



**Board of Trustees
Financial Affairs Committee
Minutes
April 13, 2026, 3:00 p.m.
Zoom**

Committee Members Present: Committee Chair George Gilmer, Vice Chair Theresa Jasmin, and Trustees Barney Garcia, Jay Queenin, and Board Chair Ali Salehi, ex-officio.

Committee Members Absent: Secretary Chris Montemayor

Also present and participating were Westfield State University President, Dr. Linda Thompson; Vice President of Administration & Finance, Stephen Taksar; Associate Vice President of Financial Accounting, Lisa Freeman; and Stephen Haines, Fund Evaluation Group.

Committee Chair George Gilmer called the meeting to order at 3:02 p.m., did a roll call of attendees listed above, and stated the meeting was being livestreamed and recorded.

MOTION made by Trustee Jasmin and seconded by Trustee Queenin, to approve the minutes of the February 19, 2026, meeting. There being no discussion, a roll call was taken, **motion passed unanimously**.

Investment Update by Fund Evaluation Group

- Asset allocation ending February 28: Overweight equities by about 4%, roughly 64%, relative to IPS benchmark at around 60%.
 - Trimmed back to target on Monday morning, March 2, 2026 due to Iran conflict.
- Performance summary through February: Distribution in early February of approximately 1.25 million was the annual distribution.
 - Transition to Schwab happened smoothly.
 - Year-to-date returns through Friday: Up around 2.5%.
 - Account is up just over a million dollars.

March Madness: Investment Discussion Theme

- Midterm election years historically following a rhyming pattern.
 - Tend to start the year very strong, mid-year drawdowns, bulk of gains later in the year after a midterm.
- S&P 500 returns in midterm election years in blue and all other years for the S&P in gray.
 - Expect some choppiness ahead.
- Question about differentiation in the line if the incumbent is Republican or Democrat.
 - The market does not care about red or blue, but predictability and consistency.
 - Wants to know who is there because it'll predict the policies that come for that.

Market Confidence During Fear Periods

- Clients are asking why they should feel confident during fear periods or mid-year choppiness.
- S&P returns after midterm elections (data from 1950) show markets were positive one year after midterms 100% of the time.

- Average annual return post-midterm election: 15%.
 - In all other years: around 7.8 % to 8%.
- The market favors consistency and predictability, regardless of the political party.

Current Market Factors

- The market is currently dominated by oil prices and interest rates.
- What we know:
 - Earning reports have been very strong year-to-date, up about 14-15% year-over-year.
 - Insider buying in tech is at 15-year highs.
- What we can control: costs, discipline, and diversification.
- What we don't know/can't control:
 - Length of geopolitical conflicts (markets become choppy short-term but tend to reverse quickly).
 - Impact of oil prices.

Oil Prices and Market Impact

- Oil futures are pricing oil at \$75 a barrel in December, suggesting the market isn't expecting a spike to \$200.
- Past oil shocks acted more as amplifiers rather than triggers to recessions.
- The market is pricing in a potential short-term inflation shock more than a recession.
- Goldman Sachs estimates the impact of crude oil price increases on inflation and rates.
- March's inflation print:
 - Core CPI was up 2.6% year-over-year (better than expected).
 - Headline inflation was up 3.3% year-over-year (better than expected).
 - Key drivers: gasoline (up 19%), airline fares (up 15%), and energy (up 12%).
- Morgan Stanley reports that temporary oil shocks (less than six months) have little impact, while persistent shocks have a meaningful impact on consumer behavior.

S&P Operating Margins and Market Resilience

- Earnings are strong, and margins are at multi-decade highs, but sustained high oil prices challenge supply chain costs and margins.
- Markets aren't crashing because:
 - USA is a net exporter of oil, benefiting earnings.
 - USA and Canada are in a better position than countries highly dependent on energy imports.
 - If growth slows, investors will pay more for growth and quality growth stocks (USA has quality growth companies).
 - Futures markets are pricing oil at \$75 at the end of December, indicating a shorter-term conflict.

Interest Rates and Market Outlook

- JP Morgan's rate forecasts indicate that the trend in rates is still down.
- The Fed has room to be patient, given good job numbers and better-than-expected inflation.
- Headwinds: high gas prices affect consumers, inflation, and margins.
- Tailwinds: strong earning reports, the economy has absorbed many hits, excess liquidity supports markets, credit spreads haven't moved much, and the VIX term structure is positive.

Investment Performance

- Investment account is up 3.4% year-to-date and 18.9% on a trailing one-year basis.
- Weakest performers: US large-cap growth stocks (driven by software stocks and AI fears).
- Ex-US equities have led higher year-to-date through February, with double-digit growth in international and emerging markets.
- Fixed income investments are up 0.9% year-to-date with little volatility.

NACUBO Study Snapshot

- NACUBO (National Association of College and University Business Officers) is a professional organization providing visibility on best financial practices specific to higher ed.
- The most recent survey had 657 colleges respond, with data ending their fiscal year 2025 (ending June of 2025).
- The college endowment asset allocations are broken out by endowment size.
 - Prior to IPS approval last fall, they moved to roughly 60/40 equity versus fixed income.
- Equity allocations (US and ex-US) are very similar to peers, but they tend to be overweight fixed income relative to peers.
 - Endowments over \$5 billion have fixed income at 5%, while endowments under \$50 million average around 23%.
- Hedge funds, private equity, and real assets are available at no additional fee.
 - Real assets include real estate, infrastructure investments (toll roads, airports), and natural resources.
 - Hedge fund portfolios are performing very well.
- Real assets and diversifying strategies (hedge funds) enhance a portfolio's resilience and provide a more consistent return profile.
 - Alternative investments like hedge funds tend to have semi-annual liquidity, not daily liquidity.
- The effective spend rate of peers was at 4%.
- The investment account was up around 10.9%.

University Cash Summary

- Investment balances decreased by \$1.7 million from Q2 to Q3 due to January/February market gains offset by a \$1.2 million distribution and a \$1.7 million market depreciation in March.
 - As of today, investment balances are back up by \$1.2 million.
- University cash resources (operating cash and money market accounts) continue to decline and are being offset by investment gains.
- The University's Q4 cash balances (excluding investments) decreased by approximately \$4.4 million.

FY26 Budget and Strategic Investments Update

- The report is an unadjusted year-to-date comparison with the prior fiscal year.
- Adjusting for non-operating items, the budget is about \$5 million off year-to-date, primarily due to:
 - Total tuition and fee revenue down about \$1.2 million.
 - Interest income is down (timing issue).
 - DGCE revenue is down about \$2 million (expected to be made up).
- Prediction: revenue will be about \$2 million short this year.
- Spending:
 - Department operations are running higher at 74% versus 66%.
 - Financial aid is running higher at 92% (timing issue).
 - Residence life is up about 19% or the budget or at 85% of the year annual budget (timing of debt service payments).
 - Compensation will meet the full budget.
 - Capital is underspent by 19%.
 - DGCE is underspent about 13%.
- Expectation: the year will end between 1% and 2% above or below the annual budget.
- The goal is to replicate the balanced budget for 2027.

Capital Investments

- Capital investments are expected to pick up, with an overall budget of \$5.3 million.
- Projects are wrapping up in the next couple of months, including work yet to be done and work done but not invoiced.
- Trustee Jasmine wants to be cautious about trimming capital investments due to deferred maintenance issues and innovative projects.

Revenue Shortfall

- There's an expected \$2 million shortfall in revenue, but the expectation is to be within plus or minus 1% or 2% of the budget.
- Flexibility in the budget has been reduced by budgeting vacancies and not filling positions.
- "We're trying hard to do that. And we've already pushed out procedures on year end closing and trying to try to restrain spending where we can."

Strategic Investments Update

- Continued progress is being made towards achieving goals for strategic investments.
- Year-to-date spending is about \$652,000, with \$507,000 remaining.
- Some projects have been completed (represented in green) and unspent monies will be reallocated to other strategic investments.
- A reshuffle of some projects has occurred, but all are being actively worked on.

Marketing Initiatives

- Dollars have been set aside for the launch of a new brand, which is ready to launch after campus-wide consensus.
- Major initiatives include developing video assets for social media and placing the brand logo throughout the competitive enrollment marketplace.
- Spending will occur over the next 60 days, with a large launch planned for the beginning of the fall.

Web Upgrade and Classroom Upgrades

- The web upgrade was for the University website and included compliance work for accessibility.
- Classroom upgrades are marked as complete, but only a fraction of the funding was spent because most of the work was done the year before.
- The dashboard is valuable for understanding the timeline and work that needs to be done.

FY27 Provisional Operating Budget

- A new calculation on the projected fringe benefit rate for next year has been received, increasing costs by an estimated \$1.4 million.
- The Council of Presidents may be discussing this issue.
- Enrollment might be slightly down, and the financial aid budget is increasing to maintain a consistent discount rate.
- Collective bargaining agreement increases are about 4%, and the University is looking at all expenses to close a \$4-5 million gap.

Balanced Budget

- Chair Gilmer and Trustees Jasmin and Queenin agree that the budget needs to be balanced.
- Cannot rely on reserves to cover the operational deficit.

Preliminary Multi-Year Forecast

- Assumptions:
 - The FY26 budget has been balanced.
 - Enrollment would decline slightly (around 100 students over 4-5 years).
 - State appropriation would increase at the same level as in the past.
 - Consistent discount rate.
 - Typical CPI rates (around 2.5% over the planning horizon).
 - Around 3% increases in residential and dining operations.

- DGCE revenue growth.
- The strategic plan has been approved by the Board of Higher Education.
- The next step is to integrate the strategies in the strategic plan and update the forecast.

Action Items

Trust Fund Management Policy (0604)

- Updates:
 - Ensure the President has the authority to delegate signature authority.
 - Increase the cabinet authority to spend up to \$50,000 on a single transaction.
 - Eliminate publishing banking accounts online.

MOTION made by Trustee Queenin and seconded by Trustee Jasmin, the Finance Committee recommends approval to the full Board: To approve the revised Trust Fund Management Policy (0604), as presented. There being no discussion, a roll call was conducted, **motion passed unanimously**.

FY27 Preliminary Capital Budget

- Seeking pre-approval for a few select projects to facilitate the bidding and procurement process.
- A more thorough and detailed capital budget plan will be presented at the board meeting in June.
- The projects are listed on page 66 of the package.

MOTION made by Trustee Jasmin and seconded by Trustee Queenin, the Finance Committee recommends approval to the full Board: To approve a preliminary and partial capital projects budget of \$1,412,702 which will enable the University to begin the procurement process to bid the proposed work for this summer. The projects are listed on the FY27 Preliminary Capital Budget Plan with a brief description. Early approval of these specific projects is critical to solicit competitive bids and award these projects as soon as possible. The full capital budget, including all projects and Information Technology requests, will be provided in June 2026 with the FY27 Provisional Campus Budget. There being no discussion, a roll call was conducted, **motion passed unanimously**.

Items for Information

Acceptable use of Information Technology Resources (0380)

- No changes made to the policy.

There being no further business,

MOTION made by Trustee Jasmin and seconded by Trustee Queenin, to adjourn the meeting. There being no discussion, a roll call was conducted, **motion passed unanimously**.

Meeting adjourned at 4:30 p.m.

Materials:

- a. Minutes 2-19-26 (Draft)
- b. Investment Update (Through February 2026)
- c. Investment Update (NACUBO)
- d. University Cash Summary
- e. FY26 Budget and Strategic Investments Update (Narrative)
- f. FY26 Budget and Strategic Investments (YOY Actuals)
- g. FY26 Budget and Strategic Investments (Investments)
- h. Preliminary Multi-Year Forecast (Narrative)
- i. Preliminary Multi-Year Forecast (Model)
- j. Motion – Trust Fund Management Policy (0604)
- k. Trust Fund Management Policy (0604) CLEAN
- l. Trust Fund Management Policy (0604) TRACK CHANGES
- m. Motion – FY27 Preliminary Capital Budget
- n. FY27 Preliminary Capital Budget (Narrative)
- o. FY27 Preliminary Capital Budget
- p. Policy – Acceptable Use of Information Technology Resources (0380) TRACK CHANGES

Secretary's Certificate

I hereby certify that the foregoing is a true and correct copy of the approved minutes of the Westfield State University Board of Trustees, Finance Committee meeting held on April 13, 2026.

Chris Montemayor, Secretary

Date