

**MINUTES OF THE
FINANCE AND PERSONNEL COMMITTEE**

The Finance and Personnel Committee met on Thursday, January 25, 2018 at the Tennessee Higher Education Commission, Nashville, Tennessee. Chairman Joey Jacobs called the meeting to order at 1:30 p.m. Board Secretary Heidi Zimmerman called the roll. A quorum was present with the following Committee members in attendance: Joey Jacobs, Steve Smith, J.B. Baker, Darrell Freeman (via phone), Pete Delay, and Tony Johnston. Trustee Lindsey Weaver was unable to attend the meeting. In accordance with TCA 8-44-108 (c) (3), Ms. Zimmerman asked for the minutes to reflect that Trustee Freeman stated that he was able to hear those present in the meeting, and there was no one present in the room with him. She asked for the minutes to additionally reflect that those present in the meeting affirmed they were able to hear Trustee Freeman. Also present were Trustee Pam Wright; Sidney A. McPhee, President; Alan Thomas, Vice President for Business and Finance; Mark Byrnes, University Provost; Bruce Petryshak, Vice President for Information Technology and Chief Information Officer; Joe Bales, Vice President for University Advancement; Debra Sells, Vice President for Student Affairs and Vice Provost for Enrollment and Academic Services; Andrew Oppmann, Vice President for Marketing and Communications.

Chairman Jacobs began the meeting with a request for Dr. McPhee to give an update on his activities at the state legislature. Dr. McPhee informed the Committee that MTSU's budget would be presented in February to both the Senate Education Committee and the House Finance, Ways and Means Committee. He reported that he had met with the chairs and vice chairs of both committees and had received positive feedback on issues related to MTSU. He stated he would be working with Vice President Thomas on responses to the questions presented by the Senate and the House committees in preparation for the budget hearings.

The first item on the agenda was approval of the minutes from the November 29, 2017 Finance and Personnel Committee meeting. Trustee Baker moved to approve the minutes and Board Chairman Smith seconded the Motion. Chairman Jacobs asked for any discussion or

corrections. Hearing none, a roll call vote was taken and the Motion to approve the minutes from the November 29, 2017 Finance and Personnel Committee meeting carried.

The second item on the agenda was a recommendation for approval of the new Athletics Master Plan. Chairman Jacobs asked Mr. Thomas to begin the discussion. Mr. Thomas explained to the Committee that submitting the plan for Board approval is the first step in the process. Upon Board approval, the plan will then be submitted to the Tennessee Higher Education Commission for inclusion as an amendment to the University's Campus Master Plan, and then later to the State Building Commission for approval. Mr. Thomas noted that the materials contained some of the same information presented at the last Academic Committee meeting and Board meeting. Board Chairman Smith moved to approve the recommendation and Trustee DeLay seconded the Motion. Chairman Jacobs asked Athletic Director, Chris Massaro, for his comments. Mr. Massaro explained that Murphy Center and Floyd Stadium are the main revenue producers for Athletics, and they have not received any real esthetic improvements in 25 years. He noted that now is the time to look at the study and move the plans for improvement forward. Trustee Baker asked for a timeline for the public announcement of the Athletics Master Plan. Dr. McPhee explained that the University is currently doing preliminary work to identify funding commitments for the project before it is presented to the public. A roll call vote was taken and the Motion to approve submission of the new Athletics Master Plan carried.

The third item on the agenda concerned a recommendation for approval of the implementation of the Compensation Strategy originally presented at the November 29, 2017 Committee meeting. Ms. Musselman discussed information regarding issues the University has been dealing with in terms of salary compression, staff turnover, and funding for employee raises. Ms. Musselman informed the Committee that the Faculty Senate had adopted a resolution recommending that cost-of-living adjustments and salary equity be resolved on an annual basis before a merit pay plan is considered or implemented. Ms. Musselman explained to the Committee that under the proposed plan, it would cost the University \$12.1 million to bring salaries up to the 2014-15 market. Last year the state only funded \$3 million for salary increases, but it cost the University \$4.5 million to implement a 3% across the board raise. She noted that the University is working with data that is already two years old. If implementation of the current compensation

plan began in July 2018 and was completed in July 2020, the University would still be six years behind the market in salaries. Trustee Johnston noted that because of high faculty turnover, the majority of faculty members are required to spend significant time participating in faculty searches throughout the year, which takes time away from their primary function of teaching. Chairman Jacobs asked what was required of the Committee today. Mr. Thomas responded that the recommendation was for approval to continue with implementation of the current compensation plan. Chairman Jacobs stated that he was in agreement with addressing the current salary gap issue and revisiting the merit discussion later on. He indicated that the Committee members had received a letter from the faculty senate requesting a postponement of the merit pay plan until the salary equity issues are resolved. Trustee Johnston moved to approve the recommendation and Trustee Delay seconded the Motion. Dr. McPhee asked to respond to the issue of cutting the budget by 2% and reinvesting those dollars into salaries. He noted that 69% of the budget is already allocated to salary and benefits. He hoped the Board would consider very carefully the impact that such a move could have on the University, and the possibility of an outcome opposite of what they hoped to achieve. Trustee Delay asked if the University hiring practices are as effective as they should be in relation to the amount of time faculty spend participating in searches. Trustee Johnston responded that in his opinion the process is very effective. He asserted that it would be counterproductive to eliminate any part of the process to save time. Chairman Jacobs asked if there was any more discussion. Ms. Zimmerman asked if the Motion could be restated. Trustee Johnston restated his prior motion by stating that faculty and administrative staff salaries be brought to market level before the implementation of a merit pay plan. Trustee Delay again seconded the Motion. A roll call vote was taken and the Motion carried.

The fourth item on the agenda was an informational item presented by Mr. Thomas concerning the University's Composite Financial Index (CFI). He explained that the index includes four commonly used financial ratios used to gauge the financial health of the University against the market and other universities. He noted that graphs for the University's CFI and each of the four ratios have been provided in the meeting materials for Committee review.

The final item on the agenda was an update from Chairman Jacobs on the findings for exploring the option of obtaining outside legal counsel. Chairman Jacobs thanked Ms. Zimmerman

for providing the Committee with an update on her conversation with the Attorney General's office. He then reported to the Committee that he had met with Attorney General Herbert Slatery and Deputy Attorney General Jay Ballard concerning the issue of obtaining outside legal advice for the Board members, and was informed by the Attorney General that his office could provide these services to the Board members at no cost to the University. Chairman Jacobs asked Ms. Zimmerman to provide Deputy Ballard's contact information to the Board members.

Chairman Jacobs asked for other items of discussion. Trustee Baker asked for an update on new enrollment. Vice President Sells responded that the overall numbers looked positive, however, a report of the final results would be available February 1st. Trustee Baker asked to have a report of the final numbers before the next Board meeting. Trustee Johnston challenged the Committee and staff to think of non-traditional ways to remedy the University's financial limitations with reduced appropriations. Dr. McPhee agreed and informed the Committee the University has hired a Director of Partnerships and Strategic Planning to work with Vice President Bales in developing partnerships with industry to generate outside sources of revenue for the University.

Chairman Jacobs asked for a Motion to adjourn. Board Chairman Smith moved to adjourn the meeting and Trustee Freeman seconded the motion.

The meeting adjourned at 2:20 p.m.

Respectfully submitted,
Finance and Personnel Committee