



Board of Trustees Meeting Audit & Business Committee

June 23, 2020

Meeting via teleconference and streamed live via link found on the Board web page:

<https://www.tntech.edu/board/meetings/2020-06-23-board-meeting.php>

MINUTES

AGENDA ITEM 1—Call to Order

The Tennessee Tech Board of Trustees Audit & Business Committee met on March 12, 2020 via teleconference. Chair Johnny Stites called the meeting to order at 9:20 a.m.

Chair Stites asked Ms. Kae Carpenter, Secretary, to call the roll. The following members were present:

- Johnny Stites
- Sally Pardue
- Purna Saggurti

All participating Trustees confirmed that they could simultaneously hear and speak to the Board members, that they received the Board materials in advance of the meeting, and all except Mr. Stites confirmed that they were the only person present in the location from which they were calling. Mr. Stites stated that Dr. Claire Stinson and Becky Smith were in the conference room with him. A quorum was in attendance but not physically present.

Other board members also participated by teleconference. The meeting audio was streamed live on the Board's website.

AGENDA ITEM 2—Determination of Necessity

Chair Stites stated pursuant to Tennessee Code Annotated Section 8-44-108(b)(3) that a determination of necessity was required since a quorum was not physically present. He stated that the committee meeting was required to consider several important and time-sensitive matters, including but not limited to, emergency rules, tenure recommendations, and budgets. He stated that the Committee was meeting via teleconference in recognition of the need to limit personal contact during the COVID-19 Pandemic and in keeping with Executive Order 38 related to the pandemic. He stated these facts and circumstances necessitated that a meeting be held without a quorum being physically present. Mr. Saggurti moved that a determination of necessity existed to allow committee members to participate by electronic means. Dr. Pardue seconded the motion. With an opportunity for further discussion and there being none, Ms. Carpenter called a roll call vote. The motion carried unanimously.

AGENDA ITEM 3—Approval of Minutes

Chair Stites asked for approval of the minutes of the March 6, 2020 Audit & Business Committee meeting. Chair Stites asked if there were questions or comments regarding the minutes. There being none, Dr. Pardue moved to recommend approval of the March 6, 2020 Audit & Business Committee minutes. Mr. Saggurti seconded the motion. Ms. Carpenter called a roll call vote. The motion carried unanimously.

AGENDA ITEM 4— Naming of Student Recreation Center

Dr. Oldham stated that this new building was a signature building, state of the art and very exciting for the campus. The goal for naming buildings was to recognize and commemorate key individuals that have been influential in the development of Tennessee Tech. With honor Dr. Oldham recommended to name the new building after Mr. Marc L Burnett. He advised following TTU Policy 537 (Naming Buildings, Facilities and Organizational Units) a committee was created to review the recommendation and they approved unanimously. Mr. Burnett's history included being instrumental in working with the Student Government Association in implementing a fee that was used to fund the new student recreation center, he had served 36 years as an employee, he raised approximately \$1,200,000 for diversity scholarship fund on campus, he was instrumental in founding the Multi-Cultural Center, served as the University's first Chief Diversity Officer and was the first and only African-American Vice President. This building would be the first to be named after an African-American. Mr. Burnett holds the record for an iconic moment in athletics history by scoring the first point in the Hooper Eblen Center. He was a five-time captain of the basketball team. He holds a Bachelor and Master degree from Tennessee Tech. Mr. Burnett retired in December 2019. TTU Policy 537 eligibility states that the individual should not be an employee within the previous year but the Chair of the Board can approve an exception. Dr. Oldham advised this information was provided to Chair Harper and she waived the eligibility requirement. Chair Stites asked if there were questions or comments. There being none, he asked for a motion to send the naming of the Student Recreation Center to the Marc L. Burnett Student Recreation and Fitness

Center to the Board for approval and to place on the Board's regular agenda. Mr. Saggurti made the motion. Dr. Pardue seconded the motion. Ms. Carpenter took a roll call vote. The motion carried unanimously.

Captain Wilmore wanted to see if the policy could be reconsidered regarding the one-year prior employment stipulation and if it should remain in the policy. Dr. Oldham advised a revision to the policy could be considered to remove that stipulation. Chair Harper added she supported the idea of reviewing the policy. Dr. Pardue wanted to clarify the reconsideration of the policy that the intent of the Board was to keep the portion that stated that no current employee would be considered. Dr. Oldham stated he was open to the Board suggestion but he did not feel it was a good practice to name a building after a current employee. Ms. Harper agreed and said that was a good starting point and the Board could deliberate when the policy is brought back for approval.

AGENDA ITEM 5—Federal CARES Act and Auxiliary Income

Dr. Stinson provided an update on several items related to the budget and university resources. The university received CARES Act funds under both an emergency relief fund and the minority serving institutions funding. The emergency relief fund required that fifty percent of the funds be used for emergency grants for students. The emergency funds had to go directly to the students and could not offset costs students owed to the university. To date approximately \$3,700,000 had been distributed to 6,991 qualifying students. The awards ranged from \$217 to \$930 based on student's status of part-time or full time. The funds could not be given to students who were already fully online, international students or students that were not Title IV eligible. There was approximately \$626,000 still available to make awards to students for upcoming fall and spring. The university received fifty percent of the funds which was approximately \$4,400,000. The university used \$3,300,000 for housing and meal plans that were reimbursed in Spring 2020, \$190,000 to get courses online in the Spring and \$906,000 balance for future expenses. The funding received for the minority serving institutions was \$426,175 and allowed more flexibility on how the funds can be spent. The majority of the funds will be spent on personal protection equipment and on health services for fall semester.

Auxiliary income was affected by spring housing refunds, camps were cancelled for summer, limited activity on campus for summer and meal plan refunds from Spring. The bookstore has suffered reductions in revenues related to non-textbook merchandise sales with SOAR session being delayed until July.

This was an informational item therefore no action was required.

AGENDA ITEM 6—Endowments and Bond Financing

Dr. Stinson stated the endowments were foundation funds. This funding had typically been used by colleges when there have been other reductions in the budget. Commonfund is the company used for investments. The expendable funds are fairly liquid but the endowment funds are not. Bond financing was used for activities such as housing, fitness center and parking. Most of the debt

financed projects were bonded last fall when rates were very good. Annual debt service Education & General which includes the fitness center, parking and energy projects at \$1,988,682. Debt service for auxiliary housing is \$6,000,000. There are housing reserves that will allow us to meet our debt service requirements even if we do have a reduction in the housing revenues for upcoming fall and spring.

This was an informational item therefore no action was required.

AGENDA ITEM 7 – State Budget

Dr. Stinson stated our state budget had seen activity since the Governor's original presentation in February. The House and Senate approved the state's budget last week. Work was being done to reduce the operating budget to make the changes coming from the revised state budget. The March and June revisions reduced funding for salary increases to zero, reduced the funding formula to zero, removed engineering building capital outlay project and reduced capital maintenance projects leaving only \$2,100,000 roofing projects. Reduction in state appropriations were approximately \$3,000,000 and the estimated decline in tuition revenues were \$4,000,000, which totals \$7,000,000 to remove from the FY20-21 proposed budget. Dr. Stinson advised she had worked with the Five-Year Strategic Financial Plan Committee to identify some categories where reductions could be made. Some of the reduction ideas included: budgeted salary increases removed, freeze vacant positions, freeze temporary employment, reduction in force, reduction in fringe benefits, review programs and activities and reduction in operating and travel budget. The total FY20-21 budget reductions included \$4,327,287 permanent and \$3,079,674 short term.

Mr. Saggurti asked what was included in fringe benefits. Dr. Stinson advised cell phone stipends and also a reduction in scholarships to employees who want to attend institutions outside of the university and some outside the State of Tennessee.

Dr. Stinson said there was discussion of higher education taking a twelve percent hold back on our budget. THEC, legislature and the Governors office had discussions and one of the agreements was higher education would be exempted from the holdback if they did not increase tuition rates.

Mr. Lowery asked what the overall budget percent decrease amounted to. Dr. Stinson stated the total budget was \$165,000,000.

Dr. Pardue asked if the reduction in force and review programs and activities were related. Dr. Stinson said they were partially linked, there were some areas that needed to be looked at regarding reduction in force. Dr. Pardue wanted to know if these reductions would happen immediately. Dr. Stinson stated some reductions had already begun with others happening in the near future. The freeze of vacant positions was looked at as of this point in time knowing that there will also be vacant positions going forward. As other vacant positions come open in the fiscal year they can be compared to what is currently vacant. As long as the vacant position dollar amount is the same it is not position specific.

Dr. Stinson stated that she can not guarantee this will be the final budget reduction this year. That would be determined by enrollment and if the state budget is adjusted again due to the declining economy.

This was an informational item therefore no action was required.

AGENDA ITEM 8—FY2019-20 Estimated and FY2020-21 Proposed Budgets

Dr. Stinson stated the estimated budget was the budget that finished out the FY19-20, this budget most closely reflects what will be our actual financial position at the end of this current fiscal year. The proposed budget is what FY20-21 begins with and the reductions that were previously discussed were built into this budget, but will be coming back out of the proposed budget. The budget being reviewed today does include resources of \$7,000,000 that will be backed out. The reason being we are required to submit our proposed budget in early May. It was submitted based on the best-known information at that time. Any reductions that need to be made will come back through this committee as a part of the October revised budget which will be presented at the December meeting. That budget will reflect fall enrollment and state appropriation reductions. Assumptions for the proposed budget included: implementation of new flat-rate tuition model for first-time full-time freshman, no increase for returning students, no increase in mandatory and non-mandatory fees, implementation of new out-of-state rates.

The E & G revenues reconciliation of difference were as follows.

The revised to current estimate:

- Tuition and Fees-Conservative estimate in enrollment driven maintenance and fees \$1,348,700
- Other- Decrease in sales and services revenue \$36,800

The current estimate compared to proposed:

- Tuition and Fees- International student enrollment reduction due to COVID-19 \$(2,802,174), In-state enrollment decline \$(1,089,948) and SACF and mandatory fee decline \$(785,400)
- State Appropriations- Outcomes Base Adjustment \$404,200, Share of new funding \$1,876,800, Matching Cybersecurity Grant \$500,000 (non-recurring), Insurance adjustment \$216,900 and Salary Pool \$809,400

Dr. Stinson advised on the reconciliation of changes in expenses.

The revised to current estimate included:

- Academic Support- 15% of Online Fee transferred to Provost from colleges \$235,000, Transfer Position from ITS \$98,000, Lapse Salary transferred from departments to Dean \$180,000, Additional budget for Employee and Spouse Education benefits \$50,000, Highland Workforce and Matching Dollars \$60,000
- Student Services- Fund New Advisors \$112,000, Disability Services \$75,000, Temporary transfer of Athletics Scholarships to Operating \$300,000, Center for Career Development additional increase due to revenue increase \$80,000

- Institutional Support- positions transferred \$(98,000) and temporary savings due to vacant positions \$(193,000)
- Main & Operations-temporary savings due to vacant position \$(215,000)
- Scholarships- transfer of scholarships to athletics operating budget \$(150,000)

The Current estimate compared to proposed:

- Instruction- Faculty promotions \$215,952, One-time Carryforward removed Instruction \$(5,854,932), Provision for 1.5% salary increase \$760,000, Lawrenceburg Faculty \$78,000; Counseling & Psy \$178,000; General Engr \$320,000; Ag & Human Ecology \$182,000
- Research- One-time Carryforward removed Research \$(1,241,940) and Provision for 1.5% salary increase \$7,000
- Public Service- One-time Carryforward removed Public Service \$(141,611), Provision for 1.5% salary increase \$11,000, Temporary matching dollars removed \$(190,000)
- Academic Support- One-time Carryforward removed Academic Support \$(659,019), Provision for 1.5% salary increase \$197,000, Software escalation cost \$110,000, Online Fee –Provost portion in instruction \$(200,000), Temporary Lapse Removed for new FY \$(100,000), Dean Fine Arts – Transfer for faculty \$(40,000)
- Student Services- One-time Carryforward removed Student Services \$(462,496), Provision for 1.5% salary increase \$181,000, Seminars and Forums reduced \$(50,000), SAF Reduction due to enrollment declines \$(300,000), Reduction in International Budgets \$(70,000), Athletics budget reset back to scholarships that was temp used in CE \$(800,000)
- Institutional Support- One-time Carryforward removed Institutional Support \$(180,890), Health Insurance cost increase \$400,000, Provision for 1.5% salary increase \$172,000, Borrow from Benefits for anticipated savings due to vacancies (\$1,000,000)
- Maintenance & Operations- provision for 1.5% salary increase \$71,000
- Scholarships- athletic scholarship reductions of \$325,000 due to new tuition and out of state tuition and international scholarship reduction due to decline in enrollment \$700,000.

The reconciliation of change in natural classification expenses for revised compared to current estimate:

- Salary and Wages-Lapse Strategic Investment Pool - \$(3.4M), Reduce e-campus budget for temporary employment due to enrollment declines \$(354,000), New Advising Counselors \$112,000
- Benefits-Increase budget for Employee Tuition Reimbursement \$400,000
- Travel-Increase budget to cover travel expenditures \$368,000
- Operating & Utilities-Lapse invested back at College/VP level \$1.2M, Strategic Investment Pool \$2.2M, Athletics transfer scholarship funds \$400,000

The reconciliation of change in natural classification expenses for current estimate compared to proposed:

- Salary and Wages-Faculty promotions \$215,952, Provision for 1.5% salary increase \$1,075,486, Re-establish lapse salaries \$3.4M, Reduce Strategic Investment Pool \$(285,381), Temporary Employment funds moved back to Operating \$(582,000)
- Fringe Benefits-TCRS and Health Insurance adjustment \$200,000, Estimated FB for 2% salary increase \$322,645, Borrow from Benefits for anticipated savings due to vacancies (\$1,000,000) to balance budget
- Travel-Remove temporary budget transfers to cover travel expenditures \$(600,000)
- Operating & Utilities-Remove temporary budgets for carryforwards (\$9.5M), Reduce budget for Utilities (\$500,000), Remove temporary budget transfer Athletic Scholarships (\$800,000)
- Scholarships-Reduce International and Athletics Scholarships (\$1.3M)

Chair Stites asked for a motion to send the FY2019-20 Estimated and FY2020-21 Proposed Budgets for approval and place it on the Board's regular agenda. Mr. Saggurti moved to recommend. Dr. Pardue seconded the motion. Ms. Carpenter took a roll call vote. The motion carried unanimously.

AGENDA ITEM 9—Disclosed Projects FY2020-21

Dr. Stinson advised these disclosed projects were projects that we need to begin working on in the upcoming fiscal year. These are campus funded projects and not funded by the state. The first project was the campus gateway signage with an estimated total of \$490,000. Ceremonial gates would be installed at the primary entry points to campus and entry markers at secondary entry points. This project will also include new building, street and wayfinding signage, which will be done in phases. The first phase is the gate on the corner of 7th Street and Willow Avenue in front of the Marc L. Burnett Student and Recreation Center. The second project is the data center fire suppression with an estimated cost of \$315,000. This project would install a fire suppression system for the data center in Clement Hall. The final project was football offices at a cost of \$400,000. Prefabricated portable office building would be purchased and installed for the football program. This is needed due to the leaks in the stadium after many attempts at solutions. This is a temporary emergency plan until funds are donated or raised to build a new stadium, state dollars can not be used. Dr. Pardue asked where the portable office would be located. Dr. Stinson advised the south side of the west stadium in the small parking area.

Chair Stites asked for a motion to approve the FY2020-21 Disclosed Projects and place it on the Board's regular agenda. Mr. Saggurti moved to recommend. Dr. Pardue seconded the motion. Ms. Carpenter took a roll call vote. The motion carried unanimously.

AGENDA ITEM 10—Capital Budget FY2021-22

Dr. Stinson advised the capital budget involved capital maintenance, outlay and disclosed projects for FY2021-22. The capital outlay project request for state funding with institutional matching for the Engineering building will retain its priority from FY20-21 into FY21-22 as it was removed from the governor's budget for FY20-21. THEC had advised that projects previously named in the Governor's budget document and then removed when the emergency budget was passed, will

retain their current ranking in the FY21-22 proposed budget, and does not need to be resubmitted. THEC requested that our capital maintenance requests be submitted at different potential funding levels. Based on the formula THEC uses TTU will receive 5.2% of available funding. The state budget contains recurring \$40,000,000 for maintenance, Tennessee Tech would be allocated \$2,080,000. THEC maintenance pool request for planning is \$150,000,000 and the university would be allocated \$7,834,000. THEC's contingency plan is for \$120,000,000 which would allocate \$6,290,000 to the university. The priorities for the projects requesting state funding are as follows:

1. Replace Steam Plant Deaerator tank- \$920,000
2. Derryberry Hall Upgrades- \$1,691,000- phase 1: Auditorium Upgrade
3. Foster Hall Demolition- \$2,150,000- demolition and re-route utilities
4. Bryan Fine Arts Auditorium Upgrades- \$1,506,000- replace seating, systems and finishes
5. Site Lighting Upgrades- \$1,567,000- replace/update site lighting along streets, pedestrian paths and parking lots.

The disclosed project, which is campus funded, is for a generator expansion and relocation for \$10,000,000. This would relocate four existing generators to the west side of campus and add two new generators. There is an agreement that would return some funding back if we take the campus onto generators and free up TVA utilities, which must be done quickly once we are notified. A part of the funding for this project would be through debt fund that would be supported by those energy cost savings. The balance of the project would be university funds. The current location of the generators is designated for new academic buildings in the master plan. Dr. Pardue asked where the new site would be located. Dr. Stinson advised it would be located across Willow Avenue on the west edge of campus near the purple zone parking lot. Dr. Pardue asked if adding the two new generators was to allow for additional capacity for future expansion. Dr. Stinson stated the existing four generators would not be able to handle the whole campus once the new lab science and new fitness center came online. The two new generators are larger than the four existing.

Chair Stites asked for a motion to send the FY2021-22 Capital Budget requests to the Board for approval and to place them on the Board's regular agenda. Mr. Saggurti moved to recommend. Dr. Pardue seconded the motion. Ms. Carpenter took a roll call vote. The motion carried unanimously.

AGENDA ITEM 11 – Faculty Promotions

Dr. Bruce stated the details of the faculty promotions were provided in Diligent Tab 11. Dr. Bruce praised the faculty for the way they handled the COVID-19 pandemic and the devotion they showed to the students. Fifteen faculty members was awarded promotion by the President beginning August 2020. This included one promotion from instructor to senior instructor, seven from lecturer to senior lecturer, five from Assistant Professor to Associate Professor and one from Associate Professor to full Professor. The distribution of the ranks among the faculty including these promotions are 10% instructor, 3% senior instructor, 12% lecturer, 2% senior lecturer and 19% assistant professor, 26% Associate Professor and 28% full professor. Chair Stites asked if the faculty receiving promotion knew it was ranked on merit and performance and not length of service. Dr. Bruce advised the promotion process is very involved and faculty put together a dossier

accomplishing their work, awards, research and service. Peers, College Dean, Department Chair, Provost and President review the application for promotion.

This was an informational item. No action required.

AGENDA ITEM 12–Tenure Recommendations

Dr. Bruce stated Diligent tab 12 included information on the candidates available for tenure. Eight faculty members are being recommended for tenure beginning August 2020 by the President. If these recommendations are approved by the Board the percentage of tenured faculty member in Fall 2020 will be 60%. This will include anticipated new hires. Dr. Bruce stated the tenure process was similar to the promotion process by reviewing the dossier by Provost, President, Dean, Department Chair and peers. Chair Stites asked what tenured upon appointment meant. Dr. Bruce advised that someone was being hired that had negotiated to be awarded tenure at hire. One of the eligible candidates is tenure upon appointment.

Chair Stites asked for a motion to send the Tenure Recommendations to the Board for approval and to place them on the Board's consent agenda. Dr. Pardue moved to recommend. Mr. Saggurti seconded the motion. Ms. Carpenter took a roll call vote. The motion passed unanimously.

AGENDA ITEM 13– Presidents Emeriti Contracts

Dr. Stinson stated that two individuals had Presidential Emeriti contracts with the university, Dr. Robert Bell and Dr. Angelo Volpe. The laws of State of TN require the contracts to be reviewed annually by the Audit & Business Committee and the Board of Trustees. A report for each individual and what they accomplished the past year along with a copy of their agreement for the upcoming year was provided in Diligent Tab 13.

Chari Stites asked for a motion to send the 2020-21 Emeriti contracts to the Board for approval and to place them on the Board's consent agenda. Dr. Pardue moved to recommend. Mr. Saggurti seconded the motion. Ms. Carpenter took a roll call vote. The motion approved unanimously.

AGENDA ITEM 14–Emergency Title IX Compliance Rule 0240-09-08 and TTU Policy (Title IX Policy and Grievance Procedures)

Chair Stites stated that the Board held an informational session on June 2nd about the new federal Title IX regulations to provide a background and context for the Tennessee Tech Title IX rule that the committee is considering today.

Greg Holt advised the new rules from the Department of Education were released on May 7th which gave us approximately a 90-day time period since we have to have these in place, absent a court

procedure or enjoinder, by August 14, 2020. Under T.C.A 4-5-208 (A)(4) if we do not comply with the new regulations and do not proceed with the emergency rule and policy it could jeopardize our federal funding. Given the short period of time an Emergency rule and policy was necessary.

Chair Stites asked for a motion to send the TTU Emergency Rule 0240-09-08 Title IX Compliance and TTU Policy 144(Title IX Policy and Grievance Procedures) to the Board for approval and to place them on the Board's regular agenda. Dr. Pardue moved to recommend. Mr. Saggurti seconded. Ms. Carpenter took a roll call vote. The motion passed unanimously.

AGENDA ITEM 15 –Adjournment of Open Session & Call to Order of Executive Closed Session

There being no further business, the meeting adjourned at 11:06 a.m. After a short break, the Executive Closed Session began at 11:20 a.m. Tennessee Tech Board of Trustees were present.

The following were also present for the meeting:

- President Philip Oldham
- Kae Carpenter, Board Secretary
- Deanna Metts, Director of Internal Audit
- Dr. Claire Stinson, Vice President for Planning and Finance
- Janice Scarlett, Internal Audit Administrative Associate
- Jessica Davis, Internal Auditor
- Lee Wray, Chief of Staff
- Dr. Lori Bruce, Provost
- Dr. Brandon Johnson, Vice President Enrollment Management
- Attorneys for Tennessee Tech

AGENDA ITEM 10 –Adjournment

There being no further business, the Executive Closed Session adjourned at 12:20 p.m.

Approved,



Lee Wray, Secretary