

**THE RICHARD STOCKTON COLLEGE
OF NEW JERSEY
BOARD OF TRUSTEES**

MINUTES (TELECONFERENCE MEETING)

November 8, 2007

**Trustees Present by
Teleconference:**

Dr. Clarence C. Hoover, III, Chair
Dr. James Yoh, Vice Chair
Mr. Curtis J. Bashaw, Secretary
Ms. Emma N. Byrne
Mr. Albert Gutierrez
Michael Jacobson, Esq.
Mr. Dean C. Pappas
Mr. Matthew Ashe, Student Trustee
Dr. Herman J. Saatkamp, President and Ex Officio

**Trustees Absent from
Teleconference:**

Ms. Mady Deininger
Mr. Stanley Ellis
Mr. Brian Sena, Student Trustee Alternate

Call to Order and Roll Call:

Chairman Hoover called the Teleconference meeting to order at 10:05 a.m. on Thursday, November 8, 2007 in Room K203k. On October 15, 2007, notice of this meeting as required by the Open Public Meeting was (a) sent to the Business Services Office of the College, (b) the editors of *The Press* and the *Vineland Times Journal*, and (c) filed with the Secretary of State, (d) Galloway Township Clerk's Office and (e) Atlantic County Clerk's Office.

Note: Unless otherwise stated, all votes on the following resolutions were approved by Consent Agenda.

Report of the Chair:

Chairman Hoover commented he had nothing to report at this time. He wished everyone a happy Thanksgiving.

President's Report:

Dr. Saatkamp joined Trustee Hoover and wishing everyone a happy Thanksgiving. He reported that the College has posted its response to the SCI Report on the College's webpage, which includes links to College financials, audits and policies illustrating how Stockton is accountable. In addition, President Saatkamp stated he would be approving a Student Loan Code of Conduct that would also be included on the website.

**Academic Affairs & Planning
Committee Report:**

Committee Chair, Trustee Yoh, reported the Committee recommended approval of the Renaming of Academic "Divisions as Schools" and the acceptance of the Improving Teacher Quality Partnership Grant.

**Renaming of Academic
"Divisions as Schools"
Resolution:**

Upon a motion made by Trustee Jacobson and seconded by Trustee Pappas, the Board voted to adopt the resolution.

**Improving Teacher Quality
Partnership Grants
Resolution: (acceptance only)**

Dr. Harvey Kesselman, Interim Vice President of Administration and Finance, reported the Improving Teacher Quality Partnership Grant was reviewed by the Finance Committee and approved by the Board in June 2007. Once the grant is accepted it will be sent to The NJ Department of Education so that funds can be accessed (\$260,000–3 year grant). Upon a motion made by Trustee Ashe and seconded by Trustee Jacobson, the Board voted to accept of the resolution.

**Report of the Finance
Committee:**

Trustee Bashaw, Chair of the Finance Committee commented there were several changes within the Debt Management Policy.

**Debt Management Policy
Resolution:**

Dr. Kesselman reported the Finance Committee met on October 12, 2007 at which time revisions were incorporated into the Debt Management Policy. As required, the Policy must be reviewed annually. The policy was revised, in part, to address two Bond issues over the next 6-8 months, which were highly rated by the rating agencies. The two financial ratios that are being adjusted are the Debt Burden Ratio (moving from less .09% to less than .12% annual debt service) and Viability Ratio (is moving to no less than .25%). The two ratios were being adjusted so that the College will be in compliance with the current ratio.

Trustee Byrne recommended language changes, which include the following:

- Page 1, section titled "Introduction": removed the text (in bold) from third sentence, which now reads "Debt financing is desirable **when borrowing rates are below expected rates of return on investments or** when the College invests in capital assets that provide investment returns or cost savings that are greater than the cost of borrowing."
- Page 1, section titled "Authority": removed the text (in bold) and added text (in italics), from the sentence which reads "The Board of Trustees upon the advice of the *Finance Committee*, President, and Vice President for Administration and Finance **or designee** will manage all funding sources, including debt, for capital projects authorized by the Board.
- Page 8, section titled "Criteria for Issuing Debt": Line three, the word "where" was misspelled and corrected to "*whether*".

President Saatkamp clarified for Trustee Byrne questions regarding the setting priorities and the criteria set for making those decisions.

Trustee Byrne asked what the College's current rating was and how we manage this rating. President Saatkamp responded the credit rating was A2 (Moody's) and A (Fitch); an improvement for the College and among the highest among state colleges and universities. The rating may change to A2 negative when the College incurs additional debt for the Campus Center. The College is at A2 stable, The College of New Jersey is at A3 stable, Ramapo College A3 negative, and Rowan University has an A2 negative. Both agencies are very favorable about the Debt Management Policy, enrollment strengths and a number of other features.

Trustee Pappas inquired about the difference in the rate between negative and stable. Dr. Kesselman responded the difference was more on the

bond insurer cost and not the actual interest rate. The College was targeting interest rates of under 3.7% for the next bond issue; this may be hard to achieve, given the current markets situation. The College has also discussed getting an insured bond to buy the rate; however it has not been determined when the time is appropriate for the sale. Moreover, Dr. Kesselman replied the debt will be \$167,860,000, after the next bond issue of \$40 million. President commented The College of New Jersey had the largest indebtedness at \$380 million (est.).

Trustee Gutierrez commented the policy should have a reporting requirement to advise the Board if the debt burden ratio pops at any point and time in any particular year. President Saatkamp stated the administration would report back if ever the College reaches its debt limits. Dr. Kesselman reported the projected ratio (in 2009) is 11.34%, which was currently at 3.69%. In addition, the variable rate exposure limit (35%) gives the College the ability to adjust if conditions change.

Trustee Byrne asked if the ratio of debt expense (total expenses) was normal and customary. President Saatkamp remarked the ratios are used by the National Association of College and University Business Officers (NACUBO) and recommended for public institutions.

Upon a motion made by Trustee Yoh and seconded by Trustee Gutierrez, the Board voted to adopt the Debt Management Policy and Resolution with modifications in language and with the understanding that a report will be made to the full Board if the College ever approached the debt ratio limit.

Naming of the Stockton College Athletic Field and Stadium as The "G". Larry James Stadium Resolution:

Chairman Hoover called upon President Saatkamp to give a brief report on the Naming of the Stockton College Athletic Field and Stadium as The "G." Larry James Stadium Resolution. He commented that Larry James has made remarkable contributions to the College since his arrival in the 1970's and shared several highlights of Dean James' accomplishments.

Chairman Hoover inquired about how this event would be funded. President Saatkamp responded that although the Attorney General's Office advised that public funds could be used for this kind of college event; he decided the College would set up a separate fundraising effort to pay for the expenses. To date, \$5,000 has been donated toward the estimated cost is \$20,000-\$25,000. A separate Legacy fund has also been established in Mr. James' name.

Upon a motion made by Trustee Bryne and seconded by Trustee Pappas, the Board voted to adopt the resolution.

Report of the State of New Jersey

President Saatkamp commented the SCI report was shared with the trustees, including several responses from other colleges and from New Jersey Association of State Colleges and Universities (NJASCU). He noted he role in the crafting of the response in behalf of the NJASCU and that Stockton was only mentioned in the footnotes of the report, being one of among of the new Jersey state colleges and universities and not subject to any of the investigations. Stockton's response (model for other colleges) is featured on the college website and indicates how we are accountable and transparent.

Trustee Byrne asked if each of these institutions were preparing to create a corrective action plan in the same way UMDNJ was required to do.

President Saatkamp responded that almost every institution has the Sarbanes Oxley criteria being requested. There are also audit committees, the internal auditor, and the external audit that occurs and procedures have been established for making these available to the public. He also referred to the issues and recommendations in the report related to the Board of Trustees, which Stockton has already addressed. Other issues highlighted in the SCI report involve required standing committees (some of which the College has, but do not have them as standing committees) and the recommendation to significantly increase the members of the Board of Trustees from a minimum of 19 to a maximum of 27. Dr. Saatkamp noted the difficulty in identifying the right people to serve in a voluntary capacity on state college and university boards.

Trustee Byrne inquired about the legislative activity which may occur during the lam duck session. President Saatkamp remarked that he anticipated bills moving forward involving additional oversight on the part of the Commission of Higher Education (CHE) and that the CHE has appointed a sub-committee to look at the CHE response to SCI.

President Saatkamp also stated he had seen the Lesniak Bill, which partly provides for public/private partnerships for state colleges and universities. However, a requirement is that a budget must be presented by January or February, in advance of when the appropriations are set.

Discussion in this matter closed with briefs comments from Trustee Byrne and Dr. Saatkamp regarding how these changes would impact the EFA's authority.

Personnel Resolution: Chairman Hoover brought the Board's attention to the Personnel Resolution. Upon a motion made by Trustee Jacobson and seconded by Trustee Pappas, the Board voted to adopt the resolution.

Other Business: There was no other business.

Comments from the Public: There were comments from the public.

Comments from the Board: Dr. Saatkamp stated questions were raised regarding whether trustees who serve on bank boards can also serve on state college boards at the same time. He noted that the Student Loan Code that he was approving today would not carry that provision – which follows federal regulations.

Next Meeting: The next regularly scheduled meeting is on Wednesday, December 12, 2007 in the Multipurpose Room in the Townsend Residential Life Center at 3:30 p.m.

Adjournment: Upon a motion made by Trustee Gutierrez and seconded by Trustee Pappas, the meeting was adjourned at 11:00 a.m.

For the Board, Brian K. Jackson, Assistant Secretary to the Board

Approved by the Board of Trustees on December 12, 2007