ORDER OF BUSINESS

I. Call to Order and Invocation

II. Roll Call

III. Consent Agenda

All items on the Consent Agenda, except items A., B., and C., were recommended by standing committees of the Board meeting in conjunction with this meeting. Most Trustees attended and were able to participate in the committee consideration of these items. Any Trustee may request that an item be moved to the Regular Agenda.

A. Minutes of the Last Meeting

B. Annual Report to the General Assembly

C. 2018 Fall Meeting Date

D. Items Recommended by the Academic Affairs and Student Success Committee
   1. UT Knoxville Honorary Doctor of Humane Letters
   2. Revisions to UTHSC Faculty Handbook
   3. New Academic Program, UTC Master of Public Health
   4. Grant of Tenure to Three UTHSC Faculty Members under Expedited Procedures
   5. Revised UTC Faculty Handbook
   6. Board Policy Affirming Principles of Free Speech for Students and Faculty

E. Items Recommended by the Finance and Administration Committee
   1. 2017 Report of Efficiencies and Cost Savings for Inclusion in the Board’s Annual Report to the General Assembly
   2. FY 2017 Annual Flight Operations Report
   3. Revised UAPA Parking Rule, UTC
   4. FY 2018-19 Operating Budget Appropriations Improvement Request for Non-Formula Units
   5. Use of Proceeds from Lease and Transfer Agreement with University Health System to Fund Purchase of Equipment for Simulation Center
   6. Use of Proceeds from Lease and Transfer Agreement with University Health System to Fund Clinical Trial Network Infrastructure
   7. FY 2018-19 Capital Outlay and Capital Maintenance Projects
   8. FY 2018-19 Revenue/Institutionally Funded Projects
   9. Facilities Master Plan for Lone Oaks Farm (UTIA)
   10. Board Policy on Smoking
   11. Revised Board Investment Policies and Procedures
   12. Revised UAPA Rule on Contested Case Procedures
IV. Report of the President

V. Report of Chancellor Davenport

VI. Report of the Executive and Compensation Committee
   A. President’s Recommendation for Appointment and Compensation of the Vice President for Research, Outreach, and Economic Development — Action

VII. Report of the Athletics Committee
   A. Neyland Stadium South Renovations (Phase I) Project Scope and Neyland Stadium Master Plan — Action/Roll-Call Vote

VIII. Naming of Facilities
   A. Haslam College of Business Global Leadership Scholars Program — Action
   B. Entryway Garden of the Sociology Building at UT Martin — Action
   C. Recreation Hall at the Clyde M. York 4-H Center — Action

IX. Campus Presentations on Facilities Services Outsourcing Decisions

X. Report of the Audit and Compliance Committee

XI. Other Business
   Note: Under the Bylaws, items not appearing on the agenda may be considered only upon an affirmative vote representing a majority of the total voting membership of the Board. Other business necessary to come before the Board at this meeting should be brought to the Vice Chair’s attention before the meeting.

XII. Adjournment
THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: November 3, 2017

ITEM: Minutes of the Last Meeting

Minutes of the June 22, 2017 meeting of the Board of Trustees follow this memorandum. The necessary Resolution for approval appears below.

RESOLVED: The reading of the minutes of the June 22, 2017 meeting of the Board of Trustees is omitted, and the minutes are approved as presented in the meeting materials, provided that the Secretary is authorized to make any necessary edits to correct spelling errors, grammatical errors, format errors, or other technical errors subsequently identified.
THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES  

MINUTES OF THE ANNUAL MEETING  
June 22, 2017  
Knoxville, Tennessee  

The Annual Meeting of The University of Tennessee Board of Trustees was held at 1:00 p.m. EDT, on Thursday, June 22, 2017, in the Hollingsworth Auditorium on the campus of the Institute of Agriculture of The University of Tennessee in Knoxville. 

I. CALL TO ORDER AND INVOCATION  

Raja J. Jubran, Vice Chair of the Board, called the meeting to order. Britton Sharp of the Campus Ministers Council offered the invocation. 

II. ROLL CALL  

Secretary Catherine S. Mizell called the roll, and the following members were present:  

Raja J. Jubran, Vice Chair  
Charles C. Anderson, Jr.  
Shannon A. Brown  
Terrance G. Cooper  
Susan C. Davidson  
Joseph A. DiPietro  
Spruell Driver, Jr.  
William E. Evans  
John N. Foy  
D. Crawford Gallimore  
Vicky B. Gregg  
Brad A. Lampley  
Andrew P. McBride  
Sharon J. Miller Pryse  
Rhedona Rose  
David A. Shepard  
Rachel M. Smith  
Jai Templeton  
John D. Tickle  
Julia T. Wells  
Charles E. Wharton  
Tommy G. Whittaker
The Secretary announced the presence of a quorum. Governor Haslam, Commissioner McQueen, Executive Director of THEC Mike Krause and Trustee Cates were unable to attend the meeting. Members of the administrative staff and media representatives were present. The meeting was also webcast for the convenience of the University community, the general public, and the media.

III. INTRODUCTION OF NEW TRUSTEES

The Vice Chair first recognized and welcomed Kimbrough Dunlap, outgoing president of the UT Alumni Association, and Betsy Brasher, president-elect.

The Vice Chair then introduced newly appointed Non-voting Faculty Trustee Terry Cooper, a Professor at UTHSC, and presented him with a Trustee lapel pin. He also introduced the new Non-voting Student Trustee, Andrew McBride, a student in the College of Medicine at UTHSC, and presented him with a Trustee lapel pin.

Before turning to the regular agenda, the Vice Chair noted that most action items for this meeting were recommended to the Board for approval by committees and are included on the consent agenda. For the benefit of the audience, he explained that most Trustees attended the committee meetings and were able to participate in the discussion. He called for any requests to move an item from the consent agenda to the regular agenda. Hearing none, he proceeded with the regular agenda.

IV. HONORARY RESOLUTIONS

Trustee Smith recited the Resolution honoring Miranda Rutan, outgoing Voting Student Trustee (Exhibit 1) and thanked Ms. Rutan for her friendship and guidance. Trustee Smith moved adoption of the Resolution, Trustee Gallimore seconded the motion, and the Resolution was adopted unanimously. The Trustees offered Ms. Rutan a round of applause and recognized her family in attendance at the meeting. Ms. Rutan thanked the Governor for appointing her to the Board and said it has been a great honor to serve as a Trustee. She also expressed her great appreciation to President DiPietro, other Trustees, and University staff for their support and guidance. She thanked fellow Student Trustees Jalen Blue and Rachel Smith for their friendship, and she thanked Chancellor Carver and Chancellor Emeritus Smith and the students at UTM for their support. In closing, Ms. Rutan said she had learned a lot about The University of Tennessee, Tennessee governance, and higher education and hoped to use her new-found appreciation for higher education in Tennessee on her path forward.

Trustee Davidson recited the Resolution honoring Jeff Rogers (Exhibit 2) and moved approval of the Resolution. Trustee Wells seconded the motion, and the Resolution was
adopted unanimously. She said that although Professor Rogers was unable to attend the meeting, he asked her to thank the Trustees on his behalf for their dedication to the University. The Board requested that Chancellor Carver arrange to present the Resolution to Professor Rogers in Martin.

Dr. DiPietro recited the Resolution honoring Dr. Katie High and bestowing upon her honorary status of Emerita Vice President for Academic Affairs and Student Success (Exhibit 3) and moved adoption of the Resolution. Trustee Driver seconded the motion, and the Resolution was adopted unanimously. Dr. DiPietro explained that Dr. High was unable to attend the meeting, but he wanted to offer high praise for her thirty-five years of service to the University and said very few have been more dedicated to the University than she has been. The Trustees offered an enthusiastic round of applause.

Dr. DiPietro recited the Resolution honoring Dr. Larry Arrington and bestowing on him honorary status of Chancellor Emeritus of the Institute of Agriculture (Exhibit 4). He congratulated and thanked Dr. Arrington and also recognized and thanked Mrs. Arrington for her service to the University. Dr. DiPietro moved adoption of the Resolution, Trustee Pryse seconded the motion, and the Resolution was adopted unanimously. Dr. Arrington thanked the Trustees for the Resolution and recognition. He stated that it was an honor and a privilege to serve with all of the dedicated employees of The University of Tennessee Institute of Agriculture.

V. PRESIDENT’S REPORT

The President began his report (Exhibit 5) by discussing the Title IX Commission report received the week before the meeting and said he found it optimistic and a good blueprint for continuous improvement for the University in this important area. He then described the process the Commission used, the scope of the report, the five major recommendations, and the administration’s next steps in response to the report. He add that he was very proud that all employees interviewed by the Commission articulated their dedication to advancing Title IX progress even in the face of challenges and resource constraints. He said that General Counsel Matthew Scoggins will conduct a comprehensive review of the report and coordinate the system-wide implementation of the Commission’s recommendations until a system-wide level Title IX coordinator has been hired. He said the University will never be complacent on issues of sexual violence and will seek to establish the gold standard for awareness, prevention, and response, and doing so is a priority for every University campus and institute. Noting that Trustees had received the full report, Vice Chair Jubran said he is proud of the University’s level of dedication to this mission. He also commented on the high level of independence of the Commission, the commitment of employees interviewed by the Commission, and the benefits of sharing practices among the campuses.

Turning to other matters, Dr. DiPietro discussed the accomplishments of this past fiscal year for the University and opportunities for the year ahead. A refresh of the Strategic
Plan to guide the University from 2018 through 2020 is being overseen by Tonja Johnson, Executive Vice President and Chief Operating Officer. The President’s Budget Advisory Group (BAG) has been meeting regularly to establish a new set of budget boundaries to implement over the next two years. He called the Trustees’ attention to the updated action plan for BAG in the meeting materials. He reported that efforts to control costs and the better than expected state appropriations over the last couple of years have reduced the budget gap estimate from $377 million to $122 million in 2025. He cautioned, however, that growth and ability to achieve critical strategic initiatives continues to be a challenge because the vast majority of new state appropriations are pre-committed. Each campus begins each fiscal year with a funding gap that is not addressed by new appropriated dollars. He said the BAG 3-3-0 model will require reallocation of almost $33 million over the next two years just to maintain the current programs and partially fund the existing salary gap. After reviewing the BAG underlying principals, goals, and challenges, Dr. DiPietro invited Trustee Tickle, Chair of the Subcommittee on Efficiency and Cost Savings, to comment on BAG reports to the Subcommittee. Trustee Tickle said that he has been impressed with the BAG efforts and encouraged continued efforts to look hard for cost savings. He said the University will be challenged to keep costs down because of bureaucracy but must be prepared for the time when the funding from the state will not be as generous as it has been in the past few years.

Turning to the proposed tuition increase, Dr. DiPietro said that because of cost saving efforts and increased funding from the state, the request this year is for a record low tuition increase of 1.8%, which is the lowest request three decades and the third consecutive year of tuition increases at 3 percent or lower, which is a first since the UT System was established in 1968. He added that the administration is also working hard to keep other student fees low, less than 1.9% for UTK, UTM and UTC. He said that at a time when high student debt is making headlines, 44% of UT undergraduates finish with a bachelor’s degree without debt. He reported that those who graduate with debt, the average is around $24,000. He said an education at UT remains a very wise investment, and the University is proud to be a national leader in efforts to hold down tuition increases. Meeting the BAG goals will help countless Tennesseans move forward toward better futures. Together we are stronger, together we are making Tennessee stronger through our efforts. In closing, he presented a video highlighting UT’s efforts to keep a college education affordable.

In response to a question from the Vice Chair, Dr. DiPietro said his greatest concern at the time was a downturn in the economy and availability of future state funding but added that regardless of the external circumstances, the administration will continue to work hard and achieve the University’s mission.

VI. EXTENSION OF THE VICE CHAIR’S TERM

Vice Chair Jubran announced that for the next item of business, a proposal to extend his term as Vice Chair, Trustee Driver, Chair of the Trusteeship Committee, will chair the
meeting. Vice Chair Jubran then left the meeting room. Trustee Driver called the Board’s attention to the proposal included in the meeting materials (Exhibit 6). He explained that the Bylaws provide for the term of the Vice Chair to be extended beyond the two-year term at the request of the Chair of the Board and upon a majority vote of the total voting membership of the Board. Governor Haslam has requested that Vice Chair Jubran serve another two-year term (through June 30, 2019) coinciding with the remaining term of President DiPietro’s employment agreement. Vice Chair Jubran has agreed to the extension of his term subject to the required affirmative vote of the Board.

Trustee Pryse moved adoption of the following Resolution:

RESOLVED: At the request of the Chair of the Board of Trustees and by affirmative vote of the entire voting membership of the Board, the term of Raja J. Jubran as Vice Chair of the Board is extended through June 30, 2019.

The motion was seconded by Trustee Whittaker. Trustee Driver called for any discussion and hearing none called for a vote, and the motion carried. Vice Chair Jubran returned to the meeting and said he appreciates the trust and vote of confidence from the Board and its Chair, Governor Haslam.

VII. INTERIM COMMITTEE, SUBCOMMITTEE, AND CHAIR APPOINTMENTS

Vice Chair Jubran said several appointments or reappointments to the Board were pending, and the Bylaws authorize the Vice Chair to make interim appointments in that circumstance. He proposed to extend all current committee, subcommittee, and chair appointments as an interim measure pending new appointments or reappointments to the Board (Exhibit 7). When most or all new appointments or reappointments have been made, he will make new two-year appointments to all committees, subcommittees, and chairs, subject to confirmation by the Board at its next meeting.

Trustee Tickle moved adoption of the following Resolution:

RESOLVED: All current committee, subcommittee, and chair appointments are extended pending new appointments or reappointments to the Board and pending new two-year committee, subcommittee, and chair appointments by the Vice Chair, which shall be subject to confirmation by the Board at its next meeting.

The motion was seconded by Trustee Pryse and carried. Subsequently, for the record, the Vice Chair noted that the committee appointments include the appointment of new Trustee Shepard to two committees, Trustee Tickle as an at-large member of the Athletics Committee, and Trustee Anderson as Chair of the Athletics Committee.
VIII. BYLAW AMENDMENTS

Secretary Mizell stated that the Board adopted a set of Amended and Restated Bylaws on June 23, 2016, largely to achieve consistency with requirements of Public Chapter 753 enacted during the 2016 session of the General Assembly. One further amendment was approved on October 14, 2016 to expand at-large membership on the new Athletics Committee. She said that several needed technical or clarifying amendments have been identified over the past year and are shown in the meeting materials (Exhibit 8). Vice Chair Jubran explained that the Trusteeship Committee is not meeting in conjunction with this meeting, and therefore he designated this item for the full Board agenda.

Trustee Driver moved adoption of the following Resolution:

RESOLVED: The Board of Trustees adopts the Bylaw Amendments as presented in the meeting materials.

The motion was seconded by Trustee Whittaker, a roll-call vote was taken), and the motion carried.

IX. FY 2018 OPERATING BUDGET, STUDENT TUITION AND FEES, AND COMPENSATION PROCEDURES FOR ADDITIONAL SALARY INCREASES DURING THE FISCAL YEAR

David Miller, Chief Financial Officer, presented the FY 2018 Operating Budget, Student Tuition and Fees, and Compensation Procedures for Additional Salary Increases during the fiscal year (Exhibit 9). He noted that the Subcommittee on Tuition, Fees and Financial Aid and the Finance and Administration Committee received detailed presentations on tuition and fees, and thus he would focus on the FY 2018 Operating Budget. He presented a PowerPoint summary (Exhibit 10) of the $2.3 billion FY 2018 operating budget. He thanked Ron Loewen, System Budget Director, Ron Maples, Treasurer, and the campus chief business officers for their hard work on the budget.

At the conclusion of the presentation, Trustee Evans asked how much of the approximately $87 million Education & General fund balance would constitute the “rainy day” fund. Mr. Miller responded that approximately $56 is encumbered, leaving approximately $36 million or roughly nine days’ worth of “rainy day” operating funds; he noted that $33 million is the amount of working capital required by statute. Mr. Miller then described encumbered and unencumbered fund balances, including $478 million in renewal and replacement funds, which he described as a checkbook balance of many ongoing activities across the campuses and units to fund daily operational maintenance. He said the degree of commitment of the $478 million in renewal replacement funds varies widely from the existence of a plan for use of the funds to an account payable. Vice Chair Jubran said the Board must understand the source of renewal and replacement funds and how they are being allocated. He added that it would be beneficial for the Trustees to have a further in-depth discussion of reserve funds and carry forward fund
balances at the August 17 workshop. Trustee Tickle asked about the process for state funding of capital projects. Mr. Miller explained that the state holds the funds, pays the costs for the project as they are incurred for the project, and UT does not show the encumbrance in the budget. Dr. DiPietro added that in his career, he has experienced state operating commitments being rescinded but not capital commitments.

Trustee Foy moved adoption of the following Resolution:

RESOLUTION OF
THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES
June 22, 2017

FY 2018 Operating Budget, Student Tuition and Fees, and Compensation Procedures for Additional Salary Increases during the Fiscal Year

WHEREAS, the Bylaws require the Board of Trustees to approve an annual operating budget for the University; and

WHEREAS, the proposed FY 2018 Educational and General (E&G) budget is balanced and within available resources, as is the budget for Auxiliary Enterprises; and

WHEREAS, the proposed budget complies with all applicable policies and guidelines; and

WHEREAS, the administration needs to be able to respond quickly and effectively to a significant budget shortfall due to a state impoundment of funds or appropriation rescission; and

WHEREAS, mandatory furloughs without pay, reduction of time worked, across-the-board salary reductions, and similar salary-related measures may be required to address budget reductions or a budgetary shortfall; and

WHEREAS, the Bylaws further require the Board of Trustees to approve student tuition and fees;

NOW THEREFORE BE IT RESOLVED that:

The FY 2018 Operating Budget is approved with the understanding that if the General Assembly or the Department of Finance and Administration further alters the FY 2018 appropriations or if changes in estimated resources require, the budget shall be modified accordingly so expenditures will not exceed available resources. All such changes shall be
reported in a Revised Budget presented to the Board for approval.

The FY 2018 student tuition and fee schedules, course-related fees, and other dedicated student fees presented in the FY 2018 operating budget are approved.

The FY 2018 salary and wage compensation plan and the FY 2018 Compensation Procedures for Additional Salary Increases during the Fiscal Year are approved.

Any additional general salary increases that exceed the FY 2018 salary and wage plan may only be granted upon approval by the Board of Trustees.

The Board of Trustees expressly authorizes the campus, institute and unit administrations, in response to budget reductions or a budgetary shortfall, to implement mandatory furloughs without pay, reduction of time worked, across-the-board salary reductions, and similar salary-related measures during FY 2018, subject to approval by the Executive and Compensation Committee, the President, and the Treasurer and Chief Financial Officer in consultation with the General Counsel and Human Resources.

Any remaining Unrestricted Current Fund balances may be considered as a reserve for contingencies to be used for the following purposes, provided that all such changes shall be reported in a Revised Budget presented to the Board for approval:

Employing additional staff where enrollments and reorganization requirements warrant;

Modifying departmental operating budgets where changing conditions during the year require funding adjustments;

Funding to make salary adjustments for personnel as may be necessary during the year in keeping with state and university salary guidelines;

Improving physical facilities for academic and research departments as opportunities arise;

Mandated cost increases; and

State impoundment of funds or appropriations rescission during the budget year.

Adopted by the Board of Trustees, this 22rd day of June, 2017.
The motion was seconded by Trustee Pryse, a roll-call vote was taken, and the motion carried.

X. CRITERIA FOR ESTABLISHING PEER INSTITUTIONS

Vice Chair Jubran explained that the administration has worked to develop criteria for establishing peer institutions, with the understanding that both the criteria and the peer institutions would be approved by the Board of Trustees. The peer institutions approved by the Board would be used in all presentations to the Board involving peer comparisons (e.g., tuition and fees, research, finances, student success, development, salary gap, etc.).

The criteria recommended by the administration (Exhibit 11) follow this memorandum and are presented in two categories: (1) criteria common to all units (except as noted); and (2) additional criteria for each unit. If the Board approves the recommended criteria, the administration will begin the process of applying the criteria to identify a set of recommended peer institutions for each unit, which will then be recommended to a called meeting of the Executive and Compensation Committee. If the process of identifying peers reveals the need to add or delete certain criteria, a recommendation for revision of the criteria will be presented to the Committee at the same time.

Trustee Evans said comparison needs to be made not only with comparable institutions but also with institutions at a level to which the University aspires. Dr. DiPietro responded that there may need to be subsets used for certain purposes. Trustee Davidson noted that peers will change over time. Vice Chair Jubran agreed but emphasized that the Board must approve any change in peers. Trustee Brown urged that focusing on comparison with other institutions not cause the administration and the Board to lose sight of what the University needs to be doing to ensure its students are competitive in the market place. Vice Chair Jubran agreed and said the criteria used to establish peers should also be used for internal assessment of how the University is performing from year to year.

Trustee Tickle moved adoption of the following Resolution:

RESOLVED: The Board of Trustees approves the criteria for establishing peer institutions as presented in the meeting materials and authorizes the Executive and Compensation Committee to act on behalf of the Board to approve peer institutions based on those criteria or such revised criteria as the Committee determines to be necessary.

Trustee Wells seconded, and the motion carried.

XI. PRESIDENT’S ANNUAL PERFORMANCE REVIEW AND GOALS FOR FY 2018

In referring to his report of the annual performance review process (Exhibit 12), Vice Chair Jubran praised Dr. DiPietro for his openness, transparency, and responsiveness Board and
reported that those interviewed overwhelmingly described integrity, commitment, and credibility as his strengths.

The report reflects the Vice Chair’s conclusion that Dr. DiPietro’s performance met or exceeded the Board’s expectations in virtually every respect. The Chairs of the Audit and Compliance and Trusteeship Committees (designated by the Executive and Compensation Committee to participate in the process) reviewed the Vice Chair’s report and indicated their concurrence with the report. The report also includes a list of twelve performance goals the Vice Chair and Dr. DiPietro have agreed upon for FY 2017-18, subject to approval by the Board.

In accordance with the Interim Incentive Compensation Plan for the President approved on May 3, 2017 by the Executive and Compensation Committee, acting on behalf of the Board, the performance review process also included development of incentive compensation goals for Dr. DiPietro. The Vice Chair call the Trustees’ attention to three incentive compensation goals recommended for Dr. DiPietro for FY 2018 (Exhibit 13).

Trustee Tickle moved adoption of the following Resolution:

RESOLVED:

1. The Vice Chair’s assessment of President DiPietro’s performance and recommendation of performance goals for FY 2018 are approved; and
2. The Vice Chair’s recommendation of FY 2018 incentive compensation goals for President DiPietro is approved.

Trustee Gallimore seconded, and the motion carried.

XII. REPORT AND RECOMMENDATION OF THE FINANCE AND ADMINISTRATION COMMITTEE

Committee Chair Anderson reported that the Finance and Administration Committee considered the proposed adoption of a Policy on Public Records (Exhibit 14) and repeal of a related Uniform Administrative Procedures Act (UAPA) Rule at the Committee meeting earlier in the day, with most Trustees in attendance. The proposed policy is in compliance with Public Chapter 722, which was enacted by the General Assembly in 2016 and requires that all governmental entities in Tennessee adopt a written public records policy prior to July 1, 2017. The Committee recommended approval of the policy and repeal of the related UAPA rule, the subject of which was limited to fees, billing, and payment for copies of public records and is now addressed by the proposed policy.

On the recommendation of the Finance and Administration Committee, Committee Chair Anderson moved adoption of the following Resolution:
RESOLVED:

1. The Board of Trustees adopts the Policy on Public Records as presented in the meeting materials to be effective June 26, 2017 and authorizes the President to approve future changes to the Policy on Public Records, in consultation with the Office of the General Counsel; and

2. The Board of Trustees repeals Chapter 1720-01-11 of the Rules of The University of Tennessee to be effective upon completion of the rulemaking procedures under the Uniform Administrative Procedures Act.

As a recommendation of the Committee, no second was required. A roll-call vote was taken, and the motion carried.

XIII. REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE

Committee Chair Gallimore made the following report of the work of the Audit and Compliance Committee since the last Board meeting:

The Audit and Compliance Committee held its last meeting on May 3, 2017. The following were a few of the key items reviewed at that meeting:

**State Audit Report**
The Committee heard from the State Auditors on the results of the 2016 annual financial and compliance audit. As part of their work this year, the auditors followed up on information technology findings from the 2015 audit. There were five repeat information technology control weaknesses identified. The details of the findings were discussed with the Committee, and management has indicated that all findings have been addressed and that recommendations have been implemented.

**Athletics Financials and Agreed-Upon Procedures**
The Committee reviewed the agreed-upon procedures report issued by State Audit. Each year, the State Auditors perform agreed-upon procedures for Athletics to comply with NCAA Bylaws. This work is not a financial statement audit and the State Auditors do not issue an opinion on statements. Instead, this work involves a series of procedures to meet the requirements of the NCAA. A copy of the report is included in the materials (Exhibit 15).

**Compliance**
The Committee reviewed institutional compliance reports and heard from Dr. Robert Nobles, chair of the Knoxville campus compliance committee. We heard of and support plans the committee has to continue to mature the campus compliance efforts.
**Upcoming**
Below are comments on a few of the upcoming audits and agenda items for Committee meetings.

A state statute requires internal audits of the Chancellors and President. While the statute only requires 30 percent of Chancellors and the President to be audited each year, because of the number of individuals new to the Chancellor positions this year, the Committee approved audits of all of the CEOs in 2017. These results of the audits will be forwarded to all Trustees in December.

For the remainder of the year, the Committee will continue to receive monthly updates on the audit plan and results of audits. The Committee meetings have not been scheduled; however, agenda items for those meetings will include IT security, institutional compliance, ongoing investigations, the annual risk assessment, as well as approval of the 2018 audit plan and institutional compliance work plan.

**Annual Report**
As required by the Committee charter, the Executive Director of Audit and Compliance has provided two reports in the meeting materials.

- First is the 2016 annual report (Exhibit 16), which provides a summary of the 2016 accomplishments and 2017 plans. The Audit and Compliance Committee reviewed this report at the May 3 meeting.
- Next is a copy of the 2017 Audit Plan (Exhibit 17), which was reviewed and approved by the Audit and Compliance Committee at the December meeting.

**XIV. CONSENT AGENDA**
The Vice Chair directed the Board’s attention to the Consent Agenda (action items except as otherwise indicated). He reported that all action items except the first three were reviewed, discussed, and unanimously approved in committee meetings. He called for any requests to remove items from the Consent Agenda. Hearing none, the Vice Chair called for a motion to approve the Consent Agenda, consisting of the following items:

A. Minutes of the Last Meeting

B. Naming of the Track & Field Center at Tom Black Track (Exhibit 18)

C. Reappointment of UT Members to University Health System Board (Exhibit 19)

D. Athletics Committee Charter (Exhibit 20)

E. Athletics Advisory Board Bylaws (Exhibit 21)
F. 2018 Board of Trustees Meeting Dates (Exhibit 22)

G. Annual Report of Sale of Gift Property (Exhibit 23)

H. Grant of Easement to City of Maryville Electric Department (Exhibit 24)

I. 2017 Comprehensive List of Academic Programs (Exhibit 25)

J. Ratification of Administrative Action to Terminate or Inactivate Academic Programs (Exhibit 26)

K. Recommendations for Tenure (Exhibit 27)

L. Ratification of FY 2016-17 Quasi-Endowments (Exhibit 28)

M. FY 2017 Distribution of UC Foundation Unrestricted Endowment Funds (Exhibit 29)

N. FY 2017-18 President Emeritus Agreement with Dr. Joseph E. Johnson (Exhibit 30)

O. UTC Graduate Out-of-State Tuition Proposal (Exhibit 31)

P. Revision of University Aircraft Policy (Exhibit 32)

Q. Annual Report of Naming Interior Spaces and Grounds—Information (Exhibit 33)

R. Annual Report of UC Foundation, Inc.—Information (Exhibit 34)

S. Annual Report of UT Foundation, Inc.—Information (Exhibit 35)

T. Annual Report of UT Research Foundation, Inc.—Information (Exhibit 36)

Trustee Wharton moved approval of the Consent Agenda, Trustee Whittaker seconded, and the motion carried.

XVI. SCHEDULED MEETINGS AND OTHER EVENTS, 2017-18

The Vice Chair called the Trustees’ attention to the list of scheduled meetings and other events for 2017-18 and asked Trustees to add them to their calendars.

XVII. OTHER BUSINESS

There was no other business.
XVIII. ADJOURNMENT

With no further business to come before the Board, the Vice Chair adjourned the meeting.

Respectfully Submitted,

___________________________________
Catherine S. Mizell, Secretary
State law requires the Board of Trustees to submit an annual report to the Governor ten days before the General Assembly convenes in January. The Governor then transmits the report to the General Assembly. The report must include enrollment information, financial information, and other information about the operations of the University.

In 2016, the General Assembly passed a statute creating a Subcommittee on Efficiency and Cost Savings to the Finance and Administration Committee of the Board of Trustees. The statute requires the Subcommittee to prepare an annual report of its findings, conclusions, and recommendations as to efficiencies and cost savings that will improve the University’s operations. The statute further requires that the Subcommittee’s report be included in the Board’s statutorily required Annual Report to the General Assembly.

The Finance and Administration Committee will consider the Subcommittee’s 2017 report at its meeting on November 3. If approved by the Committee, the report will be incorporated into the following version of the Annual Report to the General Assembly.

RESOLVED: The 2016-2017 Annual Report to the General Assembly is approved subject to inclusion of the approved 2017 report of the Subcommittee on Efficiency and Cost Savings and with authorization for the administration to update the fall 2017 enrollment data, if necessary, before presenting the 2016-17 Annual Report to the Governor for transmittal to the General Assembly.
INTRODUCTION
From the President

MILESTONES
Self-Limiting Tuition Increases Makes History
Rebuilding the Business Model
Title IX Commission

FINANCIALS
Sources of Current Funds
Uses of Current Funds
Investments

ENROLLMENT
Fall 2017 Enrollment
I've had the privilege and honor to lead the statewide University of Tennessee system since 2011. Serving as UT president comes with a fast-paced series of challenges and opportunities, and the fiscal year that ended on June 30, 2017 was no exception.

I'm extremely proud of how the University has risen to the challenge of achieving long-term financial sustainability. We began fiscal 2015 with a two-year set of self-imposed fiscal restraints intended to narrow projected funding gaps without passing the burden on to students and their families. One of these self-imposed limits applied to tuition increases which we determined would not exceed 3 percent, assuming 3 percent annual inflation and no increase in state appropriations.

Through our self-imposed budget boundaries, cost savings and unanticipated increases in state appropriations over the last three fiscal years, the University has exceeded all expectations for holding down tuition increases.

In fact, we made history.

In June, the 1.8 percent tuition increase our Board approved was the lowest since 1984 and marked three straight years of increases at or below 3 percent. The latter is a feat unprecedented in the history of the UT system since it was established in 1968.

When we realized the looming funding gap unless action was taken, I refused to allow excessive tuition increases to be the solution. I still do.

In June, the special commission I appointed in 2016 to review our Title IX programs, policies and resources statewide issued its findings. I wasn't surprised the group acknowledged the University's obvious commitment to education about and prevention of sexual misconduct, and in response to the panel's recommendation to create and fill a position dedicated to system-wide Title IX coordination, we did so in a matter of weeks.

I remain committed to seeing the University of Tennessee establish the gold standard, nationally, in all of our efforts around Title IX issues and compliance.
Our Cherokee Farm Innovation Campus in Knoxville has achieved momentum in its development, with the first private tenant—Civil Engineering Consultants—taking up residence in the second building now in operation on the property. I anticipate opportunities to sustain that momentum in 2018, and I believe we will.

We’ll be challenged to grow enrollment and, at the same time, continue to hold down tuition increases.

I’m confident in our potential to meet those challenges and to seize our opportunities—including the as yet unforeseen ones.

And I’m proud that as we do, Tennessee and the world will be better for it.

All the best,
Self-Limiting Tuition Increases Makes History

For the third straight year, the University held tuition increases to an historic low, achieving a first in the history of the UT system.

A 1.8 percent undergraduate tuition increase for the academic year 2017-2018 is the lowest since 1984 and marked three consecutive years of increases at or below 3 percent—a first since the UT system was established in 1968. In 2016, tuition increased 2.2 percent and 3 percent in 2015.

The majority of fees did not increase and, of those for which UT Trustees approved a change, the net increase at each campus ranged from 0 percent to less than 3 percent.

The Tennessee Higher Education Commission set its first binding tuition recommendations in 2016-2017, and the University's increase was well below that.

“Critical in our refusal to rely on tuition increases to close our funding gap is our commitment to self-limiting increases while working to maximize every dollar—regardless of its source—so that we maintain excellence in every function of the University, including stewardship of resources,” UT President Joe DiPietro said.

“Sustainable funding is our responsibility, and our goal is to achieve it while keeping college tuition affordable for all Tennesseans.”

That goal was aided substantially by unanticipated increases in state funding for the most recent three fiscal years, what DiPietro describes as a partnership to deliver future opportunity through higher education.

“Together, we are stronger,” he said. “Together, we’re making Tennessee stronger. I continue to be proud of our efforts to be a national leader in a proactive approach to hold down tuition increases.”

DiPietro said 44 percent of UT undergraduates finish with a bachelor’s degree and without debt. For those who graduate with debt, the amount is around $24,000, on average. But those with a college degree have an average seven-figure increased lifetime earning potential.

“A UT education remains a very wise investment,” he said.
Rebuilding the Business Model

In 2014, the University’s financial outlook—marked by a substantial projected funding gap resulting from decreasing funds and steady costs—prompted UT President Joe DiPietro to declare the business model not only unsustainable, but broken. DiPietro was determined to find a solution to the problem and one that did not rely on tuition increases to close funding gaps.

He brought together voices from inside and outside the University to form his Budget Advisory Group. DiPietro charged the group with thoroughly reviewing University revenues and expenditures toward closing the funding gap through greater efficiency and effectiveness, all while maintaining UT excellence.

The group developed a two-year set of fiscal restraints approved by the UT Board of Trustees and implemented on July 1, 2015. These self-imposed budget boundaries were to increase revenue, cut costs, establish spending parameters, enhance internal controls and set goals for campuses to better address short- and long-term priorities for reallocating new revenue and cost savings.

In January 2017, a few months before the end of the two-year period governed by the budget boundaries, DiPietro reconvened the group to evaluate the approach and set goals for another two fiscal years. The group also articulated a set of underlying principles for maximizing resources and fiscal effectiveness. The president’s Budget Advisory Group will be an ongoing resource for ensuring prudent use and maximization of resources.
ACHIEVEMENTS

Affordability
Three consecutive years of undergraduate tuition increases of 3 percent or lower. UT Chattanooga and UT Martin reduced regional out-of-state tuition to enhance competitiveness.

Efficiencies and Cost Savings
Budget re-balancing process at UT Chattanooga to re-allocate 5 percent of budgeted funds. Voluntary retirement incentives at UT Chattanooga, UT Martin and the Institute of Agriculture that achieved more than $9 million in combined savings.

Enrollment
Out-of-state enrollment increased on all campuses. Out-of-state/international students increased from 9.6 percent in fall 2014 to 10.7 percent in fall 2016.

Complete College Tennessee Act
Performance Funding Model
UT institutions are continually within the top five performing universities for CCTA metrics.

Research
Units reviewed direct and indirect cost sharing on grants and contracts and implemented incentives for departments to minimize the level of cost sharing.

Outreach
Customers and/or clients served increased 16 percent from 4.5 million in fiscal 2014 to 5.2 million in fiscal 2016.

Development
Total number of gifts, pledges and bequests system-wide grew more than 15 percent a year based on a five-year average.

More at tennessee.edu/bag

2017-2019 Goals:

Academics
Secure accurate data on academic program costs and productivity toward development of plans by each campus and institute for ongoing program investment and retaining, enhancing, reorganizing, merging or phasing out programs.

Funds Reallocation
Reallocation system and campus funds from areas of low productivity and efficiency to strategic priorities, critical programs and other high-return opportunities.

Research
Increase system-wide research and sponsored program expenditures by 6 percent annually (based on the most recent five-year average).

Development
Increase total gifts, pledges and bequests system-wide by 15 percent annually (based on the most recent 5-year average).

Human Resources
Strengthen and streamline system HR operations for increased system-wide effectiveness.
Title IX Commission Releases Findings

Following settlement in 2016 of a Title IX lawsuit brought against the University, UT President Joe DiPietro appointed a special commission to research and review practices, policies and resources system-wide for education, prevention and response to Title IX concerns.

In June 2017, the Commission reported its findings, including the recommendation to create a new, system-level position to coordinate all Title IX-related efforts by UT entities. That position was filled by the interim appointment in August of Ashley Blamey, former director of the UT Knoxville Center for Health, Education and Wellness. Blamey was named UT Knoxville Title IX coordinator in August and serves dually in the interim role for the UT System until a national search can be conducted to fill that position permanently.

While the commission's report acknowledged the University's "focus on increasing awareness and understanding about sexual misconduct policies and procedures" toward prevention of and effective, compassionate response to incidents, DiPietro said there's more work to be done.

“Our goal always has been and remains to establish the gold standard, nationally, in our response to Title IX issues,” DiPietro said. “That means being proactive, forward-thinking and emphasizing education and prevention toward reducing the number and likelihood of incidents; and when an incident does occur, taking a caring and effective approach in every aspect of response.”
Sources of Current Funds
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Total: $2,331,361,608.07
Uses of Current Funds
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>$709,674,607.70</td>
<td>30.4%</td>
</tr>
<tr>
<td>Student Aid</td>
<td>$273,904,434.16</td>
<td>11.7%</td>
</tr>
<tr>
<td>Research</td>
<td>$267,518,109.39</td>
<td>11.5%</td>
</tr>
<tr>
<td>Academic Support</td>
<td>$208,184,237.02</td>
<td>8.9%</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>$187,674,439.02</td>
<td>8.0%</td>
</tr>
<tr>
<td>Institutional Support</td>
<td>$150,080,018.08</td>
<td>6.4%</td>
</tr>
<tr>
<td>Public Service</td>
<td>$147,609,273.66</td>
<td>6.3%</td>
</tr>
<tr>
<td>Physical Plant</td>
<td>$142,125,147.99</td>
<td>6.1%</td>
</tr>
<tr>
<td>Long Term Debt &amp; Other Transfers</td>
<td>$107,400,241.48</td>
<td>4.6%</td>
</tr>
<tr>
<td>Student Services</td>
<td>$98,339,430.16</td>
<td>4.2%</td>
</tr>
<tr>
<td>Independent Operations</td>
<td>$43,426,131.09</td>
<td>1.9%</td>
</tr>
</tbody>
</table>

Total: $2,335,936,269.75
**Financials**

**Investments Benefiting the University**

For fiscal period ending on June 30, 2017 total assets invested for the benefit of University of Tennessee were $1.3 billion, an increase of $114 million over the prior year. This growth was driven by improving economic trends, corporate earnings, and the quieting reassurance of central bankers. Global stocks provided the greatest lift, along with private equity.

Beyond those two asset classes, however, high-yield debt was the only other broad category to post double-digit returns for the period. In contrast, most commodities, global investment-grade bonds, and public real estate were flat or negative for the twelve months. Inflation expectations remained modest, and investors began to anticipate a rising interest-rate cycle driven by the Federal Reserve. These combined factors left energy to trade on bearish supply and demand fundamentals, while real estate and bonds fell victim to a higher expected discount rate. In short, equity and speculative debt drove returns, as there was little else to move the markets higher over the year.

The University’s capital base includes five separate investment vehicles. At June 30, endowments accounted for $926 million, with $911 million in the Consolidated Investment Pool and $15 million in separate endowments. Chairs of Excellence were $152 million, and the University of Chattanooga Foundation was $135 million. Finally, Life Income Trusts stood at $42 million. The accompanying chart displays these categories at each fiscal year-end for the past ten years.

The Consolidated Investment Pool (the Pool) is the largest component of invested funds and was established in 1954 to allow for the diversification and efficient investment of any endowment, regardless of size. With the dual mandate of generating long-term total returns above the spending rate while simultaneously managing downside risk, it maintains a globally diversified portfolio. For the fiscal period ending June 30, one, five, and ten-year total returns were +9.9%, +7.4%, and +3.1%, respectively. The Pool distributed $39 million in fiscal 2017, an increase of approximately $3 million from the prior year.

Other distributions included those made by The Tennessee Chairs of Excellence and the University of Chattanooga Foundation of $4 million and $8 million, respectively. Both of these categories are managed outside the Pool. The Chairs of Excellence are administered by the treasurer of the state of Tennessee for the benefit of all UT campuses. The University of Chattanooga Foundation is managed by its foundation board and supports programs at UT Chattanooga only.
TOTAL FUNDS (1=$1,000)

Year | UC Foundation | Chairs of Excellence | Life Income Trusts | UT Endowments
--- | --- | --- | --- | ---
2010 | $51 | $42 | $40 | $541
2011 | $103 | $113 | $42 | $630
2012 | $101 | $114 | $42 | $612
2013 | $123 | $50 | $44 | $684
2014 | $127 | $139 | $44 | $806
2015 | $131 | $137 | $43 | $857
2016 | $125 | $140 | $43 | $834
2017 | $135 | $152 | $42 | $926
## Fall 2017 Enrollment Compared to Fall 2016

<table>
<thead>
<tr>
<th></th>
<th>UNDERGRADUATES</th>
<th>GRADUATE ENROLLMENT</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2017</td>
<td>% change</td>
</tr>
<tr>
<td>UT Knoxville</td>
<td>22,139</td>
<td>22,317</td>
<td>0.8%</td>
</tr>
<tr>
<td>UT Chattanooga</td>
<td>10,170</td>
<td>10,176</td>
<td>0.1%</td>
</tr>
<tr>
<td>UT Martin</td>
<td>6,279</td>
<td>6,330</td>
<td>0.8%</td>
</tr>
<tr>
<td>UT Health Science Center</td>
<td>287</td>
<td>339</td>
<td>18.1%</td>
</tr>
<tr>
<td>UT Total</td>
<td>38,875</td>
<td>39,162</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>NEW FRESHMEN</th>
<th>NEW TRANSFERS</th>
<th>NEW GRADUATE STUDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2017</td>
<td>% change</td>
</tr>
<tr>
<td>UT Knoxville</td>
<td>4,851</td>
<td>4,895</td>
<td>0.9%</td>
</tr>
<tr>
<td>UT Chattanooga</td>
<td>2,080</td>
<td>2,147</td>
<td>3.2%</td>
</tr>
<tr>
<td>UT Martin</td>
<td>946</td>
<td>1,052</td>
<td>11.2%</td>
</tr>
<tr>
<td>UT Health Science Center</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>UT Total</td>
<td>7,877</td>
<td>8,094</td>
<td>2.8%</td>
</tr>
</tbody>
</table>
THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: November 3, 2017

ITEM: 2018 Fall Meeting Date

RECOMMENDATION: Approval

PRESENTED BY: Catherine S. Mizell, Secretary

At the June 22, 2017 meeting, the Board of Trustees approved the following 2018 dates for two regular meetings and a workshop:

Spring Meeting, March 22-23, 2018 in Memphis
Annual Meeting, June 21-22, 2018 in Knoxville

The following date is now proposed for the 2018 Fall Meeting:

Fall Meeting, November 1-2, 2018 in Knoxville

RESOLVED: The Fall Meeting of the Board of Trustees is set for November 1-2, 2018 in Knoxville.
With the upcoming recompete process for the Oak Ridge National Lab contract, the administration has been discussing the need to focus the attention of Dr. David Millhorn, who had served since 2005 as Vice President for Research and Economic Development, on ORNL relations. In order to achieve this, President DiPietro decided to reorganize the Office of Research and reassign Dr. Millhorn to ORNL on a full-time basis as Senior Vice President Emeritus and National Laboratory Relations Advisor for the University. Dr. Millhorn will work with the new leadership at ORNL to create major opportunities for the University and the national laboratory in areas of common interest such as leadership computing, neutron science, advanced materials, national security and healthcare. Further, he will spearhead the ORNL contract recompete process when the time comes.

With the Board’s approval, Dr. Stacey Patterson will be promoted to Vice President for Research, Outreach, and Economic Development to fill the vacancy created by Dr. Millhorn’s reassignment. Effective July 1, 2017, Dr. Patterson assumed this position on an interim basis.

Dr. Patterson joined the University in 2006 as a licensing associate for the UT Research Foundation and a research scientist in the Center for Environmental Biotechnology (CEB). At UTRF, she was responsible for managing a broad portfolio of intellectual property for licensing and commercialization to the private sector. Her research at CEB led to significant external funding and the launch of a startup company developing biological cell lines for optical imaging applications.

In 2009, she joined UT System Administration as director of research partnerships for the executive vice president’s office. She was lead author of a proposal for research infrastructure that won a $24-million grant from the National Science Foundation.
Among several statewide initiatives she has led is the $62.5-million Volunteer State Solar Initiative. In 2012, she was named assistant vice president and director of research partnerships, and in 2015 she was promoted to the dual roles of UT associate vice president for research and vice president of the UT Research Foundation. In September of this year, she was promoted to president of the UT Research Foundation.

Based on the market analysis included in the materials, President DiPietro has recommended the following initial compensation for Dr. Patterson as Vice President: (1) a base salary of $20,833.33 per month ($250,000.00 annualized); and (2) a non-accountable expense allowance of $416.67 per month ($5,000.00 annualized). While serving as President of the UT Research Foundation, Dr. Patterson will continue to receive additional annualized compensation of $50,000.00, bringing her total annualized compensation to $305,000.

**Motion by Vice Chair/Committee Chair Jubran:**

On the recommendation of the Executive and Compensation Committee at its meeting on October 5, 2017, I move adoption of the following Resolution by the Board of Trustees:

**RESOLVED:** The President’s recommendation for the appointment and initial compensation of Dr. Stacey Patterson as Vice President for Research, Outreach, and Economic Development pursuant to the reorganization of the Office of Research is approved.

As a recommendation of the Committee, no second is required.
### UNIVERSITY OF TENNESSEE

**Vice President for Research, Outreach and Economic Development and President of the UT Research Foundation**

**Incumbent:** Stacey Patterson

<table>
<thead>
<tr>
<th>Current Base Pay (Interim)</th>
<th>Research Foundation Pay</th>
<th>Total Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>$250,000.00</td>
<td>$50,000.00</td>
<td>$300,000.00</td>
</tr>
</tbody>
</table>

**President's Staff**

<table>
<thead>
<tr>
<th>Name</th>
<th>Current Base Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chancellor UT Knoxville</td>
<td>$585,000</td>
</tr>
<tr>
<td>Chancellor UT Health Science Center</td>
<td>$631,630</td>
</tr>
<tr>
<td>Chancellor UT Institute of Agriculture</td>
<td>$333,000</td>
</tr>
<tr>
<td>Chancellor UT at Chattanooga</td>
<td>$336,728</td>
</tr>
<tr>
<td>Chancellor UT at Martin</td>
<td>$300,000</td>
</tr>
<tr>
<td>Vice President for Government Relations</td>
<td>$216,088</td>
</tr>
<tr>
<td><em>Vice President for Human Resources</em></td>
<td>$259,572</td>
</tr>
<tr>
<td>Vice President for Institute of Public Service</td>
<td>$211,000</td>
</tr>
<tr>
<td>Vice President &amp; General Counsel</td>
<td>$285,000</td>
</tr>
<tr>
<td>Vice President UT Development &amp; Alumni Affairs</td>
<td>$318,324</td>
</tr>
<tr>
<td>Former Sr. Vice President for Research, Outreach and Economic Development (does not include supplement for President of UT Research Foundation)</td>
<td>$353,304</td>
</tr>
<tr>
<td>Executive Vice President &amp; Chief Operating Officer</td>
<td>$337,328</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td>$310,000</td>
</tr>
<tr>
<td>Vice President for Academic Affairs &amp; Student Success (Incumbent November 1)</td>
<td>$282,000</td>
</tr>
<tr>
<td>Executive Assistant to the President</td>
<td>$175,000</td>
</tr>
</tbody>
</table>

*Salary is for System Vice President Human Resources (HR), System Equity & Diversity and UTK Vice Chancellor for HR

**MARKET DATA:**

<table>
<thead>
<tr>
<th>SALARY SURVEY</th>
<th>25th Percentile</th>
<th>50th Percentile</th>
<th>75th Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUPA*</td>
<td>$298,548</td>
<td>$326,286</td>
<td>$349,860</td>
</tr>
<tr>
<td>Sibson Executive Compensation (2016)**</td>
<td>$305,090</td>
<td>$324,010</td>
<td>$373,888</td>
</tr>
<tr>
<td><strong>TOTAL REMUNERATION:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sibson Executive Total Compensation (2016)***</td>
<td>$372,543</td>
<td>$378,892</td>
<td>$418,327</td>
</tr>
</tbody>
</table>

*Data aged from 12/1/2016 to 4/01/17 - 2.7% aging factor
**Data aged from 10/01/2015 to 4/01/17 - 2.7% aging factor
***Data aged from 10/01/2015 to 4/01/17 - 2.7% aging factor (Includes base salary plus incentives, total cash compensation, retirement/deferred compensation.)

RECOMMENDATION: Recommended range is $324,000 - $334,000 based on experience and performance (continue additional compensation of $50,000 if this position includes the President of the Research Foundation role)
Stacey S. Patterson, Ph.D.

Interim Vice President for Research
University of Tennessee &
President
UT Research Foundation

Office Address:
815 Andy Holt Tower
Knoxville, TN 37996-0810
(865)974-3140 Office

Home Address:
11518 Cottage Creek Lane
Knoxville, TN 37934
(865)297-2419 Mobile

PROFESSIONAL EXPERIENCE

University of Tennessee, Knoxville, Tennessee
April 2006-Present

September 2017 – Present
Promoted to Interim Vice President for Research

January 2015 – August 2017
Promoted to Associate Vice President for Research

• Direct all business aspects for initiatives from the UT Office of the Senior Vice President
• Represent the University of Tennessee on regional boards and advisory committees
• Develop and manage several state-wide and national level initiatives to promote the growth of research and economic development at the University of Tennessee
• Collect, analyze, and report system-wide data regarding UT’s research enterprise
• Lead decisions regarding system-wide research administration tools and processes including the implementation of a new statewide electronic research administration system
• Advocate for research and economic development priorities to the State of Tennessee and outside constituents
• Assist the Sr. VP in staffing the Research, Outreach, and Economic Development committee of the UT Board of Trustees meetings – develop agenda and prepare data presentations
• Responsible for reporting research misconduct to the Office of Research Integrity, US Department of Health and Human Services, and handle research misconduct inquiries and investigations as needed in coordination with the UT General Counsel and Campus Research Integrity Officers
• Provide input and leadership in strategies to enhance and grow the UT research enterprise and contribute to the State’s economic development priorities
• Work with the Government Relations Team to develop State and Federal strategies to enhance UT’s research enterprise – coordinate quarterly meetings of Chief Research Officers to discuss priorities
Stacey S. Patterson, Ph.D.

- Develop and communicate policies to promote the responsible conduct of research and more efficient, effective research administration
- Develop strategies to manage and leverage all research activities across the UT System and beyond

September 2017 – Present
Promoted to President

February 2014 – August 2017
Vice President, UT Research Foundation

- Direct all business aspects for initiatives in coordination with the President of the UT Research Foundation
- Direct the day to day activities of the Multi-Campus Office of UTRF (responsible for technology transfer at UT-Knoxville, UT-Chattanooga, UT-Institute for Agriculture, UT-Space Institute, UT-Graduate School of Medicine, and the Institute for Public Service)
- Develop and execute budgets for UTRF system-wide
- Oversee fourteen FTE employees ranging from administrative staff to licensing and legal professionals
- Develop licensing strategies to help grow the technology transfer enterprise
- Oversee outreach events including Start Up Day Knoxville, Innov865 Week, Tennessee Venture Challenge, the UTRF Annual Innovation Awards, Opportunity NOW!, the Innovation Driver Award, and SPARK!
- Collaborate with UT-Battelle Tech Transfer Office to represent joint invention management and licensing and to develop ways to leverage each office
- Collect, analyze, and report system-wide data regarding UT’s research enterprise
- Lead decisions regarding Technology Transfer tools and processes including the implementation of a new statewide electronic invention disclosure enterprise application (I.D.E.A.)
- Provides operational oversight to four wholly-owned subsidiary companies
- Advocate for research and economic development priorities including commercialization efforts to the State of Tennessee and outside constituents

January 2012 – January 2015
Promoted to Assistant Vice President for Research & Director of Research Partnerships

- Supported all business aspects for initiatives from the UT Office of the Executive Vice President and Vice President for Research
- Developed and managed several state-wide programs and initiatives to promote the growth of research and/or economic development at the University of Tennessee
- Collected, analyzed, and reported system-wide data regarding UT’s research enterprise
- Led decisions regarding system-wide research administration tools and processes
- Directed efforts to standardize research reporting and data input for all UT campuses
Stacey S. Patterson, Ph.D.

- Led the selection and procurement of a new electronic research administration tool for all UT’s research units state-wide
- Communicated research and economic development priorities to the State of Tennessee and outside constituents
- Staffed the Research, Outreach, and Economic Development committee of the UT Board of Trustees meetings
- Provided input and leadership in the development of strategies to enhance and grow the UT research enterprise and contribute to the State’s economic development priorities
- Served as the primary author on a $24M research infrastructure award from the National Science Foundation
- Served as the PI and program director on a $62.5M ARRA State Energy Program grant

July 2009 – January 2012

**Director of Research Partnerships**

- Developed and managed partnerships within and outside of the University of Tennessee to help expand our research enterprise
- Assisted in the staffing of the Research, Outreach, and Economic Development committee of the UT Board of Trustees meetings
- Identified opportunities and develop mechanisms to achieve greater research funding success across the University of Tennessee

April 2006 – July 2009

**Licensing Associate (UT Research Foundation)**

- Evaluated and managed a broad portfolio of University intellectual property
- Marketed technologies and identified potential licensing/research partners
- Negotiated license and research agreements with external partners – licensing grew nearly 70% during my tenure as a licensing professional at UTRF
- Managed existing license agreements and contracts.
- Developed more standardized processes for triage of technologies
- Represented UTRF within the BioEnergy Science Center (BESC) Commercialization Council.

April 2006 – July 2008

**Research Scientist (Center for Environmental Biotechnology)**

- Principle investigator for NOAA award to develop a NASBA based detection system for Enterococci from coastal water.
- Principle investigator for NIH award to develop a non-invasive cancer detection system using engineered human cell lines.
- Principle investigator for NSF award to develop closed loop sensor-effector networks for Thyroid hormone monitoring.
Stacey S. Patterson, Ph.D.

- Directed graduate student research (Dan Close, Ph.D., Genome Science & Technology and Tingting Xu, Ph.D., Microbiology)

490 Biotech, Knoxville, Tennessee 2010-2015

Chief Technology Officer
- One of four founding members in start-up company developed around patented cancer imaging technology (contributor on two licensed patents)
- Responsible for technical approaches within the company, investment pitch development, and contract negotiation

University of South Florida, St. Petersburg, Florida 2003 - 2006

Postdoctoral Fellow/Research Assistant Professor
- Developed isothermal amplification methods for the detection and monitoring of pathogens.
- Developed a novel method for improving precision and accuracy of NASBA amplification.
- Genomic and proteomic profiling of phage infection from marine isolates
- Worked with licensing partners to commercially develop the technologies
- Mentored graduate students and technicians in all aspects of research

University of Tennessee, Knoxville, Tennessee 1999 – 2003

Graduate Research Assistant
- Developed a novel mammalian cell reporter expressing the bacterial luciferase enzyme system.
- Engineered bioluminescent bioreporters for detection and monitoring environmental contaminants and pathogens.
- Obtained extensive knowledge of current molecular techniques including: mammalian transfection and expression of foreign genes, codon optimization for gene expression in alternate organisms, microarray design, printing, hybridization and analysis, Northern, Southern and Western blotting, and quantitative PCR.
- Taught Microbiology lab course for majors.


Adjunct Faculty
- Developed, prepared, and taught Microbiology lecture and lab courses.
- Developed, prepared, and taught Anatomy & Physiology lecture and lab courses.
Stacey S. Patterson, Ph.D.

East Tennessee State University, Johnson City, Tennessee 1996 – 1999

Graduate Research/Teaching Assistant
- Developed a PCR-based assay for monitoring Giardia and Cryptosporidium from environmental water samples.
- Evaluated two watersheds for human pathogens including: protozoa and viruses.

CURRENT BOARD SEATS & ADVISORY COMMITTEE APPOINTMENTS
- Collaborative Composite Solutions, Incorporated, Director & Chair of Audit Committee
- Tennessee Valley Corridor, Director
- Oak Ridge Chamber of Commerce, Director
- Knoxville, Chamber of Commerce, Director
- Innov865 Alliance, Founding member
- Launch Tennessee, Commercialization Advisory Committee
- UT Strategic Plan Steering Committee and Implementation Champion
- UT, Knoxville’s Top 25 Research Advisory Council
- Cherokee Farm Development Corporation, Corp., Secretary
- Cherokee Farm Properties Incorporated, Director
- UT Community of Practice for Research Administration, Committee Chair
- Tennessee EPSCoR Management Committee, Representative for the University of Tennessee
- University of Tennessee Office of Corporate and Foundation Engagement, Executive Committee
- UTRF Multi-campus Office Executive Committee, Officer (Vice President)
- Cottage Creek HOA – President (2014-Present)

PROFESSIONAL AFFILIATIONS & OTHER PROFESSIONAL SERVICE
- Founding member of the Innov865 Alliance
- Invited speaker for the Bredesen Center Women in STEM symposia 2017
- Reviewer and semifinal panelist for the 2017 ORNL Innovation Crossroads
- UT Strategic Plan Steering Committee Member and Implementation Team Lead for Research Initiatives
- Served as PI and led a fifteen state NSF EPSCoR workshop for developing strategies for state-wide technology based economic development
- Judge for “Vol Court” and “What’s the Big Idea?” business plan competitions
- Search Committee Chair – UT Research Foundation VP Search, UT System Administration Institutional Research Assistant VP
- Search Committee Member – UTSI Executive Director, UT-IPS Vice President, UTRF Licensing Associate searches, UT Vice President for Communications and Marketing, IT system’s architect, IT project managers, UT-K Associate Vice Chancellor for Research Development
Stacey S. Patterson, Ph.D.

- Member of the Association of University Research Parks, Association of University Technology Managers, Tennessee Biotechnology Association, American Society for Microbiology, Society for Environmental Toxicology and Chemistry, the American Society for Clinical Virology and the Biotechnology Industry Organization (BIO)
- Ad-hoc reviewer for Environmental Science and Technology, Applied and Environmental Microbiology and Biotechnology

AWARDS AND HONORS
- Nominated (one of four state-wide) for the 1st ever President’s Award in the Discover Category, University of Tennessee – 2016
- Selected as Knoxville Business Journal’s 40 under Forty – class of 2013
- 490 Biotech technology selected as Top 10 Innovation of 2013 by The Scientist Magazine
- Selected for the UT Leadership Institute – five days of leadership training
- Phi Kappa Phi National Honor Society
- Epsilon Nu Eta National Environmental Health Honor Society
- Gamma Beta Phi National Honor and Service Society
- American Health Education Council Student Research Grant Awardee
- Waste Management Research (WMREI) Fellowship awardee
- Research Forum, 2nd Place, Graduate Student Division, Quillen College of Medicine
- Microbiology Department Advisory Committee, Graduate Student Representative
- Microbiology Graduate Council, Vice President
- Microbiology Graduate Council, President
- American Society for Microbiology, Student Travel Award, 2000 and 2002
- American Society for Microbiology, Best Poster, Kentucky/Tennessee Regional Meeting

EDUCATION

2003 – 2006  Postdoctoral Research Fellow/Research Assistant Professor
University of South Florida, St. Petersburg, Florida
Advisor: John H. Paul, Ph.D.

1999 – 2003  Ph.D., Microbiology
University of Tennessee, Knoxville, Tennessee
Dissertation: Optimization of Bacterial Luciferase for Expression in Mammalian Cells
Concentration: Genetics and Physiology
Advisor: Gary S. Sayler, Ph.D.

1996 – 1999  M.S., Environmental Health Science
East Tennessee State University, Johnson City, Tennessee
Thesis: Detection of Cryptosporidium and Giardia in Two Rural Streams in East Tennessee
Concentration: Water Resource Management
Advisor: Phillip R. Scheuerman, Ph.D.
Stacey S. Patterson, Ph.D.

1991 – 1995  B.S., Biology  
University of Tennessee, Knoxville, Tennessee

**EXTRAMURAL GRANT FUNDING**

Secured over $3 million in extramural single investigator awards as PI or co-PI from the National Institutes of Health, the National Science Foundation, NOAA, Office of Naval Research, and the Department of Energy (2003-2009).

**Large Infrastructure Program Funding:**

PI (UT) and Director of programs. Volunteer State Solar Initiative. September 2009 – August 2012. Department of Energy, State Energy Program Funding (ARRA), $62.5 million


**PEER REVIEWED PUBLICATIONS**


Stacey S. Patterson, Ph.D.


**BOOK AND BOOK CHAPTERS**

David Millhorn, Stacey Patterson, and Billy Stair, eds. 2013. Breaking the Mold; The University of Tennessee, Battelle and the Resurgence of Oak Ridge National Laboratory. University of Tennessee Press, Knoxville, TN.


**ISSUED US PATENTS**


**SELECTED PUBLISHED ABSTRACTS**


Stacey S. Patterson, Ph.D.


Stacey S. Patterson, Ph.D.


At last year’s fall meeting, the Board of Trustees approved the Neyland Stadium South Renovations project, which was recognized as “Phase I” of future project phases for Neyland Stadium. The estimated cost of the project at that time was $106,000,000. The University administration has further evaluated the most prudent and effective method for project delivery, which includes the addition of scope moved from future phases into the initial phase, thus solving critical renovation needs and reducing escalation costs. The University administration is requesting an increase to the project budget from $106,000,000 to $180,000,000 due to its ability to fund the expanded scope. The expanded initial phase will be referred to as Phase I of the Neyland Stadium Master Plan (Master Plan), which the Athletics Department updated and issued in 2017.

The updated Master Plan has an estimated total project budget of $340,000,000, inclusive of Phase I and Phase II of the Master Plan. The University administration intends to engage an architect and a construction manager who have the qualifications and experience necessary to complete a single and unified project that includes Phase I and Phase II of the Master Plan. At a subsequent Board meeting, the University administration will seek authorization from the Board to begin Phase II after presenting a detailed description of the scope, funding model, and timeline for Phase II.

The Athletics Committee considered and approved this item at its meeting on November 2. The Vice Chair has designated this item for action by the full Board without review by the Finance and Administration Committee.

Motion by Committee Chair Anderson:

On the recommendation of the Athletics Committee at its meeting on November 2, 2017, I move adoption of the following Resolution by the Board of Trustees:
RESOLVED:

1. The University administration is authorized to increase the budget of the previously approved Neyland Stadium South Renovations (Phase I) project from $106,000,000 to $180,000,000 and expand the scope of the previously approved Neyland Stadium South Renovations (Phase I) project as described in the meeting materials, subject to all required state government approvals. The expanded project shall be referred to as Phase I of the updated Neyland Stadium Master Plan.

2. The Board recognizes that at this time the total project budget for the Neyland Stadium Master Plan is estimated to be $340,000,000 with the understanding that the University administration must request authorization from the Board to begin Phase II of the Neyland Stadium Master Plan after presenting a detailed description of the scope, funding model, and timeline for Phase II. The University administration should engage an architect and a construction manager who have the qualifications and experience necessary to complete a single and unified project that includes Phase I and Phase II of the Master Plan.

As a recommendation of the Committee, no second is required. In accordance with the Bylaws, this capital project item requires a roll-call vote of the Board.
NEYLAND STADIUM PROJECT BRIEFING
TRUSTEE ATHLETICS COMMITTEE OVERVIEW
NEYLAND STADIUM - KEY PROJECT GOALS

1. Enhance the fan experience for all who love Tennessee Football with modern restrooms, improved concessions, and expanded concourses.

2. Improve safety, security, and access including ingress and egress.

3. Elevate the presentation of Neyland Stadium to reflect the architectural standards of the university’s master plan.

4. Prepare Neyland Stadium for a 2nd century of service to future generations of Tennessee fans.

5. Proceed in a fiscally responsible manner which delivers value and benefit to the University community.
<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>JAN. 14, 2016</td>
<td>POPULOUS HIRED TO PERFORM FEASIBILITY STUDY</td>
</tr>
<tr>
<td>OCT. 14, 2016</td>
<td>UT BOT APPROVED $106M PHASE I PROJECT</td>
</tr>
<tr>
<td>FALL 2016</td>
<td>TENNESSEE HIGHER EDUCATION COMMISSION/STATE OF TENNESSEE REVIEW</td>
</tr>
<tr>
<td>APR. 1, 2017</td>
<td>JOHN CURRIE BEGINS AS TENNESSEE DIRECTOR OF ATHLETICS</td>
</tr>
<tr>
<td>MAY 8, 2017</td>
<td>LEGISLATURE PASSED CAPITAL BUDGET</td>
</tr>
<tr>
<td>MAY – JULY</td>
<td>UT EXECUTIVE TEAM FORMED TO REVIEW &amp; INTENSIFY NEYLAND STADIUM PROJECT PLANNING</td>
</tr>
<tr>
<td>AUG. 10, 2017</td>
<td>STATE BUILDING COMMISSION (SBC) TO APPROVE $106M PHASE I</td>
</tr>
<tr>
<td>SEPT. 1, 2017</td>
<td>POPULOUS ISSUES FINAL PROGRAMMING DOCUMENT</td>
</tr>
<tr>
<td>SEPT. 8, 2017</td>
<td>CAMPUS PLANNING COMMITTEE REVIEW</td>
</tr>
<tr>
<td>SEPT. 14, 2017</td>
<td>UT FACILITIES PLANNING ISSUES RFQ FOR DESIGNER SELECTION</td>
</tr>
<tr>
<td><strong>NEXT STEPS</strong></td>
<td></td>
</tr>
<tr>
<td>NOV. 2, 2017</td>
<td>UT BOT REVIEWS/APPROVES INCREASED BUDGET REQUEST</td>
</tr>
<tr>
<td>NOV. 20, 2017</td>
<td>SBC EXECUTIVE SUBCOMMITTEE SELECTS DESIGNER</td>
</tr>
<tr>
<td>DEC. 14, 2017</td>
<td>SBC APPROVES INCREASED BUDGET &amp; PROJECT DELIVERY METHOD</td>
</tr>
</tbody>
</table>
NEYLAND PROJECT EXECUTIVE TEAM MEMBERS

**UT ATHLETICS**
- John Currie
  - Vice Chancellor/Director of Athletics
- Reid Sigmon
  - Executive Associate AD/COO
- Brett Huebner
  - Senior Associate AD/CFO
- David Elliott
  - Associate AD for Event Management
- Kevin Zurcher
  - Assistant AD for Athletic Facilities

**UT SYSTEM | FACILITIES PLANNING**
- Michelle Crowder
  - Interim Executive Director
- Jim Sealy
  - Director
- Jim Campbell
  - Project Manager

**UT KNOXVILLE**
- Chris Cimino
  - Sr. Vice Chancellor for Finance & Administration
- Dave Irvin
  - Associate Vice Chancellor for Facilities Services
- Andy Powers
  - Director of Design Services
- Keith Downen/Helen Hennon
  - Project Managers
COLLEGE FOOTBALL STADIUMS TOP 15 TOTAL CAPACITY

- Michigan: 109,901
- Penn State: 106,572
- Ohio State: 104,944
- Texas A&M: 102,733
- Tennessee: 102,455
- LSU: 102,321
- Alabama: 101,821
- Texas: 100,119
- Southern Cal: 93,607
- Georgia: 92,746
- UCLA: 92,542
- Florida: 88,548
- Auburn: 87,451
- Nebraska: 85,458
- Oklahoma: 84,589

UNIVERSITY OF TENNESSEE / NEYLAND STADIUM RENOVATION
2016 COLLEGE FOOTBALL TOP 15 AVERAGE ATTENDANCE

Michigan: 110,468
Ohio State: 107,278
Texas A&M: 101,917
Alabama: 101,821
LSU: 101,231
Tennessee: 100,968
Penn State: 100,257
Texas: 97,981
Georgia: 92,746
Nebraska: 90,200
Florida: 87,846
Auburn: 86,937
Oklahoma: 86,857
Clemson: 80,970
Notre Dame: 80,795
NEYLAND PROJECT FINANCIAL BRIEFING
PROJECT BUDGET OVERVIEW

TOTAL PROJECTS BUDGET - CURRENT PHASE 1 (2016 $s)

<table>
<thead>
<tr>
<th>Phase</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>$106,000,000</td>
</tr>
<tr>
<td>Phases 2-3</td>
<td>$244,500,000</td>
</tr>
<tr>
<td>Total Project</td>
<td>$350,500,000</td>
</tr>
</tbody>
</table>

CURRENT PHASE 1 SCOPE
- Widening of Concourse 01
- Southwest Entry Tower
- Southeast Entry Tower
- New South Stadium Ramp
- Relocation of Visitors' Locker Room
- Relocated South Field Wall for Player Safety
- Demo of Gate 10 ramp and South Stadium Hall
- Relocation of Utilities as required

UPDATED TOTAL PROJECT BUDGET

<table>
<thead>
<tr>
<th>Phase</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>$180,000,000</td>
</tr>
<tr>
<td>Phase 2</td>
<td>$160,000,000</td>
</tr>
<tr>
<td>Total Project</td>
<td>$340,000,000</td>
</tr>
</tbody>
</table>

SCOPE SHIFTED TO UPDATED PHASE 1
- Widening of Concourses 01 and 03
- Southwest and Southeast Entry Plazas
- South Field Membership Club
- Premium Kitchen and Commissary
- Concourse 02 Ledge Seats
- Southwest Suites
- Storm Waterline Under Field
NEYLAND STADIUM FUNDING BY SOURCE - PHASE I

- **Centennial Campaign**: $62,653,000 (34.81%)
- **General/Campaign Revenues**: $27,300,000 (15.17%)
- **Earned Operating Revenue**: $14,700,000 (8.17%)
- **Partnerships**: $22,700,000 (12.61%)
- **Budgeted Debt Service**: $52,647,000 (29.25%)

UNIVERSITY OF TENNESSEE / NEYLAND STADIUM RENOVATION
Neyland Stadium

Centennial Renovation

Phase I Overview
Neyland Stadium Centennial Renovation – Phase I Overview

**Background** – Following a 2004 master plan, Neyland Stadium underwent major renovations from 2005 through 2010. During that timeframe, 3 of the 5 master plan phases were completed at a cost of approximately $135 million. The renovation addressed 35% of the stadium footprint. The unfinished and remaining areas of the stadium are in significant need of improvement and modernization. The continued renovation of Neyland Stadium remains a vital and strategic priority for the University particularly with an opportunity to complete a master plan renovation by the 2021 football season. This achievement would most appropriately coincide with and celebrate the iconic venue’s centennial anniversary.

**Feasibility Study** – In January 2016, the University commissioned Populous, a global leader in sport stadium design, to conduct a comprehensive feasibility study relative to future renovations of Neyland Stadium. The study process assessed the stadium’s existing conditions, evaluated market demand for seating alternatives, developed an updated facility master plan, and analyzed various financial considerations. The study’s deliverables were issued in September 2016 and elements of those studies were further revised through September 2017.

**Existing Conditions** – As outlined in an over 100-page facility conditions assessment, Neyland Stadium is in urgent need of renovation to address, amongst other factors: safety & security concerns, various code requirements, infrastructure and aesthetic issues, and operating and utility inefficiencies. Additionally, sensible investment is necessary to preserve and enhance patron interest and experience in order to continue an attractive game day environment and generating dependent program revenue. The current facility conditions are severely deficient in many basic user amenities, as general as, adequate restrooms, concourse space, and ingress/egress flow.

**Project Phasing & Cost** – Due to the extensive scope and substantial investment, the project team originally separated the remaining and updated master plan scope into three distinct phases each anticipated to be individual projects. The separation was largely based on the standard design-bid-build delivery method most commonly utilized by the University. In October 2016, the University of Tennessee Board of Trustees approved a $106 million project, referred to as “Neyland Stadium South Renovations”, which aligned stated scope with the initial phase (recognized as “Phase I”) of the then updated 2016 master plan.

Throughout the subsequent 12-month period, the project team further evaluated the most prudent and effective method for project delivery, including the method of construction management at risk (CM at Risk) and the addition of scope from future phases into the initial phase, thus reducing overall long-term project costs such as unnecessary general conditions and higher escalation costs. Furthermore, the project team reprioritized certain scope components within Phase I focusing synergistic and larger efforts on the south sections of the stadium and postponing less critical and nonessential work in west sections (e.g. lower west sideline club concept).

The project team is recommending a Phase I budget increase from $106 million to $180 million due to the overall master plan cost reductions and the department’s improved funding plan (which demonstrates
the ability to fund the requested increase). The overall master plan has a fully escalated total project cost, inclusive of Phase I, of $340 million.

**Phase I Scope** – The enhanced scope for Phase I given a project budget of $180 million includes the following core elements:

1) South Concourses 00, 01, 02, and 03 – expansion and renovation of the entire south concourses to improve safety, functionality, and fan comfort;
2) Restrooms – construct new restrooms along expanded south concourses to comply with modern standards for the number of fixtures, accessibility, and ease of use by patrons;
3) Concessions Stands – increase number and type of concessions stands throughout the south concourses to improve food quality, selection, and availability;
4) SW & SE Entry Towers/Gates and Plaza Areas – build new entry towers/gates and plaza areas in the southwest and southeast corners of the stadium (similar to the current northwest corner) to create a cohesive exterior architecture, consolidate stadium entry points for easier access, improved security, and operational control, and activate open common exterior areas for the enjoyment of visitors;
5) Stadium Exterior – present a stadium exterior integrated into the campus fabric that embraces the objectives of the campus master plan and established design standards of the campus.
6) South Endzone Field Wall – adjust the south endzone field wall location further from playing surface to improve player safety and conform to NCAA guidelines on minimum distance between playing surface and physical boundaries;
7) Kitchen and Commissary – build a kitchen and commissary to enable on-site food catering and delivery of fresh food to points throughout the stadium;
8) Premium Spaces – develop new and diversified premium offerings to meet market demands and capitalize on underutilized spaces including open air suites, field level club, and ledge seating.

**Phase I Funding** – Per the project funding plan, funding is contingent on a series of funding sources (both short-term and long-term) which is summarized as follows:

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Funding $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Campaigns</td>
<td></td>
</tr>
<tr>
<td>Centennial Campaign - Gifts (pre-bond issuance)</td>
<td>$ 23,870,000</td>
</tr>
<tr>
<td>Centennial Campaign - Gifts (applied to bond)</td>
<td>$ 29,070,000</td>
</tr>
<tr>
<td>CCE Capital Gifts</td>
<td>$ 9,713,000</td>
</tr>
<tr>
<td>Total Capital Campaign</td>
<td>$ 62,653,000</td>
</tr>
<tr>
<td>New Revenues</td>
<td></td>
</tr>
<tr>
<td>New Premium Seating</td>
<td>$ 42,000,000</td>
</tr>
<tr>
<td>Neyland Stadium Support Contributions</td>
<td>$ 10,647,000</td>
</tr>
<tr>
<td>Total New Revenues</td>
<td>$ 52,647,000</td>
</tr>
<tr>
<td>Operating Budget Debt Service (Pro Forma)</td>
<td>$ 27,300,000</td>
</tr>
<tr>
<td>Athletics Department Auxiliary Reserves</td>
<td>$ 22,700,000</td>
</tr>
<tr>
<td>Partnerships</td>
<td></td>
</tr>
<tr>
<td>UTK Shared Infrastructure Projects</td>
<td>$ 9,500,000</td>
</tr>
<tr>
<td>Food &amp; Beverage Partner - Capital Investment</td>
<td>$ 5,200,000</td>
</tr>
<tr>
<td>Total Partnerships</td>
<td>$ 14,700,000</td>
</tr>
<tr>
<td>Total Project Funding</td>
<td>$ 180,000,000</td>
</tr>
</tbody>
</table>
Based on the nature and timing of the identified and dedicated funding sources, the funding mix at the time of project completion is projected to be categorized by the following types:

<table>
<thead>
<tr>
<th>Funding Type</th>
<th>Funding $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash/Capital Contributions (non-debt):</td>
<td></td>
</tr>
<tr>
<td>Centennial Capital Campaign</td>
<td>$ 23,870,000</td>
</tr>
<tr>
<td>Athletics Department Auxiliary Reserves</td>
<td>22,700,000</td>
</tr>
<tr>
<td>CCE Capital Gifts</td>
<td>9,713,000</td>
</tr>
<tr>
<td>UTK Shared Infrastructure Projects</td>
<td>9,500,000</td>
</tr>
<tr>
<td>Food &amp; Beverage Partner - Investment</td>
<td>5,200,000</td>
</tr>
<tr>
<td><strong>Total Cash/Capital Contributions</strong></td>
<td><strong>$ 70,983,000</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bond Financing (debt):</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>10-Year Bond</td>
<td></td>
</tr>
<tr>
<td>Centennial Capital Campaign</td>
<td>$ 29,070,000</td>
</tr>
<tr>
<td>20-Year Bond</td>
<td></td>
</tr>
<tr>
<td>New Premium Seating</td>
<td>42,000,000</td>
</tr>
<tr>
<td>Budgeted Debt Service</td>
<td>27,300,000</td>
</tr>
<tr>
<td>Neyland Stadium Support Contributions</td>
<td>10,647,000</td>
</tr>
<tr>
<td><strong>Total Bond Financing</strong></td>
<td><strong>$ 79,947,000</strong></td>
</tr>
<tr>
<td><strong>Total Funding</strong></td>
<td><strong>$ 180,000,000</strong></td>
</tr>
</tbody>
</table>

The project funding plan incorporates applicable financing principles including discounting of future cash flows, acceptable debt coverage ratios, etc. Additionally, the funding plan maintains a level of conservatism in many assumptions (e.g. premium seating sell through rates of 80%, capital gift collectability rates of 90%, etc.). The funding plan is also backstopped by several contingency funding alternatives.

**Phase I Timeline** – The anticipated timeline for the Phase I project at $180 million is predicated on critical and timely decisions including the following tentative dates and actions:

1) November 2017 – Resolution Approval by University of Tennessee Board of Trustees
2) November 2017 – Designer Selection by State Building Commission (SBC) Subcommittee
3) December 2017 – Phase I Budget & Delivery Method Approval by SBC
4) February 2018 – Construction Manager Selection
5) Spring 2018 – Pre Construction Services
6) Summer 2018 – Begin Phase I Construction
7) Fall 2018 – Football Season
8) Fall 2019 – Football Season
9) August 2020 – Phase I Substantial Completion

**Updated Master Plan & Phase II** – The updated master plan encompasses the many outstanding needs for properly extending the useful life of Neyland Stadium for generations to come. In addition to Phase I, the master plan details a list of supplementary, yet independently crucial, features to complete in a successive Phase II. The following is a non-exhaustive list of scope elements that are paramount to address in Phase II:
1) East & Northeast Concourses 00, 01, 02, and 03 – expansion and renovation of the east & northeast concourses to improve safety, functionality, and fan comfort;

2) Restrooms – construct new restrooms along expanded east and north concourses to comply with modern standards for the number of fixtures, accessibility, and ease of use by patrons;

3) Concessions Stands – increase number and type of concessions stands throughout the east and north concourses to improve food quality, selection, and availability;

4) NE Entry Area – build a new entry way in the northeast corner of the stadium to create a cohesive exterior architecture, consolidate stadium entry points for easier access, improved security, and operational control, and tie into central pathways of campus;

5) Technology – upgrade technology infrastructure and capabilities through the stadium specifically addressing sound quality, audio/visual assets, and wireless data networks.

As illustrated in the master plan, the full scope of Phase I and Phase II is achievable upon entering the 2021 football season, the commemorative 100th anniversary of Neyland Stadium.
Chancellor Davenport has recommended, and President DiPietro and Vice President McCurry have approved, naming the Haslam College of Business Global Leadership Scholars (GLS) Program the “Greg and Lisa Smith Global Leadership Scholars Program” in honor of Greg and Lisa Smith in recognition of their generous philanthropy benefitting the Haslam College of Business. See the following recommendation letter from Chancellor Davenport.

The Vice Chair designated this item for the full Board agenda because the Advancement and Public Affairs Committee is not meeting in conjunction with this meeting of the Board.

The Vice Chair will call for the following motion:

I move adoption of the following Resolution by the Board of Trustees:

RESOLVED: The Haslam College of Business Global Leadership Scholars Program at The University of Tennessee, Knoxville is hereby named the “Greg and Lisa Smith Global Leadership Scholars Program” in honor of Greg and Lisa Smith in recognition of their support for the Haslam College of Business.
October 4, 2017

President Joseph A. DiPietro
University of Tennessee System
800 Andy Holt Tower
Knoxville, TN 37996-0180

Dear President DiPietro:

In accordance with the Board of Trustees Policy and Guidelines for Naming Opportunities and Endowment, the University of Tennessee, Knoxville seeks approval to name the University of Tennessee, Knoxville Haslam College of Business Global Leadership Scholars (GLS) Program in honor of Greg and Lisa Smith.

Greg is a 1985 alum of the Haslam College of Business. He has been a successful businessman and currently serves as a Senior Vice President of Supply Chain for WalMart, Inc. Greg serves on the Haslam College of Business Advisory Council to the Dean.

Greg and Lisa have significantly supported the Haslam College of Business Global Leadership Studies Program through multiple gifts totaling $2,475,000. They have also provided the Haslam College of Business with an additional $45,000 totaling their support to $2,500,000. The Smith’s most recent commitment will be used for scholarships and faculty support for the Global Leadership Scholars Program.

In recognition of the Smith’s significant support and in appreciation of Greg’s exceptional service and leadership, we request approval from the Board of Trustees to name the Haslam College Global Leadership Scholars Program the Greg and Lisa Smith Global Leadership Scholars Program.

Sincerely,

Beverly J. Davenport
Chancellor

APPROVED:

Rickey N. McCurry
Vice President for Development & Alumni Affairs
President & CEO, UT Foundation, Inc.

Joseph A. DiPietro
President, University of Tennessee

Date: 10/5/17

Office of the Chancellor

BIG ORANGE. BIG IDEAS.
Chancellor Carver has recommended, and President DiPietro and Vice President McCurry have approved, that an exception to the naming policy be granted to name the entryway garden of the Sociology Building in memory of Barrett Michelle Horton, an alumnus and retired Professor of Social Work, in recognition of her service and leadership to the College of Social Work at The University of Tennessee at Martin. See the following recommendation letter from Chancellor Carver.

This naming requires an exception to the Board Policy on the Naming of Facilities and other Assets of The University of Tennessee to waive the provision against naming in honor of an individual who has been an employee of the University within the previous three years. The policy expressly provides for the Board to make an exception to the principles and guidelines of the policy, and President DiPietro enthusiastically recommends the exception in this case.

The Vice Chair designated this item for the full Board agenda because the Advancement and Public Affairs Committee is not meeting in conjunction with this meeting of the Board.

The Vice Chair will call for the following motion:

I move adoption of the following Resolution by the Board of Trustees:

RESOLVED: The Board of Trustees grants an exception to the Board Policy on the Naming of Facilities and other Assets of The University of Tennessee and approves naming the entryway garden of the Sociology Building at The University of Tennessee at Martin the “Michelle Horton Tribute Garden” in honor of the service and leadership of Professor Barrett Michelle Horton to the College of Social Work.
MEMORANDUM

To: President Joe DiPietro

From: Keith Carver

RE: UT Martin Naming Exception Request

Date: September 11, 2017

Pursuant to the UT Board of Trustees Policy on the Naming of Facilities and Other Assets of the University of Tennessee (BT0008), UT Martin respectfully requests an exception to this policy be granted in support of naming of a garden at the entryway of the Sociology Building in memory of alumnus and retired Professor of Social Work, Barrett Michelle Horton. This recognition, sponsored by the friends, family and colleagues of Ms. Horton and recommended by a campus naming committee, comes with my full support to permit the naming of the “Michelle Horton Tribute Garden” without requiring an additional year’s postponement.

The honor is befitting Professor Horton who served on the UT Martin faculty from 2002 until 2014 at the time of her diagnosis. Michelle Horton passed away on May 20, 2016, after a hard fought battle with brain cancer. Family and friends have given $10,000 toward the construction of the garden as a way to honor her and her service commitment to advancing the social work profession. Professor Horton was appointed by Governor Phil Bredesen and reappointed by Governor Bill Haslam to the Tennessee Social Work Board of Licensure and subsequently elected Chair of the Board for three consecutive terms from 2011-2014. She served as a member of the Tennessee Commission on Children and Youth (TCCY) since 1992 and served as Treasurer for the Northwest Council since 2010. In 2016, Michelle was presented the Life-Long Achievement Award for the TCCY by its membership.

With the granting of this exception and your permission, UT Martin will continue its plans to posthumously recognize Professor Michelle Horton for her exemplary service to UT Martin and her commitment to the advancement of the field of social work in Tennessee.

I look forward to hearing from you regarding your decision.

Approved: Rickey N. McCurry, President & CEO UT Foundation, Inc.

Approved: Joseph A. DiPietro, President University of Tennessee
Chancellor Cross has recommended, and President DiPietro and Vice President McCurry have approved, naming the Recreation Hall at Clyde M. York 4-H Center near Crossville the “A. C. Clark Recreation Hall at Clyde M. York 4-H Center” in honor of A. C. Clark in recognition of his service and leadership to The University of Tennessee and the State of Tennessee. See the following recommendation letter from Chancellor Cross.

The Vice Chair designated this item for the full Board agenda because the Advancement and Public Affairs Committee is not meeting in conjunction with this meeting of the Board.

The Vice Chair will call for the following motion:

I move adoption of the following Resolution by the Board of Trustees:

RESOLVED: The Recreation Hall at Clyde M. York 4-H Center near Crossville is hereby named the “A. C. Clark Recreation Hall at Clyde M. York 4-H Center” in honor of A. C. Clark in recognition of his service and leadership to The University of Tennessee and the State of Tennessee.
October 20, 2017

President Joseph A. DiPietro  
University of Tennessee System  
800 Andy Holt Tower  
Knoxville, TN 37996-0180

Dear President DiPietro:

I am writing to request approval to name the Recreation Hall at Clyde M. York 4-H Center the A. C. Clark Recreation Hall in honor of A. C. Clark. Located near Crossville, the Clyde M. York 4-H Center is integral to youth leadership and education through the UT Extension program. The Recreation Hall is the heart of much of the activity and programming at the Center.

Much of Mr. Clark’s career was devoted to the youth phase of the Extension program. He was a leader in the establishment of the Clyde M. York 4-H Center. He saw many of the young people with whom he worked assume leadership roles in community and state activities. Their development and success in life and support of agriculture are tributes to his work with them.

Mr. Clark honored the University through his accomplishments during and after his tenure with the University. He began his Extension career in 1949 in Pickett County. From 1955 to 1961, he served as 4-H leader and county agent in Putnam County. He became the agricultural program supervisor in 1961 and was appointed District IV supervisor in 1962.

When Mr. Clark retired from Extension in 1986, he was asked to become the Commissioner of Agriculture for Tennessee. He served in that position from 1987 to 1989. From 1989 to 1992, Mr. Clark was a part of the Governor’s Resources Development Committee. Mr. Clark was a member of the UT Board of Trustees, the Tennessee Board of Regents, the Tennessee Wildlife Resources Commission, and president of the Tennessee Rehabilitation Corporation.

Mr. Clark and his wife, Katherine, have been dedicated to financially supporting many of the programs at UT they loved. Mr. Clark was a member of UT’s Benefactors Society. The couple is even Hall of Fame donors at the Tennessee 4-H Foundation, which ensures positive youth development opportunities for the 4-H members in Tennessee. Through their philanthropy, Katherine and AC have provided:

• The Clark/Huddleston/York 4-H endowment, which was made possible in March of 1989 by friends A. C. Clark, W. J. Huddleston, and Clyde M. York. It is designated for an annual use for District IV programs and activities. These funds ensure the success of 4-H programs in the Eastern and Central Regions.

• The District IV Activities and Event Fund, which was another measurement of A. C.’s love of youth and Extension. The fund was initiated in August 1984 and has since been renamed the District IV Education Account.

Mr. Clark was a vital part of agricultural activities. His excellent advice and influence will be felt in the counties and in this state he served for years to come.
In recognition of his selfless contributions to the University of Tennessee and the State of Tennessee, we request approval from the Board of Trustees to honor A. C. Clark with the naming of the A. C. Clark Recreation Hall at Clyde M. York 4-H Center near Crossville.

Sincerely,

Tim L. Cross
Chancellor

cc: Keith Barber, Vice Chancellor of Institutional Advancement

Approved:  

Rickey N. McCurry  
President & CEO, UT Foundation, Inc.  
Vice President for Development & Alumni Affairs  
Date: 10/24/2017

Approved:  

Joseph A. DiPietro  
President  
University of Tennessee  
Date: 10/25/17
UTC will inform UT BOT it will not outsource with JLL

CHATTANOOGA, TN (October 30, 2017) – The University of Tennessee at Chattanooga will announce to the UT Board of Trustees at their annual meeting Nov. 3 in Knoxville that UTC will not participate in the outsourcing of campus facilities maintenance services with Jones Lang LaSalle Americas, Inc. (JLL).

In 2015, the University of Tennessee system was invited to participate in a process to identify possible opportunities to reduce costs for the operation of all state facilities including higher education.

Upon the identification of proposed costs for services by JLL, UT President Joe DiPietro asked the leadership of each campus to review the proposals and determine what is in the best interests of the campus. Each campus will present their decision to UT System Administration and the Board of Trustees at the upcoming Board meeting Friday. UTC Chancellor Steven R. Angle will explain the university’s decision.

“JLL made a sincere presentation and their ongoing conversations with us were specific and thorough,” Angle reported. “Our decision is to not participate based on the higher cost of services. Our data indicates our campus operates effectively and efficiently. I want to personally thank JLL for their candor and efforts in this matter where it has related to our university.”

JLL’s business case presented to the University of Tennessee campuses earlier this year followed campus site tours and data studies by the Chicago-based commercial services company. The specific proposal for facilities management services at UTC was developed over many months.

The analysis in the Chattanooga proposal did not add up to a cost savings. JLL’s proposal was higher than UTC’s annual costs for custodial, grounds keep and maintenance services by $263,217 with their estimate of costs coming to $6,959,799. The university’s yearly budget for these services is $6,696,581. In the business case presentation JLL submitted to UTC, the company said: “based on our site tours, and other data provided to JLL, and available scope limitations, we have not identified cost reduction opportunities within the (UTC) main campus.”
UTC – JLL Decision

Steven Angle, UTC Chancellor
Richard Brown, Executive Vice Chancellor
November 3, 2017
FM Services Cost Comparison

UTC Baseline $4.0 M

JLL Proposed Budget $4.3 M

($305,355)
The proposed outsource contract does not result in financial benefit to UTC.

Quotes from JLL Proposal:

“We have not identified cost reduction opportunities within the main campus.”

“During our tour, we observed a well-managed campus.”
FACILITIES MANAGEMENT INITIATIVE PROCESS SUMMARY

In 2015, the University of Tennessee System was invited to participate in a process to identify possible opportunities to reduce costs for the operation of all state facilities, including higher education. UT President Joe DiPietro asked the leadership of each campus to work with JLL to enable the company to make proposals for facilities operations and determine what is in the best interest of the campuses. Each campus will present its decision to the board of trustees at the UT Board of Trustees meeting Nov. 3 in Knoxville.

As a part of this process, JLL provided the University of Tennessee Health Science Center with a business case indicating the estimates for savings to the Health Science Center campus would approximate $1.7 million annually. The most significant of the savings, approximately $1.2 million, would be derived from leveraging procurement across all available services.

Because the projected savings is focused on procurement and our overall satisfaction with our internally managed staff performance and our currently outsourced comprehensive landscape services, the Health Science Center has elected not to participate in the outsourcing initiative proposed by JLL. We will continue work with our campus and system staff on ways to generate savings in procurement across-the-board.

In further consideration of the JLL proposal and in light of our current outsourcing of mechanical services to external vendors, the Health Science Center has elected to, as a part of a consortium with the University of Memphis and Southwest Tennessee Community College, afford JLL the opportunity to either provide these services currently provided to external mechanical services vendors and/or through leveraged procurement, reducing this approximate $6 million expenditure to the Health Science Center.
Assessment of the JLL Business Case for Facilities Management Services
JLL Business Case
Approximate Savings

$1.2 million in savings from leveraged procurement

- $195,000 savings through more efficient labor utilization
- $160,000 savings through self-performance of repair and maintenance
- Custodial cost reductions of $75,000
- Cost savings of $45,000 for grounds and landscaping
Outsourcing Determination

Because we believe we effectively and efficiently manage the custodial and landscaping services currently being provided on the Health Science Center campus we do not believe there is a need to consider outsourcing the overall management of facilities, landscaping and/or custodial services.
Outsourcing Determination

JLL’s projected savings to the Health Science Center were primarily derived from sourcing and leveraged procurement across all available services. The Health Science Center’s most costly procured service is Mechanical Services on which there was a 2016 annual expenditure of approximately $6 million dollars. We believe substantial savings can be realized through JLL’s leveraged procurement sourcing in the mechanical services area.
Consortium Consideration for Mechanical Services

The Health Science Center, as a member of a consortium with the University of Memphis and Southwest Tennessee Community College, will outsource to JLL our already outsourced mechanical services with the expectation that, either through leveraged JLL procurement processes or sourcing platform JLL will be able to provide these services at a reduced costs.
Thank you.
Dear members of the University of Tennessee, Knoxville, community,

I write to inform you that I have decided to opt out of the proposed plan to outsource facilities management. This decision was reached after considerable analysis of proposed savings and a close examination of our current and future operations.

I am deeply indebted to our staff, led by Senior Vice Chancellor for Finance and Administration Chris Cimino, who has worked diligently since 2015 to evaluate outsourcing on the Knoxville campus.

The goal of the proposed outsourcing plan was to improve efficiencies and determine what is in the best interest of our campus. We thank the state and the UT System administration for challenging us to engage in extensive cost analyses and an evaluation of our practices which have led to cost-saving operational changes in keeping with the outsourcing goals.

My decision to opt out was based on the extensive analyses of the financial considerations, the complexity of the work done on our research-intensive campus, and our commitment to the East Tennessee economy and our workforce. It is for these reasons that I have decided outsourcing facilities management is not the best option for our campus.

Since the approval of the 2011 campus master plan, we have invested heavily in our facilities and infrastructure. In fact, we have increased the space we enhance and the buildings we maintain by more than 100 acres and one and a half million square feet.

During this historic period of growth, we have reduced operating expenses, become more efficient, avoided costs and subsequently reallocated savings to the academic mission. In fact, we rank among the lowest in the SEC in administrative and maintenance costs per square foot. Five-year projections indicate an additional $3.3 million in additional savings.

I want to thank the numerous people who have spent countless hours evaluating the outsourcing option. I have had dozens of meetings, received volumes of mail and had detailed conversations with a wide range of constituents. I value all of this input and appreciate the opportunity to make a decision based on the best interests of our campus.

Most sincerely,

Beverly J. Davenport
Chancellor
Facilities Management Outsourcing Decision
Facilities Management Outsourcing Decision

- Increased efficiencies
- Cost avoidance
- Reallocations

- Complexity of work

- Commitment to East Tennessee economy and our work force
Costs per Square Foot Flat While Growth Continues
### Vendor Proposal – Year 1

<table>
<thead>
<tr>
<th></th>
<th>E&amp;G</th>
<th>Auxiliaries</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed savings year one</td>
<td>3,645,366</td>
<td>1,619,194</td>
<td>5,264,560</td>
</tr>
<tr>
<td><strong>Adjustments</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract Management(^1)</td>
<td>-742,500</td>
<td>-238,950</td>
<td>-981,450</td>
</tr>
<tr>
<td>JLL Incentive(^2)</td>
<td>-364,537</td>
<td>-161,919</td>
<td>-526,456</td>
</tr>
<tr>
<td>Contingencies(^3)</td>
<td>-275,000</td>
<td>-125,000</td>
<td>-400,000</td>
</tr>
<tr>
<td>Annual leave payments(^4)</td>
<td>-1,800,000</td>
<td>-650,000</td>
<td>-2,450,000</td>
</tr>
<tr>
<td><strong>Total adjustments</strong></td>
<td>-3,182,037</td>
<td>-1,175,869</td>
<td>-4,357,906</td>
</tr>
<tr>
<td><strong>Revised savings year one</strong></td>
<td><strong>463,329</strong></td>
<td><strong>443,325</strong></td>
<td><strong>906,654</strong></td>
</tr>
</tbody>
</table>

\(^1\) Staff, fringe, and operating necessary to manage the contract.  
\(^2\) JLL incentive (10% in year one).  
\(^3\) Contingencies for cost-plus contract: potential overruns for additional events or services.  
\(^4\) Must pay accrued leave for transitioning employees.
Campus Efficiencies and Savings

For FY18, $2.4 million was reallocated from energy savings to the academic mission.
FOR IMMEDIATE RELEASE: Oct. 30, 2017
Contact: Bud Grimes

FACILITIES MANAGEMENT SERVICES OUTSOURCING DECISION ANNOUNCED BY UT MARTIN

MARTIN, Tenn. – The University of Tennessee at Martin is opting not to outsource its facilities management services. The decision comes following a campus visit by Jones Lang LaSalle Americas, Inc. (JLL), as a facilities management service provider recently contracted by the state of Tennessee.

In 2015, the University of Tennessee System was invited to participate in a process to identify possible opportunities to reduce costs for the operation of all state facilities including higher education. UT President Joe DiPietro asked the leadership of each campus to work with JLL to enable them to make proposals for facilities operations and determine what is in the best interests of the campus. Each campus will present their decision to the board of trustees at the UT Board of Trustees meeting Nov. 3 in Knoxville.

The master contract allows authorized entities such as University of Tennessee institutions to utilize the JLL contract, which primarily provides for custodial, grounds and repair and maintenance facilities management services using a cost-plus fees service model.

Following the site tour, JLL submitted a proposal for providing services to UT Martin with cost-reduction opportunities of $93,366 annually. Most projected savings were within the university’s housing auxiliary operations. Upon further examination of the proposal, it was determined that the estimated cost reduction in the JLL proposal would be less than $14,000 annually. The adjustment is due to the duplication of $80,000 in both the housing grounds and maintenance budgets when providing data to JLL.

The university is electing not to utilize JLL’s services because the adjusted proposed savings to UT Martin with the JLL contract are not significant. UT Martin will further increase savings and efficiencies in the physical plant and housing maintenance operations through incorporation of opportunities JLL outlined as observations and insights from its site tour.

UT Martin’s center locations in Jackson, Parsons, Ripley, Selmer and Somerville are not owned by the university and were not included in outsourcing considerations.

###
UT Martin
Facilities Management Outsourcing Decision

UT Board of Trustees Fall Meeting
November 3, 2017
## UT Martin Comparison to Benchmarks

<table>
<thead>
<tr>
<th>Service</th>
<th>UT Martin (UTM)</th>
<th>Peer (PEER)</th>
<th>SRAPPA</th>
<th>APPA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Custodial Service Total Cost Per Gross Square Foot</td>
<td>$0.92</td>
<td>+40%</td>
<td>+26%</td>
<td>+44%</td>
</tr>
<tr>
<td>Care of Grounds Services Total Cost Per Acre</td>
<td>$1,980</td>
<td>+50%</td>
<td>+72%</td>
<td>+93%</td>
</tr>
<tr>
<td>Annual Facilities Operating Expense Per Gross Square Foot</td>
<td>$2.19</td>
<td>+61%</td>
<td>+67%</td>
<td>+80%</td>
</tr>
<tr>
<td>Annual Facilities Operating Expense Per Student</td>
<td>$948</td>
<td>+45%</td>
<td>+46%</td>
<td>+55%</td>
</tr>
</tbody>
</table>

## Cost Comparison by Fund

<table>
<thead>
<tr>
<th>Fund Description</th>
<th>JLL Budget</th>
<th>UTM Budget Revised*</th>
<th>Delta $</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Physical Plant (E&amp;G)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Custodial</td>
<td>$ 1,699,131</td>
<td>$ 1,745,239</td>
<td>$(46,108)</td>
<td>-2.64%</td>
</tr>
<tr>
<td>Building Services &amp; HVAC</td>
<td>$ 1,579,706</td>
<td>$ 1,819,436</td>
<td>$(239,730)</td>
<td>-13.18%</td>
</tr>
<tr>
<td>Grounds</td>
<td>$ 384,507</td>
<td>$ 505,490</td>
<td>$(120,983)</td>
<td>-23.93%</td>
</tr>
<tr>
<td>Mgmt/Srvc Desk</td>
<td>$ 64,764</td>
<td>$ 64,764</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract/Admin Fee</td>
<td>$ 127,126</td>
<td>$ 127,126</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fee</td>
<td>$ 191,482</td>
<td>$ 191,482</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governance Cost</td>
<td>$ 52,241</td>
<td>$ 52,241</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$ 4,098,957</td>
<td>$ 4,070,165</td>
<td>$ 28,792</td>
<td>0.71%</td>
</tr>
<tr>
<td><strong>Housing (Auxiliary)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Custodial</td>
<td>$ 678,887</td>
<td>$ 647,919</td>
<td>$ 30,968</td>
<td>4.78%</td>
</tr>
<tr>
<td>Auxiliary Maintenance</td>
<td>$ 554,919</td>
<td>$ 777,367</td>
<td>$(222,448)</td>
<td>-28.62%</td>
</tr>
<tr>
<td>Grounds</td>
<td>$ 66,399</td>
<td>$ 80,000</td>
<td>$(13,601)</td>
<td>-17.00%</td>
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<tr>
<td>Mgmt/Srvc Desk</td>
<td>$ 11,880</td>
<td>$ 11,880</td>
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<tr>
<td>Contract/Admin Fee</td>
<td>$ 31,639</td>
<td>$ 31,639</td>
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<tr>
<td>Fee</td>
<td>$ 100,356</td>
<td>$ 100,356</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governance Cost</td>
<td>$ 18,747</td>
<td>$ 18,747</td>
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<td></td>
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<tr>
<td><strong>Subtotal</strong></td>
<td>$ 1,462,828</td>
<td>$ 1,505,286</td>
<td>$(42,459)</td>
<td>-2.82%</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$ 5,561,785</td>
<td>$ 5,575,451</td>
<td>$(13,667)</td>
<td>-0.25%</td>
</tr>
</tbody>
</table>

*Adjusted for $80,000 duplication in both grounds and maintenance budgets*
Decision

• The proposed savings to UT Martin are not significant.
• The campus will not utilize the JLL contract.
• The physical plant and housing maintenance operations will incorporate opportunities JLL outlined as observations and insights from its site tour.