

**BOARD OF VISITORS
Finance Committee
December 7, 2007
Board of Visitors Conference Room**

MINUTES

Mr. Howard P. Kern called the meeting to order at 1:24 p.m. Roll call indicated that the following Committee members were in attendance and a quorum was present:

Committee Members Present:

Mr. Stanley Green, Jr.
Mr. Wade W. Perry, Jr.

Committee Members Absent:

Mr. Henry D. Light

Board of Visitors Members present:

Mr. Bobby Vassar, Rector
Dr. Lauren R. Tucker

Members of NSU Staff Present:

Dr. Carolyn W. Meyers, President
Mr. Ralph W. Johnson, Vice President for Finance and Business
Mr. Earlie P. Horsey, Executive Director, Planning and Budget
Ms. Pamela F. Boston, General Counsel and Special Assistant Attorney General
Mrs. Terricita Sass, Associate Vice President, Enrollment Management
Mr. Ernest M. Ellis, Director, Internal Audit
Ms. Michelle D. Martin, University Controller
Ms. Karen Barrett, Director, Facilities Management
Mrs. Francine Johnson, Associate Director, Human Resources
Ms. Angela Buckner, Director, Capital Planning and Improvements
Mrs. Tanya S. White, Executive Assistant to Vice President

Other:

Mr. Matthew Bowers, Writer, *The Virginian Pilot*

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1. Approval of Minutes

Mr. Kern asked for a motion to approve the minutes from August 31, 2007.

Mr. Green motioned, seconded by Mr. Perry and unanimously voted by the Finance Committee to approve the minutes from the August 31, 2007 meeting.

2. Discussion Items

a. Accounts Receivable Update- Mr. Johnson stated that he would present two quarters of information. He said he would present information as of June 30, 2007 and the September 30, 2007 quarters. Mr. Johnson said that he wanted to remind the Committee that the accounts receivable management finding for June 30, 2006 audit was eliminated. He said however, we planned to concentrate on the accounts receivable and update the committee and full Board.

Mr. Johnson said that as of June 30, 2007 that the accounts receivable balance was less than \$1 million this year at \$891,000. He said that when we began the process in June 2004 that the balance was almost \$7 million. Mr. Johnson also said that there was great improvement and he wanted to congratulate Michelle Martin, Controller and her staff on continual improvement. The Finance Committee also thanked Ms. Martin and her staff for a job well done.

Mr. Johnson stated that as of September 30, 2007 the accounts receivable balance included tuition for fall semester and the balance compared to last year was significantly lower. He also mentioned that the cash collections were higher than last year for the same period. Mr. Johnson also said that as Norfolk State University and other state agencies continue to deal with budget reduction costs out of Richmond that it is more paramount to control the accounts receivable process for cash that comes in.

Mr. Kern commented about the write-offs being at zero. Mr. Johnson responded that the accounts receivables write-offs had not occurred as of June 30, 2007 but estimated would be about \$241,000. He said at this time they had not been completed.

Mr. Kern asked about scholarship funding availability and affordability and had it increased. Mr. Johnson stated that it levels out with the tuition increases. He said that the government had mentioned increases to the Pell grant but as tuition prices increase they eat into the financial aid increase and other funding.

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3. Information Items

a. Financial Status Information- Mr. Johnson stated that he wanted to present the Division percentages of total Educational & General Expenditures from each area. He said that there is not as much available funding as in previous years due to the budget reductions mandated by the state. He also said that Academic Affairs, Student Services, Executive Management, Research and Technology, and University Advancement were on target with expenditures.

Mr. Johnson said that the budget reflects twenty-nine percent versus twenty-two percent in expenditures and the Finance and Business Division was not actually over the budget. Mr. Johnson stated that the Division pays many of the expenses during the first of the year and that it would level off during the year. He said that there were increases in property and liability insurance and the workmen's compensation expenses are also higher. Mr. Johnson said that we should be on target for the end of the year.

Mr. Johnson stated that he wanted to give an update on E&G revenues for this fiscal year. He said we are projected at the end of October to be at about \$49 million and are actually at \$52 million. He said that the Committee should remember that the amounts are allocated through State Appropriations. Mr. Johnson said that the funding comes in 2 sources; the E&G piece and the non-E&G piece which is the tuition that we charge the students. He said that the revenues versus expenses reflected that we are doing well. Mr. Johnson also said that as an annual basis we received and expended what was received from the state.

Mr. Kern asked what were the cumulative numbers from last year for year end from E&G. Mr. Horsey stated this year it would be down due to the budget reductions.

Mr. Green asked had we submitted the 5% budget reduction to the State. Mr. Johnson responded that the money was taken off the top. He said usually we would receive the annual allocation at the beginning of the year, however this year the State put in a process of calculating the monthly allocation based upon a three year average of our expenses and appropriations were received on a monthly basis. Mr. Johnson said the state reductions reduced the budget by \$2 million and we gave them a general idea of where we made cuts. He also said we reduced the budget by supplies, travel, and vacant positions.

Mr. Green asked at the next meeting could we provide a breakdown of what was presented to the State and what cuts were made in case we needed to do it again. Mr. Johnson responded that we will provide the information requested. Mr. Kern asked were cuts coming from a budgeting, planning perspective or were they taken out of the system totally. Mr. Horsey responded that the cuts were taken out of the system and permanent.

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b. Legislative Priorities- Mr. Johnson stated that he wanted to review the Capital Project requests. The capital projects discussed were: (1) Construction of New Library building/demolish old building, \$46,839,000; (2) Construct new Nursing/General classroom building and demolish NCH building, \$46,726,975; and (3) Renovate Expand Performing and Fine Arts Complex; \$33,785,300. The Operating Budget Amendments reviewed were: (1) Provide additional funds to Ph.D. in Materials Science/Engineering; \$1,470,721; (2) Provide funding for campus safety and security upgrades, \$470,000; (3) Adjust base adequacy guideline to include all OCR funds; (4) Adjust 100% cost policy for out-of-state students; (5) Adjust language to include management of all residential facilities; (6) Provide additional funding for utility rate increase, \$615,000; and (7) Support Hampton Roads Research Partnership (HRRP) Modeling and Simulation project \$1,298,882.

Mr. Johnson stated that the House Committee and other legislatures had visited campus to see the Library and other buildings to see what was going on and what repairs were needed. He said that walking through the building helped them to better understand the funding requests.

Mr. Johnson said that the \$470,000 was for the campus safety and security upgrades and as all university campuses deal with the aftermath of the tragedy at Virginia Tech as well as on-campus here, we wanted to provide a safe learning environment for our students, faculty and staff. He said a task force was set-up by Dr. Meyers and from the task force recommendations were made that included several different initiatives. He said that one initiative was the text-messaging system, *Send Word Now*, which we have recently signed a contract with. Mr. Johnson said that the service could send text and voice messages in the event of an emergency and a unique feature is that a message could be sent back to the University if assistance is needed. He said that we are one of few agencies who had signed up and the campus community would be pleased. He also said that we don't have to buy any equipment which would cut down on the implementation time. Mr. Green asked what was the current timeline. Mr. Johnson responded that he had turned the project over to the Office of Information Technology but expected as early as the end of January for the program to be in place. Mr. Johnson also noted that the program is voluntary for persons to sign up for the service to receive the information on their personal cell phones.

Mr. Johnson also stated that we will not know what is approved in the budget requests until the Governor's Budget meeting which is scheduled for December 17, 2007. Mr. Kern said that the State is also looking at something regarding bond issues.

c. New Student Center – Mr. Johnson stated that he wanted to give an update on the progress for the New Student Center layout. He said that we were working with a new Architecture firm, Tymoff and Moss Architects. Mr. Johnson said that we sought a new

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firm because the other architects did not agree with what we wanted. He said that three design options were presented and one was selected on the Executive Cabinet level. Mr. Johnson said that the construction will begin soon and that we expected new construction to be completed by June 2009. He also said that the Godwin Center renovation would be completed approximately twelve months after the new building in October 2010. Mr. Johnson also stated there would be no flat roofs on the buildings to prevent damage.

Mr. Johnson said that there would be a reorientation of the front of the building so that it faced the west which is the mall and grassy area of the campus. He said that the retention pond and a loading dock were added that were needed by the businesses inside of the facility including the bookstore and food service vendors. Mr. Johnson said that there were student offices for the SGA, meeting spaces and a large campus bookstore which is two stories and much larger than the current bookstore in the Godwin Center.

Mr. Johnson said that the building will be in a three-story structure. Mr. Johnson stated that there is a blueprint inside of the binders for review. He said an auditorium with a staging area, food court, lounging area, and multi-purpose room; which can be divided up into several spaces. Mr. Wade asked what was the square footage in the entire building. Mr. Johnson responded 80,000 square feet.

Mr. Kern asked who were the persons who gave input into the design of the building. Mr. Johnson responded that the groups included the Student Government Association, Student Activities, Food Services, Barnes and Nobles, and other offices. Mr. Green asked if we would have franchised food services in the building. Mr. Johnson stated yes and they were owned by our food services vendor and included Chick-fil-A and Pizza Hut. Mr. Perry asked was there a bridge connecting the Godwin Center to the new building. Mr. Johnson said yes on the third floor. He also said that there would be exercise equipment, conference rooms, computer labs, study rooms, and a commuter lounge on the third floor. Mr. Johnson also said that there would be a wellness center with showers and lockers.

Dr. Meyers said that the Board Room would also be located in the New Student Center with a fireplace and she wanted to include that in the design. She said that at other campuses the Board Rooms were located in the student centers at Old Dominion University and Christopher Newport University. Mr. Johnson said that in addition some wanted a new basketball court but that was not included in the design but the building would still be very student focused. Mr. Green asked when would we begin building. Mr. Johnson responded late February, early March. He also said that total cost for the renovation and new student center would be \$25.8 million.

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d. Proposed Master Plan Update – Mr. Johnson said that the proposed Master Plan is still under review. He said the University will schedule a meeting with the City of Norfolk in early 2008 to get feedback. Mr. Johnson said that under the current Hampton Roads Transit (HRT) plan that the Brambleton Light Rail station is in conflict with our proposed Master Plan. He said under the proposed Master Plan we had the station on the west side of the street and HRT has the station on the east side which is directly on the campus.

Mr. Green asked Dr. Meyers if there was any new information since the last correspondence that the Board had received. Dr. Meyers stated that she had meetings with Mr. Townes, CEO of HRT and Ms. Regina Williams, City Manager and Mr. Stanley Stein, Assistant City Manager. She also said she will keep the Board updated.

Mr. Kern stated that the NSUAEOP report was included in the package and that it should be reviewed. He said that the Board expressed their thanks for a job well done.

4. Closed Session – pursuant to §2.2-3711A.1, Code of Virginia

**a. Internal Audit’s Report
– Ratio of Hotline Complaints**

Mr. Kern requested a motion to convene into closed session to receive a report from the Internal Auditor.

Mr. Perry motioned, and seconded by Mr. Green, and unanimously approved by the Finance Committee to move to adjourn and reconvene in Closed Session as permitted by 2.2-3711.A.3, Code of Virginia, for specific purpose of discussing the Internal and State Audit Reports.

The Finance Committee reconvened in Open Session at 2:20 p.m.

The Norfolk State University Finance Committee having reconvened in open session, took a roll call vote on certification that (i) only public business matters lawfully exempted from open meeting requirements, and (ii) only such public business matters as were identified in the motion by which the Finance Committee closed meeting was convened were heard, discussed or considered in the meeting by the Finance Committee. Any member of the Finance Committee who believed that there was a departure from the requirements as stated above, was asked to so state prior to the vote, indicating the substance of the departure that in his or her judgment has taken place.

A roll call was taken for Board members who certified the motion:

Green..... yes
Kern.....yes

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Light..... (*absent*)
Perry yes

5. Other Business-

No new business was brought before the Finance Committee.

6. Adjournment –

Mr. Kern asked if there was any other business and for adjournment.

There being no further business, the meeting adjourned at approximately 2:24 p.m.

Respectfully submitted,

Ralph W. Johnson, Vice President for
Finance and Business

Howard P. Kern, Chairperson
Finance Committee