

**ROANOKE HIGHER EDUCATION AUTHORITY  
BOARD OF TRUSTEES  
Wednesday, December 07, 2016  
Roanoke Higher Education Center**

RHEA Board Members Present:

Melissa Lubin, Brian Hemphill, Tanya Ridpath, Annette Lewis, Susan Short, Jennifer Pittman, Jean Mottley, John Edwards, Charles Poindexter, Chris Head, Bob Archer, Dane McBride, Lorraine Lange, Patricia White-Boyd, Steve Laymon

Others Present: Beth Avis, Carla Jackson, Patrick Hilt, Sue Gregory, Tom McKeon, Eulah Price, Ethan Cook, Kay Dunkley, Linda Linnartz, Terri Wheaton

The meeting of the Roanoke Higher Education Authority Board of Trustees was called to order by John Edwards at 12:30 p.m. The presence of a quorum was confirmed.

John Edwards extended a welcome to new members:

President Brian Hemphill of Radford University  
Melissa Lubin of James Madison University  
Jean Mottley of SCHEV  
Steve Laymon of University of Virginia  
Lois Williams of Mary Baldwin College (not in attendance).

John Edwards noted the minutes from the last RHEA Board of Trustees Meeting on June 1, 2016.

The minutes were approved as written.

**RHEA's FY 2016 Financial Audit**

Ethan Cook of Foti, Flynn, Lowen, & Co. presented the firm's audit of the Authority's FY 2016 financial records. Mr. Cook reported that, in the auditors' unqualified opinion, the Authority's financial statements fairly represent its financial condition. The auditors issued an unmodified opinion on the financial statements, which is the highest level of assurance given by auditors. There were no journal entries or management letters required, and the financials were in perfect order.

Mr. Cook stated that he met approximately a month ago with the executive committee of the RHEA Board of Trustees to review the audit in depth. He has prepared general comments on financials and those are included in the independent audit committee (letter attached -). The audit report is about 65 pages with the first 15 pages being the MD&A prepared by Sue Gregory and staff. Mr. Cook encouraged board members to read the MD&A as it is written in layman terms, and stated that he is available for related questions at any time. The audit committee letter was discussed with topics being qualitative aspects of accounting practices, most significant estimates and appreciation expenses, allowance for uncollectable accounts (not applicable since there were no uncollectable accounts), difficulties encountered in performing audit (none noted), corrected

and uncorrected statements (none noted), disagreements with management (none noted), management representations, management consultation with other independent accountants (none noted).

Charles Poindexter moved to receive the audit.

Lorraine Lange seconded the motion, and the motion carried by unanimous vote.

### **RHEA's FY 2017 Financial Statements/Report**

Sue Gregory reviewed highlights of her detailed written report on the Authority's financial statements as of 9/30/16 (incorporated herein). The Authority has a strong balance sheet with \$2.7 million in cash and net capital assets of \$27 million. Cash is a little higher than normal as of the end of September with the balance settling back to the normal range of \$ 2.5 million by the end of October. As of 9/30/16, cash covers 13 months of the FY 2017 \$2.6 million operating budget

Cash The Board approved usage of \$405,349 cash reserves for the website redesign project and the security assessment and necessary enhancements.

Our Finance Team consulted with Virginia Tech on investment opportunities and contacted one of the investment firms they use. The firm Merganser normally require \$5 million to invest, but would allow RHEA in at \$1.5 million. There would be fees and risk. Additional work is required before this opportunity could be bought before the Board for consideration. RHEA staff is not necessary a supporter of this move, but is conducting due diligence on investment opportunities.

McBride asked specifics regarding our Certificates of Deposit, i.e. amounts and interest rates. Sue Gregory reported that the CDs interest rate range from 1.11% to 1.15%, which is the going market rate for such investments. She also indicated that they are 14 month CD's. Funds were invested in the CD's when the prior ones matured. They could be liquidated if the Board decides to invest with Merganser. Ms. Gregory noted that the interest rate it dependent on factors such as how much cash banks need at a particular time and also it is tied to the federal interest rate. Robert Archer stated that he met in November with Tom McKeon and Sue Gregory to discuss financials and was very impressed with how we run the Center so efficiently and stay within budget, and John Edwards agrees. Charles Poindexter moved to receive the statements. Chris Head seconded the motion, and the motion carried by unanimous vote.

### **Budget Reduction Plan for FY 2017 & FY 2018**

Sue Gregory reviewed her budget reduction plan to incorporate the FY 2017 5% budget cut. For the next year, there is a tentative plan in place pending a possible 7.5% reduction. Budgeted items such as advertising, utilities, and replacement furnishings would be put on hold if needed. Charles Poindexter noted that on February 25, 2017, more details of the state budget would be available. He predicts there will likely be a sizable budget reduction but his opinion is that it may not be an across-the-board reduction.

### Security Program Update

Patrick Hilt reviewed the Security Program Update, stating that the Center's security has become a major area of focus due to incidents in our building and the surrounding area.

Highlights of the Security Program include the addition of a second security officer on the day shift, making at least two officers on duty at all times, assuring the security office is manned throughout the day and an officer is also available for patrol and response to any security needs.

The Center's members have responded very positively to this change, and the Board agrees.

Additionally, we have conducted safety and security training in the building, installed AEDs and provided training, and increased participation in our Emergency Alert System.

We have hired Witt OBriens, security consultants used and recommended to us by Virginia Tech, to begin a comprehensive review of our Emergency Operations Plan. So far they have completed documents review, site assessment, and are working on a report. These documents are due next week, and will include gap analysis, strengths, and weaknesses. New recommendations will focus on shooting plans primarily, as the fire and evacuation plans that are currently in place are considered very good. Charles Poindexter asked when the Board can receive the updated report, and Patrick Hilt responded that the report which is due from the consultants next week will allow us to prepare an updated document and begin implementing changes.

Patrick Hilt also reviewed Security Program Projects that are under review, including replacement of classroom door hardware to allow rooms to be locked from the inside with a thumb-turn, installing emergency telephones in classrooms, and additional security cameras at CMEC. A project that has been studied in depth is the relocation of the security office to the main entrance on the second floor and converting the Jefferson Street entrance to an employee-only entrance which would be card controlled. We are working with an architect on a plan and have enthusiastic support from all our members. Susan Short asked how changing the building's address might affect visitors. We have discussed and will work with the City of Roanoke on this. John Edwards asked about costs associated with the security program, and Patrick Hilt replied that the planned updates would use most or all of the funds set aside for this purpose.

### Capital Projects Update

Patrick Hilt reviewed upcoming capital projects including:

*Claude Moore Education Complex Expansion:* adding 8,000 square feet, which would provide four times the kitchen and training space for the culinary arts program. Bids in late October all came in approximately 35% over budget. The architect, low bidder and VWCC are working together on cost reduction and have been able to trim out about \$1 million so far. The focus is on making adjustments to construction details instead of reduction in square footage. The success of this expansion would result in a new long term lease with VWCC.

*Nursing Simulation Center:* We met with the architects yesterday, and will soon move into the design phase of this project. Our goal is to begin renovations next summer, and be ready to use for the 2017 fall semester. John Edwards inquired how many schools use the Simulation Center, and Tom McKeon replied that it is currently used by Radford University, Jefferson College of Health Sciences, Virginia Western Community College, Patrick Henry Community College, and

Old Dominion University. With the new renovations and expansion, we will be able to expand training to other allied health professions.

*Maintenance Reserve Projects:* Bids have come in way over budget with two of the three planned projects and we are waiting on the third. The RHEC partial roof replacement, CMEC wood storefront replacement, and CMEC HVAC/BAS upgrades are our must-do list. Any other projects will be deferred until next year.

Annette Lewis asked how the CMEC expansion might affect the rest of the RHEC members and community. Patrick Hilt replied that the funds set aside to maintain historical integrity are protected, as are the architectural design and historical community approval.

### **Website Redesign Update and Preview**

Carla Jackson gave a demonstration of our new website. We have been working with New City in Blacksburg, VA on the redesign since Spring 2016. The site is over 80% completed. There will be a "soft launch" on December 19, 2016, in order to give our members time to make any changes or corrections. We have been using the same website since we opened, so this was a big project, and will provide much more information about our members and services, and offer a professional look and a better user experience. Charles Poindexter asked if a STEM page would be included. Carla responded that there was not currently a STEM page in place, but would work on that suggestion. Jenn Pittman asked what process is in place to assure member information remained updated and current. Carla Jackson responded that we will depend on members to provide changes and corrections. She added that the Center's webmaster will work consistently on updates, we have a form for members to use for changes, and we will discuss this at the member meeting each month.

### **Roanoke Higher Education Center Foundation, Inc. Update**

Tom McKeon announced that the RHEC Foundation, Inc. has turned into the RHEC Foundation. The designation of "Inc." is no longer needed for tax reasons, and will begin operating as a Foundation instead; and, we are in the process of reworking our articles of incorporation. Being classified as a foundation will allow a minimum of 5 to a maximum of 25 board members. Tom McKeon also made the suggestion to change terms of members to three years instead of one, which should provide more continuity in the future. John Puvak of Gentry Locke Attorneys is working to revise documents which should be finalized in January 2017. John Edwards stated that being a Foundation will allow us to do more fund raising and raise money privately as a charity.

### **Appoint members of the Roanoke Higher Education Center Foundation Board**

Tom McKeon suggests reappointing the current board, and directed the Board to reference the handout in lieu of page 89 due to a personnel change. John Edwards read the slate of current members to be appointed.

Dane McBride moved to appoint the slate of current members.

Chris Head seconded the motion.

Lorraine Lange motioned for executive session to consider a personnel matter, pursuant to Section 2.2-3711(A)(1) of the Virginia Freedom of Information Act, Code of Virginia (1950), as amended.

Second: Annette Lewis

The motion was approved by Roll call vote.

The Board of Trustees moves to appoint to Dr. Kay Dunkley as the new Executive Director of the Roanoke Higher Education Center, and this motion was approved unanimously by way of roll call/vote.

Dr. Dunkley accepted the position of Executive Director, effective January 1, 2017.

**Upcoming Executive Committee and RHEA Board meeting dates were announced as follows:**

Executive Committee

Wednesday, May 24, 2017 at 2:00 p.m.

Wednesday, November 15, 2017 at 2:00 p.m.

RHEA Board

Wednesday, June 7, 2017 at noon

Wednesday, December 6, 2017 at noon

**Other Business**

At 1:53 p.m., Charles Poindexter, requested we observe a moment of silence to acknowledge those killed in WW2 during the attack at Pearl Harbor, 75 years ago at this moment.

Susan Short offered thanks to Lorraine Lange and all others for their hard work with the Executive Director Search Committee.

Carla Jackson reminds everyone of the 2:30 meeting in Room 212 for Dr. McKeon's retirement reception.

There being no further business, the meeting was adjourned at 2:00 p.m.

Respectfully submitted,

Beth Avis

Beth G. Avis