

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE FINANCE AND ADMINISTRATION COMMITTEE

June 22, 2018
Knoxville, Tennessee

The Finance and Administration Committee of The University of Tennessee Board of Trustees met at 10:30 a.m. EDT on Friday, June 22, 2018, in the Hollingsworth Auditorium on the UT Institute of Agriculture campus in Knoxville.

I. CALL TO ORDER

Charles C. Anderson, Chair, called the meeting order.

II. ROLL CALL

David L. Miller, Chief Financial Officer, called the roll, and the following members of the Finance and Administration Committee were present:

Charles C. Anderson, Committee Chair
Joseph A. DiPietro
John N. Foy
Raja J. Jubran, Vice Chair of the Board
John D. Tickle

Mr. Miller announced the presence of a quorum of the Committee. Trustee Shannon Brown was unable to attend. Other Trustees, administrative staff, members of the public, and representatives of the media were also present.

III. CONSENT AGENDA

Chair Anderson directed the Committee's attention to the Consent Agenda and called for the following prepared motion:

I move Committee approval of the Minutes of the Last Committee and Subcommittee Meetings and further move that the following action items on the June 22, 2018 Consent Agenda of the Finance and Administration Committee be recommended for approval by the full Board by unanimous consent:

1. Disposal by Easement of Property Located at Eagle Flight Way in Knoxville (Gas Line)
2. Disposal by Easement of Property Located at Eagle Flight Way in Knoxville (Waster Water Line)
3. Annual Report of Sale of Gift Property
4. Ratification of Quasi-Endowments
5. FY 2018-19 Distribution of UC Foundation Unrestricted Endowment Funds
6. FY 2018-19 President Emeritus Agreement with Dr. Joseph E. Johnson
7. UT Martin Parking Rules and Regulations

Trustee Foy made the motion, Vice Chair Jubran seconded, and the motion passed unanimously.

IV. REPORT AND RECOMMENDATIONS OF THE SUBCOMMITTEE ON TUITION, FEES AND FINANCIAL AID

Subcommittee Chair Foy informed the Committee that a teleconference meeting of the Subcommittee was held on June 11, 2018. He said FY 2018-19 Student Fees approved at the campus or system level were reviewed by the Subcommittee and included in the materials for this meeting to provide a complete picture of fee increases for the upcoming year. No action was required.

Subcommittee Chair Foy reported that the Subcommittee considered the following action items and voted to recommend them to the Committee:

- A. Proposed FY 2018-19 Student Tuition and Fees Requiring Board Approval
 1. Student Tuition and Fee Schedules
 2. Course-Related Fees and Other Dedicated Student Fees
- B. Revision of UTC Regional Tuition Discount for Graduate Programs
- C. Revision of Board Policy on Approval of Student Fees

On the recommendation of the Subcommittee, Trustee Foy moved that the Committee recommend the following Resolution for adoption by the Board of Trustees:

Resolved: The proposed student tuition and fee schedules for FY 2018-19 are approved as presented in the meeting materials and recommended to the Board of Trustees for final approval by incorporation in the FY 2018-19 Operating Budget.

Vice Chair Jubran seconded the motion, and the motion passed unanimously.

Subcommittee Chair Foy thanked Mr. Miller, his team, and everyone who worked on the budgeting process for doing a great job with no tuition increases in UT Knoxville and UT Chattanooga and a minimal increase in UT Martin.

Mr. Miller then called the Committee's attention to two additional items requested by Board members. First, a schedule showing seven years of tuition and fee increases, together with housing and dining plan increases, reflecting the total cost of attendance. Second, in response to Trustee McBride's inquiry about student debt, a summary providing data for the past five years. The data for FY 2016 shows 44% of UT students graduate with no debt, and over the five-year period the percentage has remained relatively stable.

Trustee Pryse then commented on the total cost of attendance and the importance of out-of-pocket expenses to students and parents. Mr. Miller responded that for that very reason, the Board will begin voting on housing and dining fee increases as required by the revised policy just approved by the Board.

V. ACQUISITION BY GIFT OF PROPERTY LOCATED AT 2705 RIVERSIDE DRIVE AND AMENDMENT OF UTK/UTIA FACILITIES MASTER PLAN

UTIA Chancellor Tim Cross presented the materials on the acquisition by gift of property located at 2705 Riverside Drive, explaining that the property is being gifted for institutional use as an arboretum and education center with a primary focus of providing educational and experiential learning opportunities. The property is less than five miles from the UTIA main campus and includes three dwellings. The two smaller houses will be used for graduate student housing and the main house will be used for meetings and receptions. A portion of the property has a deed restriction limiting future improvements to one 2,000 square-foot structure. In addition to the real property gift, the donor has created a \$2.5 million endowment held by the East Tennessee Foundation to support the property and its intended use.

Chair Anderson directed attention to the following Resolution and called for a motion and second that the Committee recommend the Resolution for adoption by the Board of Trustees:

RESOLVED: The Board of Trustees authorizes the University administration to acquire by gift real property consisting of 18.2+/- acres with improvements located at 2705 Riverside Drive in Knoxville,

Tennessee, for institutional use in accordance with the gift agreement, as described in the meeting materials, subject to the following:

1. a deed restriction limiting future improvements on part of the property to one 2,000 square-foot structure;
2. a life estate in part of the property; and
3. all required state government approvals.

AND FURTHER RESOLVED: The Board of Trustees approves amendment of the UT Knoxville/UTIA Facilities Master Plan to include the property located a 2705 Riverside Drive in Knoxville, Tennessee.

Trustee Wharton made the motion, Vice Chair Jubran seconded, and the motion passed unanimously.

VI. FY 2019-20 CAPITAL OUTLAY PROJECTS

Dr. Tonja Johnson, Executive Vice President and Chief Operating Officer, presented the capital outlay projects funding request for FY 2019-20 and subsequent years. She explained that the five-year schedule reflects \$614,386,000 in state-funded capital outlay projects, which is net of the requisite institutional funding match for new construction (10% for UTK, 5% for UTC and UTM, and 2% for all others). She noted that a brief narrative description of the projects follows the schedule.

Chair Anderson directed attention to the following Resolution and called for a motion and second that the Committee recommend the Resolution for adoption by the Board of Trustees:

RESOLVED: The Capital Outlay Funding Requests for FY 2019-20 and subsequent years are approved, with authorization to enter into contracts for design and construction for these projects within available funds.

Trustee Foy made the motion, Trustee Tickle seconded, and the motion passed unanimously.

VII. FY 2019-20 CAPITAL MAINTENANCE PROJECTS

Dr. Tonja Johnson next presented the FY 2019-20 capital maintenance projects funding request. She explained that the five-year schedule presented in the meeting materials reflects \$253,050,000 in state-funded capital maintenance projects and called the Committee's attention to the brief narrative description of the projects included in the meeting materials.

Chair Anderson directed attention to the following Resolution and called for a motion and second that the Committee recommend the Resolution for adoption by the Board of Trustees:

RESOLVED: The Capital Maintenance Funding Requests for FY 2019-20 and subsequent years are approved, with authorization to enter into contracts for design and construction for these projects within available funds.

Trustee Foy made the motion, Vice Chair Jubran seconded, and the motion passed unanimously.

VIII. FY 2019-20 REVENUE/INSTITUTIONALLY FUNDED CAPITAL PROJECTS

Dr. Tonja Johnson directed the Committees attention to the FY 2019-20 revenue/institutionally funded Projects. She noted the state now allows the disclosure of these projects on a quarterly basis, which offers the opportunity to bring projects to the Board for approval as they coincide with regular Board meetings instead of once a year. The revenue/institutionally funded projects totally \$28,160,000.00 are proposed for inclusion in the FY 2019-20 State of Tennessee Budget Document. She explained that although no state funds are requested, legislative approval of the projects is required.

Dr. Johnson explained that in addition to the projects included in the meeting materials, the administration seeks authorization to enter into contracts for design and construction associated with revenue/institutionally funded projects subsequently identified during the fiscal year. Any subsequently identified projects will be approved by the President and reported to the Board of Trustees at its next regularly scheduled meeting.

Chair Anderson directed attention to the following Resolution and called for a motion and second that the Committee recommend the Resolution for adoption by the Board of Trustees:

RESOLVED: The Revenue/Institutionally Funded Projects for FY 2019-20 are approved, with authorization to enter into contracts for design and construction of these projects, within available funds, and, with the approval of the President, for design and construction of other revenue/institutionally funded projects identified during the fiscal year within available funds, provided that any other projects approved by the President shall be reported to the Board of Trustees at its next regularly scheduled meeting.

Trustee Foy made the motion, Vice Chair Jubran seconded, and the motion carried unanimously.

Dr. Johnson directed the Committee's attention to the Revised Capital Budget Cycle for FY 2019-20 included in the meeting materials and explained that, unlike in previous years, the administration will be submitting its requests directly to THEC in July.

IX. REQUESTS TO ADDRESS THE BOARD

There were no requests to address the Board.

X. OTHER BUSINESS

There was no further business to come before the Committee.

XI. ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned.

Respectfully Submitted,


Catherine S. Mizell, Secretary