

MINUTES
Board of Trustees
Finance and Facilities Committee
May 20, 2022, 1:15 pm

MEMBERS PRESENT: Mike McCoy, Macke Mauldin, Senator Arthur Orr, Dr. Wanda Humphrey, Dr. Sandra Sims-deGraffenried, Kayla Kohanek-Tankersley, Russell Johnson, Dr. Philip Way, Kerry Warren, and Barbara Ferguson, reporting.

MEMBERS ABSENT: Debbie McGee

Mr. Mauldin called the meeting to order at 1:15 pm. After roll call, the committee reviewed and accepted the minutes from January 21, 2022. With no old business to address, the committee moved to new business.

The first item of new business was the presentation of the FY2021 audit by Mauldin & Jenkins CPAs. Mr. Mark Abernathy presented the required communication report to the committee and the full audit will be presented at the Board meeting later today. He informed the committee that there were no unusual findings, no audit adjustments, and no misstatements. The firm issued an unmodified opinion. He expressed congratulations to the University's accounting staff and the firm's thanks for the help to efficiently complete the process.

The next item of new business was the 2022-2023 tuition and fee schedule which will be presented to the Board at today's meeting. The schedule to be presented represents a 7% increase to both graduate and undergraduate courses. This is in keeping with the Board's practice of tying tuition increases to the increase in the Consumer Price Index (CPI) as of the previous December. Mr. McCoy shared with the committee the Alabama Commission on Higher Education (ACHE) Tuition and Required Fees comparison sheet for Alabama public universities. Comparing the 7% increase for Athens State with the current year rates for all other universities shows that for undergraduate programs Athens State will still be the lowest amount and for graduate programs Athens State will be the third lowest. Mr. McCoy indicated that the University's Budget Advisory Committee recommendation was to increase undergraduate tuition at 7% and graduate tuition at 3.5%. The committee also discussed that PELL grant funding will increase next year and this would help offset tuition increases for students. The committee reluctantly recommended moving forward with the 7% tuition increase for both graduate and undergraduate courses to present to the full Board for approval at today's meeting.

The committee had a brief discussion on the proposed FY2023 budget that will be presented in July. Mr. McCoy was asked about COLAs for employees and there was discussion about using a tiered approach for COLAs. There was also discussion on the growth of the new academic programs and associated personnel cost resulting in fewer open positions to generate salary savings. Mr. Mauldin also asked Dr. Way if he was comfortable with the additional credit hours being produced from recruiting agreements such as with Archer Education. Dr. Way indicated that he feels these agreements are performing as he would have expected at this point.

Next on the agenda was discussion of the new maintenance facility construction with PSCA funds. This item will be presented for Board approval at today's meeting. In November 2020, the University was notified of being allocated \$4,567,295 in PSCA funds for capital improvements. The University is planning to utilize a portion of those funds for construction of a new maintenance facility. A bid opening was held May 19, 2022 and the low bid from Building Construction Associates was \$3,178,690. Mr. Warren informed the committee that the current maintenance facility was built in the 1980s and is in need of approximately \$1,000,000 in repairs. There is also no more room for storage in

the current facility. In order to meet current needs, it would be necessary to build an addition to the existing structure. The University plans to ask for an allocation of the \$4.57M to cover the construction of a new facility and the associated architect fees. The committee approved this recommendation moving forward to the full Board later today.

Next, Mr. McCoy presented the financial summary for the quarter ended 3/31/2022. The report shows excess revenues over expenses of \$4,240,738. This is up \$196,576 over the same timeframe last year. Mr. McCoy and Mr. Mauldin discussed that the report shows a transfer in of \$502,324 of HEERF (Covid) funds for lost revenue associated with the pandemic. Projections for the year ending on 09/30/2022 show a deficit of approximately \$875,000, without considering the budgeted transfer in from reserves. Mr. Mauldin noted that, with the current economic situation, now is not the time to be withdrawing from reserves in order to balance the budget.

Lastly, Mr. McCoy discussed that today the Board will be asked to approve certain institutions for the University for cash management and investments. Specifically, the University is planning to add Pinnacle Financial Partners as an approved institution. Mr. Chris Kern with Pinnacle presented a short introduction to his firm and discussed their ability to provide increased monthly returns for the University.

The meeting was adjourned at 2:25 p.m.