



RADFORD UNIVERSITY
BOARD OF VISITORS
BUSINESS AFFAIRS & AUDIT COMMITTEE MEETING
MARTIN HALL - BOARD ROOM
RADFORD, VIRGINIA
2:00 P.M.
SEPTEMBER 12, 2013

APPROVED

MINUTES

COMMITTEE MEMBERS PRESENT

Ms. Linda K. Whitley-Taylor, Interim Chair and Rector
Mr. Matthew B. Crisp (pursuant to appointment by the Rector)
Dr. Kevin R. Dye
Mr. Milton C. Johns, Vice Rector

COMMITTEE MEMBER ABSENT

Mr. Stephan Q. Cassaday

BOARD MEMBERS PRESENT

Ms. Mary Waugh Campbell
Ms. Callie M. Dalton
Ms. Sandra C. Davis
Mr. Michael S. Hurt
Ms. Alethea "A.J." Robinson
Ms. Ruby W. Rogers
Ms. Georgia Anne Snyder-Falkinham
Mr. Michael A. Wray
Dr. Laura J. Jacobsen, non-voting faculty advisory representative

OTHERS PRESENT

President Penelope W. Kyle
Mr. Richard Alvarez, Vice President for Finance & Administration and Chief Financial Officer
Mr. Joe Carpenter, Vice President for University Relations and Chief Communications Officer
Mr. Danny M. Kemp, Vice President for Information Technology and Chief Information Officer
Dr. Sam Minner, Provost and Vice President for Academic Affairs
Dr. Deborah J. Robinson, Vice President for University Advancement
Ms. Margaret McManus, University Auditor
Ms. Lisa H. Ridpath, Associate Vice President for Finance & Administration
Mr. Kenneth J. Bonk, Associate Vice President for Student Affairs/Student Activities
Ms. Susan Trageser, Interim Associate Vice President for Student Affairs/Interim Dean of Students
Ms. Christina Brogdon, Executive Director & Chief Human Resources Officer

Ms. Michele N. Schumacher, Secretary to the Board of Visitors
Radford University faculty, staff, and guests

Ms. Stephanie Hamlett, Senior Assistant Attorney General, Commonwealth of Virginia

CALL TO ORDER

Ms. Linda K. Whitley-Taylor, Interim Chair and Rector, stated that pursuant to the Radford University Board of Visitors Bylaws, as Rector she has appointed Matthew B. Crisp to the Business Affairs & Audit Committee for this meeting. Ms. Whitley-Taylor then formally called the meeting to order at 2:00 p.m. in the Board Room in Martin Hall.

APPROVAL OF AGENDA

Ms. Whitley-Taylor asked for a motion to approve the September 12, 2013, meeting agenda as published. Mr. Matthew B. Crisp made the motion and Dr. Kevin R. Dye, seconded the motion and the motion carried unanimously.

APPROVAL OF MINUTES

Ms. Whitley-Taylor asked for a motion to approve the minutes of the May 10, 2013, meeting of the Business Affairs & Audit Committee, as published. Mr. Johns made the motion and Mr. Crisp seconded the motion, and the motion carried unanimously.

REPORTS AND RECOMMENDATIONS

University Auditor's Report

Ms. Margaret McManus, University Auditor, gave a brief overview of her role in relation to the Board of Visitors and the President, noting that she reported functionally to the Committee and administratively to the President. She then provided an oral report on the University's Discretionary Fund for the quarter ended June 30, 2013. She reported that 100 percent of expenditures were reviewed and all were found in compliance with the Board of Visitors' guidelines. Ms. McManus also provided the Committee with a fiscal year 2012-2013 activity report, a fiscal year 2013-2014 audit plan, budget and staffing summaries for fiscal years 2012-2013 and 2013-2014, and a follow-up audit status report. In addition she also reviewed with the Committee a balanced scorecard for fiscal year 2012-2013, noting that this report will be presented annually, as one of the recommendations made during the department's quality assurance review. Copies of Ms. McManus' reports are attached hereto as ***Attachment A*** and are made a part hereof.

Capital Project Update

Mr. Richard Alvarez, Vice President for Finance & Administration and Chief Financial Officer, provided the Committee with an update on the University's Capital Projects, which is attached hereto as ***Attachment B*** and is made a part hereof.

Mr. Alvarez also informed the Committee that the University would like to seek an amendment to the 2014-2020 Six Year Capital Outlay Plan, which was approved at the May 2013 Board meeting, specifically amending Project Priority 9 “Expand Intramural Fields” listed under the 2017-2018 Biennium. He stated that the University would like to move ahead with a \$7 million capital project to purchase the Burlington Building site owned by the RU Foundation and construct student intramural athletic fields on the site. He continued by explaining the need to construct a \$1.5 million indoor batting facility to be located on the athletics complex campus to replace the batting facility located in the Burlington Building. He explained that this will require the following amendments to the 2014-2020 Six Year Capital Outlay Plan approved in May 2013, specifically, (1) changing the name of the project priority 9 listed under the 2017-2018 Biennium from “Expand Intramural Fields” to “Expand Intramural Fields and Construct Indoor Batting Facility”, (2) increasing the initial amount authorized to construct the intramural fields from \$3 million to \$7 million plus an additional \$1.5 million for the construction of the indoor batting facility, for a total authorization for the Expand Intramural Fields and Construct Indoor Batting Facility project of \$8.5 million using auxiliary nongeneral fund reserves; and (3) moving this project from the 2017-2018 biennium to the current fiscal year of 2013-2014. He explained that it was the University’s intent to file an emergency, nongeneral fund capital project request with the Commonwealth of Virginia’s Department of Planning and Budget so that these projects can be initiated immediately.

Ms. Whitley-Taylor asked for a motion to recommend to the Board approval of the amendments to the 2014-2020 Six Year Capital Outlay Plan as outlined by Mr. Alvarez and approval of filing an emergency nongeneral fund capital project request. Dr. Dye so moved and Mr. Johns seconded, and the motion carried unanimously.

2012-2013 Financial Performance Report

Ms. Lisa Ridpath, Associate Vice President for Finance & Administration, provided a summary of unaudited revenue and expenditure activity report for the fiscal year ended June 30, 2013. Ms. Ridpath noted that revenue and expenditures were at expected levels after being adjusted for unexpected enrollment growth and one-time items. A copy of Ms. Ridpath’s report is attached hereto as *Attachment C* and is made a part hereof.

ACTION ITEMS

Recommendation of a Resolution requesting approval of Radford University’s 2013-14 Operating Budget

Mr. Alvarez explained that the 2013-2014 operating budget was developed considering projected enrollment levels, actions taken by the Governor and General Assembly during the 2013 session of the General Assembly, Board-approved tuition and fees for 2013-2014, the strategic goals of the University, and the current economic outlook. He indicated that the University’s annual 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.

Mr. Alvarez reviewed the summary of 2013-2014 new initiative requests, projected revenue sources, and projected expenditures. He also discussed legislative actions impacting Radford University and reviewed the overall 2013-2014 operating budget by major program.

Mr. Alvarez stated that Radford University's proposed 2013-2014 operating budget totaled \$202,359,509 in revenues and \$193,229,420 in expenditures. The difference of \$9,131,089 represents funds contributed to support future auxiliary reserve needs as required by the State Council for Higher Education of Virginia (SCHEV) for operations, equipment renewal and replacement, and future capital projects.

Discussions were held concerning the budget in relation to the amount of funds received from the Commonwealth of Virginia and how that funding has continually decreased over the years, not only for Radford University, but also all institutions of higher education in the state, and how each institution of higher education must make up that short fall.

Ms. Whitley-Taylor called for a motion to recommend to the Board the Resolution requesting approval of Radford University's 2013-14 Operating Budget. Mr. Crisp so moved, and Dr. Dye seconded, and the motion carried unanimously. A copy of the Resolution to be presented to the full Board is attached hereto as *Attachment D* and is made a part hereof.

The committee discussed the need for the University's budget to align with its vision, strategy, and more specifically, programmatic priorities. Further discussed was the need to focus resources and realign resource allocations as necessary on those priorities where the University has or expects to establish a core competency. The committee then requested that each Vice President with P&L responsibility provide to the committee a breakdown of their respective resource allocations that align with the University's and the Commonwealth's strategic goals for the next 1, 3, and 6 years; and in addition, should show what their critical needs are that would exceed CPI-level increases. The committee also agreed that that it may not be appropriate to increase basic funding costs for the resource pools on which allocation assumptions are made, given that CPI-level increases in revenue would be required to sustain basic operating costs, and would likely not be material to fund additional or high-priority programs. To review said recommendations, the committee requested that each Vice President with revenue and expense responsibility make a presentation to the committee at its November meeting. It was also agreed that such round of presentations is but one step to a budgeting process that Richard Alvarez will be leading over the next 6+ months, and that Richard Alvarez will coordinate with the VPs ahead of making their presentations in the fall.

Recommendation of a Resolution to approve Radford University's Six-Year Plan

Mr. Alvarez then led discussion regarding the University's 2013 Six Year Plan and said pursuant to the requirements of TJ21 ("Preparing for the Top Jobs of the 21st Century: The Virginia Higher Education Opportunity Act of 2011") this plan was submitted to SCHEV by the stated deadline of July 1, 2013. He stated that the 2013 Six Year Plan reflects the priorities of the University and the objectives and goals outlined in TJ21: an Academic-Financial Plan, Finance-Tuition & Fees Plan, Financial Aid Plan, and Finance-Tuition Waivers Plan; and a narrative summary of the proposed strategies and an evaluation of the 2012 Six-Year Plan.

Ms. Whitley-Taylor asked for a motion to recommend to the Board the Resolution approving the Radford University 2013 Six-Year Plan. Mr. Johns so moved and Mr. Crisp seconded the motion and the motion carried unanimously. A copy of the Resolution to be presented to the full Board is attached hereto as *Attachment E* and is made a part hereof.

Recommendation of a Resolution authorizing President Penelope W. Kyle to sign and execute a Law Enforcement Mutual Aid Agreement

Mr. Alvarez then stated that the last action item was the approval of Radford University entering into a Law Enforcement Mutual Aid Agreement with the surrounding municipalities and authorizing President Penelope W. Kyle to sign and execute the necessary documents to enter into the agreement.

Ms. Whitley-Taylor asked for a motion to recommend to the Board the Resolution authorizing President Penelope W. Kyle to sign and execute a Law Enforcement Mutual Aid Agreement. Mr. Crisp so moved, and Dr. Dye seconded, and the motion carried unanimously. A copy of the Law Enforcement Mutual Aid Agreement is attached hereto as *Attachment F* and is made a part hereof.

ADJOURNMENT

With no further business to come before the committee, Ms. Linda Whitley-Taylor, Interim Chair and Rector, adjourned the meeting at 3:35 p.m.

Respectfully submitted,

Michele N. Schumacher
Secretary to the Board of Visitors