



THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

FINANCE AND ADMINISTRATION COMMITTEE	
Friday, October 13, 2023	Ballroom, Student Union, UTK
9:00 a.m. (EDT)/8:00 a.m. (CDT)	Knoxville, TN

AGENDA

- I. Call to Order and Roll Call
- II. Opening Remarks of the Committee Chair
- III. Requests to Address the Board (if appropriate for this Committee)
- IV. [Report on Financial Performance](#) – Information Tab 1
 - A. [2023 Fiscal Year-end Financial Summary](#) Tab 1.1
 - B. [Enterprise Resource Planning Project Update](#) Tab 1.2
- V. [FY 2024-25 Operating Budget Appropriations Request for Specialized Units](#) – Action Tab 2
- VI. [Annual UT System Workforce Review](#) – Information Tab 3
- VII. [Public Private Partnership \(P3\) - Student Housing \(UTK\)](#) – Action Tab 4
- VIII. [Updated Board Policies](#) – Action Tab 5
 - A. [Statement of Treasury Policy](#) Tab 5.1
 - B. [Statement of Investment Policy](#) Tab 5.2
- IX. [Committee Consent Agenda](#) – Action Tab 6
 - A. [Minutes of the Last Meeting](#) Tab 6.1
 - B. [Report on Uses of FY 2023 Tuition and Fee Revenue](#) Tab 6.2
 - C. [Acquisition Easements at Clyde Austin in Greeneville, TN \(UTIA\)](#) Tab 6.3
 - D. [Disposal Easement to Greeneville Energy Authority \(UTIA\)](#) Tab 6.4
 - E. [Proposed Building Naming \(UTC\)](#) Tab 6.5
- X. Other Business
[Note: Under the Bylaws of the Board, items not appearing on the agenda may be considered only upon an affirmative vote representing a majority of the total voting membership of the Committee. Other business necessary to come before the Committee at this meeting should be brought to the attention of the Committee Chair or Board Secretary before the meeting.]



THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

XI. Closing Remarks

XII. Adjournment

Information Items Tab 7

- A. [Report on Use of Differential Tuition Funds \(UTC\)](#) Tab 7.1
- B. [Report on Use of Differential Tuition Funds \(UTK\)](#) Tab 7.2
- C. [FY 2023 Annual Flight Operations Report](#) Tab 7.3
- D. [Report of Capital Projects Approvals for FY 2023-24](#) Tab 7.4
- E. [FY 2023 Report on Endowment Investment Performance](#) Tab 7.5
- F. [Report on FY 2023 Unrestricted Fund Balances](#) Tab 7.6



THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

AGENDA ITEM SUMMARY

Meeting Date: October 13, 2023

Committee: Finance and Administration

Item: **Report on Financial Performance**

Type: Information

Presenter: David L. Miller, Senior Vice President and Chief Financial Officer
Luke Lybrand, Treasurer

Background Information

The attached materials contribute to the body of financial reports periodically provided to the Board of Trustees. The materials include tables summarizing FY 2022-2023 compared to the same time last year. The information provides revenue and expense data, and year-end carry-forward fund balances for each institution.

The following items are in the PowerPoint Presentation:

- 2023 Fiscal Year-end Financial Summary
- FY 2023 Year-end Fund Balances
- Enterprise Resource Planning Project Update

The report on Financial Performance is an information item.



Fiscal Year 2023 Financial Summary

Synopsis

- Positive unaudited FY 2023 financial performance driven by State support, student growth, and increased auxiliary activity
- Tuition, student fees, and auxiliary revenues improved in-line with student growth
- Expense growth driven by return to in-person activity, increased service levels, and State supported pay plan

Fiscal 2023 Income Statement

All \$ presented in thousands

For the Twelve Months Ended June 30, 2023 and 2022

	June 30, 2023	June 30, 2022	Variance (\$thousands)	Variance (%)
REVENUES				
Net Tuition & Fees	642,575	572,465	70,110	12.2%
Grants & Contracts	905,731	902,628	3,103	0.3%
Auxiliaries	347,638	286,604	61,034	21.3%
State & Local Appropriations*	962,278	887,860	74,417	8.4%
Investment Income	97,985	(86,191)	184,176	213.7%
All Other Revenues	172,088	160,262	11,826	7.4%
Total Revenues	3,128,295	2,723,629	404,666	14.9%
EXPENSES				
Salaries & Benefits	1,786,940	1,599,903	187,036	11.7%
Utilities, Supplies & Other	690,748	585,855	104,893	17.9%
Scholarships & Fellowships	87,038	104,006	(16,968)	-16.3%
All Other Expenses	213,558	196,326	17,232	8.8%
Total Expenses	2,778,285	2,486,090	292,194	11.8%

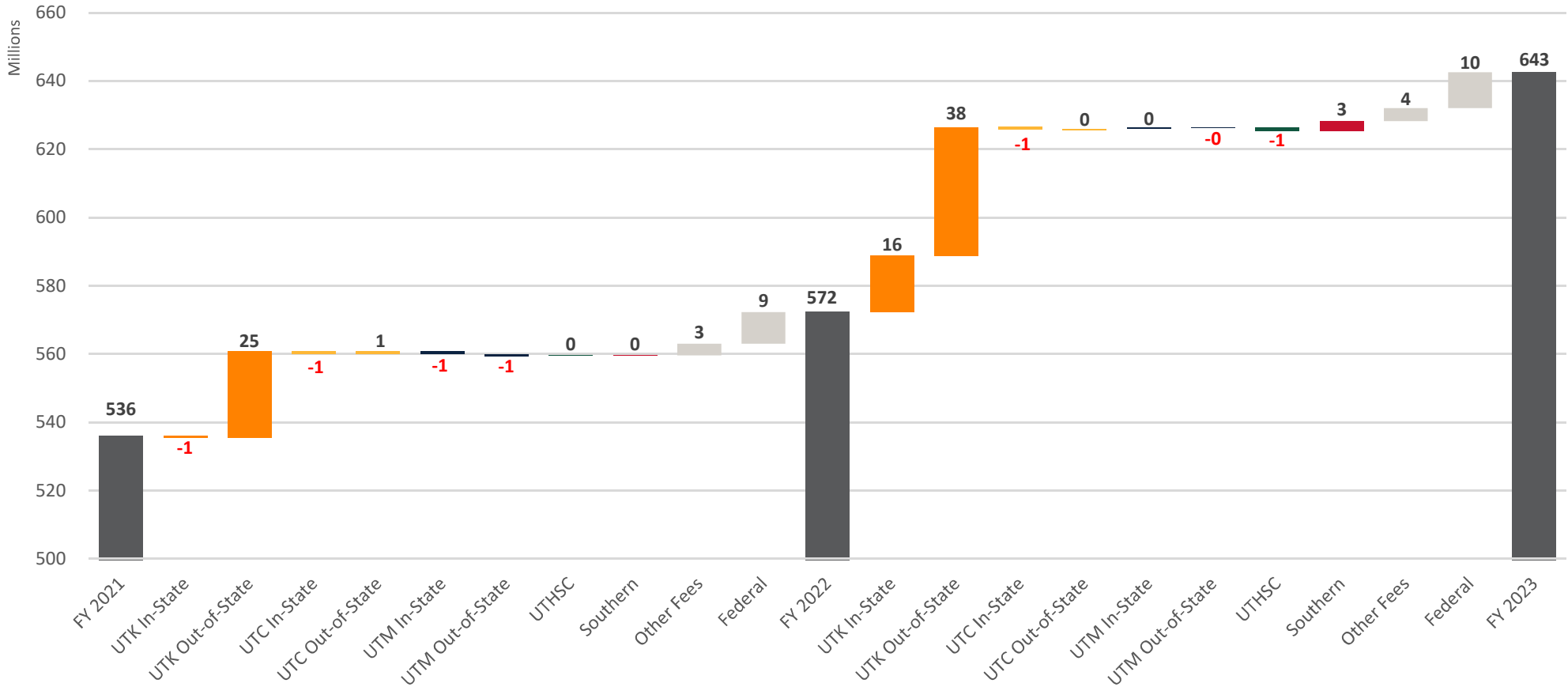
Tuition & Fee driven by UTK (\$54M)

FY22 Investment Income driven by inflation and Fed rate hikes

Driven by 3.3% inc. individuals paid and 4% State pay plan

* Includes \$79.8 million Non-Recurring state appropriations for UT's Oak Ridge Innovation Institute (\$72 million) and 401K Enhanced Match (\$7.8 million)

2-Year Trend of Net Tuition & Fee Revenues



Fiscal 2023 Balance Sheet

All \$ presented in thousands

For the periods ending June 30, 2023 and 2022

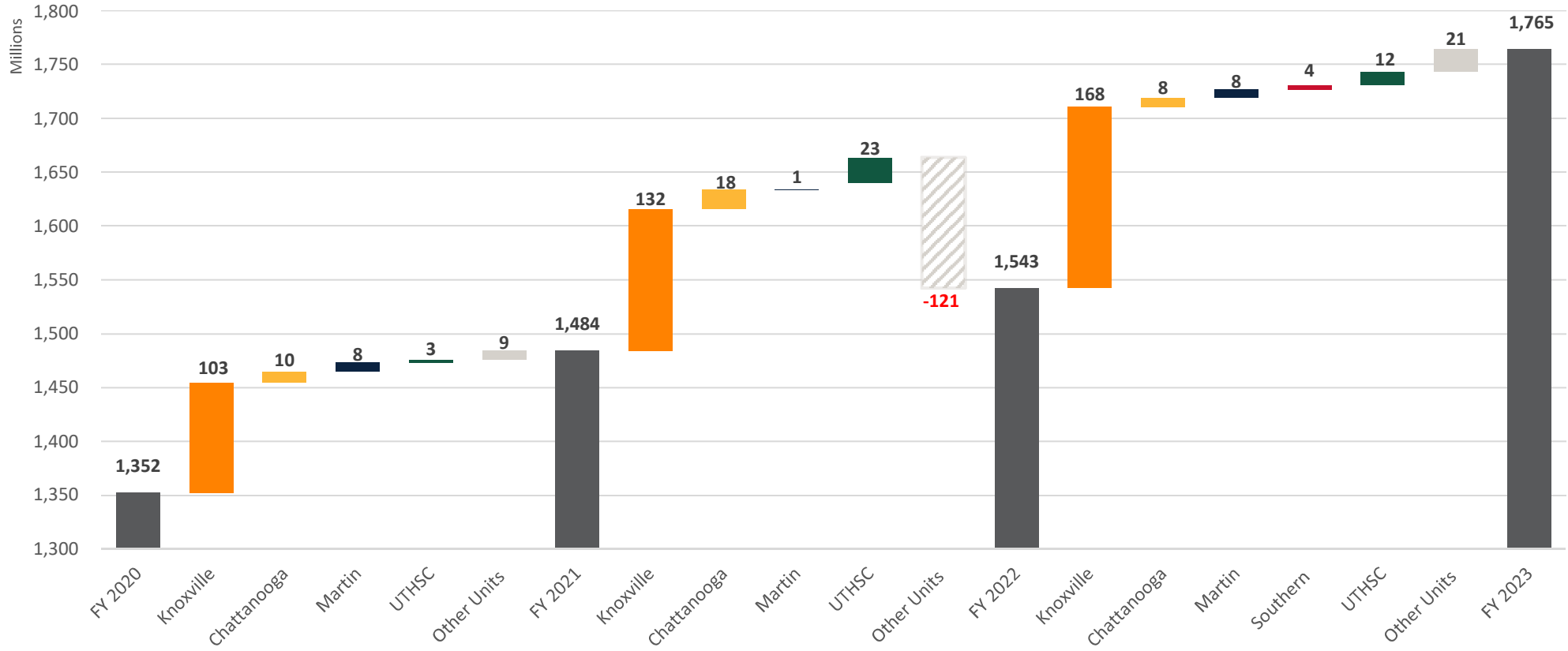
	June 30, 2023	June 30, 2022	Variance (\$thousands)	Variance (%)
ASSETS & DEFERRED OUTFLOWS				
Cash & Cash Equivalents	1,764,723	1,542,559	222,165	14.4%
Investments	1,411,962	1,340,314	71,648	5.3%
Capital Assets	3,225,771	3,104,342	121,429	3.9%
Receivables	297,028	290,218	6,810	2.3%
Net Pension Asset / (Liability)	3,657	86,636	(82,979)	-95.8%
Deferred Outflow	193,892	229,256	(35,364)	-15.4%
All Other Assets	29,079	23,721	5,358	22.6%
Total Assets	6,926,113	6,617,046	309,067	4.7%
LIABILITIES				
Bonds, Notes, Credit Facility, & Leases	1,245,868	1,202,436	43,432	3.6%
Pension, OPEB, & Def. Inflows	398,712	548,171	(149,459)	-27.3%
Act Payable & Accrued Liab.	226,946	253,194	(26,248)	-10.4%
Unearned Revenue	99,073	73,353	25,720	35.1%
All Other Liabilities	486,126	420,515	65,611	15.6%
Total Liabilities	2,456,725	2,497,669	(40,944)	-1.6%

Growing enrollment & State support

Net Pension Asset driven by '21 investment performance of State pension

Increased ticket sales & summer tuition

3-Year Trend of Cash & Cash Equivalents

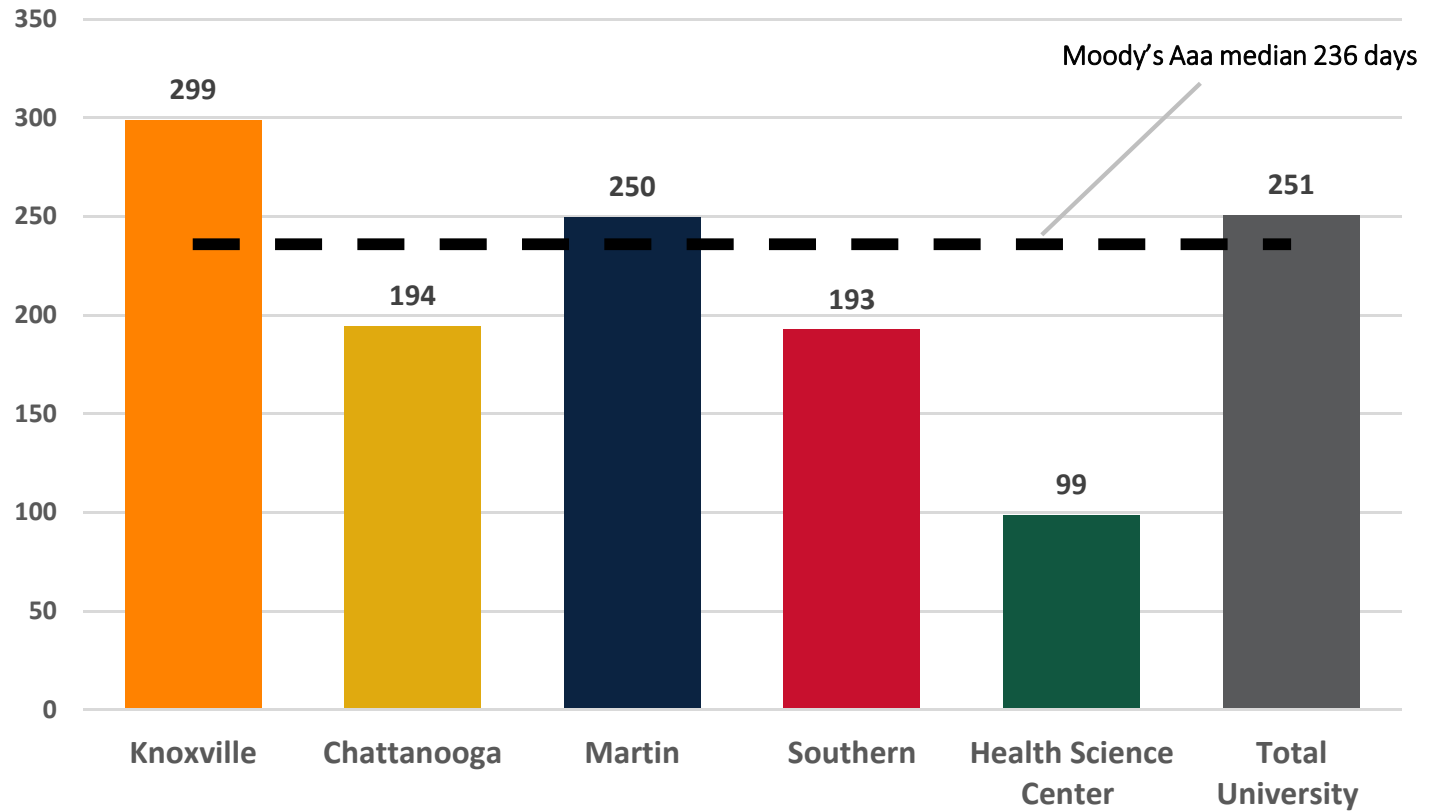


Liquidity Analysis

Key notes

- Total University of 251 days is above median
- UTK & UTM above median
- UT HSC & UTS liquidity improved since prior fiscal year end

Days of Cash on Hand



Bottomline Results - Fiscal Year 2023

Key notes

- Positive financial performance with State support and student growth
- Revenues up 14.9% driven by student growth and support from State
- Expenses up 11.8% with returned activity levels, meeting increased student demand and inflationary factors

All \$ presented in thousands

For the Twelve Months Ended June 30, 2023 and 2022

	June 30, 2023	June 30, 2022	Variance (\$thousands)	Variance (%)
REVENUES	3,128,295	2,723,629	404,666	14.9%
EXPENSES	2,778,285	2,486,090	292,194	11.8%



FY23 Year-end Fund Balances



FY 2023 Year-end Cash Fund Balances

Annual Operating Funds	In Millions
Working Capital	\$32.6
Revolving Fund	\$6.2
Encumbrances	\$6.6
Reappropriations	\$12.5
Unallocated Auxiliaries	\$15.3
Unallocated E & G	\$67.6
Total	\$140.8

Accrued Fund Balances	In Millions
Renewal and Replacement	\$834.5
Unexpended Plant Funds	\$405.1
Debt Service	\$57.5
Quasi-endowments	\$59.3
Total	\$1,356.4



FY 2023 Renewal & Replacement Fund Balances

By Institution and Level of Commitment

Institution	Obligated	Planned	Reserved	Discretionary	Total
Chattanooga	\$ 18,891,757	\$ 24,165,913	\$ 34,230,907	\$ 3,023,859	\$ 80,312,437
Knoxville & UTSI	\$ 11,658,681	\$ 269,083,152	\$ 119,349,011	\$ 19,190,832	\$ 419,281,675
Martin	\$ 3,734,882	\$ 5,024,620	\$ 27,371,507	\$ 3,363,601	\$ 39,494,610
Health Sciences	\$ -	\$ 1,561,097	\$ 5,489,266	\$ -	\$ 7,050,363
Southern	\$ -	\$ 1,009,248	\$ -	\$ -	\$ 1,009,248
Institute of Ag.	\$ 10,204,554	\$ 72,796,761	\$ 10,950,386	\$ 4,000,000	\$ 97,951,701
IPS	\$ -	\$ 17,219,762	\$ 1,365,766	\$ -	\$ 18,585,528
System Admin.		\$ 151,390,275	\$ 20,000,000		\$ 171,390,275
	\$ 44,489,874	\$ 542,250,827	\$ 218,756,844	\$ 29,578,292	\$ 835,075,837
Percent	5.22%	64.27%	22.77%	7.75%	100.00%

University of Tennessee



Board of Trustees

October 2023

DASH Program Status

Eight Project Elements



0

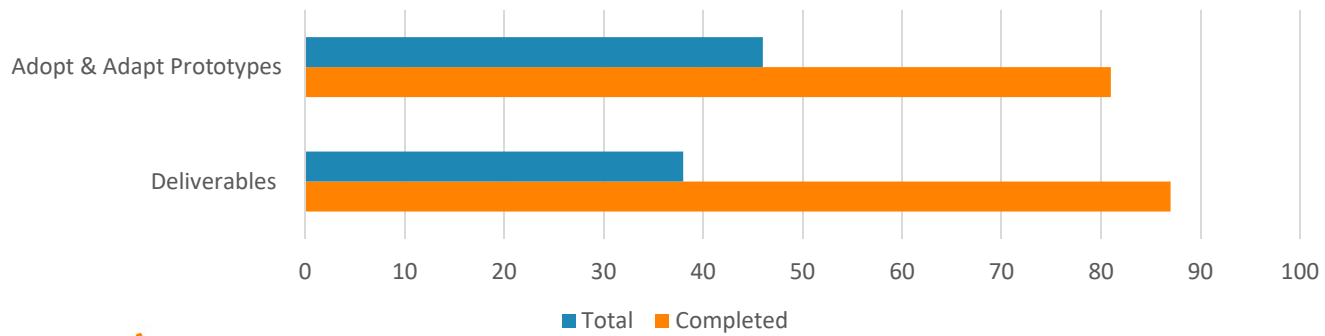


4 – ERP, Tech, Facilities Mgmt.

4 – HCM, EPM, Change Mgmt., Testing, Security

Dash Implementation Timeline

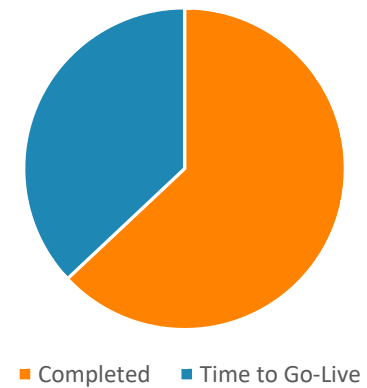
Progress on Track



Completed






On Schedule



Return on Investment Framework

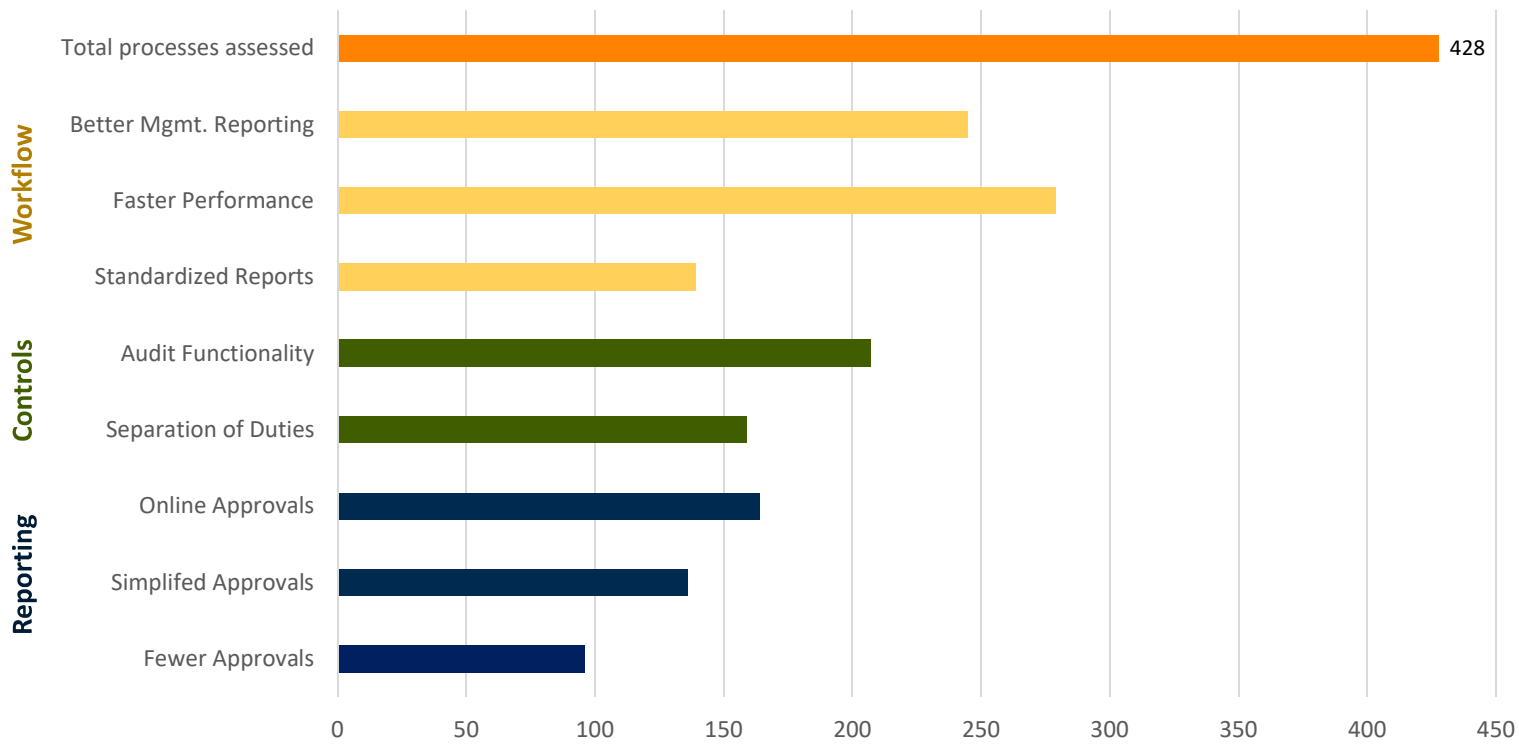


Measuring Return on Investment (ROI)

<p>Reduction in Workflow</p> 	<ul style="list-style-type: none"> • Fewer Approval Rules • Simplified Approval Hierarchies • Online Approvals
<p>Improved Reporting</p> 	<ul style="list-style-type: none"> • Standard vs. custom reports • Faster Performance • Better Management Reporting
<p>Internal Controls</p> 	<ul style="list-style-type: none"> • Automated Separation of Duties • Improved Audit Functionality

Measurable progress on priorities

Number of key processes impacted by category out of a total of 428



University of Tennessee



Project Progress Report

October 2023

DASH Program Status

Status Legend:
G On track
Y Milestone at risk of delay
R Milestone or go-live delayed
C Complete

DASH Status

Scope Time Resources

Y

Go-Live : Yellow
Current Status: Yellow: Labor Distribution (LD) Process / Facilities Work Request / Conversion Files for HR
Path to Green: Finalize solution for LD, select solution for Work Order Request process, finish loading HR data files

Actual: 56%
Planned: 56%

Workstream Key Accomplishments | **Upcoming Activities**

Prototype (functional / change)

- Completed Prototype 3 sessions

Prototype (technical)

- Continued Functional Design, Technical Design, and Build for integrations, reports and fast formulas
- Continued Configuration of the System Integration Testing (SIT) 1 environment and determine manual testing scope for onsite visit
- Submitted Adopt & Adapt closing document

Prototype (functional / change)

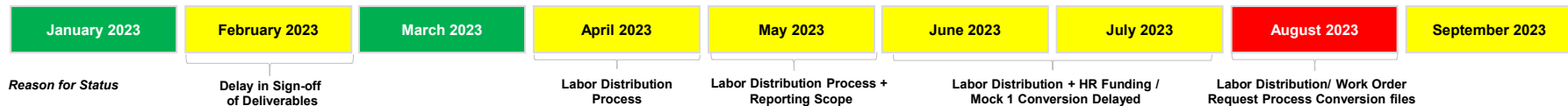
- Mock 2 conversions validations (**Jul-Sep**)

Prototype (technical)

- Onboarding of additional resources for Integrations (**Jul-Sep**)
- Continue load of Mock 2 conversion files (**Jul-Sep**)
- Functional configuration for SIT1 (**through Sep**)

Stream	Overall Status (last week)	Overall Status (this week)	Future Trend	Key Project Drivers		
				Scope	Schedule	Resources
ERP	Y	Y	→	Y	G	G
HCM	G	G	→	G	G	G
EPM	G	G	→	G	G	G
Tech	Y	Y	→	G	Y	G
Change Management	G	G	→	G	G	G
Facilities Management	Y	Y	→	Y	G	G
Testing	G	G	→	G	G	G
Security	G	G	→	G	G	G

Program Health - Trend



DASH Implementation Timeline

Deliverables

- 38 of 87 deliverables approved

Design/Blueprint

- Conducted over 175 workshops
- Engaged with over 250 stakeholders

Adopt & Adapt

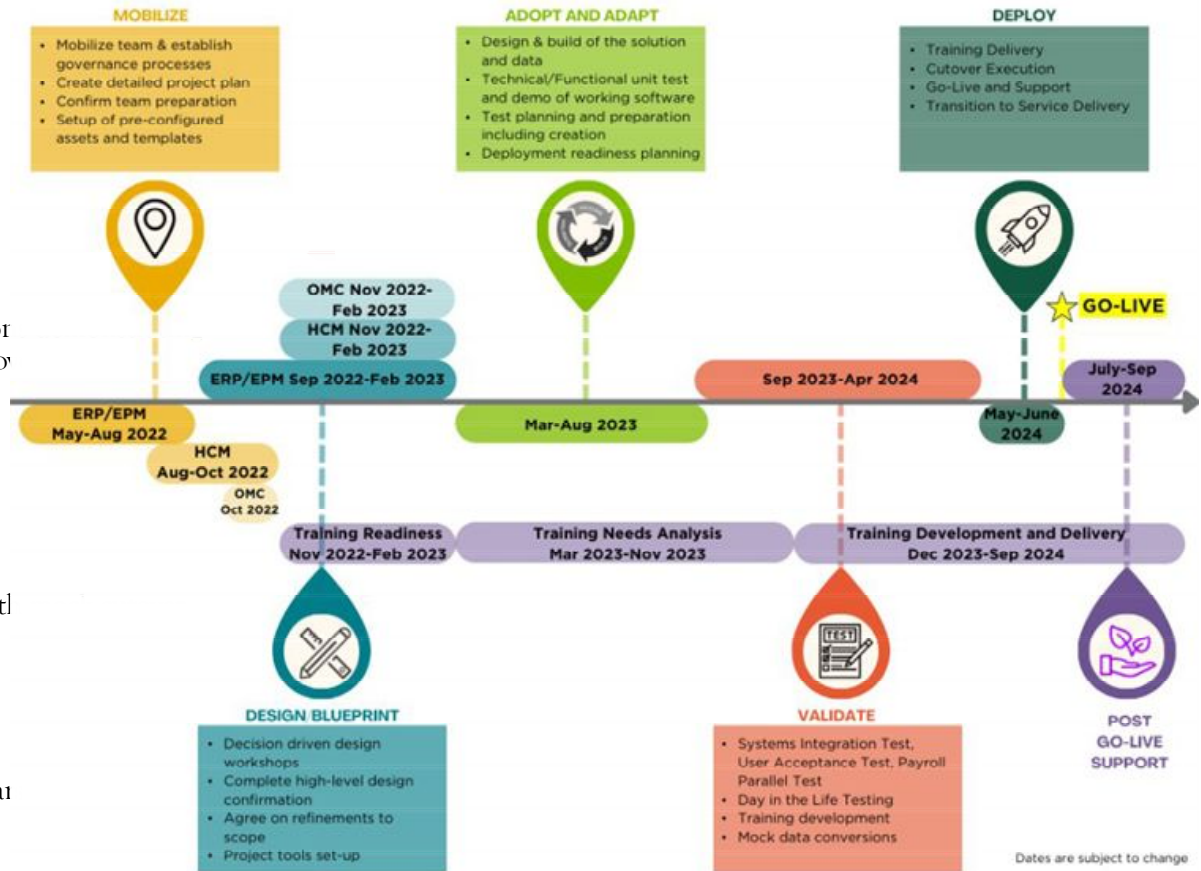
- Completed 46 of 81 scheduled prototype session nearly 740 scenarios showing different uses of o
- There are 3 prototype cycles: 1 is complete, 2 is in-progress, and 3 is scheduled for July - August
- Engaged nearly 500 stakeholders

Validate

- Repeat 3 rounds System Integration Testing with testing and parallel payroll runs
- User Acceptance Testing

Deploy

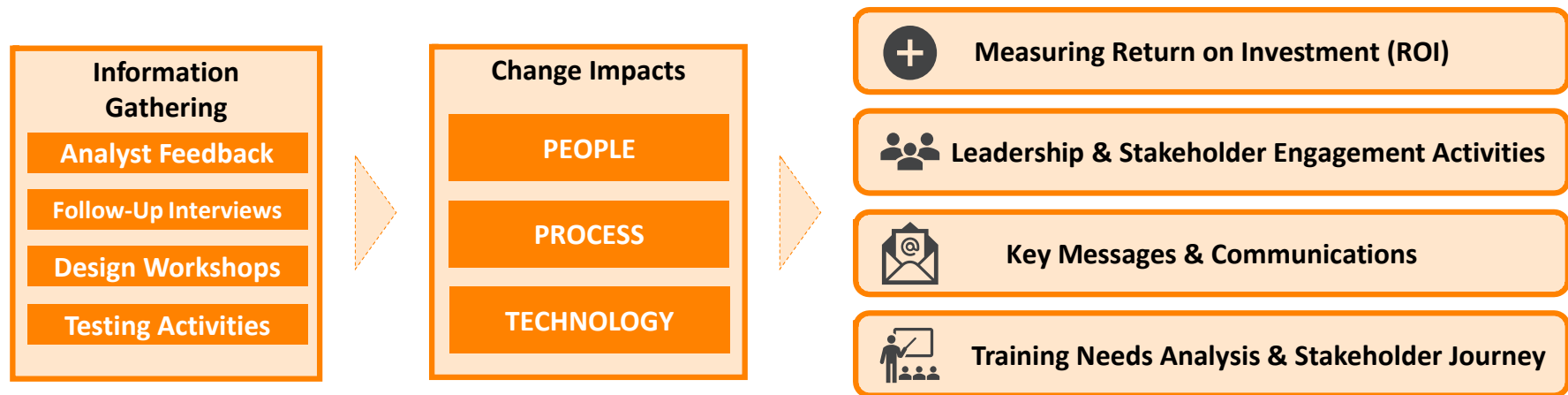
- Practice cutover during a month of dress rehearsal



Change Management

DASH brings many changes to the UT System. To answer how significant the changes will be to users, a **Change Impact Assessment (CIA)** is conducted through multiple phases of the project to **answer the following questions**:

- What is the **return on investment (ROI)** of the DASH implementation related to workflows, reporting and controls?
- What are the key messages and **communications** needed to share DASH information with impacted stakeholders?
- What types of **training** and how will the training be delivered to support user's success?
- What does the DASH implementation mean for me as an end-user?



Return on Investment Framework

The return on investment (ROI) framework identifies quantifiable categories of value that showcase the benefits of the DASH program. Three key values define the ROI categories below.

Security

Transparency

Efficiency

INTERNAL CONTROLS

Provides insight into increased reliability and accuracy of processes, including automated separation of duties and improved audit functionality.

REPORTING AND ANALYTICS

Identifies the number of standard versus custom reports and where faster performance and improved management reporting is delivered.

PROCESS IMPROVEMENT

Measures process automation and simplification, including reduction in workflow due to fewer approvals, simplified hierarchies, and online approvals.

TECHNOLOGY MODERNIZATION

Implementing new technologies to support leading practices to improve processes.

EMPLOYEE EXPERIENCE

Quantifies employee self-service functionality to capture the improved employee experience and “moments that matter.”

COLLABORATION

Determines organizational simplification, a reduction in handoffs, and more efficient and streamlined ways of working.

Measuring Return on Investment (ROI)

What we are measuring:

Identified ROI Examples:

<p>Reduction in Workflow</p> 	<ul style="list-style-type: none"> • Fewer Approval Rules • Simplified Approval Hierarchies • Online Approvals 	<ul style="list-style-type: none"> • Human Resources (Time Entry): Automating consistent time entry across departments and campuses, increasing accuracies and decreasing manual entry • Finance (GL): Journal entries to the G/L are completed through an electronic upload from each campus simplifying the month end close process
<p>Improved Reporting</p> 	<ul style="list-style-type: none"> • Standard vs. custom reports • Faster Performance • Better Management Reporting 	<ul style="list-style-type: none"> • Finance (AP): Oracle setup of vendors does not allow duplicates in system, which supports streamlined reporting and improved accuracy • Facilities (Asset Registry): Oracle provides a hierarchical organization of campus assets, allowing drill down into each building, floor, room, etc. to manage asset history and attributes
<p>Internal Controls</p> 	<ul style="list-style-type: none"> • Automated Separation of Duties • Improved Audit Functionality 	<ul style="list-style-type: none"> • Finance (AP): Oracle maintains audit history on several key business objects in accounts payable • Finance (Procurement): Oracle utilizes DocuSign for purchase order (PO's), streamlining electronic signatures and controls • Human Resources (Approval Processes): Simplified hierarchy approval process across all workflows. Audit trail and real-time tracking of the approval processes



Change Management Next Steps

Change Management is a continuous effort and spans the entirety of the DASH project, and beyond. The following are high-level activities that continue or will begin to support DASH Change Management efforts for all stakeholders.



Measuring Return on Investment (ROI)

- Continue gathering information to support ROI calculations and user feedback
- Monitor ROI as an ongoing process to support continuous improvement



Leadership & Stakeholder Engagement Activities

- Continue transparent decision-making process and share key decisions when concluded
- Continue to engage the Transition Management Team and provide necessary resources and information for distribution



Key Messages & Communications

- Continue execution of the communications plan, and identify new opportunities for sharing key messages
- Adjust plans to newly identified needs of stakeholders and necessary messaging



Training Needs Analysis & Stakeholder Journey

- Assess training needs for each stakeholder group by process and finalize training plans to support those needs
- Execute training plans associated with all identified training modalities, for example: self-guided training, in-person training, Train-the-Trainer

Return on Investment (ROI)

The following chart shows the percentage of processes that have an evaluated ROI in each category, based on the 428 processes that were reviewed and demoed in the Prototype phases.

Improved Reporting and Internal Controls currently show the highest value add at this time of analysis.

		ROI							
		Reduction in Workflow			Internal Controls		Improved Reporting		
		Fewer Approval Rules	Simplified Approval Hierarchies	Online Approvals	Automated Separation of Duties	Improved Audit Functionality	Standard vs. custom reports	Faster Performance	Better Mgmt. Reporting
Process Count		96	136	164	159	207	139	279	245
% of Processes Assessed		22%	32%	38%	37%	48%	32%	65%	57%

- ROI *iterative and analysis will continue* in more detail throughout the project phases.
- Current analysis of ROI is based on information that is known and confirmed as of the end of Prototype 3.
- This is an initial analysis and are captured at this point in the project; the data will continue to be reviewed through subsequent phases.
- This is an initial analysis, not all 428 process analysis has been completed

Value Realization: Guiding Principles

DASH Guiding Principles serve as the foundation for **decision-making** for DASH, and guide program team members as they partner with the University community to **achieve the program's goals and objectives**. The DASH project has **executed decisions and activities based on the principles below and** has achieved added value. Below are **sample achievements associated with each principle**.



Governance, Transparency and Inclusion

- Completed **98 sessions to demo 428 processes for 492 stakeholders** across Oracle Financials, HR, Planning Budgeting & Forecasting and Maintenance Cloud
- **Shared comprehensive Chart of Account** materials that over 600 employees have accessed
- Hosted **first DASH Town Hall with over 900 attendees**
- Produced **11 podcasts** on various DASH topics
- Achieved **1,500+ Friends of DASH** subscribers



Simplification and Standardization

- **General Ledger** (Finance): the new GL allows for reconciliation of Intercompany Accounts and overall standardization of finance reports
- **Procurement** (ERP): Creation of standardized forms for all suppliers will standardize and simplify the vendor purchasing process
- **Position Changes** (Budget/Planning): DASH provides functionality to budget for New Positions / impacting users to enter the salary for the position when creating it



Measurable Improvements

- **ROI analysis continues through subsequent phases** of the project, including analysis of number of approvals eliminated or confirmed by stakeholders' judgment that reports contain more useful data
- **Work Order Management** (Facilities Maintenance): A single work order created in the Oracle Maintenance Cloud interacts with multiple personas and assets, and scheduling and assigning maintenance activities are automated



Integrating Technology

- **Recruitment** (Human Resources): Streamlining the recruiting process across campuses with a single system and a centralized career site, making the application process easier and user friendly for candidates.
- **Facilities Maintenance**: maintenance processes are consolidated in one system for UTK and UTHSC
- **Office Supplies Transaction** (Facilities): Streamlining within UT Campuses, smoother communications. Office supply reports will be easier to pull



THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

AGENDA ITEM SUMMARY

Meeting Date: October 13, 2023

Committee: Finance and Administration

Item: **FY 2024-25 Operating Budget Appropriations Request for Specialized Units**

Type: Action

Presenter: David L. Miller, Senior Vice President and Chief Financial Officer

Background Information

The Tennessee Higher Education Commission (THEC) will consider strategic initiative funding requests from UT and LGI specialized units during its fall quarterly meeting on November 16, 2023. UT's specialized units include the Health Science Center, Institute of Agriculture, Space Institute, Institute for Public Service, and System Administration. Requests approved by THEC will go to the state Department of Finance & Administration for consideration of inclusion in the Governor's FY 2024-25 budget proposal.

UT fiscal policy FI0112 (Budgeting Current Unrestricted Funds) requires Board approval for these requests. The President and Chief Financial Officer recommend three priorities for approval. A Summary of each item follows this memorandum.

Committee Action

The Committee Chair will call for a motion to recommend adoption of the following Resolution by the Board of Trustees:

Resolved:

The Board of Trustees hereby: (i) approves the FY 2024-25 Operating Budget Appropriations Request for Specialized Units as presented in the meeting materials, which shall be attached to this Resolution after adoption; and (ii) authorizes the President and Chief Financial Officer to revise or add to these requests in response to (a) developments related to state funding priorities that may arise during the upcoming legislative session, or (b) requested modifications made by the Chancellor/Vice President of a specialized unit.

FY 2024-25 Operating Budget Appropriations Request for Specialized Units

Transition Funding for the UT Health Science Center (UTHSC)/UT Southern (UTS) Joint Bachelor of Science in Nursing (BSN)

\$1.5 million non-recurring

The UTHSC College of Nursing and UTS School of Nursing has formed a joint venture to expand the traditional BSN program at both institutions. This will allow better utilization of resources throughout the UT System, increase the number of qualified nurses serving rural areas of southern Middle Tennessee, and ultimately improve health outcomes in an underserved area of our state. The transition funding would be used for short-term programmatic support of enrollment growth (\$500,000) and to update UTS simulation equipment and facilities to be compatible with UTHSC's curriculum (\$1,000,000).

UTHSC Center for Healthcare Improvement and Patient Safety (CHIPS)

\$1.5 million non-recurring

Healthcare simulation and simulation-based training has become indispensable in the current landscape of healthcare education. Healthcare professionals leverage medical simulation software and equipment to keep up with changing healthcare guidelines, evolving medical technology, and updated standards and procedures. Expanding simulation equipment and training directly impacts Memphians' and all Tennesseans' healthcare outcomes. Simulation activities incorporated into local area hospitals, critical access facilities in rural and underserved areas focusing on delivering value-based care has demonstrated decreased cost and improved healthcare outcomes. The challenge going forward is keeping pace with increased utilization of simulators both in terms of wear and tear, maintenance, and new developments. The UTHSC requests \$1.5 million for the CHIPS program for systems and equipment supporting training to reduce maternal mortality (\$200,000); training to decrease the nursing shortage (\$560,000); improved training opportunities for students (\$440,000); and to keep pace with technology (\$300,000).

UT Institute of Agriculture (UTIA) Precision Livestock Farming

\$3.0 million recurring

UT AgResearch can make an immediate impact on Tennessee's agricultural landscape through a direct investment in Precision Livestock Farming (PLF). PLF advances livestock and poultry production using real-time monitoring of images, sounds and other biological, physiological, and environmental parameters to assess and improve individual animal health and well-being within herd or flock production systems. This investment would expand essential skills in critical technical areas of artificial intelligence (AI), data science, sensors/sensing technologies, precision animal nutrition, cybersecurity, and animal housing environment. Our goal is to establish a confined animal feeding operations (CAFO) manure and litter analysis laboratory at Spring Hill's Middle Tennessee Research & Education Center (MTREC) to address evolving environmental regulation that could constrain industry growth in Tennessee. This \$3M recurring investment will position UTIA as the national leader in strategically important areas such as precision livestock farming (PLF), data science, and artificial intelligence - ultimately improving the efficiency and productivity of Tennessee's farms (and beyond) through homegrown innovation.



THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

AGENDA ITEM SUMMARY

Meeting Date: October 13, 2023

Committee: Finance and Administration

Item: **Annual UT System Workforce Review**

Type: Information

Presenter: Dr. Brian K. Dickens, Chief Human Resources Officer

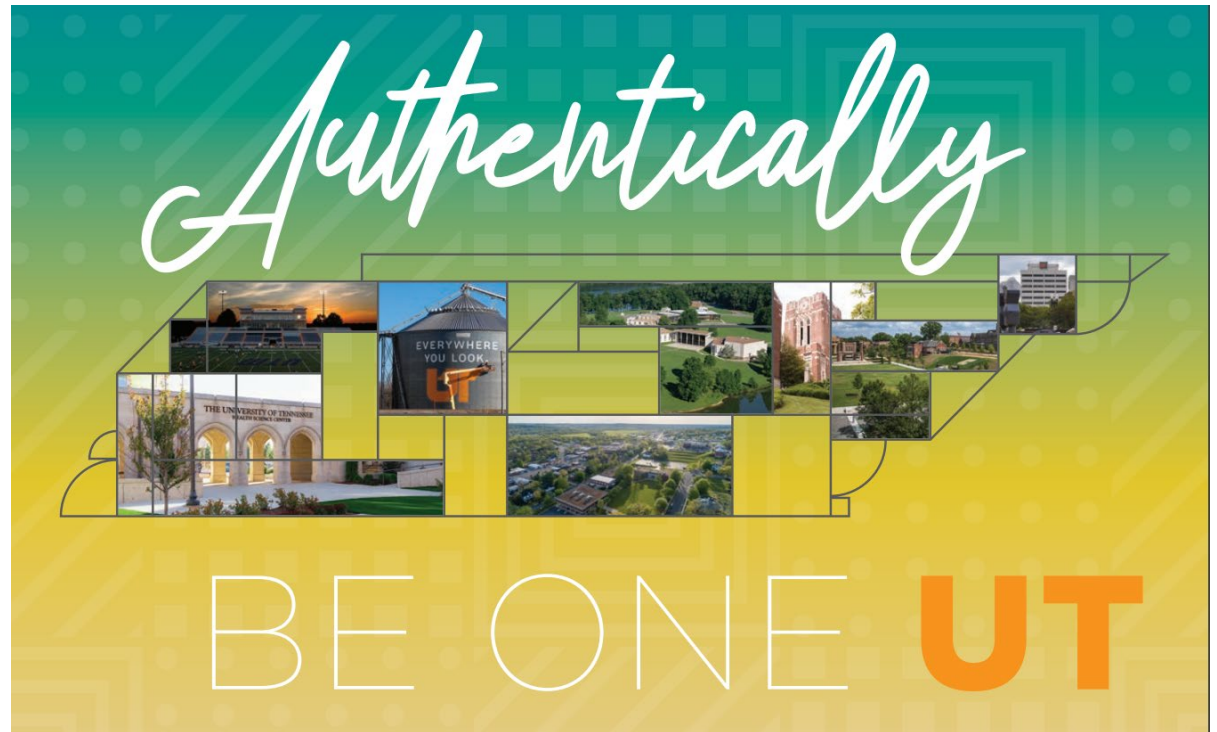
Background Information

The following presentation is an annual review for the Board of Trustees on the UT System Workforce. It details point in time data elements and human resource metrics, as of September 1, 2023, to provide a general overview of the workforce demographics, characteristics, numbers, and trends associated with the University of Tennessee campuses, institutes and centers in aggregate and detail where appropriate.

UT System Workforce Review - Summary

Dr. Brian K. Dickens,
CHRO

October 2023

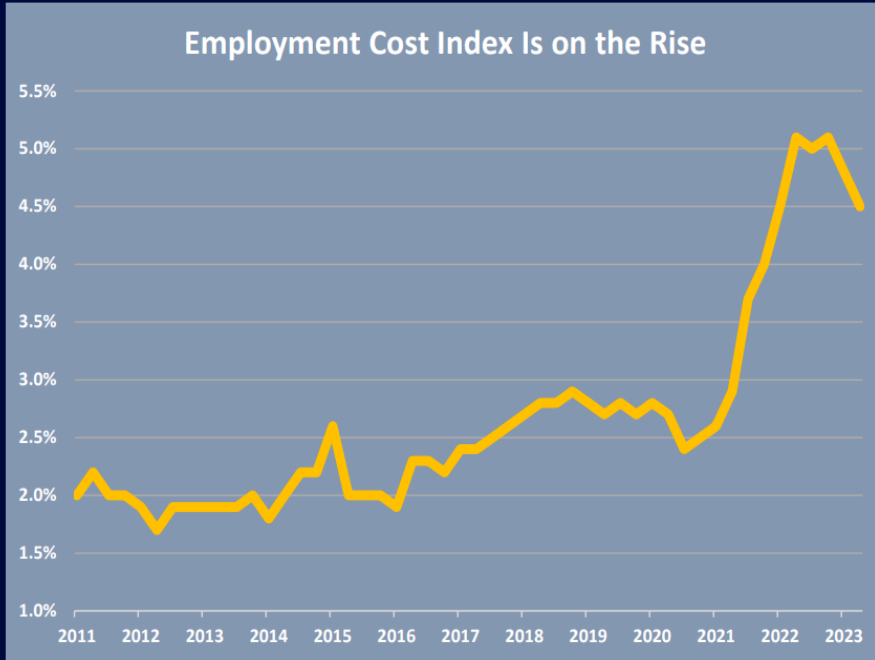




Three Top Concerns



CHRO Bottom Line Value?



- Rising Labor Costs
- Rising Benefits/Health Costs
- Rising HR Function Costs
- Unclear Revenue Contribution

The CHRO Agenda – Bottom Line

1. Future of Work Culture
2. AI – Human Teaming
3. Employee Well-Being

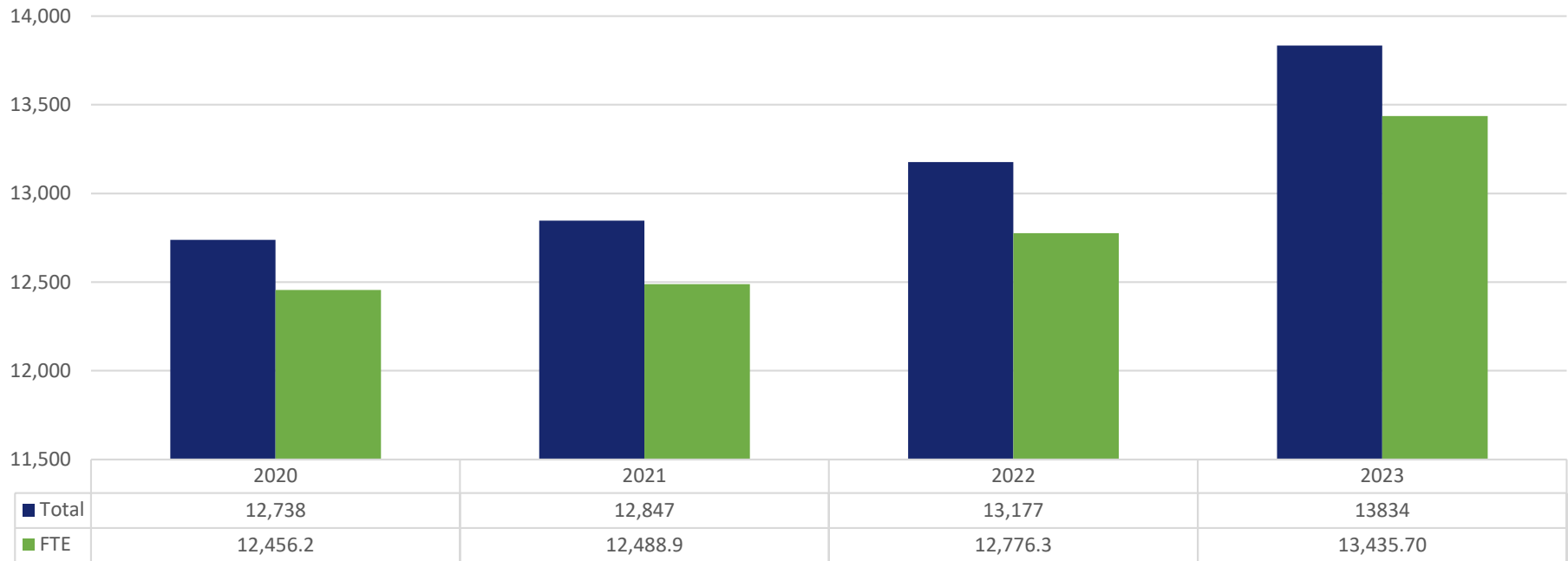


Challenges to the System

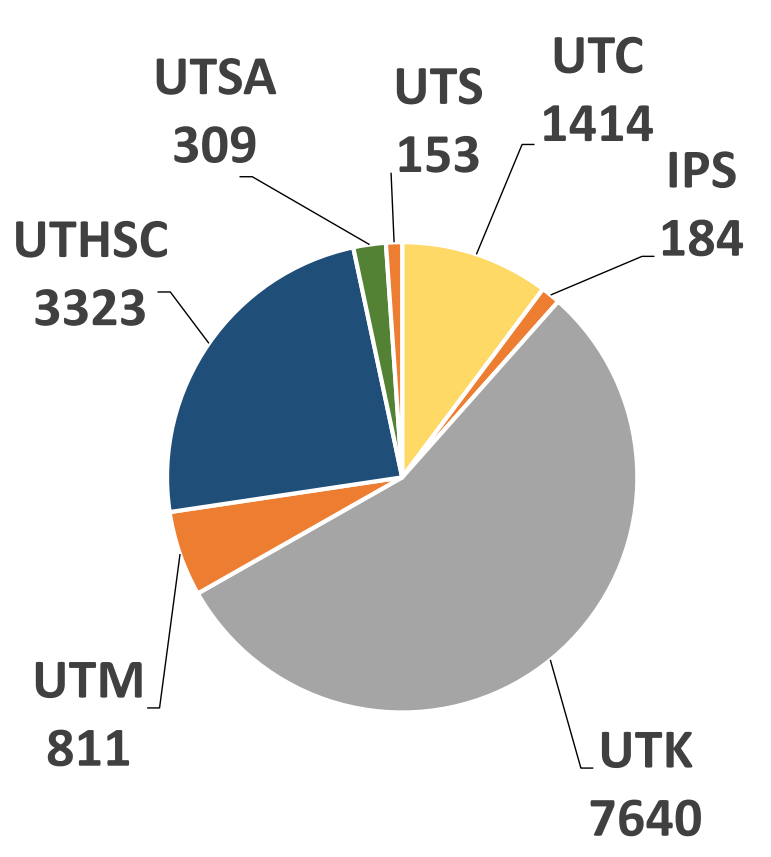
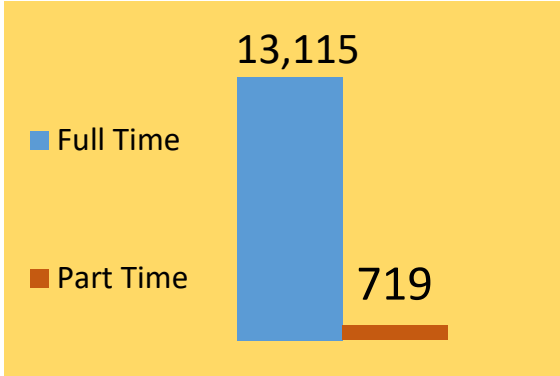
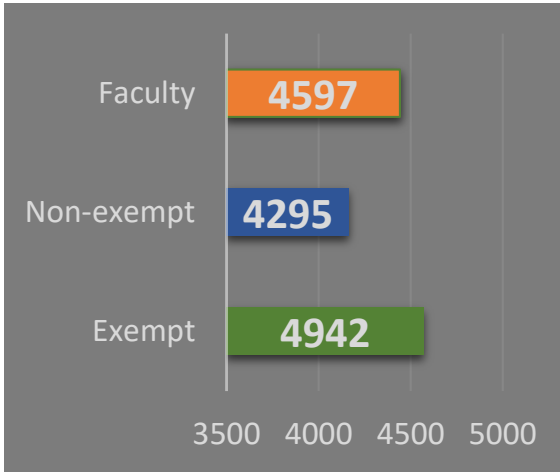


Workforce Trending (2020 – 2023)

Workforce

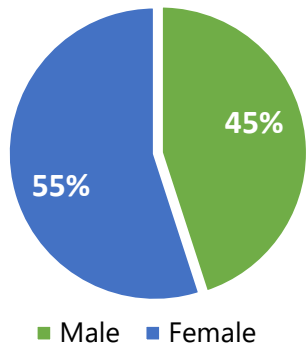


Workforce Overview (September 1, 2023)

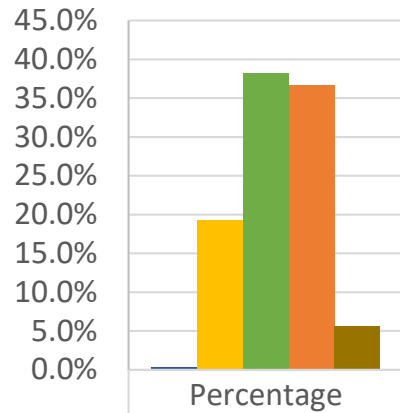


Workforce Overview (September 1, 2023)

GENDER



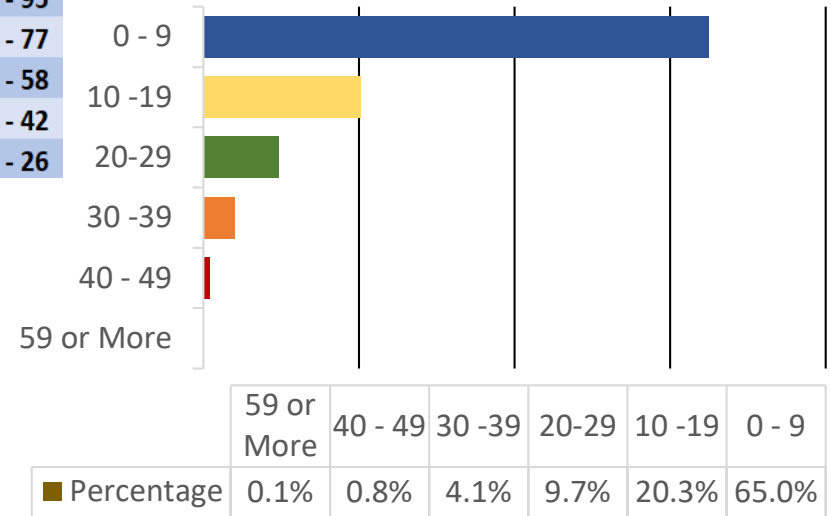
AGE



Generation	Age Span
Traditionalists	78 - 95
Baby Boomers	59 - 77
Generation X	43 - 58
Millennials	27 - 42
Gen Z	17 - 26

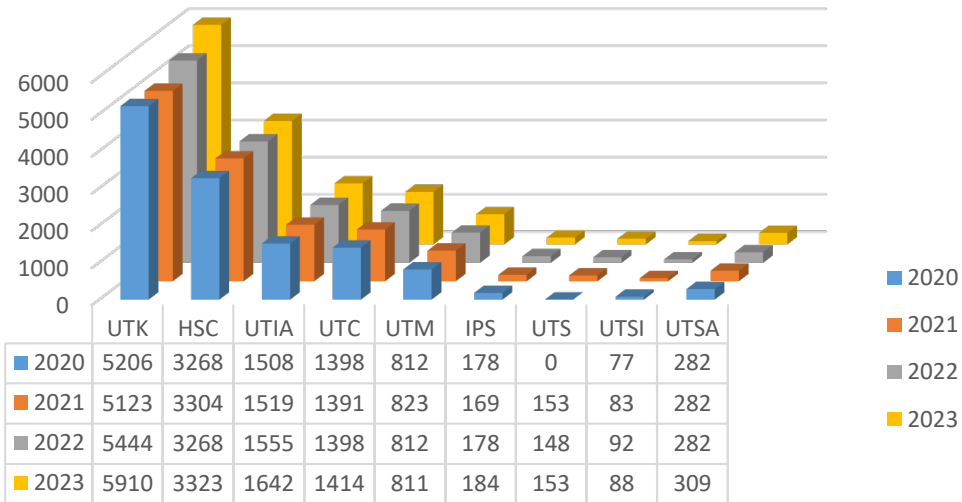
Generation	Percentage
Traditionalists	0.3%
Baby Boomers	19.3%
Generation X	38.2%
Millennials	36.6%
Gen Z	5.6%

Length of Service

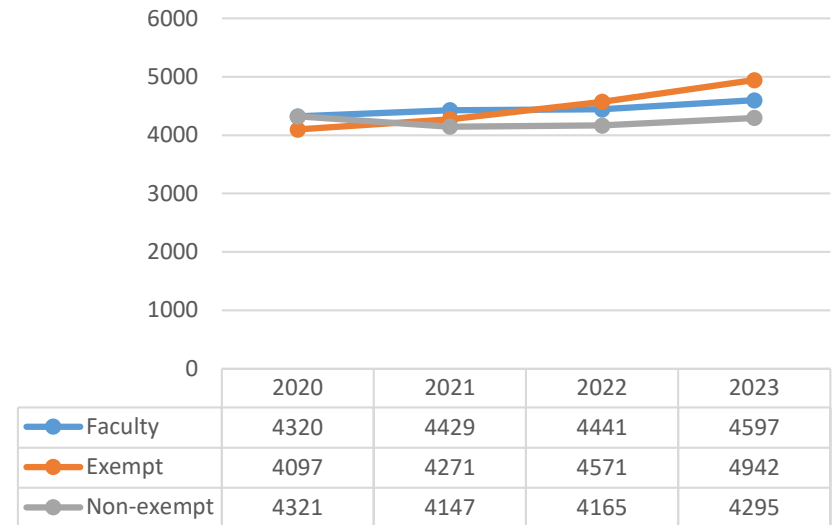


Workforce Trending (2020 – 2023)

**Number of Employees by Campus/Institute/Unit
2020 - 2023**

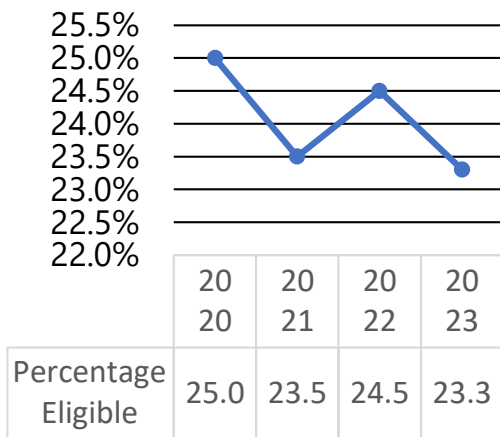


**Number of Employees by Category
2020 – 2023**



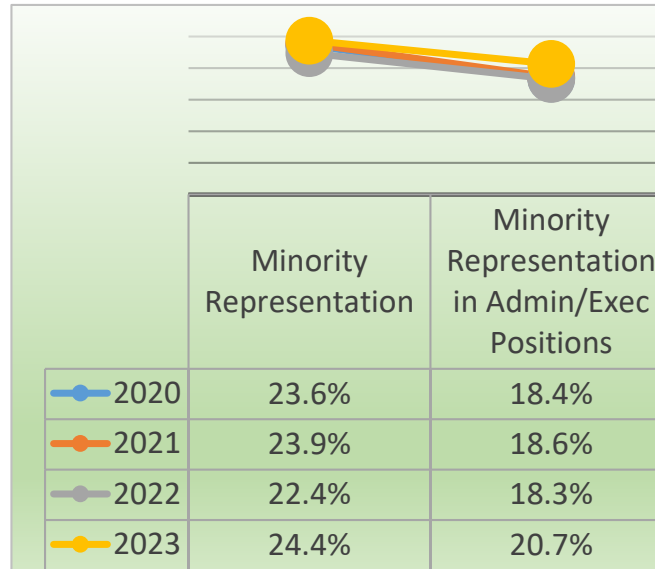
Workforce Trending (2020 - 2023)

Retirement Eligibility

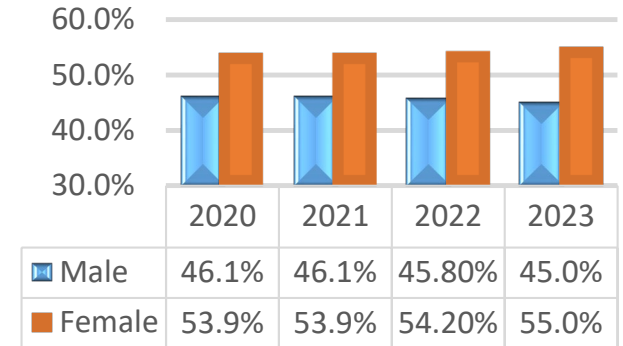


Year	Actual Retirements
2020	348
2021	304
2022	410
2023	199

Minority Representation



Gender Representation



Workforce Highlights

➤ Employees by Category

- Faculty – 33.2%
 - Tenured – 33.5%
 - Tenure Track – 14.8%

- Exempt – 35.7%

- Non-exempt – 31.0%

➤ Employees by Gender

- Female – 55%

- Male – 45%

➤ Employees By Ethnicity/Race

- Minority – 24.4%

- Non-minority – 75.6%

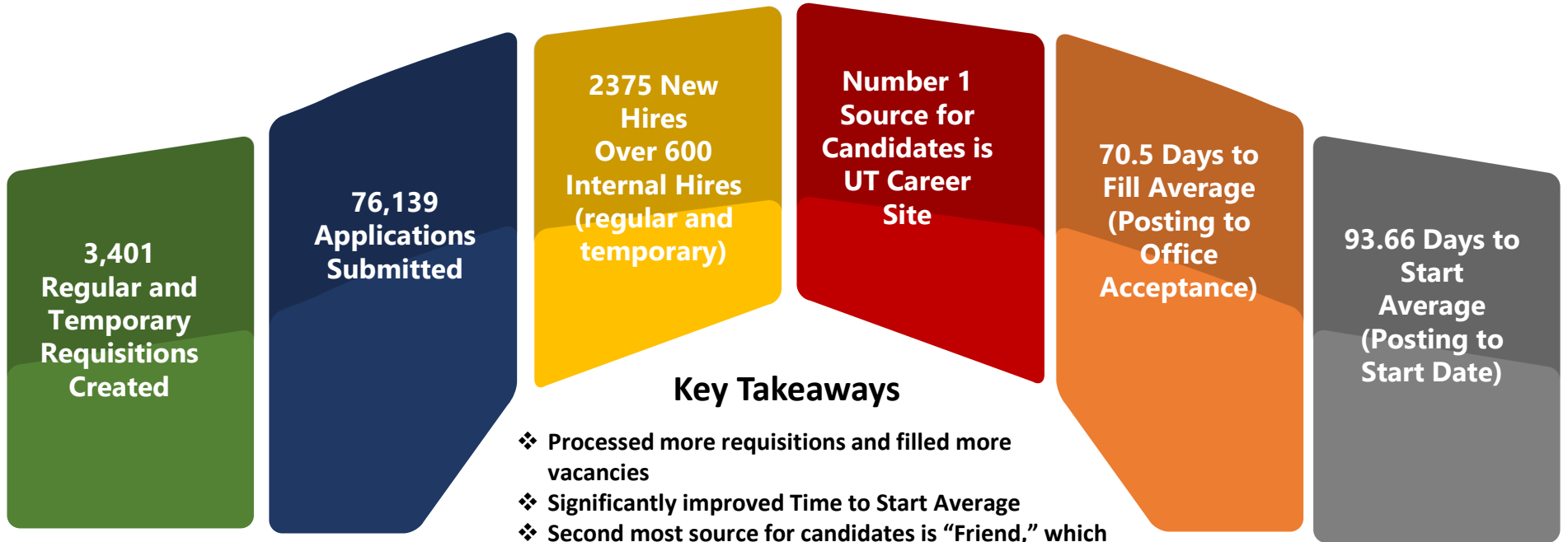
➤ Other Interesting Facts

- Eligible for Retirement – 23.3% (lowest in last 4 years)

- Millennials and Generation X make up 75.8% of Workforce

- 85.3% of Workforce have 0-19 Years of Regular Service

System-wide Recruiting (January 1, 2023 - August 31, 2023)



Key Takeaways

- ❖ Processed more requisitions and filled more vacancies
- ❖ Significantly improved Time to Start Average
- ❖ Second most source for candidates is “Friend,” which is a strong indicator that we’re better leveraging our employer reputation.
- ❖ Opportunities exist to enhance promoting talent, recruiting, and hiring candidates from underrepresented populations

System-wide Recruiting (January 1, 2023 - August 31, 2023)

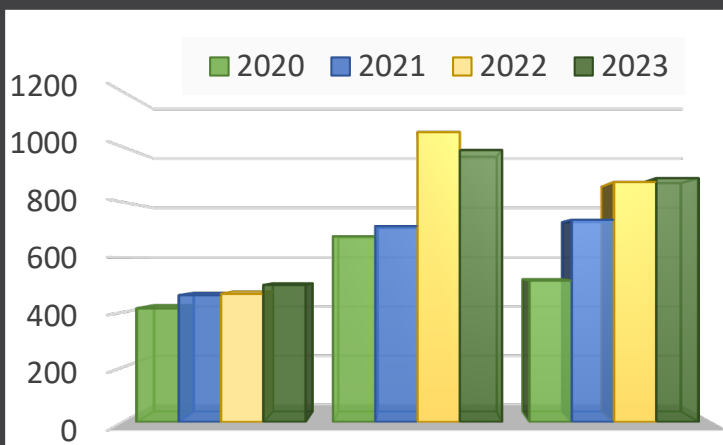
LOOKING FORWARD

With the DASH go-live less than a year away, we're looking forward to improving the recruiting and onboarding process

<p>Streamlined application process that collects minimal data from candidates up front to expedite the time it takes to apply</p>	<p>An easy mobile-friendly applicant experience with the ability to upload and parse resumes or import profiles from career sites like Indeed</p>	<p>Improved job searching capabilities and a more user-friendly career site</p>
<p>The ability to build talent pipelines with diverse skills sets</p>	<p>SMS texting capabilities, convenient interview scheduling, and an enhanced onboarding experience</p>	<p>Harmonized processes across all campuses, institutes, and units</p>

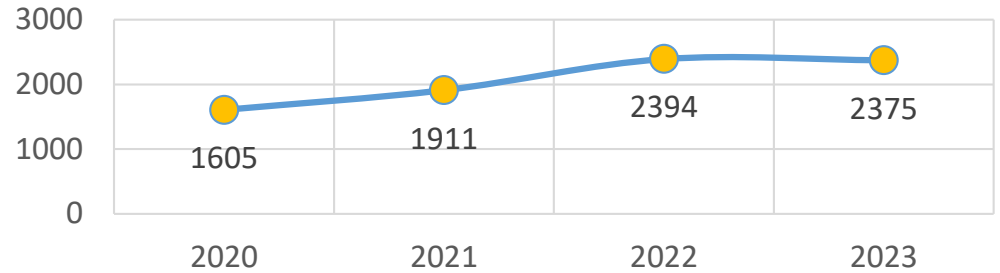
Hires & Mobility (September 1, 2020 – August 31, 2023)

New Hires by Category



	Faculty	Non-exempt	Exempt
2020	414	676	515
2021	462	713	736
2022	467	1054	873
2023	499	989	887

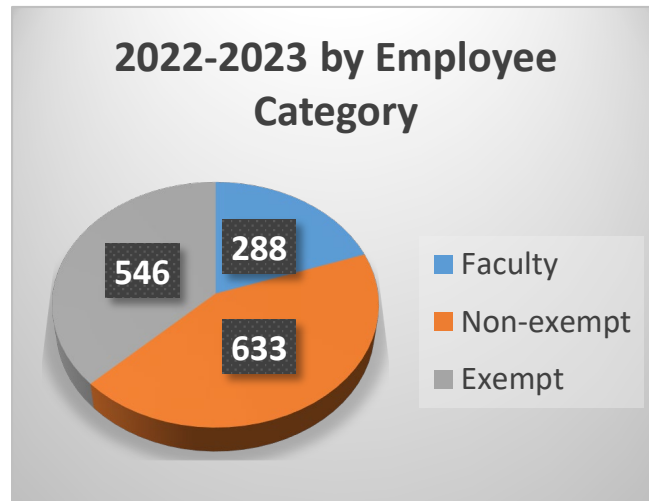
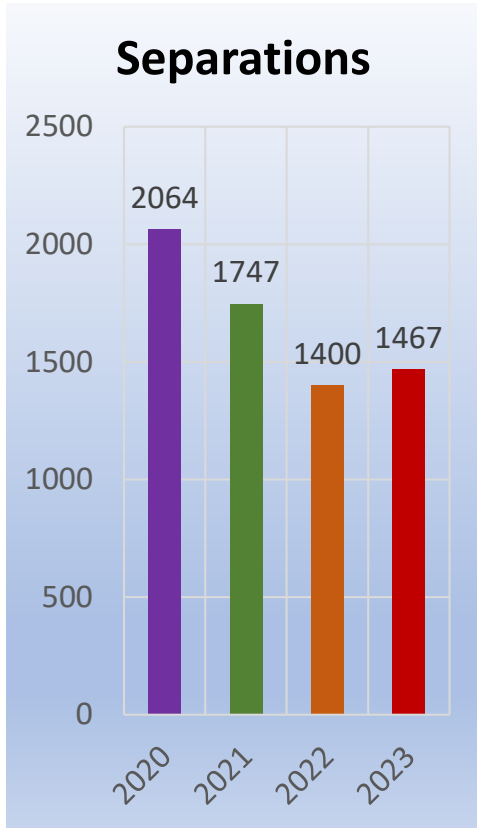
Total New Hires (2020 – 2023)



Voluntary Internal Talent Mobility

	2020	2021	2022	2023
Promotions	522	529	781	539
Lateral Transfers	78	142	153	138
Demotions	31	27	44	41

Separations (September 1, 2020 – August 31, 2023)



Turnover Rates (2020 – 2023)

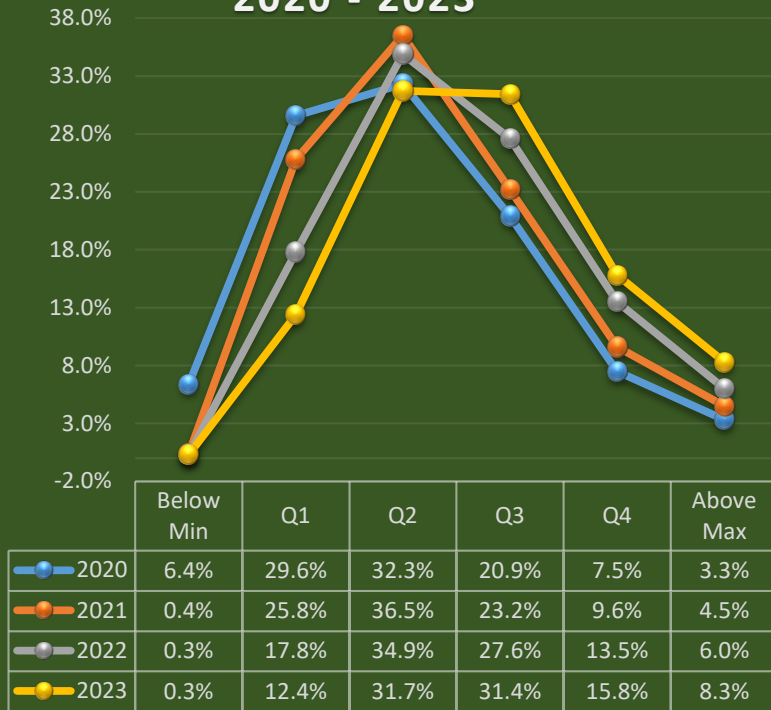
2019-2020	11.0%
2020-2021	13.6%
2021-2022	15.7%
2022-2023	10.6%

Top 5 Reasons for Separation September 1, 2022 – August 31, 2023

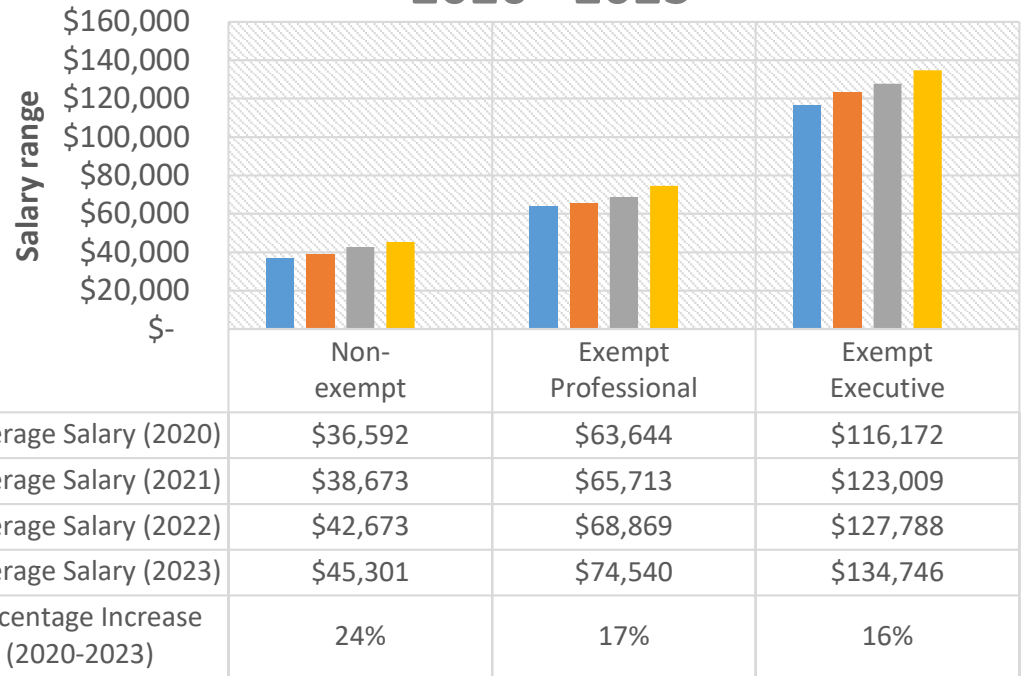
- ❑ Personal Reasons (351)
- ❑ Employment in Industry (316)
- ❑ Retirement (199)
- ❑ Employment at Another College or University (161)
- ❑ Moving out of Area (91)

Compensation

Labor Distribution by Market Quartile 2020 - 2023



Employee Salaries Comparison 2020 - 2023



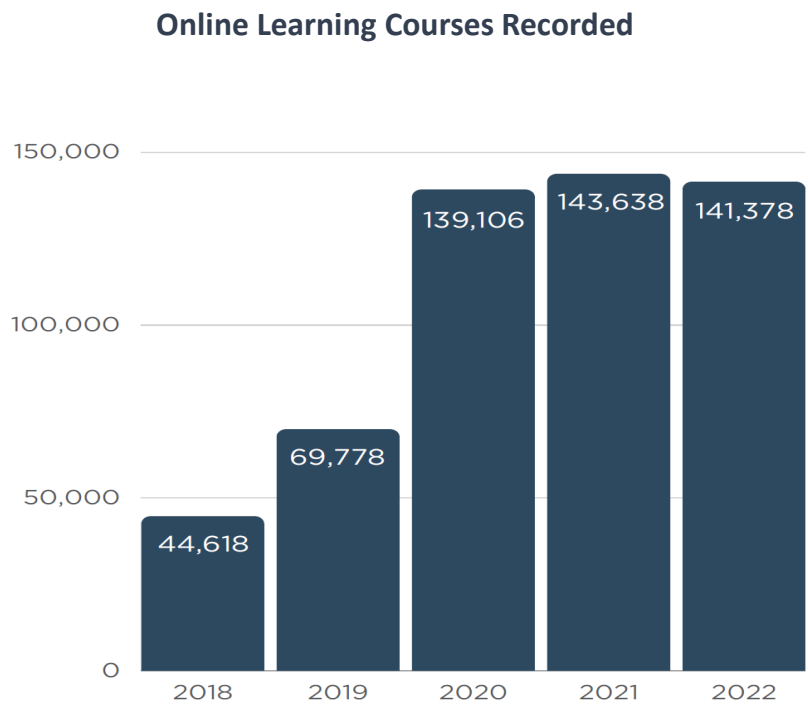
Employee & Organizational Development



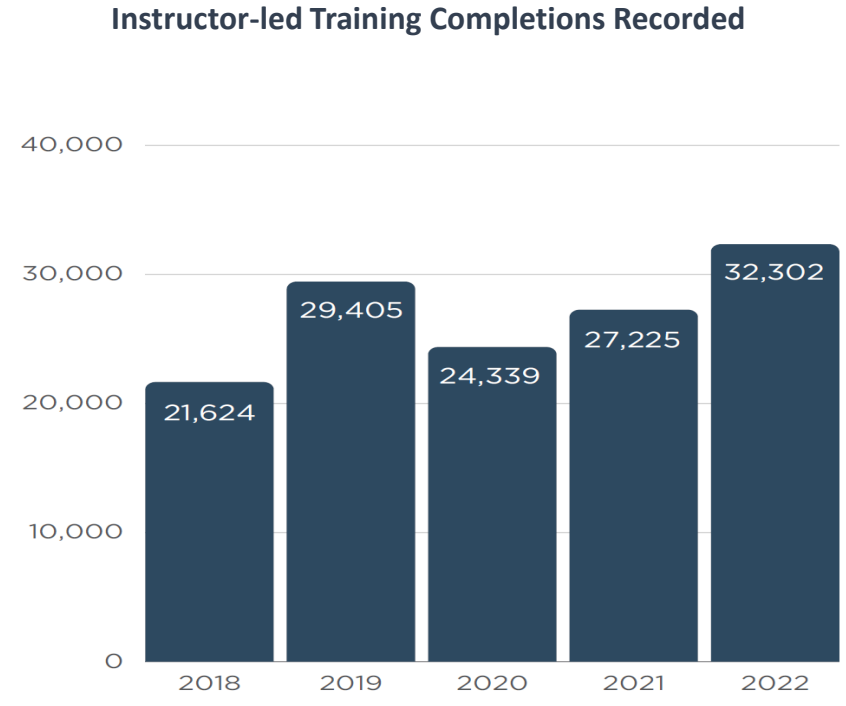
System-wide business partners

The University of Tennessee utilizes K@TE (Knowledge and Training Excellence) for its comprehensive Learning Management System (LMS).

Online Learning Courses Recorded



Instructor-led Training Completions Recorded



Employee & Organizational Development

New Opportunities and Services

- ❑ Leadership Coaching
- ❑ Mediation Services
- ❑ Departmental or Team Strategic Visioning Retreats
- ❑ Strengths Leadership Focused Inventories and Debriefs
- ❑ Emerging Leaders Certificate Program
- ❑ Leading from the Middle Certificate Program

Conferences

UT Leadership Institute, February 2023

Annual Conference for Women’s Leadership, May 2023

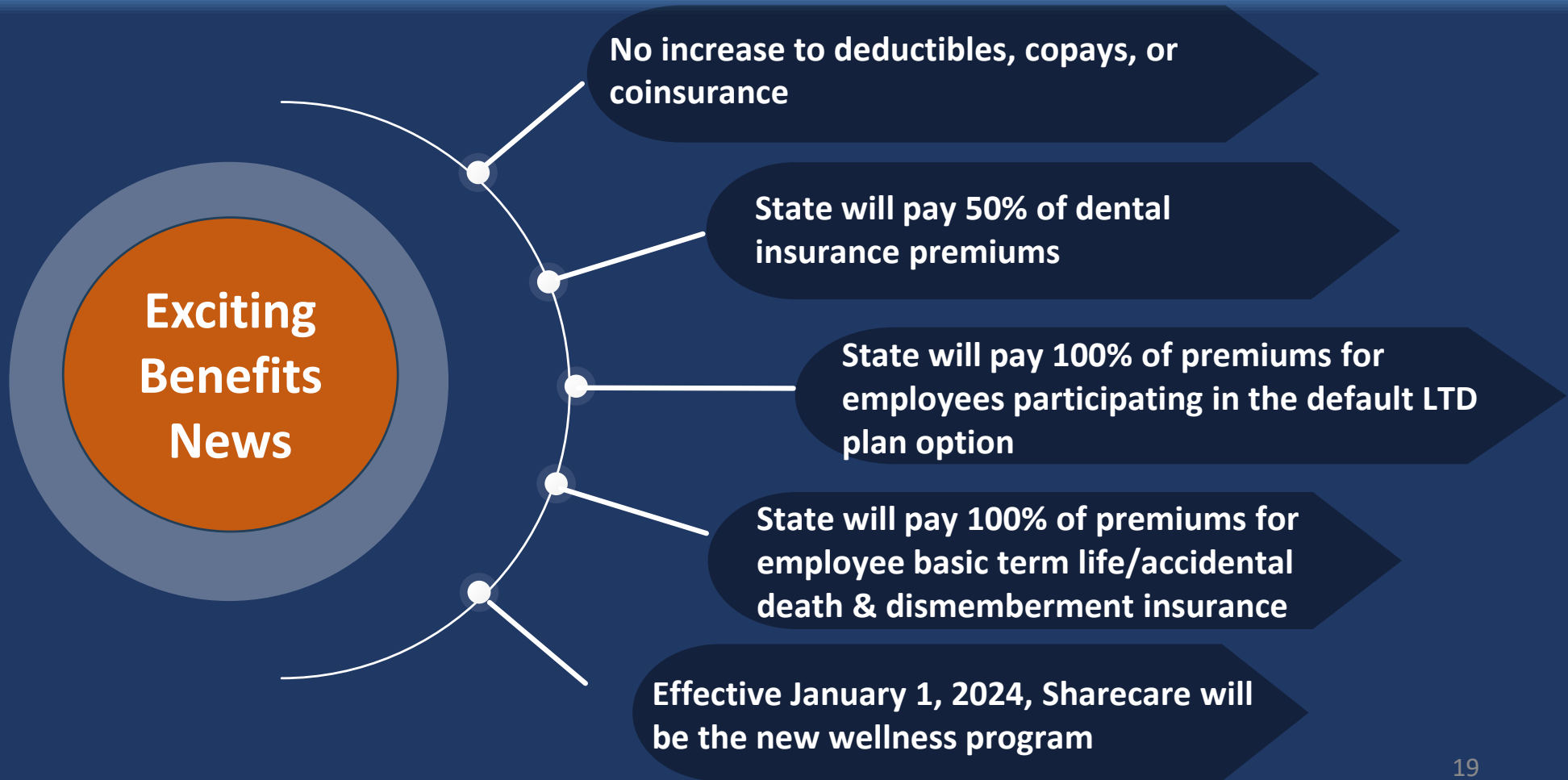
BEST Man Forum, September 2023

Annual NEXT Conference, October 2023

Administrative Professionals Summit, November 2023

Annual Conference for Women’s Leadership, May 2024

Payroll & Benefits



Employee Well Being



Employee Assistance Program (EAP)



- EAP services are available to all state and higher education benefit-eligible employees and their eligible dependents
- EAP and behavioral health benefits administered by Optum
- Services Provided include
 - Short-term counseling
 - Legal services
 - Mediation services
 - Financial services
 - Work/Life services

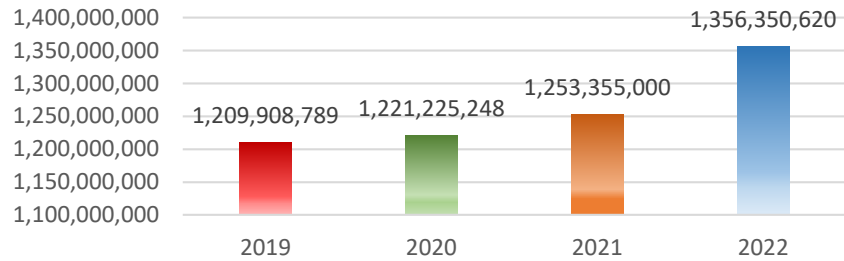
University of Tennessee Usage

EAP Issue	January 2020 - December 2020	January 2021 - December 2021	January 2022 - December 2022
	Patient Visits	Patient Visits	Patient Visits
Addictive Behaviors	8	2	7
Conduct Disorders/Autism	18	24	13
Anxiety/Depression	636	619	516
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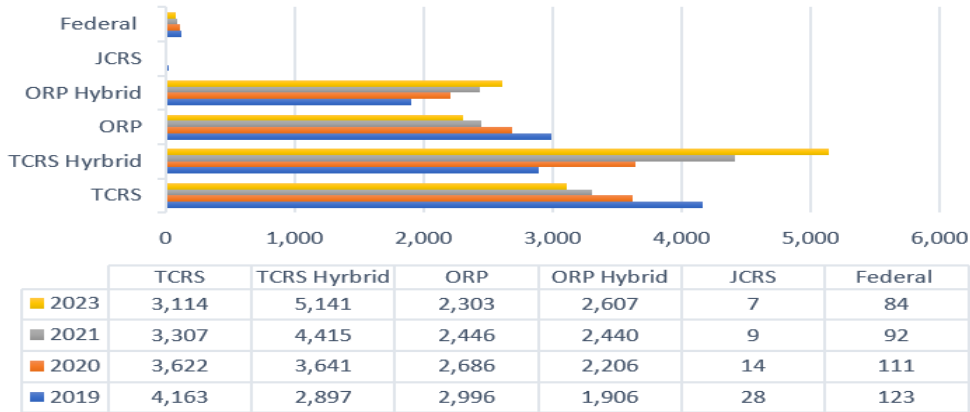
Payroll & Benefits



Total Gross Wages



Retirement Plan Participation



Health Plan Participation

	2019	2020	2021	2022
Basic Health	10,684	10,863	11,148	12,008
Basic Term Life/ Accident	12,025	12,358	12,509	12,363
Dental	8,515	8,985	9,551	10,531
Vision	7,272	7,866	8,349	9,273
Long Term Disability	4,067	5,218	5,227	5,817
Short Term Disability	917	1,269	1,740	2,237
Optional Term Life	2,474	2,321	2,217	2,250
Optional Universal Life	397	334	294	284
Optional Special Accident	4,031	4,268	4,335	4,449

CHRO Agenda: Well - Being

- 1) Measure employee well-being
- 2) Signal that well-being matters
- 3) Connect employees with human experts
- 4) Activate local champions as role models
- 5) Create environment of ongoing learning
- 6) Empower people to provide input.

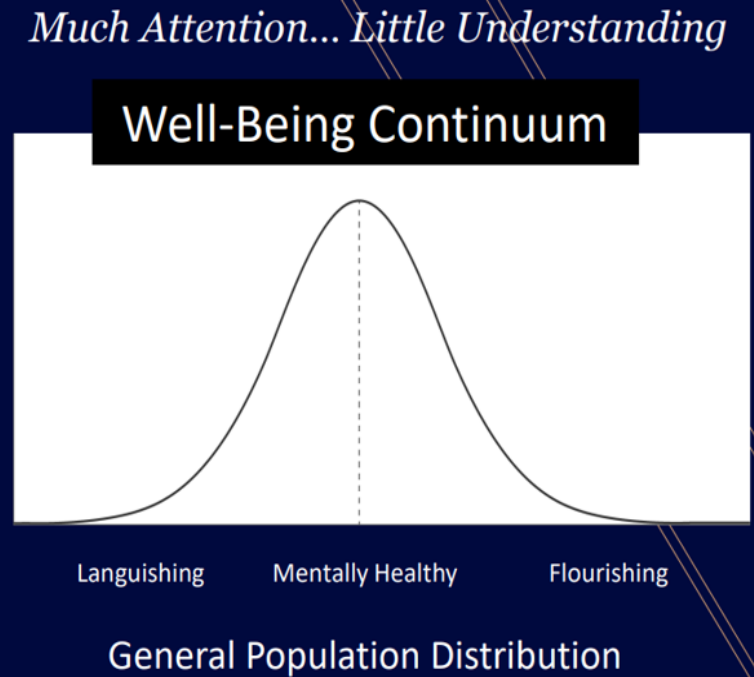


Image: Reuters

Great Place to Work A Global Challenge

JHU/GPTW Global Study

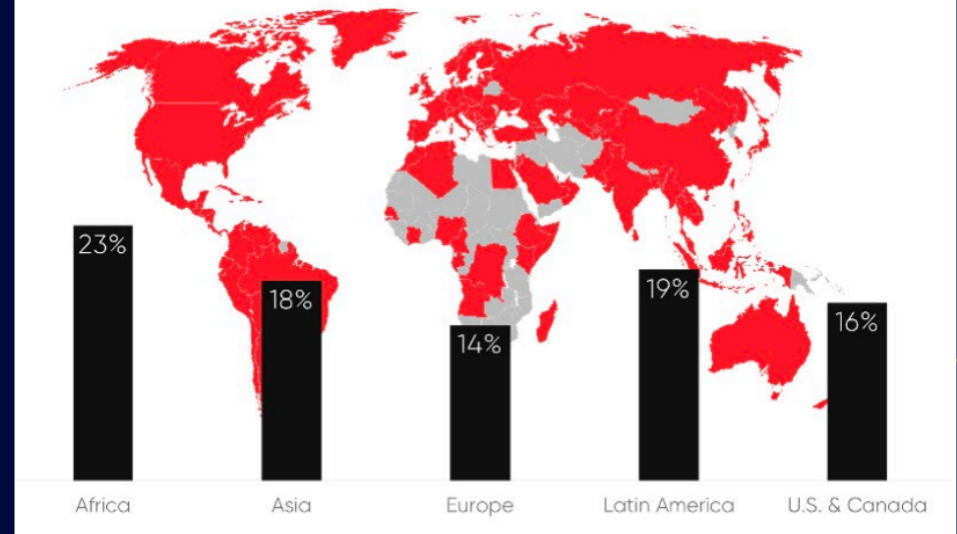
- Survey of 2m people
- Samples in 37 countries
- 42% indicate a decline in mental health

Best Workplaces do better with:

- Psychological Safety
- Inclusion
- Employee Well-Being
- Teamwork
- Performance



% of Employees "Flourishing" by Region



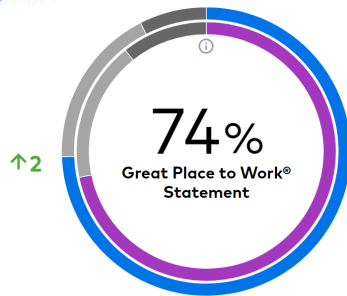
John Hopkins Human Capital Development Lab

Great Place to Work

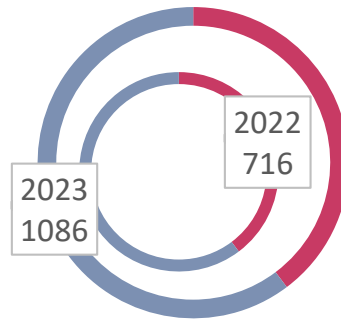


Great Place to Work Certification for Second Year

✓ 5,000 randomly selected employees invited to participate



Employees say UT is a great place to work. Up 2%.



7.4% Increase in Respondents in 2023

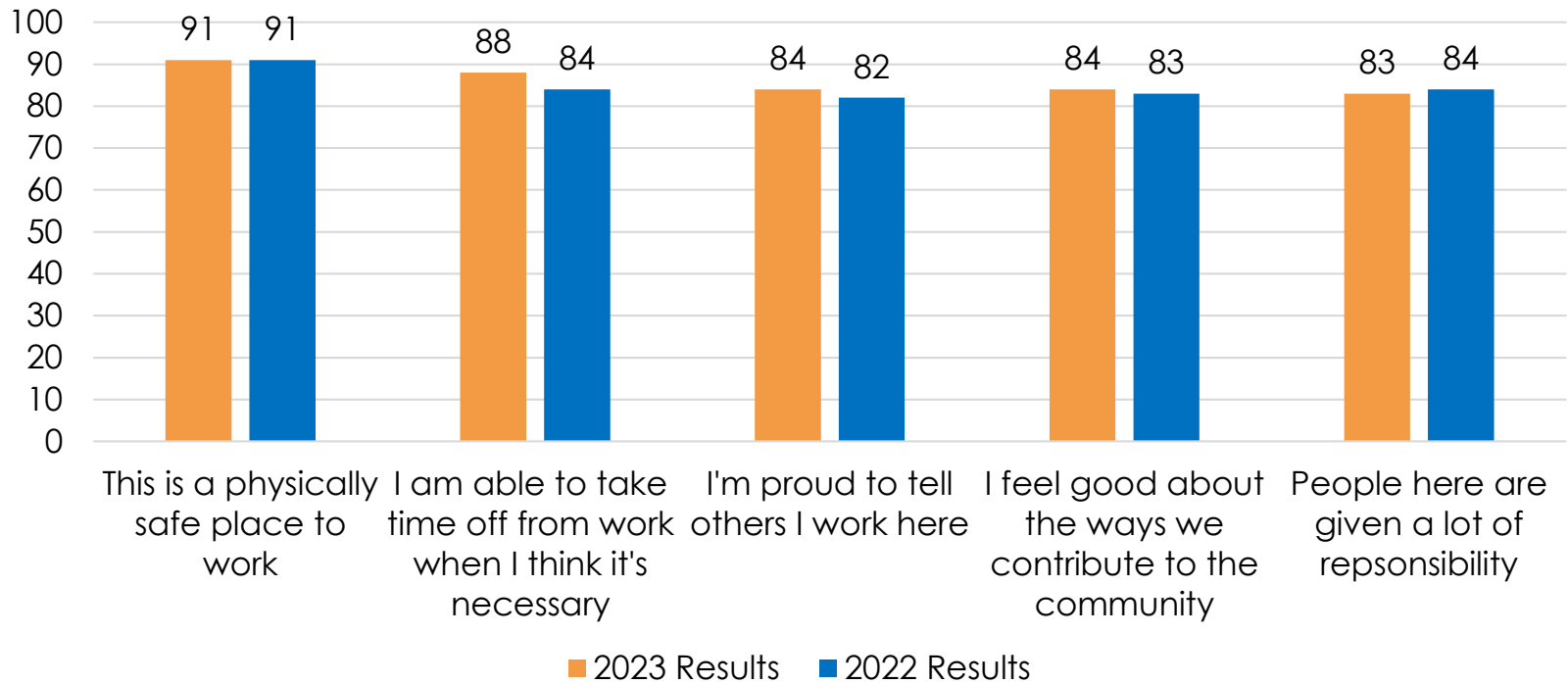
Areas to Leverage

- Creating a Fair Sense of Compensation
- Involving Employees in Decision Making
- Sharing Information

Great Place to Work



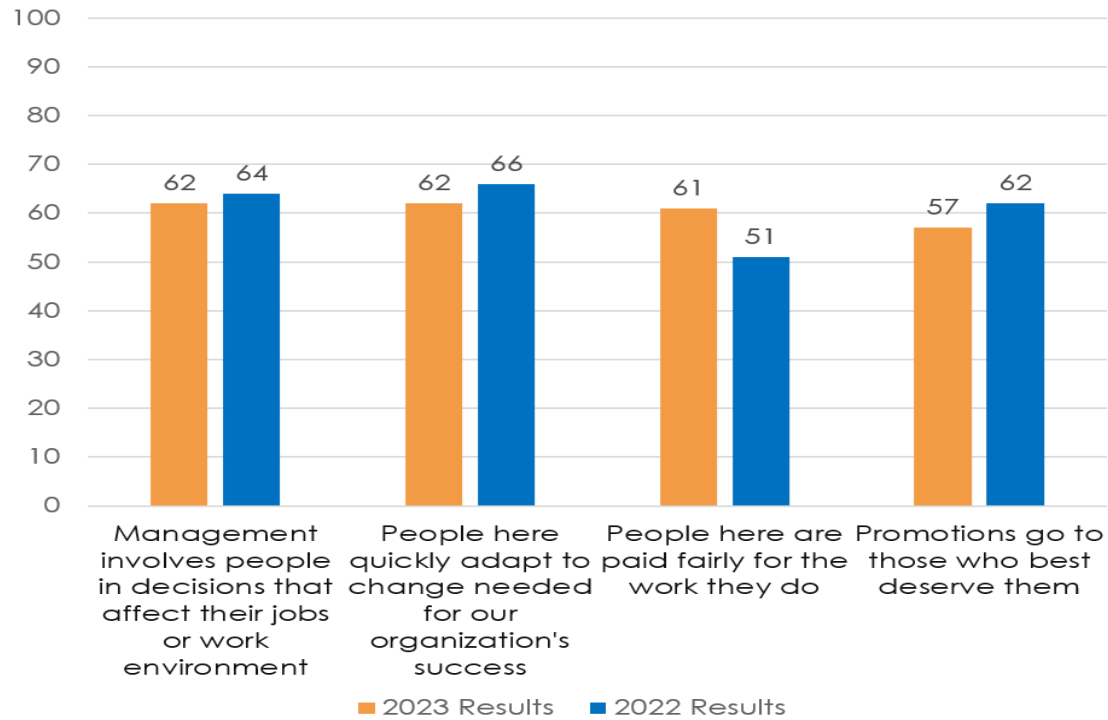
Top Statements



Great Place to Work



Bottom Statements



Engagement Survey



Annual Staff Experience Monitor (EXM) Survey

- One question survey: “How likely would you be to recommend UT to a qualified friend or family as a great place to work?”

March 2023	
Response Rate	16.1%
Avg Response	7.7
Net Promoter	29

Full Survey

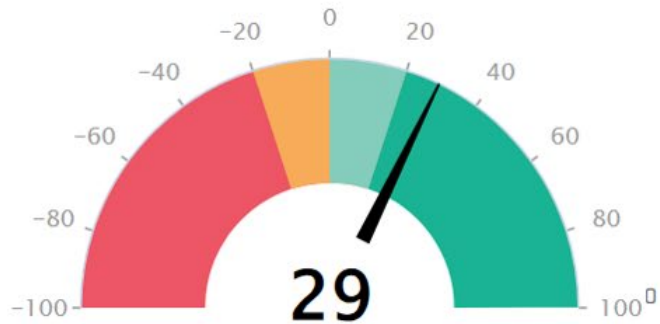
- Includes EXM Survey Question
- Includes Engagement Measurement Questions, Engagement Driver Questions, and four Open-ended Questions

- Survey conducted September 20, 2023 – October 11, 2023
- Staff Only
- Results Pending

Engagement Survey – March 2023 EXM



EMPLOYEE EXPERIENCE SCORE (% of Supporters - % of Detractors)



CURRENT SCORE

29

AVERAGE RESPONSE

8

PREVIOUS SCORE

28

BENCHMARK

11.3

SCORE BREAKDOWN



Category	Responses	Percentage
Detractors	425	23%
Passives	478	26%
Promoters	962	52%

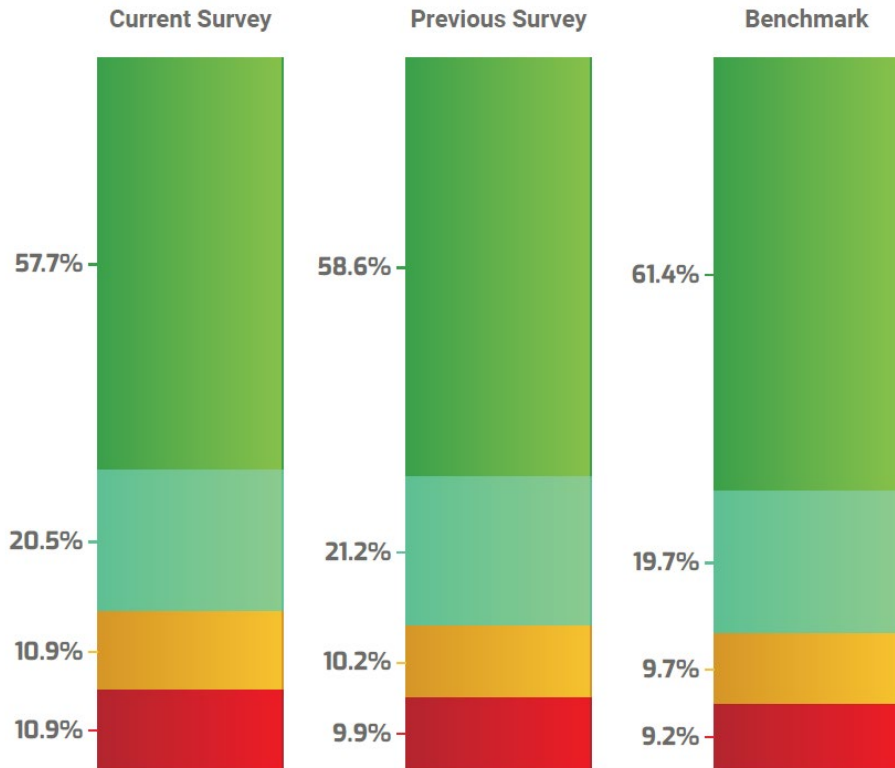
PREVIOUS SURVEY

18.9%

35.9%

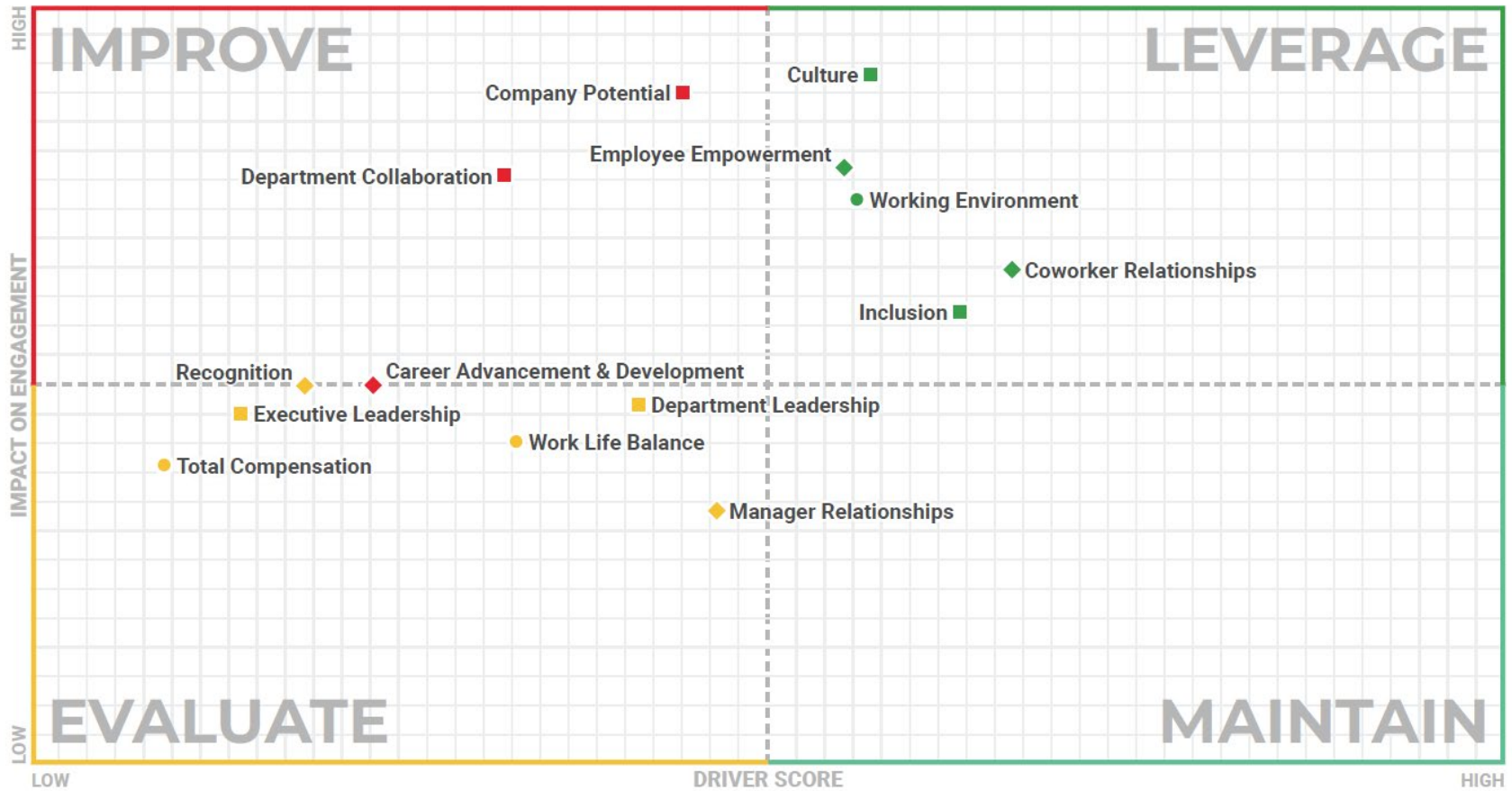
45.2%

Engagement Survey – 2022 Results



- ENGAGED**
 Engaged employees consistently exceed expectations. They are energized and passionate about their work, leading them to exert discretionary effort to drive organizational performance.
- ALMOST ENGAGED**
 Almost engaged employees sometimes exceed expectations and are generally passionate about their work. At times they exert discretionary effort to help achieve organizational goals.
- INDIFFERENT**
 Indifferent employees are satisfied, comfortable, and generally able to meet minimum expectations. They see their work as “just a job”, prioritizing their needs before organizational goals.
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 Disengaged employees usually fail to meet minimum expectations, putting in time rather than effort. They have little interest in their job and the organization and often display negative attitudes.

Engagement Survey – 2022 Results: Priority Matrix

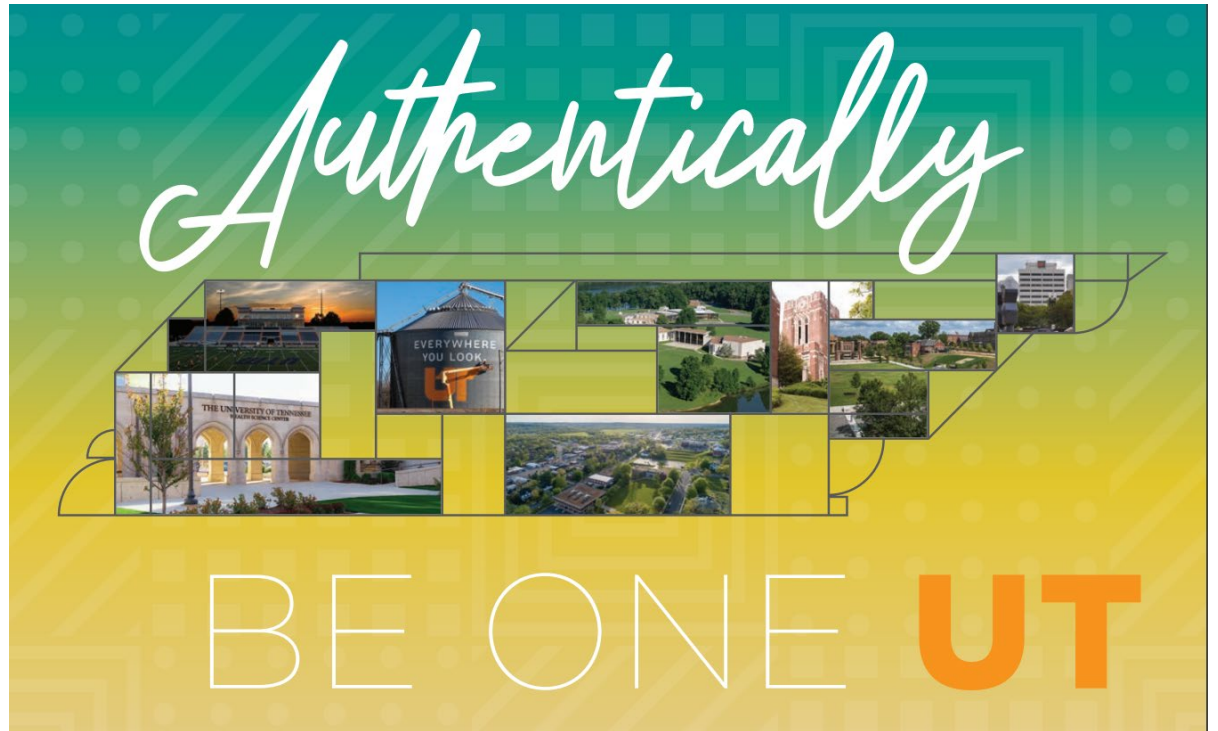


Thank you

UT System Workforce Review - Presentation

Dr. Brian K. Dickens,
CHRO

October 2023

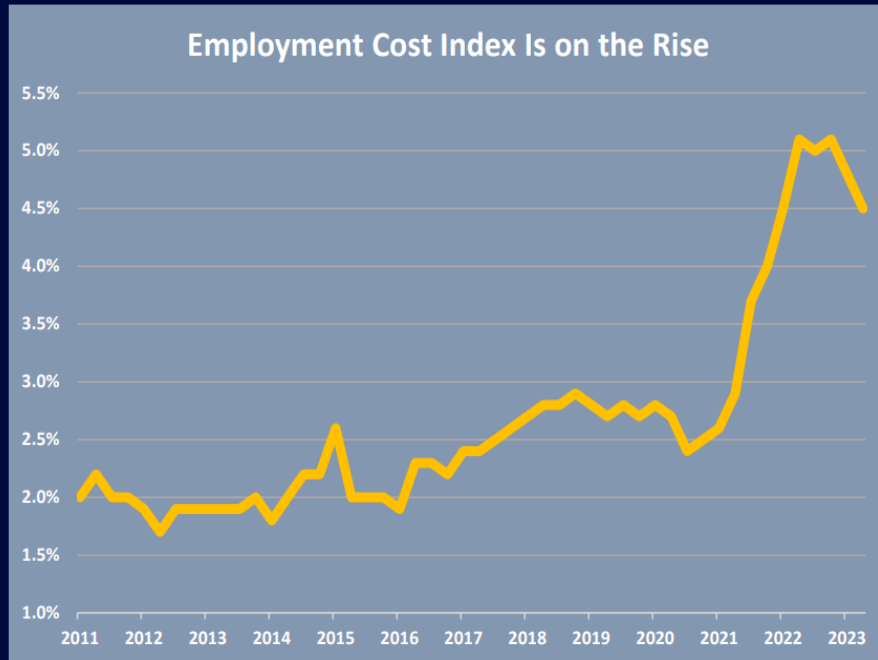




Three Top Concerns



CHRO Bottom Line Value?



- Rising Labor Costs
- Rising Benefits/Health Costs
- Rising HR Function Costs
- Unclear Revenue Contribution



Human Capital Development Lab

#SHRMExecutiveNetwork

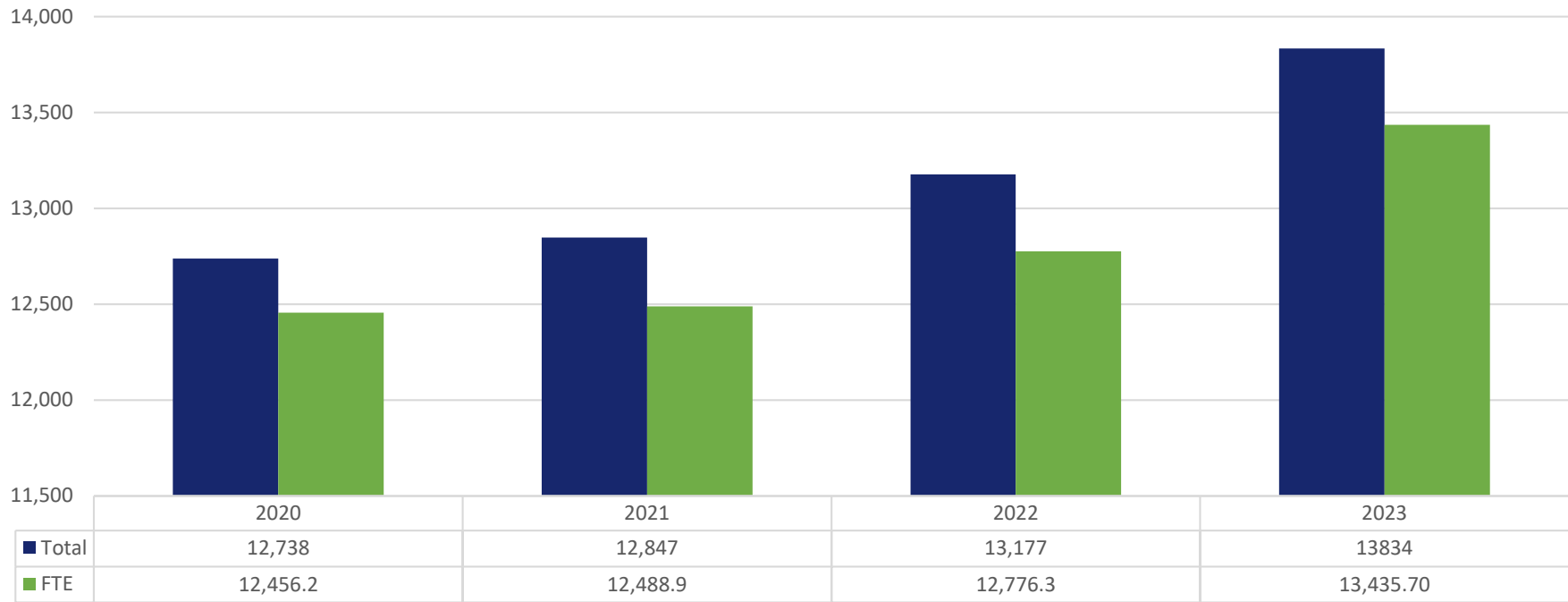
The CHRO Agenda – Bottom Line

1. Future of Work Culture
2. AI – Human Teaming
3. Employee Well-Being



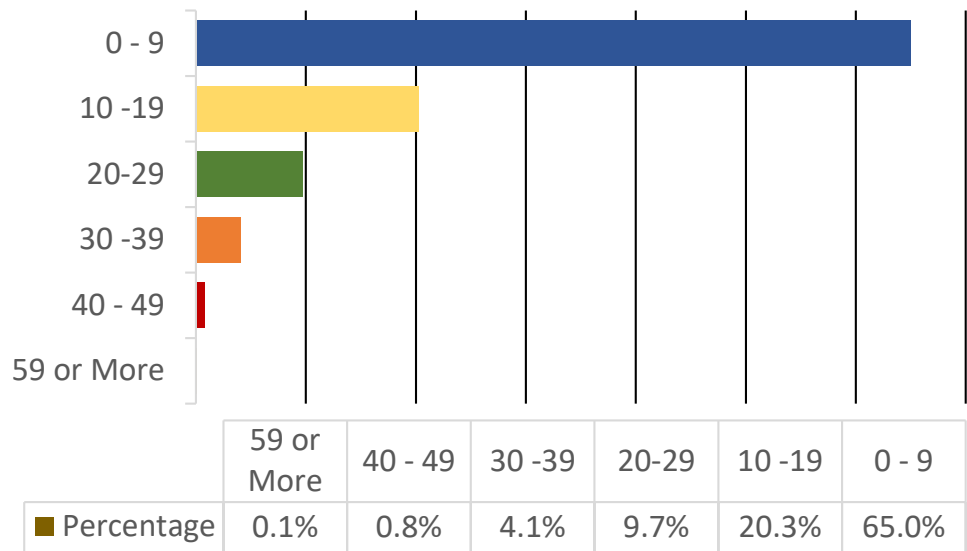
Workforce Trending (2020 – 2023)

Workforce



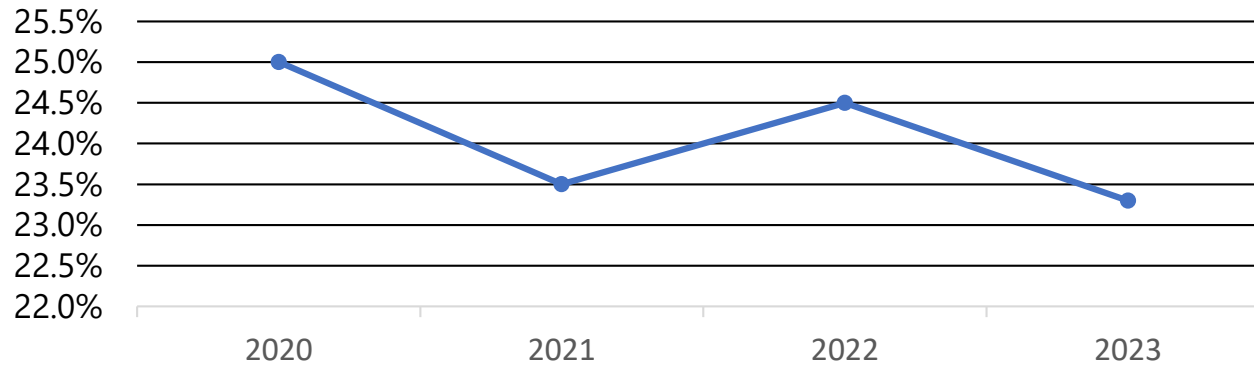
Length of Service

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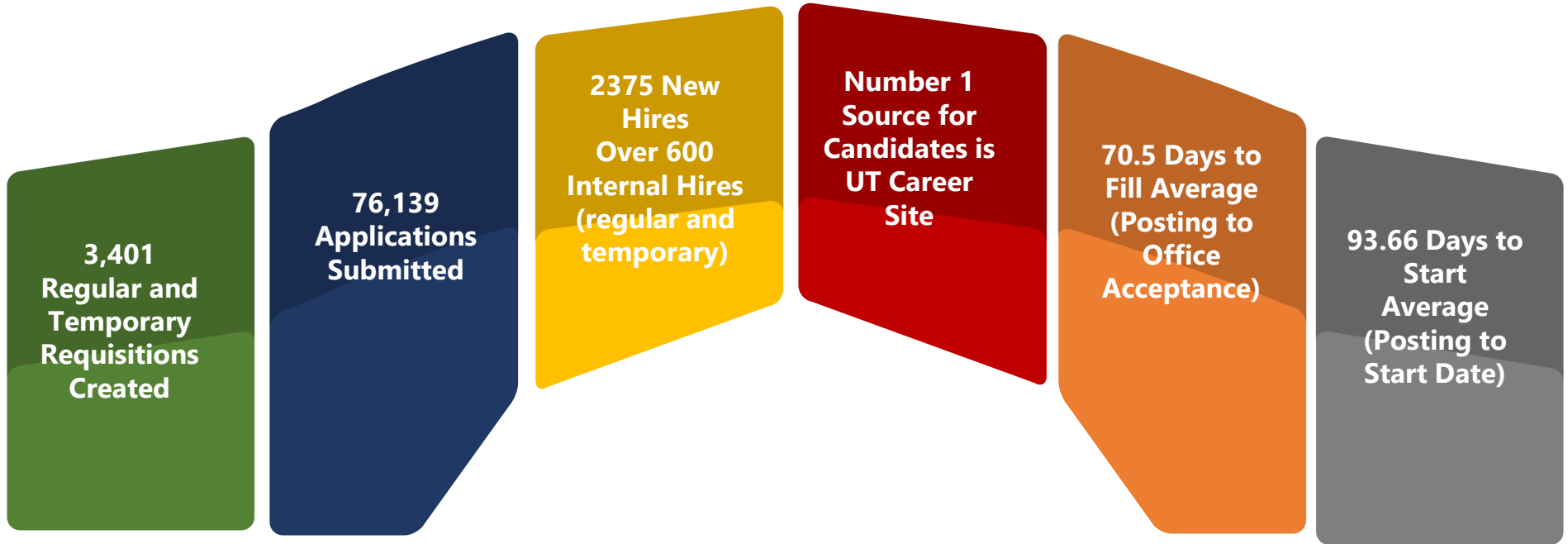


Retirement Eligibility

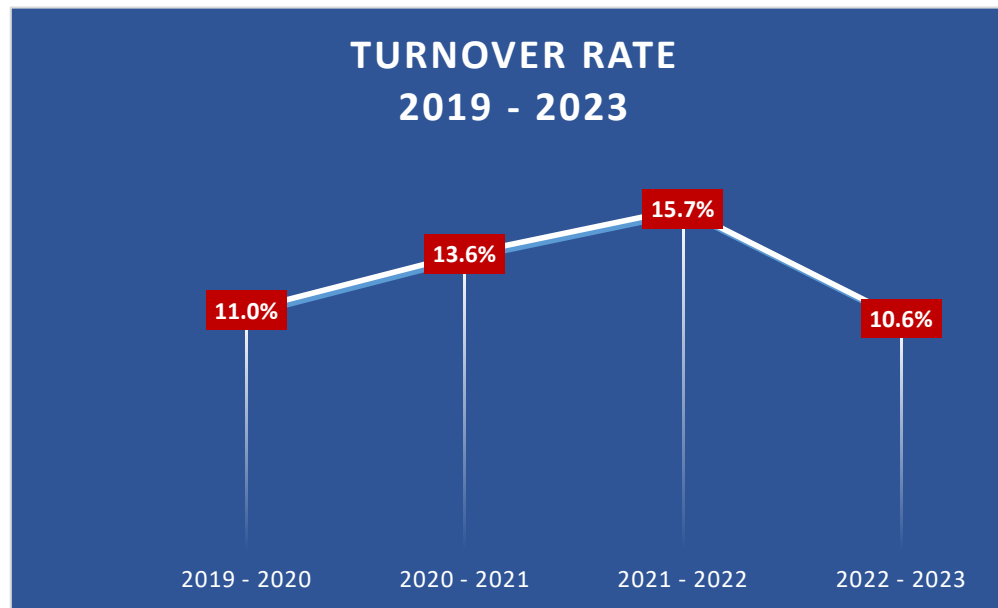
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System-wide Recruiting (January 1, 2023 - August 31, 2023)

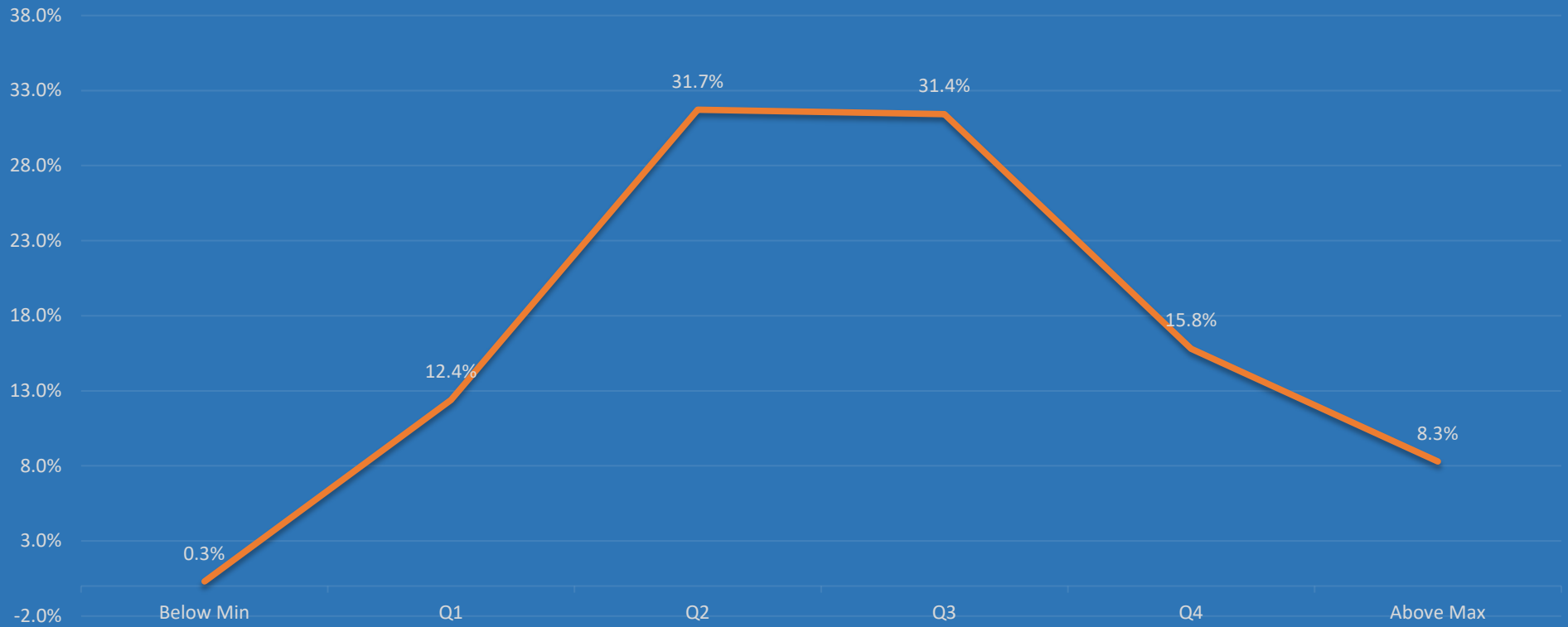


Separations (September 1, 2020 – August 31, 2023)



Compensation

Labor Distribution by Market Quartile 2023



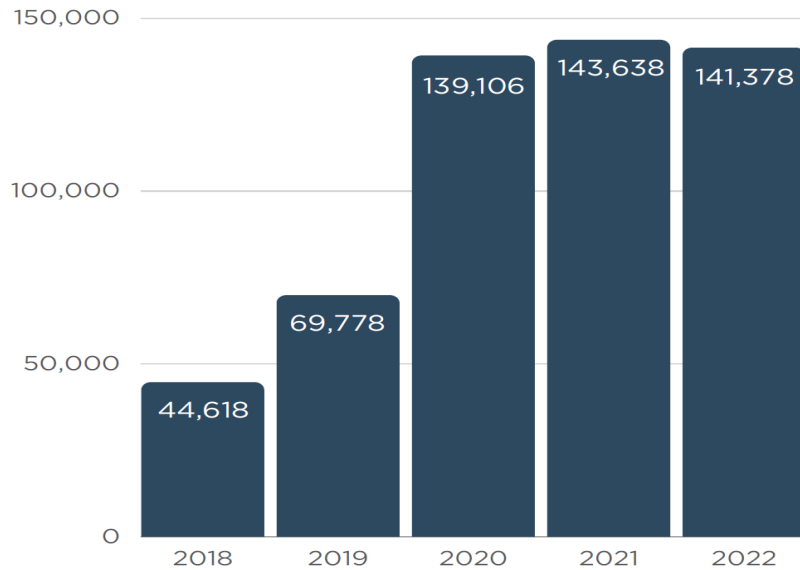
Employee & Organizational Development



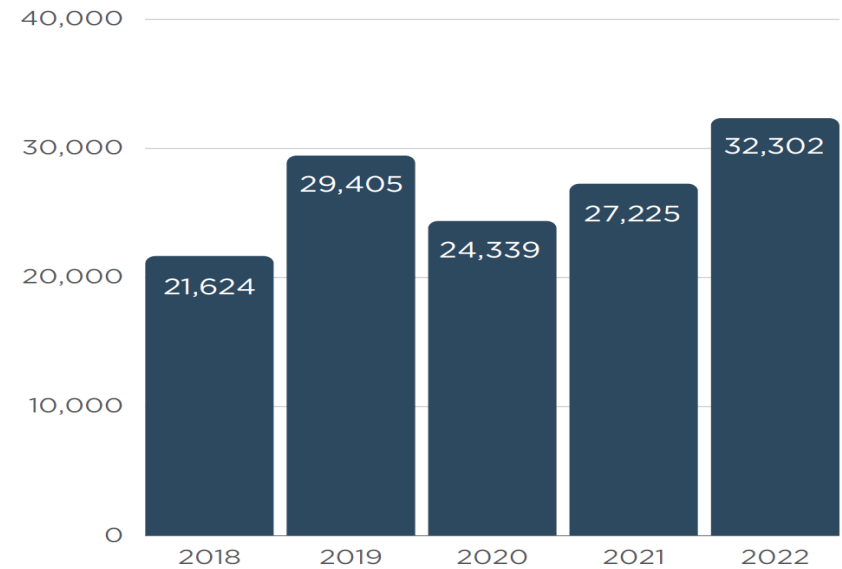
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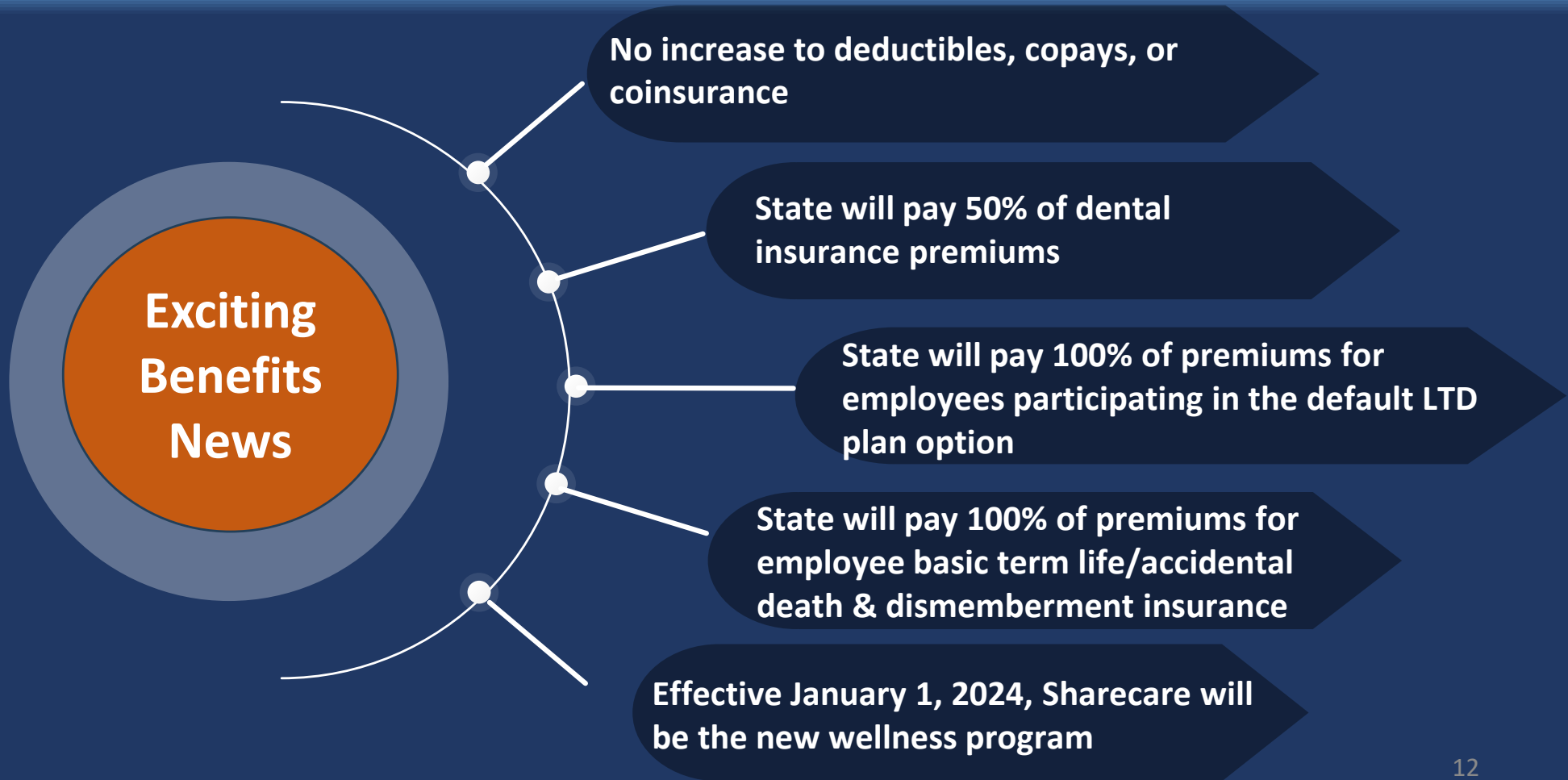
Online Learning Courses Recorded



Instructor-led Training Completions Recorded



Benefits




Employee Well Being



Employee Assistance Program (EAP)



University of Tennessee Usage

	January 2020 - December 2020	January 2021 - December 2021	January 2022 - December 2022
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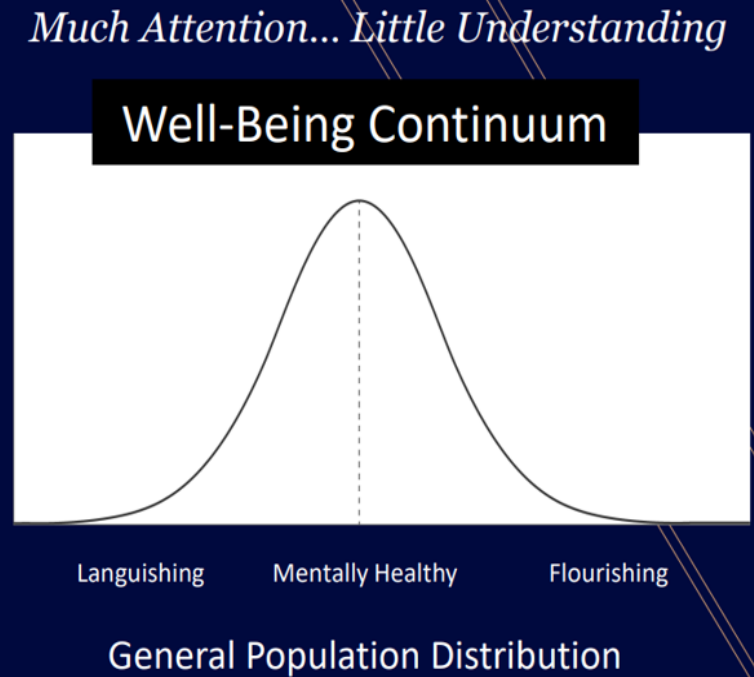


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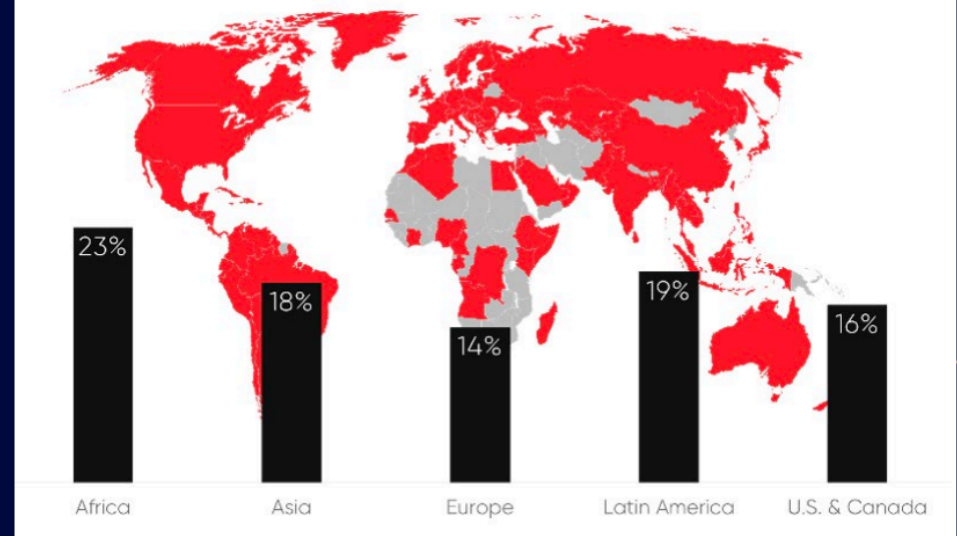
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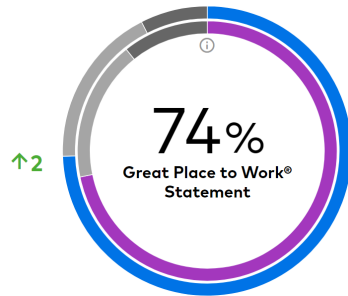
John Hopkins Human Capital Development Lab

Great Place to Work

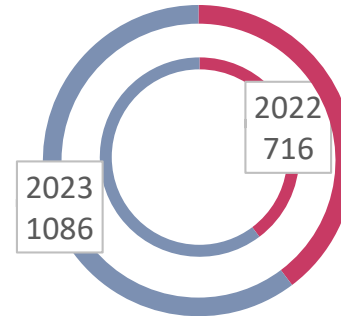


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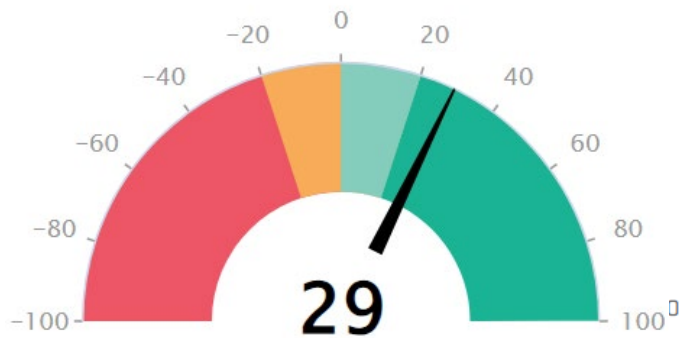


7.4% Increase in Respondents in 2023

Engagement Survey – March 2023 EXM



EMPLOYEE EXPERIENCE SCORE (% of Supporters - % of Detractors)



CURRENT SCORE

29

AVERAGE RESPONSE

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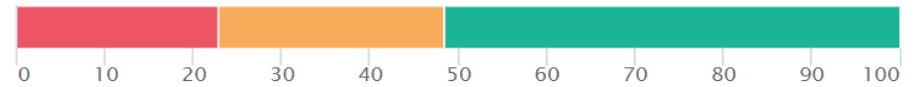
PREVIOUS SCORE

28

BENCHMARK

11.3

SCORE BREAKDOWN



● Detractors Responses: 425 Percentage: 23%	● Passives Responses: 478 Percentage: 26%	● Promoters Responses: 962 Percentage: 52%
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PREVIOUS SURVEY

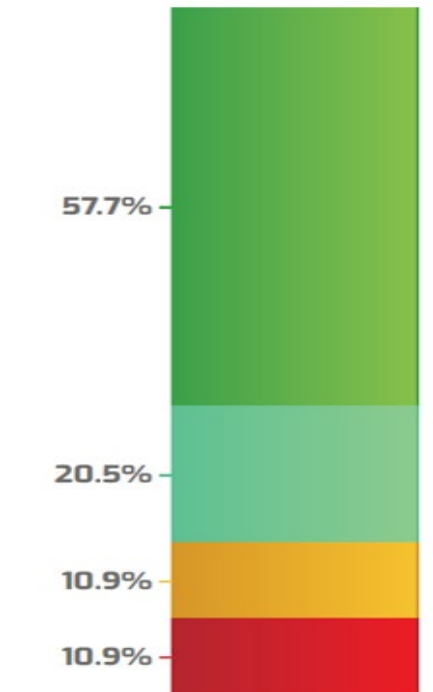
18.9%

35.9%

45.2%

Engagement Survey – 2022 Results

Fall 2022
Survey Results



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Questions?

Thank you!



THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

AGENDA ITEM SUMMARY

Meeting Date:	October 13, 2023
Committee:	Finance and Administration
Item:	<u>Public Private Partnership (P3) - Student Housing (UTK)</u>
Type:	Action
Presenter(s):	David L. Miller, Senior Vice President and Chief Financial Officer Austin Oakes, Assistant Vice President, Capital Projects

Background Information

In 2016, UT Knoxville began executing a strategic enrollment plan that immediately resulted in increased student demand. Between 2017 and 2020, the average annual increase in student demand was 4.6%, which increased to over 11% per year after 2020. As student demand increased, yield rates also increased. Concurrently, investments in student success have improved retention rates. Each of these factors has increased the demand for student housing.

Since 2017, UTK has opened five new on-campus residence halls, growing student housing capacity by 1,000 beds and providing an on-campus total of 8,300 beds by 2022. Due to UTK's improvement in the quality of on-campus facilities and the rising costs, as well as higher occupancy rates, in the off-campus market, the demand for on-campus housing has continued to increase significantly.

In response to the demand for student housing, the University engaged a leading national consultant, Brailsford & Dunlavey, Inc. (B&D), to assist with the development of a Request for Proposal (RFP) to pursue a public-private partnership (P3) for the development of student housing. Following a two-phase RFP process and evaluation of the proposals, the University selected RISE Development, LLC, as the best evaluated proposer. The State Building Commission (SBC) approved this selection in May 2023.

After selecting RISE Development, LLC, a pre-development agreement was negotiated and approved by the SBC in June 2023. Subsequently, the project team has developed the designs and detailed cost estimates, refined operational plans, and negotiated the terms of the legal agreements necessary to support this partnership.

Summary of the Public-Private Partnership (P3) Project

The University proposes to enter into a long-term arrangement with Provident Group – UTK Properties, LLC, wholly-owned by Provident Resources Group Inc. (collectively, “Provident”), and RISE Volunteers, LLC, wholly-owned by RISE Development, LLC (collectively, “Developer”), to design, construct, operate, and maintain approximately 1,900 new beds of student housing (the “Project”).

Developing this housing through the P3 model allows the University to meet student housing needs more quickly than through traditional project delivery methods. A ground lease and separate management agreement between the University and Provident, and related agreements between Provident and RISE, will provide the framework for the rights and obligations of each of the parties with respect to the Project.

The first phase of the Project contemplates two development sites: (1) a residence hall with approximately 750 beds at the intersection of Andy Holt Avenue and 20th Street; and (2) a two-building housing complex providing approximately 1,150 student beds between Caledonia and Terrace Avenues. Both developments are scheduled to be delivered in time for the start of the Fall 2025 academic year.

A future phase of the Project, to be presented to the Board later, contemplates adding at least 750 beds at the southeast corner of the intersection of Lake Loudoun and Volunteer Boulevards. This site is designated in the approved campus master plan for near term housing development.

All the Project costs are to be financed with the proceeds of long-term debt issued for the benefit of Provident Group – UTK Properties, LLC. The University shall not be obligated or liable, either directly or indirectly, for any financial or other obligation of Provident under the bond documents for the Project, including without limitation, the payment of any portion of the principal of, interest on, or redemption premium, if any, of the bonds. The University will not guarantee or otherwise be obligated to financially support Provident’s repayment obligations on the bonds. As such, the University will not incur any additional debt obligations in connection with the Project.

Under the management agreement, the University will operate the housing as part of the overall student housing program. Students will be able to select these facilities as a housing choice and will receive the same services and residential life programs as they would in university-owned housing.

More information regarding the Project, including the primary business and legal terms, is set forth in Appendix 1 attached hereto.

The administration recommends approval of the Project, consistent with the terms and conditions presented to the Board. Upon such approval, the Senior Vice President and Chief Financial Officer, with the assistance of the Office of General Counsel, will proceed with finalizing the definitive agreements, which will then be submitted to the appropriate state agencies for final approval before being executed by the appropriate University officer(s) and the appropriate state authorities.

Committee Action

The Committee Chair will call for a motion to recommend adoption of the following Resolution by the Board of Trustees.

Resolved:

Subject to receipt of any other required governmental approvals, the Board of Trustees hereby approves:

- 1) The public-private partnership for the construction of a multi-phase, on-campus student housing development for the University of Tennessee, Knoxville, consisting of approximately 1,900 undergraduate housing student beds (the "Project");**
- 2) A ground lease (the "Ground Lease") by and between the University and a subsidiary of Provident Resources Group Inc., a Louisiana non-profit organization ("Lessee");**
- 3) A management contract (the "Management Contract") by and between the University and the Lessee, for certain operating and management services for the Project;**
- 4) Acquisition and disposal easements, rights-of-way, road closures, and other related actions as may be necessary to facilitate the completion of the Project; and**
- 5) Senior Vice President and Chief Financial Officer to finalize the Ground Lease, Management Contract, and any ancillary documents, subject to review by the Office of General Counsel, and to submit agreements to the state agencies for approval as required.**

Such Project, Ground Lease, Management Contract, and ancillary documents shall be substantially consistent with the terms and conditions as presented in the meeting materials, with a copy of Appendix 1 to be attached to this resolution.

Further, the proper officers are hereby authorized to take any and all such actions as may be required or which they may deem necessary or appropriate in order to accomplish the foregoing.

Appendix 1

University of Tennessee, Knoxville
Public-Private Partnership (P3) Project - Student Housing

I. Project Overview	
1. Project	<p>The University will partner with a non-profit entity that will provide financing and a developer who will oversee construction of a multi-phase, on-campus student housing development including parking (the “Project”). The Project will consist of approximately 1,900 undergraduate housing student beds, with projections of 750 beds at one site and 1150 beds at a second site. Both sites to be completed by the Fall 2025 academic semester.</p> <p>The University will enter into a ground lease with a subsidiary of Provident Resources Group Inc., a Louisiana non-profit that focuses on student housing (“Lessee” or “Provident Group - UTK Properties, LLC”) for the housing sites. The University will also contract with Provident Group - UTK Properties, LLC, for the University to provide certain operating and management services for the Project, for which the University will be reimbursed.</p> <p>The Provident Group - UTK Properties, LLC will contract with RISE Volunteers, LLC, wholly-owned by RISE Development, LLC, which specializes in the development of higher education facilities (the “Developer”), to construct the Project. RISE Development, LLC was selected by the University through a competitive bid process.</p> <p>Provident Group - UTK Properties, LLC will cause bonds to be issued to pay for the new housing and will bear the financial risk.</p> <p>The University will maintain control over student-facing functions, including residence life, marketing, assignments, billing, and collections.</p> <p>A future phase of the Project, to be presented later, contemplates adding at least 750 beds at a third site.</p>

Appendix 1

II. Ground Lease	
1. Ground Lease	<p>After receiving all required approvals, a ground lease will be entered into between the University and Provident Group - UTK Properties, LLC.</p> <p>The ground lease will obligate Provident Group - UTK Properties, LLC to finance the development of the Project, own the Project, and enter into agreements providing for the design, construction, and management of the Project.</p>
2. Financing	<p>All Project costs are to be financed with the proceeds of long-term debt issued for the benefit of Provident - UTK Properties, LLC.</p> <p>The University shall not be obligated or liable, either directly or indirectly, for any financial or other obligation of Provident Group - UTK Properties, LLC under the bond documents for the Project, including without limitation, the payment of any portion of the principal of, or interest on, the bonds.</p> <p>The University will not guarantee or otherwise be obligated to financially support Provident Group - UTK Properties, LLC's repayment obligations on the bonds.</p>
3. Ground Lease Rent to the University	<p>The ground lease will provide that the University will be entitled to be paid rent annually in an amount equal to the surplus cash flow from the Project, which will equal the amount of Project revenue remaining after the payment of all expenses, debt service, and reserves related to the Project.</p>
4. Project Savings	<p>Project savings are to be split equally between RISE Volunteers, LLC and Provident - UTK Properties, LLC. Provident will be obligated to spend their portion of the savings, in coordination with the University, to benefit the Project.</p>
5. Ground Lease Term	<p>The University will lease the housing sites to Provident Group - UTK Properties, LLC to build and own the Project for a term of 40 years, unless sooner terminated in accordance with the ground lease. In no case will the term of the ground lease extend beyond the date on which the bonds have been fully repaid, not to exceed 50 years total.</p>

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6. Ownership of Improvements	<p>Provident Group - UTK Properties, LLC will own the improvements comprising the Project for the duration of the ground lease.</p> <p>At the expiration or earlier termination of the ground lease, the leased property and improvements will revert to the University.</p>
7. Anticipated Related Project Agreements	<p>Provident Group-UTK Properties, LLC will enter into a development agreement with the Developer regarding the design and construction of the Project.</p> <p>In addition, Provident Group - UTK Properties, LLC will enter into two separate agreements regarding the operation of the Project: (a) a management agreement with the University under which University staff will provide leasing and residence life functions; and (b) a facilities operations and management agreement with RISE Management LLC, wholly-owned by Developer, to provide facility operations and management services.</p>
8. Option to Purchase	<p>The ground lease will provide that, after five years, the University or an associated entity the option to purchase the Project and terminate the ground lease at a purchase price equal to the amount necessary to pay off the long-term debt issued for the benefit of Provident Group - UTK Properties, LLC, plus the present value of the asset management fees due to Provident Group - UTK Properties, LLC for years remaining through year 10 of the ground lease.</p>
9. Rental Fees	<p>Student tenants of the Project will be charged rental fees, subject to the University's express approval. However, the rental fees for the Project rooms must not be less than the amount needed for Provident Group - UTK Properties, LLC to pay all operating expenses, reserves, and debt service on the bonds issued for the benefit of Provident Group - UTK Properties, LLC and to comply with the rate covenant included in the financing documents.</p>
10. Parking	<p>The Developer has agreed to pay the University for approximately 310 parking spaces that will be displaced by the Project.</p>

Appendix 1

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<p>11. Preliminary Construction, Plans and Contracts</p>	<p>Pursuant to the terms of a pre-development agreement, previously approved by the State Building Commission (“SBC”), between the University and the Developer, the Developer has provided conceptual design, schematic design, design development, and construction document plans for the Project.</p> <p>The University is working with Provident Group - UTK Properties, LLC and the Developer on the preparation, delivery, review, comment, revision and finalization of design and construction documents to ensure compliance with the RFP and the Developer’s Best-and-Final Offer (“BAFO”) proposal.</p> <p>The University and Developer are collaboratively working together to manage costs incurred between final State approval of the agreements and the financing closing date. The pre-development agreement is being amended to reflect that the University anticipates assuming approximately \$4 million of costs during this period to keep the Project on schedule, which would only be due if the Project closing does not occur.</p>
<p>12. University Review of Final Design and Construction Documents</p>	<p>The University will be entitled to approve the final plans and specifications for the construction of the Project and certain change orders thereto occurring during construction.</p> <p>The Developer must design, obtain permits and approvals, and cause the construction of the Project to the specifications, standards, and quality acceptable to the University and in accordance with all applicable state and local laws, rules, ordinances, and requirements.</p>
<p>13. Failure to Deliver Student Housing Facility on Schedule</p>	<p>If the Project is not delivered on time, temporary housing will be arranged for the contracted students by the Developer. Contracted students will still have an obligation to pay their rental obligations under their housing lease; however, if the delay to move-in is more than two weeks, the University may release the student from the obligation under appropriate circumstances.</p> <p>Temporary housing arrangements will be subject to the reasonable approval of the University and must be in reasonable geographic proximity to the University campus, as reasonably determined by the University.</p>

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	Responsibility for making such arrangements and making upfront payments, regardless of ultimate responsibility to pay, is assigned to the Developer.
14. University Agreements	<p>The University commits to treat the Project as part of its student housing program on an equal basis with its other student housing facilities, including the marketing and promotion of the Project and the provision of services to student residents of the Project in the same manner as its other student housing facilities.</p> <p>The ground lease requires the University to conduct market studies before constructing new student housing that adds beds to the University's current inventory, whether the new housing is built by the University or another developer in a P3 arrangement with the University. The ground lease permits replacement housing that does not exceed 110% of the bed count to be replaced and new housing when the analysis supports demand. The ground lease also restricts the University from leasing off campus housing that competes with the Project, unless the University provides an analysis showing projected occupancy for the Project equals or exceeds 95%.</p>
15. Default	The University will have, as a remedy for certain material events of default, the right to terminate the ground lease and take possession and occupancy of the Project. The University's rights upon the occurrence of an event of default will be subject to reasonable notice and cure periods, and default provisions consider that termination of the lease is a last resort option. The bond trustee possesses step-in rights to cure a default and protect the bondholders' investment in the Project, as well as the right to enter a new lease with the University on the same terms and conditions in the event of a bankruptcy or insolvency event, or before the ground lease finally terminates.
16. Default in Construction	In the event of a default by the Developer in connection with the design and/or construction of the Project or of any party to any design or construction documents related to the Project, subject to the rights of the issuer, the trustee, the bond insurer or others under the bond documents, as their interests may appear, Provident Group - UTK Properties, LLC shall exercise all of the rights and remedies available to the Provident Group - UTK Properties, LLC in each such agreement, including, without

Appendix 1

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	<p>limitation, the replacement or substitution of the Developer, the architects or the contractors, in consultation with the University.</p> <p>If an event of default shall occur and be continuing or if Provident Group - UTK Properties, LLC shall default under the Development Agreement or any design or construction documents related to the Project, the University may, subject to the rights of the issuer, the trustee, the bond insurer or others as otherwise provided under this ground lease, assert the rights of Provident Group - UTK Properties, LLC under the terms of the Construction Documents or such other design and construction documents, as the case may be.</p>
<p>17. Insurance</p>	<p>Provident Group - UTK Properties, LLC, as an operating expense of the Project, shall maintain insurance, including fire, with coverages acceptable to the University and which meet or exceed minimum requirements of the State of Tennessee in an amount equal to at least one hundred percent (100%) of the replacement cost of the Project.</p>

Appendix 1

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III. Related Project Agreements	
1. Development Agreements	<p>After receiving all required approvals, a development agreement will be entered into by Developer and Provident Group - UTK Properties, LLC.</p> <p>The development agreement will require the University's approval of certain change orders, construction progress payments, and other material aspects of the Project. The development agreement will include the University's participation in regular meetings regarding the progress of the Project and any concerns of the University regarding the Project.</p>
2. Management Agreement	<p>The University will enter into a management agreement with Provident Group - UTK Properties, LLC to provide certain operating and management services for the Project for which the University will be reimbursed from Project revenues as an operating expense to the Project.</p> <p>The management responsibilities to be performed by the University include:</p> <ul style="list-style-type: none"> - Residence life (marketing, assignments, billing, collections, and programming) - Information technology management - Security
3. Facilities Operations and Management Agreement	<p>Throughout the term of the ground lease, Provident Group - UTK Properties, LLC will, as an operating expense of the Project, cause the Project to be kept and maintained in first-class condition and shall cause to be made all repairs, replacements, and renewals, foreseen or unforeseen, ordinary, or extraordinary, necessary to put or maintain the Project in such condition, subjected to ordinary wear and tear.</p> <p>A division of RISE, RISE Management LLC ("RISE Management") will contract with Provident Group - UTK Properties, LLC to provide facilities-related operating and property management services for the Project as an operating expense to the Project.</p>

Appendix 1

	<p>RISE Management’s responsibilities will include:</p> <ul style="list-style-type: none">- Custodial services and trash disposal- Facility maintenance- Grounds, landscaping, and maintenance of hardscape within the boundary of the Leased Property <p>Asset management of the Project will be the responsibility of Provident Group - UTK Properties, LLC in collaboration with RISE Management.</p>
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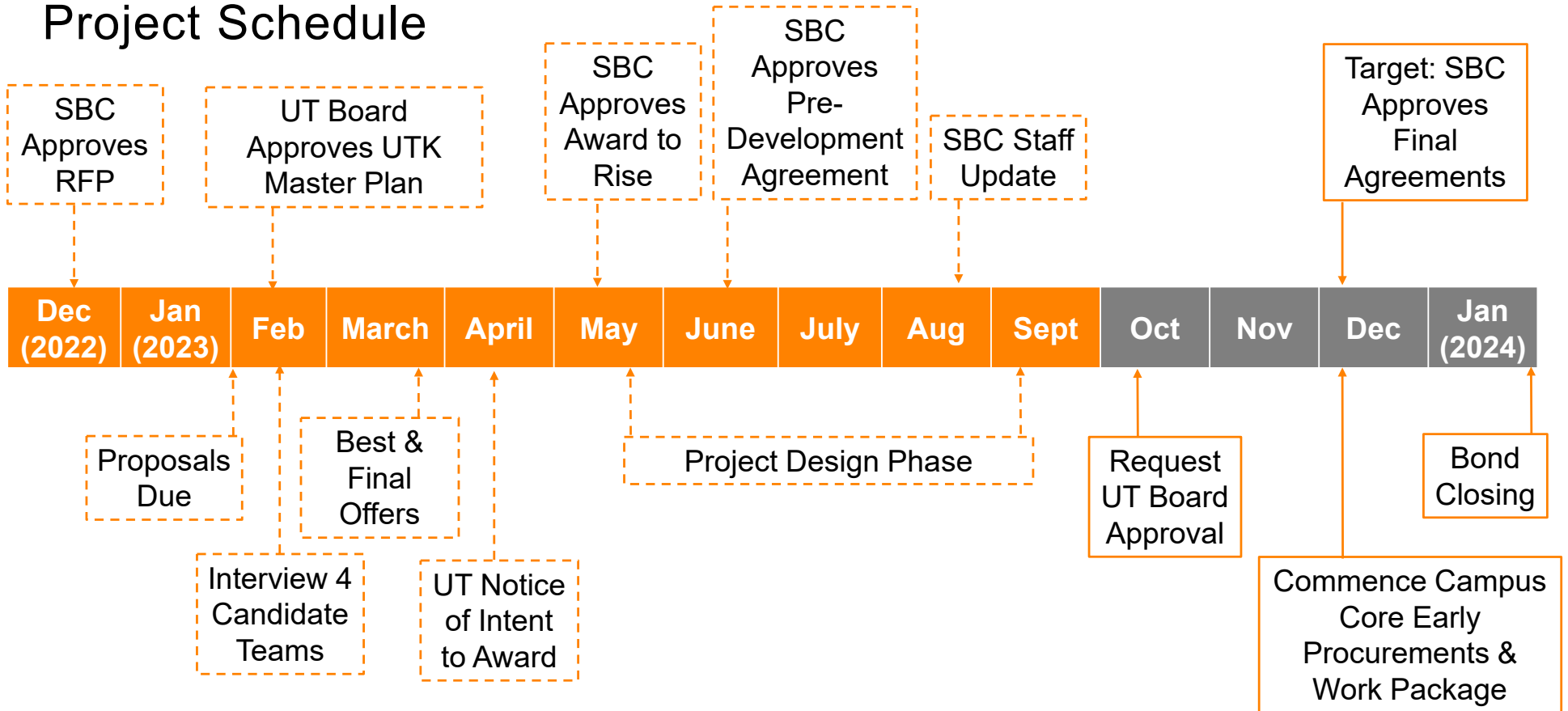


UTK Public Private Partnership Housing Initiative



UT THE UNIVERSITY OF TENNESSEE SYSTEM

Project Schedule



Project Team

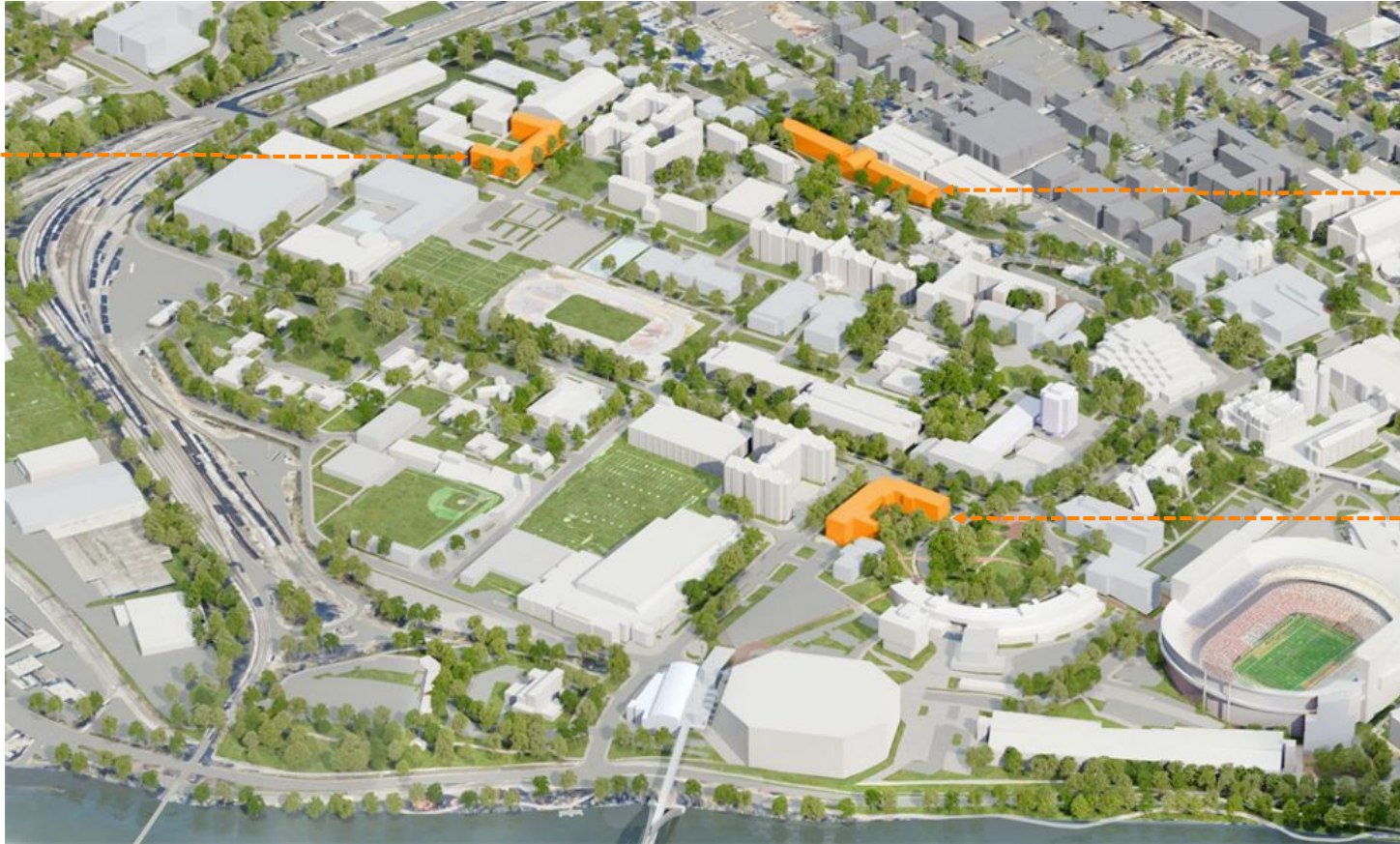
Developer	
Long-Term Owner	
Underwriter	
Architect / Design Partners	
Construction Partners	
Residence Life and Leasing	
Facility Operations and Management	

Key Selection Criteria:

- Project Team
- Space Program
- Design & Budget
- Schedule
- Financing Plan/Deal Structure
- Operations & Maintenance Plan
- Proforma

Residence Hall Locations

Andy Holt Ave
Housing



Caledonia Ave
Housing

PHASE 2:
Lake Loudoun
Blvd Housing

Andy Holt Ave Site



- 750 Beds
- 7 Story Building
- 171,000 GSF
- Opening: Fall 2025

UT THE UNIVERSITY OF TENNESSEE SYSTEM

Caledonia Ave Site



- 1,150 Beds
- 8 Story Building
- 265,000 GSF
- Opening: Fall 2025

UT THE UNIVERSITY OF TENNESSEE SYSTEM

Ground Lease

This agreement allows Provident to develop and operate improvements on the property during the lease period. UT is requesting authority for a Ground Lease Agreement that would include the following terms:

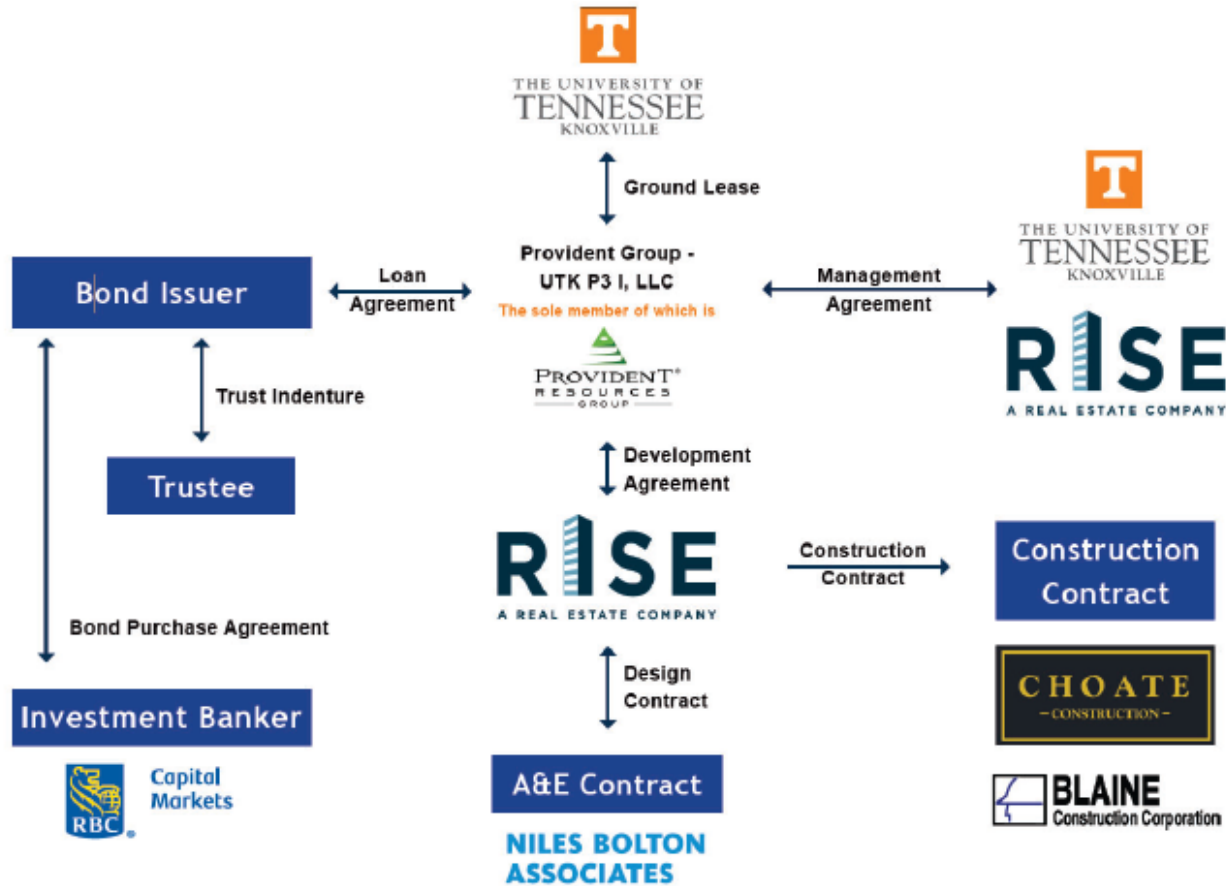
Ground Lease Agreement Terms	
Lessor	University of Tennessee
Lessee	Provident Group – UTK Properties, LLC
Developer	RISE Volunteers, LLC
Ground Lease Term	Base term of 40 years, 50 year max term Term does not extend beyond retirement of debt
Scope	1,900 Beds and associated infrastructure
Owner of Improvements During Lease Term	Provident Group – UTK Properties, LLC
Owner of Improvements Upon Lease Expiration	University of Tennessee

Financial Overview

<u>Total Campus Core Project Cost</u>	\$240,422,000
<i>Andy Holt Site</i>	\$87,685,000
<i>Caledonia Site</i>	\$149,555,000
<u>Total Campus Core Beds</u>	1,920
<i>Andy Holt Site</i>	754
<i>Caledonia Site</i>	1,166
Campus Core Project Cost per Bed	\$125,220
Financing	Tax-Exempt Bonds
Debt Rate / Term	5.14% / 40 yrs.
Minimum Debt Coverage Ratio	1.20x

Additional Information

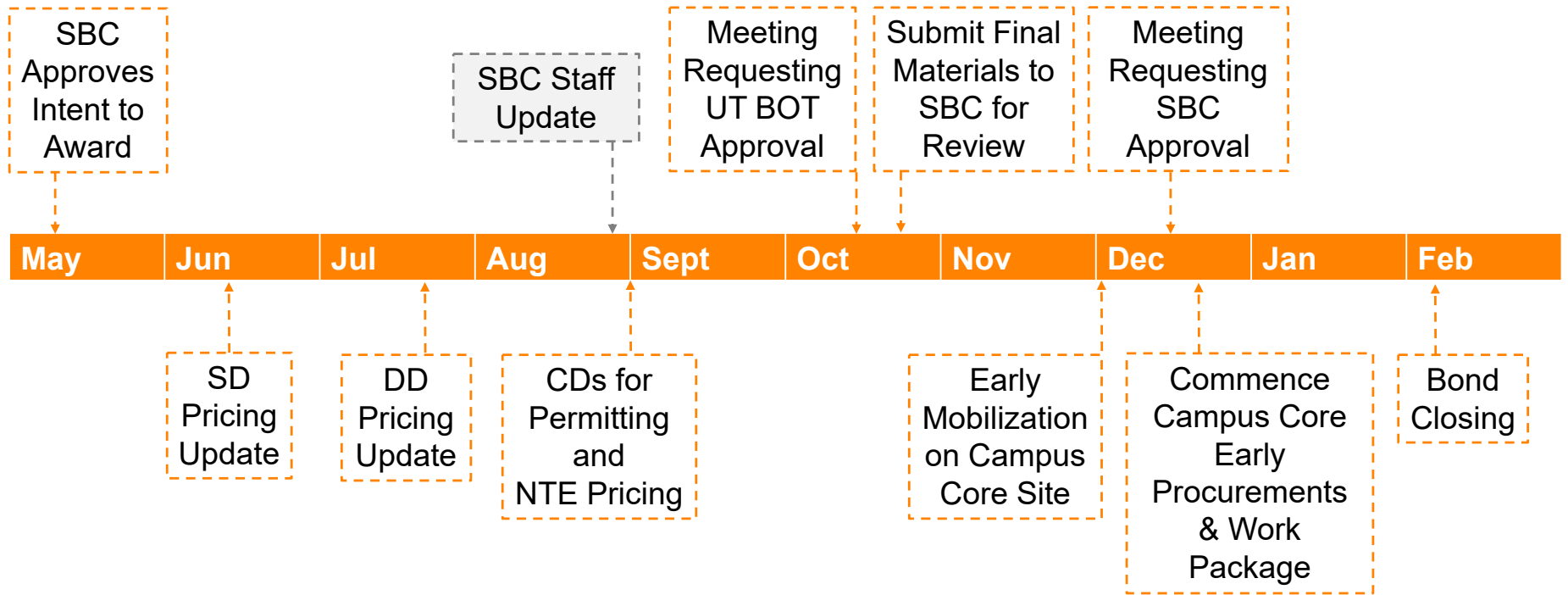
Project Team Flowchart



Proforma Summary

Academic Year (Fall of)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Andy Holt Site	754	754	754	754	754	754	754	754	754	754
Caledonia Site	1,166	1,166	1,166	1,166	1,166	1,166	1,166	1,166	1,166	1,166
Total P3 Beds Online	1,920	1,920	1,920	1,920	1,920	1,920	1,920	1,920	1,920	1,920
Net Operating Income	\$13,693,000	\$14,843,000	\$15,266,000	\$15,702,000	\$16,151,000	\$16,613,000	\$16,868,000	\$17,358,000	\$17,863,000	\$18,384,000
Total Debt Service	\$5,045,000	\$12,372,000	\$12,724,000	\$13,087,000	\$13,461,000	\$13,848,000	\$14,058,000	\$14,467,000	\$14,790,000	\$14,791,000
<i>Year on Year Change in Debt Service</i>		145%	3%	3%	3%	3%	2%	3%	2%	0%
DCR	2.71	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.21	1.24
Proforma Subordinated Expenses & Reserves	\$3,557,000	\$2,184,000	\$2,250,000	\$2,317,000	\$2,387,000	\$2,459,000	\$2,532,000	\$2,608,000	\$2,687,000	\$2,767,000
<i>DCR with No Subordinate Expenses & Reserves</i>	2.01	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.03	1.06
Surplus Cash Flow to UT	\$5,091,000	\$287,000	\$292,000	\$298,000	\$303,000	\$306,000	\$278,000	\$283,000	\$386,000	\$826,000

Schedule / Milestones





THE UNIVERSITY OF TENNESSEE

BOARD OF TRUSTEES

AGENDA ITEM SUMMARY

Meeting Date: October 13, 2023

Committee: Finance and Administration

Item: **Revision of Board Policies**

Type: Action

Presenter: Luke Lybrand, Treasurer

Background Information

Following governance best practices, it is appropriate to periodically review outstanding Board policies. In this regard, a recent review was conducted of the following two board policies:

- Statement of Treasury Policy (BT0024), and
- Investment Policies and Procedures (BT0025).

The concepts that guided the review of these policies and a brief summary of proposed revisions are provided below.

Goals

- Clarify the roles and responsibilities of the President, Chief Financial Officer, and Treasurer of the University as it relates to the administration of banking, depository, custody, brokerage, and other financial accounts;
- Define the qualifications for financial institutions to serve as a depository of University funds;
- Describe the University's approach and the investment objectives for the Cash Management Investment Pool;
- Clarify the term(s) for the appointed members of the Investment Advisory Council; and
- Update and streamline the policies to improve readability, remove redundancies, eliminate unnecessary historical references, and ensure that the policies reflect the University's current treasury and investment practices.

Policy Updates

To provide efficient and timely administration of depository banks and management of other financial accounts, the restated Statement of Treasury Policy authorizes the President, Chief Financial Officer, and the Treasurer of the University to open and close financial accounts including depository accounts, as needed, for prudent business practices. The updated policy defines the requirements necessary for a financial institution to be eligible to serve as a depository institution for the University. Further, the policy details the investment objectives of the Cash Management Investment Pool as follows: (1) preserve the principal of funds; (2) maintain sufficient liquidity; and (3) produce a reasonable level of current income. Certain redundant language was removed from the policy.

Among other things, the restated investment policy was reorganized and streamlined for readability. The restated Statement of Investment Policy clarifies the terms of the members of the Investment Advisory Council and to provide a smoother distribution of revenue from the administrative fee on the Consolidated Investment Pool, the calculation was updated to a three-year rolling average of the market value at calendar year-end. Further, the investment record and reporting requirements were updated to conform to current guidance from the Governmental Accounting Standards Board (GASB).

An amended and restated Statement of Treasury Policy is attached hereto as Appendix 1, and an amended and restated Statement of Investment Policy is attached hereto as Appendix 2.

Committee Action

The Committee Chair will call for a motion to recommend adoption of the following resolution by the Board of Trustees.

1. Board Policy BT0024 – Statement of Treasury Policy

Resolved: The Board of Trustees hereby approves the restated Statement of Treasury Policy, which policy shall be attached to this resolution after adoption and shall be identified as Board Policy (BT0024).

2. Board Policy BT0025 – Statement of Investment Policy

Resolved: The Board of Trustees hereby approves the restated Statement of Investment Policy, which policy shall be attached to this resolution after adoption and shall be identified as Board Policy (BT0025).



THE UNIVERSITY OF TENNESSEE

System-wide Policy: BT0024 - Statement of Treasury Policy	
Version: 3	Effective Date: [TBD]

5.1

BOARD OF TRUSTEES STATEMENT OF TREASURY POLICY

I. AUTHORITY

Pursuant to the University's Bylaws, as the official custodian of all funds coming into the University, the Treasurer is responsible for the proper handling of all funds in accordance with applicable state law and Board policies.

II. PURPOSE

This policy shall prescribe the roles and responsibilities of the President, Chief Financial Officer (CFO), and Treasurer as it relates to the administration of banking, depository, custody, and other financial accounts (Financial Institution Accounts). Additionally, this policy sets forth requirements for establishing and managing the University's Financial Institution Accounts.

III. DEPOSIT OF UNIVERSITY FUNDS

It shall be the duty of all University officials, including the Treasurer, who receive University funds of any description, to deposit them immediately to the account of the University in financial institutions meeting the eligibility requirements as set forth in this policy.

All deposits shall be evidenced by a deposit certification in accordance with procedures established by the Treasurer. Deposits of University funds that result from transfers of funds within the banking system utilizing electronic transfer of funds shall be evidenced by those documents and advices as are used within the banking system to execute such fund transfers.

IV. OPENING AND CLOSING OF FINANCIAL INSTITUTION ACCOUNTS

The Treasurer, with the approval of the Senior Vice President and Chief Financial Officer, is authorized to open and close Financial Institution Accounts as necessary for the prudent management of the University's operating funds. The number of Financial Institution Accounts will be kept to a minimum consistent with good business practice, convenience of the University and its constituent parts, and safekeeping considerations.



THE UNIVERSITY OF TENNESSEE

System-wide Policy: BT0024 - Statement of Treasury Policy	
Version: 3	Effective Date: [TBD]

5.1

A. Designated Financial Institutions

The Treasurer may designate certain financial institutions meeting certain eligibility requirements as University depositories (each, a Designated Financial Institution or collectively, Designated Financial Institutions).

Eligible financial institutions include:

1. Any bank, or savings and loan association chartered by the State of Tennessee;
2. Any national bank or federal savings institution that has its main office located in the State of Tennessee;
3. Any national or state bank, or any federal or state savings institution that has its main office located outside the State of Tennessee and that maintains one or more branches in the State of Tennessee which are authorized to accept federally insured deposits; or
4. Any financial institutions defined as "Qualified Public Depository" in *Tennessee Code Annotated* § 9-4-502, as may be amended from time to time.

B. Security For University Funds

The University may deposit University funds in Designated Financial Institutions without requiring security therefor to the extent that such deposits are insured under the provisions of an Act of the Congress of the United States or any amendment thereto.

When the amount of University funds in any Designated Financial Institution exceeds the amount of insurance provided, such institution shall be required to pledge securities as collateral for University deposits.

The face value of the collateral deposited shall be a sum of ten percent (10%) in excess of the deposit to be secured thereby, less so much of any such amount as is protected by insurance.



THE UNIVERSITY OF TENNESSEE

System-wide Policy: BT0024 - Statement of Treasury Policy	
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5.1

In lieu of pledging collateral securities as described herein, Designated Financial Institutions may secure University deposits through the State of Tennessee Collateral Pool for Public Deposits.

Collateral securities acceptable to secure University deposits shall be limited to the following:

1. Bonds of the United States or any of its agencies;
2. Obligations guaranteed by the United States or any of its agencies, the payment of which are insured by it and which are fully guaranteed both as to principal and interest by the United States;
3. Bonds of the State of Tennessee, including revenue bonds issued by any agency of the State of Tennessee;
4. Obligations of The University of Tennessee;
5. Bonds issued in the name of the Tennessee State School Bond Authority;
6. Bonds of any county or municipal corporation of the State of Tennessee;
7. Loans to students guaranteed 100% by the Tennessee Student Assistance Corporation;
8. Any other collateral security which is acceptable to the Secretary of the Treasury to secure the United States for deposits of public money in tax and/or loan accounts; provided, that such collateral shall not include state or municipal bonds from other states or from municipalities in other states; or
9. Any other security instruments defined as "eligible collateral" in *Tennessee Code Annotated* § 9-4-103, as may be amended from time to time.

The Treasurer is authorized to establish escrow accounts at (i) the Federal Reserve Bank, (ii) Federal Home Loan Bank, or (iii) any commercial bank or an affiliate thereof for the deposit of collateral pledged to secure University deposits, which provides for the transfer of the collateral to the University in the event of failure or refusal of any

THE UNIVERSITY OF TENNESSEE

System-wide Policy: BT0024 - Statement of Treasury Policy	
Version: 3	Effective Date: [TBD]

5.1

Designated Financial Institution to return any deposit, plus earned interest, in accordance with the terms of the deposit contract.

The Treasurer shall periodically value securities pledged as collateral for University deposits to determine that the market value of such securities exceeds the amount of the deposits less so much of any such amount as is protected by deposit insurance.

C. Fees And Charges

The University shall compensate Designated Financial Institutions for the maintenance of accounts and other services by maintaining sufficient collected balances in depository accounts or by direct payment for services provided.

Whenever interest bearing accounts are established by the University, reasonable service charges may be deducted from interest income if approved by the Treasurer.

V. DISBURSEMENT OF UNIVERSITY FUNDS

University funds shall be disbursed by the CFO or Treasurer by check drawn on any of the Designated Financial Institutions, to be signed by any two of the following University Officers: the President, the CFO, or Treasurer. However, electronic transfer of funds, in lieu of a check, may be utilized when such use is deemed appropriate by the CFO or Treasurer. Transfer of funds between Designated Financial Institutions shall generally be made by an electronic transfer of funds.

In the Treasurer’s sole discretion, a petty cash account may be permitted if determined to be necessary to meet the unique financial needs of a campus, institute, or other unit within the University, and said accounts so established shall be reimbursed only upon statements and bills audited by the Office of Accounts Payable. The Treasurer shall have the authority to close any petty cash account that fails to be managed in accordance with any applicable accounting procedures.

VI. INVESTMENT OF UNIVERSITY FUNDS

Except for University funds invested pursuant to the Board’s Statement of Investment Policy (BT0025), all other University funds are invested in the University’s Cash Management Investment Pool in order to optimize liquidity, investment earnings, and



System-wide Policy: BT0024 - Statement of Treasury Policy	
Version: 3	Effective Date: [TBD]

5.1

efficiencies as it relates to investment pricing, custody, and administration of investments.

The Treasurer is authorized to invest all University funds in excess of amounts required for immediate cash needs. The selection of investments and the maturities thereof shall be synchronized in such a manner that the needs of the University for liquidity will not be handicapped.

A. Investment Objectives

The investment objectives of the Cash Management Investment Pool in priority order are to: (i) preserve the principal of funds; (ii) maintain sufficient liquidity of funds to meet all disbursement needs; and (iii) produce a reasonable level of current income.

B. Permitted Investments

Investments of cash funds in the Cash Management Investment Pool shall be limited to the following permissible investments:

1. Certificates of deposit of banks and savings and loan associations located in the State of Tennessee, which shall be secured by deposit insurance, or pledged collateral in the same manner as depository accounts;
2. Bonds, notes, and treasury bills of the United States;
3. United States agency securities and United States instrumentality securities;
4. Obligations of the United States or its agencies under a repurchase agreement for a shorter time than the maturity date of the security itself;
5. Prime commercial paper which shall be rated in the highest category by at least two commercial paper rating services;
6. Prime bankers acceptances that are eligible for purchase by the Federal Reserve System; or
7. Any other security instruments deemed appropriate as authorized under *Tennessee Code Annotated* § 9-4-602, as may be amended from time to time.



THE UNIVERSITY OF TENNESSEE

System-wide Policy: BT0024 - Statement of Treasury Policy	
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C. Other Investment Requirements

Investment obligations, when so purchased, shall be turned over to the Treasurer, who shall be responsible for the safekeeping thereof. In lieu of actual physical delivery of such obligations so purchased, the Treasurer may accept trust receipts.

The Treasurer is specifically authorized to purchase investments by (i) a check signed by any two of the following University Officers: the President, the CFO, or Treasurer, or (ii) electronic transfer of funds.

Revenues resulting from interest earned on the Cash Management Investment Pool will be credited to the general revenues of the University.

VII. OTHER FUNDS

With the approval of the President and the CFO, the Treasurer is authorized to establish Financial Institution Accounts for deposit of funds received by the University or any of its related entities in the capacity of agent for said funds. Such accounts shall be subject to and managed in accordance with the provisions of this policy.

VIII. ADMINISTRATIVE PROCEDURES

The Treasurer, in consultation with the CFO, shall have the responsibility for establishing such administrative procedures and other guidance as may be necessary for implementing the provisions of this policy.

IX. DELEGATED SIGNATURE AUTHORITY

The Treasurer is authorized to execute or cause to be executed such certificates, advices, or other documents on behalf of the University consistent with the provisions of this Statement of Treasury Policy. The Treasurer may designate appropriate individuals with authority to act on his/her behalf as may be necessary, subject to the approval of the CFO.

RELATED POLICIES

Board Policy (BT0025) – Statement of Investment Policy



THE UNIVERSITY OF TENNESSEE

System-wide Policy: BT0024 - Statement of Treasury Policy	
Version: 3	Effective Date: [TBD]

5.1

History:

Adopted	11/08/2019
Revised	10/22/2021
Amended and Restated	[TBD]



System-wide Policy: BT0025 – Statement of Investment Policy	
Version: 3	Effective Date: [TBD]

BOARD OF TRUSTEES
STATEMENT OF INVESTMENT POLICY

I. SCOPE

This Statement of Investment Policy is intended to cover all University funds subject to long-term investment as provided herein. A separate Statement of Treasury Policy (BT0024) has been articulated for short-term investment of University operating funds.

There are three categories of funds that are subject to long-term investment, namely: (i) Endowment Funds; (ii) Quasi-Endowment Funds; and (iii) Life Income Funds. The definition and sources of such funds are as follows:

A. Endowment Funds

Endowment Funds are funds received by the University from gifts, grants, and bequests for which the donor(s) have stipulated, as a condition of the gift, that the principal of the fund be maintained and invested for the purpose of producing income to be applied to uses as specified in the gift instrument.

B. Quasi-Endowment Funds

Quasi-Endowment Funds are funds which the University, rather than donor(s), has determined are to be retained and invested. Since these funds are internally restricted, the University retains the right to alter or amend such designation. Such funds primarily represent gifts or bequests to the University for which the donor(s) have not designated a specific use, or has specified optional uses, and which the University has determined should be administered in the same manner as Endowment Funds.

C. Life Income Funds

Life Income Funds represent funds held in trust by the University under agreements with donor(s) whereby designated beneficiaries receive specified interests in the annual income of such trusts. Upon the death of the beneficiaries or other termination of the trust, such trust assets then become available to the University for use as set forth in each agreement. These agreements usually take the form of charitable remainder unitrusts or charitable remainder annuity trusts.



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II. BACKGROUND AND PURPOSE

The Finance and Administration Committee of the Board of Trustees is responsible for formulating and recommending action or necessary policies in all matters relating to finance, business, and administration, including the investment of University funds.

Endowment and Quasi-Endowment Funds over which the University has full investment discretion (on which the donor, the governing gift instrument, or other considerations do not require or warrant separate investments) are in the Consolidated Investment Pool (CIP). This pooling of investments affords closer supervision of the investment portfolio and makes available to all eligible Endowment and Quasi-Endowment Funds, regardless of size, the advantages of participation in a diversified portfolio of investments.

The University has adopted the “total return” approach to investment management for the CIP, which calls for the allocation of a prudent portion of realized endowment return to meet designated current year expenditures. A “total return” approach allows the investment portfolio to be structured for maximum return within accepted risk parameters, but without current yield constraints.

University of Tennessee Foundation endowment accounts, established after July 1, 2002 and invested as part of the CIP, are administered consistent with this policy.

III. INVESTMENT PHILOSOPHY AND OBJECTIVES

While investment objectives for funds subject to long-term investment vary widely depending upon the type of fund, in most instances, objectives are based upon an extended time horizon and set over a full market cycle or rolling ten-year period.

Intergenerational equity is the term most often used to articulate the investment objective of perpetual funds, meaning that the real value of the funds is not diminished with the passage of time or generations.

The investment objective of each fund category is summarized below.

- ***Consolidated Investment Pool (CIP).*** The basic investment objectives of the University’s CIP are to: (i) preserve the principal of the funds; (ii) achieve a moderate growth in the principal of funds to offset to some extent the effects of inflation; and (iii) produce a reasonable current income return.



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Within these objectives, the investment performance goals for management of the CIP, as measured by a rolling ten-year time period, are to: (i) earn a compound annual return equal to or greater than spending + inflation + administrative fees (CPI+5.5%); (ii) have component asset classes outperform comparable indices; and (iii) outperform similar funds average nominal returns.

Moderate volatility in the principal value of the portfolio will not significantly impact the current income distributions, and, therefore, the portfolio should be designed to emphasize the total return of the fund. It is recognized that returns are cyclical and will vary by assets depending on economic, political, and monetary conditions. To capture the highest level of return with an acceptable level of risk, the investment portfolio shall be balanced to include a wide range of qualified assets.

- ***Life Income Funds.*** Each Life Income Agreement is a separately invested entity requiring detailed accounting to reflect specific compliance with terms of the trust and applicable federal regulations. The investment objectives as reflected in such agreements vary widely since they are affected by the age, income levels, and needs of the beneficiaries as well as the motives and objectives of the donor. Trusts that require a periodic payment of an annuity, set dollar amount or percentage of market value at defined measurement dates, are invested for total return. Total return consists of two elements: current yield and capital appreciation. For these trusts, asset allocation and portfolio risk are determined after considering the investment time horizon, required payout, and ability to preserve and enhance the real value of trust corpus. Other trusts, usually “net income trusts”, are invested to maximize current yield so as to satisfy, to the extent possible, trust income requirements.
- ***Separately Invested Endowments.*** The University is obligated to observe any investment requirements or limitations imposed by donor(s) of a fund, to the extent it is legal to do so. In such instances, the Treasurer has limited investment discretion and to meet the specified obligations, handles each such fund as a separately invested account with unique investment objectives. Further, some endowments or quasi-endowments are funded with illiquid assets that cannot be pooled. The practice in those instances is to treat them as separately invested until such time as the asset can be sold and the proceeds pooled.



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IV. ADMINISTRATIVE RESPONSIBILITIES FOR THE CONSOLIDATED INVESTMENT POOL

The Board has delegated the administration of the responsibilities associated with the administration of the investment program to the University Treasurer, with support from an advisory group.

- Treasurer. Day-to-day investment authority has been delegated to the Treasurer, who is charged with, among other things, oversight of investment managers, security settlements, and security safekeeping.
- Advisory Group. An Investment Advisory Council (IAC) shall be established to provide advice and recommendations to the University President, CFO, Treasurer, and other University investment staff in connection with the investment strategy for the CIP, including asset allocation and risk tolerance. The IAC shall consist of no more than eight (8) members, including four (4) ex-officio members. The ex-officio members shall be as follows:
 - (1) The Chair of the Finance and Administration Committee (F&A Committee) of the Board (or his/her designee, who shall be another member of the F&A Committee);
 - (2) The University Treasurer;
 - (3) The Senior Vice President and Chief Financial Officer (CFO); and
 - (4) The Chair of the Board of Directors of the UT Foundation or his/her designee.

A maximum of four (4) additional members may be appointed by the Chair of the Committee. Such members shall serve an initial term of three (3) years and are eligible to serve up to two (2) consecutive terms. A member who serves two (2) consecutive terms may be reappointed after three (3) years have elapsed since the individual's last date of service on the IAC. The appointed members of the IAC should have a sound understanding of the financial concepts, familiarity with the challenges facing institutional investment portfolios, and experience guiding long-term investment policies and strategy in public and private markets.

The Chair of the F&A Committee or his/her designee serving on the IAC shall serve as, or appoint, the Chair of the IAC.



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The IAC will adopt a charter that establishes a clear understanding of the philosophy and the investment objectives of the CIP. This document will further describe the duties and the standards that will be utilized by the IAC in developing, maintaining, and monitoring investment performance criteria consistent with the provisions of this policy.

V. OPERATION OF THE CONSOLIDATED INVESTMENT POOL (CIP)

A. Contributions to the CIP and Per Share Calculation

The University maintains the CIP in which each contributing endowment or quasi-endowment participates in the income and capital appreciation of the pool on a per-share basis commensurate with its contribution. In general, new funds available for investment are admitted to the pool at the end of each month. The assets of the pool are valued at current market prices as of month-end. New endowments/quasi-endowments or additions thereto are added to the pool based on the number of shares represented by the transaction amount divided by the current per-share value. This number of shares increases the total number of shares of the CIP.

B. Spending Distributions

Spending plan distributions are paid quarterly from interest income, dividends, and capital gains in the pool. Portfolio investment management fees, consulting fees, custodial and safekeeping fees, and a University administrative fee are considered costs of the pool and accordingly covered by monthly transfers from the pool. The administrative fee charged to the pool equals one percent (1%) of the CIP's three-year rolling average market value at calendar year-end.

C. Eligible Investments

The following types of securities will be eligible investments for inclusion as part of the CIP:

1. Global common and preferred stocks and convertible securities, including pooled investments in these securities;
2. Stock and bond options and futures contracts that are used exclusively as hedging tools or to facilitate effective cash management;



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3. Private capital partnerships (international or domestic), hedge fund partnerships, or other similarly focused private capital funds;
4. Global fixed-income or other debt securities; and
5. Real estate investments (pooled and direct).

Not more than five percent of the portfolio (at cost) should be invested in the securities of any one issuer with the exception of the U.S. treasury and government agencies.

VI. CUSTODY AND TRANSFER OF SECURITIES

The Treasurer is charged with the responsibilities of receipt, custody and proper handling of securities and other University funds in accordance with policies established by the Board. In order to provide efficient handling of security transactions, the Board has authorized the appointment of custodian bank(s) by the Treasurer of the University for keeping safely all University securities entrusted to its care and said bank(s) have been appointed to serve as attorney-in-fact in order to render certain service functions in connection with said securities.

It is standard practice for custodians of securities owned by institutional investors to utilize the services of securities depositories. Such practice simplifies the settlement process for securities transactions, improves the timeliness of income collection, and provides other efficiencies to the securities custodian function. The contractual arrangements for custodial services permit custodians of University securities to utilize such depository services.

Securities held by custodian banks may be transferred upon instructions of the University Treasurer's Office in compliance with transfer specifications approved by the Treasurer. Direct transfer of ownership of securities standing in the name of the University shall be accomplished by delivery of such securities accompanied by a stock power or bond power assignment form executed by the Treasurer or General Counsel of the University. Such assignment form shall bear the corporate seal of the University (if required) and to which must be attached a certification of corporate authorization to transfer executed by the Secretary of the University bearing the same date as the assignment form.

VII. INVESTMENT RECORDS AND REPORTS

The Treasurer shall be responsible for maintaining or causing to be maintained the following investment records of all University investments.



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A. Detailed Investment Records

The Treasurer's Office shall maintain or cause to be maintained for the current fiscal year and six prior years, detailed records of all University investments and investment transactions. Monthly records will be maintained reflecting detailed fiscal year-to-date transactions and ending book and market value balances on each investment by asset and fund classification including separately invested funds.

B. Annual Financial Report

The annual financial report of the University shall contain detailed information regarding the University's investments and be prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

C. Periodic Reports

The Treasurer shall be responsible for preparing periodic reports pertaining to the performance of the CIP and other long-term investments as deemed appropriate by the Finance and Administration Committee of the Board.

RELATED POLICIES

Board Policy (BT0024) – Statement of Treasury Policy

History:

Adopted	11/03/2017
Revised	11/02/2018
Amended and Restated	[TBD]



THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

AGENDA ITEM SUMMARY

Meeting Date: October 13, 2023

Committee: Finance and Administration

Item: **Committee Consent Agenda**

Type: Action

6

Background Information

Certain action items and information items have been placed on the Committee Consent Agenda. These items will not be presented or discussed in the Committee unless a Committee member requests that an item be removed from the Consent Agenda. In accordance with the Bylaws, before calling for a motion to approve the Consent Agenda, the Committee Chair will ask if any member of the Committee requests that an item be removed from the Consent Agenda. The Bylaws provide that an item will not be removed from the Consent Agenda solely for the purpose of asking questions for clarification. Those questions should be presented to the Secretary before the meeting.

Committee Action

If there are no requests to remove items on the Consent Agenda, the Chair will call for a motion that:

1. The reading of the minutes of the June 30, 2023 meeting of the Committee be omitted and that the minutes be approved as presented in the meeting materials.
2. The action items set forth on the Consent Agenda be recommended for adoption by the Board of Trustees.

If the motion passes, the items requiring Board approval will go forward to the Consent Agenda of the full Board meeting.



THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

MINUTES OF THE FINANCE AND ADMINISTRATION COMMITTEE June 30, 2023

6.1

The Finance and Administration Committee of The University of Tennessee Board of Trustees met at 8:30 a.m. (CDT) on Friday, June 30, 2023. The meeting was held in the Library of the Mooney Building, located at the University of Tennessee at Health Science Center, in Memphis, Tennessee.

Committee Members Present: William (Bill) C. Rhodes III, Committee Chair; John C. Compton, Board Chair; Christopher L. Patterson; and David N. Watson.

Others in Attendance:

Trustees: Bradford D. Box; Hayden Galloway (Student Trustee); Charles Hatcher, Commissioner, Tennessee Department of Agriculture; Shanea A. McKinney; Donald J. Smith; T. Lang Wiseman; and Jamie R. Woodson.

University Administration: President Randy Boyd; David L. Miller, Senior Vice President and Chief Financial Officer; Cynthia C. Moore, Board Secretary and Special Counsel; Chancellor Steve Angle (UT Chattanooga); Chancellor Peter Buckley (UT Health Science Center); Interim Chancellor Philip Acree Cavalier (UT Martin); Interim Chancellor Linda Martin (UT Southern); Chancellor Donde Plowman (UT Knoxville); and other members of the UT senior leadership and administrative staff.

Ms. Moore announced the presence of a quorum. The meeting was webcast for the convenience of the University community, the general public, and the media.

Opening Remarks of the Committee Chair and Requests to Address the Board

Committee Chair Rhodes opened the meeting by announcing that no requests to address the Board were assigned to be heard by the Committee.

Report on Financial Performance

Fiscal Year 2023 Third Quarter Financial Summary

Luke Lybrand, Treasurer, presented the Fiscal Year 2022-23 Third Quarter Financial Summary (Tab 1). Mr. Lybrand began his remarks by stating that the first nine months of FY 2022-23 financial performance was positive overall. The performance was driven by: (i) state support; (ii) student enrollment growth; and (iii) increased auxiliary activity. When compared to this same period last year, total revenue has increased 10.9%, with total expenses rising 7%.

Mr. Lybrand advised that the increase in revenues reflect certain extraordinary state appropriations, including: (i) \$72 million for UT's Oak Ridge Innovation Institute; (ii) \$21 million increase in state funding for the salary pool; and (iii) \$7.8 million for an enhanced 401K match. In addition, gross tuition and fees increased by \$77 million, driven by UT Knoxville student enrollment growth, and grant revenues also increased by \$19 million when compared to FY 2022. He noted that expense growth was driven by increased staffing levels to meet the needs of the growing student population, increased payroll expenses needed to support the state's salary plan, and significant increases in utilities, legal/professional fees, and travel expenses.

With respect to the University's Balance Sheet, the University's assets increased by approximately \$462 million. The largest line-item increase was in cash and cash equivalents, which grew by \$118 million. Mr. Lybrand reminded the members of the Committee that certain accounting items impacting the University's balance sheet, namely: (i) the implementation of the new lease accounting practice, which required that capital leases be added to the balance sheet; and (ii) pension valuation and reporting. Mr. Lybrand noted that the University's pensions are fully funded based on the last actuarial studies. In responses to questions from Committee members, he also provided additional details regarding debt issued on behalf of the University through the Tennessee State School Bond Authority (TSSBA).

Mr. Lybrand reviewed the University's liquidity analysis as of March 31, 2023. He indicated that the median for cash on hand for universities rated by Moody's as "Aaa" is 236 days. In aggregate, the University has a total of 299 days of cash on hand. Looking at individual campuses, UT Martin and UT Knoxville are both above the median, and UT Chattanooga is very close to the median. While UT Southern and the UT Health Science Center are below the median, both institutions have improved their liquidity positions.

Mr. Lybrand concluded his presentation by stating that the three quarters of FY 2023 have demonstrated very positive financial performance with revenues outpacing expenses.

Enterprise Resource Planning Project Update

David L. Miller, Senior Vice President and Chief Financial Officer, provided a status report on the transition to the ERP system, more commonly referred to as "DASH" (Dynamic Administrative Systems for Higher Ed), which will be used to process the University's financial, human resources, and payroll activities. Mr. Miller advised the Committee members that the project is on budget and on track to go live in July 2024. Mr. Miller noted DASH is already yielding benefits, including:

- Policy updates. As the transition to DASH moves forward, the University is implementing long overdue changes to many policies. To date, 22 policies have been revised.

- Payroll processing. If the budget is passed, thousands of letters will be generated to UT personnel advising them of their annual compensation adjustments. Previously, those changes were made via Excel spreadsheets that were custom built for each department across the UT System requiring salary adjustments to be entered manually. DASH will automate that process and save thousands of hours of staff time.

Mr. Miller stated that three key goals for the implementation of DASH are: (i) security improvements; (ii) workflow reduction; and (iii) transparency in reporting. In response to a question, Mr. Miller stated that there is a change management team in place to assist during the transition, and the response to the prototypes has been positive.

FY 2023-24 Operating Budget (including Salary Plan, Student Tuition and Fees, and Room and Board Rates)

Ron Loewen, Associate Vice President, Budget, Analysis and Planning, provided a comprehensive overview of the proposed operating budget for FY 2023-24, with a focus on the proposed tuition and fee increases. He began his presentation by announcing that for the third year in a row, the State had provided funding to support the largest salary pool (5%) in the University's history. Also of note is the State's award of \$11 million in recurring funding for UT Health Science Center's general operations, which has been a goal of the University for many years.

Mr. Lowen directed the attention of the Committee members to the proposed adjustments to tuition and fees as presented in the meeting materials. He explained that each year the Tennessee Higher Education Commission (THEC) is required to issue binding tuition and fee ranges that apply to undergraduate students who are Tennessee residents. He also indicated that there have been a number of years in which there were no tuition increases made by the UT campuses. Mr. Lowen credited the extraordinary funding provided by the State of Tennessee with helping the University manage affordability.

In reviewing the proposed tuition and fee increases for each campus, Mr. Lowen noted that each institution in the UT System has a unique blend of student demographics and issues and utilizes a business model tailored to support their mission. Three campuses (UT Knoxville, UT Chattanooga, and UT Martin) plan to implement modest increases to housing, dining and parking rates. Those increases can be attributed to a combination of inflation and the gap in state funding for the salary plan. Mr. Miller explained that, while the state-funded pay plan covers personnel included in the Education and General budget, the auxiliary units are considered to be standalone units. As such, they will need to generate revenue in order to fund the salary plan for their personnel.

Committee Chair Rhodes emphasized that the University has limited tuition increases over the last several years. He noted that while the Committee is hesitant to raise tuition and fees, inflationary trends over the last 18 months have seen prices rise across all sectors, and it would be unrealistic to imagine that tuition and fees would remain static. Board Chair John Compton noted that the proposed tuition and fee increases are well below the recent

increases in the Consumer Price Index. He added, however, that from the public comments received regarding the increases it was clear the combination of inflation and rising interest rates are impacting many families and students. He encouraged the University administration to continue to find ways to keep the cost of tuition and fees low.

Responding to a question regarding fees, Dr. Donde Plowman, Chancellor of UT Knoxville, stated that the University Chancellors are discussing ways to simplify and consolidate fee structures. Dr. Steven Angle, Chancellor of UT Chattanooga, agreed noting that one of the comments received from a UTC parent was focused on the aggregate impact of fees. President Randy Boyd stated that, at a future meeting of the Committee, there would be a follow-up discussion on student fees.

Mr. Loewen provided an overview of the operating budget for FY 2023-24, including the unrestricted Education and General budget and revenue trends. He noted that tuition and fees make up 30% of the \$3.2 billion Operating Budget, with the state appropriation (26%) and grants and contracts (25%) following closely behind. The remainder of the Operating Budget is comprised of auxiliaries (11%) and other forms of revenue (8%).

Upon motion duly made and seconded, the Committee approved a recommendation that the Board of Trustees adopt the Resolution approving the FY 2023-24 Operating Budget (as presented in Tab 2 of the meeting materials).

Capital Projects

Austin Oakes, Assistant Vice President for Capital Projects, began his presentation by noting that there are 187 active capital projects in design or construction (totaling approximately \$1.5 billion) across the UT System.

Capital Outlay Funding Request, FY 2024-25 through FY 2028-29

Mr. Oakes reminded the Committee members that in addition to the FY 2024-25 budget request, the Tennessee Higher Education Commission requires five-year plans. The five-year planning schedule reflects approximately \$1.54 billion in requested state funding for 15 major capital projects. For FY 2024-25, the plan requests funding for five projects, totaling approximately \$417 million (\$337 million in state funding): (i) Fletcher Hall Addition and Renovation, UT Chattanooga; (ii) Chemistry Building, UT Knoxville; (iii) General Education Building/Gross Anatomy Lab Renovation, UT Health Science Center; (iv) College of Business & Global Affairs, UT Martin; and (v) College of Veterinary Medicine Renovation and Expansion, UT Institute of Agriculture.

Mr. Oakes noted that the projects at UTC, UTK, and UTHSC were originally proposed for FY 2023-24. However, no capital outlay projects were funded during the last budget cycle. For FY 2024-25 budget, the Tennessee Higher Education Commission will allow three of the five projects to compete for funding.

Capital Maintenance Funding Requests, FY 2024-25 through FY 2028-29

For FY 2024-25, the capital maintenance funding request is \$97.6 million, representing 23 projects, which request aligns with THEC's goal to support capital maintenance statewide for which State funding would be requested. The five-year schedule reflects approximately \$364 million in requested state funding for capital maintenance projects.

Capital Demolition Funding Requests, FY 2024-25

Mr. Oakes advised the Committee members that this is the third year in which the University proposes to seek State funding for demolition projects (\$4.49 million in capital demolition funding for three projects in FY 2024-25).

Mr. Oakes concluded his presentation by discussing the gap in funding for capital outlay and capital maintenance projects. President Boyd added that he considers funding for capital outlay and capital maintenance projects to be among his most pressing concerns. He noted that with over 1,050 buildings (many of which were built 60- 100 years ago), the UT System has a backlog of capital maintenance needs estimated at \$1.35 billion over the next seven years. In addition, the University will need to construct new facilities for new programs and to meet rising enrollment demand. President Boyd said that it is time to re-evaluate how the University positions itself to encourage more investment in its physical assets and how it secures funding for those needs. The Committee members discussed the possibility of entering into a cyclical maintenance plan.

Upon motion duly made and seconded, the Committee approved a recommendation that the Board of Trustees adopt the three Resolutions pertaining to the: (i) Capital Outlay Funding Requests; (ii) Capital Maintenance Funding Requests; and (iii) Capital Demolition Funding Requests (as set forth in Tab 3.1-3.3 of the meeting materials).

Board Policy on Capital Project Planning and Approvals

Mr. Miller advised the Trustees that one of the top policy priorities of the University was to work with the State to create a more efficient path for advancing capital projects. That goal was accomplished with the passage of the Higher Education Capital Projects Modernization Act (effective on July 1, 2023). Among other things, the Act grants the University Board, or its designee, the authority to approve and oversee non-academic projects that are fully funded by donations received from a third party and/or with revenue from self-supporting auxiliary projects. Such projects are to be reported to the State Building Commission (the "Commission") on a quarterly basis. The Act also requires public institutions of higher education to establish a transparent process to publicly disclose to the Commission projects of up to \$10 million paid for from current or residual funds and increases the financial threshold for maintenance projects from \$250,000 to \$1 million. In order to ensure alignment with these statutory changes, it is necessary to approve a new Board Policy.

Mr. Oakes explained that the provisions of the Policy as further described in the meeting materials. He noted that the Board will continue to approve capital outlay, maintenance, and demolition requests; campus master plans, and debt obligations. Mr. Oakes briefly touched on certain provisions of the proposed Policy, including:

- Auxiliary projects now will be solely under the authority of the Board.
- The Board will approve institutionally funded projects, auxiliary projects, and real property leases/licenses that are over \$10 million, with authority to approve projects between \$1 million and \$10 million delegated to the President, who will have authority to subdelegate approvals of projects below \$1 million.
- Board approval would also be required for: acquisition of property not included in an existing campus master plan; sale or disposal of property; eminent domain actions; and acceptance of gift property.

Upon motion duly made and seconded, the Committee approved a recommendation that the Board of Trustees adopt the Resolution approving Board Policy on Capital Project Planning and Approvals (as presented under Tab 4).

Athletics Capital Projects (UTK)

Dr. Daniel J. White, UTK Vice Chancellor and Director of Athletics, began the presentation on the Athletics Capital Projects by reviewing the highlights of the past athletic year. His remarks focused on the achievements of UTK's student athletes, media presence, facilities, and fundraising (highlights of Dr. White's comments are attached hereto as Attachment 1). Following Dr. White's remarks, Ryan Alpert, Deputy Athletics Director and Chief Operating Officer, discussed the proposed renovations to the Neyland Stadium and the Lindsey Nelson Stadium.

Lindsey Nelson Stadium

Mr. Alpert advised the Committee that the Athletics administration is requesting an increase in the project budget to account for scope and cost escalation impacts that are necessary for the completion of the project. Based on the architect and construction manager's recommendation, the University is requesting Board approval to: (i) increase the budget to \$95.8 million (an increase of \$39 million); and (ii) issuing an additional \$34.06 million in TSSBA bonds, which will bring the aggregate projected bond issuance to \$85 million. Total funding for the project would consist of: \$85 million in TSSBA Bonds (anticipated to be approximately \$12.5 million in 10-year bonds and \$72.5 million in 30-year bonds); \$1.403 million in Plant Funds (Athletics); and approximately \$9.4 million in gifts.

Neyland Stadium

Turning to Neyland Stadium, Mr. Alpert advised those in attendance that the Athletics administration is requesting an increase to the Neyland Stadium renovation project budget

due to various scope details identified by the project team and determined to be necessary for the proper completion of the project. In addition, the project has encountered cost escalation in certain equipment and materials attributable to inflationary conditions in the marketplace. Based on the architect and construction manager's recommendation, the administration is requesting Board approval to: (i) increase the Phase I budget to \$337 million (an increase of \$49 million); and (ii) restructure the project financing plan to provide for the issuance of additional TSSBA bonds in the amount of \$46.7 million, thereby increasing the aggregate projected bond issuance amount to \$279.3 million (anticipated to be approximately \$79.1 million in 10-year bonds and \$200.2 in 30-year bonds). Funding for the project would also include \$21.6 million in Plant Funds (Athletics), and \$36.1 million in gifts.

Upon motion duly made and seconded, the Committee approved a recommendation that the Board of Trustees adopt the Resolutions approving adjusting the scope and increasing/adjusting the debt funding for both the Lindsey Nelson Stadium and the Neyland Stadium projects (as presented under Tab 5.1-5.2).

Consent Agenda

Committee Chair Rhodes asked if there were any requests to remove items from the agenda. There being none, upon motion duly made and seconded, the Committee approved: (i) the Resolution to adopt the minutes of the last meeting of the Committee; and (ii) the Resolutions pertaining to the other action items included on the Consent Agenda (a complete list of the approved items appears at the end of these minutes).

Closing Remarks and Adjournment

Committee Chair Rhodes called the attention of the Committee members to the documents included as Information Items (Tabs 7.1 through 7.4, a complete list of which appears at the end of these minutes).

With no further business to come before the Committee, the Committee Chair Rhodes adjourned the meeting.

Respectfully Submitted,

/s/ Cynthia C. Moore
Cynthia C. Moore
Secretary and Special Counsel

Approved Consent Agenda Items

- Minutes of the Last Meeting (February 23, 2023)
- Modification to Carl A. Swafford, Jr. Endowment Fund (UTC)
- Modification to Charles C. and Mary Elizabeth Lovely Verstandig Endowment Fund (UTHSC)
- Ratification of Quasi-Endowments Created during FY 2022-23
- Procedures Governing Compensation Increases during FY 2023-24
- Naming Proposals for Residence Halls (UTM)
- Utility Easement to City of Springfield (UTIA)

Information Items

- President's Report on Use of Student Programs and Services Fee Funds
- Endowment Investment Report
- Disclosure of Additional Revenue/Institutionally Funded Capital Projects for FY 2022-23
- Finance and Administration Committee Charter and Work Plan

Attachments

- Summary of Remarks made by the Director of Athletics

Report of the Director of Athletics, UT KnoxvilleCompetitive Success

- Tennessee is the only school to win a Bowl Champion Series/New Year's Six (BCS/NY6) and earn berths to the NCAA Men's College World Series, NCAA Women's College World Series, and NCAA Men's and Women's Basketball Sweet 16 in the same athletic year.
- Softball captured Southeastern Conference (SEC) regular season and tournament championships.
- Tennessee Athletics earned its second straight SEC All-Sports title in 2022-23.
- UT is just the second SEC school to capture both the men's and women's titles in the same year.
- Tennessee officially finished sixth in the LEARFIELD Directors' Cup standings – the best finish for UT Athletics. There were only two other times that UT finished in the Directors' Cup Top 10: 2004-05 and 2006-07.
- UT achieved eight SEC Championships since January of 2021. In the decade before January 2021, Tennessee won eight total SEC Championships.

Academic Success

- The Spring 2023 semester saw UT student-athletes achieve a cumulative GPA of 3.38—the highest ever recorded, and for the first time, all 16 sports earned a team GPA of at least a 3.0.

“Must See Tennessee”

- A total of 20 games during the 2022-23 athletic year drew over 1 million viewers for each game.
- Tennessee is the only school to have hosted ESPN College GameDay for football, men's basketball and women's basketball.

Ticket Sales

- Tennessee Athletics has exhausted its 2023 football season ticket inventory with 70,500 purchased, including over 9,000 new season tickets. This is only the second time in the past 22 seasons that UT has sold out of its football season ticket inventory.
- Tennessee led the nation in combined football and basketball attendance in 2022-23.

Fundraising Records

- As of Monday (6/26/2023), Tennessee Athletics exceeded all three major category fundraising records that were set in FY 2022:
 - Cash receipts to date: 68.9 million (\$68.5 million in FY 2022).
 - Dollars raised to date: \$82.8 million (\$80.7 million in FY 2022).
 - Total donors to date: 28,127 (18,860 in FY 2022).

Budget and Revenue Growth

- Tennessee Athletics could reach \$200 million in revenue (FY 2022-23).
- The FY 2023 figure is projected to be 37% increase to the pre-COVID revenue high in FY 2017.
- Overall revenue generated by Tennessee Athletics (non-SEC/NCAA distribution) has increased by 28% compared to previous high in FY 2017.

6.1



THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

AGENDA ITEM SUMMARY

Meeting Date: October 13, 2023
Committee: Finance and Administration
Item: **Report on Uses of FY 2023 Tuition and Fee Revenues**
Type: Action

6.2

Background Information

The Tuition Transparency and Accountability Act, enacted by the General Assembly in 2018 and codified at Tennessee Code Annotated § 49-7-1604, requires each governing board of Tennessee public universities to submit to the Office of Legislative Budget Analysis, for distribution to the General Assembly, a report including the following information:

- expenditures of revenues derived from any increases to in-state undergraduate tuition and mandatory fees in the previous full academic year;
- usage of revenues;
- effect on student financial aid; and
- effect on the average total cost of attendance per student.

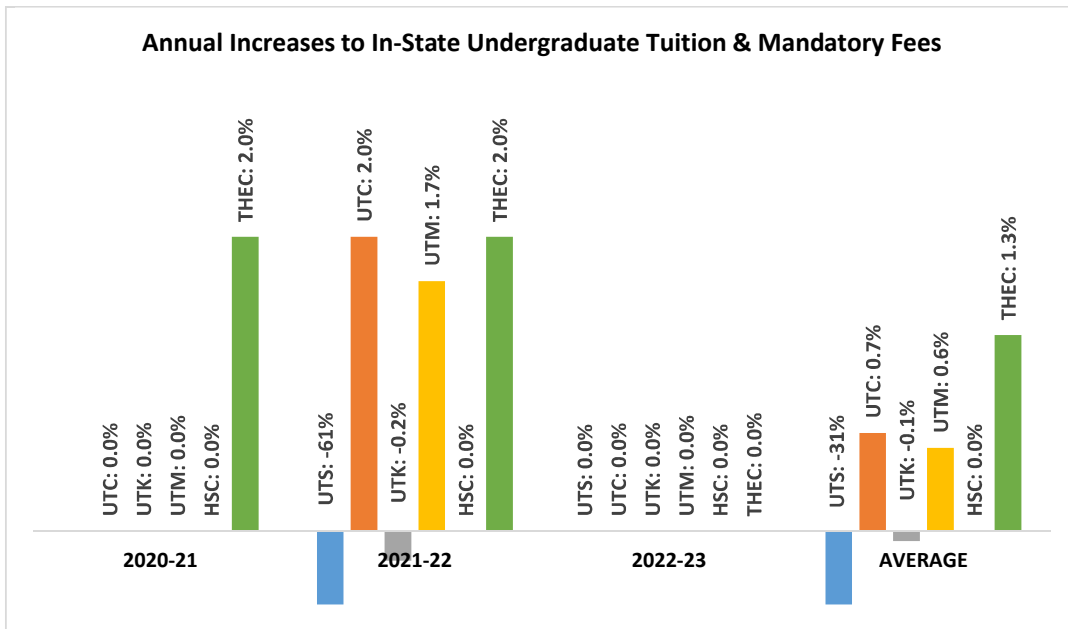
The report has a filing requirement by February 1 of each year. The University's report for Fiscal Year 2023 requires approval by the Board prior to submission to the Office of Legislative Budget Analysis.

Resolved:

The Board of Trustees hereby approves the Annual Report on Tuition and Fee Revenues for Fiscal Year 2023 as presented in the meeting materials, with a copy of the report to be attached to this Resolution after adoption.

The University of Tennessee
Report on Uses of FY 2023 Tuition and Fee Revenues
Academic Year 2022-23

Academic year 2022-23 marked the second out of the last three years with no changes to tuition and mandatory fees for in-state undergraduate students at any UT campus. Tuition and fees at UT Knoxville were actually lower than Fall 2019 levels. UT Southern joined the UT System in 2021-22 and reduced tuition and fees by 61% compared to levels assessed in the previous year as Martin Methodist College. UT Southern tuition and fees for 2022-23 were \$14,800 lower than they were prior to joining the UT System. Detailed schedules of tuition and fees at each UT campus can be found online in Section C of UT’s 2022-23 Budget Document: [FY2023 Budget Document \(tennessee.edu\)](https://www.tennessee.edu/budget/fy2023-budget-document)



UTC – UT Chattanooga; UTK – UT Knoxville; UTM – UT Martin; HSC – UT Health Science Center (HSC has a number of undergraduate programs with different fee structures; most HSC students are in graduate or professional programs); UTS – UT Southern.

How Revenues Were Used

There were no changes to tuition and mandatory fees.

The Effect on Financial Aid

There was no impact on financial aid.

The Effect on Total Cost of Attendance

No change.



THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

AGENDA ITEM SUMMARY

Meeting Date: October 13, 2023

Committee: Finance and Administration

Item: **Acquisition Easements at Clyde Austin in Greeneville, TN (UTIA)**

Type: Action

Background Information

The University of Tennessee, Knoxville, for the benefit of its UT Institute of Agriculture (UTIA), proposes to acquire temporary construction and permanent utility easements, representing approximately 1.6 +/- acres, from Wheels Real Estate LLC. The easements are located along Whirlwind Road and East Allens Bridge Road, Greeneville, Tennessee (as identified in more detail on the attached map). The easements will be acquired for fair-market value as determined by an appraisal.

The easements are related to and required for the construction of the Clyde Austin 4-H Center sewer improvements project and will allow the University and their contractors to enter upon, construct, operate, repair, and maintain utilities within the defined area.

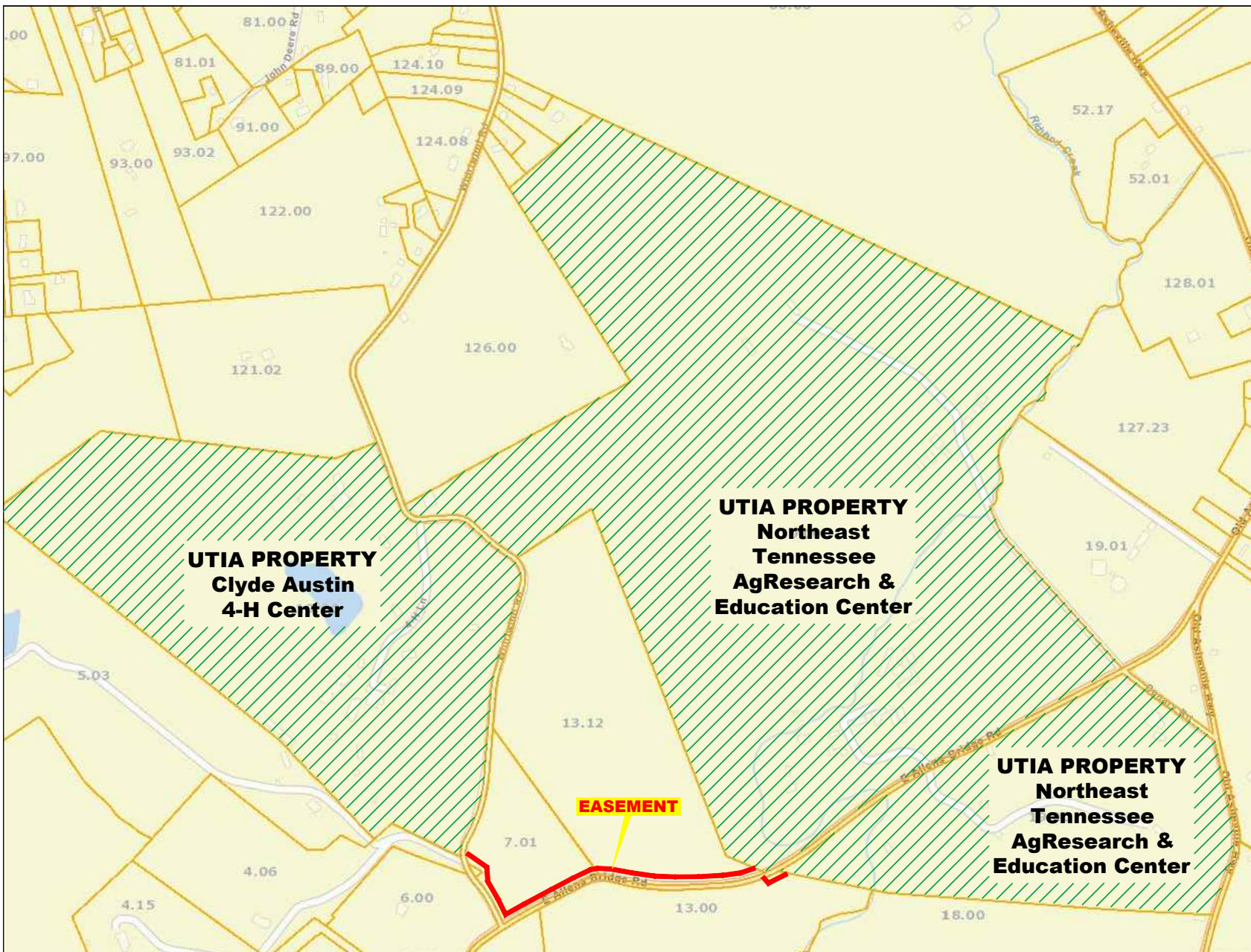
Upon approval by the Board of Trustees, the University will seek all required state approvals.

Resolved:

The Board of Trustees hereby approves the acquisition of permanent utility easements from Wheels Real Estate LLC, representing approximately 1.6 +/- acres located in the vicinity of Whirlwind Road and East Allens Bridge Road in Greeneville, Tennessee, subject to receipt of any required state approvals. Such easements shall be acquired for fair-market value as determined by an appraisal.

The proper officers of the University are hereby authorized to take any and all such actions as may be required or which they may deem necessary or appropriate in order to accomplish the foregoing.

6.3





THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

AGENDA ITEM SUMMARY

Meeting Date: October 13, 2023

Committee: Finance and Administration

Item: **Disposal Easement to Greeneville Energy Authority (UTIA)**

Type: Action

6.4

Background Information

The University of Tennessee, Knoxville, for the benefit of its UT Institute of Agriculture, proposes to grant a permanent utility easement to Greeneville Energy Authority, representing approximately 0.12 +/- acres. The easement is located off 4-H Lane, Greeneville, Tennessee (as identified in more detail on the attached map). The easement will be granted without consideration due to it being mutually beneficial to the University and Greeneville Energy Authority.

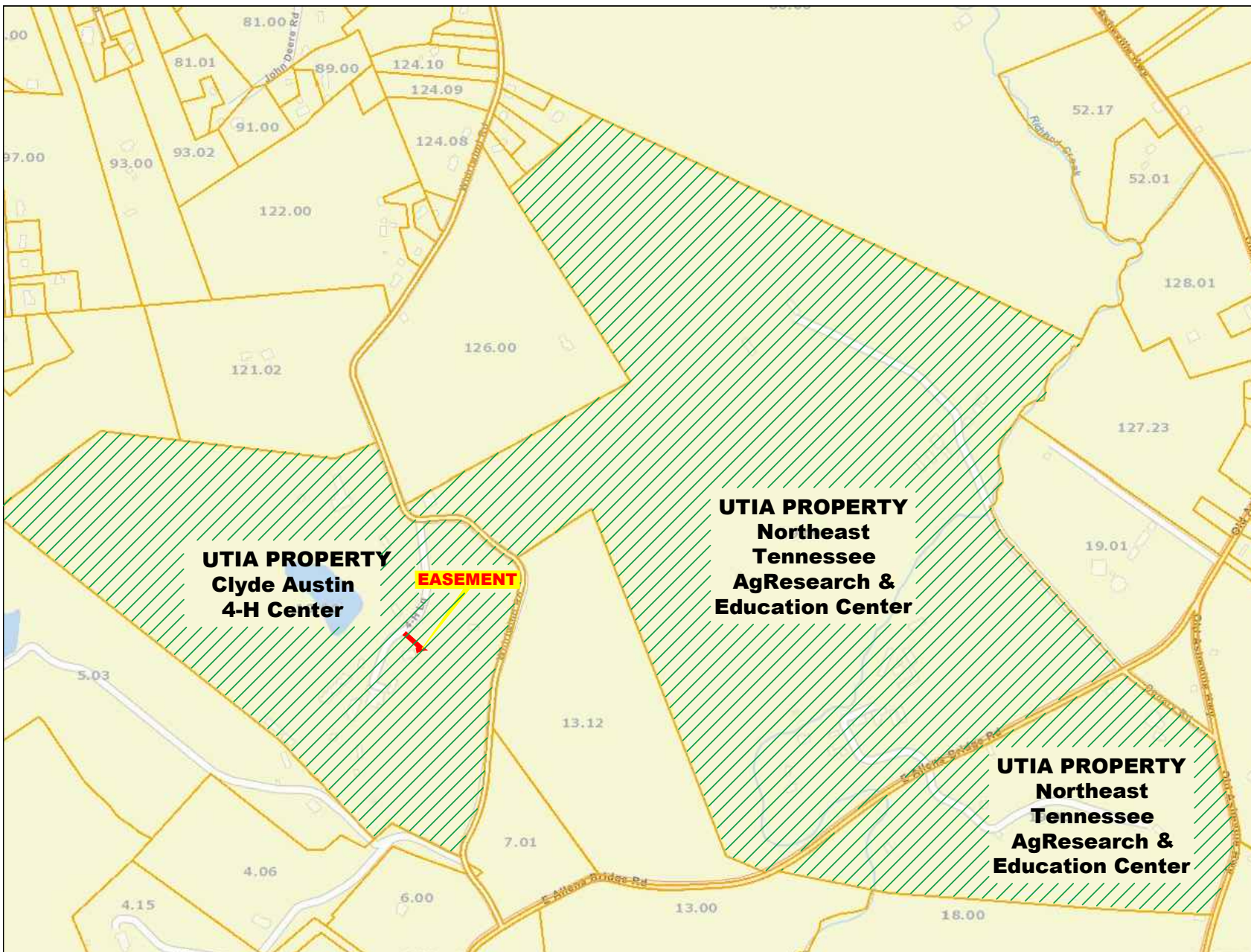
The easements are related to and required for supplying power to the Wildlife Building at the Clyde Austin 4-H Center and will allow the University and their contractors to enter upon, construct, operate, repair, and maintain utilities within the defined area.

Upon approval by the Board of Trustees, the University will seek all required state approvals.

Resolved:

The Board of Trustees hereby approves the permanent utility easement to Greeneville Energy Authority in Greeneville, Tennessee, representing approximately 0.12 +/- acres, subject to receipt of any required state approvals. The easement shall be granted without consideration due to it being mutually beneficial to the University and Greeneville Energy Authority.

The proper officers of the University are hereby authorized to take any and all such actions as may be required or which they may deem necessary or appropriate in order to accomplish the foregoing.





THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

AGENDA ITEM SUMMARY

Meeting Date: October 13, 2023

Committee: Finance and Administration

Item: **Proposed Building Naming, UT Chattanooga**

Type: Action

6.5

Background Information

Pursuant to the UT Board of Trustees Policy on Naming of Facilities and Other Assets (BT0017), the Board of Trustees has reserved to itself the naming of other assets of the University, including colleges, schools, and programs.

The University of Tennessee at Chattanooga (UTC) seeks approval to name the new School of Nursing Building after Dorothy and Jim Kennedy in recognition of the extraordinary \$8 million gift made by the Kennedy Foundation, Inc., which represents the single largest gift in the history of the School of Nursing. As further described in the attached letter from Steven R. Angle, PhD, UTC Chancellor, and Kim White, Vice Chancellor of Advancement Executive Director of the UC Foundation, this gift will have a transformative impact on the School of Nursing and nursing education in Tennessee.

Dorothy and Jim Kennedy were deeply committed to the Chattanooga region. The Kennedy Foundation, Inc., works to carry on their legacy through philanthropic support targeted to ensure access to healthcare for residents of Chattanooga, including a \$5 million gift to Children's Hospital at Erlanger to establish the Kennedy Outpatient Center at Children's Hospital at Erlanger. In making this gift, the Kennedy Foundation expressed its desire to partner with UT Chattanooga to address the shortage of nurses in the region by providing much needed space so that the School of Nursing can admit more students into its programs and create state-of-the-art space for their studies.

This gift to name the Dorothy and Jim Kennedy Health Sciences Building will honor the memory of Dorothy and Jim. It will be the first building on the UTC campus to highlight the name of a woman donor and pay tribute to Dorothy, who earned her undergraduate degree from UTC in 1982, graduating alongside their daughter, Molly. The Dorothy and Jim Kennedy Health Sciences Building will sit directly across the street from the Kennedy Outpatient Center, creating a physical testament of the Kennedy's commitment to the City of Chattanooga and the advancement of healthcare in the region.

The naming is consistent with the aforementioned Board policy and related guidelines and has been approved by Randy Boyd, President of the UT System.



THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

Resolved:

The Board of Trustees hereby approves the naming of the School of Nursing Building at UT Chattanooga as the “Dorothy and Jim Kennedy Health Sciences Building” to: (i) honor the memory and legacy of Dorothy (UTC, 1982) and Jim Kennedy; (ii) recognize the impact the Kennedy Family has had on the Chattanooga region and on healthcare in the region; and (iii) reflect the exceptional generosity of the Kennedy Foundation, Inc.

The proper officers of the University are authorized to take such actions as may be deemed appropriate and necessary to effectuate the approved name change as contemplated herein.

6.5



Office of the Chancellor

Dept 5605
615 McCallie Avenue
Chattanooga, TN 37403
Phone: (423) 425-4141
Fax: (423) 425-5559
www.utc.edu/chancellor

6.5

September 15, 2023

Randy Boyd
President, University of Tennessee System
UT Tower #1288
505 Summer Place
Knoxville, TN 37902

Dear President Boyd:

In accordance with the UT Board of Trustees' Policy on Naming of Facilities and Other Assets and the Board-approved Guidelines for Naming Opportunities and Endowments, the University of Tennessee at Chattanooga seeks approval to name the new Health Sciences Building after Dorothy and Jim Kennedy.

The Kennedy Foundation, Inc. is making a transformational investment in the School of Nursing. Their \$8,000,000 is the spark behind the Health Sciences Building campaign. The Kennedy Foundation, Inc. is investing in the future of nurses and nursing education in Tennessee.

The purpose of the \$8,000,000 is to support the school's new building.

In grateful recognition of their generous support, we request approval from the UT Board of Trustees to name the new School of Nursing building the Dorothy and Jim Kennedy Health Sciences Building. Thank you for considering this fitting endorsement of the Kennedy's generosity, advocacy, and leadership. Please let me know if you have questions or need further information.

Sincerely,

Handwritten signature of Steven R. Angle in blue ink.

Steven R. Angle, Ph.D.
Chancellor

Handwritten signature of Kim White in blue ink.

Kim White
Vice Chancellor of Advancement
Executive Director of the UC Foundation



THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

AGENDA ITEM SUMMARY

Meeting Date: October 13, 2023

Committee: Finance and Administration

Item: **Report on Use of Differential Tuition Funds (UTC)**

Type: Information

7.1

Differential Tuition is a per-credit-hour fee assessed for a specific course or group of courses as dictated by increasing demand for educational excellence in specific areas. The Board of Trustees has authorized UT Chattanooga to assess differential tuition for upper-level courses offered in the Colleges of Business, Engineering, Nursing, Occupational Therapy, and Physical Therapy.

At the request of the former Board, an annual report is presented to the Finance and Administration Committee on how Differential Tuition revenues are used. The report for Fiscal Year 2022-23 is included.

The table below illustrates the annual revenue less expenses for the last five years and the June 30, 2023, year-end balance.

University of Tennessee at Chattanooga Differential Tuition Five-Year Trend Summary Revenue Less Expenses

College	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	6/30/2023 Balance
Business	\$427,954	\$462,505	\$1,064,217	\$650,823	\$237,705	\$1,633,647
Engineering	\$244,536	\$252,700	\$264,043	\$445,803	\$327,383	\$1,017,485
Nursing	\$13,410	\$152,466	\$279,058	\$178,872	\$230,767	\$279,273
Occupational Therapy	\$47,254	\$70,994	\$4,197	\$59,662	\$18,691	\$136,001
Physical Therapy	\$94,438	\$7,515	(\$7,726)	\$23,747	\$5,585	\$224,428
Total	\$827,592	\$946,160	\$1,603,789	\$1,358,907	\$820,131	\$3,290,834

**The University of Tennessee at Chattanooga
Differential Tuition Summary
for the Fiscal Year Ended June 30, 2023**

College	FY23 per Credit Hour Fee	Total Revenue	Program Expenses	Need-Based Scholarships/Aid	Total Expenses	Revenue Less Expenses
Gary W. Rollins Business	\$59	\$2,743,025	\$2,071,465	\$433,855	\$2,505,320	\$237,705
Engineering	\$59	1,542,900	994,748	220,769	1,215,517	327,383
Nursing	\$102	965,084	631,680	102,637	734,317	230,767
Occupational Therapy	\$59	143,793	102,172	22,930	125,102	18,691
Physical Therapy	\$59	235,480	204,655	25,240	229,895	5,585
Total		\$5,630,282	\$4,004,720	\$805,431	\$4,810,151	\$820,131

Primary Expenditures

- Scholarships
- Faculty
- Advising and Student Success
- Lab Equipment and Supplies

Gary W. Rollins College of Business

The Gary W. Rollins College of Business maintains nine full-time faculty members, two academic advisors, a five-person staff in its Student Success Center, programs & projects assistant director, events coordinator, communications specialist, business manager, assessment director, and Entrepreneur-in-Residence. During FY23, three of the nine full-time faculty members covered by the fee were transferred temporarily to open positions in the college. The differential fee also provided funds for faculty development, including database access and research support. In addition, funds were used for student organizations' programming. The College used 15.8% of the fee collected to provide scholarships to students. The unspent revenue will be used to fund new programs and initiatives.

College of Engineering & Computer Science

The College of Engineering and Computer Science maintains funding for three full-time faculty members, two administrative support positions, three advisors and graduate assistants. These funds were used to purchase lab equipment, to support faculty travel and development, travel for student competitions, undergraduate research, programming for the Student Success Center, memberships, and tutoring services for students. The College used 14.3% of the fee collected to provide scholarships to students. The unspent revenue will be used for new lab space as well as updating equipment in existing labs and classrooms.

School of Nursing

The School of Nursing maintains full funding of five full-time faculty members, partial funding of two full-time faculty members and an academic advisor. The school used 10.6% of the fee collected to provide scholarships to students. Funding was also utilized to cover students' license test fees, student events, accreditation costs and to purchase simulation supplies. The unspent revenue is earmarked to provide additional resources for course offerings and to replenish costly clinical equipment.

Department of Occupational Therapy

The Department of Occupational Therapy maintains part-time graduate assistants and student workers. These funds were used to enhance lab related experiences for students by purchasing lab supplies and equipment. They were also used to cover student liability insurance, computer software, memberships to national organizations, vaccinations, CPR training, student programs and other in-class student experiences. The Department used 15.9% of the fee collected to provide scholarships to students. The unspent revenue is earmarked for lab supplies and equipment.

Department of Physical Therapy

The Department of Physical Therapy maintains part-time graduate assistants and student workers to support classrooms and labs. These funds were used to enhance lab related experiences for students by purchasing lab supplies and computer software. They were also used to cover student liability insurance, student programs, CPR training, memberships to national organizations, vaccinations, and other in-class student experiences. The Department used 10.7% of the fee collected to provide scholarships to students. The unspent revenue will be used to purchase lab supplies.



THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

AGENDA ITEM SUMMARY

Meeting Date: October 13, 2023

Committee: Finance and Administration

Item: **Report on Use of Differential Tuition Funds (UTK)**

Type: Information

7.2

Differential Tuition is a per-credit-hour fee assessed for a specific course or group of courses as dictated by increasing demand for educational excellence in specific areas. The Board of Trustees has authorized UT Knoxville to assess differential tuition for upper-level courses offered in the Colleges of Business, Engineering, Nursing, and Architecture and Design.

At the request of the former Board, an annual report is to be presented to the Finance and Administration Committee on how Differential Tuition revenues are used. The report for Fiscal Year 2022-23 is included.

The table below illustrates the annual revenue less expenses for the last five years and the June 30, 2023, year-end balance.

University of Tennessee, Knoxville Differential Tuition Five-Year Trend Summary Revenue Less Expenses

College	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	6/30/2023 Balance
Business	(\$751,635)	(\$1,359,926)	\$926,858	\$1,186,665	(\$204,497)	(\$674,209)
Engineering	(\$362,539)	\$17,495	\$578,103	\$645,402	\$3,718,469	\$4,381,765
Nursing	(\$106,481)	(\$281,147)	(\$502,710)	(\$736,055)	(\$806,935)	\$14,647
Architecture & Design	(\$118,796)	(\$6,552)	\$154,875	\$511,300	(\$167,802)	(\$32,897)
Total	(\$1,339,451)	(\$1,630,130)	\$1,157,127	\$1,607,312	\$2,539,235	\$3,689,306

The University of Tennessee, Knoxville
Differential Tuition Summary
for the Fiscal Year Ended June 30, 2023

	Per Credit Hour Fee	Revenue	Program Expenses	Need-Based Scholarships	Total Expenses	Revenues Less Expenses
Business	\$ 101	\$ 14,612,058	\$ 13,478,007	\$ 1,338,548	\$ 14,816,555	\$ (204,497)
Engineering	\$ 115	9,466,242	4,603,779	1,143,994	5,747,773	3,718,469
Nursing	\$ 135	1,787,419	2,429,596	164,758	2,594,354	(806,935)
Architecture and Design	\$ 111	2,277,126	2,227,884	217,045	2,444,929	(167,802)
Total		\$ 28,142,845	\$ 22,739,265	\$ 2,864,345	\$ 25,603,610	\$ 2,539,235

7.2

Primary Expenditures

- Need-based scholarships
- Faculty
- Advising
- Instructional equipment
- Laboratories

Business

Provides direct faculty and staff support of the undergraduate student population. Staff support is in the form of student academic advising and career management advising. Expenditures on faculty make possible expanded teaching capacity facilitating timely progress to degree completion and more moderate course section sizes than would otherwise be possible. In addition, a modest amount of the revenue is allocated toward technology, undergraduate diversity and inclusion initiatives, communications, and supplies.

Engineering

An essential resource to the College, the revenue supported further development and improvement in all academic programs and student services. In support of recruitment and retention of the best students, the funds are used for technology, equipment, and facility improvements. Funds were also used to fund Diversity Engineering summer programs, and faculty positions to address teaching loads as a result of increased enrollment.

Nursing

A key resource for the College, supporting faculty for additional enrollment and providing resources towards student learning through the Health Information Technology and Stimulation (HITS) Lab.

Architecture and Design

Supports a design-build laboratory which is essential to the pedagogical experience of a design education, hire nationally and internationally recognized faculty, grow existing programs, and attract top quality students by offering awards.



THE UNIVERSITY OF TENNESSEE FY 2023 UT FLIGHT OPERATIONS REPORT

In accordance with the Board Policy Statement on Travel (Policy BT0030), the Senior Vice President and Chief Financial Officer shall submit an annual summary report of university aircraft operations to the University of Tennessee Board of Trustees for review by the Finance and Administration Committee. The summary report should contain, at a minimum, information on users, destinations, maintenance performed, and operating costs.

UT Flight Operations provides university personnel and guests with safe, reliable and efficient flight services. This often allows travelers to avoid the costs of overnight travel, as well as making more efficient and productive use of their time. It is sometimes the most practical option while traveling within Tennessee, as most destinations within the state are not served by commercial airlines.

UT currently owns two airplanes, a Beechcraft King Air 350, acquired in 2008, and a Cessna Citation XLS, donated to UT in December 2019. For FY 2023, Flight Operations had six full-time pilots. Several well-qualified local contract pilots are used as needed during peak times such as athletics recruiting seasons. Flight Operations is based at McGhee Tyson Airport, which is convenient to the departments that make the greatest use of these services.

Usage of both UT airplanes continues to be high, so we added a dry lease option to help accommodate demand. The aircraft flew 517 passenger hours in FY23. With two UT aircraft, a dry lease, and the use of donated flights, we are able to avoid costly charter services. We have a charter contract in place for the busy athletic recruiting seasons.

In FY 2023, the total flight operations expenditures were \$2,614,911, which was funded by a combination of system administration base support, hourly fees assessed to UT departments, and additional support from UTK Athletics for operation of the Cessna Citation XLS.



UT Flight Operations Funding & Expenditures

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Funding					
Recoveries	\$946,485	\$1,154,624	\$284,628	\$780,794	\$1,098,615
UTK Athletics	744,072	720,959	0	0	0
System Support	<u>924,354</u>	<u>474,558</u>	<u>1,157,883</u>	<u>997,868</u>	<u>986,458</u>
Total Funding	\$2,614,911	\$2,350,142	\$1,442,511	\$1,778,662	\$2,085,073
Expenses					
Salaries & Benefits	\$771,961	\$635,352	\$566,351	\$561,515	\$489,136
Contract Pilots	83,763	89,697	10,500	72,350	10,575
Fuel	352,324	509,271	105,034	226,967	257,947
Routine Maintenance	719,391	770,811	462,748	429,784	280,818
Airplane lease	58,500	0	0	127,061	564,000
Travel	160,815	128,235	35,488	68,949	94,484
Pilot Training	111,831	21,807	79,800	10,690	115,120
Office and Hangar Rent	84,314	64,387	62,456	53,617	51,773
Liability Insurance	111,624	1,691	30,024	53,352	38,468
Subscriptions	142,643	117,079	79,761	131,906	173,092
Other	<u>17,745</u>	<u>11,812</u>	<u>10,348</u>	<u>42,471</u>	<u>9,660</u>
Total Expenditures	\$2,614,911	\$2,350,142	\$1,442,511	\$1,778,662	\$2,085,073
Capital Maintenance				\$535,364	
Engine Replacement	\$3,871,782				
<i>Flight Hours</i>	<i>517</i>	<i>654</i>	<i>192</i>	<i>358</i>	<i>408</i>



THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

AGENDA ITEM SUMMARY

Meeting Date: October 13, 2023
Committee: Finance and Administration
Item: **Report of Capital Projects Approvals FY 2023-24**
Type: Information

7.4

Background Information

In accordance with Board policy, and subject to state approvals as may otherwise be applicable, the authority to approve or act on certain types of transactions and projects is delegated to the President. The Administration is responsible for preparing periodic reports for the Finance and Administration Committee with respect to these projects and transactions.

Reporting

Project(s) approved under this authorization with details in attached documentation.

1. UTK Goodfriend Tennis Center Court Replacements - \$1,109,000

UT Approved - Revenue/Institutionally Funded Projects (FY2023-24)

				Funding Source						
SPA	Project	Project Description**	Project Cost	TSSBA	Gifts	Auxiliary	Gift in Place	Grant	Plant Funds	Other
1	UTK	Goodfriend Tennis Center Court Replacement	Repair and resurface existing tennis courts and drainage issues at the Goodfriend Tennis Center.	\$ 1,109,000			\$ 1,109,000			
Total				\$ 1,109,000	\$ -	\$ -	\$ 1,109,000	\$ -	\$ -	\$ -



THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

AGENDA ITEM SUMMARY

Meeting Date: October 13, 2023

Committee: Finance and Administration

Item: **FY 2023 Report on Endowment Investment Performance**

Type: Information

Investment of University funds is under the jurisdiction of the Finance and Administration Committee of the Board of Trustees, which makes recommendations to the Board on matters requiring Board action. The FY 2023 Report on Endowment Investment Performance follows.

7.5

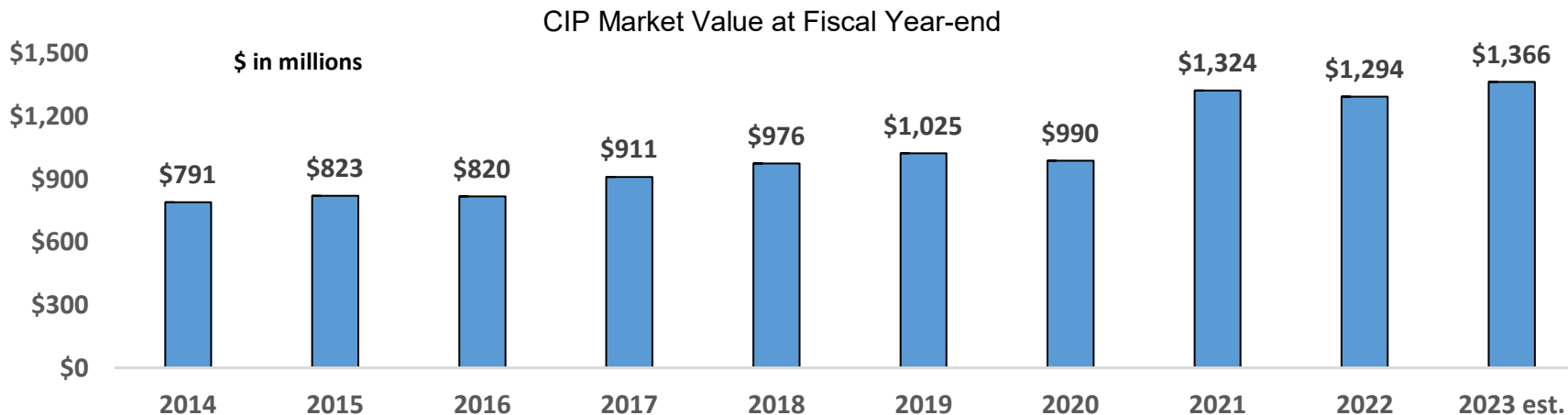
Investment Summary as of June 30, 2023

- Consolidated Investment Pool (CIP) Cash-flow Activity for 12-month Period:
 - \$56 million in New Gifts
 - \$58 million in Spending Plan Distributions
 - \$12 million in Administrative Support

- Consolidated Investment Pool (CIP)* and Benchmark 1-year Returns:
 - Underperformed the Broad Policy B-mark (60/40 stock & bond mix): +7.0% vs +9.1%
 - Underperformed the Target Weighted B-mark (Multi-asset benchmark): +7.0% vs +11.6%
 - Underperformed CPI+5.5% (Inflation + Spend): +7.0% vs. +8.5%

7.5

*CIP returns are estimates. Most private-investment returns (roughly 30% of the portfolio) are held at 0% return for the most recent quarter due to lagged reporting.



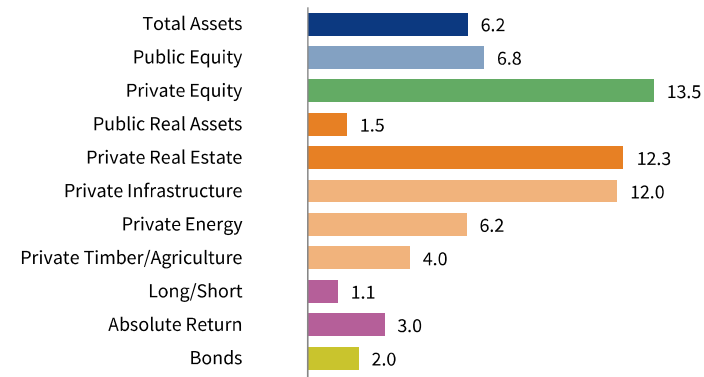
University of Tennessee Performance Dashboard

| As of June 30, 2023

Preliminary CIP Performance (%)

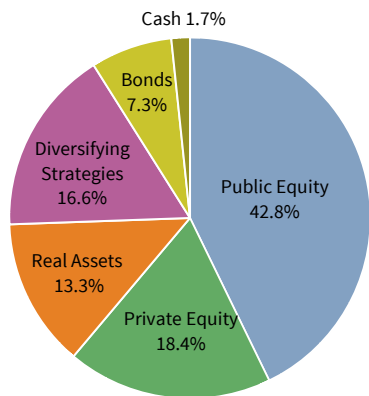
CIP	Cumulative Trailing 1-Year	Annualized Trailing 3-Year	Annualized Trailing 5-Year	Annualized Trailing 10-Year	Annualized Since Inception
CIP	7.0	10.3	6.2	6.4	7.9
Broad Policy Benchmark	9.1	4.6	4.4	5.8	6.8
<i>Value Add</i>	-2.1	5.7	1.8	0.6	1.1
Target Weighted Benchmark	11.6	9.6	5.5	6.4	8.4
<i>Value Add</i>	-4.6	0.8	0.7	0.1	-0.5
CPI + 5.5%	8.5	11.3	9.5	8.3	8.1
<i>Value Add</i>	-1.5	-1.0	-3.3	-1.8	-0.1

Trailing 5Y Performance by CIP Asset Class (%)



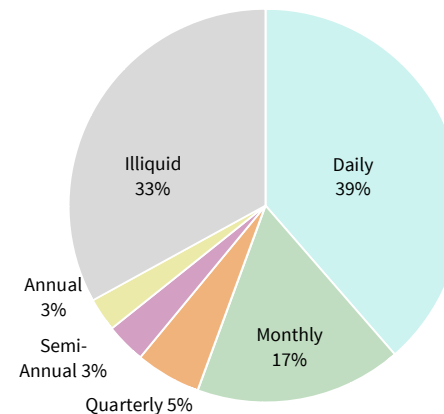
7.5

Actual and Long-Term Target Allocation

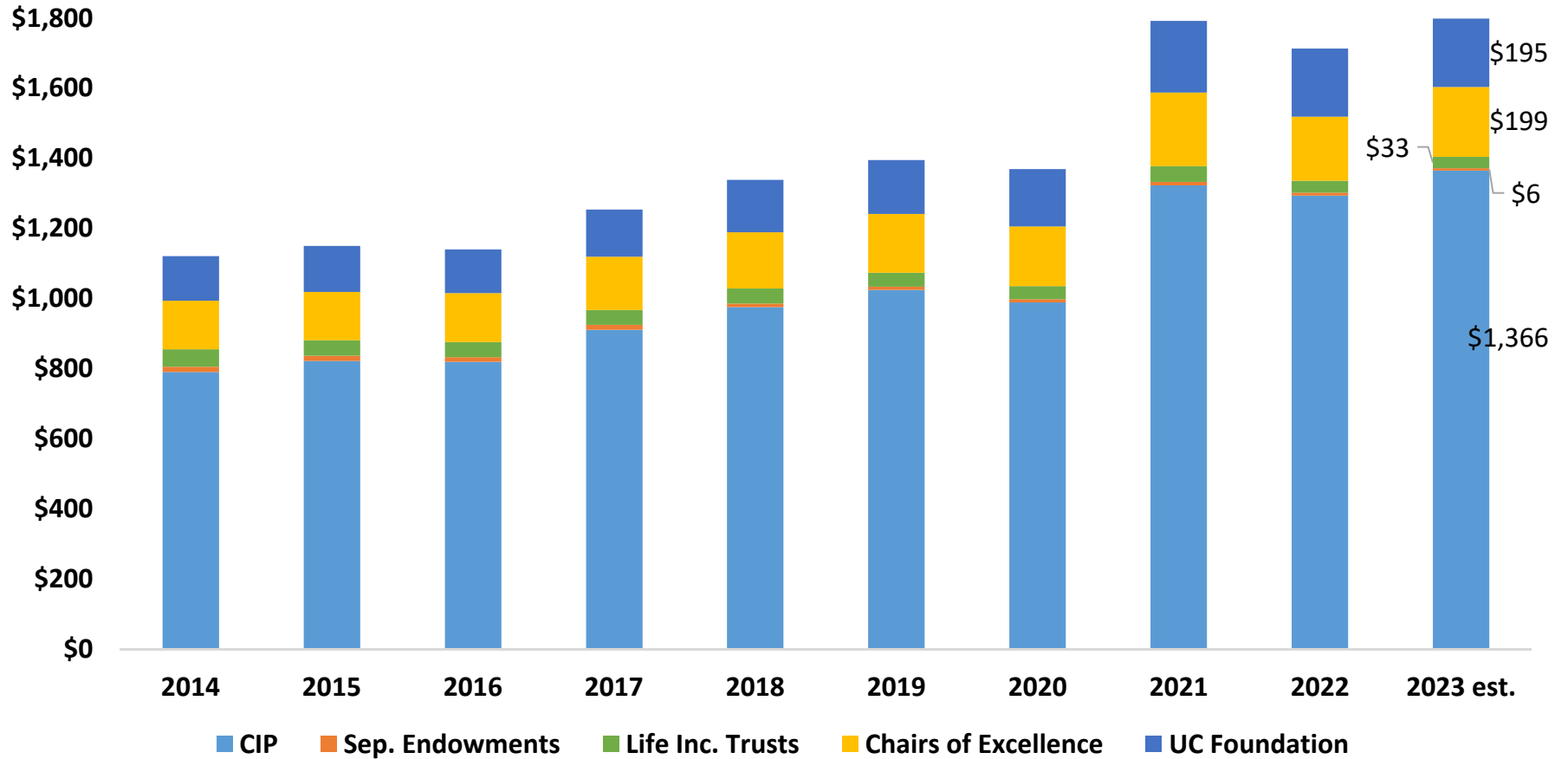


	Actual Allocation	Long-Term Target Allocation
Public Equity	42.8%	42.0%
Private Equity	18.4%	25.0%
Real Assets	13.2%	7.0%
Diversifying Strategies	16.6%	18.0%
Bonds	7.3%	8.0%
Cash	1.7%	

Portfolio Liquidity



Total Funds Invested for the Benefit of UT, FYE Market Values



7.5

Index & Benchmark Summary:

Broad Policy Benchmark: 60.0% MSCI ACWI IMI Index
 + 39.0% Bloomberg Barclays Global Aggregate Bond Index
 + 1.0% U.S. 91-Day Treasury Bills

This benchmark is intended to assess the overall asset allocation and risk profile of the portfolio. The **Bloomberg Barclays Global Aggregate Bond Index** consists of a wide range of global investment grade bonds, including sovereigns, corporate bonds, and various asset-backed securities. **MSCI ACWI IMI Index** includes large, mid, and small-cap stock market exposure across both Developed and Emerging Markets.

Target Weighted Benchmark:

This benchmark is comprised of multiple public and private indices which represent the various asset classes in which the CIP invests. These include equity, real estate, natural resources, hedged strategies, bonds, and cash. The weightings of the underlying indices are dynamic and rebalanced periodically to align with those of the CIP at the beginning of a measurement period.

CPI + 5.5%:

This is the 1-year inflation-measuring Consumer Price Index + 5.5%.

Cambridge Associates (CA) Notes:

Performance is preliminary as of June 30, 2023. Totals may not sum due to rounding. 93% of Private investment performance is as of March 31, 2023. Private investment market values have been updated with capital calls and distributions through the current month. A 0% return is assumed for all private investments for the current quarter. Returns provided by FEG through October 31, 2018.

Please note that CA uses CPI – All Urban Consumers as a measure of inflation. The primary data source for information is the investment manager and/or fund administrator, therefore data may not match custodial or other client records due to differences in data sourcing, methodology, valuation practices, etc. Estimated values may include prior quarter end data adjusted by a proxy benchmark or by subsequent cash flows. CA makes no representations that data reported by unaffiliated parties is accurate.



THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

AGENDA ITEM SUMMARY

Meeting Date:	October 13, 2023
Committee:	Finance and Administration
Item:	<u>Fiscal Year 2023 Report on Year-end Fund Balances</u>
Type:	Information

7.6

Background Information

At the end of each fiscal year some University unrestricted revenue is carried forward into the next fiscal year for a variety of purposes. All money is included and reported in the audited annual financial statements in the Annual Financial Report.

Total carry forward money includes revenue from the current fiscal year and the amounts accumulated from prior fiscal years. Current fiscal year projected year-end balances are reported in the annual operating budget and the revised budget approved by the Board of Trustees. The following six funds are itemized in the annual operating budget.

- Working Capital
 - Required by statute and consists of petty cash, receivables, and inventories.
- Revolving Funds
 - Dedicated to support self-sustaining activities such as service centers.
- Encumbrances
 - Committed cover purchased goods and services to be received and paid for in the new fiscal year.
- Reappropriations
 - Committed to cover allocations for specific future projects and activities.
- Unallocated Auxiliaries
 - Reserved to provide a “rainy day” fund for auxiliary operations.
- Unallocated Education and General
 - Reserved to provide a “rainy day” fund of 2% to 5% for annual operations.

When unrestricted and uncommitted revenue exceeds expenses, operating revenue may be carried forward and accumulated from year-to-year for long-term needs. There are four additional funds outside the annual operating budget containing year-end carry forward money.

- Renewal and Replacement
 - Unrestricted funds accrued as one-time monies to cover both anticipated and unanticipated long-term needs. The funds allow each institution to meet a wide variety of needs and provide reserves for the full operating budget.

- Unexpended Plant Funds
 - Committed funds held which are for approved capital projects.
- Debt Service
 - Committed funds held to cover debt service obligations
- Quasi-Endowments
 - Committed funds held as quasi-endowments on behalf of institutions.

These categories of funds are common to all Tennessee universities and colleges and are reported uniformly to the Legislature each year. The table below provides a four-year summary of total year-end carry forward balances for all funds.

Balances budgeted in the annual operating budget (year-end actuals)					
Fund	FY2020	FY2021	FY2022	FY2023	% Chg. FY22
Working Capital	\$ 29,782,199	\$ 39,818,982	\$ 46,328,873	\$ 32,586,389	-29.7%
Revolving Fund	\$ 18,929,224	\$ 21,696,048	\$ 9,029,504	\$ 6,178,096	-31.6%
Encumbrances	\$ 3,490,491	\$ 5,935,688	\$ 5,811,328	\$ 6,565,058	13.0%
Reappropriations	\$ 11,779,034	\$ 19,176,127	\$ 8,862,044	\$ 12,548,070	41.6%
Unallocated Auxiliaries	\$ 9,225,358	\$ 8,651,467	\$ 10,629,354	\$ 15,315,645	44.1%
Unallocated E&G	\$ 58,908,865	\$ 53,611,988	\$ 70,279,781	\$ 67,567,806	-3.9%
Subtotal	\$ 132,115,171	\$ 148,890,300	\$ 150,940,883	\$ 140,761,064	-6.7%
Balances reported in annual financial statements					
Fund	FY2020	FY2021	FY2022	FY2023	% Chg. FY22
Renewal and Replacement	\$ 601,349,775	\$ 704,988,943	\$ 663,153,388	\$ 834,495,866	25.8%
Unexpended Plant Funds	\$ 156,024,078	\$ 167,857,059	\$ 326,384,611	\$ 405,111,806	24.1%
Debt Service	\$ 40,312,400	\$ 53,989,189	\$ 57,004,984	\$ 57,514,944	0.9%
Quasi-Endowments	\$ 12,855,664	\$ 16,137,698	\$ 14,723,833	\$ 59,309,780	302.8%
Subtotal	\$ 810,541,917	\$ 942,972,889	\$1,061,266,816	\$1,356,432,396	27.8%
Total Year-end	\$ 942,657,087	\$1,091,863,189	\$1,212,207,700	\$1,497,193,460	23.5%
Less Investment in Plant and Interest Payable	\$ (7,162,487)	\$ (5,757,965)	\$ (5,050,798)	\$ (4,595,976)	-9.0%
Less Benefits Liability	\$ (358,183,066)	\$ (361,500,350)	\$ (425,039,109)	\$ (348,007,400)	-18.1%
Total	\$ 577,311,534	\$ 724,604,874	\$ 782,117,793	\$1,144,590,084	46.3%
Figures may not add due to rounding					

Nine of the ten funds are largely committed and well-defined. Because Renewal and Replacement funds comprise about 55% of the annual carry forward and are used for a wide variety of needs, this report focuses on a detailed analysis of those funds.

Beginning in 2018, and annually at each fall meeting, the Chief Financial Officer presents a report on the amount and purpose of all unrestricted carry forward funds. This report includes a designation of the level of commitment of all Renewal and Replacement funds.

The Renewal and Replacement fund at each institution has many separately numbered accounts. The number of accounts range from eleven (11) at the Institute for Public Service to one hundred eleven (111) at UT Knoxville. To determine the level to which these funds are committed, the following definitions were developed and refined.

OBLIGATED

Balances held to cover a legal liability/binding agreement with a party external to the University.

Examples:

- Signed contract for services with an external agency or business.
- Purchase order or invoice.
- Signed contract for an employee for whom recurring resources are not currently available.
- Awarded scholarships.
- Statutory mandate.

Level of commitment:

Institutions must not use obligated balances for other purposes because rescinding such commitments creates the risk of significant cost, legal action, or reputational damage.

PLANNED

Balances held for a specific purpose as approved by an appropriate University official (president, vice presidents, chancellors, vice chancellors, deans, directors, or designees in accordance with institutional policies or practices). The purpose for which funds are held can range in degree of specificity from a narrowly defined purpose, such as “replacement of the ERP system,” to a broad category, such as “future technology needs.”

Examples:

- Required cash deposit for a capital project.
- Plans for new faculty and staff, who are not replacing existing staff.
- Funds for institutional cost-sharing.
- Spending directive from an authorized University official.
- Documented institutional priorities or strategic plans.
- Financial aid funding that has not yet been awarded.
- Annual, ongoing operations, including the salaries of existing staff, for up to three years for which recurring resources are not currently available.
- Expenditures to launch or to support academic programs or student programs for which recurring resources are not currently available.

Level of commitment:

Institutions may use planned balances for other purposes if the use can be modified without significant cost or reputational damage and complies with any funding source requirements.

RESERVES

Balances purposefully held for contingencies that must be addressed to ensure the continuation of operations. Reserves are not held to fund known future expenses, but rather to mitigate risks that may result from unexpected funding shortfalls or unanticipated needs.

Examples:

- Unexpected declines or fluctuations in enrollment resulting in a reduction in tuition, fee, or auxiliary revenue.
- Significant declines or termination of federal or other external funding.
- Emergencies or other unforeseen circumstances.

Level of commitment:

Institutions may use reserves to manage temporary financial shortfalls resulting from emergencies or other unforeseen circumstances. Reserves are not for routine use (e.g., annual debt service payments) or for a specific purpose (e.g., academic initiative, faculty salaries).

DISCRETIONARY

Balances, with no funding source requirements, held to take advantage of strategic opportunities that emerge during the year.

Examples:

- Chancellors' or institutional discretionary funds

Level of commitment:

Institutions may use discretionary funds for any appropriate business purpose.

At the close of the fiscal year, each institution through the Chief Business Officer was asked to apply the level of commitment definitions to each renewal and replacement account. The result is the attached report compiled by each institution allocating each account balance according to the definitions.

This report combined with other financial reports provides transparency and clarity about the use of university resources to stakeholders such as the University community, public officials, and taxpayers.

Summary

For fiscal year 2023 institutions reported the following levels of commitment for renewal and replacement funds.

Institution	By Institution and Fund Type		
	E&G	AUX	Total
Chattanooga	\$ 60,556,267	\$ 19,756,171	\$ 80,312,437
Knoxville & UTSI	\$ 356,986,923	\$ 62,294,752	\$ 419,281,675
Martin	\$ 29,897,404	\$ 9,597,207	\$ 39,494,610
Health Sciences	\$ 7,050,363	\$ -	\$ 7,050,363
Southern	\$ 1,009,248	\$ -	\$ 1,009,248
Institute of Ag.	\$ 97,951,701	\$ -	\$ 97,951,701
IPS	\$ 18,585,528	\$ -	\$ 18,585,528
System Admin.	\$ 171,390,275		\$ 171,390,275
	\$ 743,427,708	\$ 91,648,129	\$ 835,075,837
Percent	89.03%	10.97%	100.00%

Institution	By Institution and Level of Commitment					Total
	Obligated	Planned	Reserved	Discretionary		
Chattanooga	\$ 18,891,757	\$ 24,165,913	\$ 34,230,907	\$ 3,023,859	\$	\$ 80,312,437
Knoxville & UTSI	\$ 11,658,681	\$ 269,083,152	\$ 119,349,011	\$ 19,190,832	\$	\$ 419,281,675
Martin	\$ 3,734,882	\$ 5,024,620	\$ 27,371,507	\$ 3,363,601	\$	\$ 39,494,610
Health Sciences	\$ -	\$ 1,561,097	\$ 5,489,266	\$ -	\$	\$ 7,050,363
Southern	\$ -	\$ 1,009,248	\$ -	\$ -	\$	\$ 1,009,248
Institute of Ag.	\$ 10,204,554	\$ 72,796,761	\$ 10,950,386	\$ 4,000,000	\$	\$ 97,951,701
IPS	\$ -	\$ 17,219,762	\$ 1,365,766	\$ -	\$	\$ 18,585,528
System Admin.		\$ 151,390,275	\$ 20,000,000		\$	\$ 171,390,275
	\$ 44,489,874	\$ 542,250,827	\$ 218,756,844	\$ 29,578,292	\$	\$ 835,075,837
Percent	5.22%	64.27%	22.77%	7.75%		100.00%

The following pages provided by each institution show Renewal and Replacement funds by account and by level of commitment.

UT Chattanooga

Renewal & Replacement Accounts: Educational and General Funds

Level of Commitment

Fund	Fund Name	Obligated	Planned	Reserved	Discretionary	Total
K040005007	Electronic Equip Replace Fund	8,182,733	15,058,841	6,798,472		30,040,045
K040005005	Motor Vehicle Oper Equip Repl Fund		165,099			165,099
K040005006	Storm Water Reserve			409,513		409,513
K040005012	Student Information System			874,001		874,001
K040005013	Arena Technology Improvements				100,967	100,967
K040005017	Research Insti R&R			359,907		359,907
K040005033	Learning & Leadershi			405,271		405,271
K040005039	Chancellor Office				110,540	110,540
K040005040	Information Technolo				48,897	48,897
K040005041	Administration & Fin				330,062	330,062
K040005043	Enrollment Management				303,755	303,755
K040005045	Academic Affairs				992,576	992,576
K040005046	College of Arts & Sc		107,699		82,030	189,729
K040005047	College of Engin & C				2,634	2,634
K040005048	Rollins College of B				635,291	635,291
K040005049	College of Health, E				197,051	197,051
K040005050	Honors College				39,336	39,336
K040005052	Research & Graduate				97,954	97,954
K040005053	Comm & Marketing				70,792	70,792
K040005055	Diversity & Engageme				7,373	7,373
K040005056	Center for Professio				4,602	4,602
DESIGNATED ACCOUNTS						
K040005008	STUDENT PROG & SERVI			280,691		280,691
K040005010	FACILITIES RNWL & RE		1,138,963	115,214		1,254,177
K040005015	Student Health R&R			410,387		410,387
K040005016	Student Green R&R	550,000		458,223		1,008,223
K040005018	Library Fee R&R			885,489		885,489
K040005019	Facilities Landscapi			327,652		327,652
K040005021	Facility Match Fee R	4,885,000		702,424		5,587,424
K040005022	Business Differentia			2,240,323		2,240,323

K040005023	Engineering Differen	468,714	413,586	882,300
K040005024	Nursing Differential		959,735	959,735
K040005037	Physical Therapy Dif		164,549	164,549
K040005038	Occupation Therapy D		265,716	265,716
K040005026	Online Access Fee R&	2,956,597	5,351,956	8,308,554
K040005027	Mosaic Program Fee R		177,036	177,036
K040005030	Student Activity Fee		56,065	56,065
K040005031	Student Activity Fee		95,897	95,897
K040005032	Transportation Fee R	1,000,000	324,994	1,324,994
K040005034	Technology Fee R&R		572,425	572,425
K040005036	International Educat		369,232	369,232
E&G TOTALS		13,617,733	20,895,913	23,018,761
			3,023,859	60,556,267

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Renewal & Replacement Accounts: Auxiliary Funds

Fund	Fund	Obligated	Planned	Reserved	Discretionary	Total
K040005001	RESIDENCE HALL MNT &	\$ 155,000	\$ 3,270,000	\$ 5,237,992	-	\$ 8,662,992
K040005003	PARKING AUTHORITY MN	-	-	\$ 422,165	-	\$ 422,165
K040005009	Dr Bldg / Bkstr / FS	\$ 5,119,024	-	\$ 5,551,990	-	\$ 10,671,014
AUX TOTALS		\$ 5,274,024	\$ 3,270,000	\$ 11,212,146	-	\$ 19,756,171

Grand Total	\$ 18,891,757	\$ 24,165,913	\$ 34,230,907	\$ 3,023,859	\$ 80,312,437
Percent	24%	30%	43%	4%	100%

UT Institute of Agriculture

Fund	Fund Name	Level of Commitment				
		Obligated	Planned	Reserved	Discretionary	Total
K110005002	AG EXP MNT AND EQUIP	\$ 2,500,000	\$ 683,274			\$ 3,183,274
K110005003	BRANCH STATIONS RENO	\$ 216,231	\$ 1,161,902			\$ 1,378,133
K110005004	Department Maint & E	\$ 1,414,209	\$ 1,632,024	\$ 761,558		\$ 3,807,791
K110005005	Faculty Startup Equi	\$ 2,820,038				\$ 2,820,038
K110005006	F&A Maint & Equip Re	\$ 25,849	\$ 4,020,181			\$ 4,046,030
K110005007	Recharge Center Main		\$ 1,155,329			\$ 1,155,329
K110005008	Equipment & Internal	\$ 1,019,921				\$ 1,019,921
K120005002	AG EXT MNT & EQUIP R		\$ 17,743,441			\$ 17,743,441
K120005003	4-H CAMP RENOVATIONS		\$ 6,481,348			\$ 6,481,348
K120005006	Ridley 4-H M & Ren		\$ 526,295			\$ 526,295
K120005007	York 4-H M & Ren		\$ 558,215			\$ 558,215
K120005008	Austin 4-H M & Renov		\$ 500,000			\$ 500,000
K120005010	Ecommerce		\$ 62,434			\$ 62,434
K120005011	Center for Profitable Agr		\$ 119,886			\$ 119,886
K120005013	Biosystems Engineering		\$ 36,423			\$ 36,423
K120005014	Animal Science		\$ 326,654			\$ 326,654
K120005015	Entomology & Plant Pathology		\$ 318,340			\$ 318,340
K120005016	Food Science		\$ 1,400,854			\$ 1,400,854
K120005017	Forestry, Wildlife & Fisheries		\$ 62,260			\$ 62,260
K120005018	Plant Sciences		\$ 552,702			\$ 552,702
K120005019	UT Gardens – Extension		\$ 57,829			\$ 57,829
K120005020	Family & Consumer Sciences		\$ 252,682			\$ 252,682
K120005021	Eastern Region		\$ 17,542			\$ 17,542
K120005022	Western Region		\$ 12,218			\$ 12,218
K120005023	Precision Livestock		\$ 400,019			\$ 400,019
K120005027	The Clays at Lone Oaks Farm		\$ 19,641			\$ 19,641
K120005028	ALEC		\$ 5,251			\$ 5,251
K120005029	Central Region		\$ 45,073			\$ 45,073
K120005033	UTIA RiverLine Project		\$ 2,197,228			\$ 2,197,228
Merged	All counties with carry forward		\$ 1,904,676			\$ 1,904,676
K120005130	Women in Agriculture		\$ 61			\$ 61

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K120005131	ER New TN Farmers Academy		\$	4,576		\$	4,576				
K120005132	Nat Urb Ext Ldr Conf		\$	17,738		\$	17,738				
K120005133	Middle TN Grain Conf		\$	21,194		\$	21,194				
K120005134	Farm MANAGE Programs		\$	347,686		\$	347,686				
K120005135	CR Fisheries		\$	1,944		\$	1,944				
K120005136	CST Variety Trials		\$	88,769		\$	88,769				
K120005138	South Central Extension		\$	1,341		\$	1,341				
K120005139	Upper Cumberland Small Group		\$	13,052		\$	13,052				
K120005140	Eastern Region Grain Conf		\$	5,241		\$	5,241				
K120005141	NE TN Beef Expo		\$	20,471		\$	20,471				
K120005142	WR New Farmers Academy		\$	3,828		\$	3,828				
K180005001	VET MED EQUIP REPLAC	\$	2,208,307	\$	30,017,138	\$	10,188,828	\$	4,000,000	\$	46,414,273
Grand Total		\$	10,204,554	\$	72,796,761	\$	10,950,386	\$	4,000,000	\$	97,951,701
Percent			10%		74%		11%		4%		100%

7.6

UT Knoxville / UT Space Institute**Educational and General Funds**

Fund	Description	Level of Commitment				Total
		Obligated	Planned	Reserved	Discretionary	
K010005016	Faculty Startup		2,164,437			2,164,437
K010005019	Neutron Science			509,810		509,810
K010005022	Bldgs & Renovations		13,525,000		1,624,664	15,149,664
K010005025	Joint Institute Renovations			500,000		500,000
K010005029	Deferred Maintenance		11,160,248			11,160,248
K010005030	College of Arts and Sciences		16,259,526			16,259,526
K010005031	Herbert College of Agriculture		1,611,790	750,000	154,607	2,516,397
K010005032	College of Nursing		1,397,106	1,832,684	389,519	3,619,309
K010005036	General Reserve	5,007,421	39,165,805			44,173,226
K010005040	JICS Capital Maintenance			466,489		466,489
K010005041	JIBS Capital Maintenance			595,000		595,000
K010005052	Strategic Investment		11,646,577	20,000,000		31,646,577
K010005054	Glazer Capital Maintenance			38,095		38,095
K010005057	JINS Capital Maintenance			545,000		545,000
K010005074	Rainy Day			30,000,000		30,000,000
K010005078	Col of Ed, Health & Human Sciences		1,279,184	2,974,580	257,376	4,511,140
K010005079	Tickle College of Engineering	1,239,454	6,605,135	9,181,508	388,217	17,414,314
K010005080	Haslam College of Business		11,079,742	3,570,000	500,000	15,149,742
K010005081	College of Law	51,360	1,112,009	2,684,495	213,865	4,061,729
K010005082	College of Architecture & Design		1,675,144	1,213,361		2,888,505
K010005083	Col Communications and Information		4,555,388	844,612	602,560	6,002,560
K010005084	College of Social Work		602,563	5,557,625	300,000	6,460,188
K010005085	Research Initiatives		1,168,856			1,168,856
K010005086	Provost & SR VC		3,542,600	1,094,000	578,432	5,215,032
K010005087	VC for Diversity				228,703	228,703
K010005088	VC for Communication		695,269			695,269
K010005089	VC for Finance&Admin	152,825	8,915,635	503,007	4,361,844	13,933,311
K010005090	VC for Research		7,033,862			7,033,862
K010005091	VC for Student Life	190,794	288,730		217,213	696,737
K010005092	Libraries	1,353,827	99,842	1,080,180		2,533,849
K010005093	UT-ORII		1,767,014	1,228,760		2,995,774

K010005095	Inst Amer Civics	3,966,582		975,493	4,942,075
K010005096	Arena	4,201,804			4,201,804
K010005097	OIT	525,675			525,675
K010005102	Baker School			247,461	247,461
K010005103	Digital Learning at UT	1,263,649			1,263,649
K020005002	Emergency Fund		2,000,000	4,000,000	6,000,000
K020005003	Capital Equipment	876,000		150,943	1,026,943
K020005004	Start-Up Package	4,748,485		1,348,694	6,097,179
K020005005	UTSI-Residence Dorm		100,000	146,119	246,119
TOTAL		\$ 7,995,681	\$ 162,933,657	\$ 87,269,206	\$ 16,685,710
				\$	274,884,254

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DESIGNATED ACCOUNTS		Obligated	Planned	Reserved	Discretionary	Total
K010005006	Convenience Copier			695,324		695,324
K010005009	SWORPS CARE /IT Stats Service		66,948			66,948
K010005013	Program & Services		17,886,323			17,886,323
K010005014	Technology Fee		3,327,306			3,327,306
K010005020	UT Conferences	1,000,000		1,943,059		2,943,059
K010005021	Facilities Fee		11,771,857			11,771,857
K010005033	Social Wrk Ctr for Behav. Health Res.			471,841		471,841
K010005037	Video / Photo Services		1,064,337			1,064,337
K010005043	Undergr Int'l Ed Fee			530,417		530,417
K010005044	CIE Programs Abroad		2,343,967			2,343,967
K010005045	Graphic Arts Equipment			1,397,146		1,397,146
K010005046	Warehousing Operations			417,893		417,893
K010005050	Information Technology		4,956,220			4,956,220
K010005051	TN Statewide Vanpool			2,209,891		2,209,891
K010005055	Fac & Admin (Indirect Cost)		23,170,733			23,170,733
K010005058	Diversity Initiatives		250,000		2,505,122	2,755,122
K010005059	Biology Equipment		1,009			1,009
K010005062	RC:JIAM Microscopy		200,553			200,553
K010005064	Fleet Management		150,000	2,673,557		2,823,557
K010005065	RC: IBML Lab		1,153,906			1,153,906
K010005066	RC: Genomics Core		111,919			111,919

K010005067	RC: LEA		77,503			77,503					
K010005069	RC: FabLab Center		31,749			31,749					
K010005070	RC: JIAM: Electromag Properties Lab		49,913			49,913					
K010005072	RC: JIAM Diffraction		8,132			8,132					
K010005073	Reliability & Maintainability			1,411,797		1,411,797					
K010005076	RC:NIMBioS Spatial Analysis Lab		34,286			34,286					
K010005094	OTIS Service Center		189,962			189,962					
TOTAL		\$	1,000,000	\$	66,846,623	\$	11,750,925	\$	2,505,122	\$	82,102,670

7.6

		Auxiliary Funds									
		Level of Commitment									
Fund	Description	Obligated	Planned	Reserved	Discretionary	Total					
K010005001	Residence Hall Maint & Equipment		21,416,470	14,991,995		36,408,465					
K010005002	Food Service Maint& Equipment	1,163,000	10,250,711	472,298		11,886,009					
K010005003	Parking Authority Maint & Equipment		90,000	615,809		705,809					
K010005004	Bookstore Maintenance & Equipment	1,500,000	550,000	3,253,884		5,303,884					
K010005038	Athletics Equipment & Renovations		6,481,682			6,481,682					
K010005061	Golf Facility		449,009			449,009					
K010005077	Vending		65,000	994,893		1,059,893					
TOTAL		\$	2,663,000	\$	39,302,872	\$	20,328,880	\$	-	\$	62,294,752
TULLAHOMA		\$	-	\$	5,624,485	\$	2,100,000	\$	5,645,756	\$	13,370,241
KNOXVILLE		\$	11,658,681	\$	263,458,667	\$	117,249,011	\$	13,545,076	\$	405,911,434
GRAND TOTAL		\$	11,658,681	\$	269,083,152	\$	119,349,011	\$	19,190,832	\$	419,281,675
Percent of Total			3%		64%		28%		5%		100%

UT Health Science Center

Fund	Fund Name	Obligated	Level of Commitment			Total
			Planned	Reserved	Discretionary	
K070005015	Knox Campus R&R		20,593			20,593
K070005020	Physical Therapy Bil		121,736			121,736
K070005027	Orthodontic Clinic R		436,487			436,487
K070005028	OMP Laboratory R&R		25,450			25,450
K070005029	Oral Surgery Clinic		797,374			797,374
K070005033	UTHSC SIM Center Equ			5,489,266		5,489,266
K070005034	Dental Hygiene Clini		33,061			33,061
K070005035	UDP Oral Surgery R&R		126,396			126,396
Total			1,561,097	5,489,266.29		\$ 7,050,363
Percent			22%	78%		100%

7.6

UT Institute for Public Service

Fund	Fund Name	Level of Commitment				Total
		Obligated	Planned	Reserved	Discretionary	
K130005001	IPS MNT & EQUIP RES			406,619		406,619
K130005004	IPS Strategic Initia		6,563,779			6,563,779
K140005001	MTAS MAINT & EQUIP R			316,899		316,899
K140005002	MTAS Strategic Initi		6,164,623			6,164,623
K150005001	CTAS MNT & EQUIP REP			242,248		242,248
K150005002	CTAS Strategic Initi		4,279,047			4,279,047
K150005003	CTAS COOP R&R			100,000		100,000
K150005004	CTAS CCFO R&R			200,000		200,000
K160005001	TLC Mnt & Equip R&R			100,000		100,000
K160005002	TLC Strategic Initia		212,313			212,313
Total			\$ 17,219,762	\$ 1,365,766		\$ 18,585,528
Percent			93%	7%		100%

7.6

UT Martin

Fund	Fund Name	Level of Commitment				Total
		Obligated	Planned	Reserved	Discretionary	
K050005005	Convenience Copy-UTM EQUIP			87,077		87,077
K050005007	Printing & Duplicating Equipment			26,663		26,663
K050005012	Surplus Sales				172,055	172,055
K050005015	Equipment Renewal & Replacement	2,000,000	525,000	14,390,043	75,000	16,990,043
K050005021	Campus Improvements	1,000,000	1,115,000	1,028,533		3,143,533
K050005023	Generator Maintenance			650,392		650,392
K050005036	Chancellor UTM				114,148	114,148
K050005037	VC Finance and Admin	24,960	237,800	125,000	83,831	471,591
K050005038	VC Student Affairs				154,996	154,996
K050005039	VC University Relations	64,000	147,500	-	160,861	372,361
	Subtotal - Central	3,088,960	2,025,300	16,307,709	760,891	22,182,859
<u>DESIGNATED</u>						
K050005009	Transportation Services		100,000	710,821		810,821
K050005016	Parsons R&R			228,273		228,273
K050005019	Travel-Study Program			22,713		22,713
K050005020	Ripley Renewal & Rep			1,580,272		1,580,272
K050005024	Student Rec Center Equipment		262,319	103,600		365,919
K050005025	Match Accounts R&R				287,987	287,987
K050005026	Course Fee R&R		911,626			911,626
K050005027	Development Accounts				128,903	128,903
K050005028	Technology Fee R&R		127,509			127,509
K050005029	Facilities Fee R&R		226,149			226,149
K050005030	Student Activities Fee				477,766	477,766
K050005031	Student Activity Fee - Travel		110,114			110,114
K050005032	Student Health & Counseling Fee				108,933	108,933
K050005033	Green Fee		19			19
K050005034	Online Support Fee			1,767,375		1,767,375
K050005035	RCOP Renewal & Replacement		200,000		360,167	560,167
	Subtotal - Designated	0	1,937,736	4,413,053	1,363,755	7,714,545

Total - E&G	3,088,960	3,963,036	20,720,762	2,124,646	29,897,404
<u>AUXILARY</u>					
K050005001 Residence Hall Maint. & Equipment		450,000	2,450,096	1,238,955	4,139,051
K050005002 Food Service Maint. & Equipment	406,931	150,000	1,790,810		2,347,740
K050005003 Parking Authority Maintenance		125,000	1,098,621		1,223,621
K050005004 Bookstore Maintenance & Equipment	238,991		1,208,208		1,447,199
K050005006 Telecom. Maint & Equipment		300,000	103,011		403,011
K050005014 Computer Store Renewal & Replace.		36,584			36,584
Total - Auxiliary	645,922	1,061,584	6,650,745	1,238,955	9,597,207
Grand Total	\$ 3,734,882	\$ 5,024,620	\$ 27,371,507	\$ 3,363,601	\$ 39,494,610
Percent	9%	13%	69%	9%	100%

7.6

UT Southern

		Level of Commitment				
Fund	Fund Name	Obligated	Planned	Reserved	Discretionary	Total
K060005001	Campus R&R		\$ 235,587			\$ 235,587
K060005002	Auxiliary R&R		\$ 773,661			\$ 773,661
Total			\$ 1,009,248			\$ 1,009,248

7.6

UT System Administration

Fund	Fund Name	Obligated	Level of Commitment			Total
			Planned	Reserved	Discretionary	
K170005006	Aircraft Replacement			\$ 5,000,000		\$ 5,000,000
K170005007	UTSA Building Maint. and Equipment			\$ 7,000,000		\$ 7,000,000
K170005010	ERP Development	\$ 55,756,903				\$ 55,756,903
K170005025	Fluctuation Reserve			\$ 5,000,000		\$ 5,000,000
K170005027	Research Initiative	\$ 2,000,000				\$ 2,000,000
K170005028	ORNL Rebid	\$ 6,000,000				\$ 6,000,000
K170005029	UTB Operations	\$ 3,112,477				\$ 3,112,477
K170005030	Research Support	\$ 500,000				\$ 500,000
K170005032	Oak Ridge Institute	\$ 84,020,895				\$ 84,020,895
K170005033	Tech Refresh			\$ 1,000,000		\$ 1,000,000
K170005034	Admin Infrastructure			\$ 2,000,000		\$ 2,000,000
Total			\$ 151,390,275	\$ 20,000,000		\$ 171,390,275
Percent			88%	12%		

7.6