

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

RHEA Board's Executive Committee Members present:

John Edwards, Robert Archer, Patricia White-Boyd, Dane McBride, Lorraine Lange

Others present: Tom McKeon, Sue Gregory, Patrick Hilt, Carla James, Ethan Cook of Foti, Flynn, Lowen & Company, Stacey Sink

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.

The minutes from the last RHEA Board of Trustees Executive Committee meeting on May 18, 2016 stand as approved.

RHEA's FY 2015 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 position. The auditors' unqualified or clean opinion is its highest level of assurance. The audit disclosed no instances of noncompliance with laws, regulations, etc. that are required to be reported under Government Auditing Standards, nor were any matters involving internal control over financial reporting and its operation noted. He stated that the financial condition was healthy.

Mr. Cook reviewed the highlights of the Management Discussion and Analysis (MD&A) prepared by Sue Gregory, Director of Finance and Administration and the Finance staff. He noted that the MDA was prepared by RHEA staff as required by GASB with it being a required part of the published audit report. He encouraged committee members to read the MD&A for additional information regarding the Authority's finances especially since it was written in layman terms. Mr. Cook praised the work of Sue Gregory and the finance staff for their work on the audit and the MD&A. The annual audit committee letter was disseminated and discussed as required by audit standards. Dr. Lange moved to receive the audit and present it to the full board; Mr. Archer seconded the motion, and the motion carried by unanimous vote.

RHEA's FY 2016 Financial Report

Mr. Archer indicated that Sue Gregory and Tom McKeon do a great job of setting the budget and running the organization against the budget. Their performance in this regard make him as a board member feel good about being part of the organization. Sue Gregory then reviewed highlights of her detailed written report on the Authority's financial statements as of September 30, 2016. The Authority is in a strong financial position with current cash reserves and ownership of capital assets that is mostly free of debt with the exception of the key building system upgrades financed through the Virginia Master Equipment Leasing Program. However, the Authority's operations remain vulnerable to the impact of any decreases in state funding of the Authority or any of its tenant partners, the loss of current tenants and any unforeseen circumstances that would need additional funding. She also noted that the reserve funds are currently slated for the website redesign and to possibly cover the capital outlay project for the expansion of the Claude Moore Education Complex until the funds from the

bonds are recovered. Ms. White-Boyd moved that the committee receive the financial statements. The motion was seconded by Mr. Archer, and the motion carried by unanimous vote.

Budget Reduction Plan for FY 2017

Ms. Gregory reviewed the budget reduction plan required by a 5% reduction in the state appropriation. The reduction of \$73,300 was spread across multiple departments and was accomplished without a reduction in personnel. The reduction was cushioned by the increase of \$250,093 in the original appropriation reducing the increase to \$176,793.

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.

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. 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.

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. Carla Jackson also indicated 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.

Nominate Members to the RHEC Foundation, Inc. Board of Directors

Dr. McKeon reported that the RHEC Foundation, Inc. Board would like to expand the Board membership to enable it to function more fully as a fund raising foundation. He stated that once the Bylaws are rewritten, the Board would increase in members and move to three year terms with one reappointment. In order to facilitate this change in the year ahead it was recommended that the current membership be reappointed. Dr. McBride moved to accept the slate of current members for nomination for reelection by the RHEA Board of Trustees; Dr. Lange seconded the motion. The slate was accepted as presented.

Closed Session

Dr. Lange called the Executive Committee to convene in closed session to discuss a personnel matter pursuant to Section 2.2-3711.A.1., Code of Virginia (1950), as amended.

Dr. Lange called the Executive Committee to re-convene in open session.

There being no further business, the meeting was adjourned at 3:30 p.m.

In the absence of the Secretary, respectfully submitted,

Thomas L. McKeon
Executive Director