

**Tennessee State University Board of Trustees
Finance and Budget Committee Meeting.
November 19, 2020
Tennessee State University. Electronic**

MINUTES

Committee Members Present: Trustees Steve Corbeil and Richard Lewis

Other Board Members Present: Joseph W. Walker, III, Dr. Deborah Cole, Pam Martin, Obie McKenzie, Andre Johnson, Dr. Ali Sekmen, and Tiara Thomas.

University Staff Present: President Glenda Glover; Laurence Pendleton, General Counsel and Board Secretary; Dr. Michael Harris, Interim Provost and Vice President for Academic Affairs; Dr. Curtis Johnson, Chief of Staff; Dean Frank Stevenson, Assoc. Vice President of Student Affairs; Horace Chase, Vice President of Business and Finance; Dr. Frances Williams, Assoc. Vice President of Research & Sponsored Programs; Terrence Izzard, Assoc. Vice President of Enrollment Management; Dr. Charlise Anderson, Director, Accreditation & Assessment and Dr. Arlene Nicholas-Phillips, Liaison to the Board of Trustees.

I. CALL TO ORDER

Trustee Lewis called the meeting to order at 12:30 pm. on November 19, 2020. Trustee Lewis moved to make certain findings on the record regarding the necessity for conducting the meeting electronically without a physical quorum present due to the coronavirus pandemic. There is important action to be conducted by the Finance and Budget Committee. Participation by electronic means is necessitated by the COVID-19 pandemic and accompanying guidance from the Center for Disease Control (“CDC”) and the State of Tennessee to enforce social distancing guidelines, including limiting face-to-face contact, whenever possible. Electronic participation for the Committee meeting is necessary for the safety of Board members, staff, and guests. Trustee Corbeil seconded and the motion carried unanimously by roll call vote – Trustee Corbeil and Lewis.

II. ROLL CALL/DECLARATION OF A QUORUM

Board Secretary Pendleton called the roll at the committee chair’s request. Board Secretary Pendleton called the roll. Present: Trustees Richard Lewis and Steve Corbeil. A quorum was established.

Trustee Lewis asked the committee members to state now if any of the committee members cannot hear or speak with each other. No committee members answered in the affirmative. Trustee Lewis also asked the committee members to indicate if someone is present with them from the location in which they are calling. No committee members indicated there was anyone present.

III. APPROVAL OF THE SEPTEMBER 24, 2020, FINANCE AND BUDGET COMMITTEE MEETING MINUTES

Trustee Lewis moved to recommend to the full Board the approval of the minutes from the September 24, 2020, Finance and Budget committee meeting, as contained in the November 19, 2020, board materials. Trustee Corbeil seconded the motion, which carried unanimously by roll call vote.

IV. FINANCE AND BUDGET REPORT

Trustee Lewis introduced the next item on the agenda, the finance and budget report. This was a discussion item and so no vote was required. Trustee Lewis asked President Glover or her designee to provide pertinent information related to this agenda item, and noted the information is included in the November 19, 2020, Board Meeting packet.

VP Chase was asked to respond and he shared the following updates on the financial statements, SACSCOC accreditation and financial planning surrounding the Voluntary Employee Separation Plan (VESP). He began by stating that the State Auditors had completed the audit of the FY2018 financial statements and that they were in the process of completing the audit for the FY2019 financial statements. This was expected to be finished by December 31, 2020. The audit of the FY2020 financial statements had also begun and was expected to be completed by February, 2021.

VP Chase shared with the committee that SACSCOC standard 13.2 required the university to provide an institutional audit for the most recent fiscal year, FY2020. Due to the fact that the fiscal year ends June 30, Mr. Chase warned that TSU will be found to be non-compliant relative to this standard since the FY2020 audit was not yet complete. The SACSCOC On-site Committee was scheduled to arrive at TSU in March 2021. The auditors were being provided all information so as to have the audit completed by the end of February, although they could not guarantee that to be the case. Should the audit be completed by the designated time, then TSU would have demonstrated compliance to the 13.2 standard.

VP Chase said that he expected the Voluntary Employee Separation Plan (VESP) to yield savings to the University's expenditures of approximately \$3.6 million. He also stated that he was looking into several other areas in order to advance the institution such as Public Private Partnership and State Funding. VP Chase also added that monetization methods will be reviewed and compared to State funding in order to determine appropriate funding sources.

Trustee Lewis commented on the fact that regarding the VESP, even though we needed to reduce the total number of personnel, if we did not have enough people to do what was needed for the university, then we might reconsider letting people leave. He suggested doing something different from just accepting the buyout, a discussion he held for the past six months.

Trustee Lewis then thanked everyone for the updates.

REPORT ON CARES ACT FUNDING RELATED TO COVID-19 CORONAVIRUS

Trustee Lewis announced the next item on the agenda as the report of CARES Act funding related to COVID-19 and asked President Glover or her designee to provide pertinent information related to this agenda item. He noted that the materials for this agenda item are included in the November 19, 2020, Board Meeting packet. This was an informational item and so no vote was required.

President Glover asked Mr. Chase to comment on this item and he proceeded to identify the CARES Act funds received and the amounts which had been disbursed. Mr. Chase identified the Student Portion and the Institute Portion totaling \$7.2 million; the HBCU funds totaling \$16.2 million. This brought a total TSU allotment of \$23.4 million from the federal government and the Coronavirus Relief funds from the State of Tennessee totaling \$747, 100. Mr. Chase noted that these funds were all used for scholarships, academic technology, institution supplies, instruction and aiding with securing laptops for students so as to facilitate online access to learning. He reminded the committee that all funds were needed to be utilized by November 15, 2020.

Trustee Corbeil asked how did these funds flow through the university financials, to which VP Chase confirmed that these expenditures were all restricted funds, and would be reflected on FY20 as well as FY21.

Trustee Lewis then thanked everyone for this important information.

V. APPROVAL OF FY21 INSTITUTIONAL REVISED BUDGET

Trustee Lewis introduced the next agenda item, the approval of the FY21 revised institutional budget and asked President Glover or her designee to provide pertinent information related to this Finance and Budget Committee agenda item. The material was included in the November 19, 2020, Board Meeting.

President Glover asked VP Chase to comment on the details of this agenda item. He proceeded to explain that several cuts were made to departmental operating accounts and were now urgently needing to be restored in the amount of \$3.4 million. An additional \$7.8 million was being requested by departments to fund expenses for the balance of the fiscal year. \$3 million of the \$7.8 million is proposed for funding in the revised budget. The revised budget includes an additional \$6.4 million (\$3.4 million plus \$3 million) of expenses to the approved proposed budget. VP Chase continued to explain that the approved proposed budget reflected \$4.3 million of expenses in excess of revenues. The \$4.3 million plus the \$6.4 million will result in \$10.7 million of expenses in excess of revenues.

Trustee Corbeil expressed his concern with approving a budget such as this and asked what was our total amount held in Reserves. VP Chase shared that the Reserves held approximately \$50 million. Trustee Corbeil again stated concern with dipping 20% into Reserves and asked

about any controls regarding expenses. Trustee Lewis thanked Trustee Corbeil for his expert questions.

Trustee Sekmen asked about the amount being held in Cash Reserves, but VP Chase admitted not having that information at the moment, but promised to get back to him with the response.

Trustee McKenzie also voiced concern of having to dip into the Reserves and stated that this continued behavior will lead to insolvency. President Glover stated that by the next meeting a clearer path going forward will be presented to the committee.

An expanded discussion continued around whether or not this revised budget could be approved at this meeting. Secretary Pendleton shared the legalities around approving this budget at a later meeting. Eventually, it was agreed that the committee would approve this revised budget with the condition that the \$10.7 million in excess of revenue be reduced to \$9.5 million. Trustee Corbeil requested that the final budget be accompanied by a schedule showing all details.

Trustee Lewis asked if there was any further discussion. Seeing none, he moved to recommend to the full Board the approval of the FY21 Institutional Revised Budget, with the comments made by Trustee Corbeil that there be no more than \$9.5 million reduction to Reserves as contained in the Board materials for the November 19, 2020, board meeting. Trustee Corbeil seconded and the motion carried unanimously by roll call vote.

VI. REPORT ON VOLUNTARY EMPLOYEE SEPARATION PROGRAM

Trustee Lewis introduced the next item on the agenda as the report on voluntary employee separation program (VESP) and asked President Glover or her designee to provide pertinent information related to this agenda item, and noted the materials for this agenda item are included in the November 19, 2020, Board Meeting packet. This was an informational item and so no vote was required.

President Glover again asked VP Chase to share the information on VESP with the committee. Mr. Chase pointed out that the detailed information on this agenda item was outlined on pages #78 and #79 in the Board Materials for the November 19, 2020 Board meeting. VP Chase stated that 71 faculty and staff members were eligible. The VESP would provide an approximate total one-time Investment of \$4.5 million, with an approximate recurring saving of \$3.6 million.

Trustee Lewis thanked President Glover and VP Chase for this information.

VII. APPROVAL OF REVISED COLLECTION OF ACCOUNTS RECEIVABLE POLICY

Trustee Lewis introduced the next item on the agenda as the approval of the revised collection of accounts receivable policy and asked President Glover or her designee to provide pertinent

information related to this agenda item. He noted that the materials are included in the November 19, 2020, Board Meeting packet.

President Glover asked VP Chase to provide information on this agenda item. He explained that the purpose of this policy was to establish the process regarding collection of accounts receivable at TSU. The policy addressed billing, delinquent accounts, employee receivables, recovery of overpayment to employees, collection agencies and write-offs. It was explained that the University operated under the same policy under the direction of TBR. In the June 18, 2019 Board of Trustees meeting, the Board adopted its own policy.

VP Chase explained that two items were needed to strengthen the policy: 1) the policy addressed federally funds loans but also needed to address non-federally funded loans; 2) the approved policy referenced a collection schedule but it was not included. The revised policy presented at the November 19, 2020, meeting included the two missing items. VP Chase noted that the entire policy is outlined on pages 81 to 97 in the Board materials dated November 19, 2020.

After VP Chase provided clarity to Trustee Cole on the fact that this policy was carried out on a continuous basis, Trustee Lewis asked if there were any other questions.

Seeing no further questions, Trustee Lewis moved to recommend to the full Board the approval of the Revised collection of Accounts Receivable Policy, as contained in the Board materials for the November 19, 2020, Board meeting. Trustee Corbeil seconded and the motion carried unanimously by roll call vote

VIII. REPORT ON ENROLLMENT

IX. UPDATE ON ENROLLMENT, MARKETING, AND STUDENT RECRUITMENT PLAN

Trustee Lewis introduced the next agenda items, the report on enrollment, marketing, and student recruitment and asked President Glover or her designee to provide pertinent information related to these joint Finance and Budget Committee agenda items. He noted that the materials for these agenda items are included in the November 19, 2020, Board Meeting packet and were informational items and so no vote was required.

President Glover asked AVP Terrence Izzard to report on this agenda item. Mr. Izzard stated that that he was excited to announce that under President Glover's leadership, he felt that we had the right people in the right positions regarding the Enrollment and Admissions department. Mr. Izzard directed everyone to page 100 of the November 19, 2020 Board Meeting materials for a breakdown of the enrollment update, comparison and admission analyses. Mr. Izzard also shared with the committee that he was excited about the Enrollment Services team comprising of a Director of Admissions, Executive Director of New Student Programs, Admission Team Associates and a team of Enrollment Specialists. This Enrollment Services team continued to spend countless hours working alongside President Glover, Provost Harris and others on ZOOM

meetings, Facetime and MS Teams calls with students. This was all in an effort to engage with the students and their parents, and in particular, the returning students.

Mr. Izzard spoke about the virtual office hours, with access to live agents, that his entire team was engaging in, all in an effort to provide exceptional service to our students. He made mention of the new accelerated pathway program, the Dr. Levi Watkins, Jr. Institute. A collaboration with Meharry Medical College in the name of TSU alum, Dr. Levi Watkins, Jr. Mr. Izzard mentioned his department's joint efforts with the Division of Student Affairs.

Trustee Corbeil congratulated Mr. Izzard on his report and noted that it was very encouraging.

Trustee Lewis concurred and thanked President Glover and Mr. Izzard for the report.

X. REPORT ON REDISCOVER TSU

Trustee Lewis introduced the final agenda item as the report on Rediscover TSU. This was also an informational item so no vote was required. Trustee Lewis asked President Glover or her designee to report on this agenda item. President Glover stated that she was happy to call on Mr. Jamie Isabel to report on this item.

Mr. Isabel introduced himself as a consultant for TSU who was working with the Department of Institutional Advancement and Corporate Strategic Initiatives. Mr. Isabel explained that the Departments of Alumni Engagement and Institutional Advancement were both aligned and working together to achieve the necessary goals for TSU. He announced that the Alumni Giving was currently at approximately \$25,000 per week. At the time of the Board meeting, the Bank of America was announcing a donation to TSU in the amount of \$1 million. On October 10th, the 10-10 fund-raising drive resulted in \$250,000 in that one day. Mr. Isabel pointed out that this was in addition to the usual \$25,000 weekly alumni donations.

Mr. Isabel outlined the Corporate Giving by naming several new partnerships formed with TSU. He was very excited about what was in the pipeline and was eager to give credit to the reputation of President Glover as the reason for the boost in Corporate sponsorships. He named some of the corporate sponsors that had already given and then listed some other corporations which had already committed to donate. Mr. Isabel then thanked his team for their hard work, the Board of Trustees and all others who contributed to helping TSU.

Trustees Lewis complemented Mr. Isabel but also made a point that he would like to know of the exact amount that was actually deposited and not just promised. Mr. Jamie Isabel shared that as of November 1st he had deposited \$1.1 million. This had been raised since July 2020.

Trustee Lewis then moved to adjourn the meeting and Trustee Corbeil seconded which carried by roll call vote. The meeting was adjourned at 1:35 p.m.