

**MINUTES OF THE
FINANCE AND PERSONNEL COMMITTEE**

The Finance and Personnel Committee met on Wednesday, November 29, 2017, at Middle Tennessee State University. Chairman Joey Jacobs called the meeting to order at 1:00 p.m. A quorum was present with the following Committee members in attendance: Joey Jacobs, Steve Smith, J.B. Baker, Pete Delay, Darrell Freeman, Tony Johnston, and Lindsey Weaver. Also present were Trustee Andy Adams; Sidney A. McPhee, President; Alan Thomas, Vice President for Business and Finance; Mark Byrnes, University Provost; Bruce Petryshak, Vice President for Information Technology and Chief Information Officer; Joe Bales, Vice President for University Advancement; Debra Sells, Vice President for Student Affairs and Vice Provost for Enrollment and Academic Services; Andrew Oppmann, Vice President for Marketing and Communications; and, Heidi Zimmerman, University Counsel and Board Secretary.

Before the meeting was called to order, Chairman Jacobs made a request to add an item to the agenda for discussion at the end of the meeting.

The first item on the agenda was approval of the minutes from the Finance and Personnel Committee meeting of August 15 and 30, 2017. Trustee DeLay made a Motion to approve the minutes and Trustee Johnston seconded the Motion. A voice vote was taken and the Motion to approve the minutes from the Finance and Personnel Committee meetings of August 15 and August 30, 2017 carried.

The second item on the agenda was a recommendation for approval of the promulgation of a rule concerning an installment payment plan for payment of tuition and student fees, and the consequences for failure to make payments. Ms. Zimmerman explained that promulgating this rule is required by T.C.A. § 49-9-109. Additionally, revisions to MTSU Policies 644 – Installment Fee Payment Program and 641 -Student Fees, Incidental Charges and Refunds were necessary to maintain consistency with the rule, and would also require approval

by the Board. Chairman Jacobs called for a Motion to recommend promulgation of the installment payment plan rule and the revisions to the related policies. The Motion was made by Trustee Freeman and seconded by Trustee Baker. Ms. Zimmerman then informed the Committee that a roll call vote should be taken. All six (6) Committee members voted in favor of approving the motion to recommend promulgation of the rule Installment Payment Plan, and revisions to MTSU Policies 644 – Installment Fee Payment Program and 641 -Student Fees, Incidental Charges and Refunds.

The third item on the agenda was for information concerning capital outlay and disclosure. Before the discussion began, Mr. Thomas informed the Committee that Patti Miller, Assistant Vice President for Campus Planning, had left the University in November for a position at THEC. He then introduced Mr. Bill Waits to the Committee as the Interim Assistant Vice President for Campus Planning. Chairman Jacobs proposed that the Board adopt a resolution at the next Board of Trustees meeting to recognize Ms. Miller's service to the University over the past 25 years. The Committee agreed. Mr. Thomas then presented information on the results of the THEC staff review and ranking of the University's two proposed capital outlay projects. He informed the Committee that the Academic Classroom Building ranked No. 1 on THEC's project list, and the Applied Engineering Building ranked No. 7. Both projects were recommended by THEC for funding in FY 2018-19. Mr. Thomas noted that updates on the status of the FY 2018-19 project requests and any recommendations for funding in the Governor's Budget will be provided at a future Committee meeting. Two other projects that were listed as "outyear" projects in the FY 2018 – 19 capital budget are the Concrete and Construction Management Building and the Math and Computer Science Building. These projects are being considered for submission as the University's FY 2019 – 20 capital project requests. Mr. Thomas also informed the Committee that MTSU had submitted a disclosure project to THEC on September 29, 2017 to make improvements to Peck Hall. The project scope of work is currently being evaluated by Campus Planning with plans to submit to the State Building Commission for approval within the next few months. Board Chairman Smith asked if there were any recommendations that could be made to our state legislators to streamline the

capital project approval process. Mr. Thomas responded that the State Building Commission and State Architect's Office are currently reviewing processes to eliminate any duplication of effort caused by the severance of the state universities.

The fourth item on the agenda was a recommendation for approval of the request for severance of Procurement Services from TBR. Mr. Thomas reminded the Committee that the FOCUS Act allowed for a transition period beginning July 1, 2016 and ending November 30, 2017, where TBR would continue to perform certain functions for the Locally Governed Institutions including procurement. An LGI may sever from TBR for each of the three remaining functions effective December 1, 2017, or any time thereafter, upon application and approval of THEC. Mr. Thomas noted that for the procurement function, MTSU must submit its application six months in advance of the desired effective date of severance. He explained that the conditions necessary for independence regarding procurement include demonstration of understanding of all state reporting requirements applicable to procurement and contracts, demonstration of readiness to prepare submission documentation and make presentations to the Fiscal Review Committee of the Tennessee General Assembly when its approval is required, and commitment to continue to participate in existing Master Contracts held by TBR on behalf of all institutions in the TBR system. Mr. Thomas stated that MTSU is ready to submit its proposal for severance to THEC before the end of December 2017, with severance of Procurement Services from TBR to be effective July 1, 2018. Chairman Jacobs called for a Motion to approve the recommendation for severance of procurement services from TBR effective July 1, 2018. The Motion was made by Trustee Smith and seconded by Trustee DeLay. A voice vote was taken and the Motion for severance of procurement service from TBR effective July 1, 2018 carried.

The fifth item on the agenda was a recommendation for approval of the 2017-18 October Revised Operating Budget. Mr. Thomas presented information to the Committee regarding changes made since the July (Original) Budget:

- to reflect Tuition and Fee Revenue,

- to show increased appropriations for state funded employee benefits,
- to adjust expenditure budgets,
- and to adjust auxiliary and restricted budgets based on information obtained since the July Budget submission.

Mr. Thomas noted that the TBR chargeback recovery is a new item in the October Budget and that the University can expect to recover additional funds next year. He explained to the Committee that the net difference in unrestricted E&G expenditures and revenues represented one-time non-recurring funds in reserve accounts from the prior year. These funds must be budgeted as expenditures in the current year since the University is a non-profit organization. The Committee then discussed ways to increase enrollment and graduation rates by providing more scholarship opportunities for students. Trustee Freeman asked if it was possible to determine if increases in scholarships over the years had produced an increase in the graduation rate. The Committee also discussed the importance of assisting students that are unable to pay their bills with emergency funds. Vice President Sells explained the process of selecting and assisting these students with small grants to pay their bills so they can remain enrolled in school. She noted that it is much less expensive to retain students than to recruit new ones. Vice President Sells stated that \$250 is the average amount of a grant and there must be a recommendation from the dean before a student is given the money. Chairman Jacobs asked President McPhee and Vice President Bales to work on developing new scholarship opportunities and resources for students with emergency financial needs for the next academic year. Chairman Jacobs then called for a Motion to approve the 2017-18 October Revised Operating Budget. The Motion was made by Trustee Freeman and seconded by Board Chairman Smith. Chairman Jacobs asked if there was any more discussion. A voice vote was taken and the Motion to approve the 2017-18 October Revised Operating Budget carried.

Chairman Jacobs deferred the sixth item on the agenda, THEC 2018-19 Recommendations, for discussion at a future Committee meeting. He requested that information be presented at that time regarding the impact of a 2% budget reduction on the

University. Trustee Freeman asked that consideration be given to determining areas in the budget where more investment is needed to increase graduation rates.

The seventh item on the agenda, Budget Process, Calendar and Timeline was for information only and the materials were included in the Committee notebooks.

The eighth item on the agenda was a recommendation presented by Assistant Vice President Kathy Musselman concerning compensation strategy. Ms. Musselman gave a brief history of the University's compensation plan and the inability to fully implement the current plan due to insufficient funding. She explained that the University is requesting approval to develop a plan to increase salary ranges up to the 2014 – 15 market data and partially implement the current compensation plan prior to implementation of a merit based compensation plan. Trustee Freeman asked for the source of the current market data used to develop the plan. Ms. Musselman responded that peer data is provided through our membership in CUPA for a \$6,000 annual fee. After further Committee discussion on compensation issues, Chairman Jacobs requested that this be a recurring item on the Committee agenda. The Finance and Personnel Committee agreed to meet again in January to review additional information requested and no further action on this item was taken.

The final matter considered by the Committee was the additional agenda item requested by Chairman Jacobs and concerned exploration of the option to retain outside legal counsel for the Trustees. After much discussion regarding the pros and cons of acquiring outside counsel, Trustee Baker made a motion to explore the option and Board Chairman Smith seconded the motion. Chairman Jacobs twice requested that Trustee Baker withdraw the motion and defer the issue to a later date. Trustee Baker stated that the Board needed an outside legal resource with expertise in higher education and declined to withdraw the motion. Trustee Freeman expressed concern that only one legal counsel should be used by the Board and that it already had the University Counsel. Chairman Jacobs agreed. Ms. Zimmerman stated that a motion was on the table and a vote was needed. Trustee Freeman asked for a roll

call vote. The Committee voted 5 to 1 in favor of exploring the option for outside counsel with Trustee Freeman voting against the motion. A report of the findings will be brought before the Committee in the near future.

The meeting adjourned at 2:50 p.m. (CST).

Respectfully submitted,
Finance and Personnel Committee