

**MEETING OF THE BOARD OF TRUSTEES
June 22, 2019**

**UNIVERSITY OF THE VIRGIN ISLANDS
Administration and Conference Center
ST. THOMAS CAMPUS
9:30A.M.**

CONSENT AGENDA

ACADEMIC, RESEARCH, AND STUDENT AFFAIRS.....Dr. Yvonne Thraen
Will receive information early next week. Meeting was held on Thursday, June 13, 2019

AUDIT COMMITTEE.....Henry C. Smock

1. Update from Auditors

The Committee received an update from the Auditor regarding the FY 2018 Audit as well as the FY 2019

2. Amendment to Job Description of the Internal Auditor

The Administration proposed an amendment to the job description for the University's Internal Auditor position.

BUILDING AND GROUNDSAlexander A. Moorhead

1. Albert A. Sheen (AAS) Campus Projects Report

The AAS campus report covered seven (7) campus projects and one (1) compliance issue for the reporting period February 2019 through May 2019.

- Repairs – Great House Shutters: completed March 30, 2019
- Repairs – Hurricane Resistant Windows; 75% completed
- Library Flooring Upgrade: 10% completed
- Repairs – Student Center Cafeteria Roof: 90% completed
- Repairs – Northwest Wing Roof: 1% completed (bid review process)
- Repairs – Campus Fencing and Replacement: 80% completed
- Hurricane Maria Debris Removal: 100% completed

Compliance Activity Report:

On January 31, 2019, the U.S. Virgin Islands Department of Safety and Health (VIDOSH) conducted a consultation visit of the facility in efforts to identify any occupational safety hazards. The violations and recommendations were detailed in the VIDOSH report, requiring that all corrective actions be completed by the extended deadline of May 6, 2019. Mandatory Occupational Safety Health Standards training sessions were held by the Offices of Compliance, Physical Plant and Campus Operations with the employees that work in the facility between March 15 and April 1, 2019. Finally, corrective actions by building occupants included the rearrangement of furniture layout in offices and the disposal of a large volume of old documents. Physical Plant organized a 'Shredding Drive Day' on April 3, 2019.

Medical School Simulation Center Update - AAS Campus:

PHASE 2: Construction of the Core and Shell. As a result of the impact of hurricanes Irma and Maria, construction of Phase II was delayed from September 2017. The notice to proceed was issued on January 25, 2018 for construction of the core and shell. Site work and mobilization began immediately including footing layout, delivery of forming materials, footing rebar and pouring the cistern slab.

STATUS: During this reporting period, construction activities included:

- Completion of the Ramp Retaining Wall/Drain
- New stone veneer on south entry wall complete
- Window frame installation completed and final exterior window glass and door installation near completion. 95%
- Final roof material, roof membrane, flashings, gutters and downspouts nearing completion. 95%
- 98% Completion of the exterior plaster and Total Wall finish system
- 99% Site entry and courtyard sidewalks nearing completion.

Work in Progress:

- Prep for the exterior steel doors and the exterior roll up doors on-going.
- Prep for the Rainscreen siding on-going. Additional trim piece material on order.
- Prep for the entry driveway and parking area on-going. 90%

Springline and Springboard preparing Phase 2 punch list for review, inspection and approval.

A revised construction schedule for Phase 2 was extended until July 15, 2019, due to delays experienced with several subcontractor's availability, rain delays impacting site work, and additional materials and supplies on order.

UVI Research and Technology Park

Interior Demolition: Demolition activity as per the outlined specifications began on January 7, 2019 and was completed by March 31, 2019. In addition, the scope of work was expanded to include Change Order #1, the removal of additional materials not noted in the specifications, such as the soffit on both floors, multiple layers of drywalls, and corroded metal studs for a subtotal of \$19,850 and Change Order #2, the removal of the exterior water and chiller equipment for a subtotal of \$5,700, thereby increasing the total budget for the interior demolition to \$172,998.

Selective Demolition-Wing Roof: The demolition of the Wing Roof and the Freestanding Wall were completed by April 18, 2019, allowing for the roof repairs on the building to begin by contractor, International Roofing & Waterproofing PR Corp, (IRWPR). The removal of the demolished material from the site is anticipated to be completed by May 31, 2019.

Roof Repairs: International Roofing and Waterproofing, PR Corp, (IRWPR) mobilized in early April and was able to begin demo and repair by April 15, 2019. Materials and supplies staged on roof. Installation of the new roof is in progress and anticipated to dry in, or water tight the facility completely prior to beginning the reconstruction phase of the interior fit-out scheduled to begin in June 2019.

Reconstruction Process: Through a formal bidding process in which five (5) companies participated, Celestine Construction was considered the most responsive bidder based on their technical expertise, timeline of 180 days to complete the project and schedule of values which appears to be fair and reasonable.

2. St. Thomas (STT) Campus Projects Report

Campus Projects Update:

The STT campus report covered eight (8) campus projects for the reporting period February 2019 through May 2019.

- College of Science and Mathematics – Chemistry and Biology lab renovations: scheduled to be completed August 2019
- Administration and Conference Center
 - Interior floor treatment/carpet: completed February 2019
 - Exterior window repair: scheduled to be completed June 2019
 - Exterior shell repair: scheduled to be completed September 2019
- Environmental Safety Projects
 - School of Business (asbestos and mold remediation): completed March 2019
 - Faculty West units 3, 4, 5, & 6 (mold remediation): completed April 2019
 - Faculty West unit 9 (mold remediation): completed April 2019
 - President's Guest House (mold remediation): scheduled to be completed June 2019
 - Quarters B (mold remediation): scheduled to be completed June 2019
- Social Science Building – replacement of windows: scheduled to be completed June 2019
- West Residence Hall
 - Emergency Power/Generator Transfer Switch: completed March 2019
 - Installation of window shades: scheduled to be completed June 2019
- Upper Campus western back road safety rail installation: completed March 2019
- Afternoon the Green preparation: completed by Physical Plant crew March 2019
- University Commencement – Sports and Fitness Center repairs and preparation: completed by Physical Plant crew May 2019

Hurricane Restoration Projects Update:

The Bourne Group was hired to provide Architectural and Engineering construction drawings for the following listed projects:

- School of Business
- Quarters B
- School of Nursing
- Marine Science Building
- Reichhold Center for the Arts
- CMES Annex and Caribbean Green Technology Center

All six (6) buildings have begun design development which includes the engineering analysis and the selection of all final systems. Those systems include mechanical, electrical, plumbing and structural for Quarters B and MacLean Marine Science Center. The remaining buildings require structural renovations only. The engineers have revisited each building providing a more in-depth analysis. Final engineering design decisions are due the second week of June.

Coinciding with the Design Development Phase, the Bourne Group will begin construction documents between the last week of May and the first week of June, once the draft engineering systems have

been submitted and approved by the University. Final product selections and specifications are in progress. The Bourne Group also provided a updated project schedule.

Medical School Classroom Building Update - STT:

As set forth in the contract the University has elected to Self-Perform its construction work towards the completion of the project. A Construction Manager has been identified. SK Tile and Plaster has been issued a Notice to Proceed on the site for plastering of the unfinished portion of the building which was damaged in the hurricane. The company is working toward the completion of the final finished color on the building. The company started February 14th and is on the job.

The project continues to moves forward; the primary group of Sub Contractors is on the job moving towards the completion of the project. Within this reporting period 85% of the windows were installed, preparation the elevator installation is being completed, the store fronts will begin installation, the HVAC demolition has been completed making room for the new installation, all plastering has been completed, and corrective measures are being expedite for the unacceptable exterior stairs by Matthew Concrete Co.

The University continues to evaluate the status of the project with the financial records supplied by Springboard as the mediation process continues.

3. VI Finest Foods (West Bay) Update

The University entered into a sublease agreement with VI Finest Foods for the purpose of utilizing the second floor of the building located at Parcel 72 Lindberg Bay, St. Thomas. The leased space consisting of 13,087 square feet is to be used and occupied for facilitating the conducting of the 2020 Census in the Territory. The lease is effective April 1, 2019 and expires September 30, 2020.

DEVELOPMENT COMMITTEE.....Rev. Dr. Wesley S. Williams, Jr.

Status Report on Annual Fund

Total contributions to date for fiscal year 2019 (October 1, 2018 – May 22, 2019) \$1,620,913

The Vice President for Institutional Advancement, Mr. Mitchell Neaves, provided a summary of the contributions received to date in FY2019, comprehensive overview of the donor prospects and projections for the remainder of the fiscal year, and an update concerning personnel changes underway to enhance the Alumni Affairs and Development Offices. President Hall highlighted the impact the RTPark clients are having on the overall fundraising efforts this year and shared his vision for the Campaign for UVI celebration activities being planned for fall. President Hall also provided an update to the Development Committee concerning the UVI Medical School and several major donor prospects currently in his portfolio.

FINANCE AND BUDGET COMMITTEE.....Alexander A. Moorhead

1. Update on the Local Government Appropriation – Fiscal Year 2019

The University’s Fiscal Year 2019 local government appropriation was approved for 33,780,025 as authorized by Act No. 8108 (Bill No. 31-0287). Thus, the University’s monthly allotment request is \$2,815,002.08 from the Office of Management and Budget and the Department of

Finance. The University was also appropriated a total of \$610,000 for programs in the Miscellaneous Section of the Government of the Virgin Islands' (GVI) Executive Budget and \$1M for the Medical School Debt Service from the Internal Revenue Matching Fund.

As of May 23, 2019, the University received a total of \$22,520,016.64 in allotments from the V.I. Government for Fiscal Year 2019. This represents approximately 67% of the \$33,780,025 approved for the fiscal year. Of the \$610,000 appropriated under the Miscellaneous Section, the University received allotments of \$457,500 as of May 23, 2019. Also, the University received the \$3M appropriated for the VI Higher Education Scholarship program, also known as the Free Tuition program.

2. (a) Review of Unrestricted Operating Budget to Actual Performance through March 31, 2019

Total actual revenues through the period ended March 31, 2019 was \$24,730,178 representing 96% of the budgeted amount of \$25,757,767. Actual expenditures of \$21,965,842 represent 94% of the amount budgeted of \$23,407,191. The University's Net Operating Position (NOP), which is the difference between year-to-date revenues and year-to-date expenditures at March 31, 2019, was \$2,764,336 as shown in Exhibit A on page 3.

Revenue highlights are as follows:

Miscellaneous Revenues - Miscellaneous revenues include the recovery of indirect cost from sponsored programs; the receipt of private gifts, grants, and contracts; and investment income from the endowment. The University anticipates recovering additional indirect costs along with the receipt of funds from the Foundation in order to align with the amount budgeted by fiscal year end.

Auxiliary Enterprises - Auxiliary Enterprises include revenue generated from the Bookstore, residence halls, food services, and the Sports and Fitness Center. Continued reduced enrollment for the Fall 2018 and Spring 2019 semesters directly impacted the revenues in this area.

Expenditure highlights are as follows:

Operations/Maintenance - The reported costs of \$4 million includes about \$610,000 of electricity expenses for the prior fiscal year. Removing the \$610,000 in prior year expenses reduces the actual incurred costs to about \$3.4 million, which is in line with the budgeted amount. This condition occurred because the VI Water and Power Authority did not timely bill, and the University did not appropriately accrue, the electricity expenses. We do not anticipate exceeding the 110% budget threshold by the end of the fiscal year.

Transfers to Other Funds - The amount reported represents the University's matching requirements for Agricultural Experiment Station (AES) and Cooperative Extension Service (CES) grants based on a 50 percent match of the incurred costs through the end of the reporting period (March 31, 2019).

All other revenue and expenditure categories are within a reasonable level of performance and we don't anticipate any overruns and matters of concern at this time.

3. (b) Review of Unrestricted Operating Actual to Actual Performance through March 31, 2019

Total actual revenues and total actual expenditures were \$23,757,597 and \$19,340,940, respectively, for the period ended March 31, 2018. Total revenues increased by approximately 4% from the prior year and total expenditures increased by 14% compared to the same period of the year before.

The highlights in the period to period comparison include:

- **Tuition and Fees** – Though still less than pre-Hurricane levels, tuition and fees have begun to stabilize; FY 2019 tuition and fees are in line with that received during the prior reporting period.
- **Local Appropriations** – The University received 100 percent of its allotment from the Government through the first six months of FY 19. The approved FY 19 budget includes an additional \$3.5 million for salaries, benefits, and other operational expenses not included in the FY 18 approved budget.
- **Auxiliary Enterprises** –The Bookstore, residence halls, food services, and Sports and Fitness Center continued to produce less revenue, primarily due to continued decreased enrollment.
- **Research** – The 17 percent decrease in expenditures for FY 2019 is primarily due to less incurred costs for labor and benefits.
- **Public Service** – The previously reported FY 18 expenditures (through March 31, 2018) for Public Service, totaling \$143,094, do not fairly represent the actual incurred costs for the period. This may be the result of adjusting entries subsequent to March 31, 2018. The actual expenditures for this period are \$301,398, resulting in a 19 percent increase and not a 150 percent increase. The 19 percent increase is due to more incurred costs for labor and Other Contracted Services.
- **Institutional Support** – The previously reported FY 18 expenditures (through March 31, 2018) for Institutional Support, totaling \$4.6 million, do not fairly represent the actual incurred costs for the period. This may be the result of adjusting entries subsequent to March 31, 2018. The actual expenditures for this period are \$5,027,169, resulting in a 7 percent increase and not an 18 percent increase.
- **Operations/Maintenance** – The FY 18 (through March 31, 2018) reported utility expenses were \$118,880; the FY 19 (through March 31, 2019) reported utility expenses are \$1.48 million, of which about \$610,000 is for the prior FY 18 period. Reducing the FY 19 expenses by \$610,000 and increasing the FY 18 expenses by \$610,000 more properly aligns the comparative expenses.
- **Student Aid** – The increase in Student Aid is primarily due to the awarding of more grants to students.
- **Transfers** – The Transfer amount is based on the 50 percent matching requirement for incurred costs associated with AES/CES grant awards. The reduction in the match amount is a result of less incurred costs for the grants during the reporting period.

4. Review of Restricted Current Funds Expenditures through March 31, 2019

For the period October 1, 2018 through March 31, 2019, the University's restricted current funds performed as follows:

Category	October 1, 2018 Fund Balance	Revenues	Expenditures	March 31, 2019 Fund Balance
Federal Grants*	\$200,542	\$23,708,077	\$8,048,660	\$15,859,959

Local Grants and Contracts	\$910,191	\$422,916	\$396,229	\$936,878
VI Legislature**	\$256,250	\$7,306,124	\$940,256	\$6,622,118
Private Grants and Contracts	\$1,470,701	\$655,594	\$729,038	\$1,397,257
Other	-\$1,200,898	\$2,600,529	\$1,802,967	-\$403,336
Total	\$1,636,786	\$34,693,240	\$11,917,150	\$24,412,876

*\$11M US Department of Education Emergency Assistance Grant was added.

*\$3M VI Higher Education Scholarship Fund was added.

5. Review of CELL Budget to Actual Performance through March 31, 2019

During the reporting period administered 12 placement tests and 314 other tests in the testing center, conducted MOS (Microsoft Office Suite) training for GERS, Terminex Training and Diageo Hospitality training. Other contracts were negotiated with the Department of Tourism for taxi drivers certification and the Department of Education VI History program. Revenues totaling \$242,252 and expenditures totaling \$264,562 were generated in the Unrestricted Fund creating an operating deficit of -\$22,310. The restricted programs funded primarily through OSHA and VI Government performed with a small operating deficit of -\$62 during the reporting period. CELL is continuing to seek new and creative ways to generate revenues to end the fiscal year in a positive net operating position.

6. Review of Reichhold Center Budget to Actual Performance through March 31, 2019

The Reichhold Center is reporting revenues at projections and in the categories of foundation grant, private grants and corporate sponsorship for the reporting period. Donations were received from several supporters totaling \$4,546.69 through March 31, 2019.

- Of the \$149,763 budgeted for the period, a total of \$146,681.96 was expended on salaries and benefits and direct expenditures. Currently there are five employees of which two are temporary and compensated on a “call as needed basis.” Expenses during the second quarter include material and supplies for the Culture Pop-Ups. Five of the nine workshops were completed as of March 31st: Costume and Wire Bending Art (St. Croix), French Quadrille (St. Croix), Traditional Games (St. Thomas & St. Croix), and Moko Jumbie (St. Thomas). Three workshops are scheduled for the third quarter.
- Expenses related to RCA Operations: office supplies and minor equipment, membership fees and dues for arts presenting licenses, cleaning supplies and storage/packing supplies, safety gear, replacement tools and UVI 16 repairs.

The Net Operating Position for RCA for the period October 1, 2018 through March 31, 2019 is \$346.73.

7. Quarterly Report of Proposals Submitted and Awards Received for the period January 1, 2019 through March 31, 2019

The Office of Sponsored Programs reports that **19** extramural proposals, requesting a total of **\$23,655,701** were submitted to external agencies by UVI faculty/staff members during the period of January through March of Fiscal Year 2019 and **19** extramural awards, totaling **\$21,671,186** were received during the same period. Compared to the corresponding period of the previous fiscal year, eleven (11) proposals, amounting to an increase of 8, were submitted and the dollar volume of grants awarded also increased by **\$20,662,508**.

8. Quasi-Endowment Fund Balance as of March 31, 2019

University of the Virgin Islands
Endowment Funds
Comparison Periods Ended March 31, 2019 and December 31, 2018.

Description	March 2019	December 2018	Variance
Seslia Title III Endowment	233,573.86	\$ 227,052.38	\$6,521.48
Common Fund Term Endowment	\$ 372,912.87	\$ 338,837.31	\$34,075.56
Common Fund National Guard Assistance	\$ 474,542.01	\$ 429,454.93	\$45,087.08
Common Fund Veterans Tuition Assistance	\$ 787,223.77	\$ 716,010.52	\$71,213.25
Common Fund Scholarship fund	\$ 161,731.51	\$ 147,085.58	\$14,645.93
Common Fund Quasi Endowment	\$ 5,467,807.19	\$ 5,103,548.50	\$364,258.69
Common Fund School of Medicine Endowment	\$ 24,150,334.23	\$ 22,724,750.02	\$1,425,584.21
Common Fund Sustainability Fund I*	\$ 7,061,429.67	\$ 2,034,650.53	\$5,026,779.14
Common Fund Sustainability Fund II	\$ 509,630.08	\$ 506,705.92	\$2,924.16
Total	\$ 39,219,185.19	\$ 32,228,095.69	\$6,991,089.50

* The University temporarily invested \$5 million in insurance proceeds in the Sustainability Fund

All other variances represent gains in investments

9. Status of Audited Financial Statements for the year ended September 30, 2018

The financial and single audit for the year ended September 30, 2018 initially commenced on November 12th, 2018. The audit of fiscal year 2017 was completed and issued on October 12, 2018. The late issuance of the report did not leave sufficient time for the Accounting staff to implement the necessary changes prior the end of fiscal year 2018. As a result, management determined, and the auditors agreed that the audit should be paused until January 2019.

The Accounting Department provided an updated trial balance to the auditors on January 11, 2019, and audit fieldwork resumed on January 14th, 2019. In March of 2019, following the retirement of key personnel from the Accounting Department, the audit suffered a delay. The University's current Acting Controller, with the assistance of the Special Assistant to the Vice President for Administration and Finance have successfully compiled and provided the auditors the information needed to complete their fieldwork.

The auditors have started their review process, which includes the review by Managers, Partners and Quality Reviewer. The Accounting Office, with the support of the Office of Administration and Finance stand ready to assist the auditors with any additional inquiries they may need to complete their assessment. The auditors have determined that the audit is expected to be completed on or before June 30, 2019.

10. Update on Community Disaster Loan

The University started the Community Disaster Loan application with FEMA in November 2017 after the passage of Hurricanes Irma and Maria in September 2017. In response to numerous requests for documents from Ernst and Young, Treasury Department, Hagerty Consulting firm, and FEMA, the University provided several financial statements and updates to the financial statements over a 18-month period. Another request for documents and updates was received from FEMA on May 21, 2019 which prompted a meeting with representatives from FEMA, Treasury Department, Ernst and Young and Hagerty Consulting firm. The University was given a deadline of June 24, 2019 to submit the requested documents and updates.

GOVERNANCE COMMITTEE..... Henry C. Smock

Update on Board Assessment

President Hall reported that in keeping with the Governance Committee practice and maintaining the suggestion by Middle States , the approved Board Assessment tool will be distributed to the members of the Board in a couple weeks.

PLANNING COMMITTEE..... Oran C. Roebuck

Strategic Plan Scorecards

The Greatness Through Innovation Scorecards were presented to the Committee as an accompanying document to the KPIs. They follow the progress of selected indicators over the duration of the strategic plan and will be updated as the plan progresses, with new indicators added as needed.