

# MIDDLE TENNESSEE STATE UNIVERSITY

## BOARD OF TRUSTEES

### MINUTES

September 12, 2017

#### **Call to Order and Pledge of Allegiance**

The Middle Tennessee State University Board of Trustees met in regular session on Tuesday, September 12, 2017, on the Middle Tennessee State University campus. Chairman Steve Smith called the meeting to order at 1:00 p.m. (CDT) and requested that retired Lt. Gen. Keith Huber lead the Pledge of Allegiance.

#### **Introduction of Student Veteran**

Gen. Huber introduced student veteran Juan Davila and explained that Mr. Davila came to the United States from Costa Rica at the age of 17. He learned the English language, earned his G.E.D. and, in a period of six (6) months, earned thirty-two (32) college credits. He then joined the United States Marine Corps becoming a Staff Sergeant. He became a U.S. citizen at age 28. Mr. Davila served two (2) tours of duty in Iraq and left the Marine Corps after ten (10) years of service. Mr. Davila will graduate with a Computer Science degree in May 2018. Chairman Smith thanked Mr. Davila for his service.

#### **Roll Call**

Board Secretary Heidi Zimmerman called the roll. Trustees present were: Andy Adams, J.B. Baker, Pete DeLay, Darrell Freeman, Sr., Joey Jacobs, Tony Johnston, Stephen Smith, Lindsey Weaver and Pamela Wright. A quorum was declared.

#### **Welcome and Opening Remarks**

Chairman Smith welcomed all those present to the third meeting of the Board of Trustees, noting that a lot of progress has been made. Dr. Sidney A. McPhee, President, also welcomed those attending and specifically acknowledged the presence of Mr. Mike Krause, Director of the

Tennessee Higher Education Commission, and Dr. Lauren Collier, Director of Institution and Board Affairs.

### **Approval of the Minutes**

Chairman Smith asked if there were any changes, revisions or deletions to the Minutes of the June 5, 2017 Board of Trustees meeting. None were offered. Trustee Freeman moved to approve the Minutes; Trustee DeLay seconded the motion. A voice vote on the motion to approve the Minutes of the June 5, 2017 Board meeting was taken and carried unanimously.

### **Committee Report: Academic Affairs, Student Life and Athletics Committee**

Chairwoman Pamela Wright gave the report from the August 15, 2017 meeting of the Academic Affairs, Student Life and Athletics Committee. She stated that all matters on their agenda were for information and discussion. Materials from the meeting were provided to the Board in its meeting materials.

### **Nursing Program - Information**

Dr. Terry Whiteside, Dean of the College of Behavioral and Health Sciences, and Dr. Jenny Sauls, Director of the School of Nursing, reported on the School of Nursing program which began in 1988. The National Council Licensure Examination is very significant and student scores are trending up. The Tennessee State Board of Nursing requires an 85% pass rate in order for the program to remain in good standing. MTSU students have a long history of success. In May of 2017, 100% of students who took the test passed. No expansion of the undergraduate program is recommended at this time. The School of Nursing is currently working on the transition of the Masters in Nursing from TN e-Campus to MTSU. Market demands for nurses and the cost of producing a nursing graduate were discussed with Dr. McPhee noting that while cost is significant and important, other factors must also be considered in assessing the value of academic offerings.

### **Fraternity and Sorority Life at MTSU - Information**

Vice President Deb Sells and her staff provided a 30-year historical overview of fraternity and sorority life at MTSU. Dr. Sells explained that Greek life on college campuses have gone through significant changes and review due to legal implications. The University continues to find ways to balance supporting these organizations against the potential liability issues created by them. Education efforts continue concerning hazing and binge drinking. As part of a process to provide support and development for these organizations, the Office of Greek Life has developed an accreditation system to assist with being compliant with University policy. It was noted that MTSU continues to recognize the value that productive fraternity and sorority organizations brings to the campus community.

#### **New Academic Programs Under Consideration - Information**

Interim Provost Mark Byrnes indicated that four (4) new academic degrees are under consideration: B.S. in Tourism and Hospitality Management; M.S. in Teaching English as a Second Language; M.S. in Physician Assistant Studies; and, B.S. in Media and Entertainment. Dr. Peter Cunningham, Vice Provost for Academic Programs, was introduced to the Committee. Dr. Byrnes stated that Dr. Cunningham will be responsible for working with the faculty, department chairs and deans regarding new academic degrees and program review. In response to questions, Dr. Byrnes stated that the University regularly engages in assessing low producing programs and that they work closely with THEC in addressing concerns regarding these programs.

#### **Student Applicant Criminal Background Checks - Information**

Dr. Sells stated that the issue of adding a question about criminal background checks to the admissions application is still being researched. She will report findings prior to the next committee meeting.

#### **Committee Report: Finance and Personnel Committee**

Chairman Joey Jacobs provided the report for the Finance and Personnel Committee and stated that this Committee met on August 15, 2017 and again, telephonically, on August 30, 2017. Materials from the August 15 and August 30, 2017 meetings were provided to the Board in its meeting

materials. The Committee reports contained informational items and five (5) recommendations to be voted on by the Board.

### **August 15, 2017 Meeting**

#### **MTSU Foundation - Information**

Mr. Joe Bales, Vice President for University Advancement, gave a presentation on the background and history of the University Foundation, and the status of current fundraising activities.

#### **Submittal Process for Capital Outlay and Capital Maintenance Projects for Funding - Information**

Mr. Alan Thomas, Vice President for Business and Finance, provided information concerning the submittal process for capital outlay and capital maintenance projects for funding. Ms. Patti Miller, Assistant Vice President for Campus Planning, explained policies governing the Tennessee Higher Education Commission's role in working with the Locally Governed Institutions (LGI) on capital investment and real estate transactions. Capital outlay, capital maintenance and disclosure projects are submitted to THEC for approval in the annual Capital Budget Request. Ms. Miller explained the submittal process for each category of projects.

#### **Academic Classroom Building Submittal to THEC - Recommendation**

Ms. Miller presented a recommendation to submit the Academic Classroom Building to THEC for FY 2018-19 capital outlay funding. She explained the building was originally accepted as a Tennessee Board of Regents priority outlay project in June 2012 and moved to a #3 TBR priority on the 2016 capital list, placing it in line to receive full project funding in FY 2017-18. MTSU received State Building Commission (SBC) approval for the project in June of 2016 for full planning and use of local match funding to complete the project design. Since the project was not selected for 2017-18 capital funding and due to the passage of the FOCUS Act, the project must be resubmitted to THEC for approval.

#### **Submittal of Seven Projects to THEC for 2018-19 Capital Maintenance Funding - Recommendation**

Mr. Joe Whitefield, Assistant Vice President for Facilities, presented information on the process for identifying capital maintenance projects, along with documentation to be submitted to THEC for approval.

#### **Approval of Request for Severance of Capital Project Management Services from TBR – Recommendation**

Mr. Thomas explained that under the FOCUS Act, THEC has the authority to approve or deny an LGI's request to assume capital project management duties beginning December 1, 2017. He presented the recommendation for MTSU to request approval of an official severance date of July 1, 2018. Ms. Miller presented information concerning the criteria established by THEC for obtaining approval to sever. She further explained that MTSU was already performing a large part of the capital project management duties, but that more staff would be needed to handle the additional procurement and accounting responsibilities.

#### **August 30, 2017 Meeting**

##### **Permanent Appointment of the Provost - Recommendation**

Chairman Jacobs reported that Dr. McPhee provided a summary of qualifications of Dr. Mark Byrnes in support of his recommendation that Dr. Byrnes be appointed provost. These included: Dr. Byrnes' years of service to MTSU; his being a native resident of Tennessee; his academic teaching and scholarship; and, his job performance to date as Interim Provost. Chairman Jacobs congratulated Dr. Byrnes on this recommendation and mentioned that he hoped Dr. Byrnes would consider teaching a class or two as he understood that students enjoyed having Dr. Byrnes as a professor.

##### **Mechatronics Engineering Building Submittal to THEC - Recommendation**

Mr. Thomas provided a brief introduction on this project and explained that with the passing of the FOCUS Act and changes in the way THEC ranks capital projects, the Committee's approval was required. Ms. Miller discussed the details of the capital project which included: the relocation of 30 faculty offices; chiller plant expansion; newly constructed labs and classrooms equipped with advanced technology; a plan for projected student enrollment growth in the Mechatronics and Engineering programs; and, integration of the new Mechatronics Engineering Building with the Math

and Sciences corridors of campus. The cost of the project is \$54,000,000 of which \$45,000,000 will be funded by the State and \$9,000,000 provided from matched gift funds. The building construction costs were inflated through year 2020 at a rate of 3.5% annually to accommodate for inflation.

#### **Motion by the Board to Approve Recommendations**

Trustee Freeman made the motion to approve the recommendations made by the Finance and Personnel Committee. Trustee Baker seconded the motion. The motion to approve the recommendations made by the Finance and Personnel Committee carried by unanimous voice vote.

#### **Committee Report: Audit and Compliance Committee**

Chairwoman Chris Karbowski gave the report of the Audit and Compliance Committee which met on September 12, 2017. Materials from the meeting were provided to the Board in its meeting materials. The report included two (2) recommendations to be voted on by the Board.

#### **Revisions to Audit Committee Charter - Recommendation**

Chairwoman Karbowski stated that revisions were made to comply with the Comptroller's Guidelines for Audit Committee Charters. The Charter was also revised to reflect the change in title of the Director of Audit and Consulting Services to Chief Audit Executive.

#### **Results from State Audit Reports for the Past 15 Years – Information**

In the past fifteen (15) years, there have been four (4) audit findings. One finding in 2009 pertained to foundation accounting and the other three (3) findings pertained to information technology internal control weaknesses considered confidential under T.C.A. §10-7-504(i). Management implemented corrective action and there were no repeat audit findings.

#### **2017 Annual Report for Audit and Consulting Services – Information**

T.C.A. §49-14-102, Board Bylaws and Board Policy on Committees require a comprehensive report on the internal audit function to include the status of the 2017 annual audit plan noting the audits completed, in progress and scheduled but not completed. The report also includes an update on fraud awareness efforts and investigations along with the financial resources for Audit and Consulting Services. The 2017 report was submitted to the Audit and Compliance Committee for review.

### **Compliance and Enterprise Risk Management – Information**

Ms. Gene' Stephens, Assistant Vice President for Compliance and Enterprise Risk Management, provided a comprehensive report on compliance and enterprise risk management at MTSU. Included in her presentation were overviews of some of the tools and resources used by this office which was recently established in January 2017.

### **Risk Assessment Reporting Submittal – Recommendation**

T.C.A. §9-18-104 of the Financial Integrity Act requires institutions of higher education to prepare and provide a management assessment of risk to the State of Tennessee's Commissioner of Finance and Administration, and to the Comptroller of the Treasury by December 31 each year. The Audit and Compliance Committee is responsible for the oversight and monitoring of internal controls, compliance, and risk management functions of the University; therefore, the risk assessment reports are presented to the Committee for approval prior to the reports being submitted to the State, as required by law. The Committee went into executive session to discuss the non-public results of the risk assessment for the Information Technology Division and the President's Office.

### **Motion by the Board to Approve Recommendations**

Trustee Jacobs made the motion to approve the recommendations made by the Audit and Compliance Committee. Trustee Johnson seconded the motion. The motion to approve the recommendations made by the Audit and Compliance Committee carried by unanimous voice vote.

### **Approval of the Audit and Compliance Committee Members and Chair**

Chairman Smith stated that based on the revised provisions of the Charter of the Audit and Compliance Committee, the Board must consider and approve the members and the chair of the Audit and Compliance Committee.

### **Motion by the Board Regarding the Members and Chair of the Audit and Compliance Committee**

Trustee DeLay made the motion to approve the members and the chair of the Audit and Compliance Committee. The motion was seconded by Trustee Jacobs. A voice vote was taken and the motion to approve the members and the chair of the Audit and Compliance Committee passed unanimously.

**Committee Report: Executive and Governance Committee**

Board Vice Chairman Darrell Freeman gave the report of the Executive and Governance Committee which met on September 12, 2017. Materials from the meeting were provided to the Board in its meeting materials. The report included four (4) recommendations to be voted on by the Board.

**Board Policy Professional Development – Recommendation**

T.C.A. § 49-8-201(f)(7)(A) and (B)(iii)(C) specify that board of trustees members participate in orientation programs, continuing education and professional development. The Board of Trustees must adopt a policy that facilitates these programs.

**Board Policy Selection, Evaluation and Retention of the President – Recommendation**

T.C.A. § 49-8-203(a)(1)(A) and Section 2.1.2 of the MTSU Board of Trustees Bylaws authorize the Board of Trustees to select, employ and assess the performance of the chief executive officer of the institution, the president. The proposed policy provides the processes to be followed for each of these duties.

**President’s Salary Package - Deferred**

Action on this matter was deferred.

**Directors and Officers Insurance – Information**

Ms. Zimmerman explained to the Committee that members of the Board of Trustees have the same immunity as state employees in that trustees are absolutely immune from liability for acts or omissions occurring within the scope of their official duties. Actions deemed to be taken within the scope of official duties include, but are not limited to, actions taken pursuant to the statutes, policies or procedures of the State of Tennessee, or when the officer or employee had reason to believe that he/she acted pursuant to such. Staff recommended that this additional insurance coverage was not needed and that no further action be taken. This recommendation was accepted.

**Institutional Mission Statement – Recommendation**



MTSU has a clearly defined mission statement approved by THEC in May 2017, which is aligned with the THEC Master Plan for Postsecondary Education, 2015-2025, and the THEC Strategic Planning cycle. The THEC planning cycle drives MTSU's strategic planning processes, the achievement of its longer term goals and its internal institutional effectiveness processes which are directly linked to the University's mission. Because the institution is now subject to the authority of the Middle Tennessee State University Board of Trustees, the Board must approve the Institutional Mission Statement.

### **Delegation of Limited Authority to Board Secretary to Make Technical Changes in Policies and Rules – Recommendation**

Policies and rules often need technical revisions such as correcting typographical errors, changing position titles, or updating references or links. By delegating authority to the Board Secretary to make these revisions, the Board will not be required to review and approve them prior to the revisions being made.

### **Motion by the Board to Approve Recommendations**

Trustee Jacobs made the motion to approve the recommendations made by the Executive and Governance Committee. The motion was seconded by Trustee Karbowskiak. A voice vote was taken and the motion to approve the recommendations of the Executive and Governance Committee passed unanimously.

### **President's Report**

Dr. McPhee provided an update of important activities and accomplishments that have occurred since the last Board meeting. He stated that a new academic institute will be established this fall as a result of a very generous gift. The institute will allow students to follow in the academic footsteps of the late MTSU graduate and Nobel Laureate, James Buchanan, by exploring the impact of public policy on the economy. The Political Economy Research Institute is a joint venture between the Jennings A. Jones College of Business and the University Honors College, funded with a \$3.5 million four-year start up gift from the Charles Koch Foundation. The management of this new institute will be controlled by the deans of the two colleges who will be responsible for employing the center's personnel and addressing all operational issues.

On September 11, 2017, a mutual law enforcement assistance agreement was entered between the City of Murfreesboro and MTSU. The agreement allows ongoing assistance between the two entities regarding police patrolling and crime prevention programming.

In an enrollment update for the 2017-18 academic year, Dr. McPhee stated that the preliminary report looked very promising. The freshman class is up 3.84%; new transfers are up 4.82% and overall, new undergraduates are up just over 4%. New graduate students are up 7.64%. Dual enrollments are up 54.35%. The overall headcount has stabilized with just a 0.69% decrease from last year's headcount. Dr. McPhee noted that beginning this year, the institution will see the impact of Tennessee Promise students transferring from the community colleges to universities. He stated that the top four transfer feeder institutions are Motlow State with 1,615 students; Nashville State with 915 students; Columbia State with 830 students; and, Volunteer State with 817 students. Dr. McPhee emphasized that this year's entering freshman class was of the highest quality in the University's history with an average high school GPA of 3.60 and an average ACT score is 22.26. Both of these are record highs with the ACT score being above the national average of 21.0 and the state average of 19.8. The best and brightest are being attracted to MTSU.

Mr. Mike Krause, THEC Director, was introduced to provide information about the outcomes-based funding formula and its impact on institutional funding. Mr. Steven Gentile, Chief Fiscal Officer at THEC, joined Mr. Krause for this presentation. It was explained that the formula shifted from being enrollment-based to being outcome-based and focused on completion. It was noted that there are numerous outcome components and that a three-year rolling average is used. Each institution has the ability to assign weight to outcomes that are of more importance to it. Mr. Gentile provided information concerning how each of the nine public universities in Tennessee set the weight of the components. Dr. McPhee added context when making these comparisons with the other universities in that due to the Geier lawsuit, MTSU – unlike its TBR peers – was unable to add graduate level programs for many years. Graduate programs generate research and research grants. Not having been able to grow this sector, along with a state grant valued at around \$20 million having been pulled several years ago, has resulted in decreased formula funding over the years for MTSU. Additionally, teachers ceased pursuing master's and certificate programs when those incentives were removed through legislation. Mr. Gentile indicated that MTSU is a leader in getting students across

the completion finish line and that this can be attributable to its investment in funds to produce graduates. The formula also includes premiums for such populations as low-income and adult students.

#### **Special Recognition of Coach Rick Insell**

Chairman Smith asked Coach Insell to come forward to be recognized for his many achievements including induction into the Women's Basketball Hall of Fame and the Blue Raider Hall of Fame. It was noted that 100% of his players graduate. A letter of recognition was provided to Coach Insell.

#### **Closing Remarks**

Dr. McPhee thanked the trustees for the tremendous work they are doing for the University in helping to move it forward. He noted that the presentation by Mr. Krause and his staff provided important information showing what our challenges are, where we are and where we need to go. He pledged to continue sharing information that is needed in order to make good decisions.

Dr. McPhee commended the teamwork of the University staff, as well as students from the College of Media and Entertainment who produce the live streaming, in putting the Board of Trustee meeting together.

Chairman Smith thanked the Board members and recognized the amount of work done prior to the Board meeting.

The meeting adjourned at 2:25 p.m. (CDT).

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Heidi Zimmerman".

Heidi Zimmerman, Board Secretary