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9-17-2021

2021 September 17 - 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
SEPTEMBER 2021 MEETING

11:00am-12:00pm EST
Friday
September 17, 2021

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

AGENDA

- I. Call to Order
- II. Roll Call
- III. [Approval of the Committee Minutes from April 23, 2021](#)
- IV. [Quarterly Financial Update](#) (10 minutes)
- V. [Quarterly Report on Contracts over \\$250,000](#) (5 minutes)
- VI. [Business and Finance Fraud Training](#) (10 minutes)
- VII. [Capital Projects and Facilities Update](#) (15 minutes)
- VIII. [Foundation Update](#) (15 minutes)
- IX. Other Business
- X. Adjournment

EAST TENNESSEE STATE
UNIVERSITY BOARD OF TRUSTEES

ACTION ITEM

DATE: September 17, 2021

ITEM: Approval of the Minutes of April 23, 2021

COMMITTEE: Finance and Administration Committee

RECOMMENDED ACTION: Approve

PRESENTED BY: Adam Green
Board Secretary

The minutes of the April 23, 2021 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 23, 2021 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 23, 2021
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Finance and Administration Committee met on Friday, April 23, 2021, at 10:45 a.m. in the ETSU Alumni Association office located in the Model Mill, 602 Sevier Street, Johnson City. Due to the extraordinary circumstances surrounding the COVID-19 pandemic, attendance to the meeting was limited to Trustees, presenters, and support staff. The meeting was livestreamed for public viewing.

I. Call to Order

In the absence of Finance and Administration Committee Chairman Steve DeCarlo, Trustee Ron Ramsey called the meeting to order.

II. Roll Call

Deputy Board Secretary Nathan Dugger led the roll call. Because Trustee Kelly Wolfe participated remotely, in accordance with Tennessee Code § 8-44-108 section (c) (3), Mr. Dugger asked Trustee Wolfe for the record if he could clearly hear so that he could participate in the meeting, and if he would identify any persons present in the room with him from which he was participating in the meeting. He reported that he could hear and was alone.

Additionally, Mr. Dugger reported that since there are Trustees participating remotely, should any votes be taken, they must be taken by roll call.

Committee members present were:

Dorothy Grisham
Austin Ramsey (non-voting student member)
Ron Ramsey
Scott Niswonger
Kelly Wolfe (participating remotely)

Mr. Dugger reported to Trustee Ramsey that a quorum was present. In addition to the Committee members, Trustees Janet Ayers (participating remotely), Virginia Foley, Linda Latimer, and Melissa Steagall-Jones also participated in the meeting.

III. Approval of the Finance and Administration Committee Minutes of February 19, 2021 and March 26, 2021

The minutes of the Finance and Administration Committee Minutes of February 19, 2021 and March 26, 2021, were approved as submitted, with Trustee Dorothy Grisham making the motion to approve, and Board Chairman Scott Niswonger seconding the motion. The motion passed unanimously after a roll call vote.

IV. **Approval of Spring Estimated and July Proposed Budgets**

Dr. B.J. King, Chief Financial Officer for Business and Finance, presented the Spring Estimated and July Proposed Budgets.

- **Main Campus:** The Main Campus budget is balanced and within available resources. It includes a projected enrollment decline of 100 students. The FY 22 budget writes down revenue by \$3.7 million, which is in line with actual revenues from FY20. Primary drivers in the revenue decline are state appropriations for the current year that the university did not receive and the financial impact on auxiliary units due to the COVID-19 pandemic. Areas of reductions on the expenditure side are primarily due to the permanent budget reductions taken in the October 2020 budget (academic units took a 4.3 percent budget reduction, while administrative units took at 5.3 percent reduction). Research is expected to increase. Student Services were impacted by October permanent reductions, and have been aligned back with FY20 actuals. Scholarships reductions are anticipated with the new out-of-state tuition reset, which was presented at the September 2020 Board of Trustees meeting. Debt service has increased due to the completion of the Martin Center for the Arts and the renovation of the D.P. Culp Student Center. Non-mandatory transfers are declining because of overall budget reductions. Auxiliaries are realigning expenditure budgets to anticipated revenue budgets. Main campus has a decline of 22 positions from the July budget, primarily due to positions being removed through the permanent budget reductions.

Per the Committee's request at a previous meeting, Dr. King also presented comparative information on the benefits-eligible employees across the state in higher education and universities. She noted that ETSU's July budget is in line with the average for public higher education in Tennessee. ETSU has a lower percentage of administrative positions and a higher percentage of professional support positions compared to the Tennessee average.

She presented a graph showing the allocation by function for the University's FY 21-22 expenditure budget. Historically, the largest function is in instruction, which is 41 percent of the main campus' expenditure budget.

- **Quillen College of Medicine:** Revenue for the College of Medicine budget is increasing by \$2 million, which is impacted by state appropriations in the Governor's budget for salary increases. Expenditures are increasing almost

\$900,000, with increases in research, academic support, and institutional support. Medicine's position count remains stable, with allocation for one additional faculty position. In their expenditure budget by Function, 66 percent is related to instruction.

- **Family Medicine:** The Family Medicine budget has an increase of state appropriations in the Governor's proposed budget for salaries. There is a corresponding increase in expenditures across all functions as those salary pools are implemented. Three faculty positions are being added in Family Medicine, and one position will be switched from maintenance/tech support to professional support. Similar to College of Medicine, 66 percent of expenditures by function are in instruction.
- **Bill Gatton College of Pharmacy:** The College of Pharmacy budget has a decline in revenue based on a decline in enrollment that they experienced last fiscal year. That decline in first-year students will flow through as the students progress through their studies. All expenditures categories other than research and debt service have taken a reduction with the revenue decline, and one new faculty member is being added to the college. By function, 69 percent of their expenditures are related to instruction.
- Dr. King opened the floor for questions. Trustee Ramsey noted that "almost all of the difference is in the salary increases." Dr. King agreed that salary increases is a "significant portion" of the difference.

Trustee Kelly Wolfe made a motion that the Committee recommend adoption of the following resolution by the Board of Trustees: The estimated Spring 2020-21 and proposed July 2021-22 budgets that incorporate the previously approved salary pool by the Committee are approved as presented in the meeting materials contingent on the approval of the Governor's budget and the THEC binding tuition limit. Trustee Dorothy Grisham seconded the motion. After a roll call vote, the motion passed unanimously.

V. Quarterly Financial Update

Dr. King provided the board with tables summarizing financial activities for the university through the second quarter of the fiscal year 2020-21. The comparison is current year to prior year for the same six-month period (through Feb. 28, 2021, the last full month she could prepare before documents were sent to Committee members prior to this meeting).

In this presentation, she noted that gifts and grants were up in FY21. This is due to a gift for the STRONG Brain Institute and receipts for the operation of University School. In the overview for unrestricted auxiliaries and restricted grants and contracts, she noted revenue categories were down with the exception of the restricted funds, which were up due to state grants for coronavirus and an increase in receipts on a drug study that is

being conducted by the university. Expenditures by natural and functional classification show that all natural classification expenses are down with the October budget revisions. Most functional classifications are also down. Auxiliaries have taken the hardest hit of any units on campus, but also stand to benefit the most from the flow of the Higher Education Emergency Relief Fund (HEERF) from the federal government.

Dr. King opened the floor for questions.

- Trustee Steagall-Jones asked if ETSU had spent all of the funding from the CARES Act and coronavirus grants. Dr. King answered that they have spent all the funds for HEERF I, which was CARES funding received last spring. ETSU has spent the student emergency grant portion of HEERF II. On March 19, the criteria was changed for the HEERF II funds, allowing recipients to go back and use it for lost revenue for summer 2020 and fall 2021. ETSU is working on those calculations and has prioritized auxiliary units. Dr. King is working with staff and with other public universities in Tennessee to ensure consistency in calculations since all utilize the same audit group.

President Noland followed up, noting all of the CARES funding that was provided at the close of 2020 has been distributed to students, based on criteria outlined by the federal government. The next round of CARES funding will transition to the institution in late spring/early summer 2021. This round also will have a mandatory distribution to students, which is based on financial need. The parameters for the utilization of this funding were very rigorous and very clearly defined by federal administration; in fact, they have been the most highly audited funds the university had used in decades. President Noland noted that the university would like to use some of the remaining funds to cover operating losses in auxiliaries, which includes housing, university side of food service, Center for Physical Activity, parking, vending, and athletics.

VI. Quarterly Reports of Agreements of \$250,000 or greater

As an information item, Dr. King provided the committee with a list of contracts and purchase orders that exceed \$250,000, covering the time period of January-March 2021.

VII. Other Business

No other business was brought before the Committee.

VIII. Adjournment

Trustee Kelly Wolfe and Board Chairman Scott Niswonger made a motion to adjourn the meeting, and Trustee Dorothy Grisham seconded the motion. The meeting was adjourned at 11:17 a.m.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: September 17, 2021

ITEM: Quarterly Financial Update

COMMITTEE: Finance and Administration Committee

PRESENTED BY: B.J. King
Chief Financial Officer

The tables below summarize financial activities for the university through the fourth quarter of fiscal year 2020-21. The comparison is current year to prior year for the same twelve-month period.

Table 1 – Unrestricted E&G Revenues and Expenditures by Unit

Unrestricted E&G Year-to-Year Comparisons Revenues and Expenditures by Appropriation Unit Year-to-Date 6-30-2020 & 6-30-2021			
	FY2019-20	FY2020-21	Change
REVENUES			
By Appropriation Unit			
Main Campus	\$245,260,293.74	\$237,843,560.58	-3.02%
Medicine/Family Med	76,307,941.48	78,958,163.39	3.47%
Pharmacy	11,537,351.62	10,597,218.80	-8.15%
TOTAL REVENUE	\$333,105,586.84	\$327,398,942.77	-1.71%
 EXPENDITURES			
By Appropriation Unit			
Main Campus	\$241,862,069.69	\$232,142,254.58	-4.02%
Medicine/Family Med	80,596,724.76	78,033,794.10	-3.18%
Pharmacy	11,294,706.77	9,855,671.38	-12.74%
TOTAL EXPENSE	\$333,753,501.22	\$320,031,720.06	-4.11%

Table 2 – Unrestricted E&G Revenues by Source and Expenditures by Class

Unrestricted E&G
Year-to-Year Comparisons
Revenues by Source and
Expenditures by Natural and Functional Classification
Year-to-Date 6-30-2020 & 6-30-2021

	FY2019-20	FY2020-21	Change
REVENUES			
By Revenue Source			
Tuition and Fees	\$177,539,425.11	\$172,171,834.51	-3.02%
State Appropriations	115,017,063.00	117,979,575.00	2.58%
Grants, Contracts, Gifts	4,351,723.93	5,359,143.46	23.15%
Other	36,197,374.80	31,888,389.80	-11.90%
TOTAL REVENUE	\$333,105,586.84	\$327,398,942.77	-1.71%
EXPENDITURES			
By Natural Classification			
Salaries & Benefits	\$236,040,616.19	\$229,100,526.16	-2.94%
Operating	39,597,443.66	39,018,315.07	-1.46%
Equipment	1,030,261.69	1,438,748.02	39.65%
Scholarships/Fellowships	34,739,854.27	33,976,126.64	-2.20%
Transfers to Other Funds	22,345,325.41	16,498,004.17	-26.17%
TOTAL EXPENSE	\$333,753,501.22	\$320,031,720.06	-4.11%
EXPENDITURES			
By Functional Classification			
Instruction	\$162,959,580.73	\$160,018,951.17	-1.80%
Research	4,856,461.52	5,572,250.92	14.74%
Public Services	2,966,871.03	2,614,948.12	-11.86%
Academic Support	34,862,912.79	32,917,815.36	-5.58%
Student Services	27,553,193.35	26,587,058.52	-3.51%
Institutional Support	21,968,273.30	22,032,493.47	0.29%
Physical Plant	21,495,028.82	19,814,071.69	-7.82%
Scholarships/Fellowships	34,745,854.27	33,976,126.64	-2.22%
Transfers to Other Funds	22,345,325.41	16,498,004.17	-26.17%
TOTAL EXPENSE	\$333,753,501.22	\$320,031,720.06	-4.11%

Table 3 – Operating Funds Revenues and Expenditures by Fund Type

Current Operating Funds (Unrestricted/Auxiliaries/Restricted)
Year-to-Year Comparisons
Revenues and Expenditures by Fund Type
Year-to-Date 6-30-2020 & 6-30-2021

	FY2019-20	FY2020-21	Change
REVENUES			
Unrestricted E&G	\$333,105,586.84	\$327,398,942.77	-1.71%
Auxiliaries	24,809,731.08	18,212,020.10	-26.59%
Restricted Funds	112,484,239.58	129,152,756.26	14.82%
TOTAL REVENUE	\$470,399,557.50	\$474,763,719.13	0.93%
EXPENDITURES			
Unrestricted E&G	\$333,753,501.22	\$320,031,720.06	-4.11%
Auxiliaries	24,726,869.76	18,449,834.84	-25.39%
Restricted Funds	115,681,567.22	115,509,526.50	-0.15%
TOTAL EXPENSE	\$474,161,938.20	\$453,991,081.40	-4.25%

Table 4 – Operating Funds Revenues by Source and Expenditures by Class

Current Operating Funds (Unrestricted/Auxiliaries/Restricted)
 Year-to-Year Comparisons
 Revenues by Source and
 Expenditures by Natural and Functional Classification
 Year-to-Date 6-30-2020 & 6-30-2021

	FY2019-20	FY2020-21	Change
REVENUES			
Tuition and Fees	\$178,268,867.55	\$172,880,801.00	-3.02%
State Appropriations	115,580,060.58	118,518,620.92	2.54%
Grants, Contracts, Gifts	114,642,225.59	132,529,779.39	15.60%
Other	37,098,672.70	32,622,497.72	-12.07%
Auxiliaries	24,809,731.08	18,212,020.10	-26.59%
TOTAL REVENUE	\$470,399,557.50	\$474,763,719.13	0.93%
EXPENDITURES			
By Natural Classification			
Salaries & Benefits	\$273,242,976.85	\$268,795,563.38	-1.63%
Operating	72,506,297.01	68,100,244.70	-6.08%
Equipment	9,151,450.44	2,161,449.08	-76.38%
Scholarships/Fellowships	87,137,432.67	85,662,115.79	-1.69%
Transfers to Other Funds	32,123,781.23	29,271,708.45	-8.88%
TOTAL EXPENSE	\$474,161,938.20	\$453,991,081.40	-4.25%
EXPENDITURES			
By Functional Classification			
Instruction	\$ 172,512,555.92	\$ 169,497,909.19	-1.75%
Research	13,904,969.27	15,332,342.35	10.27%
Public Services	33,474,848.86	35,601,184.33	6.35%
Academic Support	35,365,021.38	33,181,674.01	-6.17%
Student Services	28,135,792.52	27,032,312.63	-3.92%
Institutional Support	27,367,315.59	25,511,662.56	-6.78%
Physical Plant	29,619,322.67	20,133,678.78	-32.03%
Scholarships/Fellowships	86,557,164.13	85,086,123.73	-1.70%
Transfers to Other Funds	22,498,078.10	24,093,791.51	7.09%
Auxiliaries	15,101,166.63	13,271,917.90	-12.11%
Aux Transfers to Other Funds	9,625,703.13	5,177,916.94	-46.21%
TOTAL EXPENSE	\$474,161,938.20	\$453,920,513.93	-4.27%

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: September 17, 2021

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

COMMITTEE: Finance and Administration Committee

PRESENTED BY: B.J. King
Chief Financial Officer

Included in the meeting materials are a list of agreements, both expense and revenue, with amounts totaling \$250,000 or greater for the period of April 2021 – June 2021. This report does not include contracts or agreements associated with revenue, software/systems maintenance agreements, contracts with the federal government, and construction projects which are approved through the State Building Commission.

April – June 2021

Contracts / Purchase Orders over \$250,000

Contract/ PO Date	Start	End	Contractor	Description of Services/Products	Contract / PO Amount	\$ Annual Contract	Competitive	Fiscal Review Approval
06/22/21	06/24/21		Ford of Murreesboro	Public Safety and Facilities vehicles	\$256,296	N/A	Yes	N/A
06/03/21	06/15/21		Huron Consulting Services	Assessment of online educational environment and define strategic goals for online education	\$274,500	N/A	Yes	N/A

RFPs – Awarded, In-Process and Upcoming

None to report

This report does not include contracts or agreements associated with revenue, software/systems maintenance agreements, contracts with the federal government, and construction projects which are approved through the State Building Commission

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: September 17, 2021

ITEM: Business and Finance Fraud Training Update

COMMITTEE: Finance and Administration Committee

PRESENTED BY: Karen Glover
Associate Vice President/Comptroller

The Division of Business and Finance organizes annual fraud training for employees of the division. Fraud training for 2021 was in conducted in June. The focus of the training was identifying and avoiding fraudulent email scams. Employees were educated in ways to identify fraudulent emails and actions that should be avoided when they receive a fraudulent email. Training was provided through Zoom sessions allowing employees to view the presentation containing real life examples on their screen. The Zoom sessions were recorded and are required to be viewed by new employees at the start of work in the Business and Finance Division.



Business and Finance Fraud Staff Training Update

Karen Glover, AVP/Comptroller

Business and Finance Fraud Training Update

- Focus was on identifying fraudulent emails
- Actions that should be avoided
- Actions that should be taken
- Not a matter of “If” but a matter of “When”
- And “How Often”



Business and Finance Fraud Training Update

- Training covered fraudulent requests that may be received
- Email request to change deposit or payment information
- Email request for an emergency wire of funds
- Email request for gift cards



Business and Finance Fraud Training Update

- Employees were able to see examples of actual emails received
- Items to look for in email addresses to identify them as fraudulent
- Emails that originate from outside ETSU contain an external notification
- Wording often used in fraudulent emails



Business and Finance Fraud Training Update

- Employees were encouraged to Stop, Look, and Pause before
- Replying (and including sensitive information)
- Opening Attachments
- Clicking a link
- Making a change based on information received in an email



Business and Finance Fraud Training Update

- Employees were encouraged to immediately report any suspected fraudulent email
- Training helps keep the Division, Customers, and the University safe



EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: September 17, 2021

ITEM: Capital Projects and Facilities Update

COMMITTEE: Finance and Administration Committee

PRESENTED BY: Jeremy Ross
Chief Operating Officer

The presentation provides an update on Capital Planning and Design and Campus Operations. Capital Disclosures and budgeted figures will be discussed. Capital Maintenance priorities and submitted projects will be presented. Finally, new capital outlay instructions and submissions for 2021-22 are outlined.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: September 17, 2021

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. In addition to fundraising, Advancement staff work with the Foundation Board of Directors to manage the university's endowment. 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 2020-2021 include:

- Record giving total for 2020-2021: \$35,075,946
- Continued the forward momentum of the Campaign despite the COVID-19 pandemic
- Achieved Comprehensive Campaign Goal of \$120M by June 30, 2021
- Record High Endowment: \$116,113,598
- Other administrative units include:
 - Alumni Association – Whitney Goetz, Executive Director
 - Renewed engagement operations
 - Created a diverse program virtually and shifting to in person activities for fall
 - Martin Center for the Arts – Jennifer Clements, Executive Director
 - In process of hiring and training staff to open the facility



EAST TENNESSEE STATE
UNIVERSITY



ETSU Foundation Overview

ETSU BOT Finance Committee
September 17, 2021

University Advancement

- University Development
- National Alumni Association
- ETSU Foundation
- Martin Center



EAST TENNESSEE STATE
UNIVERSITY

Vision and Mission

Vision: The University Advancement Office will engage stakeholders in meaningful ways, fostering pride, advocacy, and private funding in support of ETSU's vision of becoming the best regional university in the nation.

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



Campaign for ETSU

- Five Year Comprehensive Campaign
- Goal: \$120M
- Conclusion: June 30, 2022



Strategic Goals

- Increase total net production (gifts and pledges) to \$25M per year – every year – by 2026.
- Increase alumni participation rate (alumni making a gift of any amount) from 3.5% to 10% by 2026.
- Engage donors/build enthusiasm for ETSU programs.
- Develop Regional Stewardship by enhancing the Martin Center Opportunities.



ETSU Foundation Financial Overview

Foundation Investment Committee

- Goldman Sachs – Investment Managers
- Market Value June 2021 - \$116,022,018
- Investment Committee meeting with Financial Managers quarterly
- Last meeting held on July 29, 2021



Investment Pool Asset Class Ranges

Asset Class	Minimum	Maximum
Investment Grade Fixed Income	10.00%	30.00%
Other Fixed Income	2.50%	15.00%
US Equity	25.00%	55.00%
Non-US Equity	10.00%	30.00%
Hedge Fund	0.00%	12.50%
Tactical Tilts	0.00%	10.00%



Source: Investment Policy Statement June 2019

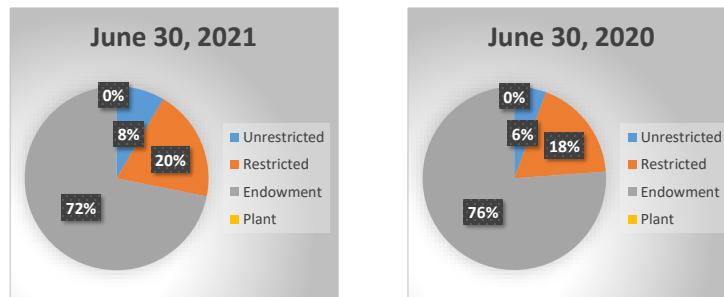
Portfolio Held by Goldman Sachs at June 2021

Asset Class	Value	Percent	QTD Perf	6 Mo Perf
Deposits and Money Market	\$ 233,429	1.2%	0.01%	0.02%
Investment Grade Fixed Income	21,945,218	18.9%	1.19%	-1.22%
Other Fixed Income	11,573,559	10.0%	2.61%	3.44%
US Equity	50,843,162	43.8%	8.15%	15.58%
Non-US Equity	25,151,587	21.7%	5.57%	10.63%
Hedge Funds	6,366,642	5.5%	3.31%	3.39%
Total Invested	\$116,113,598	100.0%	4.97%	7.82%
Benchmark Performance -				
MSCI All Country World ex US TR Index			5.64%	9.45%
S&P 500 TR Index			8.55%	15.25%
Barclays Capital US Inter Gov/Credit TR			0.98%	-0.90%

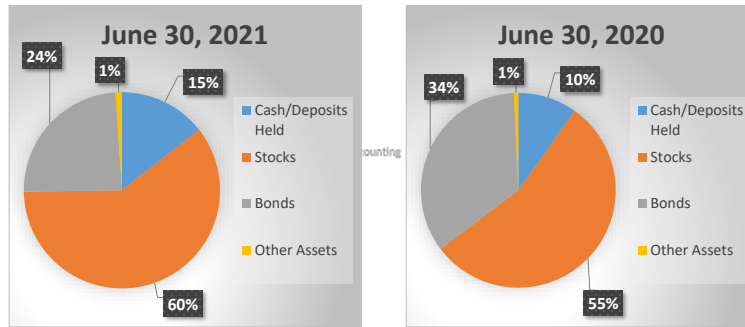
Source: Goldman Sachs 2nd Quarter Portfolio Review



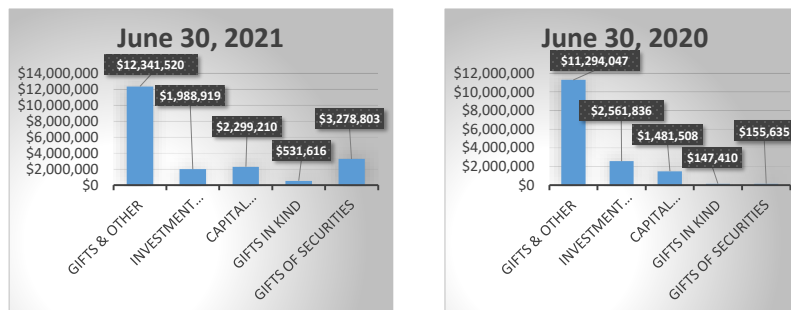
Total Assets by Fund Type



Asset by Classification



FY Income Comparison



Earnings Required for Distribution

- Foundation Board approved a 2/3/4 earnings distribution for FY20 and FY21
- Each Endowment operating fund receives a % of average fair value for 3 previous calendar years based on each fund reserve balance (available years for funds less than 3 years old)
- In first year, all earnings go to the fund reserve, no expenditures

Reserve Balance as % of Avg Fair Value	Spending Rate
6.0% and above	4%
3.0% - 5.99%	3%
0.0% - 2.99%	2%

Source: Investment Policy Statement June 2019



Earnings Required for Distribution

- Per policy, requires investment income and realized gains for distribution
- If the market does not allow for required investment income and realized gains to fund the distribution, each endowment reserve is used to the amount available.
- FY21 required distribution was \$3M to the Endowment and \$1M to the Unrestricted fund, total \$4M
- FY22 distribution will be \$3.3M to the Endowment and \$1.3M for the Unrestricted fund, total \$4.6M

Source: Investment Policy Statement June 2019/Foundation Accounting



FY21 Transfers to and Payments on Behalf of ETSU

- Transfers included –
 - \$103k for College of Pharmacy
 - \$190k for Strong Brain Institute
 - \$10k for Biology Labs
- Funds in excess of \$2.7M distributed for scholarship awards
- Funds in excess of \$3.7M spent for departmental needs

Source: Foundation Accounting



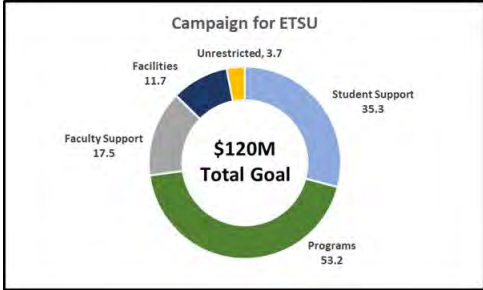
Foundation Comprehensive Campaign

- 2020-2021 Fiscal Year – \$35,075,946
- Campaign Goal – \$120M
- Pledged or received August 25, 2021
- \$121,271,982
- Timeline – 5 year campaign with 1 year remaining

Source: University Advancement



Progress toward Goal



	Goal	Progress
Student Support	21	35.3
Programs	35	53.2
Faculty Support	23.5	17.5
Facilities	40.5	11.7
Unrestricted	N/A	3.7
	120	121.4

Questions



EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE

MINUTES

September 17, 2021
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Finance and Administration Committee met on Friday, September 17, 2021, at 11 a.m. in the East Tennessee Room of the D.P. Culp Student Center.

I. Call to Order

In the absence of Finance and Administration Committee Chairman Steve DeCarlo, Vice-Chairman Ron Ramsey called the meeting to order at 11 a.m.

II. Roll Call

Board Secretary Dr. Adam Green led the roll call. Because Trustee Dorothy Grisham participated remotely, in accordance with Tennessee Code § 8-44-108 section (c) (3), Dr. Green asked Trustee Grisham for the record if she could clearly hear so that she could participate in the meeting, and if she would identify any persons present in the room with her from which she was participating in the meeting. She reported that she could hear and was alone.

Additionally, Dr. Green reported that since a Trustee is participating remotely, should any votes be taken, they must be taken by roll call.

Committee members present were:

Trustee Kara Gilliam (non-voting student member)

Trustee Linda Latimer

Trustee Ron Ramsey

Trustee Dorothy Grisham (participating remotely)

Absent: Committee Chairman Steve DeCarlo and Trustee Kelly Wolfe

Dr. Green reported to Trustee Ramsey that a quorum was present. In addition to the Committee members, Trustees Janet Ayers, Virginia Foley, and Melissa Steagall-Jones also participated in the meeting.

III. Approval of the Finance and Administration Committee Minutes of April 23, 2021.

The minutes of the Finance and Administration Committee of April 23, 2021 were approved as submitted, with Trustee Dorothy Grisham making the motion to approve,

and Trustee Linda Latimer seconding the motion. The motion passed unanimously after a roll call vote.

IV. Quarterly Financial Update

Dr. B.J. King, Chief Financial Officer for Business and Finance, reviewed tables summarizing financial activities for the university through the fourth quarter of fiscal year 2020-21. The comparison is current year to prior year for the same 12-month period. Dr. King noted that these are not final numbers, but they give a good reflection of 2020-21. She reviewed tables found in the agenda materials including:

- Unrestricted Educational and General (E&G) Revenues & Expenditures by Unit;
- Unrestricted Educational and General (E&G) Revenues & Expenditures by Class;
- Operating Funds Revenues and Expenditures by Fund Type; and
- Operating Funds Revenues by Source and Expenditure by Class.

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

As an information item, Dr. King provided the committee with a list of contracts and purchase orders that exceed \$250,000, covering the time period of April 2021-June 2021.

VI. Business and Finance Fraud Training

Ms. Karen Glover, Associate Vice President/Comptroller, presented an overview of annual fraud training, conducted in June 2021, for employees of the Business and Finance Division. Employees were educated in ways to identify fraudulent emails and actions that should be avoided when they receive a fraudulent email. The training was provided through Zoom sessions allowing the employees to view the presentation containing real life examples on their screen. She noted that an added benefit this year was the fact that the training sessions were recorded so that they can be viewed by new employees.

President Brian Noland thanked Ms. Glover and her staff for their work in this area.

VII. Capital Projects and Facilities Update

Mr. Jeremy Ross, Chief Operating Officer, presented an update on Capital Planning and Design and Campus Operations.

He began his presentation with a brief discussion of Capital Maintenance, totaling \$13.6 and Capital Disclosures, totaling \$76.6 million. He explained that the Capital Disclosures projects are those that we are not seeking state funding for at this time.

He also discussed Housing, totaling \$30 million. His presentation included conceptual plans and snapshots for housing renovations currently under way and those to take place. Renovations are planned for Lucille Clement, Stone Hall, Powell Hall, and Buc Ridge. Conceptual plans included plans to transform group bathrooms to updated “spa bathrooms” and adding multipurpose spaces, gathering areas, kitchens, and other collaborative spaces for students.

He also provided an update on three capital outlay requests, totaling \$139.3 million:

- **New Academic Building:** \$51.8 is requested to construct a new academic building. \$3.25 million has been approved for planning. Future funding for construction and completion will be sought when matching funds of \$3.3 million is in hand.
- **Brown Hall Renovation:** \$45.8 is requested to renovate ETSU’s largest and most-utilized academic building.
- **Integrated Health Services Building:** \$41.7 million is requested to construct a new building and renovate backfill spaces at Innovation Park. This building could be a gateway to Innovation Park and a centerpiece of community outreach and workforce development. The project was submitted to the state just six weeks ago when the state announced that they would take new building proposal submissions that focus on workforce development and outreach.

President Noland clarified that the Academic Building, the Integrated Health Services Building, and Brown Hall renovations projects have not yet been funded by the State of Tennessee. Mr. Ross noted that the planning for the Academic Building has been funded and the project has been approved by the State Building Commission. President Noland thanked the Board of Trustees for its leadership in assisting with the acquisition of planning funds for the Academic Building and stated that he is optimistic that the University will receive full funding for the Academic Building through the Governor’s 2022 budget process.

Mr. Ross concluded his presentation with a discussion of expectations versus reality in the time of COVID-19. He mentioned challenges, including labor shortages, supply chain delays, and other variables affecting projects and operations on campus. He followed this with stories of how ETSU employees and the ETSU community are remaining committed to the mission of the university despite the challenges they are currently facing. He commended them for prioritizing people and for continuing their good work in difficult times.

VIII. Foundation Update

Ms. Pam Ritter, Vice President for University Advancement, provided an update to the Committee on the status of the Foundation, including investment portfolio information and expenditures on behalf of the University.

Ms. Ritter provided an update on the four units of the University Advancement Office: University Development, National Alumni Association, ETSU Foundation, and the Martin Center. In her ETSU Foundation Financial Overview, she commended the work of investment manager Goldman Sachs over the past year and a half. She mentioned that the market continues to grow, and as of Aug. 31, 2021, the endowment was slightly over \$119 million, up from a \$84 million experienced in March 2020.

Ms. Ritter reviewed assets by fund type and classification and also compared FY incomes from 2020 and 2021. She mentioned that the incomes are higher this year than last year. She reviewed earnings required for distribution, stating that the Foundation Board approved a 2/3/4 earnings distribution again this year. She also covered the FY21 transfers to and payments on behalf of ETSU.

Finally, Ms. Ritter provided an update on the Foundation's five-year Comprehensive Campaign: The Campaign for ETSU. The Foundation's goal was \$25 million per year by 2026. In 2020-21 they raised \$35 million. She added that the Campaign for ETSU's total goal was \$120 million by June 30, 2022. By Sept. 15, 2021, the campaign had already exceeded the goal and raised \$122.3 million.

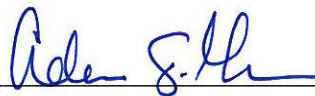
IX. Other Business

No other business was brought before the Committee.

X. Adjournment

Trustee Dorothy Grisham made a motion to adjourn the meeting. Trustee Linda Latimer seconded the motion.

Respectfully submitted,



Adam Green
Secretary of the Board of Trustees

Approved by the Board of Trustees at its November 19, 2021 meeting.