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2023 September 15 - Board of Trustees Finance and Administration Committee Agenda and Minutes

Board of Trustees, East Tennessee State University

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EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE

MINUTES

September 15, 2023
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Finance and Administration Committee met on Friday, September 15, 2023, at 10:02 a.m. in the East Tennessee Room of the D.P. Culp Student Center.

I. Call to Order

Committee Chair Steve DeCarlo called the meeting to order at 10:02 a.m.

II. Roll Call

Board Secretary Dr. Adam Green conducted the roll call. All committee members were physically present:

Committee Chair Steve DeCarlo
Trustee Charles Allen
Trustee Dorothy Grisham
Trustee Dr. Linda Latimer
Trustee Ron Ramsey
Trustee Aamir Shaikh

III. Approval of the Committee Minutes from April 21, 2023

The minutes from the April 21, 2023, meeting of the Finance and Administration Committee were approved as submitted, with Trustee Charles Allen making the motion and Trustee Dorothy Grisham seconding the motion. The motion passed unanimously.

IV. Action Item: Approval of Use and Transfer of Debt Service Fee for Athletics

ETSU Chief Financial Officer Christy Graham told the committee that included in the university's program service fee are defined amounts per specific debt of the university. She indicated that our goal is to service the debt of the university and accumulate two years of debt service in a reserve for each project. Because the amounts collected depend on student enrollment, those amounts vary each year. Ms. Graham presented a chart showing three projects that are either overfunded or underfunded based on the amounts being collected. Our

soccer and baseball facility debts are both overfunded while the football stadium is underfunded in the reserve. The reserve holds \$1 million, and the goal is to move this balance to almost \$1.6 million. ETSU currently collects \$29 per student per semester to support this debt service. Staff recommends that ETSU reallocate the \$10 per student that is currently earmarked for soccer debt to football to fully fund the football debt. Staff also recommends that ETSU release \$469,461 from the soccer debt reserve and \$327,499 from the baseball debt reserve to fund athletic facility repairs and improvements. This will leave the debt reserve for soccer with enough to fully fund the remaining debt service and will leave two years' debt service payment in reserve for the baseball debt. The additional program service fee will allow the reserve for football to reach the \$1.6 million mark within the next three years. Ms. Graham asked for the committee's approval to make these changes. (President Noland emphasized that this is not an increase in tuition and fees at all but rather a reallocation of existing fee revenue to cover the debt service payments for football.)

Trustee Allen made a motion that the reallocations be approved. Trustee Grisham seconded the motion. It passed unanimously.

V. Quarterly Financial Report

Ms. Graham presented the quarterly financial report as of the end of June 2023. She indicated that the percentages look very similar to those reported at the end of the previous quarter. Among the key points in the report:

- Revenues increased by 10.57 percent year over year and expenses have gone up 8.76 percent.
- Pharmacy revenue decreased because of a decline in enrollment, with a corresponding decrease in expenses.
- Examining revenue by source, tuition and fee revenues decreased by 2.66 percent, which is related to the out-of-state tuition reset made a few years ago.
- State appropriations increased significantly. The \$20 million received for the implementation of the new ERP system is reflected in the 25 percent increase.
- Tuition and fees and state appropriations continue to constitute the majority of ETSU revenues are fairly evenly distributed.
- Salaries and benefits increased almost 14 percent and scholarships decreased by 13.5 percent.
- All-in revenue and expenses:
 - Revenue increased by 7 percent, and the expenses increased by 6.4 percent. Auxiliary revenue increased significantly at 14.6 percent while the expenses actually decreased. Our all-in revenue is almost \$550 million.
 - Expenses: salary and benefits increased by 12 percent. Scholarships decreased substantially, reflecting the reduction in out-of-state scholarships but also reflecting the Higher Education Emergency Relief Fund Scholarships that we were able to award in 2021-22 but that were not awarded in 2022-23.

VI. Quarterly Report of Agreements \$250,000 or Greater

Mr. Ryan Roberts, Director of Procurement and Contracts, reported on the contracts/purchase orders that exceed \$250,000, for the period of April through June 2023 found in the meeting materials.

Mr. Roberts informed the committee of one RFP that is in process: broker services for medical residents' health insurance.

VII. CFO Update

Ms. Graham reported that the Strategic Resource Alignment Advisory Committee has now begun meeting. In reviewing models for resource allocation, the committee's goals are:

- To develop a framework for setting base budgets and to identify performance-driven metrics for annual adjustments.
- To document budget model management, including policy, governance, and reporting.
- To conduct budget training sessions and workshops for stakeholders and community.

Ms. Graham shared a timeline for the committee's work. Future work of the committee will include a review of Huron budget recommendations, a review of current resource utilization, and an exploration and selection of a new allocation model.

Ms. Graham also provided a brief update on the Voyager (Oracle) transition, which is scheduled to go live in 2024. ETSU is the first university in Tennessee to implement the system and has been able to help other institutions in the state as they begin a similar journey. At ETSU, payroll, human resources, and finance will be the components going live at the first of the year. Ms. Graham said one of the upcoming changes will be conversion to a bi-weekly payroll system for all faculty, staff, graduate students, and students.

President Noland stressed that our priority is to get the transition done right, as opposed to getting it done fast. He emphasized that this is a complete rewiring of the business operations at ETSU.

VIII. Annual Foundation Update

Ms. Pam Ritter, Vice President for University Advancement and President and Chief Executive Officer of the ETSU Foundation, reported that the Foundation had a banner year last year. The Campaign for ETSU raised over \$163 million, surpassing the initial goal of \$120 million.

Other highlights for the division include:

- The launch of a donor recognition site online and on the second floor of Burgin E. Dossett Hall.
- A record number of new inductees into the Distinguished President's Trust, at 74.
- A renaming of The Millennium Center in honor of James and Nellie Brinkley, recognizing their estate gift.
- Two successful "On the Road!" events for ETSU alumni and friends that were held in Atlanta and Charlotte, with plans to go to Houston during this coming year.
- Four Broadway shows staged at the Martin Center, all sellouts.

Ms. Ritter said that 2022-23 was designated as "A Year of Gratitude" for our donors. At a glance, 2022-23 yielded:

- \$14.2 million in new gifts and pledges
- 9,803 gifts
- 4,946 donors, including 974 (or 19.7 percent) who are first-time donors

Among the division's major priorities and initiatives in fund-raising are:

- Academic Building: \$4 million
- Brown Hall (north side): \$1.9 million
- The Integrated Health Services Building: \$3.1 million

Ms. Ritter emphasized that the division's top priority is student opportunities. As an example, she noted the ETSU Marching Bucs' participation in the 2024 Macy's Thanksgiving Day Parade, which will require approximately \$350,000, or some \$1,000 per student.

Ms. Ritter also presented a brief financial overview of the Foundation, pointing out the excellent work done by the Foundation's Investment Committee and investment managers at Goldman Sachs. Our endowment now stands at \$127,150,502, as of June. Fiscal-year-to-date performance of the portfolio held by Goldman Sachs was 12.97 percent as of June.

IX. Annual Capital Projects and Facilities Update

Mr. Jeremy Ross, Chief Operating Officer, presented this report, beginning with a summary of capital disclosures, totaling \$95,650,000. Specific items include a new residence hall, a new parking garage, campus-wide paving and repair, and an elevator for the Millennium parking garage.

The capital maintenance submission totaled \$16,940,000 and includes items such as safety lighting and alarm replacement; roof replacements; steam line repairs and replacements;

electrical repairs and replacement; exterior structural repairs; HVAC and plumbing repairs; and electrical upgrades.

Projects in design, totaling \$191,900,000, include the Integrated Health Services Building; the new Academic Building; phase 1 of Brown Hall; housing maintenance and renovation; phase 2 of University Commons; Powell Hall renovation; and improvements at Thomas Stadium and the Warren-Greene Golf Facility. Phase II of Brown Hall will be resubmitted to THEC for funding consideration as part of their annual review.

Mr. Ross also reported on Campus Master Plan issues, including a revisit of the 2014 Campus Master Plan. Roughly 75 percent of it has been completed. He indicated that a master planning group has been conducting workshops, interviews, and surveys across campus and with the city. Among the themes that are developing is the need for certain new academic programs, which is linked closely with space and enrollment. Other factors that the university is tracking include daytime weekly room hours, daytime station occupancy, parking, most common walking routes to and through campus, and building conditions.

Mr. Ross said the consensus of opinion, gathered through the master planning group, is that recent improvements on campus have created a positive, impactful change in the student experience. Mr. Ross then provided an update on the next phase of the University Commons project. At a cost of \$4.5 million, it is projected to be complete in the fall of 2024. Bids will be released in 30 days, with construction to begin next summer. Mr. Ross called the project “a 30-year dream.”

Mr. Ross told the committee that phase 1 of campus steam line repair was completed in August, at a cost of \$7.45 million. Also completed this summer, at a cost of \$4 million, was the renovation of Gilbreath Hall. In addition, Mr. Ross presented a series of slides related to the renovation of Burleson Hall. That project, estimated to cost about \$8.1 million, is scheduled for completion in the fall of 2025.

Mr. Ross concluded by presenting a brief video featuring the recently completed renovations to Lamb Hall.

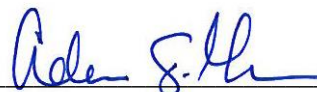
X. Other Business

There was no other business to come before the committee.

XI. Adjournment

Trustee DeCarlo adjourned the meeting at 11:22 a.m.

Respectfully submitted,



Adam Green
Secretary of the Board of Trustees

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE
SEPTEMBER 2023 MEETING

9:45 – 11:15 a.m. EDT
Friday
September 15, 2023

East Tennessee Room
D.P. Culp Student Center
412 J.L. Seehorn Road
Johnson City, TN

COMMITTEE MEMBERS

Steve DeCarlo, Committee Chair
Charles Allen, Jr.
Dorothy Grisham
Dr. Linda Latimer
Ron Ramsey
Aamir Shaikh

AGENDA

- I. Call to Order
- II. Roll Call
- III. [Approval of the Committee Minutes from April 21, 2023](#)
- IV. [Action Item: Approval of Use and Transfer of Debt Service Fee for Athletics](#)
– *Graham* (10 minutes)
- V. [Quarterly Financial Report](#) – *Graham* (10 minutes)
- VI. [Quarterly Report of Agreements \\$250,000 or greater](#) – *Roberts* (5 minutes)
- VII. [CFO Update](#) – *Graham* (10 minutes)
- VIII. [Annual Foundation Update](#) – *Ritter* (10 minutes)
- IX. [Annual Capital Projects and Facilities Update](#) – *Ross* (10 minutes)
- X. Other Business
- XI. Adjournment

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: September 15, 2023

ITEM: Approval of the Minutes from April 21, 2023

COMMITTEE: Finance and Administration Committee

RECOMMENDED ACTION: Approve

PRESENTED BY: Dr. Adam Green
Board Secretary

The minutes of the April 21, 2023 meeting of the Finance and Administration Committee are included in the meeting materials

MOTION: I move that the Board of Trustees adopt the resolution, approving the minutes as outlined in the meeting materials.

RESOLVED: The reading of the minutes of the April 21, 2023 meeting of the Finance and Administration Committee is omitted, and the minutes are approved as presented in the meeting materials, provided that the Secretary is authorized to make any necessary edits to correct spelling errors, grammatical errors, format errors, or other technical errors subsequently identified.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE

MINUTES

April 21, 2023
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Finance and Administration Committee met on Friday, April 21, 2023, at 9:48 a.m. in the East Tennessee Room of the D.P. Culp Student Center.

I. Call to Order

Committee Chair Steve DeCarlo called the meeting to order at 9:48 a.m.

II. Roll Call

Board Secretary Dr. Adam Green conducted the roll call. All committee members were physically present.

Committee members attending were:

Committee Chair Steve DeCarlo
Trustee Charles Allen
Trustee Allen Archer
Trustee Dorothy Grisham
Trustee Dr. Linda Latimer (who joined after the approval of the minutes)
Trustee Ron Ramsey

Trustee Dr. Virginia Foley also attended the meeting.

III. Approval of the Committee Minutes from February 17, 2023, and March 28, 2023

The minutes from the February 17, 2023, meeting of the Finance and Administration Committee and the March 28, 2023, called meeting of the committee were approved as submitted, with Trustee Ron Ramsey making the motion and Trustee Dorothy Grisham seconding the motion. The motion passed unanimously.

IV. Action Item: Approval of Spring Estimated and July Proposed Budgets

ETSU Chief Financial Officer Christy Graham reminded the committee that the spring estimated budget for fiscal year 2023 and the proposed July budget for fiscal year 2024 were

reviewed and discussed in detail at the called Finance and Administration committee meeting held on March 28.

Ms. Graham summarized, for the committee, a series of budget considerations:

- Budget hearings are being conducted all across campus this spring.
- The main campus, the College of Medicine, and Family Medicine were provided an appropriation for a salary pool in Governor Bill Lee's budget.
- For the main campus, state appropriations fund approximately 55 percent of the salary pool.
- The Tennessee Higher Education Commission's binding tuition increase for undergraduate education is recommended between 0 percent and 3 percent for FY 24. The rate will be confirmed in May.

Ms. Graham reviewed budget summaries for the main campus, the College of Medicine, Family Medicine, and the Gatton College of Pharmacy.

Ms. Graham told the committee that the College of Pharmacy budget shows a decrease in revenue due to enrollment, and there is a reduction of two positions. She introduced Dr. Debbie Byrd, Dean of the Gatton College of Pharmacy, who announced that, the day before the ETSU Board of Trustees meeting, the Tennessee General Assembly allocated \$2.5 million in recurring funding for the college. It is the first such state funding for the college. Dean Byrd expressed thanks to the Board, the Northeast Tennessee legislative delegation, faculty, staff, students, and community members for writing letters and supporting the quest for state funding.

Dr. Noland added that a great deal of "behind-the-scenes" work will transpire to adjust the College of Pharmacy budget accordingly and that a revised budget will be presented to the Board at a called meeting later this spring.

Trustee Grisham made a motion that the spring estimated budget for fiscal year 2023 and the proposed July budget for fiscal year 2024 be approved as submitted, with the realization that some adjustments will be needed. Trustee Ramsey seconded the motion, and it passed unanimously.

V. Quarterly Financial Report

Ms. Graham presented the quarterly financial report as of the end of February 2023. The report compares operating revenues and expenditures from the current year to the prior year. Changes for revenues and expenditures continue to be in alignment with the October budget revisions. Revenue is up overall. The table "Revenue & Expenses by Fund Type Through 2-28-23" indicates a 7.59 percent increase in total revenue and a 1.27 percent increase in total expenditures.

VI. Quarterly Report of Agreements \$250,000 or Greater

Mr. Ryan Roberts, Director of Procurement and Contracts, reported on contracts/purchase orders that exceed \$250,000, for the period of January through March 2023 found in the meeting materials.

Mr. Roberts informed the committee of two requests for proposals that are in process: LiveNation, to serve as the first booking agency for the Martin Center, and Axis Security, for security services campus wide.

VII. Action Item: Capital Budget Submittals and Disclosures

Mr. Jeremy Ross, Chief Operating Officer, submitted the Capital Budget and Disclosures list for FY2023-24 for the committee's consideration.

In addition, Mr. Ross provided the following updates:

- A temporary certificate of occupancy has been issued for Lamb Hall.
- University Commons is projected to be completed by fall of 2024, with the project being affected by materials shortages.
- Ross Drive: Outdoor areas will be completed soon.
- Mr. Ross traveled to Boston in February to accept an international award from the ACUI for the transformation of the Culp Center.
- Mr. Ross shared with the Board a series of concepts of the new academic building, which, because of inflationary increases, has been resubmitted to the state at a total cost of \$62.5 million. It is expected to be completed by the fall of 2025.

Trustee Allen made a motion that the capital budget submittals and disclosures be approved as presented. Trustee Grisham seconded the motion. It passed unanimously.

VIII. Other Business

There was no other business to come before the committee.

IX. Adjournment

The meeting was adjourned at 10:48 a.m. by Trustee DeCarlo.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: September 15, 2023

ITEM: Use and Transfer of Debt Service Fee for Athletics

COMMITTEE: Finance and Administration Committee

RECOMMENDED ACTION: Approve

PRESENTED BY: Christy Graham
Chief Financial Officer and
Vice President of Business and Finance

The Division of Business and Finance, as well as the Department of Athletics, is requesting approval to reallocate \$797,250 from the debt service reserve funds for soccer and baseball to renewal and replacement for other athletic facility projects. The debt service reserve typically holds two years debt service payments. The reserve for both soccer and baseball are holding more than the required amount.

It is also recommended that the \$10 program service fee assessed for soccer stadium debt be reallocated to football debt to cover the required facilities commitments.

<u>Current</u>	Soccer	Baseball	Football
Total Remaining Debt Service	\$842,242	\$1,608,014	\$19,337,096
Years Remaining	3.5	8.5	24.5
Average Payment	240,641	189,178	789,269
Program Service Fee	\$10	\$9	\$29
Current amount in Reserve	1,312,003	705,855	1,044,225
<u>Recommendation:</u>			
Program Service Fee	\$0	\$9	\$39
Transfer to Athletic R&R	469,461	327,499	
Remaining amount in reserve	\$842,242	\$378,356	\$1,044,225

MOTION: I move that the Finance and Administration Committee recommend adoption of the following resolution by the Board of Trustees:

RESOLVED: The proposed recommendation to reallocate debt reserve funds to other athletic facility projects and to reallocate the program service fee for soccer to football is approved as presented in the meeting materials.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: September 15, 2023

ITEM: Quarterly Financial Update

COMMITTEE: Finance and Administration Committee

PRESENTED BY: Christy Graham
Chief Financial Officer and
Vice President of Business and Finance

The tables below summarize financial activities for the university through the June of fiscal year 2022-23. The comparison is current year to prior year for the same twelve-month period.

Table 1 – Unrestricted E&G Revenues by Unit and Revenue Source

Unrestricted E&G Year-to-Year Comparisons Year-to-Date 6-30-2022 & 6-30-2023				
	FY2021-22	FY2022-23	Change \$	%
REVENUES				
By Appropriation Unit				
Main Campus	\$244,002,867	\$278,422,757	\$34,419,890	14.11%
Medicine/Family Med	85,317,543	88,146,367	2,828,824	3.32%
Pharmacy	10,067,893	8,682,106	(1,385,787)	-13.76%
TOTAL REVENUE	\$339,388,303	\$375,251,230	\$35,862,927	10.57%
By Revenue Source				
Tuition and Fees	\$166,377,640	\$161,956,557	(\$4,421,083)	-2.66%
State Appropriations	132,643,176	165,798,613	\$33,155,437	25.00%
Grants, Contracts, Gifts	6,046,069	5,975,071	(\$70,998)	-1.17%
Other	34,321,418	41,520,989	\$7,199,571	20.98%
TOTAL REVENUE	\$339,388,303	\$375,251,230	\$35,862,927	10.57%

Table 2 – Unrestricted E&G Expenditures by Appropriation Unit and Classification

Unrestricted E&G Year-to-Year Comparisons Year-to-Date 6-30-2022 & 6-30-2023				
	FY2021-22	FY2022-23	\$	Change %
EXPENDITURES				
By Appropriation Unit				
Main Campus	\$220,515,152	\$243,575,354	\$23,060,202	10.46%
Medicine/Family Med	81,315,812	85,924,959	4,609,147	5.67%
Pharmacy	9,802,744	9,434,010	(368,734)	-3.76%
TOTAL EXPENSE	\$311,633,708	\$338,934,323	\$27,300,615	8.76%
By Natural Classification				
Salaries & Benefits	\$218,507,567	\$248,208,350	\$29,700,783	13.59%
Operating	50,482,267	48,878,670	(\$1,603,597)	-3.18%
Capital/Equipment	1,462,370	1,405,300	(\$57,070)	-3.90%
Scholarships/Fellowships	30,903,153	26,745,356	(\$4,157,797)	-13.45%
Transfers to Other Funds	10,328,351	13,696,647	\$3,368,296	32.61%
TOTAL EXPENSE	\$311,633,708	\$338,934,323	\$27,300,615	8.76%
By Functional Classification				
Instruction	\$152,162,691	\$168,639,519	\$16,476,828	10.83%
Research	6,920,826	9,690,617	2,769,791	40.02%
Public Services	2,657,400	3,888,910	1,231,510	46.34%
Academic Support	31,413,539	35,247,385	3,833,846	12.20%
Student Services	26,695,756	31,629,985	4,934,229	18.48%
Institutional Support	26,113,379	26,487,237	373,858	1.43%
Physical Plant	24,490,505	22,900,612	(1,589,893)	-6.49%
Scholarships/Fellowships	30,903,152	26,753,411	(4,149,741)	-13.43%
Transfers to Other Funds	10,276,458	13,696,647	3,420,189	33.28%
TOTAL EXPENSE	\$311,633,708	\$338,934,323	\$27,300,615	8.76%

Table 3 – Current Operating Funds Revenues by Fund Type and Revenue Source

Current Operating Funds (Unrestricted/Auxiliaries/Restricted) Year-to-Year Comparisons Year-to-Date 6-30-2022 & 6-30-2023				
	FY2021-22	FY2022-23	Change	
			\$	%
REVENUES				
By Current Fund Type				
Unrestricted E&G	\$339,388,302	\$375,251,230	\$35,862,928	10.57%
Auxiliaries	25,207,263	28,884,161	3,676,898	14.59%
Restricted Funds	146,900,558	143,197,117	(3,703,441)	-2.52%
TOTAL REVENUE	\$511,469,124	\$547,332,508	\$35,863,384	7.01%
REVENUES				
By Revenue Sources				
Tuition and Fees	\$167,336,918	\$162,911,909	(\$4,425,009)	-2.64%
State Appropriations	133,184,136	166,383,070	33,198,934	24.93%
Grants, Contracts, Gifts	150,221,479	146,576,678	(3,644,801)	-2.43%
Other	35,556,096	42,605,200	7,049,104	19.83%
Auxiliaries	25,197,495	28,855,651	3,658,156	14.52%
TOTAL REVENUE	\$511,469,124	\$547,332,508	\$35,863,384	7.01%

Table 4 – Current Operating Funds Expenditures by Fund Type and Classification

Current Operating Funds (Unrestricted/Auxiliaries/Restricted)				
Year-to-Year Comparisons				
Year-to-Date 6-30-2022 & 6-30-2023				
	FY2021-22	FY2022-23	Change	
			\$	%
EXPENDITURES				
By Current Fund Type				
Unrestricted E&G	\$311,633,708	\$338,934,323	\$27,300,615	8.76%
Auxiliaries	25,291,360	24,560,998	(730,362)	-2.89%
Restricted Funds	124,114,038	126,846,907	2,732,869	2.20%
TOTAL EXPENSE	\$461,039,106	\$490,342,227	\$29,303,121	6.36%
EXPENDITURES				
By Natural Classification				
Salaries & Benefits	\$263,461,478	\$295,246,750	\$31,785,272	12.06%
Operating	83,740,423	88,881,419	5,140,996	6.14%
Capital/Equipment	1,780,302	2,025,165	244,863	13.75%
Scholarships/Fellowships	91,148,220	75,915,731	(15,232,489)	-16.71%
Transfers to Other Funds	20,908,682	28,273,162	7,364,480	35.22%
TOTAL EXPENSE	\$461,039,106	\$490,342,227	\$29,303,121	6.36%
EXPENDITURES				
By Functional Classification				
Instruction	\$162,991,303	\$174,646,574	\$11,655,271	7.15%
Research	17,548,829	23,588,768	6,039,939	34.42%
Public Services	41,356,074	51,846,380	10,490,306	25.37%
Academic Support	31,745,707	35,677,168	3,931,461	12.38%
Student Services	28,759,970	33,179,106	4,419,136	15.37%
Institutional Support	27,925,719	34,748,125	6,822,406	24.43%
Physical Plant	24,757,814	23,064,783	(1,693,031)	-6.84%
Scholarships/Fellowships	90,385,871	75,333,678	(15,052,193)	-16.65%
Transfers to Other Funds	10,276,458	13,696,647	3,420,189	33.28%
Auxiliaries	14,678,708	16,975,330	2,296,622	15.65%
Aux Trsfrs to Other Funds	10,612,652	7,585,668	(3,026,984)	-28.52%
TOTAL EXPENSE	\$461,039,106	\$490,342,227	\$29,303,121	6.36%

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: September 15, 2023

ITEM: Quarterly Reports of Agreements \$250,000 or Greater

COMMITTEE: Finance and Administration Committee

PRESENTED BY: Ryan Roberts
Procurement and Contract Services

The meeting materials include a list of agreements with amounts totaling \$250,000 or greater for the period of April 2023 – June 2023. This report does not include contracts or agreements associated with software/systems maintenance agreements, contracts with the federal government, and construction projects which are approved through the State Building Commission.

April - June 2023

Contracts / Purchase Orders over \$250,000

Contract/ PO Date		Contractor	Description of Services/Products	Contract / PO Amount	\$ Annual Contract	Competitive	Fiscal Review Approval
Start	End						
					\$172,500 Yr 1		
					\$181,461 Yr 2		
03/15/23	03/14/28	Live Nation Worldwide, Inc	Booking services for the Martin Center Foundation Grand Hall	\$949,422	\$190,422 Yr 3	Yes	N/A
					\$199,383 Yr 4		
					\$205,656 Yr 5		
04/22/23	04/22/23	NuKing Uffpop, Inc.	Jason Derulo performance on 4/22/23	\$225,000	\$225,000	No	N/A
04/22/23	04/22/23	RKS Touring	Rainbow Kitten Surprise performance on 4/22/23	\$250,000	\$250,000	No	N/A
05/09/23	05/08/28	Corporate Moving Specialists	General Relocation services for both large relocation projects and smaller projects	\$2,000,000	Per PO Basis	Yes	N/A
06/01/23	05/31/28	Axis Security, LLC	Event Security Services	\$2,000,000	Per PO Basis	Yes	N/A
07/01/23	06/30/26	Ring Central	Phone system - Services, Licenses & Products	\$1,688,406	\$337,681 per year	Yes	N/A

RFI/RFPs –In-Process and Upcoming

Broker Services for Medical Residents Health Insurance(s) – Upcoming 02/2024

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: September 15, 2023

ITEM: CFO Update

COMMITTEE: Finance and Administration Committee

PRESENTED BY: Christy Graham
Chief Financial Officer and
Vice President of Business and Finance

Staff will provide an update to the Board on the following initiatives underway across the Division of Business and Finance including:

- Launch of Strategic Resource Alignment Committee
 - The charge of the Committee is the following:
 - Support the evaluation and prioritization of the recommendations from Huron related to enhancing services and achieving savings to allow for reinvestment in institutional priorities.
 - Review and provide feedback on resource allocation (budget model) modifications and related analyses.
 - Receive reports from other committees and working groups supporting related institutional initiatives that are not the specific scope of this Committee. Such topics include but will not be limited to academic structure, strategic enrollment planning, research administration, and housing transformation.
 - When necessary, establish working groups to address specific topical areas that require deeper study or input from members of the ETSU community not serving on the Committee, and share the results of the working groups back with the Committee on a timely basis.
 - Communicate, at the direction of the President, with respective constituencies throughout the project.
 - Committee Membership
 - Timeline
- Update on Progress of ERP/EPM Implementation

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: September 15, 2023

ITEM: Foundation Update

COMMITTEE: Finance and Administration Committee

PRESENTED BY: Pam Ritter
Vice President for University Advancement
President/CEO of ETSU Foundation

University Advancement is charged with enhancing the philanthropic mission of East Tennessee State University. Once the funding is secured, the Foundation Board of Directors ensure the funds are managed through Trusts, Unrestricted gifts, Restricted gifts, Gifts-in-Kind, Real Estate and Endowments. Ms. Pam Ritter will provide committee members with an update on the status of the Foundation including investment portfolio information and expenditures on behalf of the University. Highlights for 2022-2023 include:

- Comprehensive Campaign Goal of \$120M concluded June 30, 2022; raised over \$163 million
- Endowment: \$127,150,502 as of June 2023
- Presentation of 2022-23 ETSU Foundation Annual Report
- Record-number of new inductees into Distinguished President's Trust
- The Office of University Advancement includes:
 - *ETSU Foundation* – Pam Ritter, President/CEO
Investment return for 2022-23: 12.97%
 - *Stewardship/Donor Relations* – appointed Joe Smith as Executive Director; he is the first person to hold this position
 - *Major Gifts* – John King, Assoc. Vice President
Expanded our team of Directors of Development to include two new fundraisers dedicated to Intercollegiate Athletics
 - *Alumni Association* – Whitney Goetz, Executive Director
Led alumni engagement activities throughout the year, including two events in Atlanta and Charlotte.
 - *Martin Center for the Arts* – Jennifer Clements, Executive Director
Brought Broadway to the Appalachian Highlands for the first time; all shows were performed to sold-out audiences, and next season will include six shows.



EAST TENNESSEE STATE
UNIVERSITY

ETSU Foundation Overview

September 15, 2023

ETSU began with a gift...



...a gift of land





University Advancement

Major Gifts
Planned Giving
Annual Giving
Advancement Services
Communications & Stewardship
ETSU Foundation
National Alumni Association
University Events
Martin Center for the Arts



OUR MISSION

The Mission of the ETSU Foundation is to maximize sustainable philanthropic support for East Tennessee State University by building relationships and obtaining, elevating, and investing private giving for the institution.



OUR VISION

We increase private giving to ETSU by delivering an integrated program of communications, marketing, face-to-face engagement, and stewardship. Results of this approach will build deep and long-term relationships with alumni, friends, and potential partners that will ensure ever-increasing support for today and for the future.



OUR STRATEGIC GOALS

- Increase total net production (gifts and pledges) to \$25M per year – every year – by 2026.
- Engage donors and build enthusiasm for ETSU programs.
- Develop Regional Arts Engagement by enhancing Martin Center opportunities.





The 2022-23 Year

A quick look back



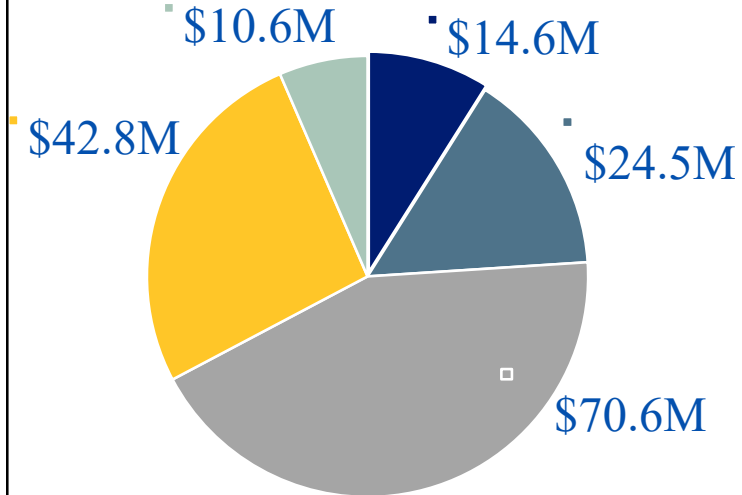
THE CAMPAIGN FOR ETSU

Initial Goal:
\$120 million

Amount
Raised:
**\$163
million**



The Campaign for ETSU



The **Campaign for ETSU** raised funds for four priority areas:

- Student Scholarships - **\$42.8M**
- Faculty Opportunities - **\$24.5M**
- Programs & Centers - **\$70.6M**
- Facilities- **\$14.6M**

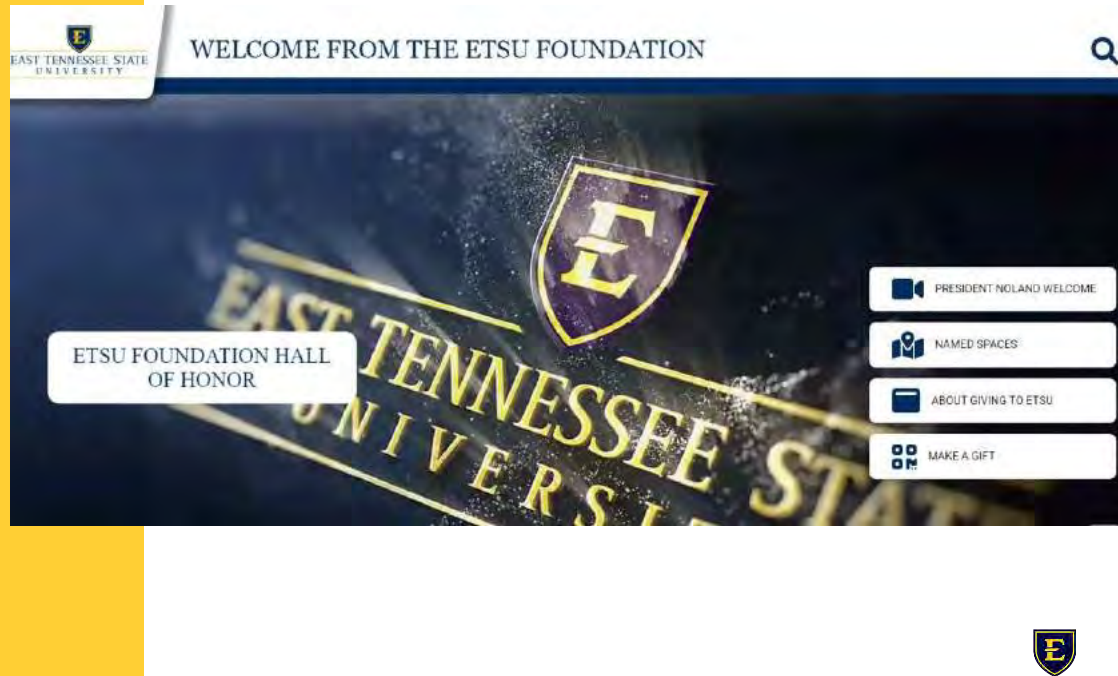
Some gifts were made for **Unrestricted funding (\$10.6M)**.



Donor E-Recognition Site

Launched
Summer 2023

Available online
and displayed on
second floor of
Dossett Hall



DPT Carillon Society

74 new members
in 2023!

Record number!



These 74 new Carillon Society members alone have given more than three quarters of a million dollars to ETSU.



The James and Nellie Brinkley Center

Dedicated April 2023



On The Road!

“An Evening with ETSU”

Atlanta (January 2023)

&

Charlotte (May 2023)



**Broadway
arrived in the
Appalachian
Highlands!**

***Four Broadway
shows, all
performed to
sold-out
audiences***



Day of Giving 2023

April 18

\$358,000 raised

**12% increase from
previous year**

1,060 gifts



2022-23: A Year of Gratitude



Advancement Strategic Goal
Raise \$25M per Year by 2026

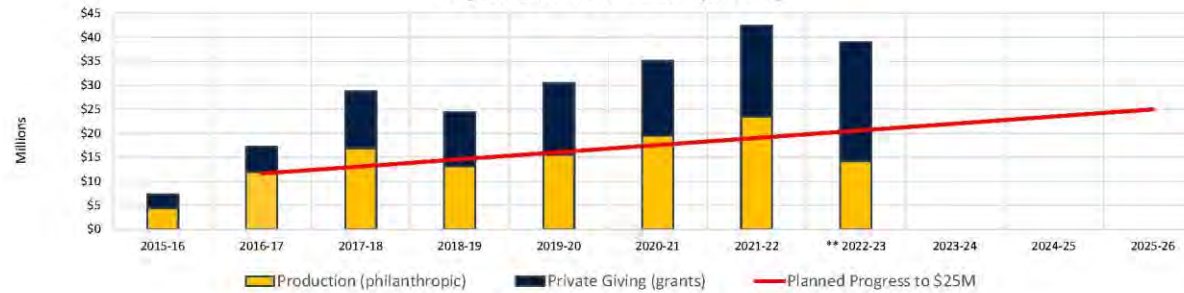
ETSU Total Production

Internal Projections to Meet Target Goal, with Actuals

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	** 2022-23	2023-24	2024-25	2025-26
Planned Progress to \$25M		\$11,635,000	\$13,120,000	\$14,605,000	\$16,090,000	\$17,575,000	\$19,060,000	\$20,545,000	\$22,030,000	\$23,515,000	\$25,000,000
Production (philanthropic)	\$4,460,019	\$11,984,419	\$16,905,638	\$13,132,916	\$15,562,271	\$19,488,176	\$23,517,458	\$14,296,093			
Private Giving (grants)	\$2,862,470	\$5,276,071	\$11,842,990	\$11,305,518	\$14,887,001	15,587,771	\$18,940,475	\$24,708,529			
Totals	\$7,322,489	\$17,260,490	\$28,748,628	\$24,438,434	\$30,449,272	\$35,075,947	\$42,457,933	\$39,004,622			

** estimated as of 6/30/2023

Progress to \$25M in Philanthropic Giving



2022-23 Net Production

- Goal: \$20.5M





Major Priorities & Initiatives

2023-24



Top Priority: Facilities

RENDERINGS

Appendix B2



RENOVATED COURTYARD ENTRY / LEVEL 2 CONNECTOR



BROWN

CLARK Nexsen
B2 - Page 34 of 34

**Brown Hall (North Side) –
\$1.9M**

Academic Building - \$4M



Top Priority: Facilities



Integrated Health Services Building - \$3.1M

Baseball Stadium - \$2.1M



Top Priority: Student Opportunities



Macy's 2024 Thanksgiving Day Parade - \$350K (or \$1K per student)

Scholarships



Other New Initiatives

- Enhanced **partnership with Intercollegiate Athletics** by hiring two Directors of Development (Eryn Samuels and Desmond Pierce). They are part of the Advancement team.
- Appointed full-time **Stewardship/Donor Relations Officer** who has created a stewardship plan for 2023-24. Activities will include creation of [micro-sites](#) that tell the stories of the work of our donors.
- Continue with metrics for evaluating performance of Directors of Development.





FINANCIAL OVERVIEW

ETSU Foundation



Foundation Investment Committee

- Goldman Sachs – Investment Managers
- Market Value June 2023 - **\$127,150,502**
- Investment Committee meeting with Financial Managers quarterly
- Last meeting held July 2023



Investment Pool Asset Class Ranges

<u>Asset Class</u>		<u>Minimum</u>		<u>Maximum</u>
Investment Grade Fixed Income		10.00%		30.00%
Other Fixed Income		2.50%		15.00%
Hybrid Fixed Income		0.00%		10.00%
US Equity		25.00%		65.00%
Non-US Equity		5.00%		30.00%
Asset Allocation Investments		0.00%		10.00%

Source: Investment Policy Statement June 2019



EAST TENNESSEE STATE
UNIVERSITY

Portfolio Held by Goldman Sachs as of June 2023

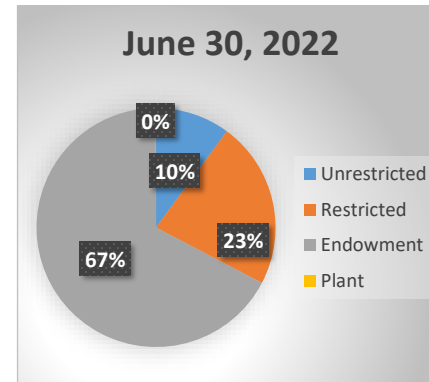
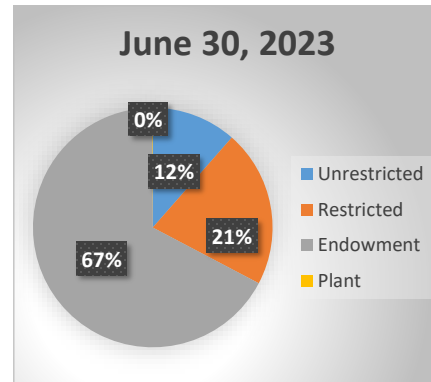
Asset Class	Value	Percent	YTD Perf	FYTD Perf
Deposits and Money Market	\$ 503,932	0.40%	2.34%	3.76%
Investment Grade Fixed Income	18,722,859	25.0%	2.62%	2.81%
Hybrid Fixed Income	3,501,222	2.80%	1.05%	0.24%
Other Fixed Income	9,510,553	7.50%	4.69%	8.38%
US Equity	75,793,454	59.60%	14.18%	17.61%
Non-US Equity	13,011,692	10.20%	13.74%	20.48%
Asset Allocation Investments	6,106,789	4.80%	8.68%	8.38%
Total Invested	\$127,150,501	100.0%	10.54%	12.97%
Benchmark Performance -				
60/40 MSCI All Country World/Barclays Capital US Gov				13.72%
70/30 MSCI All Country World/Barclays Capital US Gov				15.15%

Source: Goldman Sachs 2nd Quarter Portfolio Review

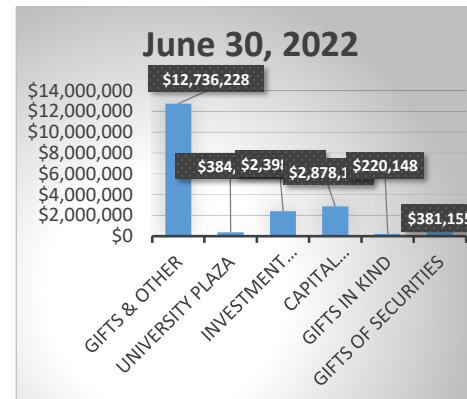
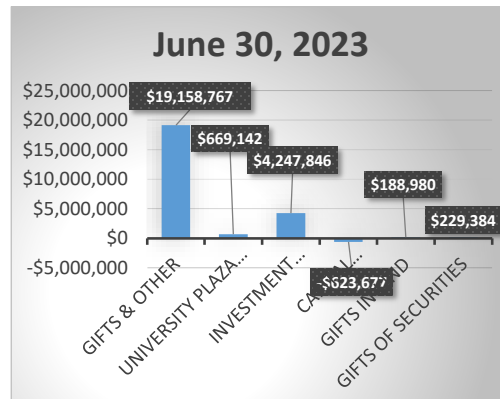


EAST TENNESSEE STATE
UNIVERSITY

Total Assets by Fund Type



FY Income Comparison



Endowment Spending Policy

- In April 2023, the Foundation Board adopted an updated spending policy for endowments.
- The Foundation will utilize the total return concept in allocating endowment income.
- The Board approved the distribution of 4% of the preceding twelve-quarter moving average of market value of endowment investments, effective for fiscal year 2024.

Source: Investment Policy Statement June 2019



EAST TENNESSEE STATE
UNIVERSITY

Thank you.

Pamela S. Ritter
ETSU Vice President for University Advancement and
President & CEO of the ETSU Foundation



EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: September 15, 2023

ITEM: Annual Capital Projects and Facilities

COMMITTEE: Update Finance and Administration

PRESENTED BY: Committee

Jeremy Ross
Chief Operating Officer

Staff will provide an update on Capital Projects and Facilities Operations. Capital disclosures, maintenance, and outlay for 2023-24 will be discussed. Design and construction projects that are in process will be presented.

CAPITAL PLANNING

September 15, 2023



CAPITAL, MAINTENANCE, & DISCLOSURES

Capital Disclosures

\$40,000,000	New Residence Hall
\$55,000,000	Parking Garage
\$ 300,000	Campus Wide Paving and Repair
\$ 350,000	Millennium Parking Garage Elevator
\$95,650,000	Total

Capital Maintenance Submission

\$ 1,600,000	Safety Lighting & Alarm Replacement
\$ 3,800,000	Roof Replacements
\$ 3,400,000	Steam Line repairs & Replacement
\$ 1,200,000	Electrical Repairs & Replacement
\$ 1,740,000	Exterior Structural Repairs
\$ 2,700,000	HVAC & Plumbing Repairs
\$ 2,500,000	Electrical Upgrades
\$16,940,000	Total

Projects in Design

\$ 43,900,000	Integrated Health Services Building
\$ 62,500,000	New Academic Building
\$ 47,000,000	Brown Hall, North Phase 1
\$ 25,000,000	Housing Maintenance & Renovation
\$ 4,000,000	University Commons Phase II
\$ 5,000,000	Powell Hall Renovation
\$ 3,000,000	Thomas Stadium
\$ 1,500,000	Warren Greene Golf Facility
\$191,900,000	Total

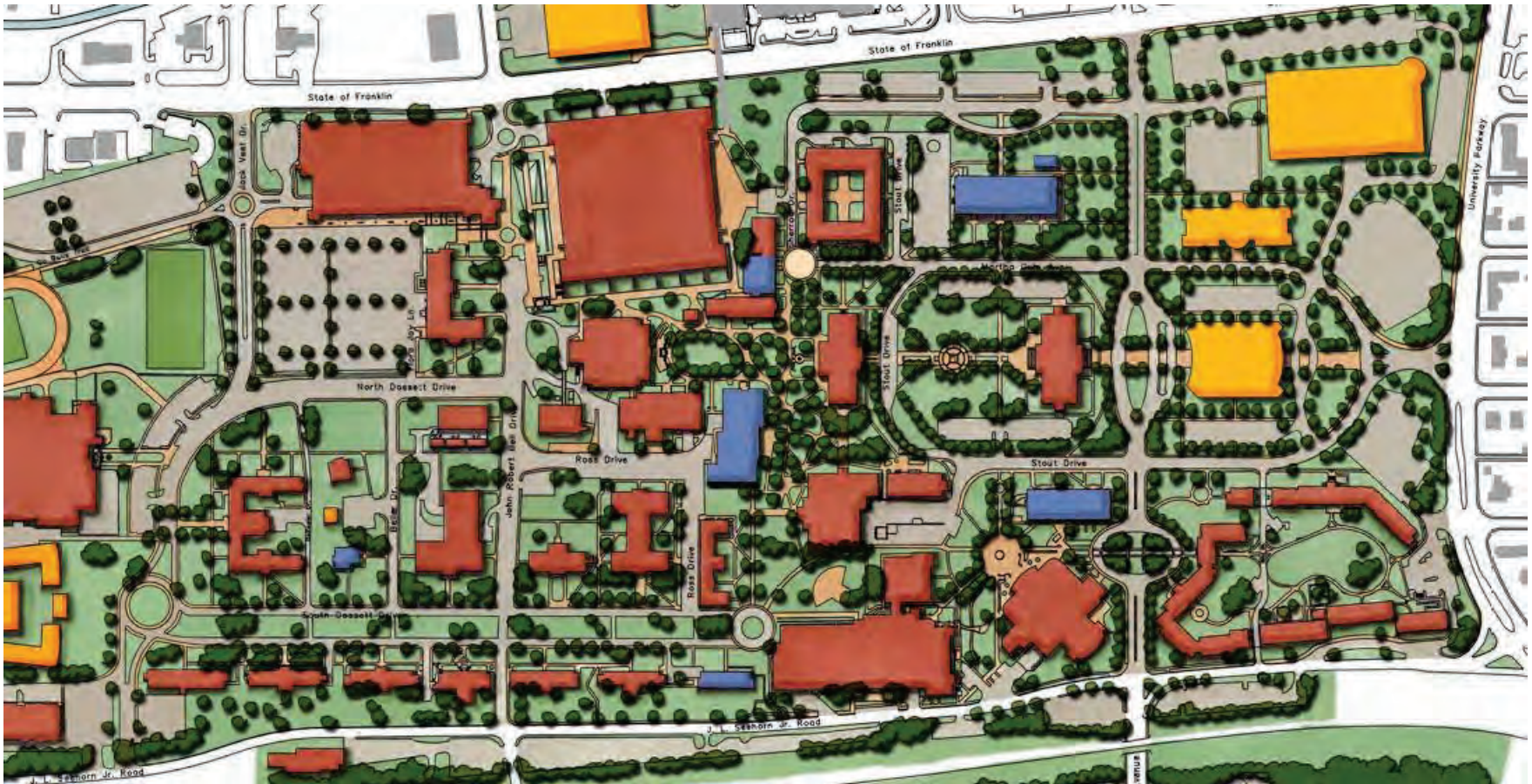
Capital Outlay Request

\$ 49,500,000	Brown Hall, South Phase 2
\$ 49,500,000	Total

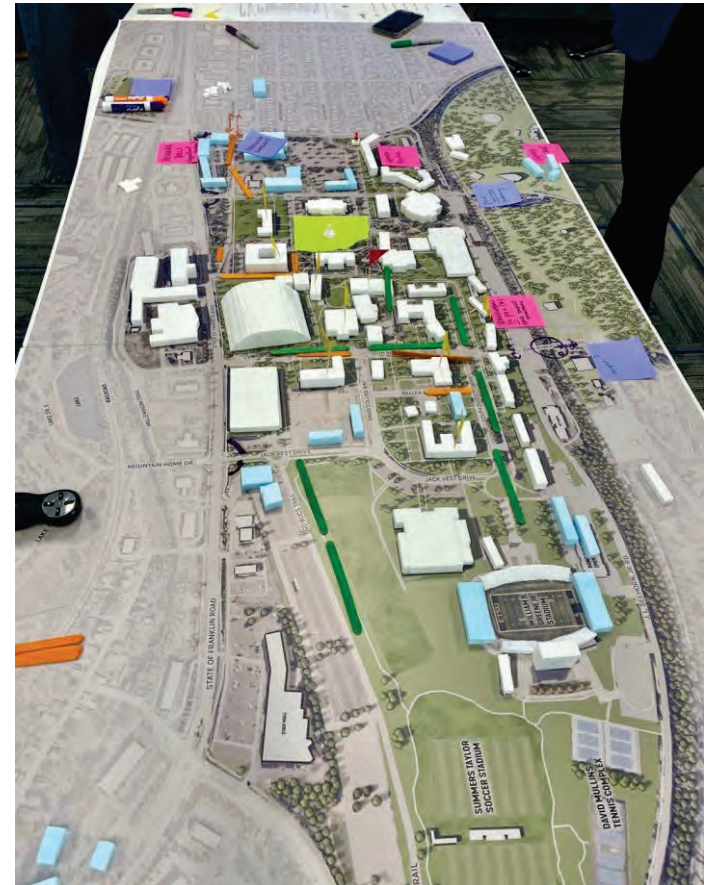
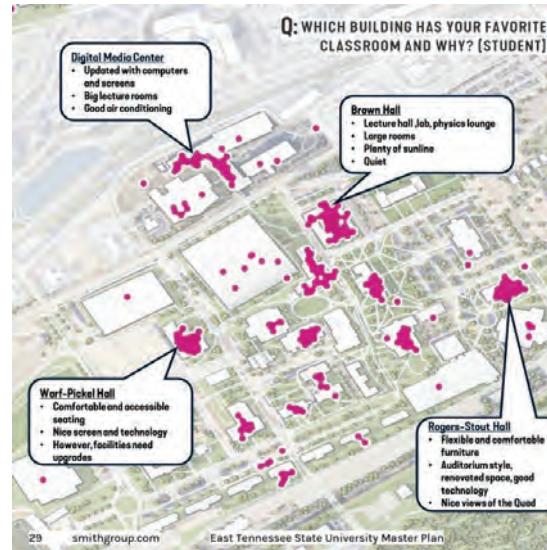
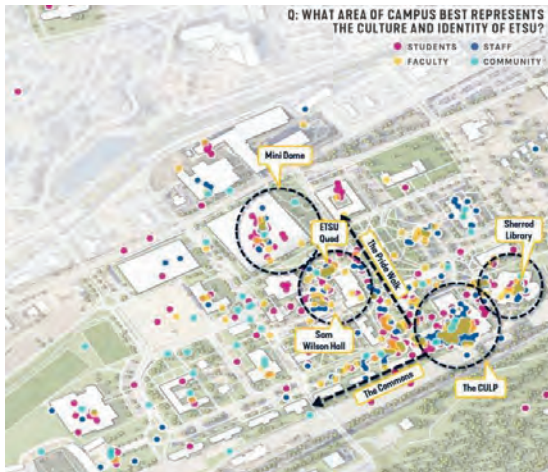
Projects Nearing or Recently Completed

\$ 26,100,000	Lamb Hall
\$ 600,000	Master Plan

EAST – WEST AXIS



MASTER PLANNING



UNIVERSITY COMMONS

Project Information

Cost: \$4,000,000

Completion: Fall 2024

Status: Schematic Design. Bids will be released in 2023. Construction to begin Summer 2024



UNIVERSITY COMMONS

Project Information

Cost: \$4,000,000

Completion: Fall 2024

Status: Schematic Design. Bids will be released in 2023. Construction to begin Summer 2024



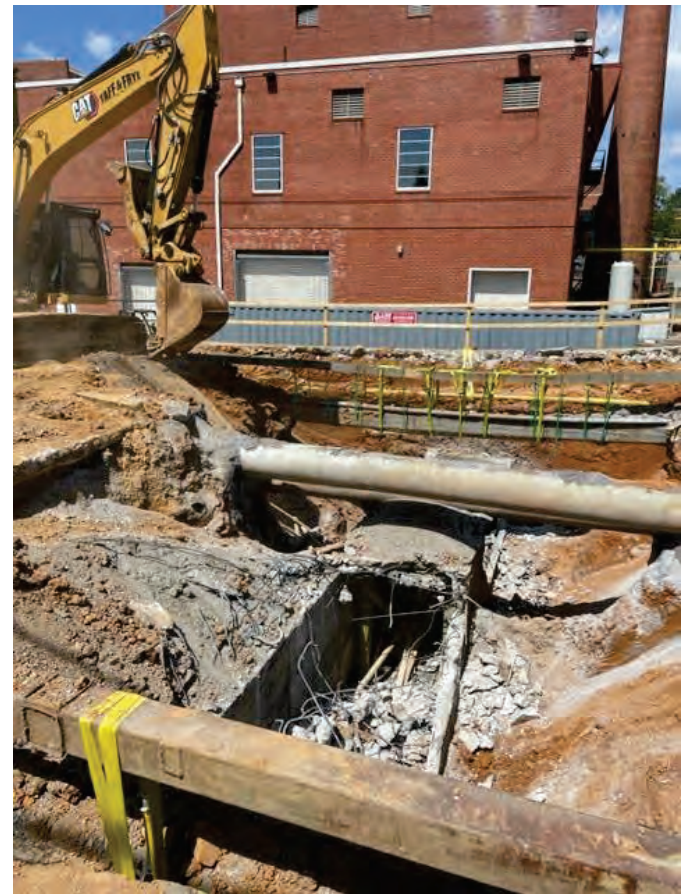
STEAM LINE REPAIR

Project Information

Cost: \$7,450,000

Completion: August 2023, Phase I

Status: Fluid



STEAM LINE REPAIR

Project Information

Cost: \$7,450,000

Completion: August 2023, Phase I

Status: Fluid



STEAM LINE REPAIR

Project Information

Cost: \$7,450,000

Completion: August 2023, Phase I

Status: Fluid



STEAM LINE REPAIR

Project Information

Cost: \$7,450,000

Completion: August 2023, Phase I

Status: Fluid



GILBREATH

Project Information

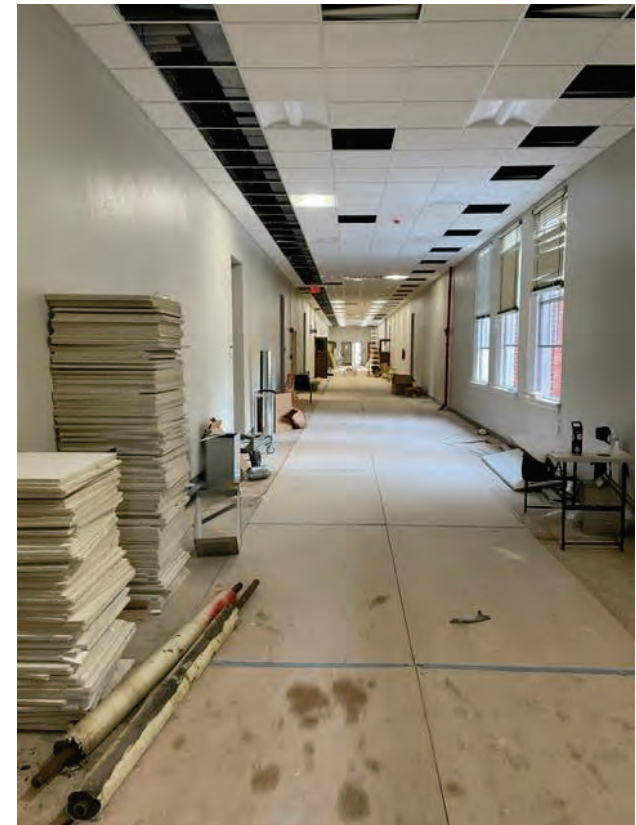
Cost: \$3,000,000

Completion: August 2023,

Status: Complete

Project Pictures

First of August



GILBREATH

Project Information

Cost: \$3,000,000

Completion: August 2023,

Status: 65% Complete



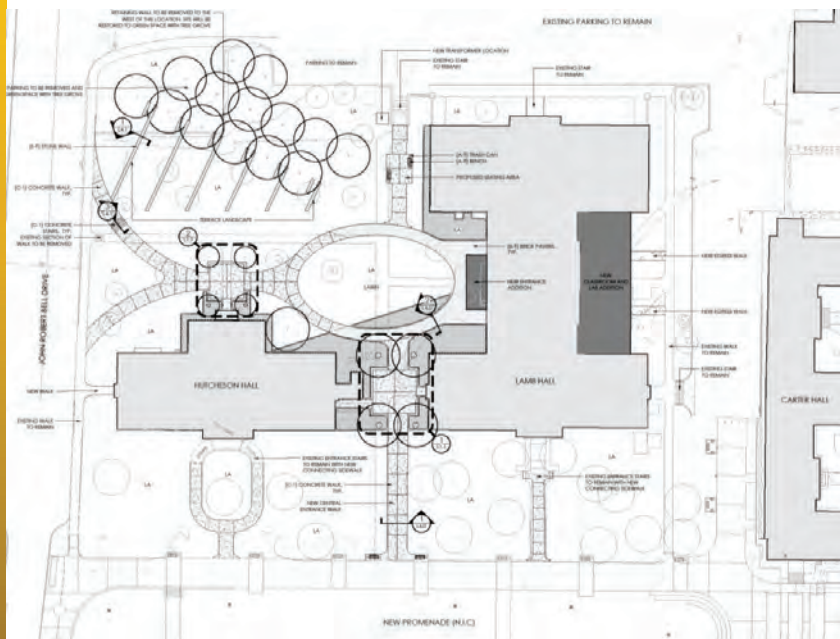
ROSS DRIVE

Project Information

Cost: \$26,100,000

Completion: May 2023

Status: Substantial Completion Achieved



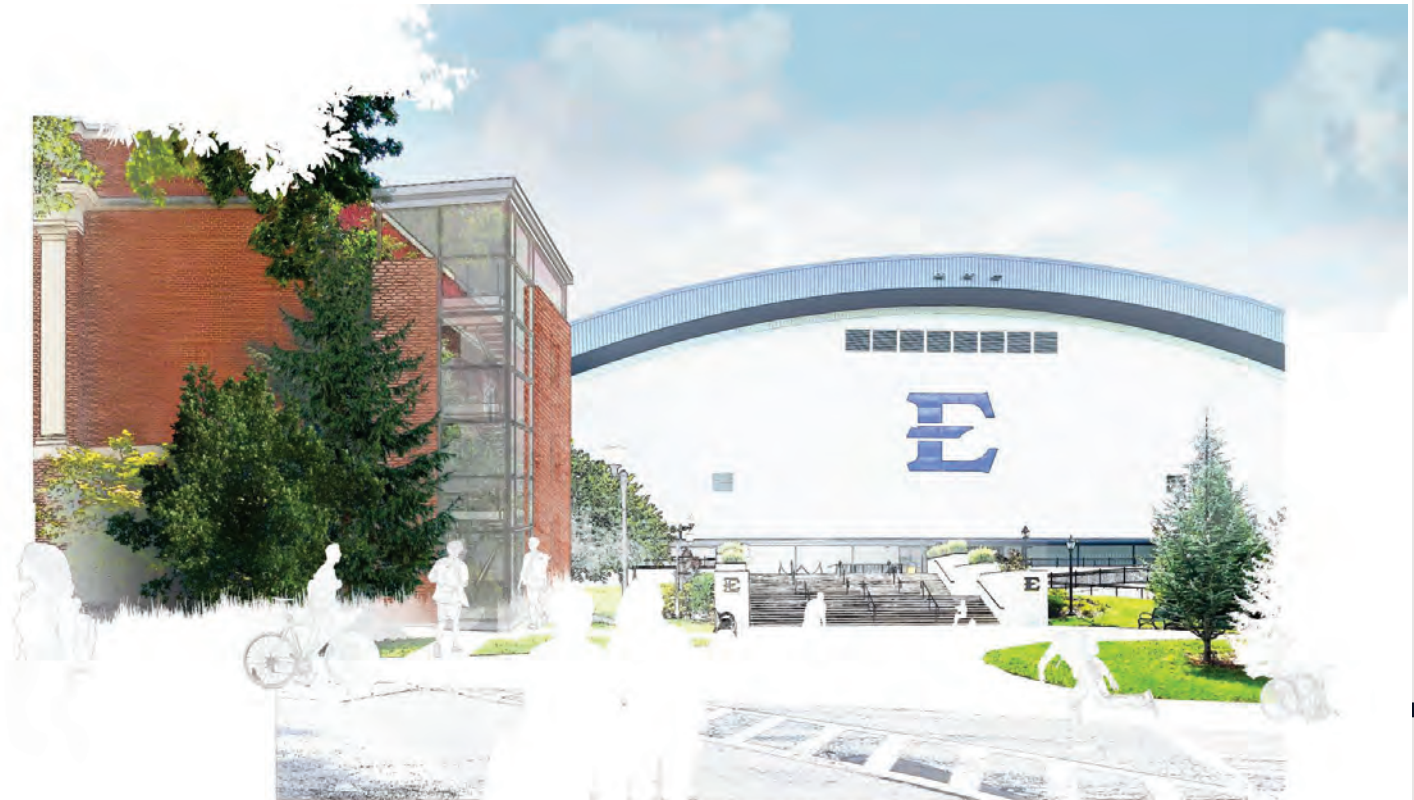
NEW ACADEMIC BUILDING- CONCEPTS

Project Information

Cost: \$8,113,953 – Burleson Hall

Completion: Fall 2025

Status: Design Development Complete



NEW ACADEMIC BUILDING- CONCEPTS

Project Information

Cost: \$8,113,953 – Burleson Hall

Completion: Fall 2025

Status: Design Development Complete



NEW ACADEMIC BUILDING- CONCEPTS

Project Information

Cost: \$8,113,953 – Burleson Hall

Completion: Spring 2025

Status: Design Development Complete



NEW ACADEMIC BUILDING- CONCEPTS

Project Information

Cost: \$8,113,953 – Burleson Hall

Completion: Fall 2025

Status: Design Development Complete





THANK YOU