

Approved- April 18, 2024

**OLD DOMINION UNIVERSITY
BOARD OF VISITORS
Administration and Finance Committee**

November 30, 2023

MINUTES

The Administration and Finance Committee of the Board of Visitors of Old Dominion University met at 9:38 a.m. in the Board Room of the Kate and John Broderick Dining Commons. Present from the committee were:

E. G. (Rudy) Middleton, III, Chair
R. Bruce Bradley (*ex-officio*)
P. Murry Pitts (*ex-officio*)
Rick Wyatt
Wie Yusuf (*Faculty Representative*)

Also present from the Board:

Ross A. Mugler
Dennis Ellmer
Robert S. Corn
Brian K. Holland

Also present were:

Austin Agho	Casey Kohler
Ashleigh Boothe	Mike LaRock
Alonzo Brandon	Maggie Libby
Bob Clark	Donna Meeks
Ken Fridley	Alicia Monroe
Annie Gibson	Chad A. Reed
Tealen Hansen	Nina Rodriguez Gonser
Brian O. Hemphill	September Sanderlin
Adam Henken	Tara Saunders
Etta Henry	Ashley Schumaker
Brandi Hephher LaBanc	Garrett Shelton
Mike Holliday	Amanda Skaggs
Jaime Hunt	Alona Smolova
Stephanie Jennelle	JaRena Whitehead Cooper
Todd Johnson	Rob Wells
Susan Kenter	Shannon White
Danny Kemp	Allen Wilson

Chairman Rudy Middleton called the meeting to order at 9:38 a.m.

- A. **Approval of Minutes** – R. Bruce Bradley moved to approve the minutes of the September 14, 2023, meeting. Rick Wyatt seconded the motion. The minutes were

unanimously approved by all members present and voting. (*Bradley, Middleton, Pitts, Wyatt*)

B. **SWaM Report** – Etta Henry, Executive Director for Strategic Sourcing and Payment Solutions.

Ms. Etta Henry provided the Committee with the annual SWaM report which provides an overview of the University's supplier diversity or SWaM program along with information Strategic Sourcing and Payment Solutions, the department that manages the University's SWaM program. Ms. Henry shared that the maintaining the appropriate separation of duties and internal controls.

Ms. Henry noted that in FY23, the university spent \$129 million in discretionary spend and in the first quarter of FY24, \$44 million dollars. Impacting the first quarter are several large construction payments, along with related A&E payments for those capital construction projects. Overall, this spend equates to a significant dollar amount that impacts our SWaM community.

Businesses can be certified as SWaM by the Commonwealth's Department of Small Business and Supplier Diversity who review, and certify if applicable, submitted supporting documentation to ensure the business meets the criteria for each category (small, women or minority owned, micro, and service-disabled veteran).

The Commonwealth has established a goal of 42% of discretionary spend be spent with certified SWaM firms; the University's goal is slightly higher at 47.5% demonstrating the University's strong commitment to the SWaM program. Last year, the university spent a total of \$78 million (or 61%) with certified small, woman/minority and micro-owned firms.

Ms. Henry shared that these programs are supported and promoted through outreach and education with campus departments and vendors, including various collaborations and partnerships.

Chairman Rudy Middleton inquired if the state sets a goal for each of the SWaM categories or an overall total? Ms. Henry confirmed that the Commonwealth requires goals by individual category as well as an overall total goal. When the University's annual SWaM report is submitted, a breakdown per category is provided per the Commonwealth's request.

C. **Capital Projects Report** – Chad A. Reed, Vice President for Administration and Finance

Vice President Chad A. Reed provided the Capital Projects Report which includes 12 active capital projects in various stages of construction or renovation and total roughly \$461 million. Mr. Reed noted that the list also includes projects being

managed by the Real Estate Foundation, which are not technically university projects, but do improve its capital infrastructure.

Mr. Reed shared that the largest active capital project currently under construction is the new Health Sciences building. This \$77 million project is to create a new facility for the Health Sciences programs. Due to supply chain delays, including a 6-month delay for a switchgear and various other items, building occupancy has been pushed back from next month with substantial completion by February 1 and punch list items completed by March 1. Moves will be sequenced by function to maximize efficiency for everything to be ready for core classes in the fall. It was noted that no cost increase was associated with the delay and there will be minimal disruption to the University's academic activities.

The next project Mr. Reed discussed was the Student Health and Wellness Center. This \$12 million project will relocate counseling activities, student health services and activities from the Webb Center to the Student Recreation Center which will create a consolidated Recreation and Wellbeing Center. This project is scheduled for completion this month and is within schedule. There was a delay in receiving occupancy due to a problem receiving an electrical box panel. The panel arrived yesterday and will staff will be working to obtain temporary occupancy. Anticipated move in will occur over the next several weeks and the space will be operational by the spring semester.

Mr. Reed then provided information on the \$20.7 million ODU Baseball project, which is partially funded from University debt and largely funded through donor contributions. Mr. Reed noted that the sequencing of this athletic project is very important. The initial AARB review has been completed. The baseball team will play on the field this season, and then next season while they are away construction will be completed with the facility online by the 2026 Season. Mr. Reed noted that Athletics is working to secure an alternate field to host home baseball games for the 2025 season.

The next project highlighted, while not actually a capital project, was a large capital improvement, the Virginia Beach Institute of Data Science. This \$2.5 million project, in connection with the city of Virginia Beach and Armada Hoffer, has been completed with the grand opening held on November 16. This important project stakes the University's claim in Virginia Beach and a lead with data science for the region in the Commonwealth. The Institute occupies the 10th floor of the Virginia Beach Town Center and exterior signage will be installed after the holiday season so as not to impact local retail holiday traffic.

Mr. Reed then discussed the recently announced Barry Art Museum's expansion. This \$27 million, donor funded project is currently in the design phase. Groundbreaking will start in September 2024 and the Museum will be closed to the public between August 2025 and March 2026. Once the artwork is reinstalled (January to March 2026), the grand reopening would be held in April 2026. The

expansion will provide expanded multi-use event space, new media video gallery, educational laboratory, and expanded art storage.

The last update Mr. Reed provided was for the ODU Master Plan. Mr. Reed shared that the University has awarded the contract to the SMITHGROUP, based out of Michigan. Campus engagement will begin in January via a public kick-off which will include stakeholder and campuswide discussions, housing surveys and MapMyCampus survey to faculty, staff, students, and the community. It is anticipated that a comprehensive briefing will be provided at the April Board meeting. A question was raised regarding the \$100 million private investment on Monarch Way and whether that is mostly for the grocery store or what other development is proposed? Mr. Reed responded that this will be a two-phased, mixed used development consisting of upper level residential (352 apartments) and lower-level retail and restaurants in the first phase, which will be the largest part to develop. The next site over would be the pad for the grocery store in the second phase. Mr. Reed noted that due to some influx in the market, the project partner has delayed several projects. Currently, it is anticipated that the first phase partner will kick off the project in late spring/early summer. Considering the delay, Tara Saunders with the Real Estate Foundation, has been working closely with the grocery partner and consideration is being looked at whether the grocery store can be brought in before the residential/retail development.

Another question was raised if the proposed residential component would be for student housing? Mr. Reed shared that the residential apartments would be market rate housing, not designed for student housing but possibly could be graduate student or military housing.

D. **Financial Overview and Budget Update** – Chad A. Reed, Vice President for Administration and Finance

Vice President Reed offered a university-wide financial overview to include the 2023-24 operating budget. Mr. Reed noted that included in the presentation was a budget amendment for the Committee's review and consideration.

Old Dominion University has five main business functions within the university: Education and General (E&G), Student Financial Assistance, Sponsored Programs, Auxiliary Enterprises and Capital Outlay. E&G contains the core of the university's function of instruction, research, public service. While E&G is the largest program, the other programs are designed to support the needs derived from E&G Operations.

The University's total adopted 2023-24 operating revenue budget is \$632.68 million while the total adopted operating expenditures budget is \$622.94 million. A question was raised regarding the amount of EVMS's operating budget? Mr. Reed advised it is approximately \$200 million.

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Mr. Reed noted that Public Higher Education utilizes a shared cost model where both the state and student contribute. Although Higher Education is not a mandated state budget item, the state does seek to contribute 67% share of the cost of education. In the data provided, Mr. Reed showed nearly a 20-year trend and that the state's share is projected to be 53% in 2023-24.

Mr. Reed further described important factors that are being monitored for the 2023-24 operating budget. This included an overview of enrollment. Fall 2023 headcount enrollment was 2.4% lower than Fall 2022 enrollment, which was a larger decline than budgeted (1%). Credit hour enrollment for the 2023-24 year is projected to decline by 2% over the 2022-23 year, which is also a larger decline than the budgeted amount (1%). Mr. Reed explained that the budget is based on credit hour enrollment, as tuition is assessed on a per-credit hour basis.

Another factor being monitored is the growth in Virginia Military Survivors and Dependents Education Program waivers (VMSDEP). This program provides waivers of tuition and all mandatory fees for veterans who are 90% disabled and their dependents. For the current year, projected amounts exceed budgeted amounts by \$2 million. Eligibility benefits were expanded in 2017 and the university currently serves the largest population for Virginia public institutions. A question was raised if the benefits also cover Room & Board? Mr. Reed advised that Room & Board are not included in this program.

Although there is a financial impact of these factors, Mr. Reed does not recommend any budget adjustments at this time; instead, he suggests continued monitoring for these factors through spring census.

Not included in the university 2023-24 adopted budget were the 2023 General Assembly Special Session I (approved September 2023) adopted amendments which includes Affordable Access funding (approximately \$7.5 million) and Nursing Workforce funding (\$560,000), a 2% salary increase in December 2023 (\$370,769), and increased Undergraduate Need Base Financial Aid (\$9.9 million).

Mr. Reed's proposed budget amendment accounts for new resources (base operating, Nursing Workforce, Central Funds and Student Financial Assistance) as well as new expenses (including Student Financial Assistance and an additional 2% salary increase) for an adjusted operating revenue budget of \$650.93 million and an adjusted operating expenditures budget of \$638.82 million.

The Committee voted unanimously to move the noted approval and authorization to the full Board of Visitors meeting on December 1st.
(Bradley, Middleton, Pitts, Wyatt)

The proposed Resolution states:

BE IT RESOLVED, that upon the recommendation of the President, the Administration and Finance Committee approves the second quarter adjustment to the 2023-24 operating budget.

Next, Mr. Reed offered the Financial Performance Report. Mr. Reed acknowledged that due to the timing of the meeting, the report is as of October 31, 2023, and therefore, does not include the amendments previously discussed. Mr. Reed noted that the university is well-positioned with year-to-date activity.

Lastly, Mr. Reed provided information on the 2024-25 Budget Planning process. This overview included the requested new state general funding support which totals \$20.5 million (between VMSDEP funding and base adequacy proposal), university reserve balance total of \$139 million at 2022-23 year end, as well as anticipated cost drivers.

The cost drivers to be accounted for during the 2024-25 budget planning include VMSDEP waivers continued growth, state mandated compensation increases, 2023-2028 Strategic Plan commitments and other strategic priorities. Important dates to the FY25 Budget Development include the Governor's budget presentation (December 20) and public comment forum on proposed tuition and fees (March 28). A presentation on Tuition and Fees will be provided to the Committee and Board at the April meetings and the Budget and Operating Plan presentation will be made at the June meeting.

E. **Investment Report** – Mike LaRock, Assistant Vice President for Foundations

Assistant Vice President Mike LaRock provided an update on the Educational Foundation Investment. Mr. LaRock pointed out to the Committee that the university has a student managed investment fund which started with an initial investment of \$250,000 and currently the fund is worth just under \$1 million, which includes spending 4% off every year. Mr. LaRock also shared that JP Morgan, who is the OCIO, has invited the university to submit three student's names for interviews for their next Analyst class and yesterday, JP Morgan shared that next summer they will have a couple of internship programs that the university can have students apply for.

Next Mr. LaRock informed the Committee that the preliminary NACUBO Study results have been received for the year ending June 30, 2023. Our one-year returns were a little bit lower than our peer group; however, our three-, five-, and ten-year returns outperformed our peer group. A question was asked what were the university's NACUBO numbers? Mr. LaRock responded the university was at 5.3 for the one-year return and our peer group was at approximately 7. Mr. LaRock shared the final Study results are expected in February.

F. **Public Safety** – R. Garrett Shelton, Chief of Police

Lastly, Chief Garrett Shelton provided the Public Safety standing report which included how to interrupt the information included on the Annual Security Report (ASR). The ASR is required by federal law under the Jeanne Clery Act which is enforced by the Department of Education. The report includes 121 policy statements including crime reporting, campus facility security and access, and the prevention of and response of sexual assault and stalking. Penalties of approximately \$67,000 can be assessed for each of the policy statements not met on the report. Chief Shelton shared that the police department did a voluntary audit with the Clery Center of the department's most recent report. The Center returned with several things that the department needs to review to ensure in compliance with the Department of Education. Chief Shelton shared that by completing the voluntary audit, the department can now make update their report to ensure compliance. Chief Shelton also explained how crime totals are calculated. The Clery Center counts per victim, not per incident. One incident could have 5 victims so the reported total would be 5.

Chief Shelton also provided an update on the Marcus Alert System from a previous meeting. The system's goal is to create coordination between 911 and regional crisis call centers and establishes a specialized behavioral health response from law enforcement and clinicians when responding to a behavioral health situation. The state requires the system to be in place by 2025 and the university's system will be in place by the end of the year.

In closing, Chief Shelton shared that recently the department hosted their first Citizen Academy graduation and welcomed 4 Police Academy graduates. The department is also hiring 8 additional members, at which time, the department will be fully staffed for the first time in 15 years.

- J. **Adjournment** - There being no further business, the meeting adjourned at 11:00 a.m.