turn it over to our community businesss of the day and we will begin with building and grants. Regent alters? Thank you, Madam chair, I believe we have before us, a place today for the appropriate review, which includes periodicals on the agenda and I will start with the agricultural complex which we talked about some at our last meeting. This is not related to the restaurant of the Bern facility, but the entire complex, we know that the administration amidst dealing with this Covid situation, have been at work also on trying to develop these and so I'm going to turn it over to Scott. Presumably, I will actually leave it to Danny or Scott or whoever you want to choose, Beth, I talked with Danny about this as well turn it to you.

Okay, I'm sorry I got out of order. Dr. Gordon?

Your friend, Bridget. Thank you, David and thank you, Bridget. And I will be giving a little bit of information on the appropriation's request and Danny will be able to fill in some of the holes as we move forward but I do want to say that as a result of Covid-19 and the state budget issues, we don't necessarily expect to get any tuition revenue bonds this year. Also, in talking with the public university presidents and chancellors, the sentiment is that this is not going to be a good climate, this legislative session for the TRVs but nonetheless, institutions are being encouraged and I believe will be submitting TRVs into the queue. So what we have done as an institution as we have really looked at the variety of needs across the campus and analyzed all of our spaced efficiencies and deferred maintenance across campus and examined also what is it that our health funds could address and what do we need TRVs four. We also did that over the umbrella of our short and long-term vision and how any requests would fit into that division, keeping in mind the increasing regional partnerships with business industry, entrepreneurs, keeping in mind, regional and state workforce preparedness, preparing for what will eventually be a fully constructed I-69 corridor which will have impact on this region, especially around technology and manufacturing. Our focus and our strength as a university and applied research facility and the fact that we are seeing a growth in demand and interest in inter-and multidisciplinary programs, and also how come moving into the future, can we expand our program offers? So what we have come up with our three different yet interrelated requests, totaling $100 million. The three are the interdisciplinary and applied science center, I will talk about each of these three and a little bit more detail about the interdisciplinary and applied science center, the agricultural technology complex and a special item request, which is the center for applied research and rural innovation. So let me start with the interdisciplinary and applied sciences Center, this is a $53 million request and it is for a facility that we plan to locate on the north side of the college of Forest Street. And I believe in our practice, we have a little map that shows where that will be located. Looking at about 143,000 square foot facility. About 100,000 of that will be assignable. Three floors, it would incorporate biology, geology, the greenhouse and it would also, because it would be connected to the Forster facility, it would build on the synergies that we currently have between biology, geology, forestry, environmental science, wildlife, including what we were talking about earlier, which is that a multidisciplinary teaching multidisciplinary service and multidisciplinary research. Mostly focusing in on that applied research. These are our areas that we think we can build on our current strengths. What we would anticipate is the raising of the Miller science building once that facility is complete, which would leave a nice green space here on campus. So what this facility will do is a couple of things, one, expand our capabilities, improve our science, applied sciences facilities and really reduce a significant deferred maintenance issue on the campus, the Miller science building, I know there's going to be a lot of people who will be very, very sad to see the building to because it's such a beautiful site on campus. Joking. But that right now has about $50 million in deferred payments and if you start looking at contingencies and soft costs, it could be about $60 million, $62 million to really go in and renew that facility. So we think that this new interdisciplinary applied science center has a location and that is in the best interest of the institution. The second part of the request is for another facility and this is not necessarily one facility but this will be a complex that we are calling the agriculture and technology complex, which will be located at the Todd agricultural research Center which is, as you know, just off Highway 259. This is a $45 million request and there will be four components to this request. The first would be an active mechanic/key applied facility. Have you have seen in various doors of campus, our ag-mechanics facility is subpar and this would house ag-mechanics and agricultural to. She would allow us to complete programs that are currently -- We find at some community colleges. So we could build off some of those community college programs to develop degree completion or my glory to programs in industrial technology, advanced manufacturing, industrial supervision, all of which are programs that we anticipate as I-69 comes to this region, they will grow in importance. This program or this facility would also serve our engineering programs and it would house the center for applied research and rural innovation that I will talk about here shortly. So this is an exciting facility that will really bring us into the modern time as far as ag mechanics and applied engineering. The second facility of the complex will be a multiuse classroom facility,
We are kicking off the book, $75 million in deferred maintenance. And I have talked about building on not the thin background information and additional pictures for you to kind of view what we are talking about. One of that highlights Stephen F Austin. With those poultry houses where they were. We feels this gives us a good placement to not only strengthen the maintain space between poultry houses. There is a neighboring bit of land that is close so we had to keep of the picture, we talked about relocating those to the right and upper problem with that is we have to. That foundation that we have and to strengthen the poultry industry. So if you look at the request, it's a $45 million request for this ag complex. But it also really help us through the deferred maintenance. If you look at the areas that this complex would allow for us to vacate, we are looking at over $12 million in deferred maintenance that will go off the books because with this, we would have the military science, ag mechanics, biology greenhouse is, the ag building, four green houses, all of those, we would be able to incorporate into this facility and allow for, again, expansion and and better facilities. So those are the two, two TRVs. The special funding we request really ties into those two TRVs. That's for Center for applied research and rural innovation. Essentially, this is a facility that would be within the ag-mechanics, applied engineering complex and what we would do is be able to utilize some of that state-of-the-art equipment within the ag complex to facilitate the collaboration with business, industry, community partners, allow for expanding undergraduate and graduate research, be a place for entrepreneurs and help to develop prototypes and really, for a lot of our project-based research that we will be doing. So I kind of see this as an area that would result in intellectual collisions between the University and the region. Very highly interactive, highly collaborative area and I think it could be an area that will promote an innovative culture in our region and build on the strengths, especially of our rural areas, where there is a lot of innovation that's occurring. This is a $2 million request. So all in all, the requests that we will be put again and again, because of the situation that we are in as a nation, this will probably go in to serve as being in the queue a placeholder. But some of the interdisciplinary science center, $53 million, agricultural technology complex, $45 million. And the center for applied research, rural innovation as a $2 million request for a total of $100 million. And so with the blessing of the board, the next steps would be to begin socializing this with our local legislators, getting feedback, taking the document that you see on diligent and refining it and we get comfortable with it on a local level, local legislators and Charlotte will not be sharing it with others across the state. So with that, I will take any questions or comments. And Danny, I will turn it to you very quickly as well, if I forgot anything.

Thank you, Gordon. Thank you, Dr. Gordon. Dr. Gordon provided a very competence of background to the essence of the project we are looking at. The only thing I would add would be to turn your attention to page 77 which shows the actual placement of some of the facilities on the particular site, give you a second to get there, is anyone able to get to that page? 77 shows a layout of the beehive informed facility, if you look at the left most portion of the page, you see you STB 59, where the rectangle is called the blue rectangle, that's 259 is where the current culture research center pages. It's about 30 years old as Dr. Gordon alluded to, needs a lot of work, a lot of deferred maintenance, we proposed to take that down, be located to the right, in the circle which shows the new cultural research center and then, construct the complex that he does describe to you, right there, next to 259. That's great, 259 access to the facility. The current poultry houses at the bottom of the picture, we talked about relocating those to the right and upper problem with that is we have to maintain space between poultry houses. There is a neighboring bit of land that is to close so we had to keep those poultry houses where they were. We feels this gives us a good placement to not only strengthen the program, consolidate activities as Dr. Gordon described, but also place a really good facility right on B-59 that highlights Stephen F Austin. With that, chairman, I turn it to you.

One lesson, going on that page, all the way through page 89, no, goes further Well, into the low 90s is background information and additional pictures for you to kind of view what we are talking about. One of the things that gets so special about this request is was for facilities, it's a $90 million request for facilities. We are kicking off the book, $75 million in deferred maintenance. And I have talked about building on not
just the programs we currently have but also, looking to the future and at the programs that are starting to
grow in importance. And that is my report. Chair?
I like to announce something if I may, Adam chair? Look up AJ, shows a Katie IHT complex, as is it was
fun and 39 Emily Thode bond Prada, that the bond was defeated. So we came back the next year selling at
a $40 million bond and that is what funded it. It's the only bond I ever lost, bringing back bad memories. We
did bounce back.
If you can go through life with only one loss, that's a win.
Life is good, life is good. [Laughter]
The other item I brought up with Danny, I guess that explains why there's a total cost of $34 million instead of -- That's a big gap between the $99 million and $34 million. That helps a lot. On the research center, I
noticed on page 90, a $5 million that I talked to Danny yesterday and as you mentioned, Dr. Gordon, the
demands of the state legislature this next term, again, I think it's absolutely incumbent on us to submit an OA
are and to have it well-developed and well conceived. As relation to the poultry research center, particularly,
I do think we have some real untapped potential with the three major national poultry companies. I'm going
to take a leap year, whenever Carol wants me to take it in terms of initiating meetings with those companies
and try to see how much the $5 million, if not all we can possibly raise from private sources, asking them
what we can do to actually develop some applied research for their use. But it seems to me that as it is on
private businesses now, it may be even tougher on government. But the government is now on a budget as
you said but I would like to consider that, I would like for us to work through that and even before the LAR
comes.
Absolutely, absolutely. And just to build upon that, David, we just last week, I have been discussing with
Debtco and Medco, a local organizations, but applying for an EDA funding for the applied engineering
center, ag-mechanics. I know that the city level Nedco has had an initial discussion with the EDA
representatives from our region and they were very excited about the possibility. So I think between -- Even
though this will be a very difficult era for the state legislature, if we can find some public-private
partnerships for the poultry research, public and private ownerships for the ag mechanics, ag and
engineering, applied engineering facility, I think it will be that much further ahead. And in the next session,
hopefully when things are a little bit more fruitful.
I would like to remind everyone that this presentation began, Dr. Gordon, how long, six months ago when
we met with our legislators and we had a great learning process with that and steps we needed to take,
Senator Nichols was very kind to me, with us and kind of coached us through what we needed it to be
looking for and everything so I think this is very well put together and thought out, as with his
recommendations as to what we should be looking for on our campus and I think you have done a great job,
thank you for that presentation.
Thank you and also again, yes, thank you to Senator Nichols for meeting with us and discussing with us
because his input was invaluable.
Absolutely. Okay, any further questions on legislative request?
I had one, I might have missed the figure, Dr. Gordon, what was the deferred maintenance amount we
would save from Miller science?
Unmute. Okay, Miller science, if you are looking at -- And the estimate is about 47 million but with
contingencies and some of the soft costs in there, we're looking at about $63 million.
Do we have any of what you would consider -- That would be just savings?
So that would be the cost if we needed to go in and adjust essentially redo Miller to the standard that would
be adequate for what we are wanting to do.
Okay, I like that a lot. Thank you.
I think it's important to note again that we can either invest in a new modern, complete complex working
keep peace mailing and some maintenance items at almost the same cost.
Okay. Now, recent Alton, I'm back on order again -- Regent Alton, if you would call to order your building a
-- Committee.
You bet and just to again review this format, we would have, later in the day, our typical, final working,
correct? So this is still just the many times we would be offering any motions or, is that correct?
Is correct, yes.
Thank you so moving on to Brown's committee would probably begins on page 99, we have first, as we
normally do, from Danny, an update on the construction of it, it's going on on campus. So Danny, if you are
prepared to get that the bill reviewed and I will give it to you.
Yes. Thank you, Mr. Chairman. Yes, so the first project, turn to page 103, the stem of facility, as you see
there, we are completing all of what I would call the Queen of activity related to the stem facility. It allowed
us to increase the budget, but 800, 850,000 back in October of 18, '18, we have been able to do a lot of things
on the exterior of the building. So we continued work on putting some items in place that we have had so far, that project is moving forward. I hope it to come to you hopefully in July to be able to hopefully close out this project. So looking at project number two, as you see, that project has continued and it will continue to the extent that we have funding. Project three has been paused, I thing as everybody knows, project number four is a campus space realignment renovation. Again, to just remind members that you initially approved this, this project at $4 million. We took $1.5 million and funded the culinary Cafe and the remainder of this, we have targeted to address our one-stop in the library and that discussion and design is going on as well. Beach volleyball courts are completed. The McGibbon education building, first four lobby renovations, that project was scheduled to begin in May. We will continue that. One building, restroom renovation as you see as a project is pretty close to closing out. We expect to close that before long. Fine arts expansion, we are currently in design and development with that project and the fiscal plan has already moved, the Dean's office out of the fine arts building. Alan Griffin moved them over to familiar science to provide that wing space there. In the process of moving the box office to Kennedy, so we have got some room up there and we certainly are going to continue that project and the logistics that require us to do that for you might recall that you allowed us to move $30 million from the welcome center project to the fine arts expansion. Basketball practice facility, the project is moving along to the extent that we have the ability to work outside, there has been moderate rain so had some challenges in that regard with that project as it certainly continues. We have project and we hope to have a substantial completion by May, 2021 but the rain has really challenged us in our time up. With regard to the student wrestling and dining facilities, those projects are on our -- Certainly under design and discussion at this point and moving forward with conversations for design considerations related to those facilities. Project live in the welcome center, as we mentioned, that project, those components would transfer to the finals complex and we will be adjusting the project coming up. Parking lot construction, also been challenged thereby rain, that project is not complete, operational, only star. And Zell, we expect to be completed by June, 2020. However, the challenge is always the amount of rent. Hback, that project is close to completion, project courting, powerplant upgrade, we are renting a pod for the engineer for the process, culinary Cafe, that project is contractors getting bids which they can start construction over here this morning, in May of '20. Library renovation, that's an association with some other things that we want to do in the other buildings, the Eidson facility that Governor Rosburg has discussed with you. So we hope to get moving on this association, many changes we can make with the heat money that was left over from the relocation of different offices on campus. Approximately $3 million. So what we will do, once we get that finalized, we will come back to you with that final plan and project recommendations for it. Again, the dining hall, I have discussed it a little bit. Big Pharma facility construction, that project is going. We expect to have that completed by the fall of 2020. Relocation of Einstein brothers and the state library, again, that is funding by AIRMARK, with respect to documents this June and they will take place with a fall of '20 completion date. Commissioner, that is our instruction to you and we submitted to your, not action improvable, but endorsement.

Thank you, Danny. I have a couple questions, I will ask first, if any other board member some question for Danny, please -- Anybody? Yes, Bridget? I was wondering, is all the woodwork inside the Coliseum, is that the tunnel coverage and all that? Has it been removed yet?

Bridget, I'm going to have to turn to some of my team in the waiting room. Ron, any perspective, can you join us there?

Ron is connecting.

Ron, could you hear the question? I think you are muted.

I did. I lost connection.

We can hear you now.

I did. Yes I did.

I think you are muted.

I did hear the question.

Ron, could you the question?

Yes. Sigh.

I thing we need is a code of silence.

Okay, the work on the inside of the tunnel is not complete and they won't completed until he gets to the point of connecting the building. It will all be tied in once they connect.

Okay, I just thought that that would work, all that interior woodwork covering that tunnel, I thought that was supposed be removed actually in January. So that has been slowed, to not get that out of there?
Well I mean the tunnel is framed out in order to be finished, so they certainly finished the tunnel work. But in terms of finishing it out for public use, it won't occur until we get to the point of connecting the two buildings.

Right, I understand that. I think there's a misunderstanding on the question. You know all that wooden framework that block's the Plaza up at the top and all that site? That wouldn't work that's inside of the Coliseum? I was just wondering if that had been removed yet?

No, ma'am. Again, it won't be. Okay. Okay, sorry.

Any other questions? Danny, Danny I have a couple. One is, as I look at these that are funded by air Mark, I know there are a few, the airlines and hospitality industries of which AIR MARK is a member of that, on the latter part of that but I can give if you issues that are impacted by what is going on right now around us, in the case of Air Mark, was not going on. Have we analyzed any of this third-party ability to fund the call to improvements? RBC, there are major new services for the fire with all the sports venues in the country not open, a lot of them. We need to ask them how they are doing -- I'm going to have to turn to my colleague, Steve Westborough on that one, David. He has worked with Air Mark in relation to these projects.

Yes, David. I have visited with their regional leadership over the past couple of weeks as we have determined how to move forward, dining hall renovation and student center is underway and we will plan to continue with that, they don't have any concern with that. We are going to wait and sort of see with the Einstein brothers project, just sort of what begins to come out of the fog over the summer. At least as far as the sort of return of the number of board plans and meal plans we may have. So if they ask if we would be willing to sort of tap outbreaks on the Eidson project, we are wanting to get a look ahead as well on a lot of things but they were very confident with the dining hall project, we were too. And that's underway now so that is the status on those two.

Thanks, thinking through all of the contingency factors, you know, as you mentioned coming out in the fall, this summer, yeah, I don't know. It's not my job and I guess it is Danny's job, for us to think through, you know, the what if's. So if we suffered a significant loss of enrollment in particular, I assume Paul may also come with was a project Bree? We were talking about the dining facility in New York.

Yes, David I think we certainly will have to look at that and we are looking at that as something that we have looked at very carefully. And as you say, it really depends on our student response. Right now, talking about it, assessing it, waiting to see what sort of information we get back for summer enrollment, which could leave us some indicators for fall enrollment as well for applications in that.

Then generally, I guess, overall, it looks like for all these projects are pretty much hard to hit and Paul is betting on most of these. But I guess I would encourage you to the degree that there are some that we wouldn't do if we suffered a particular given negative enrollment or revenue scenario, I think we need to at least evaluate where we are and where we can preserve resources. I guess all of us are in the process of doing that in our businesses, families, etc.

Absolutely. I mentioned too this current context. One, the finance expansion. That the debt service is funded with earphones and so those funds are allocated to us and committed. So in terms of relying on enrollment to fund the project, we are not necessarily relying on enrollment in that regard. We certainly want to be in good spirits of what we deliver it and I think that enrollment, as it has indicated good things, we will continue that project. And as you allow us to do, what has been reallocated, we are trying to strengthen I want stock delivery service in the library. That's also part of the funds so we will continue to be emitted to support student services in those departments. Dependent on our almond, not necessarily.

Thank you, Danny. I think this probably all my questions. Are there any other questions before we move on to policy revisions? All right, I think there are three policies for the standard review calendar. There are some relatively -- Danny and I went through these earlier this week and there are some moderate changes in these three policies but they begin, actually on page 122, I believe. No, I'm sorry, 123. Firearms, explosives, ammunition. Then, the second policy, circuits of the emergency vehicle. Thirdly, vehicle repair and maintenance. Sir Damon, do you have anything to add regarding these policies?

I will share my view that these are non-substantive changes, there is just some clarification. In training, we tried to tweak that information. The first policy mentioned on page 124, just some relatively minor changes in that regard. So nothing substantive at this point we can turn to the cancel if he has any pushback.

No, I agree with Danny. Is nothing of concern at this point.

So if there are not any other questions or input from any members of the board, Madame chair, we will move later today for approval of agenda item, 13. And I think that is the conclusion of the building and grounds committee meeting.
Okay, thank you very much, David. At this time, we're going to take a quick 8 to 10 minute break. Let anybody can stretch their legs and then we will come back to start with the finance and audit committee. So about a 8 to 10 minute break.

Okay, thank you very much, David. At this time, we're going to take a quick 8 to 10 minute break. Let anybody can stretch their legs and then we will come back to start with the finance and audit committee. So about a 8 to 10 minute break.

[ Event is in a 10-minute recess. The session will reconvene at 08:55 MST. Captioner on stand-by ]

Do we have everyone back with us?

I'm back, I won't allow my video yet because the host is -- Okay, there we go. Thanks.

The keep popping up but change, every time somebody new comes on. Alton, are you with us?

Okay, I think everybody is back with us now. We will begin now with the finance and audit committee.

Regent Mason, could you take over from here, please?

Yes, I will. Thank you, Madam chair. The finance and audit committee is comprised of our chair Coleman, vision also not with us today and the chair is a bit how and myself and we have a number of factors to consider today. The first item will be agenda item 14 let me just remind you that the board rules and regulations state that the chief audit executive shall assist the board in carrying out its oversight responsibility is as it relates to the University, financial and other practices, internal control and compliance with laws, regulations -- And so Gina Oglesby is our chief executive to the board and Gina, if you are with us, I will turn the floor over to you to take us to the first agenda item.

Thank you, regent Mason. I am glad to be here today, even by zoom to get to report on the quarterly activities of the audit department. If you will look down the left side of diligent, I would just follow the list of audit reports as they are shown there. We did complete several of the department audits this quarter, which we had the plan to finish what we started in 2011, going all the way across the University to each department. So with that, we ought to did secondary aid and educational leadership. That department has been reorganized at the start of fall of 2019. So in the interim, Dr. Judy Abbott was not only serving as a College of education Dean but also, as interim chair of that department through the reorganization. They have budgeted expenditures of $2.4 million and a $50,000 department inventory and the generated, if you look, almost 10,500 credit hours for the University. Our audit objective and scope of procedures were the same on all of our audits for this fiscal year. So I won't go over those in details but we did find, under our summary of the findings and alterations, that they did have controls in place to generally conform with the requirements in the areas we tested, we did not a couple of opportunities for improvement, related to document and policies and procedures, trainings that needed to be taken, travel that needed to be strengthened, receipts, procedures and league report. All those are findings where we had another audit. So no surprises. Dr. Abbott did report that they will implement all of these by April 30th and so we expect to see those implementations in the next couple of weeks that they have been working on. So that is the secondary, the educational leadership. So I will move to the next report, it's the University Police Department. And luckily, we have done a lot of the work on these audits before the Covid-19 restriction hit and we were able to do the rest of it remotely with the departments and by zoom meetings, to be able to finish up. So we do appreciate some of these department's like EPD, who have been very busy with the Covid response at this time, still finishing up the audit with us. So as you know, chief Mills has been the executive director and chief of police, a little over a year, he came in January 2019. He has a larger budget, $3.8 million and a large property inventory, 1.1 million there, with a faculty -- Sorry, a staff of 44 and some student workers. We had the same objective and school procedures, accept for we had an additional objective the follow-up on some management action plans that we had related to you PD. Particularly, as some will recall, the Myers and Stanford audit we did, team information, technology management and UPD security.

We had an internal project that we had also worked on with UPD. So we work all that together for this one audit. Under our summary of findings and observations, we did find that they also generally conformed in the areas we tested we did notice some opportunities for improvement and documented policies and procedures, training, travel, receipts, recruitment cards, property and budgeted accounts. All of these cheap build, he is working with his staff and even in the current environment, expects to have all of those in committed by May 31st. And going back to page two, with regards to those reviews audits' follow-ups, the one related to UTB, ITP management and security for the controls and enhance the line in the overall UPD management security, we were able to close at audit observation due to the fact that those resources were transferred over to centralized information technology services. So they are no longer being separately managed by the UPD department. So they don't have to get to their own policies and procedures, they now fall under the University's. And with regard to the internal project regarded for policies and procedures, those policies and procedures were documented and so we were able to show that as and limited. So that is our UPD partner audit. Moving forward to human resources, this departmental audit we performed especially,
though it was one of the last ones on our audit plan for the department, we also had a change in human resources director at the end of the calendar year. So Judy Kroll has been serving us as a director since January 2020. So we started this audit with that change in management. So the budgeted expenditure is around $800,000. We have retiree health insurance is also included and show it separately because it's $6.1 million. That's a big book of the accounts that they oversee. A small property inventory and staff of 11. Again, same objectives and procedures and we found that they generally conformed with the requirements in that area that we tested. We noted a couple of opportunities for improvement and those related to document it policies and procedures, training and travel. All of those are expected to have an implementation date of August 31st. And HR is one of the departments that is heavily involved in the Covid response, working with employees, that's one that they set for August 31st for the end of this fiscal year. I will keep going to another audit that we had to do on a regular basis, benefits proportional fund on it. This is required by the General appropriations act. For history, we have been auditing these since 2012. So the audits required, we have to use a methodology that was developed by the state auditors' office and the current requirement is we had audit Ural years 2017 and 2019. We audited the school year 2017 previous years and if you will recall, the state auditors office chose to audit fiscal year '18 and we received the fiscal report and went over it recently with the Regents and so this report was to audit that was required to be audited for the fiscal year, '19. And the overall main objective for the audit is to make sure the benefits and salaries -- If salaries are paid by the appropriated funds the benefits are also paid by those funds, if there's a proportional relationship to the salaries and benefits of pay, so our audit objective was to determine that the University complied with those benefit proportionality requirements that are established by section 6.08 of the general recreations act and the state office for policies and procedures that go along with that. And in addition, we had the additional objective to follow up on a observation of recommendation from a previous benefit proportionality audit report from 2017. So our findings were that based on our audit procedures we did find, we found the University complied with the proportionality requirements and with regard to the follow-up of the 2017 audit, the Regent of financial demonstration represented to us that they needed additional time to work on formalizing the benefit reconciliation process and incorporating the procedures needed, especially with an update that has been made to the teacher retirement systems, reporting system and controls. So they set a new target implementation date of November 30th, 2020 that coincides with a new benefit proportionality reporting period is what that day is. Related to -- So that ends our benefit proportionality audit. And then moving on to our follow up on it, if you will recall, on our audit plan this year, we set a goal to follow up on a more regular basis. So we did already do the follow-up, as of August 31st. So then now, we are doing another follow-up as of January the 31st. And that is what this report represents. So under the introduction, you can see that there were 125 audit reports, going back from 2014 to the most recent audit report and special projects that were presented at the board of Regent's meeting in January of this year. So 125 audit observations or management action plans in total. And for the categories of these that look familiar to you, we look to see, was it in committed, was it in process but it needed a new revised target date? Everybody in the garment who was able to implement additional controls or strict procedures will we were actually processing the audit before the report is issued, we were able to exclude from the 125, those that had a future implementation date, or we were following up on them with another audit. For example, we followed up on the benefit proportionality fund, proportionality of EBD. So temples like that. So the ones remaining are open and the ones we ask management to give us a representation on, that status and then we actually had to add in a category this year. You see it is called delay. And that is where management represents that yes, management actual plan was to implement it. But due to the Covid environment, we weren't able to go to the department and perform follow-up procedures. This only actually one instance of that in this report. As you can see, out of the bench, action plans, many of the leadership and administrators have responsibility for those. The numbers aren't even because in some cases, administrators share responsibility. For example, out of the 125, the provost was responsible for 2.85, athletic director was a .58, CEO, 15.8. You can see down the side. So the audit goal was to make sure action plans have been implemented in an appropriate manner. And if you go to the summary of findings and observations, overall, for the ones that we obtained that representation on, 19 of them were verified during the audit process. 22 were implemented and 21 had an in-process but we realized target implementation date. And this was as of the January 31st audit to date. So out of the total of 62, we concluded that those significant progress had progress made towards the action plans, as evidenced by 66% that are being limited or verified. Additional action is needed for someplace to enter implementation for all the University which is partially fermented action plans. As of January 21st, 2020. If you look at the schedule at the bottom of page four of the 21 management action plans, where the target date was moved for implementation, 13 are expected to be implement it by August 31st and eight are expected to be limited by December 21st, 2020. So with in the calendar year and the administrators, when we looked at target dates to change, we did take into consideration the Covid, Covid-19 environment and that it may take
a little bit longer, depending on when faculty and staff and students go back to campus, that they are able to actually follow through with their own implementations. So the December 31st dates are mainly due to extending the period a little bit further, due to the current environment. So attached on pages 6 to 46 is the detailed status of each of those 125 management action plans. I'm planning to go over those in detail and I'm happy to answer any questions if anybody has any?

Gina, let me just jump in. 125 items in a follow-up audit process, how much time does it take versus doing your regular work, which would be starting new scope audits, taking on new responsibilities?

Right. With the follow-up audit, we least already have a history and we already know where the controls need to be strengthened or the procedures and since we have been doing it for so long, we do have a good relationship with management. What I would just say, we need more time. We don't have to start auditing it and go hey, y'all, it's not fully done. So it's good to have that relationship, we can just agree and so neither of us are doing work where we are all going to get to the agreement that is not implement it yet. And so yes, the follow-up list looks cumbersome and large but the way we manage it, you can always split out out of each Board of Regents meeting, we add in the new observation or recommendation for audit reports and we send those on a quarterly basis to the response in ministry. So that is a conversation we are having once a year or twice a year, you know, we are keeping that communication ongoing, related to the management action plans are out there for the University.

Okay.

Okay, well I will move to the next tab if that's okay or the next section, six, which is our risk assessment survey and this will look familiar to all of you, I hope. We had 124 responses to the risk assessment survey this year out of 124. 100% response rate over the system we used for the survey and compared to last year, would be used for the survey, and compared to last year, we had 107, the athletic director chose to add all of these into the survey this year. Which as we discussed and talked about, it's just an added measure of internal control, it's just a reminder of the policies and procedures that are out there for the University, related to the different areas as you go to the survey. So there is really no surprises on the risk assessment survey and just as a little bit of background, we do go over the survey questions with the vice presidents, the leadership team, the president, the vice president Danny gland of the leadership program, and he and I cosponsor the survey. If those are the right words for it and so we do alter the survey each year, based on the risks that are provided or new questions that wanted to be posted to the University community. So for this year, you will see staying the same was financial risks, the risk of budget fluctuations, also funding, enrollment declines and it's interesting. All of these responses were due before the Covid environment. So in or out of it, we all have that high concern of enrollment, in funding, which is just inherent to our environment. Then the information technology is a security breach risk that we are not communicating our mission-critical and financial information. Number four is in you risk. This was a new area added on by our chief information officer, related to the risk of category one data, saying on a non-University -- Which I said, the city for the Covid environment -- So it is very applicable now, now that we have voiced to the community and using a non-University device and that we do have that awareness and that risk being out there. Then, the fraud risk and money risk. Really, no surprises throughout it but it does help us just have a general awareness of the risk at our university. Dr. Whorton and I have started some preliminary discussions of what is the risk for the University, what is the risk tolerance being with our regents and our university? We haven't been able to move forward in those, we have had some preliminary discussions but you know, just coming up with ways we can assess that, using not a local survey but maybe some other tools. So that's our risk assessment survey, if anybody has any questions?

Gina, I've got a question for Gina, if it's okay?

Sure.

I think over the last several years, audit findings how do they relate to the University equipment, that sort of thing -- This is not for any particular audit or risk assessment -- I assume, I don't know if I heard this, but I assume a lot of faculty or those in classrooms, we assume may be at home, I don't know, but I assumed if they are not all families, do you think there is greater risk or do you think there is perhaps even New Freedom for the past few members and staff to take certain university technology or equipment home and off campus? Is that in place?

I will address that and I may let Anthony jump in in a minute when I talk about it for a few minutes. When the adversity moved to the tele-community environment, the forms went out, finding if you had property off campus, you are supposed to fill out this form. So there are already controls in place for using property off campus. It just became more significant during this time and more, probably, higher use. Dr. gland may have somebody who can attest to that on the increased forms but I think that's something we would have to expect to see across campus. Then, as far as the faculty and using zoom and technology, the CIO and information technology team implement it that do affect your identification for faculty and staff in January, the could not
have come at a more important time. And that was just the normal I.T. security that was being added, without knowing the Covid environment was coming but it could just not have been more timely. So with the duo factor and then, with the zoom and other proximities out there, the discussions of his embalming and things like that, additional factors and controls were added to the University's systems where we had controls for someone can't just drop in, you know, you have to have passwords and codes now to use the zoom system. So I may let Anthony jump in if he wants to hear?

Yes, thank you, Gina. Good point. The process is to complete, there is no sense to be removing it from campus. Obviously as this has us for this term for what has been removed from campus. Not only physically, but also from a patching and security level as well. So that's going to be an effort we undertake. And relativism and the question that comes up for others more specifically but yes, I think it does big cry faculties to have the flexibility to change from their residence or another location, some cases, we've had some people moved their offices and labs on campus. So improvise that stability as well. Which happen with additional security concerns from the zoom perspective, having to have a password to join a mechanism with a waiting room see have to be added in certain cases, it has to be very public. For example, in our virtual health distributions going offer moderate moderators as well. So there are all things we can do to minimize zoom of potentially being something and we have all done a great job to ensure that we provide policy and that this is palpable for the security as a whole.

Anthony, I just want to point out, I don't know if this happened to anybody else, I know it did to us yesterday but we all received a link from April for this meeting with a password and I have yet to be required to enter one.

You, you connected via zoom, that just prevents someone without -- It doesn't have an account -- Required. Example, there will be cases where a joint outside the University where it will prompt me for a password. It's something that we see but definitely it can pop up.

And then, also, Anthony, anything else? So also, you know, the University has the requirement to do security awareness training each year and that was due sometime in this spring. But not only that, they implemented an additional training, again, just as part of the normal security controls, before the Covid-19 environment that was social media awareness training, which is also very important right now as people are using their personal devices with social media accounts on, University information. So I think just the normal processes that have come about in increasing the information technology security controls, they have prepared us to be where we are right now. And along that same line, Anthony and I have been having discussions, we had our firewall audit plan, external firewall audit plan and at first without oh, we can't do it right now. After talking to the external firm, all the work is on remote, since it's an external firewall. And with so many more people accessing the University network, we thought it is a good time to go ahead and move forward with that firewall audit. So we are planning to do that, to have those results in July. Just to confirm, that we do have the security in place in this new and different environment, people accessing from inside or outside the wall, that we do have controls in place. So that will be forthcoming. Any other questions related to that, thank you David Alders for that question.

I'll move on to a quick update of our audit plan. Of course, audit services, the staff had started telecommuting. I'm still coming in, the only one in the office. If you like that's okay, a safe environment. But we have had more opportunities where we can audit remotely. Luckily, through the years, most of the University information has moved to centralized storage places that can be accessed electronically and we are trying to keep in mind departments that are more heavily involved and student enrollment, student advising, working on the Covid response as we adjust our audit plan. We were selected this week, the regent shall receive that email by the state auditor's office and we will be in colluded in the state of Texas' federal audit, specifically related to financial aid. Actually, a year ago, requested to be part of that audit because we need that separate focus on SFA, that section on SFA for our tax accreditation. So the state auditor will move forward with doing that work remotely, also now. Sometimes they come to campus when that occurs. But we will be working with them to do that. We are still in process with the state of Texas, office on the proposed payment review. We have not received that final report. And then other parties without external auditors, Perkins, loan closeout due to the department of education, we are still in the process, the University is closing down the current loan with the department of education. So as soon as that is done, we will be ready to have an audit, within 90 days for meeting certain deadlines. The Hback nine review of financial statements, also a project. So the federal HOAs as a separate, you know, making sure we are in accordance with the requirements for giving a sure way, the SAX statement audit is an overall audit that is really an agreed-upon procedure of the University's financial statements. Normally, we are part of the state of Texas financial statements. So if we don't have our own review report where we stand alone and have all the footnotes related to him as we have an unaudited version of that not one that has been reviewed by an auditor. So we did get the first round of review of those so we should have that report in July. And then,
other projects, we are still trying to work on our payroll X miniatures audit, the University of training system audit we have departmental audits currently ongoing with financial aid and its additional effectiveness and we have started working on the concurrent system implementation as an advisory service. So again, trying to adjust our audits to ones that we can do remotely or work out with those departments how we can do procedures that we would need to do from off-site. So that is my audit report this quarter.

Thank you, Gina.

Does anyone have any questions on any of the audit items that Gina discussed?

I don't have a question but I would like for Gina, tried to catch you but I couldn't unmute earlier when you were giving the audit report Gina, I would like for you to share, if you would, what you did with Tom and I about the police audit, Police Department audit and the compliments that you had from them.

Also, because you know, as auditors, we talk in terms of -- You heard me say things are generally in conformance, generally in compliance or one of our reports today was partially on the follow-up. We don't really use fully compliant because we know test 100% in anything. But I have to email chief Fields and tell him his policies and procedures were exceptional. So they did a great job of documenting those policies and procedures from that former -- The former engagement, where we had a special project. Those are the police specific policies and procedures and then they are working on their administrative, unit, University polities, receipts, expenditures and policies and procedures. She is, she is listening, I did give a shout out to y'all earlier this week.

She did, she gave great compliments to him and we very much appreciate that. So thank you, chief bills and thank you, Gina for the comments. That's all I have.

Yeah, thank you, Bridgette. Chief fields is very cooperation, for sure. We do appreciate that. Will be recommending just approval of the reports that Gina had provided to us today, in accordance with the procedures. We will move on now to the next item, it's actually a report and Danny, I know we have discussed in our earlier session yesterday about the financial effects of Covid-19. Do you want to restate those here or is there more on this report you would like to discuss?

Yes there is, Mr. Chairman. If you like, I like to recall where we talked about this as you indicated yesterday, yesterday's Covid-19 company as a report , I think what is really substantive about it is that we were able to capture a lot of detailed elements that then required a lot of efforts by a lot of people on campus, and the HR department, the candid moment, the budget department, all those individuals contributed to this and the information, I would say that we received from faculty and staff throughout campus because gathering this information, we had to develop some mechanisms to capture this information, which we didn't have. So again, collaborations with various -- Across campus -- As I said yesterday, budget, HR, IPS were highly integrated and collaborative in this process and I think that -- In my opinion, the documentation, this collaboration has provided will allow us to be positioned for any type of state or federal reimbursements that may be coming. We count on specific things, not now but we feel like we have got enough detail delineated here that certainly, Dr. Gordon can tell our story in the legislative session in January. But as well as we can respond to any state oversight agencies or federal oversight agencies that might question this. So again, this particular document you are looking at on page 213 simply shows our credential status with regard to Covid-19, currently. Is going to change, it will continue to change. But essentially, $11.9 million, which includes revenue losses and expenditures will be attributable to Covid-19. Pertaining to questions you have on this report, we will go to the next one.

I have a question, Danny. I look over this spreadsheet here, revenue loss and expenditures and see a financial impact, certainly but as Gina was going to audit, the categories of travel, links to the first part that we eventually reviewed and I just thought undoubtedly, there are a lot of travel related budget line items and in various department, academic, athletic that are not going to be incurring costs. So I would ask how y'all are accounting for those diminished expenses and whether they are more or less bankable or are going to be taken over to other accounts, shifted to other accounts or whether -- How you account for those diminished expenditures?

Absolutely. Great question. Currently, have a report that's been developed that was completed. I assure you, Dr. Gordon is working on this project which will show limited travel this year relative to last year. And there will be substantial changes there. We are also looking at some other potential cost-cutting measures that I shared with Preston. And as appropriate, we will share those through the board.

David, does that take care of your immediate concern? Thank you, Danny. Very, very well done. Obviously, to work us straight, just to capture this information, very impressive and we thank you for that, we are very helpful that there will be some federal assistance or state assistance that will come to benefit from it. Absolutely, thank you. If I could turn your attention to page 214.

Please.
What we've done here, provided this to Dr. Gordon where again, we are not only looking tomorrow, we're looking down the road, months, years and this is a fund-balanced projection, using large data. This particular document simply starts at the very top with the fund balance, and that the fund balance that ended -- Tell a fund balance that ended May 31, '19. What we have done, I will get too many details but here, what we've done is added in the Gatsby drop downs that we have to do. So we have added that back, because that is accounting presentation on the support of national directors. So it blows through our actual revenue, our actual expenditures blows down projected fund balance at eight 31, '20, with around $71 million. And if we use that in light of her company deserve ratio, I recall by Jenner, recall, the ratio is 40%, which is our industry standard. At this level, we are about 32% or about three and half months off being able to operate. So this will continue, Mr. Chairman, I trust, to be able to work with you closely on this, we discussed, certainly provided a better basis to update it but would love to continue conversations that I have had in regard to this general fund.

Yeah, so this is one that is Danny and I were working on this schedule that I thought it was was very, very impressive. To me, I relate to cash. And when we get the fund balances, that's our cash in the bank. That's our reserve funds, that's our operating cash. And so this particular report goes on the way back to the fund balance at the beginning of the fiscal year, which was August 31, '19. And then after you adjust for the Gatsby 70 five and 68 items, we start with an opening balance of 80 $.2 million -- So those are monies in the bank. And this next section, actual revenues from September 1st of '19 and March 1st of 2020, those are the actual cash revenues that we have elected or received through tuition from state funding sources. Also from grants, etc. Then, expenditures for that same period of time that are marked in red with the brackets. Then, we had anticipated revenue for the remainder of the year and Danny, correctly, but I think that has probably been re-budgeted, looking at what we think present circumstances are. Is that correct?

The sum, that represents our coverages and our other projections, that we can calculate, but as each month unfolds, we will be able to update this in association with Regent altar's a few minutes ago as to basically get information based on activity or inactivity related to Covid-19 for this as well.

Right.

In fact, the most current version for this preliminary, I'll share it with you, Mr. Chairman, current projection is 73.

That's good, that's good. We will adjust as we go.

I would like to point out on that, you know, that's a pretty significant decrease in our fund balance since this Covid-19 issue has occurred. And the longer this issue continues, the more impact on that fund balance and if it goes into the fall with the recurrent restrictions in place, it will be a very dramatic hit to our fund balance.

With that in mind, could I ask what is the availability of our investment portfolio in that event?

Yeah, we have different levels of investments, we have short-term operating cash, we have intermediate term cash, we have a substantial amount of operating funds cash with Texas and and. Those invested in an intermediate term basis, we certainly have access to those funds and I think in a very short run, it would have to be a substantial and/or significant catastrophe, if we had to have scores of million dollars immediately, we could get funds from Texas A&M, if we had to ask for a short-term care.

And finally, you mentioned some -- From the C.A.R.E.S Act, protozoa, however particular consequences but I assume, this being a state institution that ultimately, they will get credit from the state from it, not the federal government, is that right?

David, could you restate the question? I didn't quite understand it?

The state of Texas, not to the federal government? Right, I assume we are not going to look at the Washington as a state institution for a significant amount?

Well, we do have -- I think we are targeting for about $10.5 million, relative to the C.A.R.E.S Act. I want to make sure I address everything I have referred to, so we do have those funds that we expect to be able to perceive, that those are preparing to be very restrictive. We are having meetings with other institutions, got a conference call meeting on Monday to see how other institutions are disrupting those funds. Our goal is to both, obviously, will letter and spirit of the law. But in addition, align with our sister institutions to ensure that we distribute those funds appropriately and hopefully, there could be additional federal funds that can be awarded to us beyond the C.A.R.E.S Act, if we have another seamless package. And hopefully, there could be some sort of state belief for relief, if possible, in the next legislative session. Just a lot of uncertainty but frankly, we are just dealing with information, almost on a daily basis with regard to support funding.

So David, let me be explicitly clear about the C.A.R.E.S Act. Yes, $10.5 million has been allotted or listed for SFA. The issue becomes that the first allotment of that, which is $5.2 million is very specifically mandated to go, 100% to students in emergency aid. Zero dollars of that will be allowed to be utilized by the institution for the institution. The next allotment, we just don't know. Let's see, even if it were 1%, we are
able to use it to fill these holes that the Covid situation has caused, we would still be left with about $7 million uncovered. And so yeah, we will -- Editing every institution in this country will be looking for not only the federal stimulus funds, but also something coming from the state and if we don't see any of that that's able to be used for institutional purposes, we will be left with a whole.

David, on that item, one thing I wanted to look at Dr. common?

No, no, Tom, go ahead, seven follow-up comment before the next topic so go on.

?. The majestic directive, under that caption that is anticipated expenditures from 831, the last four items in there, one is what we are going to talk about shortly. You will see that 3.48 expenditure for summer school coming up. Then, we have our projected refunds to students from the rec center, from the student center and from room and board. And those three items, total of 9 1/2 million dollars. We have already seen that is miniature as part of the report on Covid-19. So this report is really all-encompassing as far as we are subject to adjustments as we go. But we would have $73 million in the fund balances at the end of our fiscal year if we are able to maintain within this budget scope. Danny -- Projected appropriately, I believe, where our revenues and expenses should fall in.

Mr. Chairman, I might add just one thing.

Yes sir.

We had put this information together using March data. So the actual refunds that we just completed a few days ago were not precise in here so we need a new target, didn't want to mislead you at all. As we move to the next iteration of this report, it will be better able to provide specific, actual data.

Also, just one thing, I don't mean to be negative Nelly but that fund balance, while it does seem like a lot, it is not where the industry standard -- Is not where we would like it because it does not meet that industry standard. And that in and of itself is problematic.

Also, those funds that may be should be --

I'm sorry, David, said again?

I said aren't those funds designated for silos that really aren't transferable from one column to another?

Danny, did you understand David's question?

I did not, I'm sorry.

It was on to those funds, some of them nontransferable, they are in specific essentially buckets -- Silos and buckets.

I think if we were moving -- And I think what we are going to discuss here is a catastrophic situation. If we moved into a catastrophic kind of situation, we would involve flexibility in how we address institution survival.

But you are right, David. Certainly. Okay, Danny, ready to move on?

Tom, let me --

Dr. Coleman.

To add to Scott and everybody else, Danny and I kind of started this 12 years ago. You know, we are in the 30% range now, and a time for single percent. I mean, we were so far behind, it wasn't even funny. We have been the industry standard in the past, but because of state rebates and all these other things, to Danny and his team, my comment is Danny and his team and the chairman's of finance over the last decade or so, we are preparing hard to get us to where at least where we are today and we have been but it is just really -- I know several institutions that are looking for lines of credit and things like that that don't even have the beginning of where we are at. So understand, negative Nelly, I got that. I'm just telling you, in comparison to where we have been where we are today, we are light years ahead of where we were. So I'm tickled with what Danny has done in that group. And my personal feeling is I think we are okay with all of it I just want everybody to understand, it wasn't that long ago that we weren't even close to where we are today or much, much, much more dire situation than we currently are in. So that was it, just from that perspective there, the probably only Danny and I and maybe Gina, you know, are aware of it in the course of going through this. So is, getting everybody up to speed a little bit.

Good point, any other questions to this point? Danny, we can move on?

Yes, thanks. The next document on page 215 presents to you our mandatory torsional fee shortfall, as it relates to fall and spring activity, relative to our budget and then relative to a comparison of last year. And if you look to the far right -- I don't have a real number here, sorry for that but if you look at the far right, the last rectangular box, you will see a total tuition fee shortfall of just under $600,000. That was 94, 214 of '22.

The big thing that has really moved us into a significant deficit position, relative to base revenue are the exemptions and waivers. So if you look at our total bottom line, we are underwater, $3.8 million. Dr. Gordon instructed us in the fall to begin to address that, with wasted not only project uses for the fall data, spring projections, where we would be. Projected very close to this and the divisions have been making adjustments to respond to that. Again, back to Regent Alders’ point, we will have flexibility to what occurs with the
rather than issuing a scholarship or an expense related to the academic program, we are asking you to exempt all tuition and fees for faculty and staff, this is one of the items that bubbled up in our strategic plan attracting faculty and staff. In this regard. A lot of employees take advantage of this and a lot of our employees dependents to advantage of this of the program. I have some of those numbers I will share with you. Our program. Tom, I have one more question relating to that. You mentioned the exemption waivers. His 10 exemptions, I think we need Dr. Morgan, to think through this to the higher education and fears, the crisis we are in, the revenue standpoint might open the door to a discussion on Hazel but the point that and back to the thing that I mentioned yesterday, things that you're able to do in a crisis, that's what I recommend we have to focus on for legislation. I mean $10 million or whatever part of the extension is, I mean that is huge. That is at least a modest TRP. So it's big.

Work on revenue, absolutely.

Good point. Any other comments here? All right, let's go to contract monitoring. And Danny, these are contracts that we again gone by rule are supposed report to the board, based on certain factors related to those contracts, is that right?

Yes, that is correct, Mr. Chairman. This was a bill and statute that developed from the 84th legislative session, seven, 4/20, which requires us to report to the governing body, contracts that meet certain thresholds so we have a number of them to update here on this particular meeting, the first is on page 219, eight contract with Richards Carlisle and we have contracted in the current fiscal year now with I hundred 30,000, and the total estimated aggregate amount since the beginning, 2013 it's slightly over $8 million. The second one is for currency architects. This is in association with architecture services related to the fine arts expansion, the welcome center and the residence and the dining hall. I recall, the pockets for this architect directly with the best performance facility. In that regard, current fiscal year amount is minus 124 59, total estimated aggregate amount is just under $5.94. There have been adjustments in the contract as it relates to changes in what the

[ Captioners Transitioning ]currency is doing for us now. The next item is a contract with a GW, the total amount is $23.9 million. I recalled they are the CMR for the fine arts welcome Center. And the basketball practice facility. Residence in dining hall. Again the total is 23 point turns up the total estimated aggregate amount. Next item related to the practice facility, the total amount related to the architectural services is $534,921. The total estimated amount of $2 million in -- I would be glad to answer any questions.

Do you have any questions on any of those contract items? Let's move on then to agenda item 15. And this is proposed change in employee tuition assistance program. Danny, would you like to take us through that please?

Thank you, Mister Chairman. This particular item I want to point out some things about it. They have some supporting documentation on page 228. We can walk to that as well. I would like to share some perspective with the committee and this particular program we currently have a program in place whereby students and/or dependents are able to get up to $3000 per fiscal year for tuition assistance. Right now, we are somewhere in the neighborhood of 1400 or so so pretty much an employee can take two classes. One dependent can take two classes and get the scholarship coverage for that. What we are proposing is really a brand-new process. I'll give you a little background on the process. My particular responsibility in my role is in our strategic plan attracting faculty and staff and I think you should know each have a particular goal that they oversee and monitor. I brought this to our group, the committee I work with, on tracking and retaining faculty and staff, this is one of the items that bubbled up is a critical item. A lot of employees take advantage of our program. I have some of those numbers I will share with you in a minute. A lot of employees take advantage of this and a lot of our employees dependents to advantage of this of the program. In this initiative, the goals of this process for lease three. Number one, to continue to support our current employees and their families and dependence. And number two, is to attract additional high-quality faculty and staff. Number three, increase the semester hours. So what we are asking you to do in this particular item is to exempt all tuition and fees for faculty and staff with the exclusion of the $50 per hour statutory tuition. So, rather than issuing a scholarship or an expense related to the academic program, we are asking you to exempt
all of those tuition and fees to the level of $50 per hour for undergrads and $80 per hour for undergrads. In addition, we are asking you to take the current academic program budget of $450,000 and use what we currently project and take $45,000 of that and also waive or to support and pay for the $50 per hour statutory tuition for undergrads and $80 per hour graduate tuition. This is important to our faculty and staff. This has the opportunity to do a number of things. Number one, it provides an opportunity for us to extend benefits for current employees, their employees families, and also redistribute the $450,000 that we currently have. What we would do to an extent we would simply recover statutory tuition from employees and not dependent. So the dependent wanted to take these hours, then they would pay the $50 per semester credit hour or the $80 depending on classification status. I can go through some of the numbers and share with you if you return to page 230, what I have here for the number of years, we have had a budget of $450,000 pick again, we used that budget funded by designated tuition to be able to provide scholarships of $3000 for employees dependents. So in 2019, we had 436,000 allocated to this program and you can see the numbers are changing over the years. Go to page 231, and you will see the impact of this. So, the scholarship program, the amount that was awarded for employees was two to a, 786. Here's the other part of the discussion. That I think is very critical. The estimated form of funding and semester credit hour delivery for these employees was $144,000. So the difference between what we awarded and what we project to receive would be $84,000. I need to be clear. There is no guarantee that we get this funding. This is our projection based on what they currently are but are always dependent on what the legislature does. I do know that if we increased our semester credit hours we would increase our share of the formula with everyone else if they sister but they won't. But it gives us some. If you look at the spouse dependent program, the amount awarded was $207,000 and projected funding for the current formula information we were just under that. So in total, $436,739 was awarded. The last box in the presentation, the hours generated, 905, for undergrads, and I'm sorry, 9054 employees, 1890 four employed -- 905 four employees and 1894 employees. If there employees at SFA who have taken a look and some of those went to UT and so went to Ole Miss. Wherever. If we can keep those individuals at home we strengthen our credit hours. In quantitative terms, I see the value in this process in terms of strengthening. In qualitative terms, I see this as an extension for our SFA family that we want to support to the extent that we can. So, I would be happy to answer any questions that you might have. I'm sorry, on page 232, it shows the net contribution of what we are asking to do and exempt tuition fees and other statutory were asking you to scholarship from that 450,000 dollars pick again, these projections, were not asking for these exact amounts but these are projections that show the institutions of objective contributions. I would be glad to answer any questions you might have.

I have a comment if that's okay.

Sure, go ahead.

I like the idea that were discussing here about providing a little more and upping the amount that they are allowed to apply to. I do think it's worth noting that it's taking away everything -- to me sometimes we have a value of something and I think just doing it all for free might not be the best idea. We all know you pay a little something for something you have a little bit more value to it. That's kind of the only thought I had and something to consider.

We have been in contact with other institutions and there are a number of institutions that provide a free benefit to employees and families. We felt that this was at a time when resources have been depleted significantly and we could make a significant contribution to our employees and at the same time -- I hear what you're saying but that was the prospectively operated from.

Mr. Chairman, I have a question. First of all, how do we ascertain or guarantee that these cost are going to -- degree seeking students to just, you know, students who want to audit a course, is there any way of depreciating that so that the degree seeking credit hour?

It requires that. One of the things that was discussed in the process -- let me back up. Certain employees who take -- I'm going to say differently pick certain individuals of a certain age are exempt from tuition anyway. Certain individuals for audits. A lot of the discussions we had involved around not only degree seeking the professional development. A lot of the faculty on the committee indicated, for example, one councilmember -- has a PhD and she wanted to work on the business degree to better understand the business side but not only of the institution but the business department as well. So, individuals like that I think would approach it from a professional development standpoint. Another perspective is there are admin's to have taken some college and don't have a degree who would like to complete their degree and perhaps look for another job on campus on a higher level pick it gives them an opportunity to professionally develop and move into a higher position on campus. With regard to dependence, again, we have a lot of employee dependence who are going a lot of other places. This is an opportunity to get them on board. But back to your specific question, we are developing some procedures and guidelines that will direct this particular possibly pick it will be an association input from faculty, staff on campus.
I would not want us to take a fiscal hit you know for faculty or faculty dependence who just want to get scuba diver certification cheaper than other students for example. So, guarding against that sort of eventuality I think it's important -- I have a follow-up question.

Okay. Go ahead, David.

So, I'm trying to figure out, I'm probably too dense to understand the exact curvature, assuming formula funding from the state, if it continues as it is presently, what is your projected fiscal impact, negative, positive and how much?

You would have to project what the credit hours would be. Still, give me your best guess.

If you turn to page 231, we attempted to do that based on actual activity. The program in this case, that's all we have to work with at this point. But the program extended $436,000 and the projected funding was $324,000. With the difference of $101,000. So, at some point, as volume increases in credit hours increase and the formula had delivered would provide funding for that and there's an opportunity for some significant funding.

So, you're saying that based on the $450,000 presently, that we are projecting maybe a drop in net cost down to 111 $400?

I guess I would need to -- in terms of net cost, what we are really talking about with regard to the program itself is a reduction of revenue. So if I could, one of the questions we talked about and we kicked around a lot is what this employee or the employee depended keep a paying student out of the class? And here's the way I look at this. If we had a 200 capacity airplane and we got to 150 paying people on the airplane, if we add another one to the airplane or two or 10, and get funding and the subsequent legislative session, then I think there's a benefit to that that the approach we used not as a cost but as a revenue reduction with a later investment. I hope that specifically answers your question in terms of the cost, we currently have $450,000 budgeted for the scholarship program. The 40 5K we project with simply be reallocated from designated tuition to statutory to which it. Within our existing budget.

I guess -- my general orientation illnesses that by the time we come out up this fog, by the time we walk out of that, we will be so fortunate to be able to retain the level of staffing, faculty and support staff and so forth, physical plant and etc., that we have now. So, I would put a premium, I guess I would put a premium on being able to retain workforce and provided extra benefit for reduced workforce. I know we talked about some ideas about that yesterday. I think is my general orientation is that in this environment I would not want to invoke a program which has a probability or even good odds of costing us more than what we're paying now. I will leave it at that. I will leave it up to your better judgment.

I guess the way I look at it, David, was if we are able to -- there are a number of things about. It is in our strategic plan to develop and retain very high quality professors and staff. So, Danny is working towards that with this proposal. If we can add more than -- we had 212 participants in fiscal 2019, and we were able to double that and have 400 participants, we are really back to the airplane analogy where we are adding more people to classes with credit hours for us without really changing the cost. So, you know, that's kind of the reason that I came down on that site even though we are in budget tightening mode generally.

If the airplane analogy holds, I'm with you. If there's a corresponding increase in costs, I don't know how that goes out, but it's a level of detail beyond my grasp. If there's no increase in cost I'm with you on it. Let me just ask Danny this. I think I know the answer but I would see a very minimal increase in variable cost but also you will see some additional money coming in and some of those kids may end up even though they are dependents of employees they may still what meal plans as well as housing. In which case there is an additional revenue source there as well.

Absolutely. Absolutely. The model was predicated I think on the assumption that the variable cost would be insignificant. That we are covering a fixed cost again and I'm generalizing, I don't what to say anything inappropriate but I think generally speaking where we have class capacity, in a certain classroom and we can add additional students ultimately that can contribute to additional revenue. Soap, it's a forward investment in a lot of cases and I believe this to be the case that the cost investment is minimal. It's more of a revenue reduction or revenue exemption or cost exemption with the assumption that we have capacity to deliver additional seats in a particular classroom.

Okay. Well -- I would just make a point that our extension waiver -- I'm sorry to interrupt you, David. I hate to interrupt you but we have lost temporarily Tom. Could we wait about two or three minutes until Tom -- he had a power failure. And April is working to get him back online. So, let's take just a quick five minute break and see if we can get Tom back on., We will pick up your discussion at that time.

[ The event is on a 5 minute recess. Captioner on stand by] a 5 minute recess. Captioner on stand by ]

Start about my little computer glitch.
No worries. We noticed we lost you so we took advantage and took a five minute break.
Very good. Right in the middle of discussing something and it's important. I realized that not only do I have
to plug in my computer to this wire system that goes over to the wall, but I have to turn that strip on. It has
an on off switch. So, my battery power absolutely drink to zero and away it went.
Okay. I'm sorry, when we logic, Tom, David was in the middle of a statement. David if you would like to
pick up where you were.
Thank you.
Tom and Danny both, I made statements yesterday regarding my emphasis on the recruitment and retention
of high quality faculty. So, that certainly is something that I value very highly. I think it is the engine that
runs SFA. And it will determine our institution's reputation for decades to come. The attraction and retention
of high quality faculty. So I am all in their. The problem is we are in such a different environment than we
were in January. The last time we met and considered any of this, I think -- I don't know if it's possible to
overstate the potential consequences of higher education and funding as a result of what were doing right
now. But I guess my personal orientation is during this board meeting to do nothing that might blow up our
costs and I would rather get through this environment where we find out and breathe a sigh of relief that we
didn't have a 20% reduction. So, we will be able to keep our existing faculty on the payroll. I just don't want
to do much in the way of running risks that we will cost herself another $100,000-$200,000 in revenue for
increased costs. So my preference would be that we either defer something that will cost us. I recognized the
potential of increased revenue, so I am tucked in both directions but those are my concerns. They are general
in nature but I am very concerned that we may have such a difficult fiscal environment facing us in the next
academic and fiscal year that we need to be very careful about not falling over the place where we have
increase expenditures or reduce revenues.
Mr. Chairman, may I address that?
Yes, please.
David, what I would say to you is this. Let me articulate it differently. I see no substantial increase costs in
this process. What we are talking about would be individuals who may not be taking as many hours as they
would like. Were talking about individuals whose children might be going to our university who would stay
SFA when they realize the opportunities here. And the assumptions that we have would be these classes
continue, can continue to be delivered at the levels there delivered at an increase the opportunities for those
to get in. And, the revenue would come in two years in our legislative session when we increase our funding
for credit hours. So, in my opinion, and my submission to the board, it's not about a cost increase, it's about
an opportunity increase based on additional enrollment and based on additional semester credit hours.
Currently, the $450,000 that supports our employee assistance program is funded from designated tuition.
The only component of that that would, if we use the 2019 productions, the only aspect of that would be a
$45,000 reallocation to our statutory commission. The $450,000 rev that were left -- $400,000 left could be
used for additional or different kinds of restitution -- institutional needs. So it is an opportunity for the board
to exempt tuition that we are funding anyway with the budgetary allocation of $450,000, with the
expectation that we will grow enrollment and enhance our semester.
If I may add, really, I want to reiterate that we already right now have in place a $450,000 that we use for
the employee tuition but this will free up 424,000 or however much, free up that to be used in areas across
campus where we have those great needs. What then does is say, okay, we are not utilizing revenue, instead
we are generating additional revenue because those are students that may otherwise not have been here that
we will get funding formula on. So, I was involved with such a program when I was back in Indiana and it
was a room. In fact, most faculty and staff who had kids that went to other universities have been transferred
to the University and those kids who graduated from the University and going through the system, went to
the University and we sought great moment increases with essentially exemption, not costs.
Mr. Chairman?
I don't really see a downside to the proposal. I see a potential upside in terms of the University as a whole.
And for the employee. There is no difference for the employee in terms of costs. It just frees up funding for the
University itself. I don't see significant increase in class I so to speak. But I do see an upside as Danny
explained in terms of our Roman numbers going up potentially.
One additional thing that I thought was important here is we are in a time crisis and everybody is doing
something very unusual in the way classes are delivered on the way they are on campus as a staff member.
And this would be a demonstration by the administration that we really support our staff and really support
our professors and teachers and what they are doing. In these unusual times, If we can logically do this
without adding additional costs to the system, which I am very sensitive to, I think it would be an ideal time
to do that.
So I will just add one more thing and this was in the Chronicle on April 6. Just a couple weeks ago. The title of the article is how to steer your campus through a recession. Convention with them versus scaling back. Here's what you might want to fight that impulse. It basically -- again I can share this with everybody. It talks about what kinds of things you should be investing in one of those things we should be investing in is our faculty and staff. And this program will do that. I am happy to go along Fisher because -- along this year. But as we go forward, and we have a really transparent accounting for the cost or revenue benefits. Versus the old standard and I know -- but at the least I think we should consider specifically what results are and I want to be pleasantly surprised and hopefully I will be at the time.

David, I agree. Every kind of program or initiative like this must be transparent as far as the finances and make no mistake, we will put something out. If it does not work, we will revisit it and do something different. I think this is a good case or situation where we could see a significant revenue generator and we will report to the board on a regular basis. Probably each fall and spring on the enrollments based on the program and the revenue generated.

Okay. So we are not asking for any on this matter today. But, we will as a committee plan to recommend this for board approval tomorrow. Is there any additional comments?

One more thing. And I will be quick. As the child of it SFA faculty member, I grew up with a lot of kids who were the children of professors who went to other schools. And, there was a sentiment that if you are a child of a professor you got some sort of economic break because other universities do that. And I know that SMU, albeit a private institution, has allowed their faculty and staff dependence to go to school for with a much greater financial incentive then this program is. And they keep people because of that. I know several people that are included -- employed SMU and told me they are staying there until their kids get through college. I think there is an opportunity to create a culture on campus where the kids that I grew up with and went to other schools could stay on campus and increase that culture. But I also think we have a great point about how we got to make sure that is what is happening and it is not that we are losing money while people -- and were dwindling the value of the services we provide. I would be interested to know how many dependents we have on campus now. Faculty and staff dependence that are attending SFA and if the program is implemented how that increases? That's all.

Thank you. Danny, do we have any present numbers that indicate who is taking advantage of the program currently?

We do not. The only numbers I have at this point were based on the 2019 year. 212 total. The other thing I did mention at -- I don't know if I missed it or not. We are going into a base your program for the funding calculation and that began in the summer of 2020. So, we hope to roll it out for the summer and Doctor Gordon has a lot of marketing ideas for a lot of enrollment changes. This will be part of the marketing glitch -- for summer aroma if the board chooses to approve this. And those hours that we can collect generate will certainly enhance the fall of 2020 as is part of -- this is an ideal time to try to do this in my opinion and recommendation.

Thank you. I think with that we will move on to our next item. And that is item 17, approval of -- I think I missed one. Sorry, summer of 2020. That will be item 16. Would you like to take us through this. Guess. It's on page 233 of your book. But we present to you our proposed 2019/2020 summer budget. It contained two regular semesters and a mini semester in the budget, we have summer reserve of -- in addition we have a combination of salary sours, -- combination of salaries, to augment and support the summer budget delivery. I will give you a little background on the process. Of the process, academic departments submit their projected names for summer classes. We take those recommendations and fun expectation and recommendation.

Thank you. I think with that we will move on to our next item. And that is item 17, approval of -- I think I missed one. Sorry, summer of 2020. That will be item 16. Would you like to take us through this. Guess. It's on page 233 of your book. But we present to you our proposed 2019/2020 summer budget. It contained two regular semesters and a mini semester in the budget, we have summer reserve of -- in addition we have a combination of salary sours, -- combination of salaries, to augment and support the summer budget delivery. I will give you a little background on the process. Of the process, academic departments submit their projected names for summer classes. We take those recommendations and fun expectation and needs for summer school and then present that budget to you. So it is a collaborative process between the academic side of the house and the financial side of the house to bring you a recommendation. Our recommendation is that you approve the 2020 summer budget of 3 million hundred -- 3,000,483 $111. On page 237, you will see how that breaks down by college. Salaries, staff, and benefits. So the 3,000,004 $83 his essay number looked about a few minutes ago we talked about our fund balances and projected use of funds. That the remainder of this fiscal year. Behind that, page by page there are several pages by college and the actual individual faculty members that happen projected for summer education. We won't go through those individually but does anybody have any comments on summer school? And budget?

We will recommend approval of that budget. Then, let's go to item 17. Approval of grants awards and Danny, is this yours?

Yes. It is Mr. Chairman. What we do, I think all the members are aware of this process. Each board meeting we bring the grant awards that have come into the University since our previous meeting. So rats the ratification item we sent to you and for fiscal 2020, currently we have generated -- of that total, the amount
for fiscal year 20 is an increase since the last report. Of $596,000. So, recommendation to Mr. Chairman and committee is 596,006 -- 703 -- and grant awards since our previous report to you in January of 2020. Thank you. If there is no further discussion we will be recommending approval of those additional grant awards for fiscal year 2020. Let’s move on to agenda item 18. These are approval of variously policy revisions and there are a number of these. Danny, do you want to take this or is this one Damon --

Mr. Chair, if it's okay with you I will address these. Many of these policies are not substantive changes however, I would like to point out two policies to you. Policy 17.11 and policy 17.14. Our recommendation to you, Mr. Chair, is that -- with the exclusion of the components regarding training and we ask you to keep the current training components as they currently exist but adopt the other elements of the policy. 17.11 which is procurement cards and policy 17.14 with this property inventory and management. Again, the other components of the policy as presented with the exception of the training components. David, I will turn it over to you.

I will let the board know that the afternoon version of the action item version of this policy we already have that in their, the direct training portion is in there so it will be ready this afternoon.

In that regard, on training rather than eliminating any particular training although do feel very adequate and other safeguards, in each of those areas, training will be better taken as another topic. In fact it's on the audit agenda that we went over earlier and, so, we’ll address tiny matters. Either in July or later. So, I did not intend to go through each of these individually but if there are any you have questions or concerns about, there are some consolidations and some deletions of existing policies. Or if it can be better addressed elsewhere as indicated.

Mr. Chairman, I might mention just one additional policy. If the board chooses to approve the employee tuition assistance program there is a policy change in association with that and it is to change the current policy and call it a lumberjack education assistance program. LEAP policy. So, there is an alignment between the employee tuition assistance program we discussed a few minutes ago and this particular policy. Good point. That the only one that ties to another board agenda item is that correct? Danny?

Yes.

So all the others are qualifications of existing policies. All improvements and I have been through each one of those. So, we will be recommending those for approval. At our meeting after lunch. Any questions or comments for the finance and audit committee? If not, Madam chair, we will adjourn our committee meeting.

Thank you. I appreciate that. We are scheduled at this time to break for lunch. Would it be the wish of the board to continue on or would you like to go ahead and break? Karen is prepared to move ahead with her committee if we so wish.

I can do either.

I was going to say, I think -- yeah, I was planning for break and that would be great for me but we certainly can hang out if we want to.

Is at DoorDash time?

Yes, it is DoorDash time. I have things I have to get them from noon to 1:00.

We will go ahead and say with the agenda and break for lunch. We will reconvene at 1:00 PM.

There you go.

Okay. Thank you. We will see you in a bit.

Thank you. [ The event is on a 60 minute recess. The session recess. The session will reconvene at 1:00 PM Central Standard Time. Captioner on stand Time. Captioner on stand by ]

[ Event Concluded ]