

**MINUTES OF
THE MEETING OF THE
BOARD OF TRUSTEES OF THE
ROANOKE HIGHER EDUCATION AUTHORITY
June 2, 2010
Roanoke Higher Education Center**

The meeting was called to order by Chairman John Edwards at 12:25 p.m. Roll call was taken and quorum was confirmed.

Chairman Edwards introduced new Board members: James Shaeffer for James Madison University, N.L. Bishop for Jefferson College of Health Sciences, and Bill Cleaveland for the Virginia House of Delegates. Chairman Edwards presented awards to Warner Dalhouse and Bill White, who have served as governor's appointees to the Board for the past eight years and whose terms expire as of June 30, 2010.

The minutes of the Board of Trustees meeting on December 2, 2009 were approved by consensus.

Election of Board Officers

The following slate of Board officers was recommended by the Board's Executive Committee for election to a 2-year term:

Chairman	John Edwards
First Vice-Chairman	Debra Meade
Second Vice-Chairman	John Dooley
Secretary	Barbara Smith
Treasurer	Sue Gregory

Mr. Poindexter moved that the officers be elected as proposed; Dr. Stewart seconded the motion; and the motion carried by unanimous vote.

Finance Report

Director of Finance Sue Gregory reviewed the highlights of the March 2010 financial reports.

Water Intrusion Remediation Plan

Director of Facility Services Jessica Call presented a summary of the findings of the recent water intrusion investigation, the details of which had been presented to the Executive Committee at its meeting on April 16, 2010. The Executive Committee had considered several options for remediation of the water intrusion problems and had authorized implementation of the short-term option which would provide as-needed repairs to the existing roof system and masonry for a 5-10 year period. Estimated cost for the short-term plan is \$435,120, which is currently available in cash reserves. A long-term option which would provide a new roof system and rehabilitate the building's masonry façade and windows, a solution estimated to last 50+ years and cost \$6,458,620, was recommended for approval to the full Board by its Executive Committee.

Dr. Dooley moved that the Board confirm the Executive Committee's approval of immediate implementation of the short-term plan. Mr. Dalhouse seconded the motion, and the motion carried by unanimous vote. After some discussion regarding sources and strategies for obtaining

funding for the long-term remediation plan, Dr. Stewart moved that the Board approve the long-term plan in concept, provided that the required funding is obtained. Mr. Dalhouse seconded the motion and the motion carried by unanimous vote.

Energy Audit and Improvement Project

Jessica Call presented a progress report on the Energy Audit and Improvement Project. The project includes upgrades to the Center building's lighting, HVAC and controls, which are expected to save over \$100,000 per year in operations, maintenance and utility costs. The cost savings are estimated to pay for the \$1.6 million debt service for the project.

New Telephone System

Director of Academic and Student Services Carla James reported that the Center will be replacing its obsolete NEC 2000 phone system with a new Avaya IP telephone system. The new phone system has a projected life span of 8-10 years and will cost approximately \$64,000. Full system implementation is expected to take place in Winter 2010. Members will be required to purchase new telephones compatible with the new system by November 1, 2010. The new phones will cost between \$140 and \$190 each. Beginning July 1, 2011, the per-line charge for telephone service to the Center members will increase from its current \$16 per phone line to \$25 per phone line. All other charges included on monthly phone bills will remain at the current level.

FY 2011 Budget

Executive Director Dr. McKeon presented a recap of the current FY 2010 budget, highlighting downward trends in state appropriation and day rental revenues that are projected to result in \$141,205 less revenue than budgeted. In response to declining revenue, budgeted expenses have been deferred or reduced, leading to a projected reduction in budgeted expenses in the amount of \$179,840. Strategies developed to address budget challenges include: (1) pursuit of state maintenance reserve and capital funding to address building infrastructure issues, (2) pursuit of additional operating funding from the state and consideration of additional fees in order to return to a balanced budget without use of cash reserves, (3) maintaining a target of six-month cash operating reserves, (4) continuing to recruit new Center members, and (5) use of Virginia's Facility Inventory Condition and Assessment System to manage facilities and assist with long-term planning. Discussion ensued regarding (1) the impact of economic recession and developing technologies on day rental revenues and (2) strategies to promote the state's higher education centers as a valuable resource for education of non-traditional adult learners, worthy of the state's significant and ongoing financial investment.

Next, Dr. McKeon presented the Authority's proposed FY 2011 budget for the Board's approval. Even with operating expenses reduced to address the most essential commitments, the budget requires use of cash reserves in excess of \$200,000. In order to achieve a balanced budget, a reduction in force is also required. After some discussion, Dr. Krippel moved to approve the FY 2011 budget; Mr. Price seconded the motion; and the motion carried by unanimous vote.

VRS Resolution

Dr. McKeon explained that the 2010 Virginia General Assembly created a separate retirement plan for employees hired on or after July 1, 2010 ("Plan 2 Employees"). State Plan 2 Employees will be required to pay their 5% member contributions to the Virginia Retirement System. The legislation allows certain employers, including the Roanoke Higher Education Authority, to pay all or a portion of the member contributions on behalf of its Plan 2 Employees. Dr. McKeon

recommended that the Authority pay the 5% member contribution to the VRS for its future Plan 2 Employees, just as it does for its current employees. After some discussion, Mr. White moved that the Authority pay the member contributions of its Plan 2 Employees to VRS in an amount equal to 5% of the Plan 2 Employees' creditable compensation. Mr. Dalhouse seconded the motion. The motion carried with 12 yes votes and one no vote.

Debt Policy

Sue Gregory presented a Debt Policy Discussion Paper and requested feedback from Board members. The goal is to adopt a debt policy for the Authority at the full Board meeting in December 2010.

Executive Director's Annual Performance Evaluation

Mr. Dalhouse moved that the Board of Trustees convene in closed session to discuss a personnel matter, specifically to consider the annual performance evaluation of the Executive Director, pursuant to Section 2.2-3711.A.1., Code of Virginia (1950), as amended; Dr. Stewart seconded the motion, and the motion passed by unanimous roll call vote.

Mr. Dalhouse moved that the Board of Trustees certify that to the best of each member's knowledge (1) only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act and (2) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the just concluded closed meeting of the Executive Committee. Dr. Stewart seconded the motion, and the motion passed by unanimous roll call vote.

Executive Director's Annual Report

Dr. McKeon (1) reviewed key elements of new leases that have been developed by RHEA staff and attorneys for private member tenants whose original 10 year leases will expire soon, (2) provided a schedule of events planned to celebrate the Center's 10th anniversary, (3) reported on progress of the Center's Economic Impact Study, (4) reported on progress of new member recruitment, (5) presented his 2009-2010 written annual report.

Upcoming Board Meetings

Chairman Edwards announced the 2010-2011 meetings of the Board as follows:

EXECUTIVE COMMITTEE

Thursday, November 18, 2010, at 2 p.m.

Wednesday, May 25, 2011, at **10 a.m.**

Thursday, November 17, 2011, at 2 p.m.

FULL BOARD

Wednesday, December 1, 2010, at 12 noon

Wednesday, June 8, 2011, at 12 noon

Wednesday, December 7, 2011, at 12 noon

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

Respectfully submitted,

Barbara B. Smith

Secretary