

RADFORD UNIVERSITY
BOARD OF VISITORS
BUSINESS AFFAIRS & MARKETING COMMITTEE MEETING

September 13, 2012, 12:30 p.m.
Board Room, Martin Hall
Radford University

MINUTES

COMMITTEE MEMBERS PRESENT:

Mr. Darius A. Johnson, Chair
Ms. Nancy E. Artis, Vice Chair
The Honorable J. Brandon Bell
Dr. Kevin R. Dye

BOARD MEMBERS PRESENT:

Ms. Linda K. Whitley-Taylor, Rector
Mr. Milton C. Johns, Vice Rector
Mr. Anthony R. Bedell
Ms. Mary Waugh Campbell
Mr. Matthew B. Crisp
Ms. Sandra C. Davis
Ms. Ruby W. Rogers
Ms. Georgia Anne Snyder-Falkinham
Ms. Wendy S. Tepper
Mr. Michael A. Wray
Ms. Emily Redd (non-voting advisory student representative)

OTHERS PRESENT:

President Penelope W. Kyle
Dr. Sam Minner, Provost and Vice President for Academic Affairs
Mr. Richard Alvarez, Vice President for Finance & Administration and Chief Financial Officer
Mr. Danny Kemp, Vice President for Information Technology and Chief Information Officer
Dr. Mark Shanley, Vice President for Student Affairs
Ms. Christy Jackson, University Relations
Ms. Laura Jacobsen, Faculty Senate President
Ms. Margaret McManus, University Auditor
Ms. Lisa Ridpath, Associate Vice President for Finance & Administration
Mr. James Noel, Assistant Attorney General

Mr. Chris Willis, Assistant Vice President & Chief Facilities Officer
Faculty, staff, and guests

CALL TO ORDER:

Mr. Darius A. Johnson, Business Affairs & Marketing Committee Chair, formally called the meeting to order at 12:39 p.m. on September 13, 2012.

APPROVAL OF AGENDA

Mr. Darius A. Johnson, Chair, asked for a motion to approve the September 13, 2012, meeting Agenda as published prior to the meeting. Ms. Nancy Artis made the motion; Mr. Brandon Bell seconded the motion, and the motion carried unanimously.

APPROVAL OF MINUTES

Mr. Darius A. Johnson, Chair, asked for a motion to approve the minutes of the May 3, 2012, meeting of the Business Affairs & Marketing Committee, as distributed. Ms. Nancy Artis made the motion; Mr. Brandon Bell seconded the motion, and the motion carried unanimously.

REPORTS/UPDATES

University Auditor's Report

Ms. Margaret McManus, University Auditor, presented an oral report on the University Discretionary Fund review for the quarter ended June 30, 2012. She reported that one hundred percent of expenditures were reviewed and all were found in compliance with the Board of Visitors' guidelines. Ms. McManus also reviewed the Charter for the Office of Audit and Advisory Services and her reporting relationship to the Committee. Additional information presented included the FY2012 Activity Report, the FY2013 Audit Plan, Budget and Staffing Summaries for FY 2012 and FY 2013, and a follow-up audit status report (Attachment A). Also reviewed were audit reports on the revenue collection point reviews of Admissions and the RU ABLE program.

2011-12 Financial Review

Ms. Lisa Ridpath, Associate Vice President for Finance & Administration, provided a summary of unaudited revenue and expenditure activity for the year ending June 30, 2012. Revenue and expenditures were at expected levels after being adjusted for unexpected enrollment growth and one-time items (Attachment B). Ms. Ridpath stated that the contribution to the auxiliary reserve came in stronger than expected due to the increase in students living in university-operated housing. The contribution to the auxiliary reserve is required to meet the State Council of Higher Education for Virginia (SCHEV) guidelines for on-going operations, equipment renewal and replacement, and future capital projects.

Capital Project Update

Mr. Richard S. Alvarez, Vice President for Finance & Administration, introduced Mr. Chris Willis, Assistant Vice President & Chief Facilities Officer, who joined RU in July. Mr. Willis presented an update of current capital projects, which included the College of Business & Economics (COBE). He referred to the prime contractor's final Small, Women, and Minority (SWaM) spend report and noted that the spending exceeded the SWaM goals for the project. Mr. Johnson expressed his pleasure in the results. Mr. Willis also reported on the Student Fitness & Wellness Center, Center for the Sciences, Moffett Hall and Washington Hall renovations, and the New Academic Building to house the College of Humanities & Behavioral Sciences, Phases I and II. (Attachment C)

ACTION ITEMS:

Resolution requesting approval of Radford University's Six-Year Plan (2012)

Mr. Richard S. Alvarez, Vice President for Finance & Administration, explained that the *Preparing for the Top Jobs of the 21st Century: The Virginia Higher Education Opportunity Act of 2011* (TJ21) that became effective July 1, 2011, required each public institution of higher education in Virginia to develop and submit an institutional six-year plan, with guidelines for amending or affirming the plan annually. The University prepared its six-year plan, which was submitted to SCHEV by the stated deadlines for 2011 and 2012. The preliminary Six-Year Plan (2012) must now be approved by the Board of Visitors.

Mr. Alvarez led discussion regarding the 2012 Plan and said it reflects the priorities of the University and the objectives and goals outlined in TJ21. There are four components of the Six-Year Plan (2012) template which include an Academic Plan, Financial Aid Plan, Finance Operating Plan, and Finance Tuition, Fees and Waiver Projections.

The strategies identified in the University's Six-Year Plan (2012) were developed collaboratively with each division through the annual budget development cycle. Building upon the strategic multi-year budget developed in the previous cycle, divisions reviewed their respective submissions and updated strategies to align with current priorities and objectives. The presented tuition and fee increases assume a proportionate share of general fund support for modeling purposes only. As footnoted in the plan, the funding of the proposed strategies are subject to change unless incremental general fund support is received. Additionally, approval of tuition and fees is the responsibility of the Board of Visitors and may be adjusted based upon factors such as incremental general fund support, legislative requirements, projected enrollment growth, and prioritization of strategies to implement.

All institutions of higher education were asked to revise the original plan to reflect actual data for 2011-12 and update projections for 2012-13 and 2013-14. Institutions were also asked to update strategies based on legislative action during the 2012 General Assembly Session. Comments regarding the University's Six-Year Plan (2012) were received on September 2, 2012, from state officials. Most of the feedback reflected general comments for all institutions which have been

addressed in the presented plan. The University is preparing a narrative response related to one question regarding our planned strategy for enrollment growth.

Mr. Johnson called for the recommendation of a Resolution (included in Attachment D) to approve Radford University's Six-Year Plan (2012). On a motion by Ms. Nancy Artis and seconded by Mr. Brandon Bell, the recommendation was approved.

Resolution requesting approval of Radford University's 2012-13 Operating Budget

Mr. Alvarez explained that the 2012-13 operating budget was developed considering projected enrollment levels, actions taken by the Governor and General Assembly during the 2012 session, Board-approved tuition and fee rates, the strategic goals of the University, and the outlook of the economy. The budget development cycle builds upon the existing multi-year strategic budget plans developed by each division, which provides the framework for the University's Six-Year Plan submission to the state and positions the institution for the future. He stated that the 2012-13 budget, as proposed, addresses critical academic and student support programmatic needs, considers unavoidable cost increases, and continues implementing the goals outlined in Radford University's Strategic Plan, 7-17.

Mr. Alvarez reviewed the summary of 2012-13 projected revenue and projected expenditures, as well as legislative actions impacting Radford University. He also discussed the 2012-13 operating budget by major program.

Mr. Alvarez reported that the revenue budget for Auxiliary Enterprises is projected to be \$61.2 million. The increase is attributed to enrollment growth; incremental revenue generated from Board-approved comprehensive fee, room and board rates; and contract commissions. He reviewed the major base budget initiatives funded for 2012-13.

The 2012-13 fiscal year authorized appropriation for Sponsored Program activities is \$7.6 million which reflects level authorization.

As presented, Radford University's proposed 2012-13 operating budget totals \$183.8 million for revenues and \$175.3 million for expenditures. The difference of \$8.5 million represents funds contributed to support future auxiliary reserve needs as required by SCHEV for operations, equipment renewal and replacement, and future capital projects.

There were questions regarding how the University was able to cover the \$1 million shortfall that was discussed at the Board's May meeting. It was explained that the shortfall was covered by increased enrollment, the University's use of one-time funds, and the ability to delay select initiatives.

Mr. Johnson called for the recommendation of a Resolution (Attachment E) to approve Radford University's 2012-13 Operating Budget. On a motion by Mr. Brandon Bell and seconded by Dr. Kevin R. Dye, the recommendation was approved.

Resolution requesting approval of an Umbrella Renovate Residence Hall capital project

Mr. Alvarez led a discussion regarding the request to convert an existing capital project from “construct new residence halls” using 9c debt to “renovate residence halls umbrella capital project” using 9c debt. He explained that the 2008 Virginia Acts of Assembly provided authorization for the University to construct new residence halls under the existing capital project for up to \$36,000,000 using 9c debt. Given economic changes since that time, the University determined it would be more cost effective to renovate existing facilities prior to initiating construction of new residence halls. Currently, four remaining residence halls need to undergo some form of renovation. Three of the residence halls (Bolling, Pocahontas, and Draper) are of similar size, scope, and floor plans which will create planning efficiencies and cost savings by combining them into one capital project. Creating an umbrella renovation capital project will allow the University to initiate planning almost a year earlier than the current approval process will require. Also, being able to fast track the project schedule is projected to save approximately \$1.1 million by consolidating the design consultant work and reducing the impact of inflationary cost increases. Converting the scope to an umbrella renovation project will also provide the ability to address crucial maintenance reserve projects in Muse Hall given its size and facility condition. The requested change is in support of student residential facilities, does not reflect a cost increase, utilizes the same funding source, is projected to save resources through planning efficiencies, and will reinvest in existing facilities.

Mr. Johnson called for the recommendation of a Resolution (Attachment F) to approve converting an existing Construct New Residence Halls capital project (#17565) to a Renovate Residence Halls Umbrella capital project. On a motion by Ms. Nancy Artis and seconded by Mr. Brandon Bell, the recommendation was approved.

Resolution requesting approval to initiate planning to renovate Whitt Hall using Nongeneral Funds

As background information, Mr. Alvarez explained that on September 16, 2011, the Board of Visitors had approved the University’s Six-Year Capital Outlay Plan that included a project to renovate Whitt Hall. Additionally, the General Assembly authorized the University to initiate planning for Whitt Hall in Chapter 3 of the 2012 Virginia Acts of Assembly, Item C-39.05.H.1, identifying that the project be funded 50 percent from amounts in the Central Capital Planning Fund and 50 percent from higher education operating nongeneral fund sources. However, the Central Capital Planning Fund allocation is not anticipated to be authorized for Whitt Hall until all projects in Item C-39.05 paragraphs A, B and C have been moved to the construction phase.

Whitt Hall, originally built in the 1920’s and renovated in the early 1980’s, previously housed the College of Business & Economics, which moved into a new facility in July 2012. Whitt Hall contains 28,827 square feet and does not have an existing floor plan configuration which is suitable for departmental use. Additionally, a complete renovation is needed to upgrade aged and failing building components. With recent and projected growth in enrollment, this is an opportune time to renovate Whitt Hall to address additional student support and administrative

space needs, while providing the infrastructure needed to support the instructional mission of the institution.

For this reason, the University requests authorization to initiate the planning of Whitt Hall, an academic facility, using nongeneral funds. The University requests nongeneral fund authorization up to \$600,000, for which it shall be reimbursed by the state when the project is funded to move into the construction phase. Initiating planning will expedite the project schedule, reduce the impact of inflationary cost increases on the overall project cost, and save valuable state resources.

Given that the action item for Curie Hall was of a similar nature, both items were heard before a recommendation for approval was requested.

Resolution requesting approval of a capital project to initiate planning to renovate Curie Hall using Nongeneral Funds

Mr. Alvarez explained that on September 16, 2011, the Board of Visitors had approved the University's Six-Year Capital Outlay Plan that included a project to renovate Curie Hall. This building has been in service for more than 40 years and has seen no building-wide upgrades.

With the completion of the new Center for the Sciences, Curie Hall will need to undergo a complete renovation to reconfigure existing laboratories, modernize the building infrastructure, and convert the space to complete the academic plan for the College of Science and Technology. Therefore, the University requests authorization to submit a capital budget request to conduct planning for the renovation of Curie Hall, an academic facility, using nongeneral funds. The University requests nongeneral fund authorization up to \$750,000 for which it shall be reimbursed by the state when the project is funded to move into the construction phase.

This authority is requested in order to expedite the planning process to ensure that Curie Hall is poised for renovation when the new Center for the Sciences opens. Additionally, moving forward with this planning will reduce the impact of inflationary cost increases on the overall project cost and save valuable state resources.

Mr. Johnson called for the recommendation to approve the following resolutions:

- Resolution to initiate planning for the renovation of Whitt Hall, an academic facility, using up to \$600,000 in nongeneral funds, for which the University shall be reimbursed when the project is funded to move into the construction phase (Attachment G).
- Resolution to initiate a capital project to conduct preplanning for the renovation of Curie Hall, an academic facility, using up to \$750,000 in nongeneral funds, for which the University shall be reimbursed when the project is funded to move into the construction phase (Attachment H).

The motion was made by Ms. Nancy Artis, seconded by Mr. Brandon Bell, and the motion carried unanimously.

ADJOURNMENT

With no further business to come before the committee, Mr. Darius A. Johnson, Chair, adjourned the meeting at 1:55 p.m.

Respectfully submitted,
Barbara M. Conner, Recorder