

Tennessee State University Board of Trustees
Finance Committee Meeting
November 21, 2024
Tennessee State University – The Barn Agricultural Building

MINUTES

Committee Members Present: Trustees Dwayne Tucker, Jeffery Norfleet, and Charles Traughber. Other Board members present: Trevia Chatman, Artenzia Young-Seigler, Terica Smith, Marquita Qualls, Dakasha Winton, and Tyler Vazquez

University Staff Present: Interim President Ronald Johnson; Laurence Pendleton, General Counsel and Board Secretary; Daaryl Burnette, Interim Vice President of Business and Finance; Renée Forbes-Williams, Director of Internal Audit

I. Call to Order

Trustee Dwayne Tucker, Committee Chair, called the meeting to order at 1:16 p.m.

II. Roll Call/Declaration of a Quorum

Board Secretary and General Counsel Laurence Pendleton called roll. Trustees Tucker, Norfleet and Traughber were present, and a quorum was announced.

III. Financing the Budget Shortfall

Trustee Tucker said that they would work with administration to make sure that deliverables and timeliness for the deliverable are set out.

Trustee Tucker asked Jim Grady of Alvarez & Marsal to present information on this agenda item, Financing the Budget Shortfall.

Jim Grady presented the FY25 Cashflows Actions taken to date. He presented an update on the liquidity situation. He talked about the need to take care of employees. He discussed the timeline of cash flows. The projected cash balance was short, so TSU began talking to the State about the need for liquidity in August. He explained that the University gets a monthly allocation of about \$5.6 million this fiscal year. The State allowed TSU to bring its May and June allocations forward to cover the August shortfall. This helped to decrease the shortfall. Mr. Grady walked the Board through additional processes to show how the University tried to bring liquidity into the University. AARAP dollars for a capital project were re-purposed with help from the State to go toward operating funds to get the University through November 2024. The current forecast shows under a \$16 million deficit. The projected deficit for the year is about \$46 million.

Mr. Grady went through projected FY 25 Surplus/Deficit before Targeted Initiatives (expenses and revenues).

Trustee Tucker asked Mr. Grady to provide some up-to-date timing in terms of whether the targeted initiatives have been completed. Mr. Grady and the committee discussed these items. Trustee Tucker asked when A&M's consultation with TSU would end. It was set to end on December 1, 2024, and he is in discussions with the administration to stay on as a consultant. The AARP funding was re-purposed from the Agriculture Department building. The \$32 million of funds for the Ag building was coming from the State's prior \$250 million allocation of funds to TSU.

IV. Report on Financial Action Plan

Trustee Tucker asked Dr. Daarel Burnette to present the report on the Financial Action Plan. Dr. Burnette explained that he took on the role of Vice President for Business and Finance after seeing problems in this area.

Dr. Burnette explained the cancellation of duplicate contracts and that a \$5.4 million invoice could be taken off the table for this year with an amendment to the contract with Aramark. A discussion took place regarding the Aramark contract and how an extension contract would aid with the invoices for this year and allow the University to continue the relationship and providing Chick-fil-A, for example.

Trustee Young-Seigler asked about the SACM funds. Dr. Burnette explained the relationship with SACM. He described his trip to Washington D.C. with Interim President Johnson. He said that the relationship had been mended. He said they went through the process of putting \$7 million on one invoice.

Trustee Smith Knight asked about travel expenses. She would like to make sure that we are estimating these expenses.

Interim President Johnson discussed the Closing the Gap fundraiser. It was launched during homecoming. The effort raised \$200,000. There is about \$3 million in the Foundation that they would like to receive as part of this. Interim President Ronald Johnson explained the process of receiving funds from the Foundation. The Foundation Board will be meeting on December 6, 2024, to discuss the continuing fundraising effort. He said that this is a continuing engagement that they will be engaged in. Trustee Chatman would like to have a conversation about what the fundraising goal is going to be. President Johnson said there would be another presentation about fundraising and activating alums.

Further discussion took place regarding SACM. President Johnson said that we do not know when the funds are coming but expect the funds are coming.

The committee and Dr. Burnette had additional conversation regarding fundraising efforts and how some funds will go toward student debt reduction. Some funds would go toward institutional scholarships.

Trustee Young-Seigler asked what surplus number we are working toward. Dr. Burnette said that when you get into summer, enrollment numbers are lower. We have not worked on a plan yet. The appropriation received yesterday will help the institution get to the end of the academic year.

A discussion took place regarding reserves and the need to have 90-days of cash in reserves. Dr. Burnette said that we need to build reserves to get through the summer cycle.

Trustee Qualls asked about operating expense reductions. Dr. Burnette discussed savings efforts, including cancelled contracts and reduced expenses.

Dr. Burnette presented the Trajectory Change Initiative presentation. He explained short-term revenue and expense considerations. He noted actions the University should take.

A discussion took place regarding IDC funds and how the University realizes IDC funds.

Dr. Burnette mentioned the SIG contract information.

The committee asked about financial statements. Dr. Burnette said that they have year-end financial statements that have been provided, which included cash flow, balance sheet and income statement. This is the information for FY24. TBR and auditors are reviewing those financial reports, and they are done as far as the institution is concerns. However, staff is addressing any audit issues or findings coming out of their review. President Johnson added that they will have a regularized process by the time they get to December and January.

Trustee Tucker said that the trustees are frustrated by the lack of financials. Trustee Tucker suggested that he and the Audit Committee Chair get together with the administration to discuss what they'd like to see done and to get on the same page about financials and reporting. He explained that it is frustrating to have to make decisions when they don't feel comfortable about the financials and the data.

Trustee Smith asked about a job posting for the Financial Aid Director position and when that would be done. A discussion took place regarding Financial Aid, the timeline of work being done, and THEC's support of TSU's Financial Aid department. Dr. Burnette explained that THEC helped us to re-write a dated job description for the Financial Aid Director position and posting the position.

V. Report on Enrollment

Dr. Bridgett Golman Interim Vice President of Student Affairs next presented the Enrollment Report for Fall 2014 – 2024. Dr. Golman discussed fall enrollment. Total undergraduate enrollment was 5057 and graduate number was 1,253, for a total of 6,310. Dr. Golman shared historical enrollment over the prior 10 years and 20 years.

Dr. Golman presented information about the conversion rate from applicants to enrolled first-time freshman.

Dr. Golman next explained her Spring 2025 enrollment and student success strategy framework. She said that a task force was implemented and efforts put into place. For the Spring 2025, her projections. Her conservative projection is 4,390 total enrollment, her likely projection is 4,875 and the optimistic projection is 5,285. She shared data by grade level for projected enrollment. We have 3,110 students registered right now. Chair Winton asked about the plan to reach out to students and when Dr. Golman would have insight into why students did not enroll. Dr. Golman said the number one reason is financial. This requires students to resolve account issues. A discussion took place regarding types of holds on student accounts.

Trustee Chatman asked about the anticipated Spring 2025 graduation class size. There are about 493 for the December graduation, Dr. Golman stated. She said she can look at seniors that are graduation-ready and could provide that information.

Dr. Golman talked about challenges with student accounts and University access to federal accounts.

Trustee Smith asked about student engagement plans. Dr. Golman discussed efforts made during the fall semester, including an administrative working committee and efforts to correspond with students.

A discussion took place regarding in-state vs. out-of-state student enrollment.

VI. FY 25 TSU Revised Budget

For the next item, Bradley White reviewed the FY 25 Revised Budget. Mr. White said that the TSU Budget is based on FTE (not headcount) 5,639 for the fall semester. Mr. presented the Summary of Current Unrestricted Funds Expenditures and Transfers Revised Budget FY2024-2025. Mr. White explained the line items of the proposed revised budget for FY24-25. The original budget grossly underestimated scholarships by \$14 million. He reviewed expenditures by category. He then reviewed auxiliary services. He explained that auxiliary services should cover themselves, but it does not in this budget. Debt service - \$5 million - puts us in the hole for housing. He next reviewed an analysis of changes in retirement of indebtedness.

He also reviewed athletic revenues. He believes the number is lower because he thinks the original number was erroneous. A discussion took place regarding coaching and support staff salaries.

Mr. White explained the data underlying certain line items in the budget. He also discussed changes in their budgeting process.

Trustee Traugher asked about JLL expenses. Mr. Will Radford discussed historical services performed by JLL.

Mr. White said this budget has been sent to TBR, and it has to be approved by TBR. He discussed the process with TBR.

Mr. White said that he can provide additional information to the Board, including actual figures.

VII. Institutional Development Report

Next, Dr. LoLita Toney Assistant Vice President, Institutional Advancement, presented an Institutional Development Report. She reported that giving is below this time last year. Expected donations by end of this week will put her team at about \$175 in addition to what is listed. Dr. LoLita Toney spoke about the alumni engagement happening on campus. Alumni giving has gone up.

\$194,404 was raised at homecoming and then \$76,000 was raised with a sponsorship at the Howard game.

The FY25 goal is \$10 million. They have a \$5.8 million Close the Gap goal. She discussed \$3 million of Foundation funding that can go toward that effort.

There is a \$500k Giving Tuesday goal for fundraising. Other funding goals were mentioned in addition to this.

Further discussion took place regarding fundraising and forecasting fundraising goals. A conversation took place around whether or not \$10 million is enough of a goal. Ms. Toney suggested that additional support is needed in her department, such as posting an Annual Fund Director position.

Further discussion took place regarding Giving Tuesday, including the goal and messaging.

Trustee Tucker asked about individual trustee support. Mr. Toney said that she can talk to trustees individually about ways that they can support the University.

Trustee Qualls asked about collaboration with the alumni association.

Trustee Tucker said that an update on additional budget information would be slated for the next morning at the November 22, 2024, meeting.

VIII. Adjournment

Trustee Traugher moved to suspend the meeting and continue it to the next day, November 22, 2024. Trustee Norfleet seconded the meeting. The motion passed by voice vote.

Tennessee State University Board of Trustees
Finance Committee Meeting (continued)
November 22, 2024
Tennessee State University – The Barn Agricultural Building

MINUTES

Committee Members Present: Trustees Dwayne Tucker, Jeffery Norfleet, and Charles Traughber. Other Board members present: Trevia Chatman, Artenzia Young-Seigler, Terica Smith, Marquita Qualls, and Dakasha Winton

University Staff Present: Interim President Ronald Johnson; Laurence Pendleton, General Counsel and Board Secretary; Daaryl Burnette, Interim Vice President of Business and Finance; Renée Forbes-Williams, Director of Internal Audit

I. Call to Order

Trustee Dwayne Tucker, Committee Chair, called the meeting to order at 8:49 a.m.

II. Roll Call/Declaration of a Quorum

Board Secretary and General Counsel Laurence Pendleton called roll. Trustees Tucker, Norfleet and Traughber were present and a quorum was announced.

III. Additional Reporting

Dr. Burnette was called upon to report additional information. Dr. Burnette said that \$8 million was outstanding number of invoices. The staff runs an aging report every day and provides a report. They are working with A&M to discuss which invoices get paid. This information would be provided to Trustee Qualls.

Dr. Burnette shared the SIG contract and what services they were going to perform. Chair Winton asked for clarification whether SIG was on-board yet or not. Dr. Burnette provided Trustee Smith Knight with a financial report. He offered to sit down with her and the administrative team to answer her questions.

Next, Bradley White next reviewed TSU Summary of Unrestricted Current Funds Available. He reviewed percent change from actual and from July. He reviewed the Actual FY23-24, July FY24-25 , and October FY 24-25 budgets.

Trustee Traughber talked about Actual FY24 numbers and how there is a balance of \$30 million but that's because it is not consolidated, showing the agricultural funds with the university budget. Mr. White explained that they did not know how big the deficit was until he and Valerie Greenwood with the TBR went through the funds. Trustee Traughber clarified that in past years, the financials submitted to the TBR would have shown the consolidated amount, which would essentially hide the deficit that was truly there for the university.

Trustee Traugher and Mr. White discussed what should be included in this October budget does not reflect that \$32 million that the State allowed. Mr. White said this would be included in the Estimated Budget in the spring. Mr. White said that some of the Close the Gap initiatives would be included.

Trustee Traugher asked about the budgets that are passed. Mr. White said there are four budgets. In the spring, they work on the Estimated Budget for FY 24-25. At the same time, they are working Proposed Budget for FY25-26. The Estimated cycle and Proposed cycle take place at the same time. In May there is an Estimated budget, if it is approved in June, they come back in October and do a Revised Budget. TBR and the Board must approve all budgets. Once the budget is approved, they will update budgets in Banner. Departments will continue to submit requisitions. Some funds were taken away, for example, travel budgets were cut. Cuts will be reflected in department budgets once they upload the file.

Trustee Tucker discussed getting the forecast earlier. The committee and Mr. White further discussed items from the budgets submitted.

Dean Reddy, Dean of the College of Agriculture, was asked to speak about fund balances. Dean Reddy said that there are challenges to recruitment and spending funds. He said this is a complicated process and his desire to have internal processes at the department level to speed up spending. He said we are the leading 1890 research program and extension program in the country. We have been multiplying this by bringing in external dollars. Dean Reddy went on to discuss growth of TSU's Ag Department.

The committee and Mr. White discussed questions that TBR asked during the budget approval process. Mr. White stated that there were no material questions.

Trustee Smith Knight asked about the approval process. Mr. White said that the Budget Office puts the budget together, it is reviewed by the Vice President, and then by the President. Dr. Burnette said that they met with the Budget Office and TBR and did a deep dive into the budget much like the Board is doing.

Trustee Tucker made a motion for the Finance Committee to recommend to the full Board the approval of the FY 2025 Revised Budget. Trustee Norfleet seconded the motion. The motion passed by roll call vote. Trustees Norfleet and Traugher voted in favor of the motion.

A discussion took place regarding the contracting process.

Chair Winton stated that she would like to receive more information on Title III funds.

Trustee Qualls said she would like to see a dashboard for action items for the administration and Board.

IV. Adjournment

Trustee Traugher moved to adjourn the meeting. Trustee Norfleet seconded the meeting. The motion passed by voice vote.