

**MIDDLE TENNESSEE STATE
UNIVERSITY BOARD OF TRUSTEES**

**FINANCE AND PERSONNEL
COMMITTEE MINUTES**

The Finance and Personnel Committee met on Tuesday, June 2, 2020, by way of electronic teleconference.

Call to Order and Opening Remarks

Committee Chair Jacobs welcomed those participating and called the meeting to order at 9:50 a.m.

Roll Call and Statement of Necessity

Chairman Jacobs asked Board Secretary Heidi Zimmerman to call the roll. Ms. Zimmerman stated that because members of the Committee were participating in the meeting electronically, in accordance with Tennessee Code Annotated Section 8-44-108(c)(3), two questions needed to be answered by the Committee members for the record. First, could the trustee clearly hear others participating on the call in order to participate in the meeting. Second, were other individuals present in the room; if so, they would need to be identified. Ms. Zimmerman stated that by responding when she called their names, she would assume the trustee could clearly hear others participating on the call, and there were no other individuals present at their locations unless she was told otherwise.

The following Committee members were in attendance by way of teleconference: Joey Jacobs, Pete DeLay, Darrell Freeman, J.B. Baker, Tom Boyd, Mary Martin, Steve Smith, and Samantha Eisenberg. Also present on the conference call were Trustees Chris Karbowski and Pam Wright; President Sidney A. McPhee; Alan Thomas, Vice President for Business and Finance; Mark Byrnes,

University Provost; Joe Bales, Vice President for University Advancement; Andrew Oppmann, Vice President for Marketing and Communications; Bruce Petryshak, Vice President for Information Technology and Chief Information Officer; Deb Sells, Vice President for Student Affairs and Vice Provost for Enrollment and Academic Success; Brenda Burkhart, Chief Audit Executive; Heidi Zimmerman, University Counsel and Board Secretary; and, Kim Edgar, Assistant to the President and Chief of Staff.

Ms. Zimmerman stated that a quorum was not physically present but that one would exist with the inclusion of the Committee members participating electronically. In accordance with T.C.A. § 8-44-108(b)(2), in order to proceed without a physical quorum, the Committee was required to make a determination that necessity for the meeting existed. Ms. Zimmerman provided the following circumstances for the Committee's consideration to establish the necessity for holding the meeting:

1. The agenda included information and matters the Committee must consider and vote on in order to make recommendations to the Board of Trustees. These matters included capital outlay project submittal, capital disclosures, and capital maintenance projects submittal, tuition, fees, and housing rates, operating budgets, and policy revisions.
2. The Board of Trustees will meet on Tuesday, June 16.
3. It was necessary for the Committee to meet in order to consider these matters prior to the Board's next meeting.
4. Due to concerns related to exposure to the coronavirus, it was determined that the Committee meeting should be held electronically and, thus, there was not a physical quorum without electronic participation of Committee members.

Chairman Jacobs requested a motion and second be made concerning the necessity for the

meeting. Trustee Delay made the motion, which was seconded by Trustee Martin. A roll call vote was taken. The vote was 7 Ayes and no Nays; the motion determining that necessity to hold the meeting existed carried.

Approval of Minutes

The first agenda item was approval of the minutes of the March 17, 2020 meeting of the Finance and Personnel Committee. A motion was made by Trustee DeLay and seconded by Trustee Baker to approve the minutes. A roll call vote was taken, and the motion to approve the minutes of the March 17, 2020 meeting of the Finance and Personnel Committee passed unanimously.

Capital Outlay Project Submittal – Action

Bill Waits, Assistant Vice President for Campus Planning, presented the next agenda item concerning approval of the FY 2021-22 Capital Outlay Project Submittal for the Applied Engineering Building. He informed the Committee that this was the Capital Outlay Project Request for FY 2020-21. It is listed as a high priority project in the Campus Master Plan. The \$55 million project is a 92,000 square foot building that will provide critically needed lab space and support areas for the degree programs of Mechatronics Engineering and Engineering Technology. The scope of work also includes the demolition of the Voorhies Engineering Technology building, which is listed as a high priority project from the 2016 Campus Master Plan. The proposed site will be the companion piece to the School of Concrete and Construction Management Building Project, which is currently in design. Mr. Waits explained that these projects would be grouped with the existing Science building and proposed Math and Computer Science building to create a science innovation corridor that will focus on STEM and STEM disciplines. He then directed the Committee to the meeting materials for the site plan and information regarding the project funding sources.

Chairman Jacobs asked for any comments or questions concerning the proposed project submittal. Dr. McPhee stated that he had great confidence in the work performed by Mr. Waits and his staff and expressed support for the recommendation of approval of the submittal. A

motion was made by Trustee Martin and seconded by Trustee DeLay to approve the FY 2021-22 Capital Outlay Project Submittal for the Applied Engineering Building. A roll call vote was taken, and the motion to approve the FY 2021-22 Capital Outlay Project Submittal for the Applied Engineering Building passed unanimously.

Capital Disclosures – Action

The next item Mr. Waits presented for approval was the FY 2021-22 MTSU Capital Disclosure request. He noted that disclosure is the first step in the approval process, and the two proposed projects listed in the request would not be added to the MTSU Capital Disclosure List until July 2021. The first project was a \$63 million New Student Housing project to be located on the western half of the current Womack Lane housing site. The second project was the Student Athletic Performance Center project that is included as part of the MTSU Athletic Master Plan and amended into the 2016 MTSU Campus Master Plan. The Student Athletic Performance Center will take the place of the Football Operations Facility (disclosed FY 19-20) on the MTSU Disclosure list and includes the addition of scope originally envisioned in later phases of the Athletic Master Plan. Then, Mr. Waits directed the Committee to the meeting materials for information concerning the MTSU Capital Disclosure List as of July 1, 2020. Trustee Boyd noted the Athletic Video Board Upgrade project on the July 1, 2020 Capital Disclosure List and asked if this project included work to the Murphy Center sound system. Mr. Waits responded that it was part of the Athletic Video Board upgrades and could begin when the project's financing is in place. Mr. Thomas noted that a funding source for the \$3 million project had not yet been identified and that some private funding would be necessary to move forward. Trustee Boyd asked if an upgrade to the Murphy Center audio system could proceed in advance of the other components of the Athletic Video Board upgrades under the current disclosure. Mr. Waits responded that it could possibly proceed as a separate scope item under the disclosure in place. Trustee Baker asked Mr. Waits to make it a priority to research the cost of replacing the audio system as a separate item and provide this information to the Committee.

A motion was made by Board Chair Smith and seconded by Trustee DeLay to approve the FY

2021-22 MTSU Capital Disclosure Request. A roll call vote was taken, and the motion to approve the FY 2021-22 Capital Disclosure Request passed unanimously.

Capital Maintenance Projects Submittal – Action

The next agenda item was a recommendation to submit ten (10) project requests totaling \$9,965,000 to THEC for 2021-22 capital maintenance funding. Joe Whitefield, Assistant Vice President for Facilities Services, presented information concerning the process for identifying and bringing forward capital maintenance projects in conjunction with the instructions received from the Tennessee Higher Education Commission. He explained that the maintenance projects are submitted in order of priority, so the first four projects on the list would be the ones we would expect to receive approval for should MTSU only be allocated base level funding of \$3,089,000 for maintenance projects. The meeting materials also contained information on potential project requests for FY 2022-23 through 2025-26. A motion was made by Trustee DeLay and seconded by Trustee Boyd to approve the FY 2021-22 Capital Maintenance Projects Submittal for ten (10) projects totaling \$9,965,000, as well as the potential project requests for FY 2022-23 through 2025-26. A roll call vote was taken. The motion to approve the FY 2021-22 Capital Maintenance Projects Submittal for ten (10) projects totaling \$9,965,000, and the potential project requests for FY 2022-23 through 2025-26, passed unanimously. Before moving to the next agenda item, Chairman Jacobs asked why the Murphy Center audio system was disclosed as part of a capital project rather than a capital maintenance request. Mr. Whitefield responded that Athletic operations are viewed as auxiliaries for infrastructure and facilities purposes. Chairman Jacobs asked if reclassifying the project as a capital maintenance item could be considered. Mr. Thomas stated that options for including the audio system upgrade with other emergency items that are high on the capital maintenance list could certainly be explored, but auxiliary-type projects are usually not eligible for State capital maintenance funding.

Tuition, Fees and Housing Rates – Action

The next agenda item concerned a recommendation for approval of 2020-21 tuition, fees, and housing rates. Mr. Thomas stated that the University is recommending no increase in tuition for

undergraduate students, which complies with THEC's guiding range of 0 – 2.0%, and no increase in tuition for graduate students. Additionally, no increases were requested for mandatory fees, non-mandatory fees, or housing rates. He explained that the recommendation to forgo increases for 2020-21 was based on the financial difficulties many students and their families began experiencing in March due to the COVID-19 pandemic. Mr. Thomas then directed the Committee's attention to a recommendation for approval to adjust the Corporate Partnership Rate for graduate students from the eRate to the in-state rate. He explained that when this adjustment recommendation for undergraduate students was made in May 2019, the University failed to include graduate students in the request for approval by the Board of Trustees. Approval of this recommendation now would make the rate consistent for both undergraduate and graduate students. Mr. Thomas also informed the Committee that since THEC did not reaffirm the guiding range of 0-2% set in November (2019) at their May meeting, there is a possibility that the range could change after the results from the Governor's budget are known later in June. Given that possibility, he stated that the recommendation for a 0% increase could be taken with the understanding that whatever the Committee approved today could be revisited after the June legislative session and more information concerning the budget becomes available. A motion was made by Trustee DeLay and seconded by Trustee Martin to approve the recommendation for a 0% tuition increase with an option to revisit at a later date. Much discussion ensued concerning the budgetary and financial aid issues that would be created for students by raising tuition after the University's recommendation for a 0% increase had already been announced publicly. The Committee then decided that the motion to approve the recommendation for a 0% tuition increase with an option to revisit at a later date should be withdrawn. After confirming with Trustee DeLay and Trustee Martin that the motion and second were withdrawn, Chairman Jacobs asked for a new motion. A motion was made by Trustee DeLay and seconded by Trustee Martin to approve a 0% increase in tuition and fees. A roll call vote was taken and the motion to approve a 0% increase in tuition and fees passed unanimously.

Operating Budgets – Action

The next item was a recommendation for approval of the 2019-20 Estimated Budget and the July

2020-21 Proposed Operating Budget. Mr. Thomas stated that the Estimated Budget is the final budget for the fiscal year, and the July Budget is the proposed base budget for the upcoming fiscal year. He provided a brief overview of some of the adjustments reflected in the Estimated Budget. They included housing and meal plan refunds, summer course fee adjustments, discounted parking, rec center and postal service fees, and reductions in revenue from Conference USA and NCAA. He noted that the most significant adjustments to the restricted revenue schedule were from the CARES Act Funding, which will affect both years' budgets. Mr. Thomas next presented information on the July Budget for the upcoming fiscal year. He explained that this is the base budget containing only information that is known at this time. The October Budget will reflect adjustments for any changes in appropriations and enrollment after the beginning of the fiscal year. The proposed budget does not include a tuition increase or any fee increases; however, it does include an operating appropriation increase as approved by the General Assembly in March 2020 and some adjustments for enrollment. He noted that the appropriations also included funding for a 1.5% salary pool and one-time funding for the Meharry Medical School partnership. The final item presented in the materials was the TSSBA Debt Service Coverage – Disclosed Projects Coverage Adjustments schedule required by TBR under the FOCUS Act to disclose any projects that may require school bond financing.

Discussion ensued concerning the impact of the COVID-19 pandemic on the operating budget, both in spending and loss of revenues. Trustee Martin asked if a report could be provided later on regarding the use of the CARES Act funding and its impact on the budget. Mr. Thomas assured the Committee that financial updates on appropriation and enrollment adjustments would be provided at the next Committee meeting in August. A motion was made by Trustee Baker and seconded by Trustee Martin to approve the 2019-20 Estimated Budget and the July 2020-21 Proposed Operating Budget. A roll call vote was taken. The motion to approve the 2019-20 Estimated Budget and the July 2020-21 Proposed Operating Budget passed unanimously.

Policy Revision – Action

The final agenda item was a request to revise Policy 641 Student Fees – Incidental Charges and Refunds. At the June 2019 Board of Trustees meeting, the Board approved changing the Corporate Partnership Rate from the eRate to the in-state rate for undergraduate students. The University is now requesting a comparable rate for graduate students and must revise the policy to reflect these changes. A motion was made by Trustee Martin and seconded by Trustee Baker to approve the revision to Policy 641 Student Fees – Incidental Charges and Refunds changing the Corporate Partnership Rate from the eRate to the in-state rate for both undergraduate and graduate students. A roll call vote was taken. The motion to approve the revision to Policy 641 Student Fees – Incidental Charges and Refunds changing the Corporate Partnership Rate from the eRate to the in-state rate for undergraduate and graduate students passed unanimously.

Closing Remarks

Dr. McPhee closed the meeting with updates on preparations for the first phase of the Safe Return-to-Campus Plan for employees beginning June 16 and the latest developments in establishing an on-campus COVID-19 testing location.

The meeting adjourned at 11:35 a.m.

Respectfully submitted,

Finance and Personnel Committee