

**ROANOKE HIGHER EDUCATION AUTHORITY
BOARD OF TRUSTEES EXECUTIVE COMMITTEE
Wednesday, May 18, 2016 at 2 p.m.
Roanoke Higher Education Center**

RHEA Board's Executive Committee Members Present:

John Edwards, Lorraine Lange, Christopher Head, Robert Archer, Charles Price, Robert Sandel

Others Present: Tom McKeon, Sue Gregory, Michele Faircloth, Carla James, Patrick Hilt

The meeting of the Roanoke Higher Education Authority Board's Executive Committee was called to order at 2 p.m. The presence of quorum was confirmed.

Senator Edwards moved to approve the minutes of the RHEA Executive Committee Meeting on November 18, 2015; the motion carried by unanimous vote.

RHEA's FY 2016 Financial Report

Robert Archer, RHEA's Treasurer, and Sue Gregory, Director of Finance and Administration, reviewed highlights of the detailed written report on the Authority's financial statements as of March 31, 2016 (incorporated herein). The Authority is in a strong financial position with current cash reserves and ownership of capital assets free of debt except for the energy savings program in which cost savings are projected to pay for the debt. Further discussion included the capital maintenance fund, the Claude Moore Education Complex project and the Clinical Simulation Lab expansion that is being funded by capital outlay. It was noted that one time major upgrades for a new website will continue as well as a security assessment/enhancements will take place in FY 2017 with use of the cash reserves. It was also noted that FY 16 personnel costs are projected to be under budget in the areas of part-time wages, turnover and vacancy, salary covered by an insurance carrier while an employee was on short-term disability. Additionally, utilities are trending under budget due to factors such as the weather conditions and installing a water meter on the cooling tower. Lastly, audit and legal are expected to be under budget partly due to that there was an active audit RFP in process at the time the budget was set last year with the actual contract being lower than anticipated. It was reported that the increase in net income was due to the acquiring the land from Roanoke City for CMEC expansion. Capital assets increased during the prior year due to water remediation project increasing the Center's value and the acquisition of the Claude Moore Education Complex. The Authority's operations remain vulnerable as there are concerns of funding reductions, increased cost of operations and potential decrease in leased space

Commonwealth of Virginia Deficit Policy

RHEA's Executive Director, Dr. Tom McKeon, presented section 4-3.01 of the 2016 Appropriation Act that governs RHEA concerning deficits and the responsibility of Board members. The Commonwealth will not cover any deficit created by overspending by the Authority. A copy of section 4-3.01 of the Appropriation Act was presented to each Executive Committee member. The Executive Director is required to submit signed documentation to the Commonwealth of Virginia indicating that all Board of Trustee members were notified of this policy which will be presented at the full Board Meeting in June.

Virginia Retirement System Contribution Employer Rate Election

Sue Gregory, Director of Finance and Administration, presented the information to support continue funding the VRS Contribution employer rate at 100% of the VRS Board-certified rate as previously

elected. In accordance with FY 2016 Appropriation Act, VRS is offering the opportunity to select an alternative rate; however, paying 100% of the certified rate is the best option to ensure that our pension is fully funded. Dr. Sandel moved to maintain the certified rate; Dr. Lange seconded the motion; the motion carried by unanimous vote. In accordance with VRS instructions, since the Board selected the 100% certified rate, a VRS resolution is not required.

Security Update

Patrick Hilt, Director of Facility Services, debriefed the Executive Committee regarding the unattended weapon incident which occurred on the 6th floor. He stated that the weapon was covered in clothing and found by someone passing by who then notified security. Officer Jim Collins proceeded to guard the weapon while waiting on the police department to arrive as there is currently no policy in place for this type of incident. While waiting for police, the gun owner returned and a struggle ensued in which the suspect was subdued by Officer Collins with the assistance of other individuals until the City police arrived. Mr. Hilt noted that the suspect is still in custody, was charged and has been barred from the building. Officer Collins experienced a fractured wrist in the process of subduing the suspect.

He reviewed the security enhancements that have already been completed including 53 new HD cameras, a new weapons policy and the security awareness campaign. Mr. Hilt stated that the Center is currently reviewing the communication and emergency procedures (including who is able and when to trigger an emergency notification), are looking at additional security measures for classroom doors, are researching additional training for faculty/staff and reviewing the chain of response for incidents. It was also noted that they are looking at new communication devices and making the emergency alert system sign-up mandatory for faculty and staff working in the building. He thanked the Radford University's Police Captain and Virginia Tech's Director of Emergency Management for their continued assistance in reviewing the incident and the RHEC Emergency Operations Plan. He also noted that he is in contact with Officer Akins with the City Police Department and Craig Harris with Virginia Western Community College. It was announced that the budget request for next fiscal year includes a second day shift officer as the duty requirements have increased and exceed what one officer can effectively manage. A question was posed regarding what other member organizations would do in the same situation and Dr. Sandel noted that Virginia Western Community College would immediately go into a lockdown state (campus wide) with initial response from Campus Security followed by immediate response by the City Police Department. Dr. Sandel also requested that only the Higher Ed Lot side of the Claude Moore Education Complex only be unlocked during operation hours and Mr. Hilt responded that he would follow up regarding the issue (See attached email dated May 19, 2016).

RHEA's FY 2017 Budget

Dr. McKeon presented the Authority's proposed FY 2017 budget for the Committee's review. Dr. McKeon gave a recap of the FY 2016-2018 biennium budget request and noted the \$250,000 increase in state appropriations as a result of that request. The presentation also noted the key elements and challenges of FY 2017 which include decrease in current leased space due to some members reducing their classroom space. The budgeted expenses and revenue were discussed and it was noted that the increase in budgeted appropriation allowed for a 4% contingency for unplanned expenses which previously would have come from the cash reserves. Delegate Head moved to recommend the approval of the budget for RHEA to the Full Board in June; Dr. Sandel seconded the motion; the motion carried by unanimous vote.

RHEC Proposed Membership/Business Model Discussion/Action

Carla James, Director of Academic and Student Services, presented the summary and recommendations for the new Business Model as determined from meeting with each individual member organization since the last Board Meeting. She noted that they discussed member benefits, services, fees, leases and programs in relation to refining the model which would still remain lease based. Ms. James summarized the recommendations which include a minimum yearly fee of \$15,000 for in-state institutions and \$18,000 for out-of-state institutions which would include a classroom and office. It was noted that currently six members fall under this limit but all were willing to work with the minimum fee. Further recommendations included a minimum three year lease with option to renew in three year terms and it was noted that this would give more financial stability than the current year-to-year lease that most members have. A question was posed about lease expiration dates and it was stated that the leases would be staggered so not all would end at the same time. Ms. James continued and noted that additional funding will be sought for a student success center which would offer services such as tutoring, career counseling and academic advising with the help of member institutions possible for manning the center. Lastly, the final recommendation was presented to seek funding for a new outreach position to assist in recruitment, as a business liaison with the community and to work with members to help develop and present successful programs. Ms. James noted that the implementation date for the new model would be July 1, 2017. Delegate Head moved to recommend adoption of the model to the full Board in June; Dr. Sandel seconded the motion; the motion carried by unanimous vote.

Update on Capital Projects

Mr. Hilt noted that the Claude Moore Education Center (CMEC) expansion's design was 50% complete and on hold due to awaiting the review and approval from Bureau of Capital Outlay Management (BCOM) and the Department of Historic Resources (DHR). DHR approved the changes to the design as well as the community and the project is currently awaiting the approval and funding from BCOM. Dr. Sandel thanked Dr. McKeon and his staff for their patience with the project and working well with the community. Mr. Hilt noted that the content on the outside historical panels are still being developed in conjunction with a local working group and that the color scheme of the building was selected to carry the same brick colors from the existing building to the new façade. Once approved by BCOM, bidding for construction will be conducted in the Fall with construction beginning in the Winter. A question was posed about the other elevations of the building and it was stated that the architect, Spectrum Design, was still working on those designs. Lastly, it was stated that the City Council voted to adopt an amendment to the performance contract for an extension to the schedule due to the delays of funding.

Mr. Hilt stated that the Center is currently working with Radford University to expand the Clinical Simulation Center on the first floor. The current lab will be renovated and will expand to include the adjacent room, which is currently a biotech lab, and would approximately double the current simulation lab area size. It was noted that this would help expand services to other allied health programs and allow outside institutions to utilize the space as the schedule permits. The construction may begin next Summer with funding coming from Capital Outlay for construction and Radford University leasing the space and providing staffing.

Executive Director's Travel

Dr. McKeon presented a summary of his travel expenses for FY 2016. The committee reviewed the report and there were no further questions.

Executive Director’s Report

Dr. McKeon presented the Executive Director’s Report for committee review. It was noted that this was presented to the Personnel Committee to be incorporated into the Executive Director’s Annual Performance Evaluation. There was no further discussion.

Executive Director’s Annual Performance Evaluation

Delegate Head called the Executive Committee to 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.

Delegate Head called the Executive Committee to re-convene in open session. Dr. Sandel moved to accept the Committee recommendation for COLA increases and bonuses for staff including a \$10,000 bonus for the Executive Director; Delegate Head seconded the motion; the motion carried by unanimous vote.

There being no further business, the meeting was adjourned at 3:50 p.m.

Respectfully submitted,

Michele L. Faircloth

Secretary

Future Meeting Dates:

EXECUTIVE COMMITTEE

- Wednesday, May 18, 2016 at 2 p.m.
- Wednesday, November 16, 2016 at 2 p.m.
- Wednesday, May 24, 2017 at 2 p.m.

FULL BOARD

- Wednesday, June 1, 2016 at 12 noon
- Wednesday, December 7, 2016 at 12 noon
- Wednesday, June 7, 2017 at 12 noon