

SHEPHERD UNIVERSITY BOARD OF GOVERNORS

MINUTES OF THE MEETING OF NOVEMBER 14, 2019

The Shepherd University Board of Governors met on November 14, 2019 in a regular meeting. Members participating were: Ray Alvarez (phone), Gat Caperton, Jim Cherry (phone), Henry Kayes, Jr., Ramona Kissel, Eric Lewis, Allison Lott, Robert Marggraf, Tia McMillan, and Elizabeth Rini. Also present were Shepherd University President Mary J.C. Hendrix, members of the executive leadership team and others. Board member David Avella was absent from the meeting.

1. PUBLIC COMMENTS

No public comments were made.

2. CONSENT AGENDA ITEMS

M (Kayes), S (Kissel), PASSED, all members participating by phone were polled (Mr. Alvarez joined the meeting subsequently), that the following resolution be adopted by the Board:

RESOLVED, That the Shepherd University Board of Governors approves:

- 1) The Minutes of the Meeting of September 19, 2019
as presented in the Agenda materials of November 14, 2019.

3. ANNUAL AUDIT REPORT

Ms. Bea Stottlemeyer, Director of Finance and Assistant CFO, introduced Keith Novak and Christina Bowman of CliftonLarsonAllen, LLP. Ms. Bowman noted Mr. Novak's role over several years in the Shepherd audits and that she will be the principal for Shepherd going forward due to his retirement. Ms. Bowman summarized the Annual Audit Report. The presentation included a review of the Financial Statements as of and for the Years Ended June 30, 2019 and 2018, and the Independent Auditors' Reports. Ms. Bowman reported that the University received an unqualified, "clean", opinion letter and highlighted that there are no aspects of the FY2019 Financial Statements that are materially differentiated from the prior year. She noted Shepherd met the HEPC deadline, and said they encountered no difficulties or found any material items requiring correction. She noted there were no material weaknesses or deficiencies identified, and the financial statement disclosures were neutral and clear. Ms. Bowman stated that the estimates and assumptions made by management in the preparation of the Financial Statements are reasonable and consistent with generally accepted accounting principles.

Mr. Alvarez, Audit Committee Chair, noted that he reviewed the report in detail including all comments and notes. He commented, as previously for the Board, that the Board bylaws delineate the selection of auditors as a role of the Committee, but Shepherd University is not directly engaging an audit firm because the HEPC engages the firm to audit all of the institutions.

Chair Lewis thanked all involved for their time.

4. **TASK FORCE UPDATE REVIEW AND CONSIDERATION OF ADOPTION OF TASK FORCE RECOMMENDATIONS ADOPTED BY THE TASK FORCE AT ITS MEETING OF OCTOBER 24**

Chair Lewis noted that the Task Force has been hard at work.

Academic Programs Update – Sub-Committee Chair, Gat Caperton noted they met three times and there is much work ahead as the group seeks to align Shepherd's programs with the student population and to support student-focused efforts.

Expenses – Personnel Committee Update – Sub-Committee Chair, Henry Kayes noted there were no updates at this time.

Expenses – Other Committee Update – Sub-Committee Chair, Bob Marggraf noted they are meeting biweekly. He said they have identified ten items in the expense accounts, with up to ~\$460,000 possible savings in FY2020 and additionally up to ~\$250,000 in FY2021 that can be recaptured annually. For other accounts, they think they can pick up an additional \$275,000 in contract changes and budget lines. Mr. Marggraf noted we currently have five RFPs out and should have insight by mid-December on financial opportunities arising from those. He noted they are meeting with long-term contractors to see how those contracts can be redone. The Sub-Committee also discussed having an analysis of energy consumption completed; most are capital projects that could be done in phases. Funding for this would come from upgrades, etc. that are done within the capital building renovations funds.

Revenue Committee Update – Sub-Committee Chair, David Avella was absent so Chair Lewis spoke on his behalf regarding the Sub-Committee's recommendation on their priorities from the October 1, 2019 meeting which include: 1) invest in marketing, recruiting and retention FY2020; 2) recommendation for freezing resident and non-resident undergraduate tuition for FY2021; and 3) engage consultant(s) to advise Shepherd on enrollment marketing, engagement, recruiting, retention, management including both outward focused targeting and on-campus experience for prospects as well as branding, mission and messaging for Shepherd University overall.

M (Alvarez), S (Kayes), PASSED, all members participating by phone were polled, that the following resolution be adopted by the Board:

RESOLVED, That the Shepherd University Board of Governors directs that the Tuition and other Required Enrollment Fees for the Academic Year 2020-21 shall remain equivalent to current year levels.

M (Alvarez), S (Marggraf), PASSED, all members participating by phone were polled, that the following resolution be adopted by the Board:

RESOLVED, That the Shepherd University Board of Governors amends its Budget mandates for FY2020:

1. To re-affirm that it is the will of the Board for the University's expenditures advancing new student recruitment, current student retention, and athletics programs expansions be increased from FY2019 levels by \$250,000;

2. To provide that marketing initiatives for 2+3 AA to MBA program, AA to Agriculture certificates, and RN to BSN be increased from FY2019 levels by up to \$100,000;
3. To provide that targeted marketing initiatives in Loudon, Fairfax, Montgomery, and other select counties be authorized for increase from FY2019 levels by up to \$50,000; and
4. To provide that to the extent of such expenditures, the maximum reduction of the ending cash balance for FY2020 shall be \$400,000.

5. **PRESIDENT'S REPORT**

President Hendrix acknowledged all the visitors in attendance, and their investment in the welfare of the University, and she thanked the BOG Task Force for their hard work. She said we must make strategic investments. She noted Shepherd was given an additional three million dollars in annual appropriations, with an extra \$500,000 of one-time support, and now we face a prospect of being asked to give money back. She said we need to expedite the RFP for the East Loop with a goal of receiving some financial benefit from a land lease, while we focus on targeted fundraising to further enhance the student experience.

President Hendrix then reviewed highlights of the ongoing initiatives for advancing Shepherd from among the comprehensive list provided in the President's Report.

6. **REPORT OF THE ACADEMIC PROGRAMS AND DEVELOPMENT COMMITTEE**

On behalf of the Academic Programs and Development Committee, Ms. McMillan provided a brief update of the Committee's discussions which included the Academic Affairs Annual Report. Ms. McMillan then asked Dr. Scott Beard, Provost, to cover a few highlights from the report which included data comparisons to other institutions.

7. **AMENDMENT OF POLICY 19, ACADEMIC FREEDOM, PROFESSIONAL RESPONSIBILITY, PROMOTION AND TENURE**

Ms. McMillan introduced the proposed Amendments of Policy 19 in the agenda book. Dr. Rini read a statement on behalf of the Faculty Senate which she requested be recorded in the minutes:

“Concerning the changes to the faculty workload policy on page eleven of Appendix A, from Board of Governors Policy 19, I'd like the following to be recorded in the minutes of this meeting: The Faculty Senate, which represents every academic unit on campus, is committed to making a positive contribution in this time of crisis by developing measurable standards against which faculty workload can be evaluated. We understand the need for an updated faculty workload policy and are currently hard at work on its development. We expect to have this completed in advance of the Board of Governors' February 2020 meeting. We ask that the faculty workload language in Policy 19 voted on today be open for revision when the new policy is ready for adoption.”

Without objection, the Chair directed that the statement be recorded in the minutes.

Mr. Perdue then reviewed the broader scope of the amendments to Policy 19, which are components of Faculty personnel policies. This included a general review of the comments received in the Comment Period, and explained to further proposed amendments added after publication of the Agenda Book which arose from comments received.

M (McMillan), S (Rini), PASSED, all members participating by phone were polled (Mr. Cherry), that the following resolution be adopted by the Board:

RESOLVED, That the Shepherd University Board of Governors approves the amendments of Policy 19 as reflected in the November 14, 2019 Agenda Book and as amended in the meeting's supplemental hand-outs.

8. **REPORT OF THE ENROLLMENT, STUDENT AND COMMUNITY AFFAIRS COMMITTEE**

On behalf of the Enrollment, Student and Community Affairs Committee, Mr. Caperton introduced Mr. Bill Sommers, Vice President for Enrollment Management and Student Success, to provide a brief update of the Committee's discussions which included a review of the Enrollment Management Annual Report.

9. **TOBACCO CESSATION – TAKE SMOKING AND TOBACCO OF CAMPUS (STOC)**

Mr. Adams presented the information on the prospective Tobacco Free Campus initiative.

M (Caperton), S (Lott), PASSED, all members participating by phone were polled (Mr. Cherry), that the following resolution be adopted by the Board:

RESOLVED, That the Shepherd University Board of Governors endorses the January 1, 2020, implementation of a Tobacco-Free Campus and authorizes the President to implement the necessary administrative policies to establish the Tobacco-Free Campus.

10. **REPORT OF THE FINANCE AND FACILITIES COMMITTEE**

On behalf of Finance and Facilities Committee, Mr. Kayes provided a brief update of the Committee's discussions which included a review of the Quarterly Financial Report: 1st Quarter FY2020 and a discussion regarding the 2020-2021 Enrollment, Housing, Dining and Other Fees.

The potential appropriations cut was discussed, and the Chair noted that if the cuts occur, the Board's directive as to maximum reduction of cash reserves may require reconsideration.

11. **STRATEGIC PLAN UPDATE**

Mr. Sommers provided the Board with a brief update on the 2018-2023 Strategic Plan as well as the Dashboard.

12. **RUFFALO NOEL-LEVITZ PERSONALIZED FINANCIAL AID VIDEO SOLUTION**

Mr. Sommers provided the Board with a presentation of a prospective video service which would go to new students explaining their financial aid awards.

13. **NEW BUSINESS**

None.


Eric Lewis
Chair


Henry Kayes, Jr.
Secretary