

MINUTES
Board of Trustees
Finance and Facilities Committee
February 9, 2024

MEMBERS PRESENT: Dus Rogers, Senator Arthur Orr, Mike McCoy, Jonathan Craft, Dr. Catherine Wehlburg, Kerry Warren, Victoria Mould, Emily Corzine, John Wilson, and Barbara Ferguson, reporting.

MEMBERS ABSENT: Mac McCutcheon and Julia Roth

Mr. Rogers called the meeting to order at 1:15 pm. After roll call, the committee reviewed and accepted the minutes from October 20, 2023. With no old business to address, the committee moved to new business.

The first item of new business was the presentation of the FY2023 audit by Stephanie Blair and Jeremy Blackburn of Mauldin & Jenkins, CPA and Advisors. Ms. Blair presented the required communications to the board committee. She discussed the new GASB requirement for recognizing subscription based information technology arrangements for software. These expenditures were previously recognized as technology expenses and must now be classified as intangible assets and liabilities. This resulted in a new, \$2.2M entry to the financial statements. Ms. Blair also discussed the financial statements, pointing out the total net position of \$44,288,237 and the change in net position of \$17,457,354. She and Mr. Blackburn informed the committee that they identified no audit adjustments or uncorrected misstatements which is a great credit to the business office staff. They have issued an unmodified opinion.

The second item of business was the financial summary for the quarter ended 12/31/2023. Mr. Craft shared with the committee that revenues for the first quarter were approximately \$18.5M and expenses were approximately \$10M. He pointed out that revenues are up primarily due to increased tuition and free rates and an increase in the state appropriation. On the expense side, he highlighted the largest increase in institutional support and discussed that is primarily due to marketing expenditures and a significant increase in insurance costs. For comparison, Mr. McCoy briefly covered the financial summary at 12/31 for the previous 4 years. He also covered the reserve fund summary at 12/31 for the previous 5 years. The months in reserve has been consistently around 7 months at 12/31. He informed the committee that the reserves are at a high point at this point in the year and will trend down to around 5 months as the fiscal year progresses.

The next item of business was the Budget Amendment #1 that will be presented to the Board later today for approval. This amendment covers the period of Oct. 1, 2023 – Jan. 31, 2024. Mr. McCoy indicated that an effort is being made to amend the budget on an ongoing basis to be able to make timely adjustments to operations. The amendment will be adding \$216,764 in revenue. The amendment also recognizes \$508,334 in salary savings from open positions as well as an increase in salary expense of \$338,761 from filling 4 unbudgeted positions. The net increase in funds available is \$338,761.

Next, the committee reviewed the bid information for the Brown Hall renovation project. Architects from Goodwyn, Mills and Cawood, Robert Littleton and Jay Purkey, were in attendance. The bid opening was held Jan. 18. The University had announced a budget of \$5.2M for the full project. The only bid came in at \$5.550M. Since there was only one bidder, the Alabama public works law allows for negotiation. In discussions with the contractor, they are expecting to value engineer the project down to \$5.11M. The agenda item for today's board meeting is for \$5.2M. After discussion by the

committee and the architects, Senator Orr made a motion to amend the agenda item to \$5.1M or less. This motion was 2nd by Mr. Rogers and approved by the committee.

The committee also reviewed the bid information for the construction of the replica of the Nazaretian house. Justin White from Lathan Associates Architects was in attendance. The bid opening was held Jan. 25. The University had announced a budget of \$1.0M for the project. The only bid came in at \$1,657,246 which is 65.7% over budget. Under Alabama public works law allows negotiation with the contractor if the bid is less than 10% over budget. In this case, with the bid being 65.7% over budget, the University reached out to two other contractors to obtain informal bids. This is in accordance with the public works law. In discussions with the identified contractor, they are expecting to value engineer the project down to \$1.23M. The agenda item for today's board meeting is for \$1,250,000. Senator Orr made a motion to amend the agenda to \$1,150,000 or less. This motion was 2nd by Mr. Rogers and approved by the committee.

Mr. Warren provided updates on the following capital projects:

- New roofs at Chasteen Hall and the Center for Lifelong Learning – PSCA funded, both projects are complete
- New elevator in Founders Hall – PSCA funded, the elevator should be in at the beginning of March
- New chillers at Kares Library and Sandridge Student Center – PSCA funded, work is expected to begin in March
- New windows in Powers Hall – University funded, project is complete

Senator Orr indicated he is expecting \$7-\$8M in A&T and Supplemental appropriations in addition to the regular operations appropriation.

Jeff Powers, Chief Human Resources Officer, provided an update on the current open positions. He also discussed the University's turnover rate for the past year which was 10.3%. This is compared to a national average of 14.3%.

With no further business, the meeting was adjourned at 2:06 p.m.