

**MEETING OF THE BOARD OF TRUSTEES
March 2, 2019**

**UNIVERSITY OF THE VIRGIN ISLANDS
North West Wing
ALBERT A. SHEEN CAMPUS
10:00 A.M.**

CONSENT AGENDA

Academic, Research and Student Affairs.....Dr. 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 2018. The report highlighted recruitment and enrollment initiatives, including UVI Online; several public service and community outreach activities; and an extensive number of student and faculty achievements, including publications, presentations, and other scholarship activities. Updates were also provided on the CLIC Ph.D. Program and the Free Tuition Program, which is slated to begin in fall 2019.

Audit Committee.....Attorney Henry C. Smock

A. Update from BDO and Ernst & Young

Representatives from Ernst and Young (EY) discussed their commitment to issue the 2016 FUVI Financial Statements once the University provides them with the legal letter and management representation letter.

Representatives from BDO presented and discussed the 2017 UVI Financial Statements, 2017 Foundation for the Reichhold Center Financial Statements and 2017 Management Letter. They provided an update on the pending issuance of the 2017 Foundation of the University (FUVI) Financial Statements. They provided an update on the ongoing 2018 Financial Audit and affirmed their commitment to issuing the 2018 Financial Statement by the March 30, 2019 deadline set by the University.

B. Audit Report

The internal Auditor presented a report on the current audit Activity and discussed current outstanding reports pending responses from management. Also provided was the FY 2018 Office of the Internal Audit Annual Report.

Building and Grounds.....Alexander A. Moorhead

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

The AAS campus report covered nine (9) campus projects and one (1) compliance issue for the reporting period October 2018 through January 2019.

- HVAC Replacement Upgrades - Two 25-ton York Condensers were installed and are operational – completed – June 2018. Awaiting response for two RFPs to upgrade ten (10) of eleven (11) HVAC Systems.
- Outdoor Athletic Court – Phase II of III Completed – October 30, 2018.
- Repairs: Great House Shutters – 50% completed – anticipated completion February 15, 2019.
- Repairs: Campus Fencing and Replacement -- 50-55% completed –anticipated completion April 30, 2019.
- Repairs: Student Center Cafeteria Roof – 50% completed –anticipated completion March 15, 2019.
- Repairs: Hurricane Resistant Windows -- 36% completed; anticipated completion March 30, 2019.
- Major Air Conditioning Repairs: Evans Center 175-Ton Chiller -- completed June 30, 2018.
- Securing & Protection of College of Science and Mathematics (CSM) Casework and Equipment: Completed January 30, 2019.
- Student Center Switchgear – Emergency Repairs -- Completed December 13, 2018.

Compliance Activity Report:

The Office of Compliance and Campus Operations, in collaborated with UVI Physical Plant, conducted an internal inspection of the Research and Extension Center on January 9, 2019, to evaluate the indoor air quality (IAQ) in areas of concern raised by an employee. ADCON Environmental, Inc. was contracted and work was conducted from January 18 through January 25, 2019. During the maintenance cleaning, the facility was closed for operations and all employees were temporarily relocated to other offices on campus. The facility was re-opened on January 28, 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:

- 95% of roof steel decking was installed and final welding continued.

- The long span concrete beam shoring was removed.
- Delivery of the TPO roof and window materials completed.

Work in Progress

- New stone veneer started on the south entry wall.
- Exterior walls were prepped for Total Wall finish system.
- Form and pouring site curb in progress.
- Forming driveway ramp and retaining walls on SE side of site.
- Trenching on property by RTPark for main water line approved to begin.

A revised construction schedule for Phase 2 was submitted with a completion date of March 6, 2019 due to delays caused by rain and problems experienced with shipping containers of materials, roof and windows to St. Croix. All required material is now on-site.

B. St. Thomas (STT) Campus Projects Report

The STT campus report covered twelve (12) campus projects for the reporting period October 2018 through January 2019.

The restoration of the St. Thomas Campus following the devastation of hurricanes Irma and Maria is moving in accordance with the construction repair timelines. However, materials and shipment continue to delay some of the projects but the work is moving forward steadily. Follow are updates regarding various projects:

- ACC HVAC Chiller Units Replacement –The 120-ton chillers for the building received irreparable damage as a result of the hurricanes. Units were successfully replaced and the project was completed January 2019.
- ACC Interior Floor Treatment/Carpet: The interior carpet throughout the building was substantially damaged. In some cases, removal of the carpet was necessary for the maintenance of satisfactory Indoor Air Quality (IAQ). The carpet was successfully replaced in the conference rooms and two hallways. The second floor hallway installation is pending final material procurement.
- West Residence Hall: The immediate task was remediation of mold in the facility which was completed successfully by ADCON Environmental Services. Roof repairs, mitigation and wall replacement were also completed. Furniture was ordered and installed. The West Hall Project is completed except for minor finishing touches. Students have occupied the building and are comfortable.
- Upper Campus Accessible Lifts: The Campus Accessible Lifts sustained considerable damage due to their location outside of the buildings and exposure to the elements. Project is still incomplete; awaiting shipment of the lifts.
- Reichhold Center: This project is still a work in progress. The main roof that covered the core facility was compromised due to major structural damage as a result of the hurricanes. Do Right Construction was instrumental in removal of the

compromised roof structure and remaining roofing sections in the facility. Project was completed December 2018. Mold remediation work is currently in progress.

Hurricane Restoration – Architectural & Engineering (A&E) Projects Requiring Construction Drawings:

- School of Business Building - The As-Built drawing according to measurements and steps is completed. Delivery of auditorium seats, building code compliant design, ADA review and design are still to be completed – scheduled completion of schematic design is scheduled for February 2019.
- Quarters B – The As-Built drawing is completed. The building code compliant design and ADA review and design are in progress-- schematic design scheduled completion February 2019.
- School of Nursing – The As-Built drawing is 90% completed.
- Marine Science Building – UVI received verbal approval to proceed. Building code compliant design and ADA review and design are in progress. Schematic design scheduled completion February 2019.
- Reichhold Center for the Arts - The As-Built drawing is completed. Building code compliant design and ADA review and design are still in progress. Schematic design to be completed February 2019.

St. Thomas Campus Other Projects:

- Bus Shelter Replacement - The bus shelter located adjacent to the Music Building was destroyed during the hurricanes. The shelters were replaced July 2018.
- Campus Fleet Upgrade - The STT Campus Vehicle Fleet was plagued with vehicles past their mechanical age for durability and safe operations and a number of them were retired from operation. A fleet upgrade proved necessary – vehicles were replaced and/or purchased. Fleet upgrade completed.

Medical School Classroom Building Update - STT:

The University of the Virgin Islands is still involved in mediation with Springboard as a result of several unresolved issues following hurricanes Irma and Maria. As a result, Springboard is no longer working on the Medical School project. A project/construction manager is expected to be hired to resume work on the medical school beginning February 18, 2019.

C. Power Generating Grid

An RFP was submitted in July 2018 and site visits were conducted in August 2018. Six (6) companies showed interest in the RFPs and two (2) proposals were received in December 2018. However, the prices submitted from the two proposals were not favorable and after review it was determined that the outcome

may exceed WAPA's going rate. The administration is prepared to revisit and improve the presentation of the RFP with technical guidance and assistance from the VI Energy Office.

Development Committee.....Rev. Dr. Wesley S. Williams

Status Report on Annual Fund

Total contributions to date for fiscal year 2019 (October 1, 2018 – January 25, 2019) \$1,055,719

The Vice President for Institutional Advancement, Mr. Mitchell Neaves, provided a summary of the contributions received to date in FY2019, comprehensive overview on the status of the Campaign for UVI, and strategy for reorganizing the Alumni Affairs Office. President Hall highlighted the impact the RTPark clients and the new leadership team is having on the UVI Annual Fund Campaign and the need for the University to maintain its scholarship funding support in light of the Free Tuition Initiative. President Hall also provided an update on the UVI Medical School and the University's ongoing efforts with the Clinton Global Initiative.

Finance and Budget Committee.....Alexander A. Moorhead

A. 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 January 25, 2019, the University received a total of \$11,260,008 in allotments from the V.I. Government for Fiscal Year 2019. This represents 33% of the \$33,780,025 approved for the fiscal year. A total of \$152,500 was received for programs funded through the Miscellaneous Section of the GVI's Executive Budget. On February 12, 2019 the University received \$250,000, one quarter of the amount appropriated for the Medical School Debt Service.

B. (a) Review of Unrestricted Operating Budget to Actual Performance through December 31, 2018

Total actual revenues through the period ended December 31, 2018 was \$11,017,869 representing 88% of the budgeted amount of \$12,504,241. Actual

expenditures of \$8,677,533 represent 76% of the amount budgeted of \$11,473,385. The University's Net Operating Position (NOP), which is the difference between year-to-date revenues and year-to-date expenditures at the end of December 31, 2018, was \$2,340,336. Tuition & Fees: The University did not achieve the projected increase in the enrollment for the semester. As a result, at the end of December, only 80.2% of the revenues budgeted for tuition and fees were received. Local Appropriation: Allotments are presently on target through the end of the period. The University recognized 100% of appropriations for the period.

Miscellaneous revenues includes the recovery of indirect cost from programs, investment income, unrestricted gift, and grants. At the time of this report, the University did not receive a portion of those revenues. It is anticipated that the University will recognize investment income and indirect cost recovery later in the fiscal year. When these revenue amounts are taken into account it is projected that revenues will be greater than the forty-four point one percent (44.1%) recognized.

The revenues from auxiliary enterprises include the bookstore, residence halls, and food services, Reichhold center and Sport & Fitness Center. These areas continue to suffer the after-effects of the two hurricanes of 2017. Lower enrollment for the fall 2018 semester directly contributed to the lower revenues recognized in the University's residence halls and food services.

Due to continued budget restraints and cash flow concerns, department heads were advised to be conservative in their spending of operating budgets. The decline in expenditures was directly related to the decline in activities within some of the programs. Some programs were able to utilize federal, local and private funds to cover expenditures for the period. This is evident in the low percentage of operating expenditures for Research, Academic support, Student Services, Institutional Support and Student Aid. The program with the highest expenditure for the period is Operations and Maintenance of Plant, spending 95.1% of the budget; Instruction spent 88.8% and Public Service 73.6%. The overall expenditures are 75.6% of the amount budgeted.

C. (b) Review of Unrestricted Operating Actual to Actual Performance through December 31, 2018

Total actual revenues and total actual expenditures were \$12,979,197 and \$9,317,128, respectively, for the period ended December 31, 2017. Total revenues decreased by approximately 15% from the prior year and total expenditures decreased by 7% compared to the same period of the year before.

The highlights in the period to period comparison include:

- Tuition revenues decreased mainly due to decline in enrollment following

hurricanes Irma and Maria. The effects of the hurricanes continue to impact enrollment. The performance this year was 25.4 percent less when compared to the same period in the prior year.

- Local appropriations increased as a result of an increase in Government appropriations to the University in fiscal year 2019.
- The miscellaneous revenues dropped below last year's amount due to the decrease in the amount of private gifts received, when compared to the same period in the prior year.
- Revenues from auxiliary enterprises decreased as a direct result of a decline in enrollment when compared to prior year. Additionally, hurricanes Irma and Maria resulted in a larger percentage of auxiliary revenues, including Room and Board being deferred to fiscal year FY18. The University's usual deferral rate is 40:60, however, this ratio changed to 12:84 (a 24% increase). These revenues were recognized in the first quarter of fiscal year 2018. Consequently, when compared to the same period in FY19, actual revenues are substantially less than FY18.
- In the period ending December 31, 2018, the University had a decrease in overall expenditures of 6.9% compared to FY 2018. The decrease is attributed to a decrease in overall spending of operating funds and the department and units' resourcefulness within the programs. The increase in spending noted in Public Service program was a result of an increase in staffing and contracted services. The spending increase in Operation was due to increase in purchases of material and supplies. The Research program decrease in spending was the result of the number of percentage changes in staff time and effort, reallocating responsibilities from operating to restricted federal programs.

D. Review of Restricted Current Funds Expenditures through December 31, 2018

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

Category	October 1, 2018 Fund Balance	Revenues	Expenditures	December 31, 2018 Fund Balance
Federal Grants	\$200,542	\$5,704,524	\$2,133,229	\$3,771,837
Local Grants and Contracts	\$898,194	\$292,418	\$125,212	\$1,065,400
VI Legislature	\$268,247	\$4,092,074	\$257,099	\$4,103,222
Private Grants and Contracts	\$1,470,701	\$655,594	\$201,686	\$1,924,609
Other	-\$1,200,898	\$2,110,016	\$532,062	\$377,056
Total	\$1,636,786	\$12,854,626	\$3,249,288	\$11,242,124

E. Review of CELL Budget to Actual Performance through December 31, 2018

During the reporting period CELL negotiated and secured a \$10K agreement with the Bureau of Corrections, worked with the Department of Tourism to develop programs for the film industry, administered 60 placement tests and 260 other tests in the testing center and secured an agreement from the American Heart Association to offer advanced Lifesaving courses. Revenues totaling \$77,076 and expenditures totaling \$81,468 were generated in the Unrestricted Fund creating an operating deficit of -\$4,392. The restricted programs funded primarily through OSHA and VI Government performed positively during the reporting period. Due to staffing challenges in the Accounting Office during the reporting period, revenues from veterans and online programs were not timely credited to CELL. This will be corrected and reflected in the next quarter's report. CELL is continuing to seek new and creative ways to generate revenues to end the fiscal year in a positive net operating position.

F. Review of Reichhold Center Budget to Actual Performance through December 31, 2018

The Reichhold Center is reporting revenues at and exceeding projections in the categories of foundation grant, private grants and corporate sponsorship, and individual gifts for the reporting period. The Center received a few grants from the Virgin Islands Council on the Arts and the Southern Arts for supporting the Alliance for Response Forum (November 27, 2018), Art Resiliency Training Workshops (to be conducted in May 2019), and the Center's community projects such as the "Culture Pop-Up." "Culture Popo-Up is a project in partnership with the Department of Education Cultural Heritage Division that consists of nine Virgin Islands heritage workshops conducted throughout the academic year alternately between St. Thomas and St. Croix.

Individual gift donations were received from several annual supporters and a Giving Tuesday campaign effort that was launched the first Tuesday after Thanksgiving Weekend. While the Giving Tuesday was a soft launch project, the campaign received considerable interest from patrons and supporters. Giving Tuesday was developed in collaboration with the UVI Alumni and Development Office.

Of the \$71,038 budgeted for the period, a total of \$38,216.93 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 associated with the travel and hotel of presenters, transportation for participants from St. Croix and St. John, materials and supplies, and catering for the Alliance for Response Forum. The Forum provided a networking opportunity for over 70 individuals from museums, libraries, archives, historic sites, the visual and performing arts, cultural heritage collections, first responders, key state and local emergency managers and civic leaders from across the territory. The forum included break-out sessions designed to result in follow-up projects that will

strengthen the partnerships and serve as a basis for forming a cooperative disaster network for cultural heritage and the arts for the U. S. Virgin Islands.

The Net Operating Position for RCA for the period October 1, 2018 through December 31, 2018 is \$44,291.

G. Quarterly Report of Proposals Submitted and Awards Received for the period October 1, 2018 through December 31, 2018

The Office of Sponsored Programs reports that **19** extramural proposals, requesting a total of \$32,895,041, were submitted to external agencies by UVI faculty/staff members during the period of October through December 2018 of Fiscal Year 2019 and **12** extramural awards, totaling \$3,645,803 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 \$2,637,125.

H. Quasi-Endowment Fund Balance as of December 31, 2018

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

Description	December 2018	August 2018	Variance
Seslia Title III Endowment	\$ 227,052.38	\$ 233,228.88	(\$6,176.50)
Common Fund Term Endowment	\$ 338,837.31	\$ 373,022.80	(\$34,185.49)
Common Fund National Guard Assistance	\$ 429,454.93	\$ 475,605.11	(\$46,150.18)
Common Fund Veterans Tuition Assistance	\$ 716,010.52	\$ 787,069.98	(\$71,059.46)
Common Fund Scholarship fund	\$ 147,085.58	\$ 161,708.50	(\$14,622.92)
Common Fund Quasi Endowment	\$ 5,103,548.50	\$ 5,375,941.46	(\$272,392.96)
Common Fund School of Medicine Endowment	\$ 22,724,750.02	\$ 25,040,118.76	(\$2,315,368.74)
Common Fund Sustainability Fund I	\$ 2,034,650.53	\$ 2,014,846.65	\$19,803.88
Common Fund Sustainability Fund II	\$ 506,705.92	\$ 503,207.16	\$3,498.76
		\$	
Total	\$ 32,228,095.69	34,964,749.30	(\$2,736,653.61)

* The overall value of the stocks decreased causing a change for this quarter of (\$2,736,653.61).

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

UPDATE ON FINDINGS IN AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2017

Finding no.	Finding	Current Status	Date Complete	Comments
2017-001	Financial Reporting Requirements	In progress	Continuous	The University has implemented the corrective action stated in the 2017 audit response, to the extent possible. The Accounting office has hosted and attended seminars, targeted towards improvement of the timing of their accounting procedures. The University has also contacted all third parties involved in the institutions close process, to expedite their communication and fulfilment of requests in a timely manner. The audit of fiscal year 2017 was completed in FY19, leaving no time to implement newly communicated findings prior to year end. The University however, is continuing to evaluate issues identified and implement or update controls to address all issues raised by the end of fiscal year 2019.
2017-002	Information Technology Security - Password Implementation	In Progress	N/A	The information Technology Department has confirmed that the University's EDUS Procedures manual contains a detailed password policy for the University, however, they are also in the process of implementing a stand alone password policy for the University. This policy is expected to be completed by June 30, 2019.

2017-003	Special Reporting Requirements - SFA	Completed	10/30/2018	The Office of Institutional Research has implemented an additional level of review of the files used to support the FISAP report. Additionally, the Office of Institutional Research has ensured that extraction files are retained, to assist in a more fluid reporting process.
2017-004	Reporting Requirements - Higher Education	Completed	10/3/2017	This event was a one-time-occurrence. The submission of the enrollment roster was delayed by the impact of two category five hurricanes on the University, which resulted in damages to the telecommunications abilities of the Virgin Islands. The report was submitted as soon as it was possible to do so.

The following represents an overview of the Current Status of the audit of fiscal year 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.

Accounting provided an updated trial balance to the auditors on January 11, 2019, with audit fieldwork being resumed on January 14th, 2019. The audit is currently on schedule to be issued by the established deadline of March 31, 2019. The Accounting team, with the assistance of the Office of Administration is working diligently to ensure the audit is issued, as expected.

J. FirstBank Loan Update

On December 13, 2018 the University, FUVI and FirstBank executed the First Amendment to the Loan Agreement which extends the maturity date of the \$30M Non-Revolving Line of Credit to September 25, 2021. The documents were successfully executed and the University continues to make the monthly payments consistent with the loan terms. The University is also in compliance with the other terms of the agreement to include providing unaudited and audited financial statements to FirstBank.

K. Community Disaster Loan Update

Since the October 5, 2018 meeting of the Finance and Budget Committee, the University team met with the Ernst and Young team and provided additional documents to complete FEMA and US Treasury's assessment. A meeting was convened Thursday, February 7, 2019, with the teams from Ernst and Young, FEMA and US Treasury at which time the University was able to provide clarification with respect to the University's submission. US Treasury has asked the UVI team to complete an additional template to report bank balances after which they plan to complete their assessment and advise of the next steps.

Governance Committee.....Attorney Henry C. Smock

Update on New Trustees

President Hall provided an update regarding new trustees to the Board. He reported that the Commissioner of Education designee was Racquel Benjamin and the Chair of the Board of Education was Arah Lockhart. He also reported that he met with newly elected Governor Albert Bryan, Jr. and shared with him the list of vacancies for the UVI Board of Trustees.

New Trustee Orientation

President Hall reported that an orientation would be scheduled for some time in late February or early March to accommodate all participants schedule