

MEETING OF THE BOARD OF TRUSTEES

March 5, 2016

**UNIVERSITY OF THE VIRGIN ISLANDS
ADMINISTRATION AND CONFERENCE CENTER, FIRST FLOOR
ST. THOMAS CAMPUS
9:00 A.M.**

CONSENT AGENDA

ACADEMIC, RESEARCH, AND STUDENT AFFAIRSDr. Yvonne E. L. Thraen

Provost’s Report

The Provost’s Report included an extensive update on the activities and initiatives in the Provost’s Component during the period of August through December 2015. The committee was provided with an update on enrollment; new personnel; community outreach; and student and faculty achievements.

AUDIT COMMITTEE.....Attorney Henry Smock

A. Presentation by Ernst & Young

Representatives from Ernst and Young (EY) provided a brief update regarding the 2015 Audit Financial Statement Audit and the 2015 A-133 Single Audit. It was reported they were on pace to issue both reports by March 31, 2016. Also provided was a time frame for completion of the component financial statements (Reichhold and FUVI) and a reason for the delay. It is expected they will be issued along with the University’s financial statements on March 31, 2016.

B. Financial Statement Audit Engagement

There was discussion of a proposal made by Ernst and Young for performing the Financial Audits of the university for FY 2016 with options for 2017 and 2018. Approval was given by the Audit Committee to move forward with negotiation of a contract with E&Y for the performance of the 2016 Financial Statement Audits with options for 2017 and 2018.

C. Audit Report

The internal Auditor presented a report on the status of the 2015 Financial Audit, an updated Risk Assessment, an investigation concerning the office hours of the Dean of Students and an Annual Report for FY 2015.

BUILDINGS AND GROUNDS COMMITTEE.....Mr. Alexander Moorhead

A. Albert A. Sheen Campus Project Report:

The AAS campus report covered six (6) projects which included upgrades, equipment maintenance and repairs to facilities during the period October 2015 through December 2015. Projects highlighted follow:

- High voltage electrical repairs of the main switchgear for the Melvin Evans Center - completed December 2015.

- Replacement of three (3) commercial stoves in the kitchen of the AAS campus – completed December 2015.
- Replacement of a lawnmower, pending acquisition – scheduled completion March 1, 2016.
- Replacement of new security vehicle – completed December 2015.
- Remodeling the Innovation Center – 80% completed.
- Equipment maintenance for three (3) generators – scheduled completion March 2016.

B. Compliance Activity Report, St. Croix Campus:

During the reporting period, the Albert A. Sheen Campus was involved in the following activities:

- Conducted training sessions on OSHA regulations and attended training on Hazardous Waste Management.
- Involvement in an ADA compliance project by repairing the Evans Center Elevator
- Involvement in the Safe Water Drinking Act compliance requirement for the AAS campus which resulted in compliance with standards.

C. St. Thomas Campus Projects Report

The St. Thomas campus report addressed the status of the following projects:

- Gordon House/Third Floor minor renovation – completed November 2015.
- Gordon House/Health Services renovation – scheduled completion June 2016.
- Residence Halls Roof Repair and Reseal – Phase I completed, scheduled completion for Phase II, May 2016.

Capital Projects, St. Thomas Campus:

- Reichhold Center Renovations Project - completed 2015
- Center for Marine and Environmental Sciences (CMES) – phase I and II have been successfully completed. Phase III which includes the expansion and improvement of the existing dock, new boat launch slip, stairway and lighting – still in progress – scheduled completion June 2016.

D. Energy Management Report:

The Photovoltaic Project is still on hold; permits for the St. Thomas and St. Croix campuses were completed and submitted to Veriown, the innovations and operations side of NGP that specifically deals with energy. Discussions are ongoing.

An energy monitoring device manufactured by EKM of Santa Cruz California was identified and purchased. The single device would be prototyped on buildings throughout the campuses to determine its effectiveness and potential for use campus wide. The benefits of the energy monitoring system would allow building-to-building energy-consumption comparisons and many other services, which would save time and resources to manually read existing electromechanical meters.

Two opportunities to repair inoperative renewable energy systems owned by UVI were identified. Once repaired, significant energy and dollar savings will result from the renewable energy generated by the two systems, one at the RTPark and one at the Virgin Islands Environmental Research Station on St. John.

E. Environmental Compliance Report:

Biological specimens at the McClean Marine Science Center, which are no longer needed or in use, were collected for proper disposal. At Health Services, biohazard medical waste “sharps” containers were also

collected for proper disposal. In collaboration with personnel at Waste Management, UVI is working to ensure the safe disposal of these specimens including the medical waste.

The Environmental Compliance Officer recommended that each unit possess a bound copy of the Material Safety Data Sheets (MSDS), in addition to the electronic system. This would provide immediate backup in the event of an electronic system failure, an appropriate bound MSDS copy would be easily available.

F. Special Report on the RTPark Building:

Following are the needs of the physical structure of the RTPark building and as the legal owner of the building, the RTPark would be responsible for making the final decision with respect to repairs. However, as tenants of the Park, the University has a vested interest in the quality and operations of its parallel processes.

- Air-conditioning Cooling Tower repairs-- Completed November 1, 2015
- Indoor Air Quality Investigation & Testing -- Completed December 15, 2015
- Wind Turbine & Rooftop Photovoltaic (PV) System – Scheduled completion May 30, 2016
- Water Distribution System -- Scheduled completion -- June 30, 2016
- Wing Roof – Repairs Needed – Scheduled completion – March 30, 2016

All work on the RTPark building is subject to approval of the RTPark Board.

G. Status of School of Medicine Facilities Development:

The specifications and designs for the classroom building are finalized and are ready to begin. The Simulation Center is over budget and the medical equipment are more expensive than was anticipated. However, options have been submitted based on the original design, and are being assessed, in an effort to get within budget before making a decision. Ground breaking is scheduled for February 2016. It is anticipated that both projects would be moving ahead simultaneously.

FINANCE AND BUDGET COMMITTEE.....Mr. Alexander Moorhead

A. Update on the Local Government Appropriation – Fiscal Year 2016

The committee received an update on the Local Government appropriation for Fiscal Year 2016

B. Unrestricted Budget Performance

a. Review of Budget to Actual Performance through December 31, 2015
(Presentation/Discussion)

Total actual revenues for the period ended December 31, 2015 were \$13,391,743, representing 97.9% of the budgeted amount of \$13,681,504: see Operating Revenue Summary on page 8. Actual expenditures, for the period ended December 31, 2015, were \$9,982,881 representing 86.0% of the budgeted amount of \$11,605,293; see Operating Expenditure Summary on page 10.

b. Review of Actual to Actual Comparison at December 31, 2015 and December 31, 2014

Total actual revenues for the periods ended December 31, 2015 and December 31, 2014, were \$13,391,743 and \$16,098,448, respectively, see Operating Revenue Summary on page 13. Total

actual expenditures for the periods ended December 31, 2015 and December 31, 2014, were \$9,982,881 and \$11,201,105, respectively; see Operating Expenditure Summary on page 16. Total revenues decreased by 16.8% from the previous year and total expenditures decreased by 10.9% from the previous year.

c. Review of Year-End Actual to Actual Comparison at September 30, 2015 and 2014

Total actual revenues for the fiscal years ended September 30, 2015 and September 30, 2014 were \$45,715,182 and \$45,275,241, respectively. Total actual expenditures for the fiscal years ended September 30, 2015 and September 30, 2014 were \$49,403,441 and \$49,264,063, respectively. Total revenues increased by 1.0% over the previous year and total expenditures increased by 0/3% over the previous year. See Operating Statement on Page 19.

d. Financial Management Plan

The Administration and Finance Component has developed a Financial Management Plan as a result of recent budget shortfalls. The purpose of the plan is to provide a more detailed focus on expenditure management and budgetary control. See the Financial Management Plan beginning on page 29.

C. Review of Restricted Current Funds through December 31, 2015

For the period October 1, 2015 through December 31, 2015, the University’s restricted current funds performed as follows:

Category	Budgeted Revenues	Actual Expenditures	Variance
Federal Grants	\$22,296,601	\$2,405,431	\$19,891,170
Local Grants and Contracts	\$5,219,526	\$701,529	\$4,517,997
VI Legislature	\$1,701,163	\$212,070	\$1,489,093
Private Grants and Contracts	\$1,612,425	\$160,966	\$1,451,459
Other	\$2,916,083	\$357,045	\$2,559,038
Total	\$33,745,798	\$3,837,041	\$29,908,757

At December 31, 2015, the Restricted Current Funds revenues were \$33,745,798, Expenditures were \$3,834,017, yielding a fund balance of \$29,908,757 for the first quarter of FY 2016.

D. Review of CELL Budget to Actual Performance through December 31, 2015

CELL’s online programs are well positioned to extend CELL’s reach using Veteran’s benefits. Test Center capabilities are showing promise for increased revenue/enrollment. In summary, CELL must continue to aggressively pursue new and creative ways to generate revenue. The restricted fund for CELL has a net operating position of (\$37,257) as of December 31, 2015; see CELL Operating Statement on page 25.

E. Reichhold Center Budget to Actual Performance through December 31, 2015

Reichhold Center is reporting a net operating loss of (\$5,354) as of March 31, 2015. Revenues from Private Grants and Corporate Sponsorships, Individual Gifts, and Stagebill Advertising are below projections. See Reichhold Center Operating Statement on page 26.

Revenues

Although the revenue from Private Grants and Corporate Sponsorships fell below projections, the RCA staff was successful in securing financial support from various community based corporations and foundations to launch the season. Funds will be collected throughout the year from contracted sponsors. The RCA staff will continue to identify support for individual performances for the remainder of the season. Revenue from Individual Gifts fell below projections, however, the RCA Box Office and Marketing Staff provided subscribers with the opportunity to make a charitable contribution as part of the ticket purchasing process. This effort will continue throughout the season.

Revenue from Stagebill Advertising fell below projections as securing stagebill funding has consistently been a challenge. The staff has secured new advertisers to the Stagebill and will continue to solicit funding to cover the costs of Stagebill production.

Expenditures

Expenditures in the following categories exceeded the budget:

Direct Expenditures (Season) - expenditures in this category include artist fees, transportation, equipment shipping costs, lodging, hospitality, temporary employees, other contracted services and labor, rental equipment, security, cleaning, materials and supplies, and marketing associated with all events and activities aligned with the shows for the FY2015-2016 season. The majority of expenditures associated with the season will occur during the first and second quarters and this is the period that RCA pays the remainder of artist fees and incurs travel, lodging, and production costs.

Direct Expenditures (Other) – expenditures in this category include office supplies, minor equipment, equipment parts and repairs, contracted services for grounds keeping and general cleaning, physical plant maintenance services, UVI 16 repair and maintenance, membership fees and dues, box office network repairs, point of sale system fees, and other contracted services.

F. Quarterly Grants and Contracts Report through December 31, 2015

In the first quarter of FY 2016, the Office of Sponsored Programs (OSP) submitted 9 proposals for a total of \$1,738,924 and received 5 awards totaling \$655,272 compared to 21 proposal totaling \$4,214,565 and 22 awards totaling \$2,533,791 for the same period in FY2015. See Quarterly Grants and Contracts Report, at December 31, 2015, beginning on page 27.

G. Endowment Fund Status Report through December 31, 2015

The University's endowment funds, which are Commonfund, totaled \$10,126,206 as of December 31, 2015, a increase of \$213,269 compared to the quarter ended September 30, 2015 as shown in the Endowment Fund Schedule on page 28.

H. FY 2015 Audit Status

The committee received an update report on the FY 2015 Audit status.

I. School of Medicine Finances

The committee received an update report on the School of Medicine finances.

A. Board Training

President Hall informed the Committee that he and Board Chairman Smock had been invited in February by AGB to attend a special conference for Presidents and Board Chairs. They found the conference very helpful and were invited to apply for a grant that would cover the cost of training and coaching for the UVI Board of Trustees. UVI was selected to receive the grant and it was planned to provide the training after the new Board members had been appointed. However, since these appointments are still pending and there is a time limit on when the funds must be expended, a decision was made to move forward with the first part of the training. This is scheduled for March 4, 2016 in the ACC on St. Thomas. This is the day before the planned Board meeting. The first training will be focused on “high performing boards” or “consequential boards” as defined by AGB.

B. Report on Trustee Self-Assessment

Committee members reviewed the Trustee Self-Assessment and discussed some of the matters that were outlined in the assessment. Following the discussion, Committee Chair Nugent-Hill received consensus that the compilation of the Trustees self-evaluation should go to the training consultant for consideration.

C. Proposal for appointment of Vice Chairs

President Hall advised the Committee members that the appointment of vice-chairs to Board committees was a suggestion from the special conference that he and Board Chair Smock attended. AGB advised that the implementation of vice-chairs would increase Board engagement and provide training opportunities for new Board leaders. The Committee members reviewed the Chair and Vice-Chair responsibility documents that were provided. Concern was expressed with the current number of Board members, appointing vice-chairs could burden the existing membership. Members voted in favor of authorizing the appointment of vice-chairs but not being a requirement.

D. New Trustee Orientation

There was a brief discussion about the upcoming Trustee orientation. Gail Steele will work with President Hall, Board Chair Smock and Committee Chair Nugent-Hill offline to finalize dates and agenda.

E. Review of Board Goals

President Hall reminded the Committee members about the annual process and timeline for setting and assessing Board goals. In the last year, the Board had postponed both the assessment of the previous goals and establishing new goals because of tight timelines. President Hall suggested that the Committee may want to recommend that previous goals be assessed during the AGB training and that new goals could be formulated based on recommendations coming from the training. After discussion, the Committee members voted to accept the recommendation.