

**BOARD OF VISITORS  
Finance Committee  
December 9, 2005  
President's Conference Room**

**MINUTES**

Mr. Howard P. Kern, Chairperson, called the meeting to order at 8:09 a.m. Roll call indicated that the following Committee members were in attendance and a quorum was present:

Committee Members Present:

Mr. Howard P. Kern, Chairperson  
Mr. Bobby N. Vassar  
Mr. Henry D. Light  
Mr. Stanley Green, Jr.  
Mrs. Teresa H. Carrington  
Mrs. Renitalynette Anderson

Members of NSU Staff Present:

Mr. Kevin Appleton, Vice President for Finance and Business  
Dr. Adebisi Oladipupo, Vice President for Research and Technology  
Mr. Earlie P. Horsey, Executive Director of Planning and Budget  
Mr. Patrick B. Kelly, Special Counsel  
Mr. Ernest M. Ellis, Director of Internal Audit  
Dr. Joyce E. Bozeman, Assistant Vice President for Administration  
Mr. Anton V. Kashiri, Associate Vice President for Facilities Management  
Mr. Ralph W. Johnson, Associate Vice President for Finance  
Mrs. Terricita Sass, Associate Vice President for Enrollment Management  
Ms. Michelle D. Martin, Controller  
Ms. Cheryl Orr, Director of Human Resources  
Ms. Patrice Barnard, NSUAEOP President  
Ms. Tanya S. White, Recorder

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**1. Approval of Minutes**

Mr. Kern asked for a motion to approve the minutes for September 2, 2005.

Mr. Light motioned, seconded by Mr. Vassar and unanimously voted by the Finance Committee to approve the minutes from the September 2, 2005 meeting.

**2. Information Items**

**Financial Status Information** - Mr. Appleton gave a brief summary of the Expendable Auxiliary Fund Balance to Plant Debt, Ratio of Plant Equity to Plant Debt, E&G Operating cost per full-time student, Ratio of Expendable Auxiliary Fund Balances to Total Auxiliary Expenditures, Revenue Expense Comparison, Division Percentage of E&G Expenditures, and Budget to Actual comparison by Division and by Fund.

**Master Plan Update** - Mr. Appleton stated that the University was in the Master Plan process. He said it was being chaired by Mr. Anton Kashiri with oversight by the Executive Cabinet. Mr. Appleton said that Portman Architectural Firm was selected to conduct a physical survey of the campus including academic data. Mr. Appleton discussed the Master Plan schedule and said that it should be completed by July 2006. He also explained the issues and goals of the Master Plan Committee and Portman Architectural firm. Mr. Appleton said that main concerns facing the Master Plan firm were spacing and signage issues. Mr. Light asked about the status of student housing on campus. Mr. Appleton responded that currently there were an adequate number of beds on campus. He said that there would be an expected 8000 students on campus by 2010 and that usually 35% live on-campus. Mr. Appleton said that we would need 2800 beds, we currently had 2400 beds and that this was the standard in Higher Education. Mrs. Carrington asked what was student - teacher ratio. Mrs. Sass responded that currently the ratio was 17:1.

Mrs. Carrington asked about acquisition of other areas around campus. Mr. Appleton stated that the University wanted to acquire other properties such as Pollards Chicken, the gas station and possibly 7-Eleven. Mrs. Carrington said that the 7 – Eleven area needed to be policed better because it looked like a gathering place and it demonstrated a negative image. Ms. Carrington also said that she didn't feel very safe going to the 7-Eleven. Mr. Appleton responded that we try to maintain a Police presence in that area. Mrs. Carrington said that she plans to speak with the City Hall regarding the area. Mrs. Carrington also said that when one visits ODU or the downtown area, those areas have really changed and there aren't so many gathering places now and she felt safe. Mr. Appleton said that the University will redouble its efforts in that area.

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Mr. Green asked what was being done regarding the signage issue. Mr. Appleton responded that signage was being addressed in the Master Plan. Mr. Kern asked if the Master Plan was a basic platform to request money for the signs. Mr. Appleton said yes and that we have identified and are addressing the signage problems systematically through out the campus.

**Financial Statements for the Year Ended June 30, 2005** – Mr. Appleton stated that the financial statements presented the University’s assets, liabilities and net assets as of June 30, 2005. He said that the University’s net assets had increased by \$13.4 million from the prior year and total assets increased by \$36.8 million. Mr. Appleton stated that the total liabilities increased by \$23.4 million which was due largely to the new debt recorded by the new student center. He also gave a brief overview of the statement of revenue, expenses and changes in net assets. He said that operating revenues increased by \$5.6 million, operating expenses increased by \$8.2 million, state appropriations increased by \$2.1 million, and other revenues increased by \$2.7 million in capital appropriations for maintenance reserve projects.

**Space Utilization Measures (internal study underway)** - Mr. Appleton stated that this information was included in the Master Plan Update information.

**3. Discussion Items**

**Six Year Financial Plan Overview** – Mr. Appleton stated that the financial component of the six-year plan included both an estimated revenue worksheet, and an estimated spending worksheet. He said that the two versions of the revenue worksheet required the worst case and best case scenarios. Mr. Appleton said that funding was necessary to achieve 100 percent of the base adequacy guidelines by 2012 and were calculated, along with the amount of resources needed to achieve the 60<sup>th</sup> percentile goal for faculty salaries over the same period in both scenarios. He also said that the anticipated minimum tuition and fee charges and student financial aid strategies were required under both scenarios.

**Legislative Priorities** – Mr. Appleton gave a summary of the top five projects for the legislative agenda. He stated that the five buildings on the list included Norfolk Community Hospital, Lyman Beecher Brooks Library, G.W.C. Brown Memorial Hall, and the L. Douglas Wilder Performing Fine Arts Center. Mr. Appleton stated that the requests were similar to other higher education institutions. He said the cost-overruns of the projects were the RISE Center; Robinson Technology Building- Phase II Renovation; and the Police and Public Safety Building. Mr. Kern asked if the overruns were actual or that bids had just not come in for contracts. Mr. Appleton responded that there were cost escalations in the market and not fixed prices and they were not actual overruns.

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Mr. Green asked if there were fixed contract prices. Mr. Appleton said that the prices were not fixed and summarized what the state allowed, and said that buildings are built in stages to expedite the process. Mr. Kern asked if the buildings were bid in sections. Mr. Appleton said yes. Mrs. Carrington asked if the amount of money we have will cover the signage. Mr. Kashiri responded that the funds we have will coverage signage. Mr. Kern asked was there any indication of what would be approved by the Governor and if we had set up meetings with Legislature. Mr. Appleton said that the Governor will give budget recommendations on December 16 in Richmond and that Dr. Schexnider and Mrs. Karla Johnson were involved in the process of speaking with Legislators and Kemper Consultants.

**Capital Projects Update -**

- Bozeman Building – Completed on 12/05; auditorium seats will be installed in 1/06;
- Spartan Suites – Completed on 9/05;
- Rise Center (Marie V. McDemmond Center) – Completion date is 9/06; steel erection completed;
- Energy Project – Completion 9/06; Wilson Hall completed; Library and Echols Hall using temporary boilers;
- Robinson Technology Phase II – Completion date 8/06; gutting of the building was completed; duct work installed; roof replacement has began;
- Fine Arts Building – Completion 12/05;
- Student Center – Completion 4/06; Architects are working on preliminary designs to be completed on 12/05; project is scheduled to be bid out in 3/06;
- Roof replacements – On-going for Wilson Hall, Spartan Station, Fine Arts Building, Central Warehouse, Gill Gym; Rosa Alexander and Lee Smith Hall are 100% complete, Library roof projects underway and will be completed in 90 days; Scott-Dozier project will be re-bid on December 12;
- Alumni House – Completion 12/10/05;
- Brown Hall ADA improvements – Completion 3/06;
- Street Paving and Parking Lots – Completion scheduled for 12/31/05; and
- Campus Police and Public Safety Building – Completion date 12/06; site selection pending input from the Master Plan Consultants.

**Student Receivables Update** - Mr. Appleton gave a brief summary of the audit findings for the fiscal year 2002-2003 and the status of the University during fiscal year 2003-2004. Mr. Appleton also discussed the current status for the 2004-2005 fiscal years, reconciliation of Student Account Receivable changes and the Accounts Receivable trends that affected the University. Mr. Appleton said that there had been a twenty-five percent increase in the University's cash collections.

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Mr. Appleton gave an Operations update. He stated that a new Bursar, Zaheer Tariq, had been hired and he reports to the Controller's area. He also said that a new Associate Vice President for Finance had been hired, Mr. Ralph Johnson, from Dillard University in Louisiana. Mr. Appleton stated that many projects were being worked on to improve the University operations. He also gave a brief summary of initiatives that were implemented at the University or that will take place in the near future, which included: Spartan Shield- web registration; E-Commerce; Positive Pay; Check verification; third party payments; private scholarships; foundation scholarships; reformatted account statements; email account statements; payment plan receipts; and payment plan interface.

**Enrollment Decline Based on Academic Performance** - Mr. Appleton stated that Mr. Kern asked about this subject at the September meeting. He discussed the total number of students by classification that had not returned to the University based on academic performance. Mr. Kern asked what were the financial implications. Mr. Appleton said that the numbers reflected that if the student is not meeting satisfactory academic progress standards, then they are not eligible for financial aid and this caused financial implications. Mrs. Sass stated that there were two components of not maintaining Satisfactory Academic Progress. She said the first was the Grade Point Average (GPA) requirements of at least a 1.7 and the second was course completion of at least 67% of the hours attempted.

Mr. Patrick B. Kelly, Special Counsel asked Mr. Appleton if he could discuss the lease agreement for the Fan Mountain Observatory. Mr. Kelly stated that the Fan Mountain Lease agreement was for \$1 a year for a term of 20 years for the University of Virginia (UVA) to lease a tract of land belonging to UVA to Norfolk State University. He said that the tract of land would be used to construct a small astronomical observatory. Mr. Kern asked where Fan Mountain was located. Mr. Kelly said it was west of UVA and that it was a rapid response telescope to be maintained by Dr. Delgado. He said he was requesting the Board's approval for the Capital Lease. Mr. Vassar asked if there was an option to renew at the end of the lease. Mr. Kelly stated that there was a renewal clause and that UVA and NSU were excited regarding the project. Mr. Kern asked for a motion to approve the proposed lease agreement for the Fan Mountain project. Mr. Kern asked if the project was grant funded. Mr. Kelly stated yes, and that the project was grant funded with \$750,000 from NASA.

Mr. Light motioned, seconded by Mrs. Carrington and unanimously voted by the Finance Committee to approve the Fan Mountain Observatory Lease Agreement.

Mr. Kelly asked if he could discuss one other item. Mr. Kelly asked the Board to waive a University Policy which addressed leave carried over by Faculty Administrators. He said

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that Ms. Paula Thompson, Assistant to the General Counsel, had not been able to take annual leave because a General Counsel had not been assigned to the University. Mr. Kelly said that he requested the President to allow Ms. Thompson to carry-over fourteen days of leave and since the policy was in place, it needed to be approved by the Board. Mr. Green asked if she could use the days in the following year. Mr. Kelly said that it would be considered in the next administration. Mrs. Carrington stated that we should change the policy so that the President has the discretion. Mr. Light said that huge obligations could be built up in leave and that a report should be done with limits set on the leave to be carried over. Mr. Green said that if the person leaves and has built up time then we would have to pay out a large amount and there should be a limit. Mr. Light said that we should approve this one time but it should be revisited by the Board with something in writing. Mr. Kern asked for a motion regarding waiving the University Policy to carry-over leave balances for Faculty Administrators.

Mr. Light motioned, seconded by Mr. Green and unanimously voted by the Finance Committee to approve to waive the University Policy to carry-over leave balances for this one time for Paula Thompson.

**4. Audit Report**

**Internal Auditors Report** - Mr. Ellis stated that there were no hotline complaints to report.

**5. NSUAEOP Report** - Ms. Patrice Barnard, NSUAEOP President, gave a brief summary on NSUAEOP activities for July 2005 – December 2005. She stated that she was excited to be taking Laverne Moore's place as President. She also said that currently there were a total of 161 members and that the NSUAEOP was growing and recruiting for new members.

**6. Other Business** – Mrs. Carrington stated that she would like to see a preliminary budget in March that addressed the enrollment status of the University. Mr. Vassar asked Mr. Ellis if the auditor positions had been filled that were vacant at the last BOV meeting. Mr. Ellis reported that both auditor positions were filled and the new employees would begin on January 3, 2006. Mr. Kern asked Mr. Ellis to provide a complete audit update at the next meeting.

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**7. Adjournment**

The meeting was adjourned at 9:30 a.m.

Respectfully submitted,

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Kevin Appleton, Vice President for  
Finance and Business

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Howard P. Kern, Chairperson  
Finance Committee