

**VIRGINIA STATE UNIVERSITY BOARD OF VISITORS
COMMITTEE ON FACILITIES, FINANCE & AUDIT
9:30 A.M.; Friday, September 18, 2020
(No Public Comment Period Scheduled)**

DRAFT AGENDA

- CALL TO ORDER Dr. Valerie Brown, Chair
- ROLL CALL
- APPROVAL OF AGENDA
- APPROVAL OF PREVIOUS MEETING MINUTES (if any)
- PRESIDENT’S REMARKS Dr. Makola M. Abdullah
- REPORTS AND RECOMMENDATIONS
 - DIVISION OF FINANCEMr. Kevin Davenport, VP, Finance & Administration/Chief Financial Officer
 - 2020-2021 Budget
 - INTERNAL AUDIT Ms. Sheila Alves, Chief Audit Executive
 - Presentation to the Board and Audit Corrective Action Plan
 - TECHNOLOGY SERVICES Mr. Hubert Harris
Chief of Staff
- OTHER BUSINESS
- ADJOURNMENT

***All start times for committees are approximate. Meetings may begin either before or after the posted approximate start time as committee members are ready to proceed. Meetings may also end either before or after the posted time. The Board reserves the right to change its schedule as needed.*

9.8.2020

**VIRGINIA STATE UNIVERSITY BOARD OF VISITORS
FACILITIES, FINANCE AND AUDIT COMMITTEE
MEETING MINUTES
Gateway Dining & Event Center, Second Floor
September 18, 2020**

CALL TO ORDER

Dr. Valerie Brown, Chair, called the Facilities, Finance and Audit Committee meeting to order at approximately 10:40 a.m.

ROLL CALL

A quorum was present.

Committee Members Present:

Dr. Valerie Brown
Mr. Michael Flemming
Mr. Charlie Hill (*electronic participation*)
Mr. Raul Herrera (*electronic participation*)
Mr. William Murray (*absent*)
Mr. Jay Stegmaier (*electronic participation*)
Mr. Wayne Turnage
Mr. Gregory Whirley
Mr. Huron Winstead, Rector (ex-officio)

Others Board Members Present:

Ms. Thursa Crittenden (*electronic participation*)
Mr. Glenn Sessoms (*electronic participation*)
Mr. Xavier Richardson (*electronic participation*)
Ms. Pamela Currey
Dr. Christine Darden
Ms. Shavonne Gordon

Administration Present:

Makola M. Abdullah, Ph.D., President
Dr. Donald Palm, Senior Vice President/Provost
Hubert D. Harris, Chief of Staff
Kevin Davenport, Vice President, Finance/Administration/CFO
Regina Barnett-Tyler, Interim Associate VP, Student Success & Engagement
Charmica Epps Harris, Interim Associate VP, Institutional Advancement
Sheila Alves, Chief Audit Executive
Tanya Simmons, Office of Human Resources
Dr. Tia Minnis, Vice Provost/Executive Director, OPIE
Rodney Hall, Asst. Vice President/Enrollment Services
Eldon Burton, Director, Government Relations
Dr. Annie C. Redd, Special Asst. to President/Board Liaison

Facilities, Finance & Audit Committee
September 18, 2020
Page 2

Legal Counsel Present:

Deborah Love, Senior Assistant Attorney General, Chief, Education Section

Others Present:

Dr. Zoe Spencer, President, Faculty Senate
Yourdonus James, Director, Conference Center
Benjamin Houck, Finance
Adrian Petway, Budget Office
Travis Edmonds, Technology Services
Dr. Carlton Edwards, Mass Communications
David Bragg, Chief, VSU Police Department
Charles Baskerville, VSU Police Department
Bonnie Holmes, Office of the Legal Counsel
Danette Johnson, President's Office
Deborah Jefferson, President's Office
Mary Gromovsky, College of Agriculture
Dr. M. Ray McKinnie, College of Agriculture
Dr. Wondi Mersie, College of Agriculture
Danika Clemons, Student Health Center
Christy Johnson-Oliver, Student Health Center
Pat Raines, Student Accounts

The following Board members participated by electronic means from remote locations identified below. The Board members participated by Cisco WebEx virtual meeting.

- Mr. Hill located in Hampton, VA; unable to attend due to medical reasons.
- Ms. Crittenden located in Suffolk, VA; unable to attend due to health and personal reasons related to the care of her mother.
- Mr. Herrera located in Burke, VA; unable to attend due to personal reasons related to the care of his mother.
- Mr. Richardson located in Fredericksburg, VA; unable to attend due to business and professional reasons relative to corporate policy.
- Mr. Stegmaier located in North Chesterfield, VA; unable to attend due to medical reasons related to the COVID-19 and family risks.
- Mr. Glenn Sessoms, West Cordova, TN; unable to attend due to medical reasons.

INVOCATION

Dr. Valerie Brown, Chair invited Mr. Rodney Hall to offer the invocation.

APPROVAL OF AGENDA

The agenda was approved by voice vote.

APPROVAL OF PREVIOUS MEETING MINUTES (if any)

There were no previous minutes to approve at this meeting.

PRESIDENT'S REMARKS

Dr. Abdullah provided a broad overview of various budget scenarios, addressing funding sources, including an expected second round of stimulus. He stressed that there still exists a lot of uncertainty regarding future expectations due to COVID-19, including possible budget impact for next year.

REPORTS AND RECOMMENDATIONS

Division of Finance

Mr. Kevin Davenport, VP for Finance & Administration/CFO presented the budgetary impact for not opening campus this fall, stating that the budget includes use of about \$15 million in auxiliary reserves. He presented the revised budget in comparison to the budget that was approved in May, outlining the major drivers. Mr. Davenport explained that the revised budget adds another 10% reduction in enrollment (in addition to the 10% that was included in the prior approved budget), stating the he expected enrollment to end at a bit less than a 15% reduction which would come out to about 3,500 students (currently 3,700 students are validated).

Visitors asked about the number of full-time students being projected for the adjusted budget. Dr. Abdullah replied with clarification about the full-time student numbers.

Mr. Davenport stated that he is expecting lost revenue of \$18 million, with the majority of this loss attributable to not having students on campus. He showed utilization of federal stimulus money, stating that he is looking at a revenue reduction of \$11.2 million when stimulus is factored in.

Visitors asked follow up questions about stimulus funding and local fund reconciliation. Mr. Davenport replied to these questions, including information about the accounting for fund raising.

Mr. Davenport provided information about reductions on the expenditure side, including a reduction of E&Gs expenditure of \$2.5 million. He also presented the auxiliary schedules showing the reductions due to food services, housing, and the comprehensive fee.

Visitors asked about amount of beds set aside for quarantine for the second semester, wanting to ensure that the university has an adequate number of quarantine beds so that once students are brought back they will not need to be sent home simply due to a bed shortage (as has been the case with some other universities that have opened their campuses).

Dr. Abdullah concurred that this is a very important metric to monitor as we move forward. He stated that staff has effective methods in place for monitoring how many beds have been allotted by other institutions for determining what the optimal percentage of beds should be for VSU.

Mr. Davenport discussed this year's debt service payment of \$9.7 million, citing this payment as a major driver of the need to expend significant reserves. He explained that the state is looking at several options to give the institutions relief on debt service over the next few years, stating that they are progressing with restructuring of 9D debt. He explained that, if the state does a similar restructuring of 9C debt, it could be a much more meaningful relief as that vast majority of VSU's debt was issued under Section 9C.

Visitors asked follow up questions about the debt structure, emphasizing that it is worth it for VSU to encourage representatives in the General Assembly to assist college and universities by restructuring their debt to provide relief during this period where universities face losses due to unoccupied dormitories. Visitors emphasized the importance of this situation with respect to not letting this unique situation involving housing to get in the way of the mission to educate students.

A Visitor clarified that 9C debt is backed by the revenues of the project but also is a general obligation of the Commonwealth of Virginia, also adding further information about how the state typically proceeds with respect to credit rating considerations and other associated market and covenant factors.

Dr. Abdullah added that the university has had nothing but positive conversations with the state along these lines. Visitors asked follow up questions about recoveries relating to auxiliaries.

Mr. Davenport replied that if the University uses \$15 million, it would still have about \$12 million of reserves remaining. He cited several different categories of funds that could be repurposed, such as Title III or ETF. He also noted that the \$15 million expected usage does not include any additional federal stimulus or state support.

Visitors asked follow up questions about the total net impact of revenue and expense reductions (since the two categories were comingled on the list). Mr. Davenport replied clarifying that new expenses being added, but certain expenses are also being reduced. Visitors expressed concern that the budget cuts might be too deep. Dr. Abdullah added clarification that substantial changes have not been made since the last COVID-19 related budget has been presented.

Visitors expressed concern that leaving four vacancies in the Controller's office is not a sustainable reduction. Visitors asked about the plan for filling vacancies in the Development office so that fund raising can excel. Dr. Abdullah stated that he wanted to wait and see how this budget ended up before making some critical hires in this area.

The Chair offered closing remarks for the Committee's session reemphasizing that tough decisions with respect to costs will need to be made during these challenging times. The Chair acknowledged

that the Board is never going to one hundred percent agree with all of the cuts, but that the Committee needs to look at the institution as a whole so that it can continue to thrive. The Chair emphasized the importance of knowing all of the sources of funds that the university can potentially utilize as well as simultaneously looking for creative ways to avoid spending reserves when possible.

Visitors shared concerns about some specific language in the budget resolution that indicated the Board approves expenditures versus approves the budget. A motion was made to recommend approval of the Resolution Authorizing the Revised Operating Budget for Fiscal Year 2020-2021 to the full Board with the noted change in the language. The motion was properly seconded and carried by roll call vote.

Dr. Brown announced that the Committee would go into closed session for the NIFA discussion.

CLOSED SESSION

The Committee convened a closed session at 12:40 p.m. pursuant to Section 2.2-3711(A)(1) and 2.2-3711(A)(8) of the Code of Virginia involving the discussion of personnel matters and consultation with legal counsel regarding specific legal matters requiring provision of legal advice. More specifically, discussion about National Institute of Food and Agriculture (NIFA) matching funds. The motion called for President Makola Abdullah; Kevin Davenport, VP for Finance/CFO; Sheila Alves, Chief Audit Executive; Deborah Love, Senior Asst. Attorney General & Chief, Education Division; Dr. Annie C. Redd, Board Liaison; Dr. Donald Palm, Provost/Senior Vice President, Benjamin Houck, Finance; Dr. M. Ray McKinnie, Dr. Wondi Mersie, and Mary Gromovsky from the College of Agriculture, to attend the closed meeting because (1) their presence in the closed meeting was deemed necessary; and or their presence would aid the Board in its consideration of this matter.

The Board re-convened in opened session at 1:40 p.m. with a roll call that the Committee discussed or considered only those public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act and only such public business matters as were identified in the motions by which the closed meeting was convened.

Internal Audit

Ms. Alves gave team introductions - outlining her area's experience in finance, public and private sector organizations, and universities. She discussed governance structure.

Ms. Alves presented an overview of where Internal Audit stands with its corrective action plan, including a breakdown of various risk categories and which cases are still outstanding. She presented the total cases including a breakdown of hotline cases and special investigations.

Facilities, Finance & Audit Committee
September 18, 2020
Page 6

Technology Services

Due to time constraint, Mr. Hubert Harris, Chief of Staff, did not present but his presentation is available in the board materials. In summary, Mr. Harris' report is an update on technology projects undertaken because of COVID. Mr. Harris will present to the Committee at the November Board meeting.

ADJOURNMENT

There being no further business, the Chair adjourned the meeting at approximately 2:10 p.m.

Approved:

*Valerie Brown**

11/20/2020

Dr. Valerie Brown, Chair

Date

*Approved at the Facilities, Finance & Audit Committee on 11/20/2020

VIRGINIA STATE UNIVERSITY

RESOLUTION TO APPROVE UNFUNDED SCHOLARSHIPS

WHEREAS, Virginia State University (“VSU” or “University”) utilizes unfunded scholarships to support students with financial need who might not otherwise be able to attend the University for financial reasons; and

WHEREAS, unfunded scholarships support VSU’s mission and its strategic plan by providing students *affordable access to an excellent education*, which is also an initiative of the Governor and the Commonwealth of Virginia; and

WHEREAS, pursuant to § 23.1-612 of the *Code of Virginia*, unfunded scholarships are applied exclusively to the remission, in whole or in part, of tuition and mandatory fees; and

WHEREAS, an undergraduate Virginia student may receive an annual remission of an amount not to exceed the cost of tuition and mandatory fees. An undergraduate non-Virginia student may receive an annual remission not to exceed the amount of the out-of-state tuition differential required to be paid by the student for tuition and mandatory fees; and

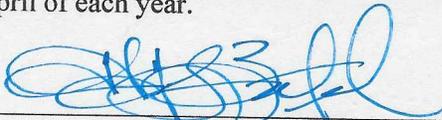
WHEREAS, the governing board determines the number of unfunded scholarships annually awarded to undergraduate Virginia students and non-Virginia students, and the total value of all such scholarships annually awarded to undergraduate Virginia students shall not exceed the amount of the applicable sum of undergraduate tuition and mandatory fees multiplied by 20 percent of the enrollment of undergraduate Virginia students during the preceding academic year; and

WHEREAS, the total value of all such scholarships annually awarded to undergraduate non-Virginia students shall not exceed the amount of the applicable per capita out-of-state tuition differential paid by undergraduate non-Virginia students for tuition and mandatory fees multiplied by 20 percent of the enrollment of undergraduate non-Virginia students during the preceding academic year; and

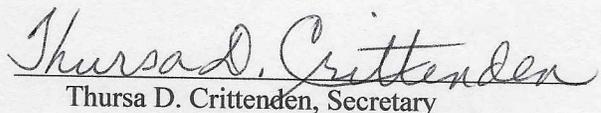
WHEREAS, in May 2020, the University’s FY 2020-2021 approved budget includes a total allocation of \$500,000 for unfunded scholarships for Virginia students and non-Virginia students, respectively.

THEREFORE, BE IT RESOLVED THAT, that the Board approves the University’s plan to award a maximum of 100 unfunded scholarships to Virginia students and a maximum of 200 unfunded scholarships to non-Virginia students **in spring 2021** and that the total of these combined categories of unfunded scholarships shall not exceed \$500,000.

BE IT FURTHER RESOLVED THAT, the Board will review and determine the amount of unfunded scholarships annually during the development of its operating budget that typically occurs in April of each year.



Huron F. Winstead, Rector



Thursa D. Crittenden, Secretary

8.6.20

Date

8.6.20

Date