAGEMENT COMMITTEE

Committee Chair Sholtis noted that the Audit and Risk Management Committee met on Thursday, December 8th, and heard the final report on the audit of CSUS 2020 Project Expenditures for FY2011 from Marcum LLP, CSUS 2020 independent auditors. Marcum issued an unqualified opinion on the schedule of CSUS 2020 Construction Expenditures. They confirmed that they were given full and complete access to the books, records and management of the System Office and that of the four universities, and also met with the Department of Public Works. Marcum also noted that there were no material control weaknesses or significant deficiencies identified during their audit.

Trustee Sholtis advised that Mitch Knight, the director of Internal Audit, reported on the status of Internal Audit activities and that the Committee met with representatives of PricewaterhouseCoopers on the completion of their audit of the fiscal 2011 Combined Financial Statements for the Connecticut State University System, as well as the results of their IT Security and Vulnerability Assessment. PwC advised the Committee of the following:
- PwC confirmed their independence and that their audit was performed in accordance with auditing standards generally accepted in the U.S.
- PwC issued an unqualified opinion, what is commonly called a clean opinion, on the combined financial statements
- PwC confirmed that they were given full and complete access to the books, records and management of the System Office and that of the four universities
- PwC reviewed significant accounting estimates, including employee compensated absences, as well as allowances for past due student accounts receivable and student loans receivable
- A high level review of information systems internal control matters was performed at all four universities, and at the System Office
- There were no unadjusted audit differences and no disagreements or discussions of major issues with management
- There were two audit adjustments identified during the audit and recorded in the 2011 combined financial statements, as follows:
  o In connection with the issuance of the Series K bond for advance refunding of portions of Series E, an adjustment was proposed to appropriately reflect the Deferred Loss on Bond Refunding and to adjust the amount of unamortized costs associated with the Series E bonds (System Office)
  o An adjustment was proposed to properly record the Due to State balance at year end (ECSU)

As is their practice, PwC also issued their Report to Management with recommendations to improve internal controls in certain areas.
  o Importantly, there were no material control weaknesses nor significant deficiencies
  o There were three new control comments, relating to restriction of data center access to authorized personnel, review of payroll and accounts receivable reconciliations in the absence of the primary reviewer, and proper approval of high dollar checks
  o PwC noted continued improvement in control environments at all locations
    - 9 of 12 prior year comments were resolved in FY2011, and there was progress reported on all remaining open comments.

The IT Security and Vulnerability Assessment was completed for Central, Eastern, Western, and the System Office. A comprehensive assessment of Southern had been previously completed.
Regarding Security Risk, for all locations, it was found that an analysis to determine the necessary resources required to support the business in the absence of third party relationships had not been completed – this was defined as a high risk.

At two of the locations, it was found that Management had not defined a Disaster Recovery Plan and Business Continuity plan specific to the university’s technology environment – another high risk.

Of 10 defined Security Risk areas, three (Emerging Technology, Project Management, and Business Systems), were defined as low risk at all four locations assessed.

The Vulnerability Assessment concluded that only one university had an area deemed to be at high risk, that of vulnerability related to servers that were not segmented from user networks by firewalls or ACLs.

Before introducing Lee Leahy, the lead PricewaterhouseCoopers on the CSU engagement, Trustee Sholtis, on behalf of the members of the Audit and Risk Management Committee thanked the Chancellor and each of the University Presidents for setting the right “tone at the top” over internal controls and for timely addressing the issues identified by PwC in their Report to Management.

Lee Leahy addressed the Board and confirmed the remarks from the Audit & Risk Management Committee, reiterating that PwC’s opinion was clean with no material weaknesses or significant deficiencies.

FINANCE AND ADMINISTRATION COMMITTEE

Trustee Messina reported that the Finance and Administration Committee met on Thursday, May 5, 2011 and had three items to bring before the Board.

Resolution concerning the appointment of Kevin Bouley as Distinguished Business Executive in Residence at Eastern Connecticut State University. On a motion by Trustee Messina, seconded by Trustee Pugliese, the following resolution was unanimously approved.

WHEREAS, BR#82-120 authorizes the Board to award the title “In Residence” to persons of established reputation in their chosen field who seem likely to make significant contributions to the instructional programs of CSUS institutions, and
WHEREAS, Mr. Bouley currently serves as President and Chief Executive Officer of NERAC, Inc., a leading global technology institution in Connecticut and has served with the company since 1980, and

WHEREAS, Mr. Bouley, who holds a finance degree from the University of Connecticut, is a thought-leader for the Tolland technology corridor, nurturing innovation and investing money and resources in numerous small business startups, many of which are hosted within a unique business development environment at Nerac, and

WHEREAS, Mr. Bouley currently serves on the Connecticut Center for Entrepreneurial Innovation Advisory Board and the University of Connecticut School of Engineering Advisory Board, and

WHEREAS, Mr. Bouley is eminently qualified for this distinction and has agreed to serve in this capacity, and the University is in compliance with the “honorary” and limited term nature of these appointments as stipulated in BR#82-120, therefore be it

RESOLVED, That Mr. Kevin Bouley is named Distinguished Business Executive in Residence by Eastern Connecticut State University for the 2011-2012 academic year.

Use of Designated Fund Balances as Supplemental Construction funding for the new Public Safety Facility at Central Connecticut State University. On a motion by Trustee Messina, seconded by Trustee Sholtis, the following resolution was unanimously approved.

WHEREAS, Since 1982, Central’s Public Safety Department has been housed in a 1960’s-era wood framed split level facility originally constructed as a private residence and two modular office trailers, and

WHEREAS, The facility does not adequately meet the Public Safety Department’s daily needs, does not allow for separated spaces for police and student/civilian workers, does not have appropriate interview rooms, has inadequate holding cells, does not meet minimum Americans with Disabilities Act (ADA) accessibility requirements, and has not kept up with Central’s growth, and

WHEREAS, A project to replace the existing Public Safety facility has been underway since 2003, with design and consulting services funded by Central, and

WHEREAS, In FY 2008 $5,196,000 in general obligation bonds were authorized for completion of the Public Safety project, with $4,264,836 designated for construction; and on February 24, 2011, the State Bond Commission allocated those funds, and

WHEREAS, BR#08-65 authorized Central to utilize up to $500,000 from their Plant Funds to supplement these funds, and

WHEREAS, In spite of revisions to the project design, bids for completion of the project remain over budget, and
WHEREAS, The completion of this project is critical to campus safety, and the new facility as designed will meet the current and projected future needs of the university, and

WHEREAS, Central is requesting approval to expend up to $1,500,000 in University Fund Balances to supplement general obligation bond funds currently allocated for construction, which will allow the new Public Safety facility to be constructed as designed and be occupied in less than fifteen months after the completion of all approvals, and

WHEREAS, Per CGS 10a-99(b), repairs, alterations or additions to facilities supported by operating funds and costing one million dollars or more requires the approval of the General Assembly, or when the General Assembly is not in session, of the Finance Advisory Committee, therefore be it

RESOLVED, That Central is authorized to utilize up to $1,500,000 from their designated Fund Balance as supplemental construction funding for a new Public Safety Complex, subject to ratification by the Board of Regents for Higher Education at their December 20, 2011 meeting and approval by the Finance Advisory Committee (FAC) at their January 5, 2012 meeting.

Finance & Administration Committee Chair Messina also noted that the Committee reviewed three information items, including the current status of CSUS 2020 Projects (a copy of the report was provided to all trustees) and that all CSUS 2020 projects were now on or close to schedule.

The Committee also reviewed the Quarterly Operating Fund Report for the First Quarter of Fiscal Year 2011, provided to the Board of Regents. Revenues and expenditures are generally on schedule compared to the same quarter last year. Noting this was the last report of his Committee, Trustee Messina commended the Presidents, their staffs, and the System Office for the dedicated efforts in reducing operating costs in the face the continuing fiscal crisis facing the State without compromising the impact on the quality of education provided to students. We are now in the fourth year of aggressive cost reductions actions across the Universities and the Systems Office, which commenced with a hiring freeze in 2008, and included curtailment of travel, freezing of merits, and making special, non-tenured temporary appointments of faculty--actions which will result in nearly $50 million of savings or cost avoidance.

Trustee Messina added that the Committee reviewed Sabbatic Leave Recommendations for academic year 2012 submitted by President Nuñez of Eastern.

In concluding, Trustee Messina thanked the members of the Committee for their participation and support over the years, and that of Pam Kedderis and Rose Butler in the Systems Office for their guidance and dedication.
EXECUTIVE COMMITTEE

Vice Chairman Balducci noted the Executive Committee met on December 1 and while there were no action items necessitating Board approval, he wished to share that the Committee received survey responses from the university foundations on the Voluntary Support for Higher Education noting that a copy of the reports and university narratives were shared with the full Board via distribution of the Executive Committee agenda packet. He added that the Committee also received a copy of his evaluation of Acting Chancellor Feroe, noting that they were extremely pleased with Dr. Feroe’s stewardship of the System during a very unique and challenging time.

EXECUTIVE SESSION #1 – EVALUATION OF WCSU PRESIDENT SCHMOTER

At 10:35 a.m., Vice Chairman Balducci requested a motion to go into Executive Session for the purpose of hearing the leadership assessment report of President Schmotter. He requested that Dr. Feroe, President Schmotter and Associate for Board Affairs Erin Fitzgerald remain. Trustee Pugliese so moved; Trustee Messina seconded the motion and it was approved unanimously.

RETURN TO OPEN SESSION

Vice Chairman Balducci declared the meeting to be in open session at 10:50 a.m. and indicated no vote was taken during Executive Session.

EXECUTIVE SESSION #2 – SCSU PRESIDENT SEARCH

At 10:51 a.m. Vice Chairman Balducci requested a motion to go into Executive Session for the purpose of receiving the recommendation from the Trustees Search Committee for the SCSU Presidency. He requested that Dr. Feroe and Associate for Board Affairs Erin Fitzgerald remain. Trustee Eberhard so moved; Trustee Pugliese seconded the motion and it was approved unanimously.

RETURN TO OPEN SESSION

Vice Chairman Balducci declared the meeting to be in open session at 11:26 a.m. and indicated no vote was taken during Executive Session.
RECOMMENDATION TO THE BOARD OF REGENTS FOR HIGHER EDUCATION
FOR APPOINTMENT OF SOUTHERN CONNECTICUT STATE UNIVERSITY
PRESIDENT

Vice Chair Balducci thanked the members of the University Advisory Committee and the Trustees Search Committee for the tremendous amount of time and effort put into the search, noting that the importance of the partnership between the two committees had been critical to the success of a very important process.

Vice Chair Balducci stated that utilizing the services of our search firm, a national search was conducted, resulting in over 70 applications received. Eight individuals were brought in for airport interviews and the three finalist candidates were then invited back for meetings and interviews with the Trustees’ Search Committee, the University Advisory Committee, and a full day at Southern to meet with the various university constituencies. Each of the finalists also met with representatives of the Board of Regents for Higher Education.

Following commentary from all members of the Board, and noting that the Board of Regents would be meeting later in the afternoon to receive and act upon the recommendation of the CSUS Board, Vice Chair Balducci requested a motion to approve the following resolution recommending to the Board of Regents for Higher Education that Dr. Mary Papazian be appointed as President of Southern Connecticut State University. On a motion by Trustee Motley, seconded by Trustee Williams, the following resolution was unanimously approved.

WHEREAS, The members of the Connecticut State University System Board of Trustees Search Committee with the assistance of members of the Southern Connecticut State University Advisory Committee conducted a national search for a president for the university resulting in applications from over 70 individuals.

RESOLVED, Having completed this search through the careful evaluation of credentials and interviews with three outstanding finalist candidates, the Board of Trustees for the Connecticut State University System recommends to the Connecticut Board of Regents for Higher Education that Dr. Mary Papazian be appointed as President of Southern Connecticut State University.

ADJOURNMENT

Vice Chairman Balducci requested a motion to adjourn. Trustee Kokinchak so moved; Trustee Motley seconded the motion and the meeting was adjourned at 12:35 p.m.

Respectfully submitted,

Theresa Eberhard Asch, Secretary