

Auxiliary Services Foundation Board of Directors Meeting

Board Members Present:

Board Members		In Attendance
Richard A. Spell	President	Yes
John Hartney	Vice-President	Yes
Fred A. Towler	Secretary	Yes
Raajkumar Kurapati	Treasurer	Yes
Tim Argo		Yes
Dr. M. David Rudd	UofM President	
Holly Ford	AVP, UMF & ASF	Yes
Steve McDaniel	Retained Legal Counsel	Yes

A quorum was present, and Mr. Spell, in the role of Vice-President at the beginning of the meeting called the Auxiliary Services Foundation Board Meeting to order at 3:02PM. Mr. Spell ran the meeting in Mr. Kadien's absence, as he stepped down as the ASF Board President on November 24, 2021.

- I. Approval of Minutes –
Mr. Spell asked if there were any revisions to either set of minutes on the floor to be approved. There were no revisions. Mr. Spell asked for a motion to approve both sets of minutes.

Minutes from August 18, 2021 – EXHIBIT A **MOTION TO APPROVE:** Mr. Kurapati
Minutes from October 22, 2021 – EXHIBIT B **SECOND:** Mr. Hartney
MOTION CARRIED

- II. ASF Elected Board Member Vacancy
Mr. Spell stated the ASF President role was vacated by Mr. Kadien recently. Mr. Spell conveyed his appreciation and respect for Mr. Kadien's impact on the University of Memphis during his volunteer leadership in a variety of capacities throughout the years. He also stated Mr. Kadien has been tremendously valuable to the University.
Mr. Spell stated we would need to identify a new President for the ASF Board of Directors and referred to the packet, commending Ms. Ford for her work to summarize and educate the Board Members on the process of electing a new President. Mr. Spell asked for discussion on identifying a new President and recognized he might be considered as a candidate, since he is currently in the ASF Vice-President role. Upon identifying a Board President, the Board and Ms. Ford will identify additional Board Members once officers are in place. Ms. Ford noted, since the new President and Vice-President would be current members, the ASF Board and Dr. Rudd would likely need to consider adding at least one if not two Board Members. Mr. Spell shared while he is willing to serve in the President role, he is also open to anyone else on the Board who might be willing to serve. There were no other nominations. Mr. Towler made a

motion for Rick Spell to be the new President for the Auxiliary Services Foundation Board. Mr. Kurapati seconded the motion, all were in favor and the motion carried.

Ms. Ford acknowledged the need to identify a Vice-President with Mr. Spell moving into the President seat for the Board. Mr. Spell called for nominations for the VP seat. He acknowledged Mr. Towler's role as President for the UMF Board and Mr. Towler agreed, stating while it makes sense for there to be connection between the ASF and UMF Boards by way of his role on both, it would not be prudent for him to be considered for the Vice-President role. Mr. Hartney and Mr. Argo agreed to be considered and Mr. Argo stated he would support Mr. Hartney being in the role if Mr. Hartney had a desire to serve in this capacity. Mr. Hartney agreed and Mr. Argo made an official nomination and motion for Mr. Hartney to be considered for the Vice-President role on the ASF Board of Directors. Mr. Kurapati seconded the motion, all were in favor and the motion carried.

ASF Board President – Rick Spell

MOTION TO APPROVE: Mr. Towler
SECOND: Mr. Hartney
MOTION CARRIED

ASF Board Vice-President – John Hartney

MOTION TO APPROVE: Mr. Argo
SECOND: Mr. Kurapati
MOTION CARRIED

ACTION:

Ms. Ford to update the Board Roster with the appropriate Director changes.

III. Board Updates

Ms. Ford explained the need to adjust approval thresholds and signatory abilities for the ASF FirstBank Accounts. She explained the current ASF Bylaws allow the leader of the foundation to sign checks at an amount, which is typically well below the average check written by the ASF. She also explained the Bylaws require two signatures on checks greater than \$50,000 and so there is a need to add an additional signer to the ASF FirstBank Accounts. Mr. Towler made a motion for the Auxiliary Services Foundation Bylaws to be amended to authorize the Foundation's leader signing threshold be increased to \$50,000 and for expenses requiring two signatures as a result of being greater than \$50,000, for the Foundation's leader to serve as one signer and either the President or the Treasurer to serve as the second signature for expenditures. Mr. Argo gave the second, all were in favor, and the motion carried.

ASF Bylaw Amendment for Approval Threshold and added Signers

MOTION TO APPROVE: Mr. Towler
SECOND: Mr. Argo
MOTION CARRIED

ACTION:

Ms. Ford to begin the paperwork for President Spell to be added as a signer for the ASF FirstBank Accounts.

Mr. McDaniel, as retained Legal Counsel, will begin work to amend the Bylaws.

IV. UofM CFO Update

Financial Update

Mr. Kurapati presented a University Financial Update. He explained the University produces a few iterations of the budget annually. The proposed budget is presented at the beginning of the financial year, then there is a revised budget in the middle of the financial year, which is presented to the Board of Trustees, taking the proposed budget and adjusting it to show actual tuition from the Fall semester, taking into account any tuition increases, including state appropriations, as well as reserve funds.

The initial proposed unrestricted and restricted revenue budget was \$571.3M for FY22 and the University is revising this budget increasing it to \$616M in the form of revenue and presenting this to the Board of Trustees on December 8th. The bulk of the increase is from funds received from federal stimulus packages.

There was a slight tuition increase, which went towards offsetting a reduction in fees for students taking online classes vs. in-person classes.

The majority of the revenue will be used for the benefit of the students, by way of instruction, scholarships and fellowships.

Mr. Kurapati went on to explain the difference between the revised anticipated revenue of \$616M compared to the estimated \$642M in expenses for FY22. Additional funds will come from reserves and compared it to a spending of retained earnings.

Mr. Kurapati expects the University to end the fiscal year on a balanced budget.

FY21 ASF Audit

Mr. Kurapati reviewed the fiscal year 21 ASF Audit with the board, explaining the auditors opinion is unmodified, which is the best opinion possible. On the balance sheet (page 7 of the audit), it shows the ASF has \$24M+ at the end of FY21 in assets. On the liability side, the largest liability is the \$12M loan taken to support the Athletic Department. The University was able to provide support to the Athletic Department from funds recovered through the federal stimulus package, so the funds being transferred for Athletic support from the ASF are approximately \$5.5M. The other \$6.5M of the full loan will stay in the ASF bank account.

A subsequent event was mentioned in the audit of Tom Kadien stepping down as Board President.

Mr. Hartney asked about the plan to resolve the \$12M loan. Mr. Kurapati acknowledged a possible need for continued support since we are not fully past the pandemic or the impact of the pandemic. The plan is to hold the funding with the plan remaining to support athletics as the impact of the pandemic continues to be assessed. Mr. Hartney thanked Mr. Kurapati for the explanation and stated he was pleased the ASF received a clean audit.

President Spell stated it is important to remember the interest the loan is earning in the Money Market account is less than the interest owed, although the interest rate was fairly low.

FY21 ASF Audit – EXHIBIT D

MOTION TO APPROVE: Mr. Hartney

SECOND: Mr. Argo

MOTION CARRIED

V. Adjourn ASF Board Meeting

Rick Spell, ASF President

ASF Board President, Rick Spell, called for a motion to adjourn. Mr. Kurapati made the motion, Mr. Argo seconded the motion and the meeting was adjourned at 3:53pm.

MOTION TO ADJOURN:

SECOND:

MOTION CARRIED