



Framingham

State University

Framingham State University Board of Trustees Finance Committee

Thursday, May 11, 2017

8:00 a.m. in the Athletic Center, PCR2

Agenda

- I. Strategic Plan - Rita Colucci**
 - a. Drafts and Goals**
 - b. The Emerging Strategic Plan**

- II. The Danforth Agreement**
 - a. Summary**
 - b. Comparison Chart**
 - c. Founding Agreement**
 - d. Memorandum of Understanding**

- III. Administration & Finance**
 - a. FY2018 Trust Fund Budgets and Fees Approval**
 - b. FSU Investment Services Manager and Funds Reallocation Approval**
 - c. Trustee Information Items**

The Emerging Strategic Plan for Framingham State University, 2017-2022

DRAFT GOALS AND SUPPORTING STRATEGIES

GOAL 1: Provide a **high-quality, highly relevant education**, rooted in the arts and sciences, that is transformative, distinctive, and responsive to evolving student, workforce, and societal needs

Key Strategies:

- a. Establish a unifying and distinguishing educational experience that defines what it means to be an FSU student
- b. Creatively integrate FSU's academically challenging liberal arts education with workforce preparation programs in ways that equip FSU graduates to succeed and stand out in their careers
- c. Leverage areas of academic strength, existing FSU centers, and newly acquired assets to develop programs responsive to student interests and labor market trends
- d. Make international, intercultural, and interdisciplinary experiences central to the academic program
- e. Expand student participation in internships and other experiential learning opportunities that translate critical thinking, writing, and analytical skills learned in the classroom into real-world applications
- f. Support faculty scholarship and continue to be a leader in collaborative student-faculty research
- g. Promote innovative pedagogical strategies and consistently high-quality teaching while continuing to emphasize the teacher-scholar model
- h. Diversify program delivery formats to meet the needs of changing student demographics
- i. Strategically align graduate offerings with student demand and workforce requirements, and better integrate graduate programs with their undergraduate counterparts

GOAL 2: Prepare students to be **ethical and engaged citizens** committed to public purpose, inspired to serve, and eager to play leadership roles in their communities and workplaces

Key Strategies:

- a. Foster a culture that encourages ethical citizenship with an emphasis on personal responsibility and engagement
- b. Increase opportunities and encourage students to participate in civic engagement and/or service learning outside the classroom
- c. Expand student involvement in leadership opportunities both inside and outside the classroom
- d. More intentionally and visibly embed disciplinary ethics in programs across the curriculum and co-curriculum
- e. Proactively link FSU's motto of "Live to the Truth" to the University's academic and social codes of behavior

GOAL 3: Provide **individualized student services and support systems** that promote achievement of educational, personal, and career goals

Key Strategies:

- a. Strengthen student advising by creating a culture of intentional mentoring across all roles and levels throughout FSU

- b. Establish practices and processes that require students to be engaged and accountable participants in their educational experience
- c. Expand opportunities for students, faculty, and staff to interact and forge relationships inside and outside the classroom
- d. Provide resources and integrated support services to foster student success and wellbeing
- e. Maximize the use of data systems and assessment tools to monitor learning outcomes, evaluate program effectiveness, and advance student persistence goals
- f. Enhance communication and collaboration among faculty and staff to identify and remove barriers to students' academic or personal success in a more timely and coordinated manner
- g. Take intentional steps and apply best practices to close opportunity gaps or achievement gaps indicated in student cohort-specific participation and performance levels

GOAL 4: Be a **vibrant and inclusive living-learning community** that attracts and retains students, staff, and faculty who embrace the University's core values and will enrich campus life with their presence and engagement

Key Strategies:

- a. Promote greater interaction and dialogue among all members of the campus community
- b. Expand opportunities for faculty and staff to be more engaged in campus life
- c. Provide a robust array of social, recreational, athletic, and leadership opportunities that engage both residential and commuter students and promote their personal development
- d. Enhance transportation options to encourage students to connect with and engage in the wider community
- e. Seek to ensure financial means are not a barrier to students' full participation in campus life
- f. Improve recruitment, retention, and progress of underrepresented students, faculty and staff
- g. Increase cultural awareness, sensitivity and fluency among faculty and staff
- h. Support a collective commitment to promoting equity, pursuing social justice, and making excellence inclusive
- i. Implement a comprehensive, integrated, university-wide system of accountability and assessment to measure progress against inclusive excellence goals at all levels of the institution

GOAL 5: Foster a climate and provide **necessary tools and support** to ensure that every member of the campus community has the opportunity to thrive and succeed

Key Strategies:

- a. Promote a University-wide culture of service excellence and spirit of collaboration
- b. Promote greater transparency in decision making on matters with direct bearing on the experience of students, staff, and faculty
- c. Streamline or otherwise improve policies, practices and policies that make it unusually or unnecessarily difficult for students, staff or faculty to do the work they are expected to do
- d. Provide readily accessible, regularly updated information and tools faculty and staff need in order to be effective in their roles
- e. Improve the onboarding process for new faculty and staff
- f. Seek to ensure academic and administrative offices are adequately resourced to perform assigned responsibilities and meet goals
- g. Encourage and support professional growth of faculty and staff through expanded and ongoing training opportunities

- h. Embed diversity, inclusion, and equity in the administrative systems and structures of the institution
- i. Take a more proactive approach to cultivating leadership from within and develop succession plans for all key leadership positions

GOAL 6: Provide the **physical, technological, and administrative infrastructure** necessary to create a work environment that promotes excellence, encourages innovation, facilitates collaboration, and supports achievement of strategic goals

Key Strategies:

- a. Ensure classroom, laboratory, study, work and gathering spaces are functionally adequate and conducive to a positive experience by faculty, staff and both residential and commuter students
- b. Maximize utilization and integration of current spaces on campus to promote community building
- c. Ensure the campus continues to be accessible, attractive, well-maintained and safe
- d. Follow a technology roadmap for more effective integration of technology resources and systems across campus, and fully leverage IT capacity to support administrative and academic functions
- e. Identify inefficient or under-resourced areas of operation and strategically reallocate resources as required to support critical objectives, particularly those relating to student success
- f. Seek revenue financing for implementation of current capital plan priorities—Mayhew facility, athletic fields, Croker Hall, and the library
- g. Ensure FSU's core values are used extensively as a guidepost in planning, evaluation, and budgeting
- h. Advance a culture of purposeful assessment and ongoing evaluation on campus
- i. Optimize use of data by centralizing data management and further expand the capacity for automation of reporting of financial and other data

GOAL 7: Establish a **public identity and reputation** that reflect FSU's impressive academic strengths, comprehensive co-curricular activities, as well as its contributions to and impact in the wider world

Key Strategies:

- a. Develop a stronger brand and consistent messaging about the FSU experience and distinctions
- b. Take a strategic approach to marketing the values, assets, and advantages FSU offers in order to attract students and position FSU as a place where people want to work
- c. Improve internal communication and inspire everyone in the campus community to be an ambassador for FSU to the outside world
- d. Raise awareness of and appreciation for FSU's contributions to the greater good as a public university among key stakeholders in the Commonwealth
- e. Utilize the University's existing and new centers to develop new connections with the wider community and increase FSU's visibility as an innovative educational leader

GOAL 8: Play a **critical and catalytic role as a partner** in the MetroWest region's economic, social, and cultural development

Key Strategies:

- a. Expand transportation connections between FSU, Greater MetroWest and Boston to increase opportunities for interaction and collaboration
- b. Expand relationships with local organizations to increase experiential learning and employment opportunities for FSU students
- c. Promote FSU as a cultural center and destination point for members of the wider community

- d. Serve as an innovator and incubator to support entrepreneurial new ventures
- e. Leverage the intellectual and other resources of FSU's distinctive centers to help MetroWest achieve important goals for developing and enriching the region
- f. Maximize opportunities to take FSU's teaching and learning to off-site locations in partnership with local businesses, nonprofits and other organizations in MetroWest and beyond

GOAL 9: Establish a **financial resources model** to promote long-term stability and sustainability, affordability, and demonstrable return on investment

Key Strategies:

- a. Improve student retention to maximize enrollment-related revenue
- b. Develop a multi-year strategic enrollment plan reflecting demographic realities, changing conditions in the wider world, and programmatic opportunities that may open new markets for FSU
- c. Develop new and sustainable streams of revenue
- d. Periodically engage in a critical review of academic and co-curricular programs to identify and address any that are not generating intended impact or not utilizing resources in an efficient, fiscally responsible way
- e. Review administrative policies, processes, and practices to identify and eliminate resource-draining redundancies and inefficiencies
- f. Develop a culture of stewardship and philanthropy among all members of the campus community
- g. Deepen engagement with FSU alumni and proactively engage with other stakeholders beyond campus who could be inspired to support FSU's mission and priorities
- h. Prepare for and launch a comprehensive fundraising campaign to increase private support of the University and allow for an increase in University-funded financial aid

**SUMMARY OF VARIOUS DOCUMENTS
RELATING TO THE DANFORTH ART PROPOSAL**

1. Founding Agreement with Danforth (also see Comparison document for more detail)

The Danforth will gift/convey its assets as follows:

1. Art collection to the Foundation
2. Maynard Building to the Supporting Organization (SO)
3. "Trade Assets" (name, teaching materials, etc.) to the University, the Foundation and SO

The University will:

1. Create and support the "Danforth Art Center at Framingham State University", to be housed in the Maynard Building, which will run the museum (also in the Maynard Building) and will offer studio art classes to the community; and will hire 6 administrative positions to do so.
2. Assume mortgage obligations of approximately \$664,000 and projected line-of-credit obligations up to \$500,000 and an in-kind commitment obligation of \$500,000
3. Commit to operating support (Center subsidy to address projected operational deficits) of \$240K annually
4. Convene an advisory board which will advise the Foundation and the University on the following: accessioning or deaccessioning of art, museum events or programming, position description and hiring of future Executive Director; fundraising for the Center and renovation of the building; the building renovation itself; and other matters as may be requested by FSU, the Foundation or the SO

The Danforth, the University and the Foundation will work together to plan and execute fundraising, which will be deposited into one of three funds ("University Danforth Art Center Trust Fund," "Foundation Danforth Art Fund," and "Foundation Danforth Capital Projects Trust Fund"), depending upon its ultimate use. Renovations to the Maynard Building needed for gallery space and any new art acquisitions are contingent upon achieving fundraising goals.

2. Memorandum of Agreement between the Town, FSU and the Supporting Organization

This MOA is between the Town, the University, the Foundation and the Supporting Organization (SO), setting forth the parties' agreement around the conveyance of the Maynard building.

The University will:

1. Use the Maynard Building for studio art classes and as a museum, contingent upon fundraising to renovate the building for such use.

2. Provide in-kind contributions valued at \$500,000.00 to benefit the residents of Framingham over a period of five years (or longer if additional time is needed to meet the commitment) consisting of:
 - a. educational programs in collaboration with the Framingham Public Schools;
 - b. membership and event discounts for Framingham residents;
 - c. studio art program scholarships;
 - d. Up to eight (8) academic and/or housing scholarships for Framingham residents, the total of which is not to exceed \$40,000.00 per year unless a greater amount is authorized by mutual written agreement between the Town and the University, and
 - e. professional development classes for Framingham Public School teachers;
3. FSU and the SO will provide a detailed annual accounting of the value of rendered in-kind services to the Town for the preceding fiscal year no later than July 31 of each year.

In turn, the Town agrees to:

1. Allow the transfer of the building from the Danforth to the SO, but retaining its right of first refusal (ROFR) until 2089 for any other transfers, as follows:
 - a. ROFR is triggered if the Supporting Organization (SO) seeks to sell the property
 - b. ROFR gives the Town the right to 1) Purchase the property for 2/3 of the bona fide offer if the mortgage has not been paid off; 2) Purchase the property for \$500,000 less than the bona fide offer if the mortgage has been paid in full.
2. The Town also retains its right of reverter (ability to take back the property), as follows:
 - a. Until FSU has met its in-kind commitment (described above), and
 - b. Until Phase I of the renovations are completed. Phase 1 renovations (contingent upon achieving fundraising goals) include updating systems and renovating portions of the first and second floors (with some areas remaining administrative space) to provide expanded gallery space (Phase I)

The SO will assume all of the Danforth's remaining obligations under the Mortgage Note, the Mortgage and Security Agreement and the Conditional Assignment of Leases and Rents.

SUMMARY OF OTHER DOCUMENTS RELATED TO THE CONVEYANCE OF THE MAYNARD BUILDING

3. Agreement between SO and Framingham State University

- This agreement will establish the cost of the annual license equal to the cost of the annual mortgage and line-of-credit payments as well as insurance to be paid by the FSU Foundation Supporting Organization; that is, revenue from the license will cover all Supporting Organization costs
- This agreement further assigns to FSU all costs and responsibilities for Maynard Building operations and maintenance

4. Quitclaim Deed

The parties will record a new deed upon the transfer of the property. Key provisions of the new deed include:

- Town holds a right of first refusal (ROFR) until 2089.
 - ROFR is triggered if the Supporting Organization (SO) seeks to sell the property
 - ROFR gives the Town the right to 1) Purchase the property for 2/3 of the bona fide offer if the mortgage has not been paid off; 2) Purchase the property for \$500,000 less than the bona fide offer if the mortgage has been paid in full.
- Town holds a right of reverter over the property (meaning the Town can take back the property) until FSU has met its in-kind commitment (described above) and until Phase I of the renovations are completed. Phase 1 renovations (contingent upon achieving fundraising goals) include:
 - update systems and renovate portions of the first and second floors (with some areas remaining administrative space) to provide expanded gallery space (Phase I)

5. Amended and Restated Mortgage Note

This document sets forth changes to the original mortgage note that was negotiated when the Town transferred the property to the Danforth, and includes elements of the original mortgage note.

The Supporting Organization (SO) promises to pay the remainder of the mortgage principal to the Town according to an annual payment schedule, with payments due by January 23 of each year, at an interest rate of 0%.

The SO can prepay the mortgage balance without penalty.

The SO assumes all of Danforth's rights, obligations, and liabilities arising under the Original Note and the Original Loan Documents as affected by the "**Assumption Agreement**" (see below) (Not stated in the note: the University will provide funding for these obligations as part of its lease payment to the SO)

There is a 5% penalty fee of the overdue amount if the payment is not made within 10 days of the due date or if the SO defaults by failing to keep the Town as an additional insured and/or the SO dissolves, or levy's or attachments are made on the property.

The SO must pay attorney's fees or collection costs upon default or non-performance under the Mortgage Note, or in the Mortgage and Security Agreement and/or in any Conditional Assignment of Leases and Rents securing the Mortgage Note.

6. Assumption Agreement

In this agreement between the Town, the Danforth and the Supporting Organization (SO), the SO is agreeing to "assume" the Danforth's rights, obligations, and liabilities created or arising under the Mortgage and Security Agreement and Conditional Assignment (an assignment of leases, of which there is currently only a lease with FSU) and in turn, the Town is agreeing to allow the transfer of the property from the Danforth to the SO. This document will be filed with the Registry of Deeds.

7. Original Mortgage and Security Agreement

Originally between the Danforth and the Town, this document secures payment of the original loan amount, performance of all of the other covenants in the agreement and in the Conditional Assignment of Leases and Rents, and payment of all liabilities and indebtedness of the Danforth to the Town and a security interest in all of the personalty and fixtures on the premises.

The covenants include:

1. Taxes, ground rents, etc. Supporting Organization (SO) must pay ground rents, water and sewer use charges before they are due.
2. Deposits. SO must establish a fund with the Town, if so requested, to pay the charges identified in section 1 above before they are due.
3. Repairs. SO must keep the Building in good repair and allow the Town access to the Building for inspection; comply with all regulations for maintenance and use of building and keep the building from being contaminated by hazardous waste.
4. Insurance. SO must insure the Property for 100% of its replacement value and maintain \$1 million of general liability insurance, with the Town to be first paid in case of loss, and no settlement on account of any loss may be made without the express written consent of the Town.
5. Insurance Proceeds. The proceeds of any hazard insurance may, at the option of the Town, be applied toward the indebtedness or may be used to repair the damaged part of the property and any remainder applied toward the indebtedness.

6. Eminent Domain. Any award of damages on account of public use of the Property shall be paid to the Town and may be applied to or toward the indebtedness or toward repair of the Property.
7. Leases. SO may not lease the Property except for actual occupancy, or change terms of a lease or allow subletting without the prior written consent of the Town.
8. Security Deposits. Security deposits from lessee's, at the option of the Town, shall be deposited with the Town, and returned when required.
9. Late Payment Fee. At the option of the Town, late payments not made within 10 days of their due date shall include a 5% late fee.
10. Fees and Charges. SO must pay all fees and charges incident to this loan transaction when due and pay all other fees incident to the Town's enforcement efforts.
11. Statement of Indebtedness. From time to time, SO shall furnish a written statement setting forth the indebtedness, any offsets, or any obligations to be paid, and the facts related to the condition of the Property
12. Forbearance, waiver, etc. No forbearance of waiver granted by the Town will affect the original liability; in case of redemption after foreclosure, Town is entitled to collect all costs, charges and expenses up to the time of redemption; and in case of foreclosure, the Town is entitled to retain 1% of the purchase money in addition to other costs,
13. Notices. Notice shall be in writing to the Town address at 150 Concord Street, Framingham.
14. Survival of Certain Obligations. Payments due under section 1 survive the payments of all obligations. However, after satisfaction of all obligations secured or discharge of the mortgage, the Mortgage is no longer the security for the performance for each.
15. Conditions. The foregoing covenants shall not be breached, no encumbrances shall be created on the property, there shall be no transfer of title without the Town's written approval, the Mortgagor shall not declare bankruptcy or permit bankruptcy to be filed against it to remain undischarged.
16. Defaults. If there is any breach of certain sections of this Note, the Town has the right to call in the Note.
17. Right to Cure. The Town has the right to cure any breach or default, or any other obligation under this mortgage, but is not obligated to do so.
18. Waiver of Marshalling. In the event of foreclosure sale, the Town may sell the whole Property in whole or in part, and Mortgagor waives any doctrine of marshalling.
19. UCC Notices. If the provisions of the UCC apply, notice requirements are satisfied by notice given in Statutory Power of Sale.

20. Financial Statements. Mortgagor shall submit an annual statement of operations of the Property, indicating all expense and sources of income for the property and the Town has the right to require that the financial statements be audited at the Mortgagor's expense.

21. Partial Releases. The Town, at the request of the Mortgagor, shall release lots for consideration.

22. Obligation. SO will promptly and fully pay and perform each obligation in this note.

Of note: the SO will assign certain identified conditions to the University through its license with the University for use of the Maynard Building.

8. Conditional Assignment of Leases and Rents

With this agreement, the Danforth assigned its interests in any leases, rentals or occupancy agreements to the Town, together with all rents, income and profits from the leases.

9. License Agreement for Part of Building

The Danforth granted a 10 year license, beginning in 2014, to the Town to use a portion of the premises for certain information technology equipment. The license may be revoked by 30 days written notice. There does not appear to be a cost associated with this license.

10. Agreement for Grant of Easement

Town agreed to give the Danforth a permanent easement over a portion of the premises that the Town held back so that a handicapped entrance at the rear of the building could be built. The handicapped entrance has not yet been built, but the easement is extended to the Supporting Organization.

Letter of Intent and Founding Agreement Comparison

LETTER OF INTENT	FOUNDING AGREEMENT
<p>1. Museum FSU to establish an “academic center” to run the Museum</p>	<p>FSU to establish an academic Center to run the Museum and Art School, housed in the Maynard Building</p>
<p>2. Art School FSU to offer art classes to the community</p>	<p>FSU to offer Art classes to MetroWest community in Maynard Building</p>
<p>3. Art Collection Danforth to gift entire art collection to Foundation for use in academic center</p>	<p>Danforth to gift art collection to Foundation. Foundation will pay for care of collection through separate “Foundation Art Fund”</p>
<p>4. Maynard Building Danforth to gift Maynard Building to Supporting Organization (with mortgage responsibilities including in-kind commitments)</p>	<p>Danforth to convey Maynard Building for “nominal” consideration to Supporting Organization under terms of original mortgage, including Town’s right of first refusal and Town’s right of reverter, among other things. Supporting Organization to assume Danforth liabilities, as follows: outstanding mortgage, line of credit and in-kind contributions commitment, as paid for through lease agreement with FSU.</p> <p><u>Contingent upon reaching fundraising goals</u>, the University intends to renovate the Maynard Building in two phases. Phase I will provide for limited gallery space. Phase II will increase gallery space and perhaps provide for a separate structure to house the Art School</p>
<p>5. Danforth’s 501(c)(3) Status Danforth to retain its section 501(c)(3) status</p>	<p>Danforth to retain its 501(c)(3) status and to change its name to “Friends of Danforth Art”</p>
<p>6. Danforth’s Role Danforth to function as an advisory board for: a) accessioning and deaccessioning art; b) input into the hiring of future executive directors of the Museum; c) input into museum programming; and, d) supporting fundraising for the Museum, the University and its Foundation.</p>	<p>Advisory Board, comprised of at least one member appointed by Danforth, and at least three members in total, shall provide guidance on the following:</p> <ul style="list-style-type: none"> (a) formation of a Collections (sub)Committee to recommend to approve or deny any action regarding the Art Collection; (b) Museum events and programming; (c) position description and hiring of future Executive Directors of the Center;

Letter of Intent and Founding Agreement Comparison

	<p>(d) supporting and conducting fundraising for the Center;</p> <p>(e) building renovation plans; and</p> <p>(f) other matters as may be requested by the FSU Parties from time to time.</p>
<p>7. License to Use Name License to use "Danforth" name issued for a nominal amount to University</p>	<p>Danforth shall gift its rights, title and interest in and to its "Trade Assets" (name, trademarks, logos, design marks, donor lists, membership lists, student lists, docent lists, staff lists, teacher lists, and other similar assets) to the University. Danforth shall have a fully paid, royalty-free, non-transferrable perpetual license to use the Trade Assets solely to provide financial and other support to the Center. The University may revoke the use of the license if the Danforth uses the Trade Assets in any way that is contrary or detrimental to the purpose of the Agreement or the Center, Museum, School or Parties.</p>
<p>8. Danforth's Influence Foundation to take direction from the Danforth regarding accessioning and deaccessioning art, subject to a vote of approval of the Foundation Board.</p>	<p>The following actions may not occur unless approved by the Foundation, in its discretion, after consultation with the Advisory Board: accessioning to, de-accessioning from, accepting gifts for, or making loans of a substantial quantity (in excess of one percent (1%) of the items at any one time for more than a period of one (1) year) from the art Collection</p>
<p>9. Positions University to hire 6 positions to support academic center (museum and art school) subject to University budget.</p>	<p>Subject to budgetary, supervisory and hiring practices and applicable collective bargaining agreements, the University will hire and/or provide for the following six (6) administrative positions to manage the Center: Executive Director, curator, collections manager, database manager, communications director and School administrator. University may adjust the number of Center staff from time to time in accordance with the needs of operating and managing the Center.</p>
<p>10. Fundraising The University and Danforth will fundraise for operating and capital project costs;</p>	<p>The Center (Executive Director and other Center staff), the University's Development Office, the Foundation and the Danforth will</p>

Letter of Intent and Founding Agreement Comparison

<p>fundraising goals to be determined after renovation estimates are known.</p>	<p>fundraise to achieve goals for the following: (i) operating expenses of the Center (including the care and protection of the Art); (ii) capital needs, improvements or projects for the Center; and (iii) to acquire new art for the Collection.</p> <p>Danforth will not engage in any fundraising unless it is for what is described above, or for legal, filing, accounting and similar fees necessary to maintain its 501(c)(3) status or legal existence (and in such case, only up to a ceiling of \$5,000 per fiscal year), nor shall the Danforth use the words “Danforth” or “Framingham State” in any configuration to fundraise unless for the purposes described.</p>
<p>11. Enterprise and Trust Funds University to establish a separate enterprise fund to administer the Danforth Art Museum at FSU operations</p>	<p>The following funds shall be established:</p> <p>University Danforth Trust Fund - for ongoing operating expenses (including the care and protection of the Collection) (source of funding: fundraising and revenues from art school);</p> <p>Foundation Danforth Capital Projects Trust Fund - for major capital needs, improvements or projects for the Center (source of funding: fundraising)</p> <p>Foundation Art Fund - for new art for the Collection (source of funding: fundraising)</p>
<p>12. Breach (No mention of breach in LOI)</p>	<p>In the event there is an alleged breach of the agreement, the parties will go to binding arbitration, except where FSU may have pledged, encumbered, or transferred the Art Collection, in which case the Danforth may directly petition the court</p>

Letter of Intent and Founding Agreement Comparison

FOUNDING AGREEMENT FOR
THE DANFORTH ART CENTER AT
FRAMINGHAM STATE UNIVERSITY

This Founding Agreement for The Danforth Art Center at Framingham State University (this “**Agreement**”) is made effective as of _____, 2017 (the “**Effective Date**”), by and among:

- (a) Framingham State University, a Massachusetts public co-educational university organized and existing under the laws of the Commonwealth of Massachusetts, with an address at 100 State Street, Framingham, MA 01701 (hereinafter the “**University**”);
- (b) Framingham State University Foundation, Inc., a non-profit charitable foundation organized and existing under the laws of the Commonwealth of Massachusetts, with an address at 100 State Street, Framingham, MA 01701 established to receive and maintain funds to be used in the best interest of the University for the development, promotion and benefit of the University and its students (hereinafter, the “**Foundation**”);
- (c) Framingham State University Foundation Supporting Organization, Inc., a non-profit corporation organized and existing under the laws of the Commonwealth of Massachusetts, with an address at 100 State Street, Framingham, MA 01701, established in 2012 to be a supporting organization for the exclusive benefit of the Foundation and of any or all of its educational and charitable activities (hereinafter, the “**Organization**”), (the University, the Foundation, and the Organization are occasionally referred to herein collectively, when appropriate, as the “**FSU Parties**”); and
- (d) The Danforth Museum Corporation, a non-profit corporation organized and existing under the laws of the Commonwealth of Massachusetts, with an address at 14 Vernon Street, Framingham, MA 01701, established as an art museum, educational center and school of fine arts (hereinafter, “**DMC**”) (the FSU Parties and DMC each a “**Party**” and collectively, the “**Parties**”).

WITNESSETH

WHEREAS, established in 1973, DMC operates a museum of American art and adult and youth studio art classes to fulfill its mission of encouraging public interest in and the fostering of understanding and appreciation of the arts, and has emerged as a significant cultural resource to the Boston metropolitan area, and in particular, the MetroWest area;

WHEREAS, established in 1839, the University is a public coeducational institution of the Commonwealth of Massachusetts which offers both four-year undergraduate and graduate degrees, including majors in Bachelor of Arts in Art History and Bachelor of Arts in Studio Art with concentrations in Art Education, Ceramics, Graphic Design, Illustration, Painting, Printmaking, and Sculpture, as well as minors in Museum Studies, and the Master of Education (Art) degree, and a Post-Baccalaureate (Art Education) (the University’s arts related degrees and programs as offered from time to time, the “**Arts Programs**”);

WHEREAS, the Parties believe that by bringing together assets of DMC and resources, facilities, staff, and other assets of the FSU Parties, they can establish a strong, vibrant and preeminent Art Museum (as hereinafter defined) and school, both under the “Danforth” and “Framingham State” names, that will bring synergistic benefits to the University and its students, its Art Programs and other academic programs, current DMC members, students and visitors, and the Boston metropolitan and MetroWest communities (the “**Purpose**”);

WHEREAS, the Parties have signed a letter of intent dated December 14, 2016 outlining their mutual interest and intention to integrate the principal assets of DMC into the University, the Foundation and the Organization to create a new academic center at the University, composed of both a museum (the “Danforth Art Museum at Framingham State University”, hereinafter, the “**Museum**”) and studio arts school (the “Danforth Art School at Framingham State University”, hereinafter, the “**School**”), the Museum and the School to be referred to and to be known together as the “Danforth Art Center at Framingham State University” (hereinafter, the “**Center**”);

WHEREAS, the FSU Parties and DMC desire to enter into this present Agreement to formally establish the Center, effect the transfer of certain real estate, artworks, trade assets, resources, talent, and certain other assets and liabilities of DMC to the FSU Parties, and set forth the present and on-going duties, rights and obligations of the Parties in connection therewith;

NOW, THEREFORE, in consideration of the promises and of the mutual agreements and covenants hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Parties agree as follows:

Definitions.

In addition to the terms defined above or elsewhere in this Agreement, the following terms shall have the respective meanings for purposes of this Agreement.

“**Advisory Board**” has the meaning set forth in Section 7.1 hereof.

“**Affiliate(s)**” means any other person, company or other legal entity that, directly or indirectly controls, is controlled by, or is under common control with a Party. For purposes of this definition, “control” shall mean the power to direct or cause the direction of the management or policies of such person or entity, whether through the ownership of voting securities, by contract, structural or statutory authority or otherwise, and the terms “controls”, “controlled by,” and “under common control with” shall have correlative meanings.

“**Art Museum**” means a building specifically designed and built or renovated with the purpose of serving principally as an art museum with (a) public galleries appropriately fitted and furnished for both permanent collection and changing art exhibitions, (b) environmentally appropriate and secure collections display and storage space, (c) curatorial workroom for artwork documentation, conservation, preservation and photography, (d) multipurpose room for education programs, classes using the museum collection, and events, (e) welcome desk/reception area for visitors, and (f) administrative offices.

“Arts Programs” has the meaning set forth in the second “whereas” clause above.

“Building” means the existing structure known as the “Jonathan Maynard Building” with all improvements, fixtures, and furniture, together with the land on which such building is located at 14 Vernon Street in Framingham, Massachusetts, as recorded in the deed attached hereto at Exhibit A.

“Center” has the meaning set forth in the fourth “whereas” clause above.

“Closing Date” means June 30, 2017, or such later date as may be agreed upon in writing by the Parties.

“Collection” means the complete permanent inventory of approximately 3,000 paintings, sculpture, prints, multimedia, and other works of art owned by DMC as of the Effective Date, as set forth in Exhibit B hereto.

“Collections Committee” has the meaning set forth in Section 7.5 hereof.

“Collection Action” has the meaning set forth in Section 1.1(c) hereof.

“Collections Policy” has the meaning set forth in Section 7.7 hereof.

“Contingency Event” has the meaning set forth in Section 11 hereof.

“Determination Letter” has the meaning set forth in Section 9.2(a) hereof.

“Executive Director” means, prior to the Closing Date, the person appointed by and reporting to the board of trustees of DMC for overseeing the administration, management, programs and strategic plan of the DMC, as well as fundraising, marketing, and community outreach. After the Closing Date, the term shall mean the person appointed by and reporting to the president of the University, or his/her designee, for overseeing the administration, management, programs and strategic plan of the Center and Museum, as well as fundraising, marketing, and community outreach for the Center, and coordination and cooperation with the Department of Continuing Education at the University with respect to Studio Art Classes offered by the School.

“Initial Use” has the meaning set forth in Section 2.1(c).

“Foundation Art Fund” has the meaning set forth in Section 1.1 (d) hereof.

“Foundation Danforth Capital Projects Trust Fund” has the meaning set forth in Section 10.1 (c).

“FSU Town Agreement” has the meaning set forth in Section 2.1 (b) hereof.

“Museum” has the meaning set forth in the fourth “whereas” clause above.

“Phase I” has the meaning set forth in Section 2.1 (d) (i).

“Phase II” has the meaning set forth in Section 2.1 (d) (ii).

“Purpose” has the meaning set forth in the third “whereas” clause above.

“**School**” has the meaning set forth in the fourth “whereas” clause above.

“**Studio Art Classes**” means instructional art classes provided by qualified teaching staff to youth and adult students in methods, skills and/or techniques in painting, drawing, sculpture, print-making, and other traditional art media.

“**Studio Classrooms**” means rooms appropriate for the instruction of youth and adult studio art (painting, drawing, and other traditional art media) classes, which may require access to sinks, supply storage, seating, tables/easels, adequate lighting, ventilation, assembly, etc.

“**Substitute DMC Member**” means a substitute member of the Advisory Board or the Collections Committee (as the case may be) appointed by the Executive Director in the event DMC shall fail to appoint its representative member of the Advisory Board or Collections Committee, as contemplated by this Agreement, with such substitute member serving in such capacity until DMC shall designate and appoint its representative member, on the condition that such substitute member appointed by the Executive Director be a third party with an understanding of art collections and no contemporaneous affiliation to or conflict of interest with the FSU Parties or the Center.

“**Trade Assets**” means the trade name, trademarks, logos, and design marks of DMC and all of its donor lists, membership lists, student lists, docent lists, staff lists, teacher lists, and other similar assets.

“**Transfers**” has the meaning set forth in Section 8.1 hereof.

“**University Danforth Trust Fund**” has the meaning set forth in Section 10.1(b) hereof.

1. The Collection.

1.1 Effective on the Closing Date, and subject to satisfaction of the closing conditions set forth in Section 8.1 and the terms of Sections 10 and 11:

(a) DMC shall gift and transfer all rights, title and interest in and to the Collection to the Foundation;

(b) the Foundation shall receive and assume complete ownership and responsibility for the Collection, including but not limited to its care, maintenance, storage, protection, preservation, display, management, cataloging, and insurance;

(c) accessioning to, de-accessioning from, accepting gifts for, or making loans of a substantial quantity (in excess of one percent (1%) of the items at any one time for more than a period of one (1) year) from the Collection (any such action, a “**Collection Action**”) must be approved by the Foundation board, in its discretion, after consultation with the Advisory Board (as defined in Section 7.1 hereof); and

(d) funds from any de-accessioning of art from the Collection will be maintained by the Foundation in a separate financial account specifically to hold such funds and to be used solely

to fund acquisition and conservation of art (“**Foundation Art Fund**”). If funds are otherwise raised by or provided to DMC or any of the FSU Parties for art acquisition or conservation for the Collection, these funds will be directed to the Foundation Art Fund to be held and used only for such accession or conservation purposes for the Collection as approved by the Foundation’s board of directors, in its discretion, after consultation with the Advisory Board, unless otherwise constricted by the terms of any applicable donor agreement. Any and all gifts of artworks specifically designated to be added to the Collection (excluding funds or artworks gifted directed to the University for use outside of the Center) shall be directed by the Parties to the Foundation to become part of the Collection, and any subsequent disposition thereof shall be approved by the Foundation, in its discretion, after consultation with the Advisory Board.

2. The Building.

2.1 Effective on the Closing Date, and subject to satisfaction of the closing conditions set forth in Section 8.1 and the terms of Section 11 hereof:

(a) DMC shall convey all rights, title and interest in and to the Building to the Organization for nominal consideration. The Organization intends to lease or license the Building to the University for use as a Museum for the Collection, for Studio Art Classes, for administrative offices, and for other uses deemed appropriate for the Purposes of this Agreement;

(b) the Organization shall accept receipt of the Building subject to associated mortgage responsibilities, line-of-credit obligations, in-kind commitments, and reversionary interests and rights, and other monetary liabilities that are identified in Exhibit D, including but not limited, to those imposed by the Town of Framingham as set forth in the Agreement dated [REDACTED] by and between the FSU Parties and the Town of Framingham, Massachusetts attached hereto as Exhibit C (the “**FSU Town Agreement**”);

(c) under a one year lease, renewable annually, the Organization shall lease the Building to the University to initially be used as follows:

- i. the third floor for Studio Art Classes;
- ii. the second floor for Center administrative offices and a small art gallery(ies) for selected pieces from the Collection or special exhibitions, for which no admission fee will be charged; and
- iii. the first floor for storage, curatorial and preservation services for the Museum (all of such uses set forth in this Section 2.1 (c) i, ii, and iii, the “**Initial Use**”).

(d) the University intends to expand the gallery space for the Collection in the Building, contingent upon raising funds for various capital programs as contemplated in this Agreement:

- i. by updating systems and renovating portions of the first and second floors of the Building (with some areas remaining for Center administrative space) to provide expanded gallery space for the Collection (“**Phase I**”); and
- ii. by expanding the footprint of the Building or building an adjacent structure to the Building to be used for relocated Studio Art Classrooms

(that would then permit renovation of the third floor of the existing Building for additional gallery space for the Collection) or to be used for the Museum in order to expand galleries (“**Phase II**”).

- (e) the FSU Parties expressly acknowledge that the consent of the Town of Framingham to the conveyance of the Building to the Organization is conditioned upon the use of the Building for Studio Art Classes and as a Museum to the greatest extent possible;
- (f) the Organization shall assume title, sole ownership and on-going responsibility for the Building, including but not limited to its mortgage, taxes (if any), care, maintenance, protection, security, preservation, management, utilities, and insurance, and any other liabilities as recorded and found in Exhibit D;
- (g) the Organization shall lease or license, subject to terms to be separately and mutually agreed between the Organization and the University, the Building to the University for use as described above;
- (h) the FSU Parties and, after the Closing Date, the Center, shall develop and implement plans, dependent on achieving fundraising goals and to the extent financially feasible, for Phase I and Phase II, to be undertaken separately or together, with the goal of creating an Art Museum for the Collection. The Parties shall strive to seek accreditation, at some future date, by the Association of American Museums; and
- (i) the Parties understand and agree that during the Building renovation for Phase I or Phase II, portions, or the entirety, of the Building may be unfit or otherwise unavailable for use for any purpose, and the University will, to the best of its ability, undertake such actions as necessary to maintain appropriate visibility for the Museum and a limited display of items from the Collection and limited related Museum programs until completion of the Building renovations.

3. The School.

3.1 Effective on the Closing Date, and subject to satisfaction of the closing conditions set forth in Section 8.1 and the terms of Section 11 hereof:

- (a) DMC shall gift and transfer all rights, title and interest in and to its past and present curriculum for its Studio Art Classes, together with available lists of teachers, students and material suppliers, to the University;
- (b) the University shall receive and assume complete responsibility for administrating the School and for Studio Art Classes offered by the School under its Offices of Graduate and Continuing Education (or such other appropriate academic unit as may be determined in the University’s sole discretion from time to time);
- (c) the University shall offer and conduct Studio Art Classes under the name of “Danforth Art School at Framingham State University”;
- (d) the University shall offer through the School Studio Art Classes to adults and youth;

- (e) the University shall offer Studio Art Classes that include classes that make use of the Museum, the Collection, and special Museum exhibitions and programs, including in-gallery classes and visits;
- (f) Studio Art Classes offered by the School shall be determined by the University with the advice and consultation of the Executive Director;
- (g) the University shall be responsible for establishing and collecting, and having the financial benefit of, all fees for Studio Art Classes offered by the School, and setting the prices for supplies and other related fees or expenses in connection therewith recognizing that net revenues from such operations are necessary to contribute to support Museum operations costs; and
- (h) the University intends to leverage the presence and resources of both the Museum and School for its Arts Programs and its other academic programs (including non-Arts Programs) to produce synergistic benefits and fulfill the Purpose of this Agreement.

4. The Staff.

4.1 Effective on the Closing Date, and subject to satisfaction of the closing conditions set forth in Section 8.1 and the terms of Section 11 hereof; and subject to terms consistent with University budgetary, supervisory and hiring practices and applicable collective bargaining agreements, the University will hire and/or provide for the following six (6) administrative positions to manage the Center: Executive Director, curator, collections manager, database manager, communications director and School administrator, and may adjust the number of Center staff from time to time in accordance with the needs of operating and managing the Center.

5. The Trade Assets.

5.1 Effective on the Closing Date, and subject to satisfaction of the closing conditions set forth in Section 8.1 and the terms of Section 11 hereof:

- (a) DMC shall gift and transfer all rights, title and interest in and to its Trade Assets to the University with the intention they be used only in connection with the Center and fulfillment of the Purpose;
- (b) DMC shall have a fully paid, royalty-free, non-transferrable perpetual license from the University to use the Trade Assets (as such Trade Assets may be subsequently modified or used by the University in connection with the Center from time to time, which may be advised to DMC at its reasonable request) solely to provide financial and other support to the Center in connection with "Friends of Danforth Art", or such other new name DMC intends to adopt after the Closing Date. Should DMC use the Trade Assets in any way that is contrary or detrimental to the Purpose of this Agreement, and/or the viability of the Center, Museum, School or the Parties, or transfer use of the license to another entity, the University may revoke the use of the

license after notice to DMC and the opportunity to cure such contrary or detrimental use within twenty (20) days of such notice;

(c) the University intends to leverage the goodwill and value of the Trade Assets to promote and generate publicity and support for the Center, Museum and School, which shall include, but is not limited to appropriate signage for the Center, Museum and School, visibility in marketing materials, on-line presence and websites, Collection and Museum event publicity, Studio Class promotion and enrollment notifications, social media activities, etc.; and

(d) the University intends to promote and protect the Trade Assets to at least the same extent as it promotes and protects its own similar such assets.

6. Other Assets and Liabilities.

6.1 From and after the Effective Date and through the Closing Date, DMC shall provide to the FSU Parties complete monthly financial statements (balance sheet and P&L statements) by the 10th day of each month reflecting the prior month. Such financial statements shall include all assets and liabilities known to DMC.

6.2 On the Closing Date, subject to satisfaction of the closing conditions set forth in Section 8.1 hereof and the terms of Section 11 hereof, other than the Collection, the Building (and associated liabilities), the Trade Assets, the dispositions of which are set forth above, any and all other assets and liabilities of DMC shall be fully transferred and assigned to, and assumed by the University.

6.3 DMC remains responsible for any undisclosed liabilities; the FSU Parties accept responsibility only for those liabilities identified in Exhibit D (which shall include any liabilities under any line of credit extended to DMC, which the Parties will cooperate to obtain or expand). DMC shall resolve all known liabilities not included in Exhibit D prior to the Closing Date with the exception of the line of credit.

6.4 DMC shall purchase tail insurance and shall maintain said insurance for a period of three (3) years (with prepayment prior to the Closing Date) for any known or unknown liabilities that may survive this Agreement.

7. The Advisory Board.

7.1 Prior to the Closing Date, the Parties shall establish an advisory board composed of an equal number of members appointed by the FSU Parties (represented as one group) and DMC, with one additional member appointed by the Executive Director (the “**Advisory Board**”). In the event DMC shall fail to appoint its required members to the Advisory Board within sixty (60) days of written request from the Executive Director, the Executive Director may appoint Substitute DMC Member(s) to the Advisory Board.

7.2 The role of the Advisory Board shall be to provide guidance and support to the FSU Parties on certain matters including:

- (a) formation of a Collections Committee to recommend to approve or deny any Collection Action;
- (b) Museum events and programming;
- (c) position description and hiring of future Executive Directors of the Center;
- (d) supporting and conducting fundraising for the Center;
- (e) building renovation plans; and
- (f) other matters as may be requested by the FSU Parties from time to time.

7.3 The number of total members of the Advisory Board shall be determined by mutual agreement of the Parties, but shall number at least three (3) members and shall always be composed of a total of an odd number of members to avoid deadlock in decision-making, and have one member acting as chair elected by the other members. The then-current Executive Director shall not ever be a member of the Advisory Board but may attend any meeting of the Advisory Board at the discretion of the chair of the Advisory Board.

7.4 The Advisory Board shall establish its own governance by-laws, meeting schedule, and other administrative functions. The structure of advisory boards of other similar art museums at academic institutions may be used as a model for governance.

7.5 The Advisory Board shall establish a collections committee (the “**Collections Committee**”) which shall be responsible for making formal written recommendations to the Advisory Board for Collection Action. Any such recommendation of the Advisory Board on a Collection Action shall be submitted for final approval to the board of directors of the Foundation, the vote of which is required to give final effect to any such decision with respect to a Collection Action.

7.6 The Advisory Board shall determine the appropriate make-up of the Collections Committee, including the number of members and their respective backgrounds; however, membership shall number at least three (3) individuals and shall always be composed of a total of an odd number of members to avoid deadlock in decision-making, and have one member appointed as chair by the Advisory Board chair. The Collections Committee shall establish its own governance by-laws, meeting schedule, and other administrative functions, which shall be in form and substance similar to those of collections committees of other similar art museums at academic institutions.

7.7 The Center shall comply with DMC’s collection management policy, as attached hereto as Exhibit E (the “**Collections Policy**”), as such policy may be amended from time to time by the Advisory Board consistent with collections policies recommended by the Association of American Museums.

7.8 Recommendations of the Advisory Board to the Foundation shall be made by majority vote of a quorum of its members except that any recommendation of the Advisory Board with respect to a Collection Action must include the vote of a member appointed by DMC or a Substitute DMC Member.

8. Closing Conditions.

8.1 The gifts and transfers of assets and liabilities from DMC to the FSU Parties as contemplated by this Agreement (the “**Transfers**”), and all other representations, warranties, duties, rights and obligations of the Parties hereunder, are contingent upon and subject to completion of the following by the Closing Date:

- (a) approval by the Massachusetts Supreme Judicial Court of the Transfers as contemplated by the Section 8A Notice filed by DMC as required by Massachusetts law;
- (b) approval by the Town of Framingham of the transfer of the mortgage and its associated obligations pertaining to the Building from DMC to the Organization, and a waiver of its original right of first refusal and right of reversion pursuant to its agreements with DMC;
- (c) execution of the FSU Town Agreement attached hereto as Exhibit C;
- (d) approval and authorization of this Agreement in form and substance by the respective governing boards of DMC, the University, the Foundation, and the Organization;
- (e) no state or federal governmental authority shall have enacted any law or issued any order that has the effect of making the Transfers or the performance of the obligations of the Parties under this Agreement to be performed prior to the Closing Date illegal or otherwise restrained or prohibited;
- (f) the Parties have complied with all respective pre-closing conditions or obligations, and the representations and warranties made in this Agreement are true as of the Closing Date;
- (g) no litigation shall have commenced or judicial or administrative orders or decrees which would prohibit or restrain the transactions or terms set forth in this Agreement;
- (h) there shall have been no material changes to the Collection;
- (i) there shall be no substantial change in financial position of the DMC;
- (j) the FSU Parties shall assume the outstanding building mortgage and pay the line-of-credit liabilities listed in Exhibit D such that the DMC line of credit shall be satisfied and closed.;
- (k) DMC shall resolve any and all liabilities not listed in Exhibit D of which it knows, or reasonably should know, prior to the Closing Date;
- (l) with respect to any obligations in connection with goods, services, or space that will continue to be provided past the Closing Date, the FSU Parties, or any one of them may - as permitted by state procurement processes - enter into contracts with vendors to provide such services; and
- (m) DMC shall have complied with all pre-closing conditions, and its representations and warranties made in this Agreement are true as of the Closing Date.

9. Representations and Warranties.

9.1 Each Party, for itself, hereby represents and warrants:

- (a) it is a non-profit corporation or public entity, duly organized, validly existing and in good standing under the laws of the Commonwealth of Massachusetts;
- (b) it has the full right, power, and authority to enter into this Agreement, any and all other agreements, documents, and instruments to be executed and delivered by it pursuant to this Agreement, and to carry out the transactions contemplated hereby and thereby; and
- (c) the execution, delivery and performance of this Agreement will not violate any other agreement or obligation to which such Party may be subject.

9.2 DMC further represents and warrants:

- (a) DMC is recognized as an organization exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and as other than a private foundation under Sections 509(a)(1) or (2), respectively, of the Code. The determination letter issued to DMC by the Internal Revenue Service (the "IRS") dated September 11, 1974 (the "**Determination Letter**") is in full force and effect and has not been revoked or withdrawn. All of DMC's operations and business conform with and are permissible activities under Section 501(c)(3) of the Code and DMC has no knowledge of any action or threatened action by the IRS to revoke or terminate its federal tax-exempt status or its status as a public charity under Section 509(a)(1) or (2) of the Code.
- (b) DMC has no knowledge that it has engaged in any transaction that is reasonably likely to result in the imposition of an excise tax under Section 4958 of the Code. To the best of DMC's knowledge, the consummation of this Agreement will not jeopardize the federal or state tax exempt status of DMC, nor constitute an excess benefit transaction by DMC under Section 4958 of the Code. DMC has no knowledge of any action or threatened action by the IRS to impose on it or any "disqualified person" an excise tax under Section 4958 of the Code. To the best of DMC's knowledge, DMC has not engaged in any transaction that is reasonably likely to result in the imposition of a tax on unrelated business income of DMC pursuant to Section 511 of the Code.
- (c) No tax liens have been imposed on the Collection, the Building, or any other property or assets of DMC, nor, to DMC's knowledge, have any deficiencies or claims for any tax liability of DMC been proposed, asserted or assessed which remain unpaid.
- (d) There is (i) no action, suit, proceeding, investigation, audit or claim pending or in progress or, to DMC's knowledge, threatened regarding any taxes relating to DMC for any tax period ended or ending prior to the Closing Date; and (ii) no extension of time in force with respect to any date on which any tax or information return was or is to be filed and no waiver or agreement in force for the extension of time for the assessment or payment of any tax.
- (e) To DMC's knowledge, there are no current or pending audits of the tax or information returns of DMC for any taxable year.
- (f) To the knowledge of DMC, as of the dates of its audited or most recent unaudited financial statements, DMC has no additional liabilities, either accrued or contingent, other than

those reflected in its financial statements or communicated to the University for the period from the most recent statements provided, of a nature required to be reflected in the financial statements in accordance with generally accepted accounting principles, and whether due or to become due, which individually or in the aggregate are reasonably likely to have a material adverse effect on the Transfers.

(g) After the Effective Date and to the Closing Date, there will not be any operation of DMC out of the ordinary course of business or any change in the financial condition, properties, assets, liabilities, business, prospects or operations of DMC which change (i) by itself or in conjunction with all other such changes, has been or is likely to be materially adverse, or (ii) has not been advised to any one of the FSU Parties by DMC in writing prior to the Closing Date.

(h) To DMC's knowledge, there are no lawsuits, actions or administrative, arbitration or other proceedings or governmental investigations pending or threatened against or relating to DMC or DMC's property.

(i) To the best of DMC's knowledge, DMC is not delinquent in payments to any of its employees for any wages, salaries, commissions, bonuses, or other direct compensation for any services performed for it to the date hereof or amounts required to be reimbursed to such employees. Upon termination of the employment of any of the DMC's employees, DMC will not be liable to any such employees for "severance pay" or any other payments. To the knowledge of the DMC, it is in compliance with all applicable laws and regulations respecting labor, employment, fair employment practices, terms and conditions of employment, and wages and hours. To the knowledge of DMC, there are no threatened or pending charges of discrimination, sexual harassment or unfair labor practices, or other claims by employees against the DMC.

(j) Notwithstanding any inclusion in Exhibit D, prior to the Closing Date, DMC shall be responsible for the payment of all accrued vacation, personal leave or other entitlements its employees may claim upon the termination of their employment as well as any "severance pay" or "termination allowance" or other comparable benefit that DMC may have agreed to provide its employees;

(k) To the best of DMC's knowledge, DMC has not used any funds for any unlawful contributions, payments, gifts, or entertainment, or made any unlawful expenditures in any way relating to any political activity, government officials, or others, and neither DMC or any affiliated entity, nor any director, officer, agent, or employee or other person authorized to act on behalf of DMC has accepted or received any unlawful contributions, payments, gifts, or expenditures; and

(l) The Parties attach to this Agreement at Exhibit F a budget for the Center for fiscal year 2017 and pro-forma financials for the Center for each of the subsequent four (4) years, understanding that such budget and projections are material assumptions for the Parties entering into this Agreement.

10. Post-Closing Covenants.

10.1 Effective on and continuing after the Closing Date:

(a) In its judgment and to the extent allowed by law, the University shall provide appropriate facilities and necessary and appropriate support services to the Center, Museum and School, including but not limited to administrative, development, legal, accounting, human resource, internship, work-study, marketing, public relations, janitorial, infrastructure and other commercial services and support to ensure proper, effective and efficient operation of the affairs of the Center, Museum and School, as described herein.

(b) The University shall create a separate trust fund (hereinafter the “**University Danforth Trust Fund**”) designated solely for providing for the financial operating and maintenance needs of the Center.

(c) The Foundation shall create a separate trust fund (hereinafter the “**Foundation Danforth Capital Projects Trust Fund**”) designated solely for providing for the major capital projects needs of the Center.

(d) The Foundation shall create a separate trust fund (hereinafter the “**Foundation Art Fund**”) designated solely for providing for the Collection Actions of the Center.

(e) To the extent permitted by law and their respective by-laws, the Center, working in cooperation with the Executive Director and other Center staff, the University’s Development Office, the Foundation, and the DMC, will take a leadership role in establishing and achieving fundraising goals for deposit into the University Danforth Trust Fund, the Foundation Danforth Capital Projects Trust Fund, and the Foundation Art Fund, as appropriate for the following purposes: (i) to meet ongoing operating expenses (including the care and protection of the Collection) which funds shall be wholly deposited and directed into the University Danforth Trust Fund; (ii) to meet major capital needs, improvements or projects for the Center (including Phase I and/or Phase II), which funds shall be wholly deposited and directed into the Foundation Danforth Capital Projects Trust Fund; and, (iii) to acquire new art for the Collection, which funds shall be deposited and directed to the Foundation Art Fund. To the extent permitted by law and by the DMC’s Articles of Organization, all proceeds from fundraising for the above referenced matters (Center operations and maintenance, Phase I and/or Phase II, operational support and capital improvements or art acquisition) will be deposited into or be granted to the University’s Danforth Trust Fund, the Foundation Danforth Capital Projects Trust Fund, or the Foundation Art Fund as appropriate, regardless of which entity solicited and was gifted the funds. Any in-kind gifts designated for each fund shall be similarly so directed.

(f) Except as needed and used to pay legal, filing, accounting and similar fees necessary to maintain its 501(c)(3) status or legal existence (and in such case, only up to a ceiling of \$5,000 per fiscal year as adjusted for inflation hereafter), DMC will not (i) engage in any fundraising unless it is for the purposes described above in Section 10.1(e), nor (ii) use the words “Danforth” or “Framingham State” in any configuration to fundraise unless for the purposes described.

(g) The University shall have primary responsibility for account management, accounting and investment activities for the University Danforth Trust Fund; the Foundation shall have primary responsibility for account management, accounting and investment activities for the Foundation

Art Fund and the Foundation Danforth Capital Projects Trust Fund; and both the University and the Foundation shall provide respective financial and investment reports, as reasonably requested and available, and on a periodic and annual basis, to DMC.

(h) Fundraising goals for the Center and the funds referenced herein will be determined collaboratively among the Parties on an annual basis.

(j) DMC and the FSU Parties acknowledge and agree that capital projects to benefit the Center and School, including for Phase I, Phase II and for art acquisition, are solely contingent upon the Center achieving fundraising goals.

(k) The Foundation shall nominate and present for election one (1) representative from and proposed by DMC to the Foundation board of directors, to have the same rights, duties and privileges of all other existing directors. If the proposed candidate is not elected, a new candidate shall be presented by the DMC for Foundation consideration. For so long as the Collection remains with the Foundation and so long as the DMC continues to exist, and subject to changes to the Foundation's by-laws, there shall always be at least one (1) representative proposed by DMC on the Foundation board of directors.

(l) All messaging to the public regarding the terms of this Agreement until the Closing Date will be issued in tandem by the University and DMC. The Parties acknowledge that as a state institution, the University is bound by public records laws.

(m) The University will produce and host one or more webpages or websites accessed independently or through its main site for the Center, the Museum, and the School, and ensure appropriate content, functionality and information.

(n) The FSU Parties shall be, as appropriate, responsible for the payment of any and all city, state, federal or other expenses, fees, and other charges resulting from the Transfers and other transactions contemplated by this Agreement.

(o) DMC shall, at the request of any FSU Party, execute and deliver, or cause to be executed and delivered, additional conveyances, transfers, documents, instruments, assignments, applications, certifications, papers, and other assurances that such FSU Party reasonably requests as necessary, appropriate, convenient, useful, or desirable to effectively carry out this Agreement's intent with regard to the transfer of the Transferred Assets (or any portion thereof).

(p) The FSU Parties and their Affiliates shall, at the request of the Attorney General of the Commonwealth of Massachusetts, or DMC execute and deliver, or cause to be executed and delivered, additional conveyances, transfers, documents, instruments, assignments, applications, certifications, papers, and other assurances that such requesting party reasonably requests as necessary, appropriate, convenient, useful, or desirable to effectively carry out the terms and intent of Section 11 hereof.

(q) The Foundation shall maintain the integrity of the Collection and not make any further transfer or gift of the Collection except (i) to another FSU Party or their Affiliates, provided such party agrees to be bound to all terms in this Agreement as if a party hereto, or (ii) as expressly

permitted by Section 11.2 (iii). The Foundation shall not pledge, encumber or hypothecate the Collection, or otherwise create any claim thereon or thereto by any third party.

(r) The Foundation shall not pledge, encumber or hypothecate the Collection, or otherwise create any claim thereon or thereto by any third party.

11. Contingency Plans.

11.1 From and after the Closing Date, in the event any of the FSU Parties or their Affiliates (as may be applicable subsequent to the Effective Date):

- (a) fail to use the Collection or Building for the Purpose described herein;
- (b) fail to maintain the School for the Purpose described herein;
- (c) determine in their sole and absolute discretion to permanently close the Museum;
- (d) be and remain in breach of the FSU Town Agreement (unless there exists a definitive plan for an alternate facility for the Museum and School at a location(s) other than the Building and consistent with fulfilling the Purpose);

(any such event, a “**Contingency Event**”), and such Contingency Event continues for a period of thirty (30) days, DMC may, in its sole and absolute discretion, give written notice to the FSU Parties of the alleged Contingency Event, upon which one or more of the FSU parties shall promptly meet with DMC to discuss and resolve said event.

11.2 If the Parties are unable to come to an agreement within six (6) months to resolve a Contingency Event (measured from the date of notice set forth in Section 11.1), or if it is determined by any of the FSU Parties to be financially unfeasible to continue to support the Center as provided herein due to lack of achieving fundraising targets, the Parties shall work to implement a “Contingency Plan” as follows:

i) the Parties may mutually agree to limit plans for the Museum to the Initial Use or Phase I;

ii) the Parties may agree in writing that the obligations of FSU Parties set forth in this Agreement (e.g., number of staff positions under Section 4 of this Agreement to recognize change in scope of Museum operations) may be adjusted to enable viability of the Center; or,

iii) in case (i) or (ii) shall not be viable or mutually agreeable, FSU shall, upon written request from DMC or at the request of the Attorney General of the Commonwealth of Massachusetts, instruct the Foundation to offer to transfer all right, title and interest in and to the Collection existing as of the Closing Date (not including any artwork acquired subsequent thereto) and the then-existing balance of the Foundation Art Fund to a major Art Museum, the first preference of the Parties being the Worcester Art Museum. Upon acceptance of such Collection by such Art Museum, the Foundation will undertake all such actions as necessary to gift or otherwise effect the complete transfer of ownership and rights to the “Danforth Collection” so identified, contingent upon a vote of approval by the Foundation. It is the desire and intention of the Parties that the transfer of the “Danforth Collection” and balances of the

Foundation Art Fund be made to maintain the integrity and attribution of the Collection with the “Danforth” name, and maintain and use proceeds from the Foundation Art Fund solely for the benefit of the Collection. The Parties agree that any and all decisions with respect to further accessioning or de-accessioning with respect to the Collection be made in a manner consistent with a view towards preserving the Collection consistent with the receiving museum’s collection management policies. The FSU Parties may undertake all such actions as necessary to gift or otherwise effect the complete transfer of ownership and all rights, title and interest in and to the then-existing Trade Assets to the Art Museum accepting the Collection.

12. Other.

12.1 DMC may continue to exist as a legal entity and within ninety (90) days from the Closing Date, shall legally rename itself to “Friends of Danforth Art” or such other similar name, and function solely as an organization to provide financial and advisory support to the Center as set forth in Agreement. Its mission and by-laws shall be appropriately amended to such effect.

12.2 To the extent allowed by law, the Parties agree (a) to furnish upon request to each other such further information, (b) to execute and deliver to each other such other documents, and (c) to do such other acts and things, as is reasonably requested for the purpose of carrying out the intent of this Agreement and any of the transactions contemplated hereby.

12.3 The University (on behalf of the FSU Parties) and DMC shall cooperate with each other in the preparation of, and each shall give its prior written approval to, any and all public relations activities or other publicity, interviews or announcements concerning the transactions contemplated by this Agreement.

12.4 The Parties attach to this Agreement at Exhibit F a budget for the Center for fiscal year 2017 and pro-forma financials for the Center for each of the subsequent four (4) years, understanding that such budget and projections are material assumptions for the Parties entering into this Agreement.

13. General

13.1 In the event one or more clauses of this Agreement are declared illegal, void or unenforceable, that shall not affect the validity and enforceability of all the remaining clauses of this Agreement.

13.2 This Agreement shall be governed by and construed under the laws of the Commonwealth of Massachusetts which shall be the forum for any lawsuit between the parties arising from or incident to this Agreement.

13.3 The Parties acknowledge that the terms of this Agreement may be enforced by the Parties, their permitted successors or assigns, or by the Commonwealth of Massachusetts, acting through its Attorney General or other officials.

13.4 Nothing in this Agreement shall be deemed to make the Parties partners or joint venturers or to create a relation of principal and agent between them, nor shall any Party hold itself out as joint

venturer, partner, or agent of the other contrary to the terms of this Agreement by advertising or otherwise. Neither party shall be bound by any representation, act or omission of the other made contrary to the provisions of this Agreement.

13.5 This Agreement and its exhibits, contain all the terms by and among the Parties with respect to the matters herein. Any provision of this Agreement may be amended, waived or modified only in writing upon the consent of each of the FSU Parties and DMC. Any amendment or waiver effected in accordance with this paragraph shall be binding upon all of the parties hereto, and their respective permitted successors, assigns and transferees.

13.6 A Party may not assign this Agreement, or its rights and obligations thereunder, to any third party without the consent of the other Parties.

13.7 This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and permitted assigns.

13.8 The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any of the Parties.

13.9 This Agreement and the exhibits attached hereto set forth the entire understanding of the Parties and supersede all prior agreements or understandings, whether written or oral, with respect to the subject matter hereof.

13.10 This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

13.11 The Parties agree to conduct the transaction contemplated by this Agreement by electronic means for purposes of Massachusetts General Laws, Chapter 110G, Section 5.

13.12 The Parties agree that any allegations of breach of this Agreement, including those matters set forth in Section 11, will be noticed in writing to the alleged breaching Party, and the Parties will meet to resolve said allegations. If agreement is not reached within four (4) weeks, the Parties may agree to proceed to mediation conducted by and under the then existing commercial rules of the American Arbitration Association. Notwithstanding mediation, if a resolution is not reached, the Parties will move the matter to binding arbitration before a single arbitrator selected pursuant to the then existing commercial rules of the American Arbitration Association, the costs of which shall be borne equally by the Parties. Notwithstanding the forgoing, recognizing the potential irreparable and imminent harm in the event of any threatened or alleged breach of Sections 9(q) or 9(r), the Parties agree that DMC shall have the right to petition a court of competent jurisdiction for immediate relief without need to pursue mediation or arbitration in such case.

13 This Agreement is subject in all respects to such judgment or judgment as may be issued by the Massachusetts Supreme Judicial Court, or any other court, in connection with the Transfers.

* * * * *

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and delivered by their duly authorized representatives as set forth below.

Framingham State University

By: _____
Richard C. Logan
Chair, Board of Trustees

By: _____
F. Javier Cevallos, PhD
President

The Danforth Museum Corporation

By: _____
Agnes M. Macksoud, Co-President

By: _____
Richard Perse, Co-President

Framingham State University Foundation, Inc.

By: _____
Robert Ramrath, President

Framingham State University Foundation Supporting Organization, Inc.

By: _____
Robert Ramrath, President

EXHIBIT A:

BUILDING DEED

EXHIBIT B:

COLLECTION

EXHIBIT C:

FSU TOWN AGREEMENT

EXHIBIT D:

DMC FINANCES

EXHIBIT E:

COLLECTIONS POLICY

EXHIBIT F:

PRO FORMA BUDGET

**Memorandum of Agreement
between
Town of Framingham and Framingham State University and
Framingham State University Supporting Organization, Inc.**

This Memorandum of Agreement (“MOA”) is entered into on _____, 2017 between the **Town of Framingham**, a municipal corporation having its office at 150 Concord Street, Framingham, MA 01702 (“Town”) acting by and through its Board of Selectmen, and **Framingham State University**, (“University”) is public institution of higher education authorized by G.L.c. 15A, § 5, operating under the direction of a board of trustees, whose members are appointed by the Governor of the Commonwealth of Massachusetts, and the **Framingham State University Foundation Supporting Organization, Inc.**, (“Supporting Organization”) a Massachusetts non-profit corporation having status as an I.R.C. 501 (c)(3) tax exempt organization whose address is c/o **the Framingham State University Foundation, Inc.** (“Foundation”), 100 State Street, Framingham, MA 01701 and the Foundation

RECITALS

1. Whereas the Town conveyed the land and improvements thereon at 14 Vernon Street, Framingham, MA, including the Jonathan Maynard Building (“Premises”; the Jonathan Maynard Building is hereafter referred to as the “Maynard Building”) to The Danforth Museum Corporation (“Danforth”) on January 27, 2014, under the deed filed as Document No. 1663930 (“Deed”) so that the Danforth could relocate the Danforth Museum and School from Union Avenue in Framingham to the Premises; and
2. Whereas, under the terms of paragraph 2.31 of Rider A to a Purchase and Sale Agreement for Massachusetts Real Estate dated February 5, 2013 (“Purchase and Sale Agreement”), the provisions of which survive recording of the Deed, title to the Premises shall revert to the Town of Framingham if the Danforth fails to provide to the Town over a period of five years (i.e., until January 21, 2019) in-kind services and continuing thereafter for another five years, and then as needed, valued in excess of \$500,000.00 over the initial five-year period, which in-kind services shall consist of:
 - i) educational programs in collaboration with the Framingham Public Schools;
 - ii) membership discounts for Framingham residents;
 - iii) studio art program scholarships for Framingham adults, and
 - iv) professional development classes for Framingham Public School teachers, and to continue such services for an additional five-year period, after which the Danforth and the Town would commit to maintaining service based needs to the Framingham community;
3. Whereas, the Purchase and Sale Agreement further stipulated that, “During the existence of the mortgage, the Danforth Museum grants to the Town a Right of First Refusal to repurchase the property at 2/3 of the full market value (evidenced by a bona fide offer to purchase)” before the mortgage was satisfied, and \$500,000.00 less than market value (evidenced by a bona fide offer to purchase) after the mortgage was satisfied, and that this “Right of First Refusal shall exist for a period of 75 years commencing from the date of the closing”; and

NOW THEN,

4. Whereas, the Danforth has entered into an agreement with the Supporting Organization to convey the Premises to it for nominal consideration, together with all tangible and intangible assets and subject to liabilities of the Danforth, contingent upon obtaining approval for the same from the Public Charities Division of the Commonwealth's Office of the Attorney General;
5. Whereas, upon renovation, the Premises are currently being used and occupied as follows:
 - a. The third floor is being used for art classes;
 - b. The second floor is being used for administrative offices and will contain a small art gallery for which no admission fee will be charged; and
 - c. The first floor is being used for storage, curatorial and preservation services.
6. Whereas, after taking title to the Premises, the Supporting Organization, Inc., shall enter into a license with the University for one year, to be renewed annually until the Mortgage to the Town is paid in full and discharged, which license shall commence immediately upon conveyance of the Premises so that the University may operate the Danforth Museum and School at the Premises as an academic center of Framingham State University, for the benefit of the University's students and faculty, and for the benefit of the inhabitants of the Town to fulfill the intent of the Purchase and Sale Agreement;

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises set forth herein, the parties agree as follows:

1. the University shall use the Maynard Building as described above, with the intent to expand the gallery space, and contingent upon raising funds for various capital programs as described below as set forth in the Founding Agreement between the Danforth and the University, Supporting Organization, and the Foundation dated May __ 2017, the University will:
 - a. update systems and renovate portions of the first and second floors (with some areas remaining administrative space) to provide expanded gallery space (Phase I)
 - b. expand the footprint of the Maynard Building or build an adjacent structure to the Maynard Building to be used as relocated studio art and classroom space (that would then permit renovation of the third floor of the existing facility for additional gallery space) or to be used for museum space in order to expand galleries (Phase II);

2. the University shall begin fundraising efforts, for both operating needs and the noted capital programs, immediately after the transfer of the Maynard Building from the Danforth to the Framingham State University Foundation Supporting Organization, Inc. and use its best efforts to display as many as possible of artworks currently in the possession of the Danforth to be acquired by the Foundation, subject to curatorial discretion, changing exhibits and adequate space, to maintain a bona fide art museum on the Premises. The University, the Supporting Organization and the Foundation expressly acknowledge that the Town's consent to the Danforth's conveyance of the Premises to the Supporting Organization is conditioned upon the use of the building as a museum and for studio art classes to the greatest extent practicable.
3. The University shall provide in-kind contributions valued at not less than \$500,000.00 to benefit the residents of Framingham over a period of five years, commencing from time of filing the deed from the Danforth Museum Corporation to the Supporting Organization, with the Middlesex South Registry District of the Land Court which in-kind contributions shall consist of:
 - a. educational programs in collaboration with the Framingham Public Schools;
 - b. membership and event discounts for Framingham residents;
 - c. studio art program;
 - d. academic and/or housing, scholarships for Framingham residents up to eight scholarships, the total of which is not to exceed \$40,000.00 per year unless a greater amount is authorized by mutual written agreement between the Town and the University, and
 - e. professional development classes for Framingham Public School teachers;
4. the University and Supporting Organization agree to provide a detailed annual accounting of the value of rendered in-kind services provided in accordance with Governmental Accounting Standards Board standards to satisfy paragraph 1(c)(i)-(iv) and present a written statement of such accounting to the Town for the preceding calendar year no later than July 31, i.e., within 31 days of the end of each fiscal year;
5. the University and Supporting Organization agree that, if the value of in-kind services received by the residents of the Town over the five-year period measured from the date when deed from the Danforth Museum Corporation to the FSU Supporting Organization is filed with the Middlesex South Registry District of the Land Court is less than \$500,000.00, then the University shall continue to provide in-kind services to the residents of the Town until such time as the \$500,000.00 value is achieved and the reverter held by the Town shall continue until such time as this obligation is fulfilled; and that the reverter held by the Town shall also continue until such time as investments have been made necessary to achieve Phase 1 renovations, as provided in section 1 a (above).

6. Contingent upon receipt of an authorizing vote of Town Meeting, the Town shall:
 - a. agree to the conveyance of the Premises by Danforth to the Supporting Organization, subject to a right of first refusal ending on January 21, 2089, and subject to a right of reverter for a period of five years and the satisfaction of in-kind services valued at \$500,000.00, (and if said in-kind services are valued at less than \$500,000.00, at the end of the five year period, additional time to reach the value of \$500,000.00) that shall be measured from the date of the filing the deed from the Danforth Museum Corporation to the Supporting Organization, with the Middlesex South Registry District of the Land Court, which rights shall be held by the Town by and through its Board of Selectmen, (“Town”) and then by its successor executive body after January 1, 2018;
 - b. waive the Town’s right of first refusal for the conveyance of the Maynard Building to the Supporting Organization only. The Town shall retain its right of first refusal as to all other conveyances, including but not be limited to, the grant of a leasehold or mortgage interest in the Premises;
 - c. allow the Supporting Organization to assume all of the Danforth’s remaining obligations under the Mortgage Note dated January 23, 2014 as affected by the Amended and Restated Mortgage Note dated _____, 2017 and the obligations evidenced by the Mortgage and Security Agreement granted to the Town by the Danforth Museum Corporation filed on January 27, 2017 as Document No. 1663932 and the Conditional Assignment of Leases and Rents filed on January 27, 2017 as Document No. 1663933 as the same is affected by the AGREEMENT TO ASSUME OBLIGATIONS UNDER MORTGAGE AND SECURITY AGREEMENT AND CONDITIONAL ASSIGNMENT OF LEASES AND RENTS (“Assumption Agreement”) dated _____, 2017 and filed as Document No. _____; and
 - d. authorize its Board of Selectmen to execute such further and additional documents that may be needed to effectuate the intent and purpose of this MOA.

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FRAMINGHAM STATE UNIVERSITY

By:
Its duly authorized:

FRAMINGHAM STATE UNIVERSITY SUPPORTING ORGANIZATION, INC.

By:
Its duly authorized:

FRAMINGHAM STATE UNIVERSITY FOUNDATION, INC.

By:
Its duly authorized:

Operating Budget	Danforth Financial Reports (Revised)		Pro Forma Out-Year Projections			
	FY2016 <i>(10 months)</i>	FY2017 <i>(12 months)</i>	FY2018	FY2019	FY2020	FY2021 <i>At Galleries Open</i>
<i>Assumes art studios and limited gallery operations at Maynard</i>						
Operations Receipts						
Art School Tuition	\$503,400	\$295,000	\$400,000	\$410,000	\$430,000	\$441,000
Membership	\$43,400	\$19,500	\$14,000	\$17,000	\$17,000	\$45,000
Admissions/Retail/Fees	\$29,600	\$2,600	\$3,000	\$15,000	\$15,000	\$35,000
Other - FSU rental & reimb; Misc.	\$132,100	\$93,600	\$20,000	\$20,000	\$20,000	\$55,000
Gifts (FY16 less \$127K capital restricted funds)	<u>\$402,900</u>	<u>\$451,700</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>
Total Receipts	\$1,111,400	\$862,400	\$937,000	\$962,000	\$982,000	\$1,076,000
Operations Disbursements						
Payroll: Staff (FY18 represents 6.5 positions)	(\$757,000)	(\$490,000)	(\$578,000)	(\$598,000)	(\$619,000)	(\$641,000)
Payroll: Art Instructors	(\$130,500)	(\$85,400)	(\$105,000)	(\$108,000)	(\$111,000)	(\$114,000)
Employer Taxes & Fringe/Other Personnel	(\$98,300)	(\$285,400)	(\$86,000)	(\$88,000)	(\$90,000)	(\$92,000)
Facility: Maynard (incl. mortg. & LOC debt service)	(\$59,700)	(\$83,700)	(\$218,000)	(\$218,000)	(\$218,000)	(\$248,000)
Other Operating Expenses (incl. insurance)	<u>(\$327,000)</u>	<u>(\$130,900)</u>	<u>(\$190,000)</u>	<u>(\$190,000)</u>	<u>(\$184,000)</u>	<u>(\$221,000)</u>
Total Expenses	<u>(\$1,372,500)</u>	<u>(\$1,075,400)</u>	<u>(\$1,177,000)</u>	<u>(\$1,202,000)</u>	<u>(\$1,222,000)</u>	<u>(\$1,316,000)</u>
Net Income - Operations	(\$261,100)	(\$213,000)	(\$240,000)	(\$240,000)	(\$240,000)	(\$240,000)
Capital Program Income						
Gifts (FY16 \$127K included in FY17 Capt. Gifts)		\$171,400				
Capital Program Expenses						
Contractor Expenses and Other		<u>(\$468,300)</u>				
Net Income - Capital Program		(\$296,900)				
Surplus/(Deficit) - Projected Annual Subsidy	(\$261,100)	(\$509,900)	(\$240,000)	(\$240,000)	(\$240,000)	(\$240,000)

Notes: FSU currently pays \$75K annually (with 3.5% annual escalation) to lease the second floor of the Maynard Building and incurs approximately \$25K in associated annual expenses. Scheduled "Annual Subsidy" transfer will be budgeted in General Purpose - General Reserve Trust Fund (investments returns coverage); net impact: **additional \$140K annually**. FSU functions previously located at the Maynard Building have been reassigned to O'Connor Hall and 860 Worcester Road. Budget assumes net income from studio courses; FY2018-FY2020 courses offered at Maynard Building and utilizing additional FSU facilities for Danforth summer programs. FY2021 and beyond budget assumes net income from studio courses; studios location to be determined by capital fundraising and associated galleries/studios project scope.

Pro Forma Operating Budget Assumptions:

FY2017 Art School Tuition impacted by elimination of ceramics program as of July 2016 and no Fall 2016 classes; full year art classes (but no ceramics classes) to resume FY2018
 FY2017 Membership income decrease due to suspension of gallery exhibitions through FY2020
 Danforth is pursuing offsite exhibitions in the community (Walnut Hill School, Griffin Museum, and Worcester Art Museum) until gallery spaces become available locally
 FY2018 Admissions/Retail/Fees assume reduced operations; FY2021 assumes galleries in operation
 FY2018 and forward Other Income assumes elimination of FSU lease payments income
 FY2017 and forward (with escalation) Gifts Income is based on historical average of approximately \$500K annually
 FY2017 Payroll Staff *annualized* decrease of \$300K due to elimination of 5.5 positions between July 2016 and September 2016
 FY2018 and forward Payroll Staff costs account for specified positions to be carried forward with annual adjustments
 FY2017 Payroll Art Instructors decrease due to elimination of ceramics courses and no Fall 2016 classes; FY2018-FY2021 increases assume full year programs
 FY2019 and forward Facility: Maynard costs include debt service - **both \$665K mortgage and projected \$500K line-of-credit** - as well as additional costs for expanded use of the facility
 FY2017 thru FY2020 Other Operating Expenses reduction due to reduced variable costs associated with elimination of exhibition activities; FY2021 reinstated with galleries open

Capital Budget				
Short Term		Timing	Estimated Cost	Comment
Maynard Adaptation Projects - Phase a	Studios/Admin.	Completed	\$470,000	Supports studios & admin. operations
Maynard Adaptation Projects - Phase b	Limited Galleries	Near Term	TBD	Supports limited galleries operations
Total Short-Term Capital Investment:	<i>Danforth Funded</i>		\$470,000	Approx. \$65/sq. ft. basic renov. costs
Longer Term				
Maynard Building Adaptation & Renewal	Current Facility/System	Upon funds avail.	\$2,400,000	Equates to \$130/sq. ft. costs
Maynard Building Expansion	Expansion to support full galleries/studios ops		\$2,600,000	Equates to \$325/sq. ft. costs (8K sq ft.)
Goals: Studios & limited Gallery operations ASAP; major renovations/systems and possibly expansion completed by Fall 2020 (dependent on fund raising).				

Mortgage & Line of Credit Obligations	
Town of Framingham Mortgage (at closing)	\$665,000 (Assigned by Town of Framingham to FSU Foundation Supporting Organization)
Line of Credit Obligation (projected at closing)	<u>\$500,000</u> (Danforth LOC to be paid off from FSUSO LOC at closing)
Total Credit Obligations:	\$1,165,000 (Annual debt service costs built into proforma budget assumptions above)

Real Property Value
Jonathan Maynard Building 2017 Assessment: \$2.1M less \$665K mortgage and \$500K line-of-credit, plus \$470,000 in recent capital investment by Danforth (net asset value estimate: \$1.4M - not accounting for \$500K in future in-kind contributions commitments)

Danforth and FSU Potential Financial Exposure Summary
Proposed Approach: The identified FY2017 costs - both operating and "short term" capital costs - would be the responsibility of Danforth Art as no formal agreement between FSU and Danforth Art (beyond a Letter of Intent) would be in place until July 1 2017; it is anticipated that future association between the two organizations would assist in Danforth's efforts to raise out-years funds (with assistance from FSU's Development and Grants & Sponsored Programs offices). - Assuming that the noted FY2017 capital costs (\$475K) are covered by Danforth Art, decisions on the timing of the larger capital project - the renovation of the Maynard Building for galleries use - would be dependent upon fund raising/grants first being secured; with interim limited gallery use possible. ~ Upon securing the noted funding (\$2.4M-\$5.0M depending on scope), the Maynard Project could proceed to construction as early as spring 2020. ~ Future fundraising would be focused on potential expansion of the Maynard facility to address gallery and studio needs; in the interim, art classes net income is necessary to support operations as noted and classes would be retained at Maynard until an expansion scope project is completed. ~ If sufficient funds cannot be raised to renovate the Maynard Building for gallery use (\$2.4M-\$5.0M+ depending on scope) on the timeframe noted, the Maynard Building project(s) would be delayed until such time as funds for the galleries/expansion project can be obtained.



Framingham
State University

Framingham State University FY2018 Budget



FY2018 Budget Development Assumptions

Category	Budget Plan (highlighted figures reflect changes from February proposal)
Collective Bargaining	All three contracts (MSCA, APA, AFSCME) currently not settled; budget assumes 2.5% annual salary increases (recent community colleges increases precedent).
State Appropriations	FY2018 budget based on anticipated state funding increase of \$280K (1.0%) to be allocated through the BHE funding formula; and, \$680K supplemental funding (assuming 2.5% cost increases) for collective bargaining.
Student Charges	Tuition and Fees increase of \$580 (6.2%); aggregate comprehensive student cost increase (including room and board adjustments) of \$990 (4.8%);
Enrollment	Aggregate Day enrollment target of approximately 3,900 total FTE UG (fall) students (represents 100 students, or -2.5%, decrease – based on level number of new students).
Inflation	General assumption of 1.5%-3% inflation; major exception is fringe benefits chargeback rate that is increasing at a faster rate and student financial aid increase of 5.3%; in aggregate, equates to approximately 2.2% adjustments on average (accounting for reductions and reallocations).
Staffing Levels	FY18 budget assumptions based on hiring of carry-over FY17 tenure track positions plus additional 1.0 tenure track position and 0.0 additional staff (excluding assumption of Danforth Art positions and potential positions to be funded from Strategic Priorities reserve)
Strategic Priorities Fund	Strategic Priorities Initiative Fund allocations to support FY2018 initiatives. <i>New investment of \$650K in FY18 represents \$165 of proposed fee increase.</i>
Trust Funds Support	Trust fund managers have been directed to submit FY2018 budgets accounting for level College Operations support and to account for impact of anticipated enrollment reduction.

College Operating Budget - FY2018 All Funds Budget																
--- "General College Operations" ---																
Revenues	State Appropriations	Ret. Tuition Revenues	College Operations	Residence Life	Gen. Purpose/Auxiliary Ent.	Continuing Education	Academic Support	Athletics	Danforth Art Center	College Center	Library	Student Activities	Warren Center	Other Trust Funds	Total	% of Total
State Appropriations	\$28,192,000														\$28,192,000	24%
State Authorized Retained Tuition		\$750,000													\$750,000	1%
State Funded Fringe Benefits (est.)	\$10,144,000	\$292,000													\$10,436,000	9%
Net Student Tuition & Fees - Day			\$29,473,000				\$269,000	\$1,041,000		\$897,000	\$390,000	\$546,000		\$480,000	\$33,096,000	28%
Net Student Tuition/Fees - Evening			\$1,620,000			\$6,377,000				\$77,000	\$129,000			\$76,000	\$8,279,000	7%
Contract Courses/Workshops					\$197,000	\$1,604,000	\$15,000		\$400,000						\$2,216,000	2%
Student Rents				\$16,557,000											\$16,557,000	14%
Student Meal Plans					\$7,160,000										\$7,160,000	6%
Gifts/Sales/Commissions				\$61,000	\$629,000	\$30,000	\$34,000	\$136,000	\$537,000	\$15,000			\$475,000	\$3,000	\$1,920,000	2%
Grants					\$170,000										\$170,000	0%
Interest/Miscellaneous			\$547,000	\$12,000	\$1,336,000	\$78,000	\$1,000	\$114,000			\$3,000	\$1,000		\$1,000	\$2,093,000	2%
Transfers In			\$3,910,000	\$6,000	\$858,000	\$0	\$1,636,000	\$284,000	\$240,000	\$40,000	\$104,000			\$180,000	\$7,258,000	6%
Total Budgeted Revenues	\$38,336,000	\$1,042,000	\$35,550,000	\$16,636,000	\$10,350,000	\$8,089,000	\$1,955,000	\$1,575,000	\$1,177,000	\$1,029,000	\$626,000	\$547,000	\$475,000	\$740,000	\$118,127,000	100%
Expenditures	State Appropriations	Ret. Tuition Revenues	College Operations	Residence Life	Gen. Purpose/Auxiliary Ent.	Continuing Education	Academic Support	Athletics	Danforth Art Center	College Center	Library	Student Activities	Warren Center	Other Trust Funds	Total	% of Total
Employee Compensation	\$28,192,000	\$750,000	\$6,394,000	\$1,502,000	\$594,000	\$1,411,000	\$83,000	\$106,000	\$398,000	\$131,000	\$3,000	\$9,000		\$118,000	\$39,688,000	34%
Employee Related Expenditures			\$133,000	\$9,000	\$33,000	\$12,000	\$319,000	\$35,000		\$3,000	\$3,600	\$1,000		\$10,000	\$558,600	0%
Special Employees			\$4,317,000	\$1,228,000	\$447,000	\$3,683,000	\$546,000	\$341,000	\$132,000	\$115,000	\$138,000	\$11,000		\$190,000	\$11,148,000	9%
Pension & Insurance	\$10,144,000	\$292,000	\$2,287,000	\$562,000	\$191,000	\$520,000	\$7,000	\$44,000	\$153,000	\$45,000	\$1,400			\$46,000	\$14,292,400	12%
Administrative Expenditures			\$2,293,000	\$369,000	\$551,000	\$182,000	\$264,000	\$391,000	\$253,000	\$87,000	\$87,000	\$72,000		\$96,000	\$4,645,000	4%
Facility Operations			\$387,000	\$211,000	\$89,000	\$12,000	\$248,000	\$265,000	\$50,000	\$29,000	\$344,000	\$357,000		\$75,000	\$2,067,000	2%
Utilities/Space Rentals			\$3,869,000	\$1,568,000				\$1,000	\$63,000						\$5,501,000	5%
Consultant/Contracted Services			\$618,000	\$9,000	\$107,000	\$32,000	\$41,000	\$9,000	\$51,000	\$92,000		\$32,000		\$65,000	\$1,056,000	1%
Operational Services			\$400,000	\$39,000	\$6,453,000		\$11,000	\$80,000		\$1,000		\$1,000		\$31,000	\$7,016,000	6%
Equipment			\$300,000	\$20,000	\$50,000	\$1,000	\$39,000	\$43,000	\$7,000			\$0	\$150,000	\$43,000	\$653,000	1%
Equipment Lease/Maintenance			\$500,000	\$147,000	\$19,000	\$1,000	\$101,000	\$20,000		\$3,000	\$2,000	\$5,000		\$8,000	\$806,000	1%
Purchased Services			\$66,000	\$9,000	\$6,000	\$2,000	\$63,000	\$141,000		\$8,000		\$26,000		\$2,000	\$323,000	0%
Construction/Facilities Operations			\$1,380,000	\$91,000	\$58,000		\$1,000	\$5,000					\$185,000	\$1,000	\$1,721,000	1%
Information Technology			\$3,833,000	\$135,000	\$71,000	\$10,000	\$57,000	\$4,000		\$11,000	\$45,000	\$12,000	\$75,000	\$46,000	\$4,299,000	4%
Aid/Waivers/Entitlement Programs			\$2,653,000	\$288,000	\$36,000	\$392,000	\$49,000					\$6,000		\$1,000	\$3,425,000	3%
Payments/Debt Service			\$2,530,000	\$10,382,000	\$1,257,000			\$90,000	\$70,000	\$492,000					\$14,821,000	13%
Transfers Out			\$3,590,000	\$120,000	\$362,000	\$1,836,000	\$166,000			\$12,000		\$15,000		\$6,000	\$6,107,000	5%
Total Budgeted Expenditures	\$38,336,000	\$1,042,000	\$35,550,000	\$16,689,000	\$10,324,000	\$8,094,000	\$1,995,000	\$1,575,000	\$1,177,000	\$1,029,000	\$621,000	\$547,000	\$410,000	\$738,000	\$118,127,000	100%
Transfers In/Out from Reserves	\$0	\$0	\$0	(\$53,000)	\$26,000	(\$5,000)	(\$40,000)	\$0	\$0	\$0	\$5,000	\$0	\$65,000	\$2,000	\$0	0.0%
Percent of Total	32%	1%	30%	14%	9%	7%	2%	1%	1%	1%	1%	0%	0%	1%	100%	

Remitted Tuition (\$350,000)

Balanced (no deficit) Operating Budget

Other Funds Capital Budget - FY2018						
Major Capital (Non-Maintenance) Projects						
Revenue Sources	College Funding	DCAM Funding	College Financing	MSCBA Funding	Aux. Ent. Funding	Total
Capital Expenditures	\$700,000	\$1,900,000	\$3,200,000	\$800,000	\$800,000	\$7,400,000

Operating Budget (less Aux. Ent.) \$91,114,000
 State Support (Approp. Plus F.B. Funding less Remitted Tuition) \$38,278,000
 State Support as % of Non-Aux. Operations: 42.0%
 State Support per Undergraduate Student: \$9,800

Undergraduate FTEs: 3909

Other Funds Financial Aid Budget - FY2018										
Revenue Sources (College Administered)	Federal Loans	Non-Federal Loans	State NIL Loans	Federal Grants	State Grants	Foundation (FSU) Grants	Other Grants	Indep. Alumni Grants & Loans	University Grants/Waivers	Total
Financial Aid Expenditures	\$23,500,000	\$5,800,000	\$500,000	\$6,100,000	\$1,900,000	\$500,000	\$220,000	\$80,000	\$4,150,000	\$42,750,000

Total Grants \$12,950,000 30%
 Total Loans \$29,800,000 70%

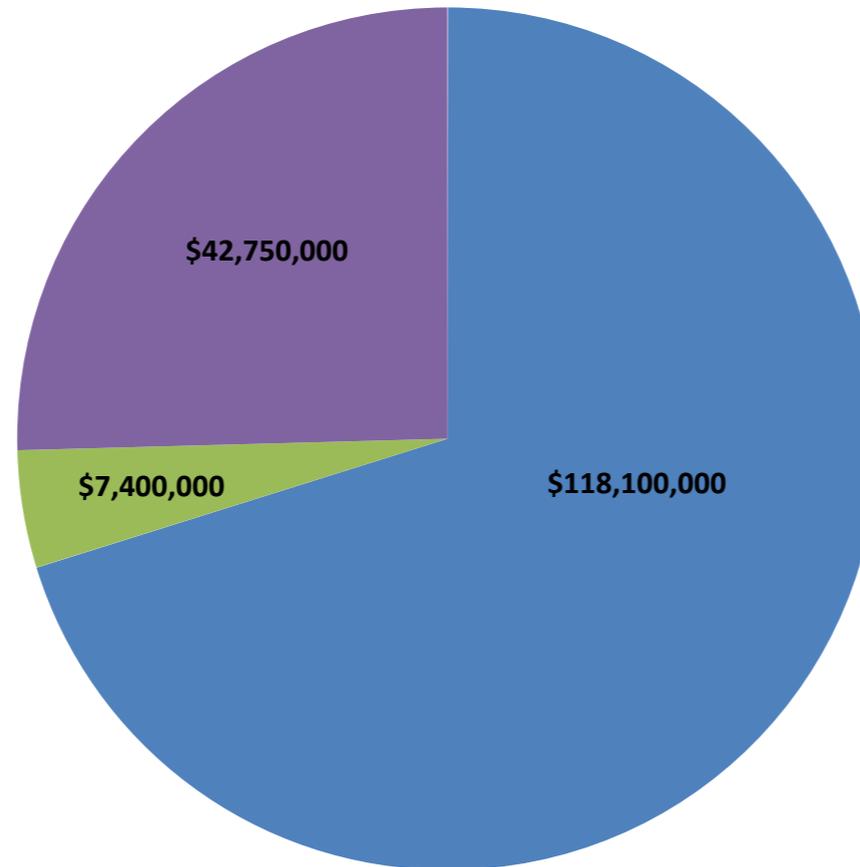
FY2018 All Budgeted Expenditures - Proforma Total
Budgeted Expenditures Operating/Capital/Financial Aid (net)
Total \$162,627,000

FY2018 All Funds Budget of \$162.6M



Framingham State University FY2018 “All Funds” Budget Summary

All Funds Budget Summary



FY2018 \$162.6M “All Funds” budget represents a reduction of \$14.0M (-7.8%) from FY2017:

- > Operations increase \$4.6M (+4.0%)
- > Financial Aid Budget increase \$2.0M (+5.1%)
- > Capital Budget decrease \$20.6M (-74%)
~ includes State G.O. funding support
~ reduction due to completion of Science Project

- Operating Budget
- Capital Budget
- Financial Aid Budget

\$162.6 Million Net “All Funds” Budget

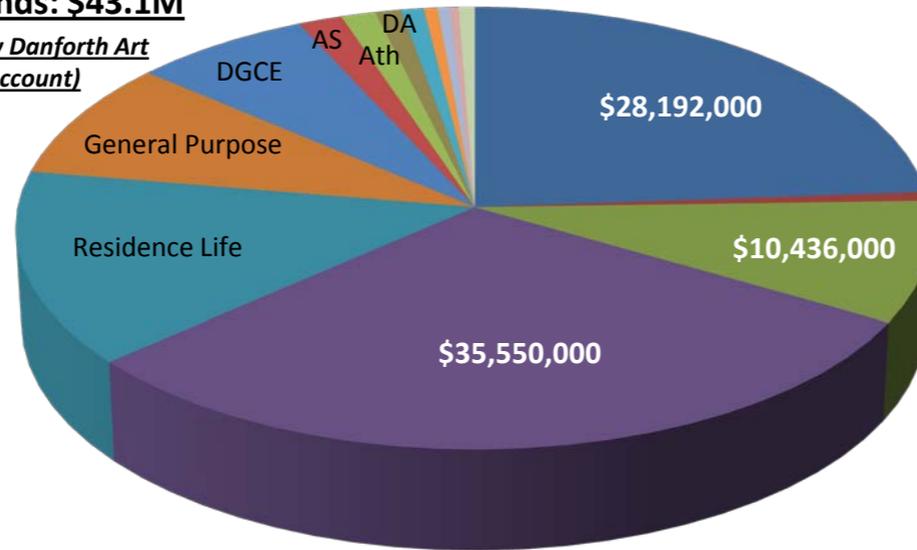


Framingham State University FY2018 Operating Budget Summary

FY2018 Operating Budget :
Revenues: \$118.1M
Expenditures: \$118.1M

**At State Funding of Collective Bargaining Costs (2.5% increase)
Plus Formula Funding Reserve Allocation (1.0% increase)**

Trust Funds: \$43.1M
(including new Danforth Art Center account)



General Operations Funds: \$75.0M

- State Appropriations
- Direct Paid State Fringe Benefits Support
- College Operations

\$118.1 Million Operating Budget



Framingham State University FY2018 Operating Budget Key Parameters

Assumes projected enrollment (-2.5% FTE decrease)
 The base scenario assumes that the Commonwealth will fund
 Collective Bargaining costs (\$690K; 2.5%) and a Formula Funding Pool (\$280K; 1.0%)

Budget Summary @ 3.5% State Funding

State Appropriations

Student Charges

Day Student Tuition and Fees – Increase (FT Annual)

Residence Hall Rates – Increase (Annual)

Dining Rates – Increase (Annual)

Comprehensive Charges for Tuition, Fees, Room, and Board – Increase (FT Annual)

DGCE Undergraduate – Increase (per course)

DGCE Graduate – Increase (per course)

Strategic Priorities Initiatives New Funding

Faculty Positions – Full Time Tenure Track Positions Increase

Staff Positions – Increase

(excluding assumption of 6.5 Danforth Art positions and potential Strategic Priorities funded positions)

Budgeted General Operations Net Income

\$28.9M (3.5%)

\$580 (6.2%)

\$300 (3.8%)

\$110 (3.2%)

\$990 (4.8%)

\$35 (3.3%)

\$50-\$58 (4.3%)

\$650K

1

0

\$0K

Base Budget Assumptions



FY2018 Budget Overview

	<u>Cost</u>	<u>Fee Impact</u>
➤ Personnel Incremental Costs (3.0% aggregate increase)		
▪ Collective Bargaining; Additional Faculty and Staff; Fringe Benefits	(\$1.1M)	\$290
Includes new Faculty tenure track positions and new Staff positions; benefits increased costs		
➤ Non - Personnel Inflation/Reductions/Reallocations (2.2% net increase)		
▪ Operations; Maintenance; Equipment; IT; and Debt Service	(\$0.5M)	\$125
➤ Strategic Priorities Initiatives Funding (SPIF)		
▪ Incremental (net) costs of SPIF initiatives (\$1.6M from reallocations/other sources)	(\$0.65M)	\$165
➤ Net Impact of Reduced Enrollment	(\$0.9M)	\$230
➤ State Funding - Line-item Appropriation (\$28.9M)	\$0.9M	(\$230)
▪ Assumes FY18 Formula allocation and Collective Bargaining supplemental funding	_____	_____
➤ Student Net Revenue – Incremental Charges Impact	(\$2.25M)	\$580



Framingham State University tuition and fees are projected to remain below the state university average. Comprehensive costs for tuition and fees, room and board are projected to be \$200 less than the segment average.

State Universities Projected Student Cost Comparison: AY2017-2018

Peers Tuition and Fees, Room and Board - Inflated (conservatively) at 4.5%/3.3%/3.0%

	FY18 Resident Tuition and Fees	FY18 Room	FY18 Board	FY2018 Total	Total Increase	% Increase
Bridgewater	\$10,200	\$8,230	\$3,800	\$22,230		
Fitchburg	\$10,380	\$7,140	\$3,480	\$21,000		
Framingham	\$9,920	\$8,260	\$3,560	\$21,740	\$990	4.8%
Salem	\$10,170	\$9,020	\$3,630	\$22,820		
Westfield	\$9,700	\$8,400	\$3,800	\$21,900		
Worcester	\$9,630	\$8,564	\$3,726	\$21,920		
Sister Universities Average	\$10,020	\$8,275	\$3,687	\$21,950		
Framingham Rank - Sister Colleges				2nd Lowest		
FSU \$ Difference from Avg.	-\$100	-\$15	-\$127	-\$210		
FSU % Difference from Avg.	-1.0%	-0.2%	-3.4%	-1.0%		

“Sister Colleges” have reported preliminary FY2018 projected comprehensive fee increases from \$750 to \$1,000 (contingent upon ultimate state funding)

FY2018 FSU Tuition and Fees and Comprehensive Costs projected to remain below the state universities average

Assumptions:	Fees: \$580 increase (6.2%)
	Rent: \$300 increase (3.8%) - weighted avg rate
	Board: \$110 increase (3.2%)

DGCE Student Charges	Increases:	Comparable Costs:
➤ Undergraduate:	\$35 per course 3.3%	\$8,720 for 8 courses
	- cost per credit hour remains lowest among sister universities	
➤ Graduate (excl. MBA/MSN/PSM)	\$50 per course 4.3%	\$9,760 for 8 courses
➤ Graduate – MBA, MSN, PSM	\$58 per course 4.3%	\$11,360 for 8 courses
➤ International Student Fee	\$60 per semester	\$2,200 per year premium



Five Year Pro Forma General Operations Budget Key Parameters

Major Factors Assumptions (based on enrollment and state support update)	FY2017	FY2018	FY2019	FY2020	FY2021
State Appropriations Support (net with coll. barg. reserves funding) <i>% Annual Increase</i>	\$27,913,720 1.0%	\$28,880,000 3.5%	\$29,877,000 3.5%	\$30,908,000 3.5%	\$31,975,000 3.5%
Student Generated Net Revenues (rate and enrollment impact) <i>% Annual Increase</i>	\$30,057,000 2.9%	\$31,173,000 3.7%	\$32,472,000 4.0%	\$33,766,000 4.2%	\$35,172,000 4.2%
Enrollment (Day FTE) Projections (assumes 760 new /380 transfer students annually) <i>% Annual Increase/Decrease</i> (steady state by FY2020 at 3850; target level of 4000)	4,009 -4.3%	3,909 -2.5%	3,865 -1.1%	3,850 -0.4%	3,850 0.0%
Student Financial Aid (Institutional Grants/Waivers) Support <i>% Annual Increase</i>	\$2,520,000 5.0%	\$2,653,000 5.3%	\$2,788,000 5.0%	\$2,928,000 5.0%	\$3,078,000 5.0%
Annual Debt Service Projection <i>Debt Burden Ratio</i> (including Danforth debt and projected future issuances)	\$4,396,270 4.7%	\$4,775,000 4.8%	\$4,936,000 4.8%	\$5,062,000 4.8%	\$5,081,388 4.7%
New Strategic Priorities Fund (includes reallocations and other sources funds)		\$2,470,000	\$2,579,000	\$3,206,000	\$3,622,000
Day Faculty Positions (FTEs) <i>Day TT Positions</i> (FY18 positions include carry overs; +1 TT position annually) <i>Students per FTE Faculty</i> (FY11 Ratio: 16.5:1)	265 175 15.1	265 181 14.8	265 182 14.6	265 183 14.5	265 184 14.5
Staff Positions (6.5 Danforth FY18; World of Work FY18/19; Bus Dean+1 FY20; FY21-22: +1+1) <i>Students per FTE Staff - including Deans positions</i> (FY11 Ratio: 12.7:1)	336 11.9	343 11.4	344 11.2	346 11.1	347 11.1
Personnel Costs (including projected fringe benefits costs increases) <i>Annual Percentage Increase</i>	\$34,475,720 3.5%	\$35,612,000 3.3%	\$36,775,000 3.3%	\$38,172,000 3.8%	\$39,530,000 3.6%
Projected Annual Net Income (outyears to be adjusted as process proceeds)	\$0	\$0	\$50,000	\$100,000	\$150,000
Projected Fund Balances Reserves Use	(\$200,000)	\$0	\$0	\$0	\$0

Annual State Funding increase of 3.5%

Enrollment assumes level incoming class sizes; aggregate decreases until FY2020

Debt Burden ratio maintained within debt cap

Strategic Priorities Funding - new and reallocated funds

Faculty/Staff hiring plans as noted

Projected Annual Balanced or Small Surplus Budgets

Student Costs Assumptions	FY2017	FY2018	FY2019	FY2020	FY2021
Projected Student Charges:					
Tuition and Fees <i>Increase over prior year</i> <i>% Increase</i>	\$9,340 \$640 7.3%	\$9,920 \$580 6.2%	\$10,490 \$570 5.7%	\$10,970 \$480 4.6%	\$11,450 \$480 4.4%
Rent (weighted avg.) <i>Increase over prior year</i>	\$7,960 \$300	\$8,260 \$300	\$8,560 \$300	\$8,850 \$290	\$9,140 \$290
Board <i>Increase over prior year</i>	\$3,450 \$110	\$3,560 \$110	\$3,680 \$120	\$3,810 \$130	\$3,940 \$130
Framingham Costs	\$20,750	\$21,740	\$22,730	\$23,630	\$24,530
State College Peers Costs (with conservative out-year cost projections) <i>Difference - FSU vs Peers</i>	\$21,150 (\$400)	\$21,950 (\$210)	\$22,750 (\$20)	\$23,650 (\$20)	\$24,550 (\$20)
Rank	2nd Lowest	3rd Lowest	Middle/Average	Middle/Average	Middle/Average
Aggregate Annual \$ Increase	\$1,050	\$990	\$990	\$900	\$900
Aggregate Annual % Increase	5.3%	4.8%	4.6%	4.0%	3.8%

Tuition and Fees projected to be near segment average by FY2021

Comprehensive Student Charges projected to increase 4.8% to 3.8% annually

Initial strategic priorities have been identified to provide funding placeholders; reallocations will occur as process continues.

Strategic Priorities Initiatives Fund (\$18.0M over five years)					
<i>New Strategic Plan Initiatives - Ordered by aggregate cost impact</i>	Five Year Total	FY18 Budget	FY19 Budget	FY20 Budget	FY21 Budget
Financial Aid Increases (aggregate investment based on compounding 5% annual increases)	\$2,000,000	\$125,000	\$135,000	\$140,000	\$150,000
New Tenure Track Faculty Positions Initiative	\$1,500,000	\$94,000	\$192,000	\$296,000	\$408,000
Debt Service for Future Financed Capital Projects (consistent with <i>revised</i> capital plan)	\$1,350,000	\$88,000	\$246,000	\$283,000	\$320,000
Strategic Capital Projects Priorities (adaptation & renewal projects) - Clg. Ops. <i>Allocation</i>	\$1,300,000	\$400,000	\$300,000	\$300,000	\$300,000
Danforth Museum Initiative Projected Direct Subsidy (G.P.-General Reserve support)	\$1,200,000	\$240,000	\$240,000	\$240,000	\$240,000
New Targeted Staff/Contractor Positions Initiative - <i>FY18 Reallocation</i> ; outyears College Ops	\$1,100,000	\$110,000	\$112,000	\$210,000	\$287,000
World of Work Initiative (FY18 space outfitting and new position Jan. '18)	\$1,000,000	\$150,000	\$200,000	\$210,000	\$220,000
Targeted Technology - including FY18 Wifi Initiative (<i>Reallocations</i> and MSCBA support)	\$1,000,000	\$350,000	\$200,000	\$100,000	\$100,000
Targeted Equipment - beyond standard replacements (not incl. DCAMM /MLSC FY17/18 funding)	\$800,000	DCAMM/MLSC: \$900K	\$100,000	\$200,000	\$200,000
New Dean of Business	\$750,000			\$224,000	\$230,000
Proposed MetroWest Education Center Initiative (Operations support)	\$400,000		\$75,000	\$77,000	\$79,000
Additional Women's Sport - Athletic Trust Fund	\$400,000	\$78,000	\$79,000	\$80,000	\$81,000
Math Emporium (FY18: \$55K outfitting - <i>Reallocation</i> ; Ongoing operations support)	\$395,000	\$115,000	\$60,000	\$61,000	\$62,000
Food and Nutrition Demonstration Kitchen (Stalker ICR funded)	\$200,000	\$200,000			
STEM Initiative Placeholder - <i>Reallocation</i>	\$100,000	\$20,000	\$20,000	\$20,000	\$20,000
New Hospitality Management Program	TBD		TBD	TBD	TBD
Placeholder	TBD				
Placeholder	TBD				
Placeholder	TBD				
Placeholder	TBD				
Placeholder	TBD				
Examples: add. w omens sport; transportation enhancements; service learning initiatives					
Food Service Venues Enhancements Placeholder - Contract Funded (TBD)	\$1,500,000	\$350,000	\$350,000	\$350,000	\$350,000
Initiatives funded through Trust Funds <i>Reallocations</i> - Target (<i>to be identified</i>)	\$1,000,000	\$150,000	\$170,000	\$190,000	\$210,000
Out-years Initiatives funded through College Ops Set-Aside (<i>to be identified</i>)	\$1,100,000	\$0	\$100,000	\$225,000	\$365,000
Total New Strategic Plan Priorities Commitments	\$18,000,000	\$2,470,000	\$2,579,000	\$3,206,000	\$3,622,000

FY2018 Strategic Priorities support (from new funds and reallocations) total nearly \$2.5M; reallocations will occur as process continues



Fee Schedule – College Operations Associated Fee Ranges
Based on Various State Funding Levels/Enrollment at Projected Level

	<u>State Funding Level</u>	<u>College Operations Fee Increase</u>	
Current Funding Level	\$27.9M (0.0%)	\$780 (8.3%)	
Governor & House W&M Budgets	\$28.2M (1.0%)	\$730 (7.8%)	– Governor’s / House W&M Budget
	\$28.4M	\$680 (7.3%)	
	\$28.6M	\$630 (6.7%)	
Preliminary Budget Assumption	\$28.9M (3.5%)	\$580 (6.2%)	– Basis for Budget Development
	\$29.1M	\$580 – Trust Funds Restoration	
	\$29.3M (5.0%)	\$530 (5.7%)	

Formula Funding Reserve Est. Share; Governor and House W&M Budgets

Projected state funding including anticipated supplemental support for collective bargaining costs



The Emerging Strategic Plan for FSU, 2017-2021

Update from the Strategic Planning Steering Committee

April 5, 2017

Vision-Supporting Overarching Goals

ACADEMIC DISTINCTION AND STUDENT SUCCESS	INCLUSIVE EXCELLENCE AND ORGANIZATIONAL EFFECTIVENESS	REPUTATION, RELATIONSHIPS, AND RESOURCES
<ul style="list-style-type: none"> - Provide a high-quality, highly relevant education experience, rooted in the arts and sciences, that is transformative, distinctive, and responsive to evolving student, workforce, and societal needs - Prepare students to be ethical and engaged citizens committed to public purpose, inspired to serve, and eager to play leadership roles in their workplaces and communities - Provide individualized student services and support systems that promote achievement of educational, personal, and career goals 	<ul style="list-style-type: none"> - Be a vibrant and inclusive living-learning community that attracts and retains students, staff, and faculty who embrace the University’s core values and will enrich campus life with their presence and engagement - Foster a climate and provide necessary tools and support to ensure that every member of the campus community has the opportunity to thrive and succeed - Provide the physical, technological, and administrative infrastructure necessary to create a work environment that promotes excellence, encourages innovation, facilitates collaboration, and supports achievement of strategic goals 	<ul style="list-style-type: none"> - Establish a public identity and reputation that reflect the University’s impressive academic strengths as well as its contributions to and impact in the wider world - Play a critical and catalytic role as a partner in the MetroWest region’s economic, social, and cultural development - Diversify funding sources in support of operations and establish a financial resources model to promote long-term stability and sustainability

GOAL 1: Provide a high-quality, highly relevant education, rooted in the arts and sciences, that is transformative, distinctive, and responsive to evolving student, workforce, and societal needs

Key Strategies:

- Establish a **unifying and distinguishing educational experience** that defines what it means to be an FSU student
- Creatively **integrate FSU's academically challenging liberal arts education with workforce preparation programs** in ways that equip FSU graduates to succeed and stand out in their careers
- **Leverage areas of academic strength, existing FSU centers and newly acquired assets** to develop programs responsive to student interests and labor market trends
- Promote **innovative pedagogical strategies** and consistently high-quality teaching while continuing to emphasize the teacher-scholar model
- Support **faculty scholarship** and continue to be a leader in **collaborative faculty-student research**
- Expand student participation in internships and other **experiential learning** opportunities that translate critical thinking, writing, and analytical skills learned in the classroom into real-world applications
- Make **international, intercultural and interdisciplinary experiences** central to the academic program
- Diversify **program delivery formats** to meet the needs of changing student demographics
- Strategically align **graduate offerings** with student demand and workforce requirements, and better integrate graduate programs with their undergraduate counterparts

GOAL 2: Prepare students to be ethical and engaged citizens committed to public purpose, inspired to serve, and eager to play leadership roles in their workplaces and communities

Key Strategies:

- Foster a culture that encourages ethical citizenship with an emphasis on personal responsibility and engagement
- Increase opportunities and encourage students to participate in civic engagement and/or service learning outside the classroom
- Expand student involvement in leadership opportunities both inside and outside the classroom
- More intentionally and visibly embed disciplinary ethics in programs across the curriculum and co-curriculum
- Proactively link FSU's motto of "Live to the Truth" to the University's academic and social codes of behavior

GOAL 3: Provide individualized student services and support systems that promote achievement of educational, personal, and career goals

Key Strategies:

- Strengthen student advising by creating a **culture of intentional mentoring** across all roles and levels throughout FSU
- Establish **practices and processes** that require students to be engaged and accountable participants in their educational experience
- Expand opportunities for students, faculty, and staff to interact and forge **relationships** inside and outside the classroom
- Provide **resources and integrated support services** to foster student success and wellbeing
- Maximize the use of **data systems and assessment tools** to monitor learning outcomes, evaluate program effectiveness, and advance student persistence roles
- Enhance **communication and collaboration among faculty and staff** to identify and remove barriers to students' academic or personal success in a more timely and coordinated manner
- Take intentional steps and apply **best practices to close opportunity or achievement gaps** indicated in student cohort-specific participation and performance levels

GOAL 4: Be a vibrant and inclusive living-learning community that attracts and retains students, staff, and faculty who embrace the University's core values and will enrich campus life with their presence and engagement

Key Strategies:

- Promote greater **interaction and dialogue** among all members of the campus community
- Expand opportunities for **faculty and staff to be more engaged in campus life**
- Provide a robust **array of social, recreational, athletic, and leadership opportunities** that engage students outside the classroom and promote their personal development
- Enhance **transportation options** to encourage students to connect with and engage in the wider community
- Improve **recruitment, retention, and progress** of under-represented students, faculty and staff
- Seek to ensure financial means are not a barrier to students' **full participation in campus life**
- Increase **cultural awareness, sensitivity and fluency** among faculty and staff
- Support a **collective commitment** to promoting equity, pursuing social justice, and making excellence inclusive
- Implement a comprehensive, integrated, **University-wide system of accountability and assessment** to measure progress against inclusive excellence goals at all levels of the institution

GOAL 5: Foster a climate and provide necessary tools and support to ensure that every member of the campus community has the opportunity to thrive and succeed

Key Strategies:

- Promote a University-wide **culture of service excellence** and **spirit of collaboration**
- Promote greater **transparency** in decision-making on matters with direct bearing on the experience of students, staff and faculty
- Streamline or otherwise **improve policies, practices and procedures** that make it unusually or unnecessarily difficult for students, staff or faculty to do their work
- Improve the onboarding process for new faculty and staff
- Provide readily **accessible, regularly updated information and tools** faculty and staff need to be effective in their roles
- Seek to ensure academic and administrative **offices are adequately resourced** to perform assigned responsibilities and meet goals
- Encourage and support **professional growth** of faculty and staff through expanded and ongoing training opportunities
- Embed diversity, inclusion, and equity in the administrative **systems and structures** of the institution
- Take a more proactive approach to cultivating **leadership** from within and develop succession plans for all key leadership positions

GOAL 6: Provide the physical, technological, and administrative infrastructure necessary to create a work environment that promotes excellence, encourages innovation, facilitates collaboration, and supports achievement of strategic goals

Key Strategies:

- Ensure classroom, laboratory, study, work and gathering spaces are functionally adequate and conducive to a positive experience by faculty, staff and both residential and commuter students
- Maximize utilization and integration of current spaces to promote community building
- Ensure our campus continues to be accessible, attractive, well-maintained and safe
- Follow a technology roadmap for more effective integration of technology resources and systems across campus, and fully leverage IT capacity to support administrative and academic functions
- Identify inefficient or under-resourced areas of operation and strategically reallocated resources as required to support critical objectives, particularly those relating to student success
- Seek revenue financing and state financing for implementation of current capital plan priorities – art facilities, athletic fields, Crocker Hall, and the library
- Ensure FSU’s core values are used extensively as a guidepost in planning, evaluation, and budgeting
- Advance a culture of purposeful assessment and ongoing evaluation on campus
- Optimize use of data by centralizing data management and further expand the capacity for automation of reporting of financial and other data

GOAL 7: Establish a public identity and reputation that reflect FSU's impressive academic strengths, comprehensive co-curricular activities, as well as its contributions to and impact in the wider world

Key Strategies:

- Develop a stronger brand and consistent messaging about the FSU experience and distinctions
- Take a strategic approach to marketing the values, assets, and advantages FSU offers in order to attract students and position FSU as a place where people want to work
- Improve internal communication and inspire everyone in the campus community to be an ambassador for FSU to the outside world
- Raise awareness of an appreciation for FSU's contributions to the greater good as a public university among key stakeholders in the Commonwealth
- Utilize the University's existing and new centers to develop new connections with the wider community and increase FSU's visibility as an innovative educational leader

GOAL 8: Play a critical and catalytic role as a partner in the MetroWest region's economic, social, and cultural development

Key Strategies:

- Expand **transportation connections** between FSU, Greater MetroWest and Boston to increase opportunities for interaction and collaboration
- Expand **relationships and partnerships** with local organizations to increase experiential learning and employment opportunities for FSU students
- Promote **FSU as a cultural center** and destination point for members of the wider community
- Serve as an **innovator and incubator** to support entrepreneurial new ventures
- Leverage the intellectual and other resources of FSU's **distinctive centers** to help MetroWest achieve important goals for developing and enriching the region
- Maximize opportunities to take FSU's teaching and learning to **off-site locations** in partnership with local businesses, nonprofits and other organizations in MetroWest and beyond

GOAL 9: Establish a financial resources model to promote long-term stability and sustainability, affordability, and demonstrable return on investment

Key Strategies:

- Improve student retention to maximize enrollment-related revenue
- Develop a multi-year strategic enrollment plan reflecting demographic realities, changing conditions in the wider world, and programmatic opportunities that may open new markets for FSU
- Develop new and sustainable streams of revenue
- Periodically engage in a critical review of academic and co-curricular programs to identify and address any that are not generating intended impact or not utilizing resources in an efficient, fiscally responsible way
- Review administrative policies, processes, and practices to identify and eliminate resource-draining redundancies and inefficiencies
- Develop a culture of philanthropy among all members of the campus community
- Deepen engagement with FSU alumni and proactively engage with other stakeholders beyond campus who could be inspired to support FSU's mission and priorities
- Prepare for and launch a comprehensive fundraising campaign to increase private support of the University and allow for an increase in University-funded financial aid

DISCUSSION

Take a few moments to confer with your colleagues to talk about the following strategy:

- Establish a **unifying and distinguishing educational experience** that defines what it means to be an FSU student

The experience should be something that is valuable, impactful, reflective of who we are and aspire to be, and what makes our graduates stand out among their peers.

What will this be?