

**VIRGINIA MILITARY INSTITUTE**  
**Lexington, Virginia**  
**Board of Visitors**  
**Audit, Finance and Planning (AFP) Committee**  
**Friday, 3 May 2024**

MINUTES

Board Members Present:

Mr. Thomas R. Watjen '76 (President)  
Mr. John D. Adams '96  
Mr. Hugh M. Fain III '80 (Vice-President)  
Mr. J. Conrad Garcia  
Mr. Thomas E. Gottwald '83 (Vice-President, Committee Chair)  
Ms. Gussie A. Lord '01(Vice-President)  
Lt. Col (Ret.) James G. Joustra '76  
Ms. Kate Todd

Others Present:

MG Cedric T. Wins '85, Superintendent  
BG Dallas B. Clark '99, Deputy Superintendent for Finance and Support  
COL Jeffrey R. Boobar '86, Senior Director, Finance and Support  
Ms. Pamela S. Brown, Assistant Director, Finance and Budget  
Mr. Darrell C. Campbell, Chief Information Officer  
Mr. Howard L. Clark '93, Director of Auxiliary Services  
Mr. Andrew C. Deal '12, Chief Operating Officer, VMI Keydet Club  
LTC Shannon M. Eskam, Acting Assistant Superintendent for Enrollment  
Management and Director of Financial Aid.  
Mr. Jeffrey L. Lawhorne, Director, Finance and Budget  
Ms. Corey Ann Matteson, Bursar  
COL Kimberly C. Parker, Director, Government Relations  
Mr. David L. Prasnicki, Chief Executive Officer, VMI Alumni Agencies  
Mr. David G. Sigler, Financial Analyst  
Mr. Danny Thornton '78, President, VMI Keydet Club  
COL Kathleen H. Tomlin, Director of Procurement and Accounts Payable  
COL William "Bill" J. Wyatt, Executive Officer to the Superintendent

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Mr. Gottwald, AFP Committee Chair, presided and called the meeting to order at 1:51 PM in the Turman Room in Preston Library.

*1. Minutes from the 19 March 2024 BOV-AFP Interim Committee Meeting.*

The committee unanimously approved the minutes from 19 March 2024.

*2. Auditor of Public Accounts (APA) – FY 2023 Audit Report*

A brief overview of the status of the FY 2023 Auditor of Public Accounts audit was provided by BG Clark. He several remaining items have precluded the APA from completing the audit but the Committee should expect to receive the report during the September meeting.

***Board Motions***

*3. FY 2025 VMI Operating Budget*

The Committee delayed action on this topic until after discussion.

*4. VDOT Property Roadway Acceptance – Saunders Drive*

BG Clark provided background related to the Committee's motion to pass a resolution to incorporate Saunders Drive into the inventory of VDOT roads. Presently, all roads at VMI are within VDOT's system and this action will allow Saunders Drive to be added to Route 303, which is the designation assigned to VMI's roads by VMI. The Committee approved the motion unanimously.

***Discussion Items***

*5. FY 2025 VMI Operating Budget*

Mr. Gottwald then opened the discussion on the FY 2025 budget, stating there appeared to be general consensus on the overall budget. However, he told the Committee a decision was still needed on the allocation of fees and whether the Athletics Department's \$1.0 M deficit was acceptable. He pointed out that overall budgeted expenditures were proposed to increase 4% and that tuition and fees were both scheduled to increase by 3%.

Mr. Fain acknowledged the work of staff in preparing materials for each of the Committee's recent meetings. He added that the recommendations of the Superintendent and staff has his support since they were in line with the Governor's guidance to not increase tuition and fees more than 3%. Mr. Garcia asked about future projections related to the size of the Corps and anticipated tuition and fee increases and Ms. Lord expressed concern for out-of-state tuition costs relative to other institutions and encouraged staff to review operations and identify areas where efficiencies could be achieved in order to reduce costs and staff.

The discussion continued and points were made about the Athletics Department's spending and its budgetary constraints caused by VMI's small size and eighteen teams. Ms. Todd asked if the BOV's Athletics Committee was aware of the information being shared with the AFP Committee and Mr. Gotwald and Mr. Watjen confirmed they were and shared that the Department is focused on raising revenue in addition to controlling costs. Ms. Todd also asked about the recruitment of a new Athletics Director and if candidates were being made aware of the budgetary challenges and the need to increase revenue. Mr. Adams added that VMI's current Athletics Fee is significantly higher than that of any other school in the Commonwealth and said the current trajectory of the fee was likely unsustainable in the context of overall affordability if VMI intends to be a top choice for Virginians and Non-Virginians seeking a military-style education.

In discussing the state of the Athletics Department budget and support from the Institute, BG Clark summarized one of the main issues by asking what level of support is considered reasonable and acceptable. Mr. Watjen mentioned the Athletics Task Force's work that may be finished in June and that they may offer recommendations. Mr. Fain added that capital campaigns, such as the Uncommon Purpose effort, have helped the Athletics Department in the past. In discussing the Department's cost-drivers in FY 2025 and in previous years, it was acknowledged that State-initiated salary increases that were adopted by the Athletics Department account for the majority of new spending.

Mr. Gottwald reminded the Committee of the FY 2024 budget discussion and expressed his disappointment that the Board is in a similar situation and still does not have a plan to address the deficit. He reiterated that a future discussion was needed to outline what level of support from VMI was reasonable since he did not think \$1.0 M was acceptable. He recommended the Committee accept the \$119 M budget proposal but reject the proposal that would increase the Athletics Fee 7.1%, while decreasing other fees, so that the net increase could be 3.0%. Instead, he suggested the Committee recommend increases to Tuition and Fees of 2.9%, not 3.0%.

Mr. Garcia and other Board members discussed the possibility of having degrees of accountability within the Athletics Department if overspending occurs. Mr. Gottwald asked MG Wins to explain the Board members' sentiments to the new Director of Athletics with regards to spending which exceeds the budget in FY 2025.

#### *6. Key Financial Indicators and Budget Performance Reports*

Key Financial Indicators and Budget Performance Reports were provided as supplementary information to the Committee. Due to time constraints, there were no specific discussions on this topic.

#### *7. VMI Annual Debt Report*

The VMI Annual Debt Report was included in the Agenda book provided to the Committee. BG Clark summarized the report and indicated VMI is currently in compliance with two debt thresholds and that proposals for future debt were forthcoming.

### ***Supplemental Information***

#### *8. Information Technology Report*

Mr. Campbell provided an overview of the Auditor of Public Accounts audit, including a discussion about a Security Assessment being conducted by Baker Tilly, as well as a separate cyber security audit from the Office of the State Inspector General. (OSIG is auditing all public schools in Virginia.) He shared that his team was working on PCI (Payment Card Industry) attestation, vulnerability scans, a security assessment, the installation of two new servers, and an update that added two new firewalls. Several questions were asked regarding the scope of the audit questions, the location of the VMI servers, whether the data back-up at RANA (Rockbridge Area Network Authority) has ever been fully tested, and the status of VMI's COOP (Continuity of Operations Plan).

#### *9. VMI Foundation Report*

Due to time constraints, there were no discussions on this topic but Mr. Prasnicki was asked to present to the full Board during the Saturday morning session.

#### *10. Capital Projects and Planning Update*

The Capital Projects and Planning Update was included in the Agenda book provided to the Committee. Due to time constraints, there were no discussions on this topic.

#### *11. Non-Capital Projects and Planning Update*

The Non-Capital Projects and Planning Update was included in the Agenda book provided to the Committee. Due to time constraints, there were no discussions on this topic.

#### *12. AFP Duties Summary*

The AFP Duties Summary chart was included in the Agenda book provided to the Committee as information.

There being no further business to come before the Committee, the meeting adjourned at 3:11 PM.