

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE

MINUTES

September 21, 2018
Johnson City, Tennessee

The East Tennessee State University Board of Trustees Finance and Administration Committee met at 10:15 a.m. on Friday, September 21, 2018, in the multipurpose room of the Reece Museum on ETSU's main campus in Johnson City, Tennessee.

I. Call to Order

Trustee Steven DeCarlo, chair of the Finance and Administration Committee, called the meeting to order at 10:19 a.m.

II. Roll Call

Secretary Dr. David Linville called the roll. Committee members in attendance were:

Steven DeCarlo, chair
Dorothy Grisham
Keyana Miller
Ron Ramsey
Jim Powell

Secretary Linville told Chair DeCarlo he had a quorum.

Others in attendance were: Jeremy Ross, chief operating officer; B.J. King, chief financial officer; Pam Ritter, University Advancement/ETSU Foundation; Bill Flora, Faculty Senate; James Batchelder, College of Clinical and Rehabilitative Health Sciences; and Amanda Mowell, University Relations (taking minutes).

III. Approval of the Finance and Administration Committee Minutes of April 27, 2018

Trustee Powell made a motion to approve the minutes from the April 27 meeting. It was seconded by Trustee Grisham and unanimously approved.

IV. College of Nursing Insurance Payments Bank Account

Dr. B.J. King presented a request from the university to establish two new bank accounts. The College of Nursing requested a separate account for patient and insurance payments for nurse-managed clinics, which will ease reconciliation through the third-party payment processor. The Payroll Office requested a separate account for the deposit and remittance to the State of Tennessee trust fund for other post-employment benefits (OPEB). The requested bank account would operate similar an existing account used by Payroll to deposit and remit current employee and employer contributions for health insurance.

King reminded committee members that the Board of Trustees is responsible for the approval of banking services. She added that an RFP for University's banking services has been completed and will be brought before the board this afternoon.

Trustee Grisham made a motion to recommend the adoption of the resolution by the Board of Trustees. It was seconded by Trustee Powell and unanimously approved.

V. Quarterly Reports of Agreements \$250,000 or Greater

Dr. King gave a brief overview of the list of agreements, which include both expenditures and revenues totaling \$250,000 or greater for the period April 2018 to June 2018.

King said the \$2 million agreement with AXIS security is for services provided during a five-year period. The amount in this agreement increased from the previous agreement because security needs have also increased. There were several questions about AXIS Security to which Dr. King replied that an RFP was issued and competitive bids were submitted.

King also discussed the revenue contract for sponsorship sales and multi-media rights between the Department of Intercollegiate Athletics and Van Wagner Sports and Entertainment. She said the contract guarantees at least \$750,000 of revenue annually with the possibility of generating \$10 million over the course of the contract. King added that this contract through a third party avoids issues created by the new tax law.

VI. Overview of the Tuition Transparency and Accountability Act

Dr. King provided an overview of the Tuition Transparency and Accountability Act that was passed by the Tennessee General Assembly during the past legislative session. There are several provisions of the law that modify current practices. The first part of the law requires public university governing boards to post 15 day prior notice and justification for proposed increases in tuition, which King said will not be

difficult to do since justification is given for proposed tuition increases when they are presented to the Board of Trustees for approval.

The second part of the law requires university governing boards to provide a report to the office of legislative budget analysis each February detailing the expenditure of revenues derived from the tuition and fee increases from the prior year. King said while this will be a responsibility of the Board of Trustees, the report should be easy to assemble.

The third part of the law drew much discussion. On Aug. 1, 2019, public four-year institutions shall provide every accepted student with a non-binding, predictive cost projection for a student's chosen field of study over a four-year period. King said this is to be provided one time, upon admittance, but the letter would need to be carefully crafted and input would be needed from academic colleges and departments where course fees are determined. Following several questions from committee members, King responded that legal language in the letter may result from a collaboration between universities across the state.

King added that a desire exists for cohort tuition across the state, which ETSU has recently started discussing. Even though cost increases have trended downward, King said implementing it would likely require a substantial fee increase.

VII. Capital Project Update

Mr. Jeremy Ross provided an update on capital projects.

The master plan for the university is updated every 10 years and is due to be reviewed again next year. It has been amended since the last master plan was issued in 2010. Work on the D.P. Culp Center renovation and the Martin Center for the Arts construction continues and both projects are on schedule. Ross also reported that programming for upcoming renovations to Lamb Hall is nearing completion, while renovations to Building 60 on the VA campus were completed on time and under budget. At least seven agencies are involved in the purchase of the Millennium Centre slated to close Oct. 1. Ross said the Millennium Centre offers much needed meeting space during the Culp renovation and presents an opportunity for academic expansion.

Ross also provided an update on the proposed Humanities building to replace the Campus Center Building for an estimated cost of \$76.6 million. The project was presented to the Tennessee Higher Education Commission last year, and made the statewide priority list, but was not funded. Ross said the university hired an architect

to strengthen the contents of the proposal and resubmitted. Results should be available in December.

Additional projects ongoing or recently completed include the football locker room, the installation of 450 door locks to increase campus safety, solar panels installation on the roof of the Sherrod Library, upgrades to several classrooms and the tennis complex, plus turf upgrades at the Mini-Dome and a new outdoor dining area to accommodate the Steak 'n Shake food truck. A portion of the Mini-Dome has been renovated and will be home to the new Benefits and Wellness Center. ETSU received \$9.54 million from the state to fund capital maintenance projects this fiscal year.

VIII. Other Business

No other business items were discussed.

IX. Adjournment

The meeting adjourned at 11:22 a.m.

Respectfully submitted,



David Linville
Secretary of the Board of Trustees

Approved by the Board of Trustees at its November 16, 2018 meeting.