

**VIRGINIA STATE UNIVERSITY BOARD OF VISITORS
FACILITIES, FINANCE AND AUDIT COMMITTEE
MEETING MINUTES
September 6, 2018**

CALL TO ORDER

Mr. Michael Flemming, Committee Chair, called the meeting of the Virginia State University (“VSU”) Board of Visitors (“Board”) Facilities, Finance, and Audit Committee to order in Room 310, Virginia Hall, on the campus of Virginia State University at 10:00 a.m.

ROLL CALL

A quorum was present.

Mr. Wayne Turnage called in from a remote location: 1345 South Capitol Street, Apt 702, Washington, D.C. 20003.

Committee Members Present:

Mr. Michael Flemming, Chair
Dr. Valerie Brown
Mr. Charlie Hill
Mr. Paul Koonce (*absent*)
Mr. James Stegmaier
Mr. Wayne Turnage (*electronic means*)
Mr. Huron Winstead, Rector
Mr. Gregory Whirley

Administration Present

Dr. Makola M. Abdullah, President
Dr. Donald Palm, Provost/Vice President, Academic Affairs
Mr. Hubert Harris, Vice President, Administration
Ms. Sheila Alves, Chief Audit Executive
Mr. Kevin Davenport, Vice President, Finance
Ms. Reshunda L. Mahone, Vice President, Institutional Advancement
Dr. Letizia Gambrell-Boone, Vice President, Student Success and Engagement
Mr. Rodney Hall, Asst. Vice President, Enrollment Management
Ms. Jane Harris, Asst. Vice President, Facilities/Capital Outlay
Mr. Osubi Craig, Special Asst. to President for Special Projects and Strategic Initiatives
Dr. Annie C. Redd, Special Asst. to President/Board Liaison

Legal Counsel Present:

Ms. Ramona Taylor, Asst. Attorney General/University Legal Counsel

Other Attendees:

Mr. Ben Houck, Special Asst. to the CFO
Mr. Travis Edmonds, IT Specialist
Dr. Kimetta R. Hairston
Deja Gray, VSU Intern

APPROVAL OF AGENDA

The Committee approved the agenda as printed.

APPROVAL OF MINUTES

The Committee approved the minutes from the April 12, 2018 meeting.

REPORTS AND RECOMMENDATION

Division of Finance

Dr. Abdullah presented enrollment reports and explained that enrollment is projected to fall 200 students under budget. He stated that his administration is in the process of looking more closely at the data to understand exactly what populations of students have changed but sees opportunity for improvement in the form of faster communication of admission and financial aid information to students. Committee members expressed concerns and desire to build a solid understanding of what factors contributed to the decline in enrollment. Development of solutions regarding enrollment take immediate priority, and these solutions should tie directly to the Strategic Plan and the University's value proposition.

Mr. Davenport distributed several sheets which outline the financial impact of the shortfall of 200 – 250 students. These sheets estimated the total revenue impact for both E&G and auxiliary sources. Committee members pointed out that in prior drops, there was no clear understanding of a "worst case" financial impact – and thus, formulation of one in this instance should take priority. Mr. Davenport stated that, while the University is on track to meet housing and dining targets, the total negative impact of the enrollment shortfall on total budgeted revenue is estimated to be between \$2.2 - \$2.8 million. Mr. Davenport also presented a sheet which outlined solutions for making the necessary budget cuts. He emphasized the President's priority for cuts to be as light as possible on instruction. The Committee discussed this information and decided that they did not need to approve a resolution for the revised budget. The Committee broadly discussed budget fluctuations and the general authority that the President has to expend surpluses. This discussion also contemplated the \$750k in auxiliary reserves that was expended to supplement institutional financial aid. Mr. Flemming provided background regarding his dialogue with Mr. Davenport and Ms. Taylor on these funds and the steps that had been taken to confirm with the Auditor of Public Accounts that the application of these funds in such manner was appropriate. Committee members commented on typical budget fluctuations and expenditures in the context of ensuring adequate operational flexibility.

Jane Harris, Assistant Vice President for Capital Outlay/Facilities, made a presentation on the plans for the Dupuy Road Widening Project. Committee members made the suggestion that the final implementation have the capacity to reverse lanes to accommodate the additional traffic in and out of football games and especially during Homecoming. Dr. Abdullah suggested that parking lanes might also be temporarily converted to traffic lanes to improve traffic flow to and from football games.

Mr. Davenport presented a revised 2018-19 operating budget to actual finances, as well as actual to actual finances. This presentation included explanation of an auxiliary line item error on the revised budget in the amount of \$556,012 and the addition of \$750,000 in additional scholarships for fall 2018 enrollment. After some discussion, the Committee decided not to revise the 2018-19 operating budget. Mr. Davenport presented a report on Endowment and Investments. This report detailed the returns on investments for the various endowment pools held by the University and Foundation. Mr. Davenport stated that he consulted with investment advisors and no changes to the asset allocation were suggested at this time. The Chair stated that no changes to the Policy were required at this time. Committee members requested that the investment managers physically attend the Finance Committee periodically to present their strategic outlook. Committee members requested to meet with Mr. Davenport to obtain more information on how the Title III program functions.

Mr. Davenport presented a calculation for athletics support. Committee members asked if this calculation is currently being review by the Auditor of Public Accounts and, while the ratio is currently compliant, inquired about corrective

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action in the event that the ratio became non-compliant. Mr. Davenport showed the legislation (Code of Virginia Section 23.1-1039) that outlines a corrective plan should this occur. Committee members emphasized that they would like to see staff find solutions for ensuring that there is a larger buffer for compliance for this ratio.

Mr. Davenport distributed a schedule for financial reports that will be presented to the Committee. The Chair asked the members to review this schedule and suggest changes if necessary.

Division of Administration

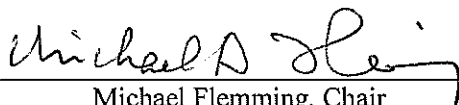
Mr. Harris presented a technology update which included security of the Banner System and a summary of security improvements. Mr. Harris indicated that much of the campus IT infrastructure is obsolete and needs replacement; the plan to upgrade campus infrastructure will take approximately two years. Mr. Harris explained that all major IT systems are now hosted externally which provides increased security, savings on hardware, and eliminates the added cost of maintaining a disaster recovery site. The technology update also included a discussion regarding continuity of operations and disaster response plans.

Internal Audit

Ms. Alves presented a report which included several hotline cases and non-compliance issues with the University's Small Purchase Charge Card Program. Discussion followed regarding these issues and the effect on the University's attainment of Level II status. Committee members indicated that the University should make the attainment of Level II status a priority. Committee members emphasized communication with supervisors, a corrective plan and timetable, and proper incentive to ensure correct employee behavior. Mr. Flemming requested detailed information regarding criteria that must be met in order to attain Level II status.

ADJOURNMENT

There being no further business, Mr. Flemming adjourned the meeting of the Committee at approximately 12:45 p.m.



Michael Flemming, Chair

11-15-18

Date