



# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

FINANCE AND ADMINISTRATION COMMITTEE	
Friday, October 25, 2024	Ballroom, Student Union, UTK
8:30 a.m. (EDT)/7:30 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. 2024 Fiscal Year-end Financial Summary ..... Tab 1.1
  - B. Enterprise Resource Planning Project Update ..... Tab 1.2
- V. FY 2025-26 Operating Budget Appropriations Request for Specialized Units – Action ..... Tab 2
- VI. Affiliation Agreements – Action ..... Tab 3
  - A. UT Foundation ..... Tab 3.1
  - B. UT Athletics Foundation ..... Tab 3.2
  - C. UT Health Science Center ..... Tab 3.3
    - 1. Methodist Healthcare ..... Tab 3.3.1
    - 2. East Tennessee Children’s Hospital ..... Tab 3.3.2
- VII. Board Policy on Affiliated Foundations (BT0016) – Action ..... Tab 4
- VIII. Capital Projects – Action ..... Tab 5
  - A. UTIA Master Plan (Component of New Ten-Year UTK CMP) ..... Tab 5.1
  - B. UTK Lindsey Nelson Stadium Budget Increase ..... Tab 5.2
  - C. UTM New Residence Hall ..... Tab 5.3
  - D. UTHSC Campus Master Plan Amendment ..... Tab 5.4
- IX. UTC Voluntary Retirement Incentive Plan – Action ..... Tab 6
- X. Committee Consent Agenda – Action ..... Tab 7
  - A. Minutes of the Last Meeting ..... Tab 7.1
  - B. Report on Uses of FY 2024 Tuition and Fee Revenue ..... Tab 7.2
  - C. Acquisition of 611 West Jefferson Street, Pulaski, TN (UTS) ..... Tab 7.3



# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

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XI. 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.]*

XII. Closing Remarks and Adjournment

**Information Items** ..... Tab 8

- A. [Report on Use of Differential Tuition Funds \(UTC\)](#) ..... Tab 8.1
- B. [Report on Use of Differential Tuition Funds \(UTK\)](#) ..... Tab 8.2
- C. [FY 2024 Annual Flight Operations Report](#) ..... Tab 8.3
- D. [Report of Capital Projects Approvals](#) ..... Tab 8.4
- E. [FY 2024 Report on Endowment Investment Performance](#)..... Tab 8.5
- F. [Report on FY 2024 Unrestricted Fund Balances](#) ..... Tab 8.6



# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

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## AGENDA ITEM SUMMARY

Meeting Date: October 25, 2024

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

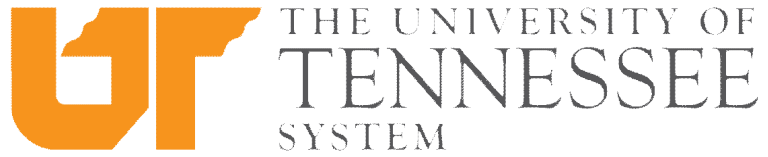
### **Background Information**

The attached materials contribute to the body of financial reports periodically provided to the Board of Trustees. The materials include tables summarizing FY 2023-2024 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:

- 2024 Fiscal Year-end Financial Summary
- Enterprise Resource Planning Project Update

The report on Financial Performance is an information item.



# 2024 Fiscal Year-End Financial Summary



# Positive Financial Performance Fiscal Year 2024

- Fiscal year financial performance positive led by growth in student enrollment, grants, contracts, and investment income
- Revenue growth tempered by increased costs associated with inflation and higher service levels to meet needs of growing student body
- Balance Sheet health remains strong relative to prior periods and peers

# Strong Net Income & Student Growth Tempered by Inflation - FY 2024 Q4 Income Statement

All \$ presented in thousands

For the Twelve Months Ended June 30, 2024 and 2023

	June 30, 2024	June 30, 2023	Variance (\$thousands)	Variance (%)
<b>REVENUES</b>				
Net Tuition & Fees	678,601	642,575	36,026	5.6%
Grants, Contracts and Fed Approp.	926,773	855,731	71,042	8.3%
Auxiliaries	360,265	347,638	12,627	3.6%
State & Local Appropriations	1,023,035	1,054,008	(30,973)	-2.9%
Investment Income	222,702	112,841	109,861	97.4%
All Other Revenues	209,505	167,520	41,985	25.1%
<b>Total Revenues</b>	<b>3,420,882</b>	<b>3,180,314</b>	<b>240,568</b>	<b>7.6%</b>
<b>EXPENSES</b>				
Salaries & Benefits	2,005,478	1,786,940	218,539	12.2%
Utilities, Supplies & Other	780,770	673,383	107,387	15.9%
Scholarships and Fellowships	34,958	87,038	(52,080)	-59.8%
All Other Expenses	222,640	213,558	9,081	4.3%
<b>Total Expenses</b>	<b>3,043,846</b>	<b>2,760,919</b>	<b>282,927</b>	<b>10.2%</b>

Tuition and fee driven by UTK \$39M

FY23 State Appropriations elevated by \$79.8M UT Oak Ridge Innovation Institute and \$50M DASH funding

3.5% increase in staffing to serve a 5.2% increase in students, and supported by 5% state pay plan

Increase to support 5.2% student growth, increased DASH expense \$6.8M, and Supplies \$18.2M

Impacted by NACUBO advisory and accounting standard change

# Healthy Balance Sheet Compared to Peers

## FY 2024 Q4 Balance Sheet

All \$ presented in thousands

For the periods ending June 30, 2024 and 2023

	June 30, 2024	June 30, 2023	Variance (\$thousands)	Variance (%)
<b>ASSETS &amp; DEFERRED OUTFLOWS</b>				
Cash & Cash Equivalents	1,934,409	1,775,011	159,398	9.0%
Investments	1,595,557	1,411,962	183,595	13.0%
Capital Assets Net of Depreciation	3,403,829	3,225,771	178,059	5.5%
Receivables	317,066	308,192	8,875	2.9%
Deferred Outflows of Resources	224,568	235,623	(11,055)	-4.7%
All Other Assets	40,563	38,938	1,625	4.2%
<b>Total Assets</b>	<b>7,515,993</b>	<b>6,995,497</b>	<b>520,495</b>	<b>7.4%</b>
<b>LIABILITIES</b>				
Bonds, Notes, Credit Facility, & Leases	1,279,785	1,245,868	33,917	2.7%
Pension & OPEB	193,861	259,350	(65,489)	-25.3%
Deferred Inflows of Resources	147,888	139,362	8,526	6.1%
Act Payable & Accrued Liab.	332,542	241,091	91,452	37.9%
Deposits held in Custody for others	532,306	459,188	73,118	15.9%
Unearned Rev. & all Other Liabilities	113,802	111,866	1,935	1.7%
<b>Total Liabilities</b>	<b>2,600,184</b>	<b>2,456,725</b>	<b>143,459</b>	<b>5.8%</b>

Driven by positive net income

In line with investment performance and new gifts \$77M

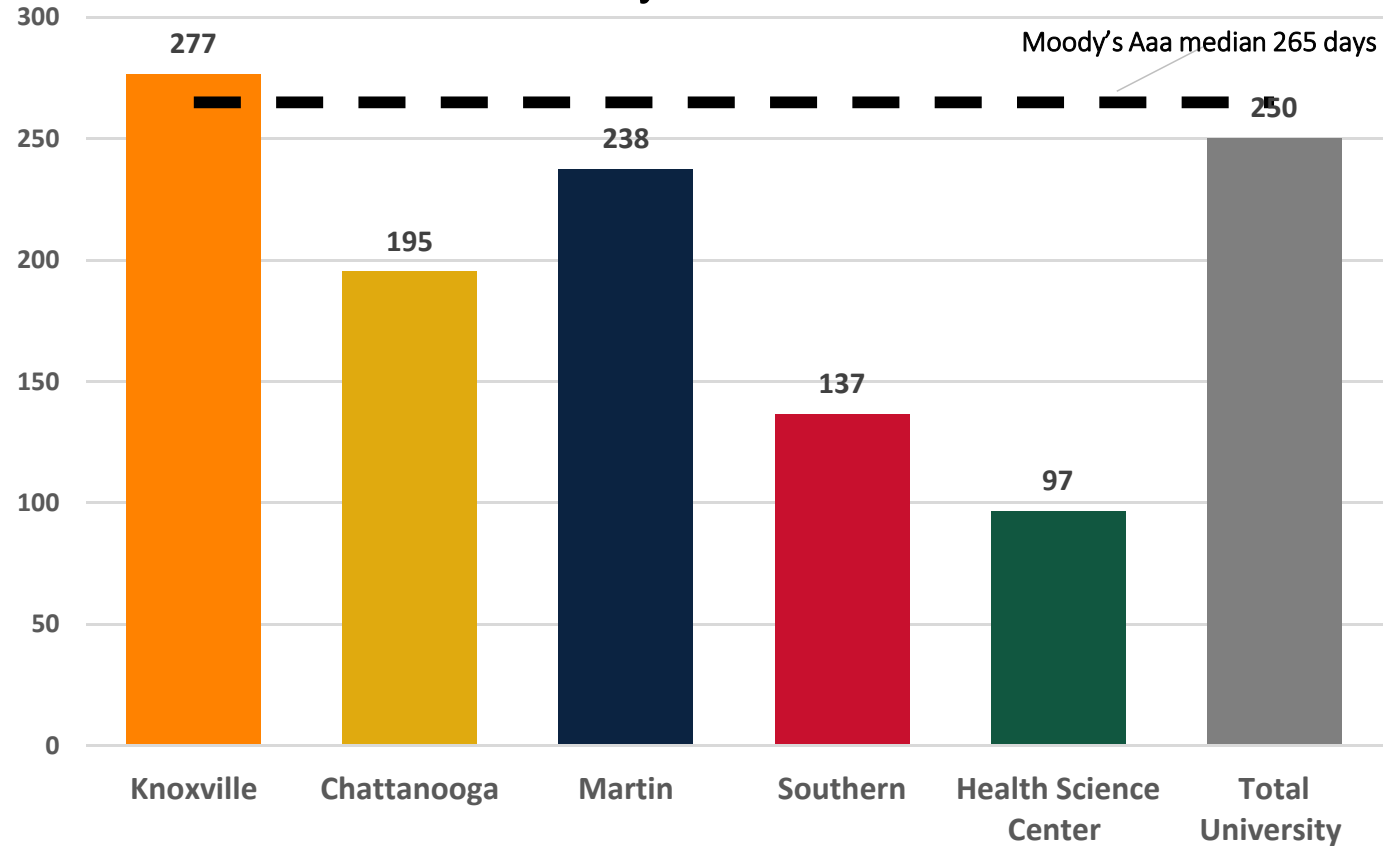
Added construction-in-progress: Neyland Renovation \$99M and UTK Nursing \$36M

Biggest increases: Neyland \$70M and UTC Athletics Facility \$15M; offset by principal payments \$60M

Major capital project payables increased \$22M

# Liquidity In-Line with Aaa Rated Universities

## Days of Cash on Hand



### Key notes

- UTK above median
- Total University, UTM, & UTC in healthy positions
- UTHSC and UT Southern are stable

# Continued Positive Financial Outcomes for Fiscal Year 2024

All \$ presented in thousands **For the Twelve Months Ended June 30, 2024 and 2023**

	June 30, 2024	June, 2023	Variance (\$thousands)	Variance (%)
<b>REVENUES</b>	<b>3,422,625</b>	<b>3,180,314</b>	<b>242,311</b>	<b>7.6%</b>
<b>EXPENSES</b>	<b>3,044,659</b>	<b>2,760,919</b>	<b>283,739</b>	<b>10.3%</b>

University of Tennessee



Board of Trustees

October 2024

# DASH Program Status

## Eight Project Elements

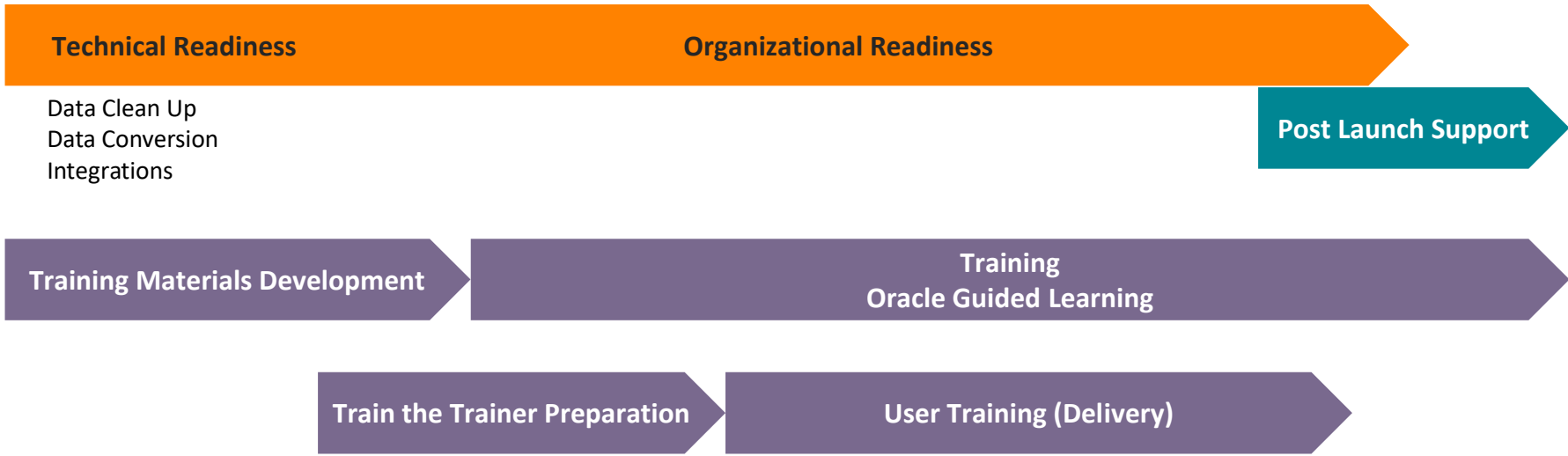


Go-Live  
January 6, 2025

Stream	Scope	Schedule	Resoures
Tech	G	Y	G
HCM	G	Y	G
ERP	G	G	G
Facilities Management	G	G	G
Change Management	G	G	G
Security	G	G	G
EPM	G	G	G
Sponsored Projects	G	G	G

# DASH Path to Day 1 of Transition

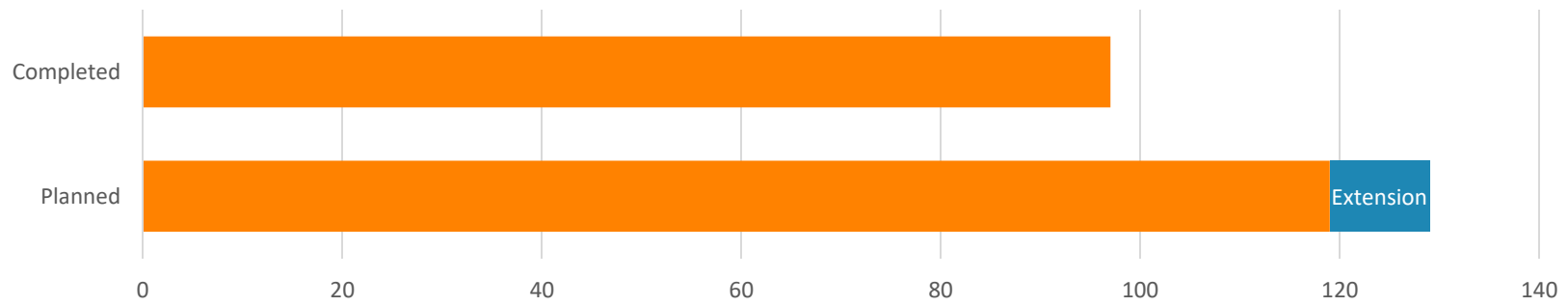
2024								2025	
May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb





# DASH Snapshot

Deliverables



## Stakeholders



On Schedule



## DASH ROI

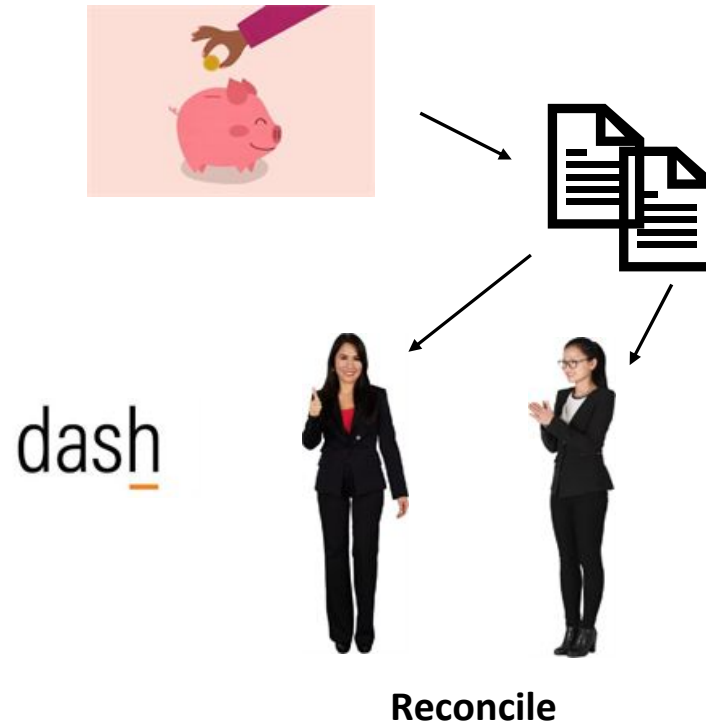
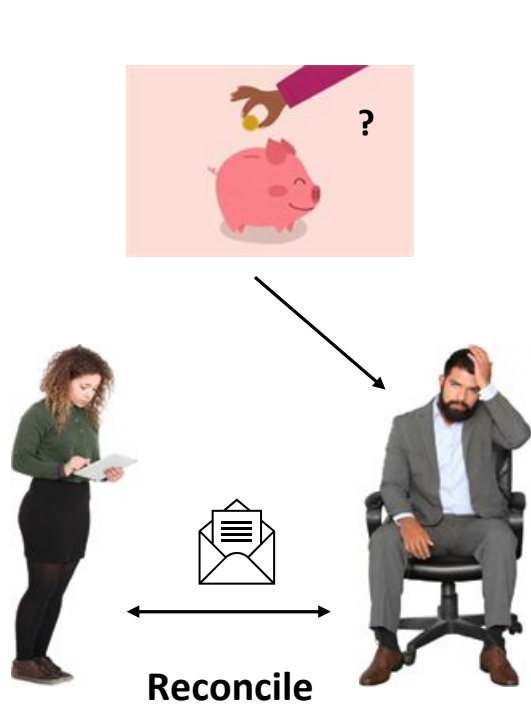
### Accounts Receivable Reconciliation: Process Improvement & Improved Reporting

- Auto Reconcile Matches
- Deposit and Reconciliation Process Split by
  - Miscellaneous Receipts
  - Sponsored Projects
- Reports for Bursars and Sponsored Project Accounting

### Recruit to Hire: Process Improvement, Reduction in Workflow & Improved User Experience

- Mobile friendly
- Process fully supported by DASH

# Reconcile Invoice & Deposit



# Hire New Talent



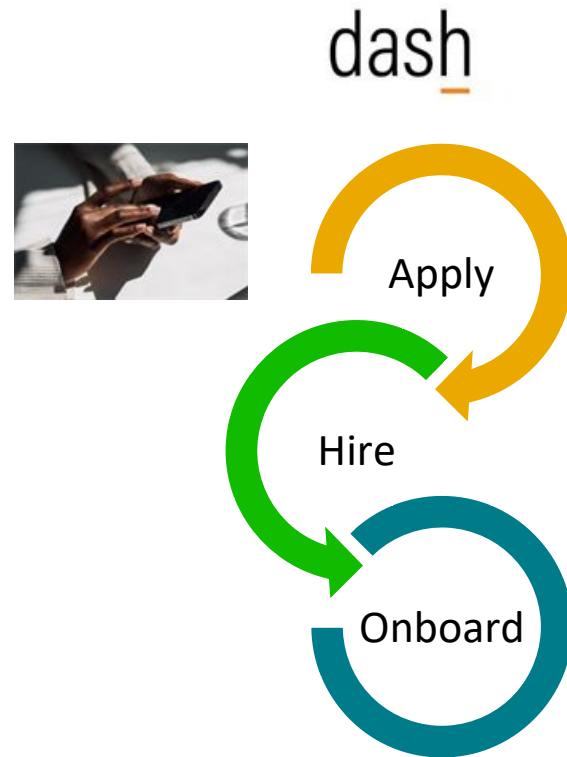
Apply



Hire






Onboard



# Return on Investment Framework



# Measuring Return on Investment (ROI)

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



# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

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## AGENDA ITEM SUMMARY

Meeting Date: October 25, 2024

Committee: Finance and Administration

Item: [FY 2025-26 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 7, 2024. 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 2025-26 budget proposal.

UT fiscal policy FI0112 (Budgeting Current Unrestricted Funds) requires Board approval for these requests. The President and Chief Financial Officer recommend requesting \$3 million recurring to expand UT Institute of Agriculture precision agriculture programs and initiatives. A Summary of the request 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 approves the FY 2025-26 Operating Budget Appropriations Request for Specialized Units as presented in the meeting materials, which shall be attached to this Resolution after adoption, with authorization for the President and Chief Financial Officer to revise or add to these requests in response to: (1) developments related to state funding priorities that may arise during the upcoming legislative session, or (2) modified requests by the Chancellor/Vice President of a specialized unit.**



## Precision Agriculture: Equipping Tennessee's Farmers. Saving Tennessee's Farms.

***FY25-26 budget request for the  
UT Institute of Agriculture,  
\$3M recurring***

Agriculture is the key to Tennessee's economic prosperity and quality of life as it is Tennessee's number one industry, accounting for over \$89 billion in economic impact and nearly 360,000 jobs. However, Tennessee's farmers are faced with increasing pressure for competing land uses, as profitability and preservation of farmland becomes more challenging. Tennessee currently ranks third in the nation in terms of farmland acreage converted from agricultural use, and, over the next three years, the state is expected to lose an additional 2 million acres of farmland.

**Stemming these losses and competing for increasingly valuable land requires farms to use their available resources more efficiently.** This is why an investment in Tennessee leadership of the precision agriculture field is crucial for Tennessee farmers and key to safeguarding our farms for future generations. Precision agriculture will enable the use of advanced technologies and newly available data to support agricultural innovation, efficiency, profitability, and sustainability.



The University of Tennessee Institute of Agriculture (UTIA)—through AgResearch, Extension, the Herbert College of Agriculture, and the UT College of Veterinary Medicine—is uniquely positioned to lead the charge in precision agriculture with its expertise, resources, and commitment to advancing Tennessee's agricultural sector statewide. This proposal is for **\$3.0 million** in recurring funding to establish UTIA as the global leader in precision agriculture research initiatives and educational opportunities for Tennessee farmers. As a prime example, increased investments in precision agriculture will play a pivotal role in increasing the productivity and sustainability of Tennessee's livestock sector. Poultry and beef cattle are two of Tennessee's top agricultural commodities. In 2022, Tennessee's inventory included more than 190 million broiler chickens, leading to more than \$972 million in cash receipts. Cattle and calves generated \$687 million in cash receipts with more than 1.68 million head of cattle in 2023.

*Precision agriculture makes farms more efficient and increases farmers' return on investment by increasing their ability to observe, measure, and respond to variability.*





**Robotic Milker**

*The investment of recurring funding would position UTIA to become a national and global leader in precision agriculture development and education, but, perhaps more importantly, it would allow UTIA to make significant strides in promoting the profitability and sustainability of Tennessee’s agricultural sector.*



**Poultry Facility Rendering**

Precision agriculture makes farms more efficient and increases farmers’ return on investment by increasing their ability to observe, measure, and respond to variability. This technology advances agricultural production by coupling real-time, automated monitoring and innovative computational methods like artificial intelligence to enable early detection or warning of animal behavioral and health issues, plant diseases, and other variables that would impact productivity and profitability.

This funding would build upon UTIA’s existing precision agriculture team by adding expertise in critical technical areas, including artificial intelligence, data science, sensors/sensing technologies, precision animal nutrition, cybersecurity, and animal housing environment. This additional support would include faculty at full, associate, and assistant professor levels in research, extension, and teaching; research scientists; and technical support staff. The proposed state funding would have a strong return on investment. The output and impact of UTIA’s faculty continues to rise with competitive research funding awarded to the institute increasing by more than 40 percent over the past four years. UTIA’s annual research expenditures exceeded \$80 million for the first time in 2022. The institute aims to reach \$150 million in research expenditures by 2030—and these innovations translate back to Tennessee farms and farmers through UT Extension.

The investment of recurring funding would position UTIA to become a national and global leader in precision agriculture development and education, but, perhaps more importantly, it would allow UTIA to make significant strides in promoting the profitability and sustainability of Tennessee’s agricultural sector.

08/24 25-0254 The University of Tennessee is an EEO/AA/Title VI/Title IX/Section 504/ADA/ADEA institution in the provision of its education and employment programs and services. All qualified applicants will receive equal consideration for employment without regard to race, color, national origin, religion, sex, pregnancy, marital status, sexual orientation, gender identity, age, physical or mental disability, or covered veteran status.



# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

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## AGENDA ITEM SUMMARY

Meeting Date: October 25, 2024

Committee: Finance and Administration

Item: **Approval of Affiliation Agreements**

Type: Action

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

### **Background Information**

Pursuant to the University Bylaws, the Board of Trustees has retained the responsibility for approval of the creation of legal entities that will bear the University’s name and the governance structure of such entities. This responsibility has been assigned to the Finance and Administration Committee under its Committee Charter.

Additionally, the Finance and Administration Committee is charged with assisting the Board in overseeing the clinical activities of the University of Tennessee Health Science Center.

The following affiliation agreements are being presented to the Committee for its consideration:

1. Affiliation Agreement with The University of Tennessee Foundation, Inc.;
2. Affiliation Agreement with The University of Tennessee Athletics Foundation, Inc.;
3. Master Affiliation Agreement with Methodist Healthcare; and
4. Master Affiliation Agreement with East Tennessee Children’s Hospital.



# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

3.1

## AGENDA ITEM SUMMARY

Meeting Date: October 25, 2024

Committee: Finance and Administration

Item: **Affiliation Agreement - University of Tennessee Foundation**

Type: Action

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

### Background Information

The General Assembly of the State of Tennessee has expressly authorized and empowered the Board of Trustees to take such steps, to enter into such agreements, and to do whatever it deems necessary for the establishment of foundations in support of the University. The University of Tennessee board of trustees is expressly authorized and empowered to designate one (1) or more foundations established to support the university to receive and hold private gifts for support of the university unless the donor has specifically directed in writing that a gift be received and held by the University.

The University of Tennessee Foundation, Inc. (“UTFI”) was organized and incorporated in the State of Tennessee in 2000 as a nonprofit public benefit corporation formed exclusively for charitable, scientific, literary, and educational purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, as amended, and specifically for the exclusive purpose of benefiting the educational, research, and public missions of the University and its constituent parts.

Over the years, the University and UTFI have entered into various Affiliation and Services Agreements, with the current version having been entered into as of July 1, 2014, and subsequently amended in 2017 and 2019 (collectively, referred to herein as the “Existing Agreement”). As the Board’s policy on related foundations calls for the periodic review of cooperating agreements with its foundations, the leadership of the University and UTFI determined that it was an appropriate time to review the Existing Agreement. Following such review, the parties are presenting for the Committee’s consideration a restated affiliation agreement (“Affiliation Agreement”) that will supersede the Existing Agreement. The proposed Affiliation Agreement has been updated to separate the key affiliation terms from routine services that may be provided by and between the University and UTFI from time to time.



# THE UNIVERSITY OF TENNESSEE

## BOARD OF TRUSTEES

3.1

The Affiliation Agreement outlines, among other things: (i) the relationship between the University and UTFI; (ii) the governance structure of UTFI; (iii) certain expectations pertaining to the management of UTFI assets and UTFI's administration; and (iv) ongoing audit and reporting obligations. Additionally, the Existing Agreement included several required approvals by the Comptroller of the State of Tennessee, including any amendments to the Existing Agreement. With the consent of the Comptroller following review of the proposed Affiliation Agreement, these requirements will no longer apply to the University. The proposed Affiliation Agreement also permits UTFI to provide certain support services to other University affiliated foundations.

A copy of the proposed Affiliation Agreement is set forth in Appendix A attached hereto.

### 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 affiliation agreement ("Affiliation Agreement") with The University of Tennessee Foundation, Inc., substantially in the form presented in the meeting materials, with a copy of Appendix A to be attached to this resolution;**
- (ii) authorizes the Senior Vice President and Chief Financial Officer to finalize and execute the Affiliation Agreement, subject to review by the Office of General Counsel; and**
- (iii) as may be consistent with and in support of the relationship outlined in the Affiliation Agreement, authorizes the proper officers to enter into any ancillary agreements, including, but not limited to, (i) services agreements, (ii) license agreements, (iii) lease agreements, and (iv) other similar arrangements.**

**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.**

**Affiliation Agreement  
by and between  
The University of Tennessee  
and  
The University of Tennessee Foundation, Inc.**

This Affiliation Agreement (hereinafter referred to as “Agreement”), entered into as of the \_\_\_ day of \_\_\_\_\_, 2024, by and between The University of Tennessee (hereinafter referred to as “University”) and The University of Tennessee Foundation, Inc. (hereinafter referred to as “Foundation”) replaces the Affiliation and Services Agreement entered into by and between the University and the Foundation as of July 1, 2011, as amended.

**WITNESSETH:**

**WHEREAS**, the University is a public institution of higher education chartered in 1794 by the General Assembly of the State of Tennessee as a body politic and corporate with enumerated powers and all rights, privileges and powers usually conferred upon universities; and

**WHEREAS**, the General Assembly of the State of Tennessee has expressly authorized and empowered the Board of Trustees of the University to take such steps, to enter into such agreements, and to do whatever it may deem necessary for the establishment of foundations in support of the University as set forth in Tennessee Code Annotated §§ 49-7-107 and 49-9-113; and

**WHEREAS**, the Foundation was organized and incorporated in the State of Tennessee in 2000, as a nonprofit public benefit corporation formed exclusively for charitable, scientific, literary, and educational purposes within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986, as amended; and

**WHEREAS**, the Board of Trustees of the University and the Board of Directors of the Foundation agree that the Foundation provides an invaluable service to the University by maximizing private gifts to the University, by sharpening the focus on the University’s fundraising efforts, and by enhancing outreach and services available to alumni, providing a mechanism to increase the development and alumni operation (staffing, activities, and other initiatives); and

**WHEREAS**, the Board of Trustees of the University and the Board of Directors of the Foundation agree that it is appropriate to revisit the Affiliation Agreement to recognize the relationship between the University and the Foundation at this time and to separate the terms of the affiliation between the parties and the services provided between the parties into two documents to provide clearer and better functioning agreements; and

**NOW THEREFORE**, in consideration of the premises, mutual covenants, and agreements contained herein, the parties agree as follows:

**ARTICLE I**  
**RELATIONSHIP BETWEEN THE UNIVERSITY AND THE FOUNDATION**

1. **Purpose and Mission of the Foundation.** The Foundation is a separately incorporated nonprofit organization that exists to receive, hold, invest, and administer private gifts and other private resources solely for the benefit of the University and its affiliated foundations in order to support programs beyond the scope of the University's Education and General budget. The Foundation shall not make or influence University policy, procedures, or management/operational decisions or take actions that are detrimental to the University.
2. **Foundation Designated to Receive Private Gifts.** The Board of Trustees of the University designates the Foundation to receive all private gifts for support of the University except any gift for which the donor has specifically directed in writing that the gift be received and held by the University or by another foundation established to support the University. The University may enter similar affiliation and related agreements with other foundations in existence or formed to support the University, including, but not limited to, the University of Chattanooga Foundation, Inc. and The University of Tennessee Athletics Foundation, Inc. The Foundation will coordinate a central donor database and serve as the record depository for the University and any foundation deemed affiliated by the Board of Trustees and provide additional support services as may be requested by the University or any affiliated foundation pursuant to separate services agreements.
3. **Foundation Charter and Bylaws.** The Foundation reserves all rights and powers granted to it under the charter and bylaws, under the Tennessee law of non-profit entities and under the federal law of tax-exempt entities that are not specifically limited or abridged by this Agreement.
4. **No Liability for Acts of Other; Independent Contractors.** The Foundation and the University acknowledge that each is an independent entity and agree that neither will be liable, nor held out by the other as liable, for any of the other's contracts, torts, or other acts or omissions, or those of the other's trustees, directors, officers, members, staff or activity participants. The parties are independent contractors. Nothing in this Agreement is intended, or shall be construed, to create any association, joint venture, agency relationship or partnership between the parties or to impose any such obligation or liability upon either party. Nothing in this Agreement shall be construed to give either party any right, power or authority to enter into any agreement, or act as an agent or representative of, or otherwise bind, the other party.
5. **Debts of Foundation.** Debts, liabilities, and other obligations of the Foundation shall not constitute debts, liabilities or obligations of the State of Tennessee or the University and shall be payable only from unrestricted assets of the Foundation. Neither the University nor the State shall have any legal or other obligation to finance the deficits of the Foundation. Effective on the date of this Agreement, neither the State nor the University shall have any legal, financial or other responsibility or liability for the operation of the Foundation except as expressly agreed to by the University in this Agreement or in other written agreements between the respective parties.

6. **Debts of University.** Debts, liabilities, and other obligations of the University shall not constitute debts, liabilities or obligations of the Foundation and shall be payable only from assets of the University. The Foundation shall have no legal or other obligation to finance the deficits of the University.
7. **Indemnification by the Foundation.** The Foundation shall indemnify, hold harmless, and, at the University's request, defend the University, the State of Tennessee, and their agents, trustees, officers, employees, and successors against any claims, damages, losses, or costs to third parties in any way arising out of, attributable to, or in connection with any act or omission of the Foundation and its agents, directors, officers, employees, leased University employees, and successors. The Foundation shall maintain the insurance coverage specified in Appendix A at all times, and the University shall be named as an additional insured. In addition, the Foundation shall maintain worker's compensation insurance coverage as required by the Employee Services Agreement (referenced in Article IV, Section 2.a. below). The Foundation shall provide the University's Chief Financial Officer with a Certificate of Insurance evidencing compliance with the insurance requirements.
8. **Sovereign Immunity of the University.** Nothing contained in this Agreement shall be deemed or construed to waive or abrogate in any way the sovereign immunity of the State of Tennessee or the University, or any official, officer, or employee of the State or University or to deprive any official, officer, or employee of the State or University of any other immunity to which the official, officer, or employee is otherwise entitled under state law. The University's liability for any claims, damages, losses, or costs to the Foundation and to third parties shall be subject to the terms, limits, and conditions of the Tennessee Claims Commissions Act, Tenn. Code Ann. §§ 9-8-301 et seq.

## ARTICLE II FOUNDATION GOVERNANCE

### 1. **Foundation Board and Leadership.**

The Foundation Board of Directors shall include the following University members:

- a. one appointed member of the University Board of Trustees, who shall be designated by the Chair of the Board of Trustees and serve as a voting member of the Foundation Board of Directors;
- b. one University of Tennessee Alumni Association (UTAA) representative, who shall serve as a voting member of the Foundation Board of Directors and who may be the outgoing UTAA president;
- c. President of the University, who shall serve ex officio as a voting member of the Foundation Board of Directors; and
- d. two Chancellors designated by the University President and rotated among the campuses, both of whom shall serve ex officio and as voting members of the Foundation Board of Directors.



2. **President of the Foundation.** The University's Vice President for Development and Alumni Affairs (hereinafter sometimes referred to as "Vice President") shall serve as President and Chief Executive Officer of the Foundation and shall report directly to both the University President and the Foundation Board of Directors. In accordance with the University's bylaws, the Vice President shall be elected by the University's Board of Trustees upon the recommendation of the University President and shall be a University employee whose services are loaned to the Foundation. Annually thereafter, the University President shall evaluate and set the compensation and other terms of employment of the Vice President in consultation with the Chair of the Foundation Board of Directors. The Vice President shall serve at the pleasure of the University President, and the University President shall have authority to remove the Vice President at any time, in consultation with the Chair of the Foundation Board of Directors.
  
3. **Campus Vice Chancellors for Development.** The Foundation President and the campus Chancellors will jointly manage the campus Vice Chancellors for Development with dual direct reporting lines. Development related goal setting and performance reviews of Vice Chancellors for Development shall be initiated by the Foundation President annually and conducted jointly with the Chancellors. Appendix B further outlines this dual management responsibility.

### ARTICLE III MANAGEMENT OF FOUNDATION ASSETS

1. **Fiduciary Responsibility of the Foundation Board.** The Foundation is responsible for the oversight, control and management of all assets of the Foundation and performance and oversight of all aspects of its operations based on a comprehensive set of bylaws and policies that clearly address the Board of Director's fiduciary responsibilities.
  
2. **Prudent Investment and Management of Funds; Transfer of Funds to the University.**
  - a. The Foundation shall invest Foundation endowment funds with University funds in the University's Consolidated Investment Pool ("CIP"). An administrative fee is assessed on the Consolidated Investment Pool for accounting and management services. In consideration of the Foundation's services under this Agreement, the University will pay the Foundation the net administrative fee (net of direct University investment expenses) assessed on the University and Foundation funds invested in the CIP. The administrative fee as of the date of execution of this Agreement is 100 basis points.
  
  - b. The Foundation shall comply with all applicable laws and regulations regarding investment and prudent management of non-endowed funds.
  
  - c. Annually, following the close of the University's fiscal year, the Foundation shall transfer funds to the University to reimburse expenditures incurred, designated and paid from non-endowed gift funds during the preceding fiscal year.



3. **Investment Committee.** The Foundation shall have the authority to create an Investment Committee comprised of members of the Foundation Board of Directors, the University's Chief Investment Officer and the President of the University, or the President's designee.
4. **Legal Compliance.** The Foundation shall establish or cause to be established asset allocation, disbursement, and spending policies that adhere to applicable federal and state laws, including the Tennessee Uniform Trust Code and the Uniform Prudent Management of Institutional Funds Act.
5. **Fees.** The Foundation shall have the authority to assess normal fees associated with the collection and disbursement of gifts and gift income. The Foundation shall disclose any assessment of fees or taxes to donors.
6. **Real Property Investments.** The President of the University shall have the power to veto a real estate development, entrepreneurial venture or other revenue producing activity proposed by the Foundation that is not in the best interest of the University.

#### ARTICLE IV FOUNDATION ADMINISTRATION

1. **Budget.** The Foundation President, in collaboration with the University President, the campus Chancellors or their designees, and the Chair of the Foundation Board of Directors will prepare an annual budget that shall include but not be limited to Foundation programs, initiatives, and staffing growth and changes that will be presented to the Foundation Board of Directors for approval.
2. **Funding Sources.** Additional funding to enable a growth in private gift support for the University will be accomplished using any or all of the following revenue sources: annual unrestricted funds given to the Foundation, endowment administration fee, investment earning fee from Foundation daily cash management program, accruing and using interest earnings on cash gifts to the Foundation prior to transfer to the University, marketing programs, assessing fees for service, and/or imposing gift administrative fees to support its operations. All revenue sources will be approved by the Foundation Board of Directors.
  - a. **Employee Services Agreement.** The Foundation and the University entered into a separate Employee Services Agreement (ESA) for the lease of certain University development and alumni employees to the Foundation as of July 1, 2011, as amended, in compliance with Tenn Code Ann. §49-9-113. The ESA shall govern the Foundation employees, except to matters specifically referenced herein.
3. **Independent Legal Counsel.** The Foundation shall have its own legal counsel and shall be responsible for all costs for Foundation legal services.
4. **Office.** The Foundation shall maintain an office that will serve as the legal address of the Foundation and the place where Foundation records will be held. The Foundation shall be

responsible for costs associated with this office and shall keep the University informed of any changes to the office address.

5. **Foundation Policies.** The Foundation shall establish record retention, procurement, operating, finance, and human resource policies and maintain copies of plans, budgets, and other records developed in connection with the performance of its obligations according to those policies. The Foundation shall also establish gift management and acceptance policies to ensure compliance with law and prudent asset management.
6. **Access to Foundation Information.** The Foundation and the University shall enter an agreement for data and information technology services that shall address, in addition to the services, the University's access to data and records in accordance with applicable laws, Foundation policies and guidelines, and University policies and guidelines. The Foundation shall provide the University with its annual report and other information that may be publicly released. The Foundation will strive for transparency and strong internal controls.
7. **Real Property Assets.** The Foundation will abide by the statutory provisions over real property provided in Tennessee Code Annotated § 4-15-102 and all applicable state law and policy. The University is responsible for coordinating any real property activity approvals by the State Building Commission.
8. **Confidential Information.** The Foundation shall establish and enforce policies to protect the confidentiality of donors and alumni and their records to the fullest extent allowable under the laws of the State of Tennessee.
9. **No Private Benefit.** Under no circumstance shall any of the net earnings or assets of the Foundation inure to or be distributed to the benefit of its Board of Directors, officers, or other private persons except that the Foundation shall be authorized and empowered to pay reasonable compensation for services rendered and make payments and distributions in furtherance of the overall purpose of the Foundation.

## ARTICLE V ENSURING UNIVERSITY COORDINATION AND TRANSPARENCY

1. **Minutes, Meetings and Reports.** The Foundation will operate in a transparent manner to ensure there is public trust.
  - a. Minutes of open Foundation Board meetings will be available on its website.
  - b. The Foundation will file an IRS 990 report and meet all applicable requirements to maintain 501(c)(3) status under Internal Revenue Service regulations.
  - c. All full board meetings of the Foundation will be open to the public except for executive sessions that shall include but not be limited to the following matters: litigation; audits or investigations; human resource issues; gift acceptance deliberations; board training; governance; donor strategy sessions; and security measures.

- d. The Foundation shall provide the University the following reports annually:
- (i) An annual report (electronic or written), that highlights the accomplishments for the prior fiscal year, including a summary of the annual financial results for each of the last two years (as applicable) and compared to the budget for the most recent fiscal year, and set forth strategic goals and key objectives for the upcoming fiscal year. The annual report shall include a list of the board members and officers;
  - (ii) A copy of the Foundation's IRS 990 report; and
  - (iii) Audited financial statements (including management letters) and such other reports, schedules, and records as may be reasonably requested by the University.
- e. The Foundation shall provide to the University with copies of any revisions to the Foundation's organizational and governance documents (e.g., charter and bylaws), which shall be filed with the University's Office of General Counsel and with the Board Secretary and Special Counsel.
2. **Audit Committee.** The Foundation Board of Directors shall maintain an audit committee as a standing committee of the Board.
3. **Audit.** The Foundation shall engage an independent certified public accounting firm annually to conduct an audit of the Foundation's financial and operational records. The Foundation shall coordinate its annual audit to allow for the results to be included in the University's annual financial report. The Foundation's financial statements will be treated as a component unit of the University's audited financial statements in accordance with Generally Accepted Accounting Principles (GAAP) as an affiliated entity and thereby subject to all GAAP reporting requirements. All annual reports and all books of accounts and financial records (including revenues and expenditures) of the Foundation shall be subject to audit by the State Comptroller of the Treasury or his designee.
4. **Internal Risk Controls.** The management of the Foundation will perform regular, documented assessments of the Foundation's risk of fraud, waste, and abuse. The management of the Foundation will establish and implement a system of internal controls that adequately mitigates those risks and ensures compliance with all applicable laws and regulations. Management of the Foundation will submit the risk assessment and the documented mitigating controls to the Foundation's audit committee for review and approval.
5. **Code of Ethics.** Pursuant to Tennessee Code Annotated § 49-7-107(c), the Foundation has adopted a code of ethics and shall maintain such a code at all times. Notwithstanding any other provision of law to the contrary, the Foundation Board of Directors may remove any appointed member for a material violation of the code of ethics in accordance with the provisions of Tennessee Code Annotated § 49-7-107(d).

6. **Payments to University Employees.** The Foundation shall not pay any compensation, directly or indirectly, to the President of the University or any other University employee except pursuant to the ESA. This provision shall not be construed to prohibit the transfer of funds from the Foundation to the University for professorships, chairs, and similar programmatic support.
7. **Disbursements.** All Foundation disbursements on behalf of the University will be reasonable business expenses that support the University, are consistent with donor intent, and do not conflict with applicable law, regulations and policies. Foundation disbursements shall be subject to University review and audit by the State Comptroller of the Treasury or internal auditor of the University in accordance with Tennessee Code Annotated § 49-9-113.

## ARTICLE VI MISCELLANEOUS TERMS

1. **Notices.** Any notice, request, demand, or other communication required to be given hereunder shall be in writing and shall be deemed to be duly given: (1) when personally delivered to an officer of the Foundation or the University, as the case may be; (2) when deposited in the United States Postal Service, by certified or registered mail, return receipt requested, postage prepaid; or (3) when deposited prepaid with a national overnight package delivery service for overnight delivery. Notice must be given at the respective addressees of the Foundation and the University as shown below, or to such other address as either party shall designate by written notice to the other:

As to the University:      President  
    The University of Tennessee  
    505 Summer Place  
    UT Tower #1288  
    Knoxville, Tennessee 37902

With a copy to:              General Counsel  
    The University of Tennessee  
    505 Summer Place  
    UT Tower #1155  
    Knoxville, Tennessee 37902

As to the Foundation:      President & CEO  
    The University of Tennessee Foundation, Inc.  
    1525 University Avenue  
    Knoxville, TN 37921

With a copy to:              Mr. Dan W. Holbrook  
    Egerton, McAfee, Armistead & Davis, P.C.  
    900 S. Gay Street, 14<sup>th</sup> Floor  
    Knoxville, TN 37902

2. **Assignment.** Neither this Agreement nor any interest herein may be assigned, transferred, or conveyed in whole or in part.
3. **Applicable Law.** This Agreement shall be construed, interpreted, and the rights and duties of the parties determined in accordance with the laws of the State of Tennessee.

**ARTICLE VII  
TERM, TERMINATION, AND AMENDMENT  
OF THE AGREEMENT**

1. **Term.** The term of this Agreement shall begin on the date hereof and continue thereafter until terminated according to the provisions of this Agreement. As required by state law, the University may terminate this Agreement at the end of any fiscal year if sufficient funds are not available to carry out the University's obligations under the Agreement. Either party may terminate this Agreement at any time for any reason upon one hundred eighty (180) days prior written notice to the other party. Notwithstanding the foregoing notice provision, either party may terminate this Agreement in the event the other party defaults in the performance of its obligations and fails to cure the default within sixty (60) days after receiving written notice of the default.
2. **Amendment Process; Approval of Amendments.**
  - a. Either party may in writing request an amendment of the Agreement. The parties will negotiate the requested amendment.
  - b. The amendment will be submitted to the University Board of Trustees and the Foundation Board of Directors for approval. After approval by the two boards, the amendment will be executed by duly authorized representatives of the parties.

**ARTICLE VIII  
DISSOLUTION OF FOUNDATION**

In the event of permanent dissolution and liquidation of the Foundation, the Foundation Board of Directors shall cause the assets of the Foundation to be applied and distributed in accordance with its non-profit Charter, including distributions to the University or its successor. The University will honor to the extent possible any donor restrictions on assets held by the Foundation, including, but not limited to, retaining endowment funds as permanent endowments for the purposes specified by the donor. If a donor agreement limits or precludes any portion of the Foundation's assets from transferring to the University, the Foundation Board of Directors shall make all available efforts to effectuate the transfer of such assets to the University. Prior to the permanent dissolution or liquidation of the Foundation, a complete accounting of the Foundation will be attested to by the Foundation's independent accounting firm.

**ARTICLE IX  
EFFECT OF AGREEMENT**

1. **Required Approvals.** This Agreement shall not be effective until approved by the University Board of Trustees and the Foundation Board of Directors and thereafter executed by their respective authorized officers.
2. **Supersedes Prior Agreements.** This Agreement shall supersede all previous affiliation agreements between the University and the Foundation.
3. **Waiver.** A waiver by either party of any of the terms and conditions of this Agreement in any instance shall not be deemed or construed to be a waiver of such term or condition for the future, or any subsequent breach thereof, or of any other term and condition of this Agreement. Any waiver of terms or conditions must be in writing and must be approved: (1) if deemed not material by both parties' counsel, by the President of the University and Foundation or their designee, or (2) if deemed material by either party's counsel, by the respective boards.
4. **Enforceability of Provisions.** If any provisions of this Agreement shall, for any reasons, be held violation of any applicable law, and so much of said Agreement is held to be unenforceable, then the invalidity of such specific provision shall not be held to invalidate any other provision, which shall remain in full force and effect.
5. **Headings.** The headings of the several Sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

[Signatures Follow]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers as the day and date first above written.

\_\_\_\_\_  
Chair, Board of Trustees  
The University of Tennessee

\_\_\_\_\_  
Chair, Board of Directors  
The University of Tennessee Foundation, Inc.

\_\_\_\_\_  
President  
The University of Tennessee

\_\_\_\_\_  
President and Chief Executive Officer  
The University of Tennessee Foundation, Inc.

**Appendix A****Insurance Requirements**

As provided in Article I, Section 7, the Foundation shall maintain the following insurance coverage at all times and shall provide a Certificate of Insurance evidencing compliance with these requirements to the University's Chief Financial Officer:

Commercial General Liability Insurance	Each Occurrence	\$1,000,000
	Damage to Rented Premises	100,000
	Med Exp (any one person)	5,000
	Personal & Adv Injury	1,000,000
	General Aggregate	2,000,000
	Products – Comp/Op Agg	2,000,000
Excess/Umbrella Liability	Aggregate	\$10,000,000
Directors & Officers		\$5,000,000
EPLI		\$5,000,000



## Appendix B

### **Joint Management Responsibilities with respect to Vice Chancellors for Development/Advancement**

As provided in Article II, Section 3, the Foundation President and the Chancellors will jointly manage the Vice Chancellors for Development/Advancement (hereinafter “Vice Chancellors”). It is the responsibility of the Foundation President to initiate the goal setting, annual performance reviews, and compensation adjustments jointly with the Chancellors as outlined below. The procedure for other joint management responsibilities is also outlined below.

#### **Procedure for Goal Setting of Vice Chancellors:**

1. The Foundation President will establish performance metrics (visits, solicitations, dollars raised, etc.) for all Vice Chancellors.
2. The Foundation President and Chancellor will agree upon campaign goals and annual goals in non-campaign years.
3. The Foundation President and Chancellor may agree to other goals and include them in the annual performance letter such as critical success factors.

#### **Procedure for Annual Performance Reviews of Vice Chancellors:**

1. The Foundation President and Chancellor will review the Vice Chancellor’s development and alumni related performance for the past year.
2. The Foundation President will then draft the performance review letter with input from the Chancellor.
3. This letter will be signed by both the Foundation President and the Chancellor and delivered to the Vice Chancellor in advance of a joint meeting with the Vice Chancellor.

#### **Procedure for Compensation Increases for Vice Chancellors:**

1. Upon completion of the annual performance review process, the Foundation President will send any proposed increase in the Vice Chancellor’s compensation to the Chancellor for review.
2. The Foundation President and Chancellor will meet to discuss the Vice Chancellor’s compensation and agree upon any increase.

#### **Procedure for Recruiting and Selecting Vice Chancellors:**

The Foundation President will coordinate the recruiting and search for all new Vice Chancellors, including advertising the position, coordinating background checks, and scheduling interviews.

1. The Foundation President and Chancellor shall agree upon a final candidate pool to interview.
2. The Foundation President and Chancellor will agree upon the appointment and compensation of the new Vice Chancellor.

**Procedure for Terminating Vice Chancellors:**

A decision to terminate the Vice Chancellor shall be made jointly by the Foundation President and the Chancellor in compliance with applicable human resources policies and procedures as articulated in the Employee Services Agreement and the Foundation's human resources handbook.



# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

3.2

## AGENDA ITEM SUMMARY

Meeting Date:	October 25, 2024
Committee:	Finance and Administration
Item:	<b>Affiliation Agreement - University of Tennessee Athletics Foundation, UT Knoxville</b>
Type:	Action
Presenter(s):	David L. Miller, Senior Vice President and Chief Financial Officer Dr. Donde Plowman, Chancellor, UT Knoxville

### **Background Information**

The General Assembly of the State of Tennessee has expressly authorized and empowered the Board of Trustees to take such steps, to enter into such agreements, and to do whatever it deems necessary for the establishment of foundations in support of the University.

On March 1, 2024, the Board of Trustees authorized the establishment of a nonprofit organization for the benefit of UT Knoxville's intercollegiate athletics program ("UTK Athletics Program"). The University of Tennessee Athletics Foundation, Inc. ("UTK Athletics Foundation") was organized and incorporated in the State of Tennessee on June 4, 2024, as a nonprofit public benefit corporation formed exclusively for scientific and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The UTK Athletics Foundation has been established for the purposes of: (i) promoting the education, health, and wellness of UTK's student athletes; and (ii) advancing the UTK Athletics Program, consistent with the University's educational, research, and public service mission.

Before the UTK Athletics Foundation becomes operational, the University Administration is seeking the Board's approval of the proposed affiliation agreement (the "Affiliation Agreement"). The Affiliation Agreement outlines, among other things: (i) the relationship between the University and UTK Athletics Foundation; (ii) the governance structure of UTK Athletics Foundation; (iii) certain expectations pertaining to the management of UTK Athletics Foundation assets and UTK Athletics Foundation's administration; and (iv) ongoing audit and reporting obligations.

A copy of the proposed Affiliation Agreement is set forth in Appendix A attached hereto.



# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

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## 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 affiliation agreement (“Affiliation Agreement”) with The University of Tennessee Athletics Foundation, Inc. (“UTK Athletics Foundation”), substantially in the form presented in the meeting materials, with a copy of Appendix A to be attached to this resolution;**
- (ii) authorizes the Senior Vice President and Chief Financial Officer to finalize and execute the Affiliation Agreement, subject to review by the Office of General Counsel; and**
- (iii) as may be consistent with and in support of the relationship outlined in the Affiliation Agreement, authorizes the proper officers to enter into any ancillary agreements, including, but not limited to, (i) services agreements, (ii) license agreements, (iii) lease agreements, and (iv) other similar arrangements.**

**The terms of the Affiliation Agreement approved by the Board shall, to the extent necessary, supersede any prior resolutions adopted by the Board with respect to the UTK Athletics Foundation.**

**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.**

**Affiliation Agreement  
by and between  
The University of Tennessee  
and  
The University of Tennessee Athletics Foundation, Inc.**

This Affiliation Agreement (hereinafter referred to as “Agreement”), is entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 2024, by and between The University of Tennessee (hereinafter referred to as “University”), on behalf of its Knoxville campus (“UTK”), and The University of Tennessee Athletics Foundation, Inc. (hereinafter referred to as “UTK Athletics Foundation”).

**WITNESSETH:**

**WHEREAS**, the University is a public institution of higher education chartered in 1794 by the General Assembly of the State of Tennessee as a body politic and corporate with enumerated powers and all rights, privileges and powers usually conferred upon universities; and

**WHEREAS**, the General Assembly of the State of Tennessee has expressly authorized and empowered the Board of Trustees of the University to take such steps, to enter into such agreements, and to do whatever it may deem necessary for the establishment of foundations in support of the University as set forth in Tennessee Code Annotated §§ 49-7-107 and 49-9-113; and

**WHEREAS**, on March 1, 2024, the Board of Trustees of the University authorized the establishment of a nonprofit organization for the benefit of UTK’s intercollegiate athletics program (“UTK Athletics Program”); and

**WHEREAS**, the UTK Athletics Foundation was organized and incorporated in the State of Tennessee on June 4, 2024, as a nonprofit public benefit corporation formed exclusively for scientific and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended; and

**WHEREAS**, the parties agree that the UTK Athletics Foundation is intended to provide invaluable service to the University, UTK, and the UTK Athletics Program; and

**WHEREAS**, the Board of Trustees of the University and the Board of Directors of the UTK Athletics Foundation wish to enter into this Affiliation Agreement to recognize and clearly document the relationship between the University and the UTK Athletics Foundation; and

**NOW THEREFORE**, in consideration of the premises, mutual covenants, and agreements contained herein, the parties agree as follows:

**ARTICLE I**  
**RELATIONSHIP BETWEEN THE UNIVERSITY**  
**AND THE UTK ATHLETICS FOUNDATION**

1. **Purpose and Mission of the UTK Athletics Foundation.** The UTK Athletics Foundation is a separately incorporated nonprofit organization established for the purposes of: (i) promoting the education, health, and wellness of UTK's student athletes; and (ii) advancing the UTK Athletics Program, consistent with the University's educational, research, and public service mission. The UTK Athletics Foundation will endeavor to maximize financial and other resources for the exclusive benefit of the UTK Athletics Program.
  
2. **UTK Athletics Foundation Activities.** As may be requested by the University and agreed to by the UTK Athletics Foundation, the UTK Athletics Foundation may, among other things: (i) purchase, lease, receive, own, sell, assign and convey real and personal property, including equipment necessary or convenient for training, games, and other athletics-related activities; (ii) perform business administration activities, including procurement and travel operations; (iii) solicit and accept donations in support of the UTK Athletics Program; (iv) market and promote sponsorships, advertising, and other revenue generating activities; (v) manage ticket sales, seating, and parking for UTK Athletics Program events; (vi) develop and offer, directly or indirectly, a wide range of products and services; and (vii) provide financial and other resources for the benefit of the UTK Athletics Program. During the term of this Agreement, the UTK Athletics Foundation may be granted permission to use the University's name, nicknames, logos, trademarks, and other intellectual property as may be mutually agreed upon in writing.  
  

Notwithstanding the foregoing, all University policies and procedures shall apply with respect to University-owned property and any improvements thereto. The UTK Athletics Foundation shall not make University policy, procedures, management/operational decisions, or take actions that are detrimental to the University.
  
3. **UTK Athletics Foundation Charter and Bylaws.** The UTK Athletics Foundation reserves all rights and powers granted to it under the charter and bylaws, under the Tennessee law of non-profit entities and under the federal law of tax-exempt entities that are not specifically limited or abridged by this Agreement. Without limiting the foregoing, the UTK Athletics Foundation may: (i) form, hold, participate, and dispose of ownership interests in other entities; and (ii) enter into joint ventures, cooperatives, or other business or contractual arrangements with other entities.
  
4. **No Liability for Acts of Other; Independent Contractors.** The UTK Athletics Foundation and the University acknowledge that each is an independent entity and agree that neither will be liable, nor held out by the other as liable, for any of the other's contracts, torts, or other acts or omissions, or those of the other's trustees, directors, officers, members, staff or activity participants. The parties are independent contractors. Nothing in this Agreement is intended, or shall be construed, to create any association, joint venture, agency relationship or partnership between the parties or to impose any such obligation or liability upon either party. Nothing in this Agreement shall be construed to give either party any right, power, or authority to enter into any agreement, or act as an agent or representative of, or otherwise bind, the other party.

5. **Debts of UTK Athletics Foundation.** Debts, liabilities, and other obligations of the UTK Athletics Foundation shall not constitute debts, liabilities or obligations of the State of Tennessee or the University and shall be payable only from unrestricted assets of the UTK Athletics Foundation. Neither the University nor the State shall have any legal or other obligation to finance the deficits of the UTK Athletics Foundation. Effective on the date of this Agreement, neither the State nor the University shall have any legal, financial, or other responsibility or liability for the operation of the UTK Athletics Foundation except as expressly agreed to by the University in this Agreement or in other written agreements between the respective parties.
6. **Debts of University.** Debts, liabilities, and other obligations of the University shall not constitute debts, liabilities, or obligations of the UTK Athletics Foundation and shall be payable only from assets of the University. The UTK Athletics Foundation shall have no legal or other obligation to finance the deficits of the University.
7. **Indemnification by the UTK Athletics Foundation.** The UTK Athletics Foundation shall indemnify, hold harmless, and, at the University's request, defend the University, the State of Tennessee, and their agents, trustees, officers, employees, and successors against any claims, damages, losses, or costs to third parties in any way arising out of, attributable to, or in connection with any act or omission of the UTK Athletics Foundation and its agents, directors, officers, employees, leased University employees, and successors. The UTK Athletics Foundation shall maintain the insurance coverage specified in Appendix A at all times, and the University shall be named as an additional insured. In addition, the UTK Athletics Foundation shall maintain worker's compensation insurance coverage as may be required by any employee services agreement. The UTK Athletics Foundation shall provide the University's Chief Financial Officer with a Certificate of Insurance evidencing compliance with the insurance requirements.
8. **Sovereign Immunity of the University.** Nothing contained in this Agreement shall be deemed or construed to waive or abrogate in any way the sovereign immunity of the State of Tennessee or the University, or any official, officer, or employee of the State or University or to deprive any official, officer, or employee of the State or University of any other immunity to which the official, officer, or employee is otherwise entitled under state law. The University's liability for any claims, damages, losses, or costs to the UTK Athletics Foundation and to third parties shall be subject to the terms, limits, and conditions of the Tennessee Claims Commissions Act, Tennessee Code Annotated §§ 9-8-301 et seq.

## ARTICLE II UTK ATHLETICS FOUNDATION GOVERNANCE

1. **UTK Athletics Foundation Board.** The UTK Athletics Foundation Board of Directors shall include a total of five (5) voting members, of which three (3) members shall be independent from the University and elected in accordance with the UTK Athletics Foundation bylaws and the remaining two (2) members shall be University representatives, serving *ex officio*, as follows:

- a. one appointed member of the University Board of Trustees, who shall be designated by the Chair of the Board of Trustees; and
  - b. the UTK Chancellor, who shall serve as the Chair of the UTK Athletics Foundation Board of Directors.
2. **President/Executive Director of the UTK Athletics Foundation.** The UTK Vice Chancellor and Director of Athletics, including any individual serving in such capacity on an interim basis, shall serve in an *ex officio* capacity as the UTK Athletics Foundation’s President (“President”). The President shall also hold the title of “Executive Director” of the Foundation; provided, however, the President shall have the authority to appoint a separate individual to serve as the Executive Director from time-to-time and for such period of time as the President shall determine. If the Executive Director is an individual other than the President, the Executive Director shall report directly to the President of the UTK Athletics Foundation.

### ARTICLE III MANAGEMENT OF UTK ATHLETICS FOUNDATION ASSETS

1. **Fiduciary Responsibility of the Foundation Board.** The UTK Athletics Foundation Board of Directors shall be responsible for the oversight, control, and management of all assets of the UTK Athletics Foundation and performance and oversight of all aspects of its operations based on a comprehensive set of bylaws and policies that clearly address the Board of Director’s fiduciary responsibilities.
2. **Prudent Investment and Management of Funds.** The UTK Athletics Foundation shall comply with all applicable laws and regulations regarding investment and prudent management of all its assets.
3. **Gift Administration.** The UTK Athletics Foundation may enter into a separate services contract with The University of Tennessee Foundation, Inc. for various donor support services, including coordinating gift acceptance and receipting, maintaining a central donor database, and serving as the record depository for gifts made for the benefit of the UTK Athletics Program.

### ARTICLE IV UTK ATHLETICS FOUNDATION ADMINISTRATION

1. **Budget.** The President, or his/her designee, will prepare an annual budget that shall include but not be limited to UTK Athletics Foundation programs, initiatives, and staffing growth and changes that will be presented to the UTK Athletics Foundation Board of Directors for approval.
2. **Funding Sources.** The UTK Athletics Foundation may receive, hold, invest, and administer gifts, in-kind contributions, revenues, and such other assets and resources for the purpose of advancing and supporting the UTK Athletics Program.
3. **Employees.** The University may loan or lease employees to the UTK Athletics Foundation as may be mutually agreed upon and documented by one or more employee services agreements.



Notwithstanding the foregoing, the UTK Athletics Foundation may also hire its own employees at its sole discretion.

4. **Independent Legal Counsel.** The UTK Athletics Foundation shall have its own legal counsel and shall be responsible for all costs for UTK Athletics Foundation legal services.
5. **Office.** The UTK Athletics Foundation shall maintain an office that will serve as the legal address of the UTK Athletics Foundation and the place where UTK Athletics Foundation records will be held. The UTK Athletics Foundation shall be responsible for costs associated with this office and shall keep the University informed of any changes to the office address. The University and UTK Athletics Foundation may enter into a lease or license agreement for the use of any University property.
6. **UTK Athletics Foundation Policies.** The UTK Athletics Foundation shall establish record retention, procurement, operating, finance, and human resource policies and maintain copies of plans, budgets, and other records developed in connection with the performance of its obligations according to those policies. The UTK Athletics Foundation shall also establish gift management and acceptance policies to ensure compliance with law and prudent asset management.
7. **Access to UTK Athletics Foundation Information.** The UTK Athletics Foundation and the University may enter an agreement for data and information technology services that shall address, in addition to the services, the University's access to data and records in accordance with applicable laws, UTK Athletics Foundation policies and guidelines, and University policies and guidelines. The UTK Athletics Foundation will strive for strong internal controls.
8. **Confidential Information.** The UTK Athletics Foundation shall establish and enforce policies to protect the confidentiality of donors and alumni and their records to the fullest extent allowable under the laws of the State of Tennessee.
9. **No Private Benefit.** Under no circumstance shall any of the net earnings or assets of the UTK Athletics Foundation inure to or be distributed to the benefit of its Board of Directors, officers, or other private persons except that the UTK Athletics Foundation shall be authorized and empowered to pay reasonable compensation for services rendered and make payments and distributions in furtherance of the overall purpose of the UTK Athletics Foundation.

## ARTICLE V ENSURING UNIVERSITY COORDINATION AND TRANSPARENCY

1. **Minutes, Meetings and Reports.** The UTK Athletics Foundation will comply with the following:
  - a. Minutes of open UTK Athletics Foundation Board meetings will be available on its website.
  - b. The UTK Athletics Foundation will file an IRS 990 report and meet all applicable requirements to maintain 501(c)(3) status under Internal Revenue Service regulations.

- c. All full board meetings of the UTK Athletics Foundation will be open to the public except for executive sessions that shall include but not be limited to the following matters: litigation; audits or investigations; human resource issues; gift acceptance deliberations; board training; governance; donor strategy sessions; and security measures.
  - d. The UTK Athletics Foundation shall provide the University the following reports annually:
    - (i) An annual report (electronic or written), that highlights the accomplishments for the prior fiscal year, including a summary of the annual financial results for each of the last two years (as applicable) and compared to the budget for the most recent fiscal year, and set forth strategic goals and key objectives for the upcoming fiscal year. The annual report shall include a list of the board members and officers;
    - (ii) A copy of the UTK Athletics Foundation's IRS 990 report; and
    - (iii) Audited financial statements (including management letters) and such other reports, schedules, and records as may be reasonably requested by the University.
  - e. The UTK Athletics Foundation shall provide to the University with copies of any revisions to the UTK Athletics Foundation's organizational and governance documents (e.g., charter and bylaws), which shall be filed with the University's Office of General Counsel and with the Board Secretary and Special Counsel.
3. **Audit Committee.** The UTK Athletics Foundation Board of Directors shall maintain an audit committee as a standing committee of the Board.
  4. **Audit.** The UTK Athletics Foundation shall engage an independent certified public accounting firm to conduct an annual audit of the UTK Athletics Foundation's financial and operational records. The UTK Athletics Foundation shall coordinate its annual audit to allow for the results to be included in the University's annual financial report. The UTK Athletics Foundation's financial statements will be treated as a component unit of the University's audited financial statements in accordance with Generally Accepted Accounting Principles (GAAP) as an affiliated entity and thereby subject to all GAAP reporting requirements. All annual reports and all books of accounts and financial records (including revenues and expenditures) of the UTK Athletics Foundation shall be subject to audit by the State Comptroller of the Treasury in accordance with the provisions of Tennessee Code Annotated § 49-7-107(b).
  5. **Internal Risk Controls.** The management of the UTK Athletics Foundation will perform regular, documented assessments of the UTK Athletics Foundation's risk of fraud, waste, and abuse. The management of the UTK Athletics Foundation will establish and implement a system of internal controls that adequately mitigates those risks and ensures compliance with all applicable laws and regulations. Management of the UTK Athletics Foundation will submit the risk assessment and the documented mitigating controls to the UTK Athletics Foundation's audit committee for review and approval.
  6. **Code of Ethics.** Pursuant to Tennessee Code Annotated § 49-7-107(c), the UTK Athletics Foundation has adopted a code of ethics and shall maintain such a code at all times. Notwithstanding any other provision of law to the contrary, the UTK Athletics Foundation

Board of Directors may remove any appointed member for a material violation of the code of ethics in accordance with the provisions of Tennessee Code Annotated § 49-7-107(d).

7. **Payments to University Employees.** The UTK Athletics Foundation may pay compensation directly to any University employee as specified in an employment services agreement. This provision shall not be construed to prohibit the transfer of funds from the UTK Athletics Foundation to the University for programmatic support of the UTK Athletics Program.

## ARTICLE VI MISCELLANEOUS TERMS

1. **Notices.** Any notice, request, demand, or other communication required to be given hereunder shall be in writing and shall be deemed to be duly given: (1) when personally delivered to an officer of the UTK Athletics Foundation or the University, as the case may be; (2) when deposited in the United States Postal Service, by certified or registered mail, return receipt requested, postage prepaid; or (3) when deposited prepaid with a national overnight package delivery service for overnight delivery. Notice must be given at the respective addressees of the UTK Athletics Foundation and the University as shown below, or to such other address as either party shall designate by written notice to the other:

As to the University:      President  
    The University of Tennessee  
    505 Summer Place  
    UT Tower #1288  
    Knoxville, Tennessee 37902

With a copy to:              General Counsel  
    The University of Tennessee  
    505 Summer Place  
    UT Tower #1155  
    Knoxville, Tennessee 37902

As to the UTK  
 Athletics Foundation:      President  
    UTK Athletics Foundation  
    1551 Lake Loudoun Blvd.  
    Knoxville, Tennessee 37916

With a copy to:              Brock Shipe Klenk PLC  
    265 Brookview Centre Way, Suite 604  
    Knoxville, Tennessee 37919  
    Attn: John G. Brock  
    Telephone: 865-338-9708  
    Email: [jbrock@bskplc.com](mailto:jbrock@bskplc.com)

2. **Assignment.** Neither this Agreement nor any interest herein may be assigned, transferred, or conveyed in whole or in part.

3. **Applicable Law.** This Agreement shall be construed, interpreted, and the rights and duties of the parties determined in accordance with the laws of the State of Tennessee.

**ARTICLE VII  
TERM, TERMINATION, AND AMENDMENT  
OF THE AGREEMENT**

1. **Term.** The term of this Agreement shall begin on the date hereof and continue thereafter until terminated according to the provisions of this Agreement. As required by state law, the University may terminate this Agreement at the end of any fiscal year if sufficient funds are not available to carry out the University's obligations under the Agreement. Either party may terminate this Agreement at any time for any reason upon one hundred eighty (180) days prior written notice to the other party. Notwithstanding the foregoing notice provision, either party may terminate this Agreement in the event the other party defaults in the performance of its obligations and fails to cure the default within sixty (60) days after receiving written notice of the default.
2. **Amendment Process; Approval of Amendments.**
- a. Either party may in writing request an amendment of the Agreement. In which case, the parties will negotiate the requested amendment in good faith.
- b. The amendment will be submitted to the University Board of Trustees and the UTK Athletics Foundation Board of Directors for approval. After approval by the two boards, the amendment will be executed by duly authorized representatives of the parties.

**ARTICLE VIII  
DISSOLUTION OF UTK ATHLETICS FOUNDATION**

In the event of permanent dissolution and liquidation of the UTK Athletics Foundation, the UTK Athletics Foundation Board of Directors shall cause the assets of the UTK Athletics Foundation to be applied and distributed in accordance with its non-profit Charter, including distributions to the University or its successor. The University will honor to the extent possible any donor restrictions on assets held by the UTK Athletics Foundation, including, but not limited to, retaining endowment funds as permanent endowments for the purposes specified by the donor. If a donor agreement limits or precludes any portion of the UTK Athletics Foundation's assets from transferring to the University, the UTK Athletics Foundation Board of Directors shall make all available efforts to effectuate the transfer of such assets to the University. Prior to the permanent dissolution or liquidation of the UTK Athletics Foundation, a complete accounting of the UTK Athletics Foundation will be attested to by the UTK Athletics Foundation's independent accounting firm.

**ARTICLE IX  
EFFECT OF AGREEMENT**

1. **Required Approvals**. This Agreement shall not be effective until approved by the University Board of Trustees and the UTK Athletics Foundation Board of Directors and thereafter executed by their respective authorized officers.
2. **Waiver**. A waiver by either party of any of the terms and conditions of this Agreement in any instance shall not be deemed or construed to be a waiver of such term or condition for the future, or any subsequent breach thereof, or of any other term and condition of this Agreement. Any waiver of terms or conditions must be in writing and must be approved: (1) if deemed not material by both parties' counsel, by the President of the University and the President of the UTK Athletics Foundation or their designee, or (2) if deemed material by either party's counsel, by the respective boards.
3. **Enforceability of Provisions**. If any provisions of this Agreement shall, for any reason, be held in violation of any applicable law, and so much of said Agreement is held to be unenforceable, then the invalidity of such specific provision shall not be held to invalidate any other provision, which shall remain in full force and effect.
4. **Headings**. The headings of the several Sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

[Signatures Follow]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers as the day and date first above written.

\_\_\_\_\_  
Chair, Board of Trustees  
The University of Tennessee

\_\_\_\_\_  
Chair, Board of Directors  
The University of Tennessee Athletics  
Foundation, Inc.

\_\_\_\_\_  
President  
The University of Tennessee

\_\_\_\_\_  
President  
The University of Tennessee Athletics  
Foundation, Inc.

**Appendix A****Insurance Requirements**

As provided in Article I, Section 7, the UTK Athletics Foundation shall maintain the following insurance coverage at all times and shall provide a Certificate of Insurance evidencing compliance with these requirements to the University's Chief Financial Officer:

Commercial General Liability Insurance	Each Occurrence	\$1,000,000
	Damage to Rented Premises	100,000
	Med Exp (any one person)	5,000
	Personal & Adv Injury	1,000,000
	General Aggregate	2,000,000
	Products – Comp/Op Agg	2,000,000
Excess/Umbrella Liability	Aggregate	\$10,000,000
Directors & Officers		\$5,000,000
EPLI		\$5,000,000



# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

3.3

## AGENDA ITEM SUMMARY

Meeting Date: October 25, 2024

Committee: Finance and Administration

Item: **Master Affiliation Agreement - Methodist Healthcare, UTHSC**

Type: Action

Presenter(s): Dr. Peter F. Buckley, Chancellor, UTHSC

### Background Information

The University of Tennessee Health Science Center (UTHSC) and Methodist Healthcare (Methodist) have maintained a long-standing relationship, whereby they have developed and supported medical education, research, and patient care pursuant to prior affiliation agreements. The most recent master affiliation agreement was signed by the parties on June 23, 2021 (2021 MAA) after approval by the University's Board of Trustees.

Subject to approval by the Board, the parties have preliminarily agreed upon the terms and conditions of an updated master affiliation agreement (Proposed MAA) regarding their relationship at Methodist facilities including Methodist University Hospital (MUH) and Le Bonheur Children's Hospital (Le Bonheur). In the Proposed MAA, the parties desire to update, amend, restate, and continue certain provisions of their 2021 MAA. Notably, the Proposed MAA would not substantively change the parties' continuing pediatric program or their respective governance or management rights in UT Le Bonheur Pediatric Specialists, Inc. (ULPS) under the 2021 MAA.

### Governance

Some of the planned updates and amendments in the Proposed MAA include replacement of the 2021 MAA's "Joint Affiliation Council" with an "Affiliation Committee," which will have a more streamlined purpose and function. The Affiliation Committee would consist of an equal number of members (with a total of at least eight) appointed by each party and would be co-chaired by UTHSC's Vice Chancellor for Strategic Partnerships and Methodist's Chief Operating Officer.





# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

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## Educational Programs

UTHSC and Methodist shall design and implement clinical educational experiences for undergraduate medical education (UME) and graduate medical education (GME) programs.

- Graduate Medical Education (GME) Programs. Methodist shall continue to serve as a primary facility for certain adult GME programs. Le Bonheur shall continue to serve as the exclusive facility for pediatric GME programs.
- Undergraduate Medical Education (UME) Programs. Methodist shall continue to serve as a teaching site for UTHSC's medical students in the Shelby County area. Le Bonheur shall continue to serve as the pediatric teaching site for UTHSC's medical students in the Shelby County area.

UTHSC shall have full responsibility and authority over the programs' medical academic affairs. UTHSC shall ensure that the programs operate in a manner consistent with the standards and requirements set forth by the Accreditation Council for Graduate Medical Education (ACGME). The programs shall be in full compliance with the standards and requirements of the Liaison Committee of Medical Education (LCME), the accrediting agency for all allopathic medical schools in the U.S.

## Clinical Research

The parties will work together on a non-exclusive basis to increase and develop UTHSC clinical research programs for adult patients at Methodist facilities. UTHSC's Institutional Review Board will review and have joint oversight of research conducted by UTHSC and Methodist.

## Joint Physician Recruitment

Both parties must approve jointly recruited physician candidates prior to offering employment. Approved jointly recruited physician candidates in adult specialties shall be offered employment within the Methodist-affiliated physician practice deemed most appropriate by Methodist, which shall be communicated to UTHSC by Methodist prior to UTHSC being asked to approve the recruitment of such physician candidate.

As was the case in the 2021 MAA, under the Proposed MAA, UTHSC will not have governance interests in these Methodist-affiliated physician practices that will employ UTHSC faculty members. However, all faculty appointments (including but not limited to tenured and non-tenured full-time, part-time, and volunteer) provided will be subject



## THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

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to UTHSC's policies and procedures and the ultimate authority and reasonable discretion of the UTCOM Executive Dean.

### Pediatric Program

UTHSC and Methodist will continue to jointly govern and provide financial support to UT Le Bonheur Pediatric Specialists, Inc. (ULPS), a non-profit faculty group practice comprised of pediatric physicians holding hospital privileges at Le Bonheur who are employed as UTHSC faculty members. UTHSC and Methodist appoint an equal number of directors to the board of ULPS, who jointly govern and manage ULPS. The ULPS Board of Directors shall be chaired by the UTCOM Executive Dean (or designee) and the Le Bonheur President, acting as the Methodist representative, on a rotating basis.

All governance, management, and fiscal affairs of ULPS may only be amended with approval by the UTCOM Executive Dean and Le Bonheur President, upon recommendation of the ULPS Executive Committee. The UTCOM Executive Dean and Le Bonheur President shall jointly appoint the Pediatrician-in-Chief and the Pediatric Surgeon-in-Chief of Le Bonheur, both of whom shall be employed by ULPS and hold a faculty appointment at UTHSC.

More information regarding the Proposed MAA, including the primary business and legal terms, is set forth in Appendix A attached hereto.

### 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 approves the master affiliation agreement ("Affiliation Agreement") with Methodist Healthcare, substantially consistent with the key terms presented in the meeting materials, with a copy of Appendix A to be attached to this resolution.**

**The Senior Vice President and Chief Financial Officer is hereby authorized to finalize and execute the Affiliation Agreement and any ancillary documents, subject to review by the Office of General Counsel. 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.**

University of Tennessee Health Science Center (UTHSC)  
 Proposed Master Affiliation Agreement – Methodist Healthcare

I. Background Information	
1. Overview	<p>UTHSC and Methodist Healthcare (Methodist) have maintained a long-standing relationship, whereby they have developed and supported medical education, research, and patient care pursuant to prior affiliation agreements. The most recent agreement is a master affiliation agreement signed by the parties on June 23, 2021 (2021 MAA) following approval by the UT Board of Trustees.</p> <p>UTHSC and Methodist desire to amend and restate certain provisions of their 2021 MAA in a new master affiliation agreement (Proposed MAA) in support of an integrated academic affiliation for the collaborative development, administration and performance of high quality clinical service and patient care; the education and training of UTHSC’s students, residents, and fellows (Trainees); and development and implementation of basic and clinical research activities and patient care programs of mutual interest.</p>

II. Proposed Master Affiliation Agreement	
1. Parties	The University of Tennessee (UT), on behalf of UTHSC, and Methodist Healthcare – Memphis Hospitals, and Methodist Healthcare – Olive Branch Hospital (MLH or Methodist)
2. Governance and Management	<p>All aspects of the parties’ relationship will be subject to the oversight of an <i>Affiliation Committee</i>, consisting of an equal number of at least four persons appointed by each of UT and Methodist, which will be co-chaired by UTHSC’s Vice Chancellor for Strategic Partnerships and Methodist’s Executive Vice President and Chief Operating Officer.</p> <p>The Affiliation Committee shall meet no less than monthly during the term of the Proposed MAA. See Section 12 below for more information regarding the governance structure of the pediatric practice plan.</p>
3. Facilities	Methodist University Hospital (MUH) and Le Bonheur Children’s Hospital (Le Bonheur). Other MLH facilities may be utilized as appropriate, subject to review and agreement.
4. Educational Programs	UTHSC and MLH shall design and implement clinical educational experiences for undergraduate medical education (UME) and graduate medical education (GME) programs.

	<p><u>GME Programs.</u> MUH shall continue to serve as a primary Facility for certain UT adult GME programs. Le Bonheur shall continue to serve as the exclusive Facility for UT’s pediatric GME programs.</p> <p><u>UME Programs.</u> MUH shall continue to serve as a teaching site for UTHSC’s medical students in the Shelby County area. Le Bonheur shall continue to serve as the pediatric teaching site for UTHSC’s medical students in the Shelby County area.</p> <p>UT shall have full responsibility and authority over the programs’ medical academic affairs. UT shall ensure that the programs operate in a manner consistent with the standards and requirements set forth by UT and the Accreditation Council for Graduate Medical Education (ACGME). The programs shall be in full compliance with the standards and requirements of the Liaison Committee of Medical Education (LCME), the accrediting agency for all allopathic medical schools in the U.S.</p> <p>UT shall be responsible for the selection of Trainees to be placed at a Facility, subject to approval of MLH and the applicable Facility. UT shall designate one or more of UTHSC’s full-time, part-time, adjunct or volunteer faculty members with appropriate medical staff privileges at the Facility where the Trainees’ educational activities and assignments are performed to supervise, provide coordination, oversight, and direction of Trainees’ educational activities and assignments while at the Facilities.</p> <p>Medical students from other MLH-affiliated training programs shall be permitted to participate in clinical experiences with Trainees as MLH deems appropriate.</p> <p>The parties shall determine, upon mutual consideration and agreement, the maximum number of Trainees to be assigned to each Facility for each clinical experience. MLH shall retain responsibility for the overall care provided to its patients.</p>
<p>5. Clinical Research</p>	<p>The parties will work together on a non-exclusive basis to increase and develop UT clinical research programs for adult patients at MLH Facilities.</p> <p>UT’s Institutional Review Board will review and have joint oversight of research conducted by UT and MLH.</p> <p>In addition to the applicable MLH policies and procedures for clinical Research at the Facilities, all UT faculty are subject to UT policies and procedures applicable to the type of research conducted on behalf of UT.</p>

6. Financial Support and Obligations for Educational Programs	<p>UT shall pay all GME resident salaries and benefits. Methodist will compensate UT on a monthly basis for 1/12 of the agreed-upon annual average resident cost and other residency-related expenses (GME Payment) in accordance with an agreed-upon GME Payment methodology.</p> <p>Relevant MAA exhibits to the Proposed MAA reflecting this GME Payment from Methodist will be updated annually by the parties and will be comparable to other GME locations in the Memphis metropolitan area as determined by the UTHSC Graduate Medical Education Committee (“GMEC”) on which Methodist and other UTHSC-affiliated entities hold voting membership.</p>
7. Terms of Exclusivity and Nonexclusivity	The parties’ programs in (i) transplant services, and (ii) pediatric services will be exclusive. All other adult programs will be nonexclusive.
8. Preferred Partnerships	<p>The parties agree to work in good faith to form one or more nonexclusive “preferred partnerships” in Memphis in the service line areas of: (i) Anesthesiology; (ii) Cardiology; (iii) General Surgery; (iv) Oncology; and (v) Gastroenterology.</p> <p>A “preferred partnership” is one in which MLH is identified as an ideal location from UTHSC’s perspective for development and/or expansion of an academic program partnership with MLH with respect to the service line.</p>
9. Opportunities for Service Line Improvement	UT and MLH agree to explore collaborative opportunities for the improvement and expansion of the exclusive service lines (pediatrics and transplant).
10. Right of First Offer - New Opportunities	Should UT decide to pursue an ownership interest in an entity that provides facility-based services that are competitive to Methodist’s facility-based services (e.g., an ambulatory surgery center), UT will provide at least forty-five (45) days’ advance written notice to Methodist prior to finalizing any such transaction. For a period of forty-five (45) calendar days after notice is provided, the parties shall negotiate in good faith regarding development of such a program or service at MLH.
11. Joint Physician Recruitment and Strategic Development of Affiliated Physician Practices	All UTHSC faculty appointments will be subject to UTHSC’s policies and procedures and the ultimate authority and discretion of UTHSC’s College of Medicine Executive Dean (UTCOM Executive Dean) with such approval not being unreasonably withheld.

	<p>Both parties must approve jointly recruited physician candidates prior to offering employment. Approved jointly recruited physician candidates in adult specialties shall be offered employment within the MLH-affiliated physician practice deemed most appropriate by MLH, which shall be communicated to UT by MLH prior to UT being asked to approve the recruitment of such physician candidate.</p> <p>All jointly recruited physicians who receive compensation by UT shall be compensated by UT in accordance with the terms of the physician’s offer letter and faculty appointment letter with UT and UT’s compensation policies.</p> <p>A recruited physician’s termination of employment from one party due to the recruited physician’s failure to meet one party’s expectations shall not automatically result in termination of the recruited physician’s employment with the other party.</p> <p>If a jointly recruited physician’s faculty appointment is terminated for any reason, the co-chairs of the Affiliation Committee shall meet promptly to discuss the impact on the applicable program and to address the academic needs for such physician’s specialty while simultaneously ensuring continuity of patient care.</p>
<p>12. Pediatric Program; UT Le Bonheur Pediatric Specialists, Inc. (ULPS) - Governance and Financial Matters</p>	<p>UT and Methodist will continue to jointly govern and provide financial support to UT Le Bonheur Pediatric Specialists, Inc. (ULPS), a non-profit faculty group practice comprised of pediatric physicians holding hospital privileges at Le Bonheur who are employed as UTHSC faculty members.</p> <p>UT and Methodist appoint an equal number of directors to the board of ULPS, who jointly govern and manage ULPS. The ULPS Board of Directors shall be chaired by the UTCOM Executive Dean (or designee) and the Le Bonheur President, acting as the Methodist representative, on a rotating basis.</p> <p>All governance, management, and fiscal affairs of ULPS may only be amended with approval by the UTCOM Executive Dean and Le Bonheur President, upon recommendation of the ULPS Executive Committee.</p> <p>The UTCOM Executive Dean and Le Bonheur President shall jointly appoint the Pediatrician-in-Chief and the Pediatric Surgeon-in-Chief of Le Bonheur, both of whom shall be employed by ULPS and hold a faculty appointment at UTCOM.</p>

	<p>To foster long term growth and development of the academic enterprise associated with pediatrics and related programs, Methodist shall continue to make an annual payment of \$5 million (Base Mission Support) to UT, which Base Mission Support is separate and distinct from other financial commitments reflected in or relating to the Proposed MAA. The Base Mission Support payment shall be made in periodic installments throughout the year as mutually agreed upon by the parties. The Base Mission Support may increase or decrease from time to time upon the recommendation of the UTHSC Chancellor and the Methodist President and CEO and approval by Methodist’s Board of Directors pursuant to an amendment of Schedule 5.4 of the Proposed MAA.</p> <p>The yearly Base Mission Support of \$5 million shall increase annually on July 1 by a percentage amount equal to the medical care index portion of the Consumer Price Index for All Urban Consumers issued by the Bureau of Labor Statistics of the U.S. Department of Labor for the prior year.</p> <p>One hundred percent (100%) of the Base Mission Support payment shall be credited to a specified UT Restricted Account (ULPS Support Fund), which funds support ULPS, including reinvestment in support of the medical education and research mission of children’s health programs. The UTHSC Chancellor and Methodist President and CEO, or their designees, jointly shall be responsible for the appropriate use of pediatric reinvestment funds.</p> <p>In addition to the annual Base Mission Support payment, Methodist may make an additional payment (Program Growth Supplement or PGS) directly to UT to support specific faculty or other program development initiatives. The ULPS Executive Committee shall develop the plan for use of the PGS.</p> <p>In addition to the Base Mission Support payments and any PGS Payments, Methodist shall, within ten (10) business days after Methodist’s receipt of the ULPS monthly financial report, make an additional payment to ULPS equal to fifty percent (50%) of any ULPS monthly operating loss. UT shall also make a payment to ULPS equal to <i>the lesser of</i> fifty percent (50%) of any ULPS monthly operating loss or the balance in the ULPS Support Fund existing at the time such reimbursement from UT to ULPS is due.</p>
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	<p>Methodist shall provide management services for certain administrative and clinical operations pursuant to a management agreement between ULPS and Methodist. Methodist may in its sole discretion deduct and/or offset from the amount otherwise payable by Methodist to ULPS pertaining to Methodist’s share of ULPS’ monthly operating loss.</p> <p>Neither UT nor Methodist shall vote in favor of or otherwise agree to approve or adopt any ULPS budget or to create any ULPS contractual commitment or ULPS financial obligation which would: (i) cause ULPS to incur financial obligations in any one fiscal year in an amount exceeding twice the then-existing annual Base Mission Support payment amount or (ii) cause ULPS’ monthly operating losses at the end of any one fiscal year to remain unfunded.</p> <p>UT shall continue to provide payroll services for ULPS physician compensation through its payroll system providing a single paycheck mechanism for physicians employed by both UT and ULPS. ULPS shall reimburse UT for the salaries and benefits paid as clinical compensation to ULPS physicians.</p>
<p>13. Term and Termination of Proposed MAA (Adult Programs)</p>	<p>Term of the Proposed MAA for adult programs is through and including June 30, 2027.</p> <p>The agreement may be terminated as follows:</p> <ul style="list-style-type: none"> <li>➤ Terminated by either party <i>without cause</i> with at least one (1) year advance written notice to the other party.</li> <li>➤ Terminated by either party <i>with cause</i> <u>immediately</u> if -             <ul style="list-style-type: none"> <li>(1) either party’s certification of license to operate or accreditation, as applicable, is repealed or suspended by any governmental licensing or certifying agency;</li> <li>(2) the other party fails to maintain the required insurance coverage and fails to cure within thirty (30) days; or</li> <li>(3) a key leadership position of either party (defined as the Chief Executive Officer of Methodist, Chief Operating Officer of Methodist, UTHSC Chancellor, or UTHSC Vice Chancellor (intended to refer to UTHSC’s Vice Chancellor for Strategic Partnerships), terminates its relationship with the applicable party.</li> </ul> </li> </ul>



	<ul style="list-style-type: none"> <li>➤ Terminated by Methodist <i>with cause immediately</i> if, before December 31, 2024, UT has not provided Methodist with its formal position on its intent, either independently or in conjunction with another party or entity, to form or enter into an arrangement or agreement to form, manage or partner with a health authority or other health system within the Memphis, Tennessee metropolitan area, including but not limited to, an agreement with such health system to support the development of such either publicly or privately.</li> <li>➤ Terminated by either party <i>with cause</i> in the event of a material breach of the Proposed MAA by the other party, after written notice by the non-breaching party. The breaching party shall have a thirty (30) opportunity to cure the breach.</li> </ul>
<p>14. Term and Termination of Proposed MAA (Pediatric Programs)</p>	<p>Term for of the Proposed MAA pediatric program and ULPS is through and including June 30, 2028 (Schedule 5.4).</p> <p>In contrast to the termination provisions of the Proposed MAA relating to adult programs, Schedule 5.4 of the Proposed MAA provides that the pediatric program and the ULPS affiliation shall terminate with the effective date coinciding with the earliest date as a result of any the following events:</p> <ul style="list-style-type: none"> <li>(1) termination of the corporate existence of ULPS;</li> <li>(2) termination by either party upon at least eighteen (18) months' advance written notice; or</li> <li>(3) termination after forty-eight (48) months following the Effective Date of the Proposed MAA.</li> </ul> <p>Beginning on the day following expiration of thirty (30) months after the Effective Date of the Proposed MAA, the parties agree to consult with one another in writing regarding any revisions either party would like to propose to the pediatric program or ULPS affiliation (as set forth in Schedule 5.4), and if so, such party shall do so in writing within the following month.</p> <p>Should either or both parties receive such a notice from the other party within such timeframe, the parties agree to negotiate in good faith for a period of approximately six (6) months in order to</p>

	<p>attempt to enter into a mutually agreeable amendment to Schedule 5.4 of the Proposed MAA. If the Parties are unable to enter into a mutually agreeable amendment by such time, then the parties' pediatric program and ULPS affiliation under Schedule 5.4 of the Proposed MAA shall terminate after the expiration of forty-eight (48) months after its Effective Date to allow for a twelve (12) month termination and wind-down period.</p> <p>Additionally, no notice of termination of Schedule 5.4 for any reason, nor any notice of termination of Methodist's or UT's respective Affiliation Agreements with ULPS for any reason, shall be effective except as follows:</p> <ul style="list-style-type: none"> <li>➤ In the event that Methodist (1) breaches its obligations under Schedule 5.4 and fails to cure the breach within sixty (60) days of notice by UT of the breach, (2) provides notice of termination of this Schedule 5.4, (3) breaches its obligations under its Affiliation Agreement with ULPS and fails to cure the breach within sixty (60) days of notice by ULPS of the breach, or (4) provides notice of termination of its Affiliation Agreement with ULPS, then Methodist shall, at the written request of UT, immediately relinquish any and all of their governance, voting, and other rights and interests in ULPS to UT by signing or causing to be signed one or more documents (including but not limited to one or more written ULPS Resolutions, written amendments to the ULPS Charter, and/or a written amendments to the ULPS Bylaws) in a form reasonably acceptable to UT for the purpose of relinquishment of all such rights and interests; and</li> <li>➤ In the event that UT (1) breaches its obligations under Schedule 5.4 and fails to cure the breach within sixty (60) days of notice by Methodist of the breach, (2) provides notice of termination of this Schedule 5.4, (3) breaches its obligations under its Affiliation Agreement with ULPS and fails to cure the breach within sixty (60) days of notice by ULPS of the breach, or (4) provides notice of termination of its Affiliation Agreement with ULPS, then UT shall, at the written request of Methodist, immediately relinquish any and all of its governance, voting, and other rights and interests in ULPS to Methodist by signing or causing to be signed one or more documents (including but not limited to one or more written ULPS Resolutions, written amendments to the ULPS Charter, and/or a written</li> </ul>
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	<p>amendments to the ULPS Bylaws) in a form reasonably acceptable to Methodist for the purpose of relinquishment of all such rights and interests; and</p> <p>No termination of Schedule 5.4, nor of UT’s and/or Methodist’s respective Affiliation Agreements with ULPS, nor any relinquishment of UT’s or Methodist’s respective governance, voting, or other rights and interests in ULPS, shall affect the respective financial obligations of either Methodist or UT under Schedule 5.4, or under their respective Affiliation Agreements with ULPS, to the extent that such financial obligations existed prior to the effective date of any such termination.</p>
<p>15. Wind-Down Period Upon Termination for Any Reason</p>	<p>Any termination of the Proposed MAA for any reason triggers a “wind down process” whereby the parties will develop a mutually agreeable comprehensive plan to orderly wind down the programs in a manner minimally disruptive to both parties, which plan shall include, among other things, allowing Trainees who are participating in a clinical experience at Methodist as of the expiration or termination date (and those who already have been accepted by UTHSC into a program with a clinical experience at Methodist which has not yet commenced as of the expiration or termination date) to have the opportunity to complete the applicable clinical experience at Methodist.</p>
<p>16. Mutual Release of Claims for 2021 MAA</p>	<p>Includes a broad mutual release of claims by both parties regarding all of their obligations under the 2021 MAA, however, neither party is released from any potential malpractice claims and provided further that any indemnification, confidentiality and all other obligations set forth in the 2021 MAA that are expressly intended to survive termination or expiration of such agreement shall survive. Further, all outstanding financial obligations of the parties under the 2021 MAA shall survive the termination of such agreement and must be satisfied in full in accordance with the terms of the 2021 MAA, unless and except as explicitly stated otherwise in the Proposed MAA.</p>
<p>17. Independent Contractors</p>	<p>Neither party shall be liable, nor be held out by the other party as being liable, for the other party’s contracts, torts, or other acts or omissions, or those of the other party’s trustees, directors, officers, members, staff, employees, agents, or contractors.</p> <p>Each party shall be solely responsible for all of its own debts and other financial liabilities resulting from that party’s contracts, business operations, and other financial obligations.</p>

	<p>Neither the State of Tennessee nor UT shall have any legal or other obligation to finance the deficits of MLH or its MLH-affiliated physician practice groups.</p> <p>Debts, liabilities, and other obligations of ULPS shall not constitute debts, liabilities or obligations of the State of Tennessee, UT nor Methodist. Neither the State of Tennessee, UT, nor Methodist shall have any legal or other obligation to finance the deficits of ULPS, except as expressly agreed in the Proposed MAA.</p>
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# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

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## AGENDA ITEM SUMMARY

Meeting Date:	October 25, 2024
Committee:	Finance and Administration
Item:	<b>Master Affiliation Agreement - East Tennessee Children's Hospital, UTHSC</b>
Type:	Action
Presenter(s):	Dr. Peter F. Buckley, Chancellor, UTHSC

### Background Information

The University of Tennessee Health Science Center (UTHSC) Graduate School of Medicine in Knoxville (GSM) and East Tennessee Children's Hospital (ETCH) wish to enter into a master affiliation agreement (MAA).

The mission of ETCH includes improvement of the health of children through exceptional, comprehensive family-centered care, wellness, and education. This mission is achieved through operation of ETCH's 152-bed hospital, which is certified by the State of Tennessee as one of only four Comprehensive Regional Pediatric Centers in the state, and which offers full capabilities to care for seriously ill children in a unique pediatric environment offering the services of many different pediatric subspecialties.

To date, the parties have been working under a GSM student rotation Clinical Affiliation Agreement (UT Contract #9500129966, dated January 1, 2024) and various other graduate medical education ("GME") and undergraduate medical education ("UME") residency, fellowship, student rotation, and faculty supervision clinical affiliation agreements such as a GSM Department of General Surgery/Urology GME Affiliation Agreement (UT Contract #9500084213, dated January 1, 2019), one for physician supervision/teaching of GSM M3 students (UT Contract #9500125900, dated July 1, 2023), one for physician supervision/teaching of GSM Family Medicine and Oral Surgery residents and fellows (UT Contract #9500125899, dated July 1, 2023), and one for GSM Maternal Fetal Medicine fellows (UT Contract #9500133277, dated January 1, 2024).

The proposed MAA will integrate, supersede, and replace existing program agreements. Additionally, the parties wish to set forth various guiding principles for the further development and growth of a pediatric teaching program (Pediatric Program) in the Knoxville-Morristown-Sevierville Combined Statistical Area.



## THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

3.3

In order to further expand on their existing relationships, including expansion of the parties' residency programs, ETCH and UTHSC desire for ETCH's physician medical staff members, who are employees of ETCH ("ETCH Professional Members"), to serve as a University pediatric faculty group for the Pediatric Program in the delivery of academically related services and resident training in the CSA.

### Governance

The parties' overall relationship and the terms of the proposed MAA generally will be overseen by the GSM Dean and ETCH's President/CEO. Each party will designate a representative, who will work with the other party's representative to coordinate and implement GME programs. A Graduate Medical/Dental Education Committee (GMDEC), consisting of representatives of both parties, will have administrative oversight of all GME programs and all Pediatric Program faculty members' clinical activities.

### Educational Programs

UTHSC and ETCH shall design and implement clinical educational experiences for UME and GME programs.

- GME Programs. ETCH shall continue to serve as a primary facility in the CSA for certain UTHSC GME programs. UTHSC shall ensure that the programs operate in a manner consistent with the standards and requirements set forth by the University and the Accreditation Council for Graduate Medical Education (ACGME). UTHSC shall be responsible for the selection of trainees to be placed at ETCH, subject to approval of ETCH. UTHSC shall designate one or more of GSM's full-time, part-time, adjunct or volunteer faculty members with appropriate medical staff privileges at ETCH where the residents'/fellows' educational activities and assignments are performed to supervise, provide coordination, oversight, and direction of residents'/fellows' educational activities and assignments while at ETCH.
- UME Programs. ETCH shall continue to serve as a teaching site for UTHSC's medical students in the CSA. The parties' pre-existing Clinical Affiliation Agreement, which will be incorporated into the proposed MAA, will continue to apply to the parties' UME Program. The UME Program shall be in full compliance with the standards and requirements of the Liaison Committee of Medical Education (LCME), the accrediting agency for all allopathic medical schools in the U.S. UTHSC's College of Medicine (COM) is responsible for developing and evaluating the UME Program and for the evaluation of medical students. All individuals involved in teaching, supervising, and evaluating COM medical students are responsible to the COM for these activities. ETCH shall retain full authority over facility operations and patient care.



## THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

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3.3

Pediatric Program. The parties will create a new Pediatric Program with UTHSC faculty appointments for all ETCH physicians who will be involved in the supervision of Pediatric Program students, residents, and/or fellows and with such Pediatric Program faculty members being designated as a University Pediatric Faculty Group in the CSA. In conjunction with and as an integral part of the parties' development of a new Pediatric Program under the proposed MAA, the GSM will seek to create a "Department of Pediatrics" as a new academic unit, subject to approval by the Board of Trustees and any required state approvals.

### Clinical Research

Any joint research activities and any intellectual property developed by such research shall be governed by a separate written agreement to be negotiated by the parties.

### Joint Physician Recruitment

All GSM faculty appointments will be subject to UTHSC's policies and procedures and the ultimate authority and discretion of the GSM Dean. Both parties be involved in the recruitment of the Pediatric Program faculty members. All such concurrently employed Pediatric Program faculty members who receive compensation for academic activities by UT shall be compensated by the University as determined by the GSM Dean and the GSM Department of Pediatrics Chair, which shall be in accordance with the terms of such physician's offer letter and faculty appointment letter with the University as well as the University's compensation policies.

More information regarding the Proposed MAA, including the primary business and legal terms, is set forth in Appendix A attached hereto.



# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

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## 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 approves the master affiliation agreement (“Affiliation Agreement”) with East Tennessee Children’s Hospital, substantially consistent with the key terms presented in the meeting materials, with a copy of Appendix A to be attached to this resolution.**

**The Senior Vice President and Chief Financial Officer is hereby authorized to finalize and execute the Affiliation Agreement and any ancillary documents, subject to review by the Office of General Counsel. 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.**



University of Tennessee Health Science Center (UTHSC)  
 Proposed Master Affiliation Agreement – East Tennessee Children’s Hospital

I. Background Information	
1. Overview	<p>UTHSC’s Graduate School of Medicine (GSM) in Knoxville and East Tennessee Children’s Hospital (ETCH) in Knoxville have maintained a close working relationship over the past several years, whereby they have developed and supported both undergraduate medical education (UME) and graduate medical education (GME) in non-pediatric specialties, pursuant to a number of separate student rotation and resident affiliation agreements.</p> <p>UTHSC and ETCH wish to enter into a Master Affiliation Agreement (MAA), which will (i) incorporate these pre-existing agreements, and (ii) create a new Pediatric Program with UTHSC faculty appointments for all ETCH physicians who will be involved in the supervision of Pediatric Program students, residents, and/or fellows and with such Pediatric Program Faculty members being designated as a University Pediatric Faculty Group in the Knoxville-Morristown-Sevierville Combined Statistical Area (CSA).</p> <p>In conjunction with and as an integral part of the parties’ relationship under the proposed MAA, the GSM will also seek to create a “Department of Pediatrics” as a new academic unit.</p>
II. Proposed Master Affiliation Agreement	
1. Parties	The University of Tennessee (UT), on behalf of the UT Health Science Center’s (UTHSC) Graduate School of Medicine (GSM) – Knoxville, and East Tennessee Children’s Hospital in Knoxville (ETCH)
2. Governance and Management	The parties’ overall relationship and the terms of the proposed MAA generally will be overseen by the GSM Dean and ETCH’s President/CEO. Each party will designate a representative, who will work with the other party’s representative to coordinate and implement GME programs. A Graduate Medical/Dental Education Committee (GMDEC), consisting of representatives of both parties, will have administrative oversight of all GME programs and all Pediatric Program Faculty members’ clinical activities.
3. Facilities	East Tennessee Children’s Hospital in Knoxville, TN
4. Educational Programs	UT and ETCH shall design and implement clinical educational experiences for UME and GME programs.

	<p><u>GME Programs.</u> ETCH shall continue to serve as a primary facility in the CSA for certain UT GME programs. UT shall ensure that the programs operate in a manner consistent with the standards and requirements set forth by UT and the Accreditation Council for Graduate Medical Education (ACGME). UT shall be responsible for the selection of Trainees to be placed at ETCH, subject to approval of ETCH. UT shall designate one or more of GSM’s full-time, part-time, adjunct or volunteer faculty members with appropriate medical staff privileges at ETCH where the residents’/fellows’ educational activities and assignments are performed to supervise, provide coordination, oversight, and direction of residents’/fellows’ educational activities and assignments while at ETCH.</p> <p><u>UME Programs.</u> ETCH shall continue to serve as a teaching site for UT’s medical students in the CSA. The parties’ pre-existing Clinical Affiliation Agreement, which will be attached as Exhibit A to the proposed MAA, will continue to apply to the parties’ UME Program. The UME Program shall be in full compliance with the standards and requirements of the Liaison Committee of Medical Education (LCME), the accrediting agency for all allopathic medical schools in the U.S. UT’s GSM (also referred to in the proposed MAA as UTHSC’s College of Medicine (COM)) is responsible for developing and evaluating the UME Program and for the evaluation of medical students. All individuals involved in teaching, supervising, and evaluating COM medical students are responsible to the COM for these activities. ETCH shall retain full authority over facility operations and patient care.</p> <p><u>Proposed New Pediatric Program.</u> The parties will create a new Pediatric Program with UTHSC faculty appointments for all ETCH physicians who will be involved in the supervision of Pediatric Program students, residents, and/or fellows and with such Pediatric Program Faculty members being designated as a University Pediatric Faculty Group in the CSA. In conjunction with and as an integral part of the parties’ development of a new Pediatric Program under the proposed MAA, the GSM will seek to create a “Department of Pediatrics” as a new UT academic unit.</p>
<p>5. Clinical Research</p>	<p>Any joint research activities and any intellectual property developed by such research shall be governed by a separate written agreement to be negotiated by the parties.</p>

<p>6. Financial Support and Obligations for Educational Programs</p>	<p>No later than July 1<sup>st</sup> of each year, the parties will negotiate and agree to in writing the next fiscal year’s annual budgets for the UME Program, the GME Programs, and the Pediatric Program.</p>
<p>7. Terms of Exclusivity and Nonexclusivity</p>	<p>The parties’ programs will be nonexclusive. However, during the Term of the proposed MAA, UT (through the GSM Dean) and ETCH (through its President/CEO) “will consult with each other in good faith well in advance of either party agreeing to develop or otherwise participate in any other arrangement with others that would be in competition with the Pediatric Program or the parties’ joint activities” under the proposed MAA.</p>
<p>8. Joint Physician Recruitment</p>	<p>All GSM faculty appointments will be subject to UT’s policies and procedures and the ultimate authority and discretion of the GSM Dean. Both parties shall be involved in the recruitment of the Pediatric Program faculty members.</p> <p>The proposed MAA provides that “[a]ll Pediatric Program Faculty will be appointed either as ‘ETCH Affiliated Faculty’, ‘ETCH Part-Time Faculty’ or ‘ETCH Full-Time Faculty’, and all such faculty appointments shall be at all times subject to UT’s and ETCH’s initial and ongoing approval and subject to the applicable terms and conditions of the statewide UTHSC Faculty Handbook as well as to each Pediatric Program Faculty member’s faculty appointment letter with UT.</p> <p>ETCH Part-Time Faculty and ETCH Full-Time Faculty will be concurrently employed by UT and ETCH. They will provide all clinically related services solely through ETCH and will be compensated for all clinically related services solely by ETCH.</p> <p>All such concurrently employed Pediatric Program Faculty members who receive compensation for academic activities by UT shall be compensated by UT as determined by the GSM Dean and the GSM Department of Pediatrics Chair, which shall be in accordance with the terms of such physician’s offer letter and faculty appointment letter with UT as well as UT’s compensation policies.</p>

<p>9. Term and Termination of Proposed MAA</p>	<p>The Term of the proposed MAA is for thirty-six (36) months beginning on the date on which both parties have signed the proposed MAA.</p> <p>The proposed MAA may be terminated as follows:</p> <ul style="list-style-type: none"> <li>➤ Terminated by either party <i>without cause</i> with at least one (1) year advance written notice to the other party.</li> <li>➤ Terminated by either party <i>with cause</i> <u>immediately</u> if either party breaches a material term of the agreement and fails to cure such breach to the reasonable satisfaction of the other party within thirty (30) days after the non-breaching party provides notice of such breach.</li> </ul>
<p>10. Wind-Down Period Upon Termination for Any Reason</p>	<p>Any termination of the proposed MAA for any reason triggers a “wind down process” whereby the parties will develop a mutually agreeable comprehensive plan to wind down the programs in a manner minimally disruptive to both parties, which plan shall include, among other things, allowing students, residents, and fellows who are participating in a clinical experience at ETCH as of the expiration or termination date (and those who already have been accepted by UT into a program with a clinical experience at ETCH which has not yet commenced as of the expiration or termination date) to have the opportunity to complete the applicable clinical experience at ETCH.</p>
<p>11. Independent Contractors</p>	<p>Neither party shall be liable, nor be held out by the other party as being liable, for the other party’s contracts, torts, or other acts or omissions, or those of the other party’s trustees, directors, officers, members, staff, employees, agents, or contractors.</p> <p>Each party shall be solely responsible for all of its own debts and other financial liabilities resulting from that party’s contracts, business operations, and other financial obligations.</p> <p>Debts, liabilities, and other obligations of ETCH shall not constitute debts, liabilities or obligations of the State of Tennessee nor UT. Neither the State of Tennessee nor UT shall have any legal or other obligation to finance the deficits of ETCH or any ETCH-affiliated physician practice groups, except as expressly agreed in the proposed MAA.</p>



# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

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## AGENDA ITEM SUMMARY

Meeting Date:	October 25, 2024
Committee:	Finance and Administration
Item:	<b>Board Policy on Affiliated Foundations</b>
Type:	Action
Presenter(s):	David L. Miller, Senior Vice President and Chief Financial Officer Cynthia C. Moore, Board Secretary and Special Counsel

### Background Information

It is a general best practice to periodically review governance documents, including board policies.

In November 2007, the Board of Trustees adopted a Policy on Related Foundations (“Existing Policy”), which was last updated in June 2019. The Existing Policy only contemplates three affiliated foundations (The University of Tennessee Foundation, Inc. (UTFI), the University of Chattanooga Foundation, Inc. (UCF), and the University of Tennessee Research Foundation (UTRF)). With the recent establishment of The University of Tennessee Athletics Foundation, Inc., for the benefit of UT Knoxville’s intercollegiate athletics program, it was an opportune time to conduct a full review of the Existing Policy.

The University Administration is recommending an amended and restated policy for the Board’s consideration. Among other things, the new policy sets forth the Board’s expectations relating to the relationships between the University and affiliated foundations and establishes certain standards to ensure that each foundation operates in a proper manner in order to safeguard the reputation of the University and enhance the foundations’ benefits to the University.

The revised policy outlines: (i) guiding principles; (ii) a review and approval process for the establishment of any new affiliated foundations; (iii) general requirements applicable to all affiliated foundations; (iv) oversight and reporting obligations; and (v) expectations for periodic reviews of the University’s relationships with existing affiliated foundations.

A copy of the proposed Board Policy on Affiliated Foundations is set forth in Appendix A attached hereto.



# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

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## 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 approves the Policy on Affiliated Foundations, which Policy shall be attached to this Resolution after adoption. Further, the Board Secretary is hereby authorized to renumber and reorder the Board’s outstanding as may otherwise be necessary or appropriate to improve the overall organization of the approved Board policies.**



<b>System-wide Policy: BT0016 - Policy on Affiliated Foundations</b>	
<b>Version: 3</b>	<b>Effective Date: [TBD]</b>

**Board of Trustees  
Policy on Affiliated Foundations**

**I. AUTHORITY**

Pursuant to state law, the Board of Trustees (“Board”) of The University of Tennessee (“University”) has been authorized and empowered to take such steps, to enter into such agreements, and to do whatever they deem necessary to establish foundations for institutions under its control.<sup>1</sup>

Among other things, the Board may designate one or more foundations to receive and hold private gifts for support of the University.<sup>2</sup> The University also has the authority to take whatever steps it deems necessary to form and participate in legal entities organized under the laws of the State of Tennessee for the purpose of promoting, supporting and carrying out the University's research mission, including, but not limited to, the commercialization of research outcomes and the transfer of research-generated products, ideas, processes and other technology from the University to commercial and industrial enterprises.<sup>3</sup>

In accordance with the University’s Bylaws, the Board’s powers and responsibilities include the approval of the creation of legal entities that will bear the University’s name and the governance structure of such entities.

**II. PURPOSE**

The Board recognizes the important and valuable role that foundations play in supporting the University, its campuses, and institutes in achieving the overall mission of the University. The purpose of this policy is to (i) set forth the Board’s expectations relating to the relationships between the University and affiliated foundations, and (ii) establish certain standards to ensure that each foundation operates in a proper manner in order to safeguard the reputation of the University and enhance the foundations’ benefits to the University.

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<sup>1</sup> *Tennessee Code Annotated* § 49-7-107(a).  
<sup>2</sup> *Tennessee Code Annotated* § 49-9-113.  
<sup>3</sup> *Tennessee Code Annotated* § 49-9-1402.

### III. GUIDING PRINCIPLES

The following principles shall apply to the establishment and ongoing relationship with foundations:

1. The creation and activities of a foundation must promote, advance, or complement the educational, scientific, research, charitable, or cultural activities of the University or one or more of its campuses and/or institutes.
2. The University will monitor the effectiveness and contributions of a foundation in support of the University's mission through a regular reporting process. Each foundation must adopt a code of ethics that shall apply to and govern the conduct of all members of a foundation's board.<sup>4</sup>
3. All annual reports and all books of accounts and financial records of a foundation created for the benefit of the University or one or more of its campuses and/or institutes shall be subject to audit by the Tennessee Comptroller of the Treasury.<sup>5</sup>

### IV. AFFILIATED FOUNDATIONS

- A. Establishment. An affiliated foundation ("Affiliated Foundation") may only be established by upon approval by the Board. In making its determination, the Board will review the entity's purpose, organizational format, scope of activities, and associated risks to the University. Official recognition establishes the privileges and responsibilities associated with the relationship between the University and any Affiliated Foundation, including use of the University's name, facilities, and other resources. Such recognition is established through the execution of a written affiliation agreement, operating agreement, memorandum of understanding or similar form of agreement (referred to herein, as an "Affiliation Agreement") with the University, as approved by the Board. The Affiliation Agreement shall address the requirements set forth in this Policy.
- B. Approval Process. To receive approval for establishing an Affiliated Foundation a written proposal and a business plan shall be submitted to the President, with a copy to the Senior Vice President and Chief Financial Officer and the General Counsel. At a minimum, the proposal must outline the proposed governance structure for the new entity and include clearly defined goals and objectives for at least the first three years of operation. The business plan must include financial projections for an initial three-year

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<sup>4</sup> *Tennessee Code Annotated* § 49-7-107 (c).

<sup>5</sup> *Tennessee Code Annotated* § 49-7-107(b).



period, which shall include a pro forma balance sheet, income statement, and cash flow statement. Proposals must include strong evidence of the need for the proposed entity and its ability to amplify or otherwise support the University's mission and strategic objectives, which activity shall not be a duplication of current University efforts.

If the proposed Affiliated Foundation will support a specific campus or a component unit thereof, it must first receive the endorsement of the respective Chancellor before being presented to the President. Following review and upon approval of the President, the proposed Affiliated Foundation shall then be presented to the Finance and Administration Committee of the Board for its consideration consistent with the Committee's Charter.

- C. Recognition. A list of Board recognized Affiliated Foundations is attached hereto as Appendix A. The Board Secretary and Special Counsel is authorized to update Appendix A from time to time as may be necessary consistent with the provisions of this Policy.

## V. GENERAL REQUIREMENTS

The following provisions shall apply to all Affiliated Foundations.

- A. Legal Entity. Each Affiliated Foundation shall be organized and operated as a separately incorporated, tax-exempt entity under relevant provisions of state and federal tax law. Each Affiliated Foundation shall have its own charter or articles of incorporation, bylaws, and operating policies and procedures pertaining to its operations.
- B. Independence. A majority of the members of the governing board of the Affiliated Foundation shall be independent. Members of the Board, University employees, or immediate family members (spouse, parent, sibling, or child) or individuals who reside with a Board member or University employee shall not be deemed to be independent. One or more University employees may serve on the governing board of an Affiliated Foundation, subject to the requirements set forth in this paragraph.
- C. Ex Officio Board Appointment. At least one (1) member of the Board, as designated by the Chair of the Board, shall serve as an ex officio, voting member of the governing board of an Affiliated Foundation.

- D. Operating Budgets. Operating budgets of Affiliated Foundations shall be prepared at least annually and shall be approved by their respective governing body.
- E. Accounting Standards. The Governmental Accounting Standards Board (GASB) establishes standards for determining which entities and their financial information must be included within the financial statements of the University. Such requirements shall be adhered to by the University and each Affiliated Foundation. Each Affiliated Foundation shall engage an independent certified public accounting firm to conduct an annual audit.
- F. Compliance. An Affiliated Foundation shall be responsible for complying with all applicable federal laws and regulations, as well as applicable laws and regulations of the states and the local jurisdictions in which it is formed or operates. If the organization conducts programs outside the United States, it must also abide by applicable international laws, regulations, and conventions.
- G. Assets and Dissolution. The assets of any Affiliated Foundation must be dedicated for the benefit of the University or one of its campuses or institutes. In the event of an Affiliated Foundation's dissolution, the assets of the entity shall be transferred to the University, or its designee, as may be permitted by law.

## VI. OVERSIGHT AND REPORTING

- A. Annual Report. Each Affiliated Foundation must submit to the Board an annual written report. The report shall highlight the accomplishments of the Affiliated Foundation for the prior fiscal year, including a summary of the annual financial results for each of the last two fiscal years (if applicable) and as compared to the budget for the most recent fiscal year, and set forth strategic goals and key objectives for the upcoming fiscal year. The annual report shall include a list of the Affiliated Foundation's board members and officers. From time to time, the president of an Affiliated Foundation may be invited to present an oral presentation to the Board or one of its committees.
- B. Financial Information. The Affiliated Foundation shall provide a copy of its most recent audited financial statements, a copy of its federal tax return (e.g., IRS Form 990), or such other financial reports, schedules, and records as may be reasonably requested and necessary in order for the University to meet its financial reporting obligations.

- C. Organizational and Governance Documents. Copies of any revisions to the Affiliated Foundation’s organizational and governance documents (e.g., charter and bylaws) shall be filed with the University’s Office of General Counsel and with the Board Secretary and Special Counsel.
  
- D. Guidance. The Senior Vice President and Chief Financial Officer may establish guidance as deemed appropriate to provide further clarification or delineation regarding activities conducted by an Affiliated Foundation that may require Board and/or state agency approvals and to ensure compliance with applicable policies and procedures pertaining to use of the University’s name, facilities, personnel, or other resources.

**VII. PERIODIC REVIEW**

The University’s relationships with Affiliated Foundations shall be examined periodically to determine whether such relationship shall be continued or whether a sunset provision is appropriate. Not less than every three years, the President shall confirm to the Board that the relationship between the University and each Affiliated Foundation has been reviewed and whether the entity is fulfilling its responsibilities to the University under this Policy and the Affiliation Agreement to the President’s satisfaction. A relationship with an Affiliated Foundation shall be discontinued when it no longer serves the purpose for which it was created. Additionally, noncompliance with this Policy or an Affiliation Agreement may result in revocation of an Affiliated Foundation’s recognized status. If the Board terminates an Affiliated Foundation’s recognized status, use of any University names, logos, and trademarks, along with any University facilities, assets, or other resources, shall cease upon termination of the Affiliation Agreement.

**VIII. WAIVER**

Notwithstanding the foregoing, the Board or its Executive Committee, in its sole and absolute discretion, shall have the authority to waive any provision of this Policy on a case-by-case basis, as may be deemed appropriate under the circumstances.

History:

Adopted	11/09/2007
Revised	06/21/2019
Amended and Restated	

**APPENDIX A**

**LIST OF RECOGNIZED AFFILIATED FOUNDATIONS**

- 1) The University of Tennessee Foundation, Inc. (supporting UT System)
- 2) University of Tennessee Research Foundation (supporting UT System)
- 3) University of Chattanooga Foundation, Inc. (supporting UT Chattanooga)
- 4) The University of Tennessee Athletics Foundation, Inc. (supporting UT Knoxville)



# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

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5.1

## AGENDA ITEM SUMMARY

Meeting Date:	October 25, 2024
Committee:	Finance and Administration
Item:	<a href="#"><u>UTIA Master Plan (Component of the Ten-Year UTK Campus Master Plan)</u></a>
Type:	Action
Presenter(s):	Donde Plowman, Chancellor, University of Tennessee, Knoxville Keith Carver, Sr. Vice Chancellor and Sr. Vice President, University of Tennessee Institute of Agriculture

### **Background Information**

The Chancellor of the University of Tennessee, Knoxville (UTK) and the Senior Vice Chancellor/Senior Vice President for the University of Tennessee Institute of Agriculture (UTIA) are requesting approval of a new 10-year master plan for UTIA. This master plan is the first comprehensive UTIA master plan, and includes Research, Extension, 4-H Center, and all state-owned facilities that UTIA operates statewide.

In February 2023, the Board of Trustees acted to approve a new 10-year master plan for UT Knoxville, which includes UTIA facilities contiguous with the Knoxville campus. This plan was approved by the Tennessee Higher Education Commission and the State Building Commission. This UTIA master plan will operate as a component of the overall UTK master plan.

This Master Plan supports the implementation of UTIA's strategic plans and planning principals along with addressing the physical needs of the centers. The plan includes the following:

- Expansion of educational opportunities
- Fostering innovation and discovery
- Strengthening the organizational culture
- Sharing their collective successes
- Nurturing talent

The attached Executive Summary provides additional information of these key components.

Subject to approval by the Board of Trustees, the University will seek all required State approvals.

**Committee Action**

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

**Resolved:**

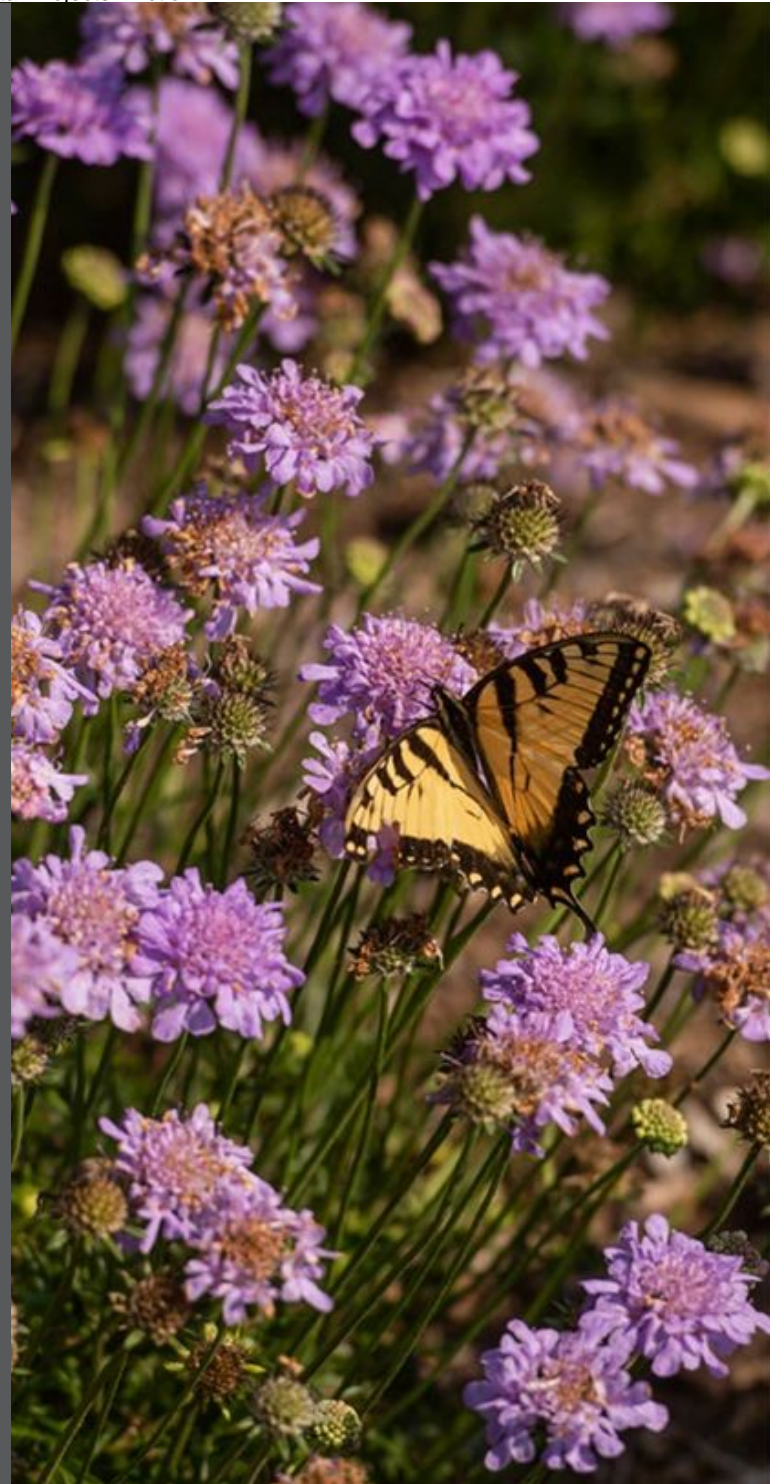
**The Board of Trustees hereby approves the master plan for the University of Tennessee Institute of Agriculture (“UTIA Master Plan”), as described in the Executive Summary presented in the meeting materials, a copy of which shall be attached to this resolution following adoption. The UTIA Master Plan shall be a component of the 10-year master plan for the University of Tennessee, Knoxville.**



THE UNIVERSITY OF TENNESSEE  
**INSTITUTE OF  
AGRICULTURE  
MASTER PLAN | 2024**

19 SEPTEMBER 2024

*ADDENDUM TO THE UNIVERSITY OF  
TENNESSEE KNOXVILLE  
2023 MASTER PLAN*



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SEPARATE COVER)

Space Needs Assessment Data

Lone Oaks Farm 4-H Center, 2017 Master Plan







MESSAGE FROM THE VICE CHANCELLOR AND SENIOR VICE PRESIDENT



As we look to the future, a well-planned campus infrastructure is integral in supporting the growing work of our University of Tennessee Institute of Agriculture faculty, staff, and students. The future is bright, and this work will help us to create and deliver even greater Real. Life. Solutions. to fellow Tennesseans and beyond.

Sincerely,

KEITH CARVER





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# EXECUTIVE SUMMARY

5.1

# WHAT DEFINES THIS MASTER PLAN?

Serving all Tennesseans and beyond through education, discovery, and outreach that enables strong economic, social, and environmental well-being. A commitment to serve all Tennesseans as a land-grant university.

The University of Tennessee Institute of Agriculture (UTIA) Master Plan provides a vision for the stewardship of the institution's landholdings across the state of Tennessee. As an extension of the University of Tennessee Knoxville 2023 Master Plan, it further advances the University's goals to provide high-quality educational opportunities for learners; create a more just and sustainable world through research, scholarship, and creative work; and support local, state, and national communities through the University's land-grant mission. It is also informed by UTIA's distinct mission to provide "Real. Life. Solutions. through teaching, discovery, and service."

The state of Tennessee is UTIA's campus, and the plan will guide investments in these assets for the next decade. It represents the first comprehensive physical planning effort for UTIA in alignment with requirements set by the Tennessee Higher Education Commission (THEC) that oversees higher education activities in the state.

## One UT Master Plan

This master plan document supports the UT Knoxville 2023 Master Plan and together serve as of one cohesive master plan for the University of Tennessee.

Key facilities improvements for the Herbert College of Agriculture are located on or around the main campus and have previously been included as part of the UT Knoxville 2023 Master Plan. The UTIA Master Plan (this document) addresses:

- AgResearch - Agriculture Research and Education Centers
- UT Extension 4-H Centers
- UT Extension Regional Extension Offices
- College of Veterinary Medicine - Veterinary Research and Education Center
- AgResearch UT-GATOP site
- UT Extension Soil, Plant and Pest Center

### UT Knoxville Master Plan

Provides a vision for the dynamic physical transformation of the institution's Knoxville- and Tullahoma-based campuses.

Includes recommendations for UTIA facilities on Main Campus:

- Veterinary Medical Center - Small Animal Hospital Renovation
- College of Veterinary Medicine Research Space and Expansion
- Interdisciplinary Academic, Research Learning Commons Building (Racheff Site)
- Morgan Hall Building Renovation and Addition
- UTIA Garden Education and Discovery Center
- UTIA Parking Garage with Greenhouses

**SHARED  
MASTER  
PLAN  
VISION**

### UT Institute of Agriculture Master Plan

- 4 UT Extension 4-H Centers**  
*Lone Oaks 4-H Center Master Plan (2017, updated 2023) is folded into this plan*
- 3 UT Extension Regional Extension Offices**  
*County Extension Offices are excluded from this Master Plan*
- 18 AgResearch - Agriculture Education and Research Sites**
- 3 Others**
  - College of Veterinary Medicine - Veterinary Research and Education Center
  - Future AgResearch UT Garden: UT-GATOP
  - Soil, Plant and Pest Center

Additionally, the Lone Oaks 4-H Center in Middleton, Tennessee has a previously completed master plan (Lone Oaks Farm Master Plan, 2017). Highlights of that plan are included in this report. The full 2017 Lone Oaks Farm 4-H Center Master Plan (updated in 2023) is attached as a supplemental document.



# UTIA OVERVIEW

## Institutional Overview

UTIA is comprised of several entities, each with varying degrees of focus on research, education, and outreach and an organizational structure designed to nurture collaboration and innovation. UTIA encompasses AgResearch, the Herbert College of Agriculture, the College of Veterinary Medicine, and UT Extension.

Additionally, UTIA often collaborates with stakeholders such as farmers, industry partners, and government agencies to ensure that its activities are aligned with the needs of the community and the broader agricultural sector.

## Planning Scope

This planning effort captures the many facilities that are a part of the UTIA portfolio and until now were not captured in the 2023 University of Tennessee Knoxville Master Plan. 27 centers at 26 geographic locations are included in this report. The centers vary in size, focus, and goals and have different organizational and physical relationships. These centers reflect the diversity of the state of Tennessee. Each center engages with the distinctive topography and climates of east, central, and west Tennessee to define its unique focus and identity.

### UT AgResearch Institute of Agriculture

*A leading research organization affiliated with the University of Tennessee, focused on addressing critical challenges in agriculture, forestry, and related fields through innovative research, technology development, and outreach initiatives to support sustainable and resilient practices.*

- Agriculture Research and Education Centers**  
Agronomy, livestock, and forestry research and education facilities.
- UT Gardens**  
Locations in Jackson and Crossville
- Future **UT-GATOP** (God's Answer to Our Prayers)

### UT Extension Institute of Agriculture

*A statewide outreach program, dedicated to providing research-based education and solutions in agriculture, family and consumer sciences, community development, and 4-H youth development to enhance the lives and well-being of Tennessee residents.*

- 4-H Centers**  
Youth education facilities located throughout the state.
- Regional Extension Offices**  
Regional facilities are located in each region focusing on community outreach.
- Soil, Plant and Pest Center**  
Facilities for analyzing soil, plant and pest samples from across the state.

### UT College of Veterinary Medicine

*A renowned academic institution dedicated to advancing veterinary science through comprehensive education, cutting-edge research, and state-of-the-art clinical services, preparing future veterinarians to excel in animal healthcare and related fields.*

- Veterinary Research and Education Center**  
Support team for the College of Veterinary Medicine.

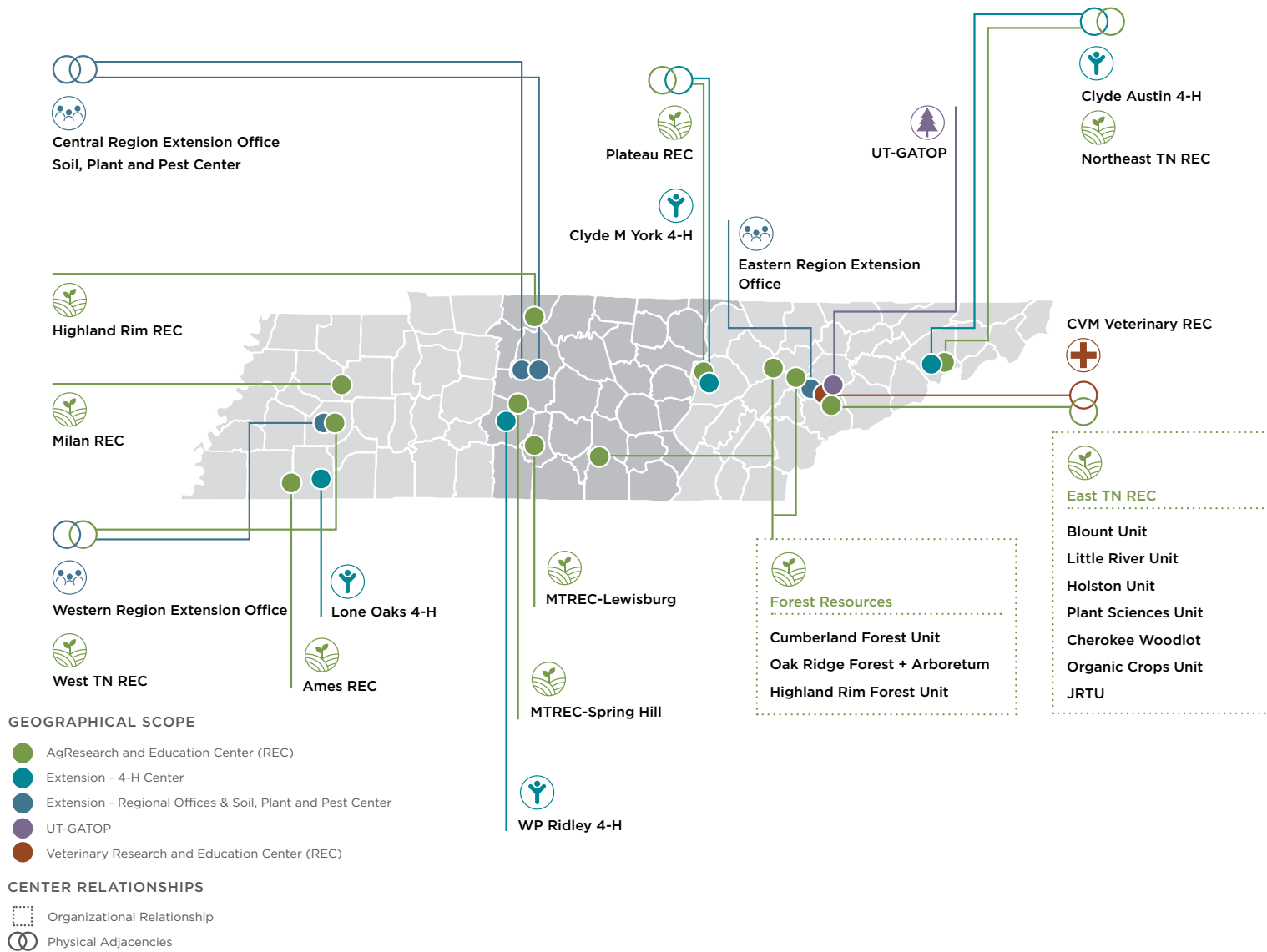
This scope only includes the Vet REC site. For other College of Veterinary Medicine recommendations, see the 2023 University of Knoxville Master Plan.

### UT Herbert College of Agriculture

*A distinguished institution committed to excellence in agricultural education and research, providing students with comprehensive knowledge and skills while exploring innovative solutions to address challenges in the agricultural industry.*

No scope for this master plan effort, see the 2023 University of Tennessee Knoxville Master Plan for information.





# PLANNING PRINCIPLES

Through a 14-month, three-staged process of engagement with a large cross-section of stakeholders, six distinct planning principles emerged. These principles inform the vision for the physical UTIA centers and align with the University's commitment to support its students, faculty, staff, researchers, alumni, and other stakeholders in the Tennessee community.



▲ *Obsolete dairy facilities at MTREC-Spring Hill*



▲ *Feed bins installation at the ETREC-Little River Unit freestall barn*

# KEY PLANNING DRIVERS

## UTIA MISSION

As a land-grant institute, we provide Real. Life. Solutions. through teaching, discovery, and service.

## UTIA VALUES

- Respect
- Science-based solutions
- Diversity
- Responsiveness to constituent needs
- Transparency
- Accountability



Enable UTIA to realize their mission of discovery, innovation, and application for students, faculty, staff, and Tennesseans.



Minimize risk to staff, researchers, visitors, and facilities.



Maximize the use of resources by prioritizing reuse before replacement, multipurpose facilities, and efficiency in operations.



Preserve Tennessee farm and forestry land as the state faces development pressures.



Create places that are accessible, safe, and welcoming for all users.



Position sites to take advantage of revenue generation opportunities through sale of commodities, events, and other partnership opportunities, when it complements UTIA's mission.

# A GROWING INSTITUTE WITH EXPANDING IMPACT

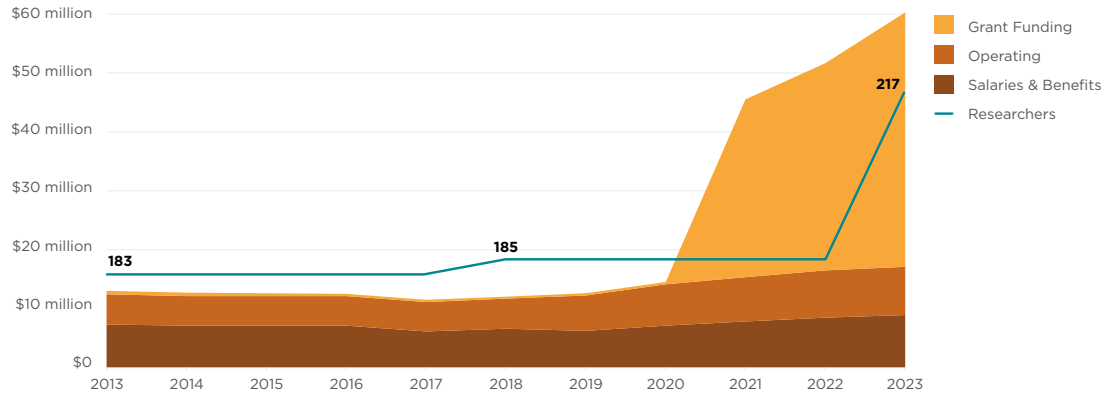
The University of Tennessee is thriving, with significant enrollment growth driving physical planning for the Knoxville Master Plan. The Herbert College of Agriculture, part of the University of Tennessee Institute of Agriculture, is one of the UT Knoxville colleges projected to have the most significant enrollment growth between now and 2030, increasing from 1,400 to 2,220 students. While most of the student space needed to support that growth will be housed on the Knoxville campus, the AgResearch and Education Centers, 4-H Centers, Extension Offices, and other unique UTIA assets will continue to support the the growing student body.

UT AgResearch has grown significantly in recent years in terms of staff, grant-funded research dollars, and total expenditures.

Despite the impacts of the COVID-19 pandemic, UT Extension activities and especially the STEM programming offered at the 4-H Centers have grown in participation. Exclusive of camping programs, in 2022, more than 17,000 youth and adults participated in programming or private rental events. This growth is projected to continue into the future.

As rapid urbanization results in a loss of farmland across the state of Tennessee, it is vital to preserve UTIA's current assets and consider continued expansion of research and extension activities in the future. This work to preserve farms and forestry also aligns with the University's land-grant mission.

**AGRESEARCH 10-YEAR GROWTH**



**UT EXTENSION 4-H CENTER 2022 PROGRAM ATTENDANCE**

Programs	Day/Overnight	W.P. RIDLEY		CLYDE M. YORK		CLYDE AUSTIN	
		Youth	Adult	Youth	Adult	Youth	Adult
4-H Junior Camp	Overnight	1,574	147	1,541	164	1,549	145
4-H Junior High Camp	Overnight	134	13	175	10	154	14
Student/ School Programs	Day	3,255	918	428	57	1,584	284
Student/ School Programs	Overnight	234	82	338	106	135	30
4-H/ UT Events	Day	68	53	410	200	74	6
4-H/ UT Events	Overnight	94	9	122	490	180	51
Private Groups/ Event Rentals	Day	1,900	3,149	524	513	30	1,306
Private Groups/ Event Rentals	Overnight	68	42	417	123	150	230
<b>TOTAL</b>		<b>7,327</b>	<b>4,413</b>	<b>3,955</b>	<b>1,669</b>	<b>3,856</b>	<b>2,066</b>

# SPACE DRIVERS AND NEEDS

The space needs assessment is intended to serve as a tool to support decision-making and the development of physical solutions and strategies. The assessment quantifies the amount of space UTIA currently uses, then calculates ideal quantities of space needed to support institutional goals and initiatives for short-term and long-range planning. The ideal quantities are compared to existing space quantities to identify areas of need and surpluses.

The Tennessee Higher Education Commission (THEC) is the coordinating board which oversees the efforts of higher education institutions in the state and has guidelines for master planning at the institution level. THEC has established space metrics that apply to educational and general space, and where applicable, these metrics have been applied to UTIA facilities. The needs identified through this effort complement those already identified through the University of

Tennessee Knoxville Master Plan. While the space assessment focuses on interior spaces, outdoor spaces are foundational to nearly every site. Needs for outdoor resources and for deferred maintenance to address condition issues are captured in the comprehensive planning recommendations. The space assessment process captures quantitative needs and does not necessarily capture deficiencies in the quality of space. Deteriorating space condition is a driver of many of the proposed investments, particularly related to staff housing.

The UTIA Master Plan Space Needs Assessment identifies needs for major programmatic expansion at several AgResearch Centers and right-sizing and modernization of existing functions across the board. For Extension 4-H Centers, the primary need is for STEM Centers at each site to support growth in that program.

ACADEMIC, RESEARCH, AND SUPPORT SPACE FINDINGS

Relative Balance 
  Percentage Need 
  Percentage Overage

	ACADEMIC, RESEARCH, OFFICE SPACE		OTHER NON-RESIDENTIAL SPACE		RESIDENTIAL SPACE		TOTAL			
	Existing	Need	Existing	Need	Existing	Need	Existing	Need	Difference	% Change
4-H Centers	26,263	28,286	70,372	94,363	66,828	79,680	965,781	202,329	(38,866)	-24%
Regional Extension Offices	11,044	10,364	6,888	10,950	0	0	17,932	21,314	(3,382)	-19%
AgResearch Centers	61,885	90,041	795,759	897,590	108,137	112,520	965,781	1,110,825	(123,525)	-14%
<b>INSTITUTION TOTAL</b>	<b>99,192</b>	<b>128,691</b>	<b>873,019</b>	<b>1,002,903</b>	<b>174,965</b>	<b>192,200</b>	<b>1,166,906</b>	<b>1,334,468</b>	<b>(167,562)</b>	<b>-15%</b>

\*Cells highlighted in pink have an unmet need that represents 15% or more of existing space in that category.

# KEY STRATEGIES AND DRIVERS

## 4-H Centers

UT Extension 4-H Centers were established to support the summer camping program and continue to host that transformational experiential learning opportunity. Over time, their programming has expanded to include many other opportunities for the community to engage with the outdoors, notably the STEM program for K-12 students during the fall and spring seasons of the academic year. Key drivers of investments in 4-H Center sites and facilities include:



▲ Clyde Austin 4-H Center

## Mitigating Risk

Security of 4-H Center visitors, UTIA staff, facilities, and other assets is essential, particularly because of their focus on youth programs. Vehicular and pedestrian conflicts and maintaining separation between youth programs and other outreach events are two areas of potential risk.

## Accommodating STEM Program Growth

As the overall population of Tennessee has grown, school enrollments have grown as well. More and more students are participating in the experiential outdoor learning field trip programs offered at 4-H Centers throughout the fall and spring. In nice weather, the centers deploy outdoor program areas to manage larger groups, but inclement weather is a challenge. Indoor teaching laboratories and meeting spaces are needed to support this program.

## Hosting Community Events

4-H Centers are highly connected to their communities. Hosting events on site is both a service to the community and a potential revenue source to support the facility. Opportunities include meeting venues, outdoor activities and accommodations for overnight stays.



### Regional UT Extension Offices

The Regional UT Extension offices provide a home for administrative support staff for Extension programs in the region as well as a central meeting location. The Central Region Extension Office is also collocated with the Soil, Plant and Pest Center (SPPC), which conducts soil testing for landowners across the state and supports research efforts. Key drivers of investment in these facilities include:



West Tennessee Regional Extension Office ^

### Supporting Extension Work in the Region

As UT Extension continues to grow and expand, new programs and more staff are needed. With appropriate facilities, the SPPC also has expansion opportunities to provide additional services including poultry manure analysis.

### Hosting Meetings and Events

Regional Extension offices are hubs for UT Extension meetings and events as well as community meetings and events.

## AgResearch

UTIA AgResearch and Education Centers started as research farms and have evolved over time into innovative hubs for agricultural research, education, and outreach. They are constantly expanding and adapting their agricultural crops and livestock portfolios to match current research demands, industry trends, and current technologies. In recent years, adapting their land and facilities for precision agriculture has significantly advanced UTIA's research capabilities. Key drivers of investments in AgResearch sites and facilities include:



▲ Milan REC

## Security

It is important to protect UTIA staff, animals, and assets and minimize risk that could potentially occur at the AgResearch and Education Centers. A center's size, location, and neighbors impact the degree of security that is needed. Demarcating the centers' properties through physical barriers (fencing/gates) or less intrusive measures (signage) informs the public of UTIA's presence and boundaries. Surveillance methods like CCTV can be implemented to deter and enforce transgressions. Additionally, by establishing areas at the centers as public, semi-public, and non-public, minimizes opportunities for misconduct.

## Access

The isolated nature of some sites makes them challenging or impractical to access using reasonable equipment in realistic time frames due to limited roads/tracks, geography, and/or access through non-UTIA property. UTIA should acquire land or the right to reasonably access existing properties. Conversely, public through-traffic access to centers should be controlled and restricted to applicable sites.

## Supporting Research Initiatives

Over time, facilities' limitations prevent them from supporting modern equipment and research needs due to size, evolving processes, and life span limitations. In addition, novel technologies have been introduced to the agriculture field, superseding older technologies. These should be applied at the AgRECs to support the needs of UTIA's researchers as they maintain their relevance to the Tennessee agriculture community. This includes equipping fields and support facilities with capabilities to support precision agriculture and establishing a strategy(s) for implementing the technology consistently across centers.

## Staff and Researcher Housing

On-site housing is integral to AgResearch's mission for 24/7 animal care, management of the facilities, and to provide a physical presence needed to providing security to large and sometimes isolated properties. Different types of housing are required for staff required to live on sites and for short-term stays, including researchers/seasonal workers and other guests. Appropriate and high-quality housing is needed to attract and retain the dedicated staff and researchers UT wishes to employ and support.

## Deteriorating Space Condition

As time goes by, facilities experience depreciation and wear and tear. Effort is required to maintain facilities at modern and industry standard quality to attract and retain the dedicated staff and researchers UT wishes to employ and support. In addition, some facilities are obsolete or no longer programmatically needed and occupy valuable real estate that could be more efficiently used with updated or different facilities.

## Operational Needs

Over time, the limitations of older facilities mean they can no longer support modern equipment and farm operation needs due to size, new processes, and life span limitations. Farm support facilities should be updated and/or built to satisfy current facility needs. Modern, efficient, and economical agriculture facilities should be implemented. Additionally, aging infrastructure (water, electricity, etc.) should be replaced.

## Outreach Facilities

For AgResearch to make the best impact in their communities, quality outreach facilities are needed to support their efforts. Opportunities for reuse of architecturally appealing agriculture structures that no longer meet agricultural needs but can be re-purposed for hosting outreach activities and events. New structures can also be built with flexibility in mind so that they serve other purposes outside of outreach events.

### UT-GATOP

The University of Tennessee - GATOP (God's Answer to our Prayers Gardens) is and will be a great asset to UT and the local Knoxville community. UT-GATOP is made up of multiple properties. Two have recently been transferred to the University of Tennessee by Dr. Alan Solomon, and one larger property (the gardens and residences) remains in Dr. Solomon's ownership. As these assets transition to UT ownership, planning is crucial to prioritize the facility needs for an operational and accessible public garden. Key drivers of investments in UT-GATOP sites and facilities include:



▲ *View across the Knoxville River at GATOP Gardens*

### Preserve a Unique Resource

The GATOP Gardens are a local treasure with many accolades warranting preservation and access for the Knoxville and greater Tennessee community.

### Engage the Community

The garden's appeal makes it an ideal space for UT and others to engage the public in a picturesque environment.

### Leverage Revenue Generation

The GATOP Gardens are an invaluable asset that has the opportunity to become a cherished venue space potentially able to support its own upkeep.

### CVM Veterinary REC

UTIA College of Veterinary Medicine - Veterinary Research and Education Center (CVM VREC) started as a small support animal farm. Over time, CVM has grown, and VREC has had to maximize the available space to continue to support animals effectively. Key drivers of investments in VREC site and facilities include:



Pastures at the VREC 

### Animal Space

Equine, bovine, ruminant, camelids, and other animals are currently housed on the farm. Supporting CVM’s robust curriculum and research requires a significant number of animals, which in turn require substantial land areas for pasture and other support functions.

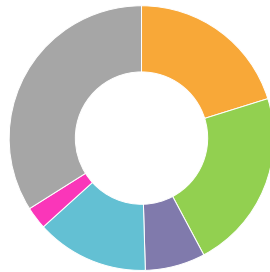
### Expansion of Neighboring Entities

Growth of University of Tennessee Knoxville’s main campus and medical center has made VREC a desirable property for many uses. Supporting animals in a limited land area is challenging, but essential to provide close access to animals for students in the CVM program.

# MAJOR PROJECT HIGHLIGHTS

This planning process identified many projects with varying scale, cost, implementation effort, and impact across the UTIA sites and institutions. The projects are organized into six major categories with associated sub-categories. There are new construction projects to address unmet needs, but many projects are renovations and upgrades to existing facilities and infrastructure to maintain operations, safety, and security. The diagram on the next page highlights proposed project types across the centers.

The following pages organize the projects by implementation priority and funding source. The priorities are based on their funding status and need. Implementation phases include funded projects, near-term priorities (non-funded) and mid-term priorities (non-funded). The pages in this Executive Summary are a high-level summary of projects, for further detail about specific projects see each site section in the report.



- BUILDINGS**
  1. STEM
  2. CLASSROOM: 4-H
  3. CLASSROOM: NON 4-H
  4. LAB/RESEARCH
  5. OFFICE
  6. STAR LAB

- AGRICULTURE**
  1. AGRONOMY BUILDINGS
  2. DAIRY FACILITIES
  3. GRAIN STORE
  4. LIVESTOCK: FACILITIES
  5. LIVESTOCK: HAY STORAGE
  6. OBSERVATION TOWERS

- HOUSING**
  1. 4-H CABINS
  2. 4-H STAFF HOUSING
  3. AGREC HOUSING

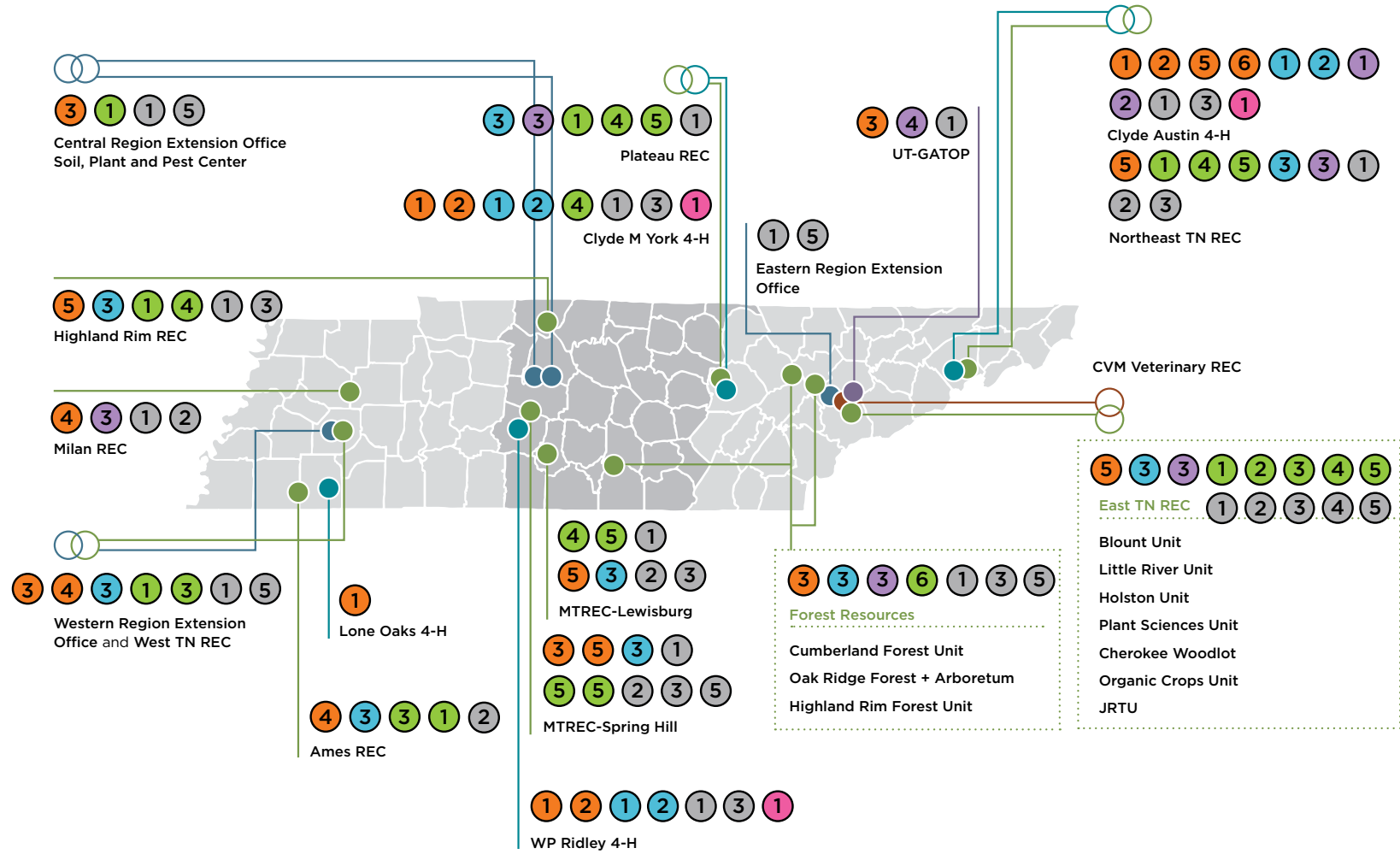
- INFRASTRUCTURE**
  1. INFRASTRUCTURE
  2. PRECISION AGRICULTURE
  3. OPERATION FACILITIES
  4. RIVER STABILIZATION/RESTORATION
  5. SECURITY

- VENUE**
  1. PERFORMING ARTS CENTER
  2. EVENT/LODGE
  3. FLEX VENUE
  4. UT-GATOP

- 4-H ACTIVITY**
  1. ACTIVITY FACILITIES

PROJECTS TYPE HIGHLIGHTS

The diagram below indicates projects proposed across the state.



# FUNDED PROJECTS

Funded projects were identified before this planning effort commenced and are in the process of being implemented. The majority of projects are funded through the American Recovery Plan. The diagram on the next page highlights funded projects across the centers.

## ● Capital Outlay Funds

- A. Lone Oaks 4-H Center - Water Education Facilities\*
- B. Lone Oaks 4-H Center - Stream Restoration & Conservation (Phase 1 & 2)\*

## ● E&G Residual and Donor Funds

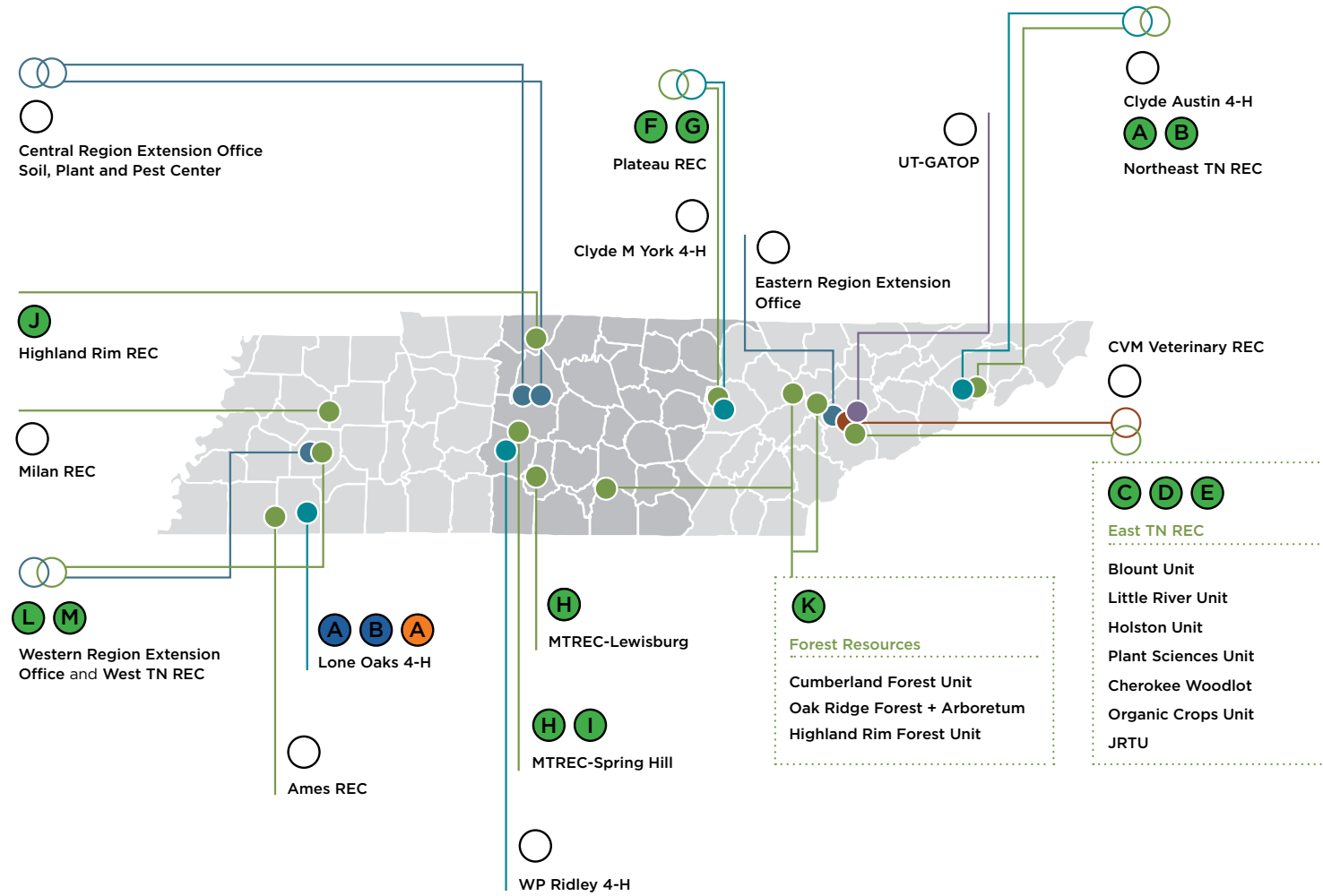
- A. Lone Oaks 4-H STEM Center (Phase 2)

## ● American Recovery Plan (ARP)

- A. NETREC - Greenhouse complex
- B. NETREC - Centralized beef handling facility
- C. ETREC-BU - Protein Innovation Center
- D. ETREC-BU - Small ruminant barn
- E. ETREC Little River - Transition barn
- F. PREC - Precision livestock farming beef facility
- G. PREC 70N - Hay storage
- H. MTREC - Precision livestock farming pastures
- I. MTREC-Spring Hill - Broiler facility
- J. HRREC - Office
- K. FRREC-Highland Rim Unit - Manager house
- L. WTREC - Office and housing renovations
- M. WTREC - Bin demonstration center

\*Projects by another state agency





# NEAR-TERM IMPLEMENTATION

## 0-5 years Near-Term

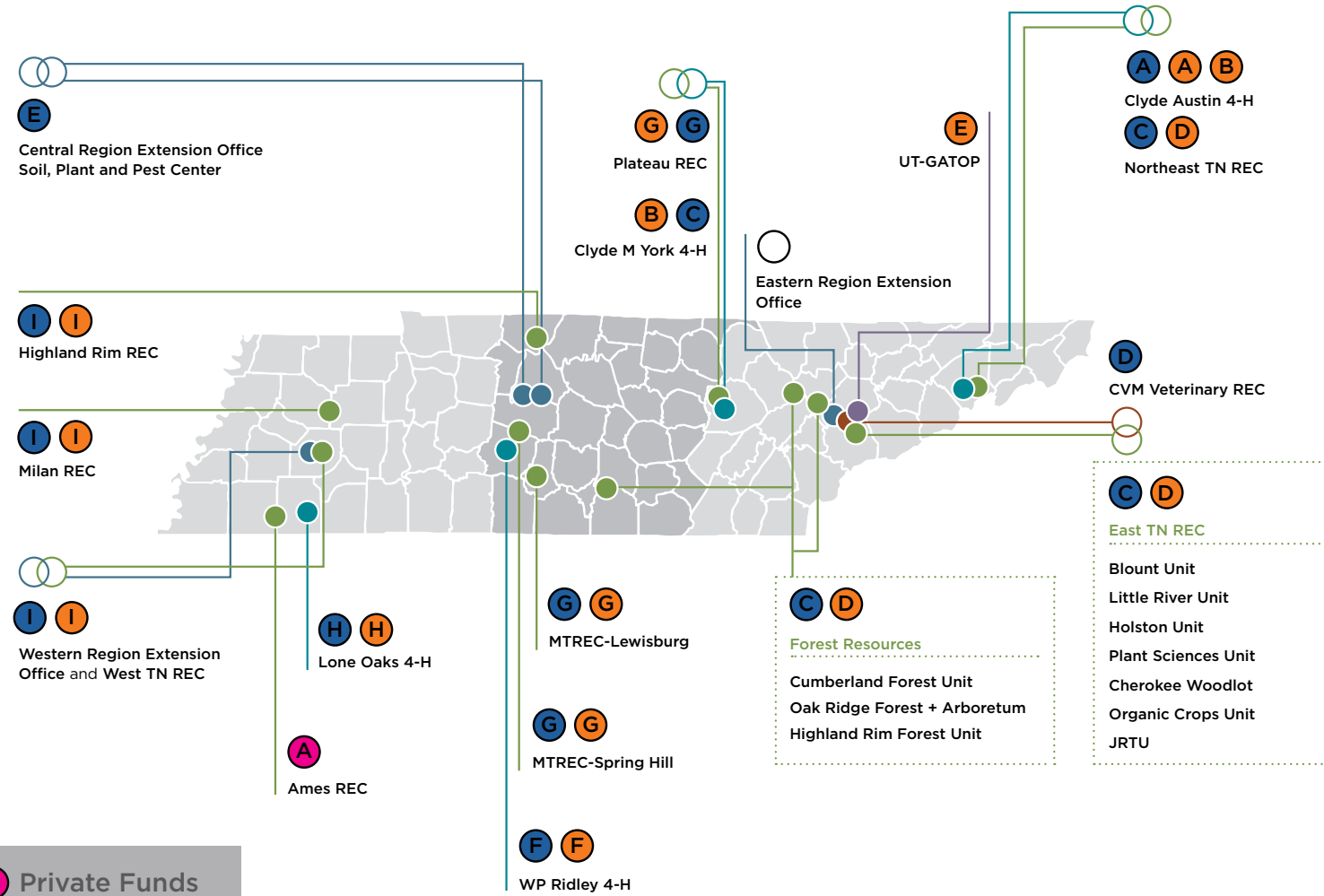
Near-term projects are more immediate needs that should begin implementation in 1-5 years. The projects identified include a mix of project types including building renovations, new facilities, site improvements, field lab/agriculture facilities, and security upgrades. The diagram on the next page highlights near-term projects across the centers. The order of projects listed does not indicate priority.

*\*Order of projects does not indicate priority*

	● State/ Capital Outlay Funds*	● Capital Maintenance/ EG/ Donor/ Grant Funds*
<b>EAST</b>	<ul style="list-style-type: none"> <li>A. Clyde Austin 4-H Center - Building site improvements</li> <li>B. Clyde M. York 4-H Center - Building site improvements</li> <li>C. AgResearch Eastern Region - Infrastructure updates, improve parking, roadways, security, and signage, upgrade animal waste systems, renovate or new conference and education/ event areas.</li> <li>D. CVM VREC - Improvements</li> </ul>	<ul style="list-style-type: none"> <li>A. Clyde Austin 4-H Center - STEM Center</li> <li>B. Clyde Austin 4-H Center - Guest Lodge</li> <li>C. Clyde M. York 4-H Center - STEM Center</li> <li>D. AgResearch Eastern Region - Renovations of farm structures, buildings, and housing. New or upgraded field animal containment areas. Improve riverbank stabilization, improve irrigation systems</li> <li>E. UT-GATOP - Phase 1</li> </ul>
<b>CENTRAL</b>		
<b>WEST</b>	<ul style="list-style-type: none"> <li>H. Lone Oaks 4-H Center - Building improvements</li> <li>I. AgResearch Western Region - Construction of field lab facility, grain storage education area, barns and new admin facilities. Renovation or new conference and education/ event/ demonstration areas.</li> </ul>	<ul style="list-style-type: none"> <li>H. Lone Oaks 4-H Center - Cabin cluster (meadow)</li> <li>I. AgResearch Western Region - Improve parking, roadways and security.</li> </ul>

**NEAR-TERM PROJECTS FUNDING DIAGRAM**

The diagram below identifies funding sources for projects at each site.



**Private Funds**

A. Ames - Projects

# MID-TERM IMPLEMENTATION

## 5-10 years

### Mid-Term

Mid-term projects are more immediate needs that should begin implementation in 5-10 years. Similar to near-term, the projects identified include a mix of project types including building renovations, new facilities, site improvements, field lab/ agriculture facilities, and security upgrades. The diagram on the next page highlights mid-term projects across the centers. The order of projects listed does not indicate priority.

*\*Order of projects does not indicate priority*

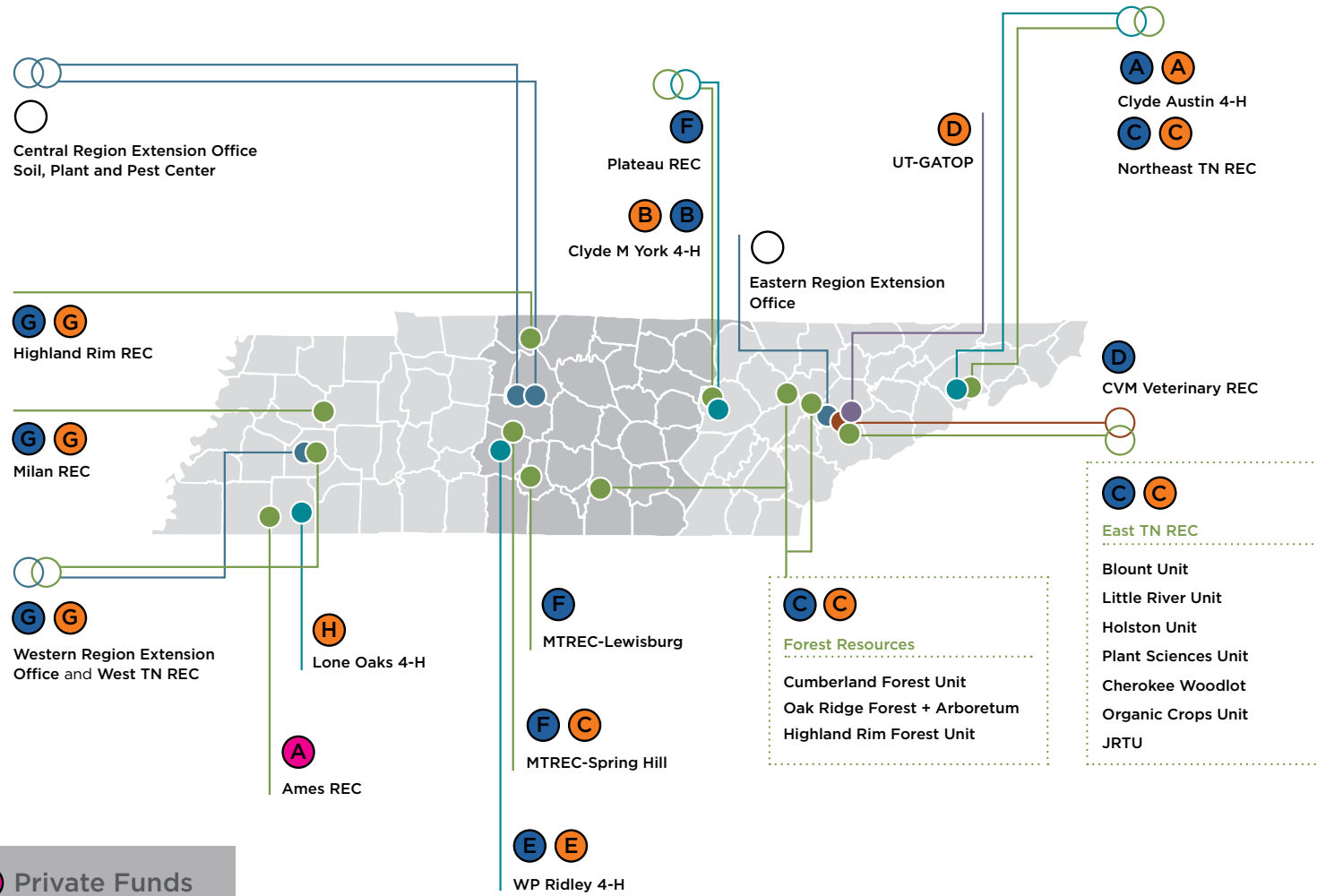
**● State/ Capital Outlay Funds\***

**● Capital Maintenance/ EG/ Donor/ Grant Funds\***

EAST	A. Clyde Austin 4-H Center - Infrastructure improvements	A. Clyde Austin 4-H Center - Performing Arts Center and Star Lab
	B. Clyde M. York 4-H Center - Infrastructure improvements	B. Clyde M. York 4-H Center - Office building
	C. AgResearch Eastern Region - New or renovated feed storage centers/systems, equipment storage, barns, greenhouses and headhouse, guest housing, admin facilities, lab space, creamery, conference and flex education/ event structures and activity areas, walking trails and parking areas. Develop master garden and arboretum. Raze unusable structures.	C. AgResearch Eastern Region - Upgrade or expand field animal containment areas. Upgrade utilities, add solar panels. Upgrade or add field roads, stream crossings, bridges, and tunnels and 4x4 vehicle access paths. Stabilize shoreline. Relocate Insectaries.
	D. CVM VREC - Bovine equine improvement	D. UT-GATOP - Phase 2
CENTRAL	E. W.P. Ridley 4-H Center - Infrastructure improvements	E. W.P. Ridley 4-H Center - Operational support facilities
	F. AgResearch Central Region - New or renovated vehicle service facility, equipment storage, barns, tobacco culling structure, guest housing, admin facilities, conference and flex education/ event/ demonstration and parking areas. Raze unstable structures.	F. AgResearch Central Region - Upgrade or expand field animal containment areas. Upgrade utilities.
WEST	G. AgResearch Western Region - Renovate or new greenhouses and headhouses, storage structures, woodworking shop, horticulture workshop, teaching space, labs, offices/meeting spaces, chemical storage, exhibition space, restrooms, cotton gin and storage; large equipment storage and flex venue-pavilion, additional parking. Add electric charging stations in parking areas.	G. AgResearch Western Region - Upgrade utilities, add solar panels. Upgrade irrigation systems. Transition existing lagoon into a healthy pond.
		H. Lone Oaks 4-H Center - Cabin cluster (lake)

MID-TERM PROJECTS FUNDING DIAGRAM

The diagram below identifies funding sources for projects at each site.



Private Funds

A. Ames - Projects

# LAND ACQUISITION

UTIA's land resources enable the institute to provide research and outreach opportunities and experiences to Tennesseans. As UTIA grows and the state continues to face development pressures, strategic land acquisition can help secure UTIA's future impact. If available land meets the defined acquisition criteria and there is a need for supporting UTIA's mission, property acquisition could be explored.

All UTIA sites are unique, and their potential need for growth varies by site. This master plan defines each site's potential need for expansion by first identifying if expansion could occur and then establishing two circular zone boundaries: a smaller but less-restrictive Institutional Boundary and a larger but more restrictive Area of Influence. The centers of these boundary circles are located at the building that is considered the site's office and/or farm center. The table on the following page indicates the boundary and area of influence radius for each site.

This approach positions UTIA to consider the strategic acquisition of properties within proximity of existing sites that support partnership and collaboration initiatives aligned with its mission and strategic plan. The land acquisition boundaries have been noted in the table to the right, and reflect the how each site is positioned. Land acquisition boundaries do not limit UTIA from considering acquisition opportunities state-wide that support UTIA's mission.

**ACQUISITION CRITERIA:**

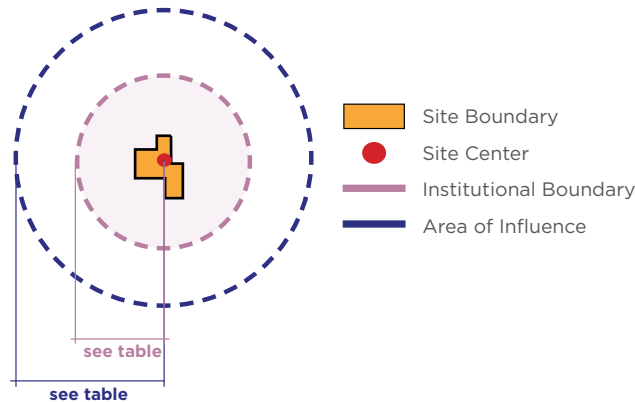
**Acquisition within Institutional Boundary:**

A high-value agricultural and/or forestry property that can be readily integrated into an existing UTIA site operation.

**Acquisition within the Area of Influence:**

A high-value agricultural and/or forestry property that meets a special need of UTIA. The property should have unique characteristics (soil, geography, ecology, climate, established flora/fauna) that would strengthen UTIA's resource portfolio. Partnership opportunities to preserve and enhance these resources are appropriate.

**KEY**

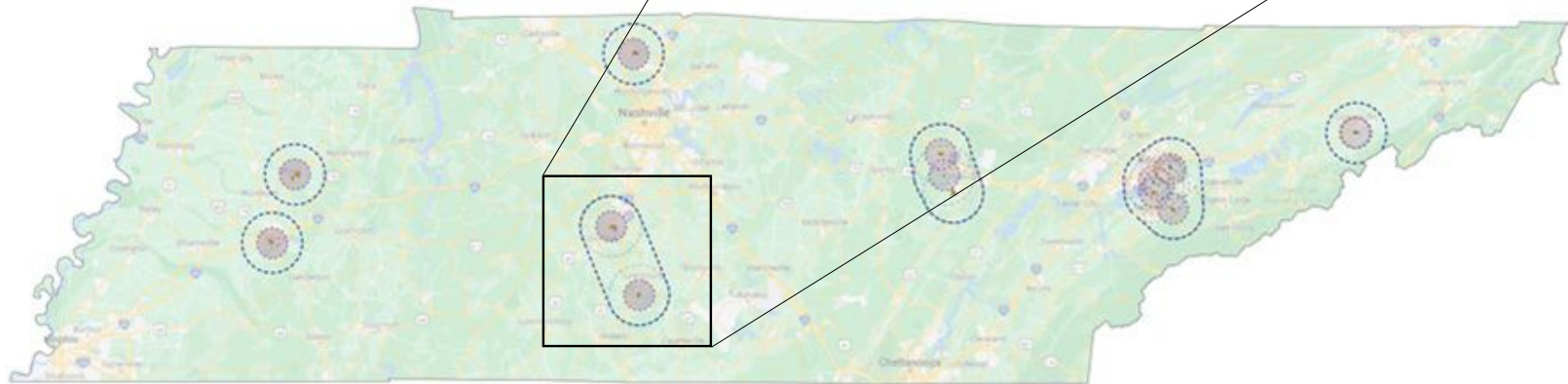


**LAND ACQUISITION SUMMARY**

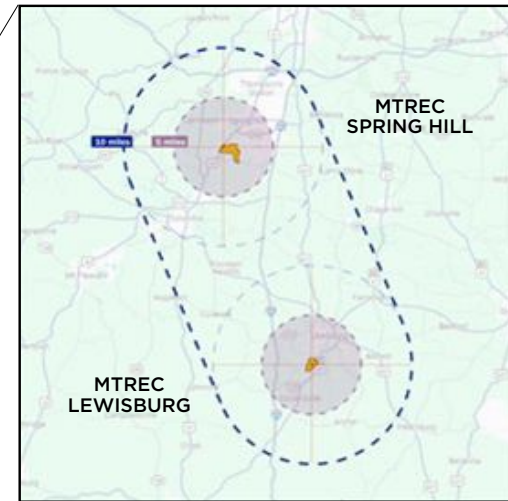
CENTER	INSTITUTIONAL BOUNDARY	AREA OF INFLUENCE
Regional Extension Offices	None	None
4-H Centers (excl. Clyde Austin)	Close-Proximity	None
Clyde Austin 4-H Center	None	1-mile radius
Northeast TN REC	5-mile radius	10-mile radius
East TN REC	5-mile radius	10-mile radius
Plateau REC	5-mile radius	10-mile radius
Middle TN RECs	5-mile radius	10-mile radius
Ames REC	None	None
Milan REC	5-mile radius	10-mile radius
West TN REC	5-mile radius	10-mile radius
Forest Resources RECs	Close-Proximity	None
CVM Veterinary REC	1.5-mile radius	None

*\*The CVM Veterinary REC is considering relocating and therefore no Land Acquisition Boundaries have been established.*

**SITES WITH LAND ACQUISITION BOUNDARIES**



**MTREC-SPRING HILL AND MTREC-LEWISBURG**



30 x 30 miles  
Key to Left





5.1

# Board of Trustees Meeting

Final Plan | October 2024





# Institutional Overview



## UT Agriculture Research

A leading research organization affiliated with the University of Tennessee, focused on addressing critical challenges in agriculture, forestry, and related fields through innovative research, technology development, and outreach initiatives to support sustainable and resilient practices.

## UT Extension

A statewide outreach program, dedicated to providing research-based education and solutions in agriculture, family and consumer sciences, community development, and 4-H youth development to enhance the lives and well-being of Tennessee residents.

## UT Herbert College of Agriculture

A distinguished institution committed to excellence in agricultural education and research, providing students with comprehensive knowledge and skills while exploring innovative solutions to address challenges in the agricultural industry.

## UT College of Veterinary Medicine

A renowned academic institution dedicated to advancing veterinary science through comprehensive education, cutting-edge research, and state-of-the-art clinical services, preparing future veterinarians to excel in animal healthcare and related fields.

# Shared Master Plan

## UT Knoxville Master Plan (2023)

Provides a vision for the dynamic physical transformation of the institution's Knoxville- and Tullahoma-based campuses.

Includes recommendations for UTIA facilities on Main Campus:

- Veterinary Medical Center – Small Animal Hospital Renovation
- College of Vet Medicine Research Space and Expansion
- Interdisciplinary Academic, Research Learning Commons Building (Racheff Site)
- Morgan Hall Building Renovation and Addition
- UTIA Garden Education and Discovery Center
- UTIA Parking Garage with Greenhouses



## UT Institute of Agriculture Master Plan

**4** 4-H Centers  
*Lone Oaks Center planning done prior to this effort*

**3** Regional Extension Office Headquarters  
*County extension offices are excluded due to being leased properties*

**18** AgResearch Research and Education Centers

**3** Others

- Veterinary REC (CVM)
- Future UT Garden: UT/GATOP
- Soils, Plant and Pest Center (UT Extension)

# Institutional Scope



## UT Agriculture Research

- Agriculture Research and Education Centers**  
Agronomy, livestock, and forestry research and education facilities.
- UT Gardens**  
Locations in Jackson and Crossville
- Future UT/GATOP**  
(God's Answer to Our Prayers Property)

## UT Extension

- Regional Extension Offices**  
Offices located in each region focusing on community outreach.
- Soil, Plant and Pest Center**  
Facilities for analyzing soil, plant and pest samples from across the state.
- 4-H Centers**  
Youth education facilities located throughout the state.

## UT Herbert College of Agriculture

No scope for this master plan effort. See the 2023 University of Tennessee Knoxville Master Plan for information.

## UT College of Veterinary Medicine

- Veterinary Research and Education Center**  
Support farm for the College of Veterinary Medicine.  
  
This scope only includes the Vet Rec site. For other College of Veterinary Medicine recommendations, see the 2023 University of Tennessee Knoxville Master Plan.

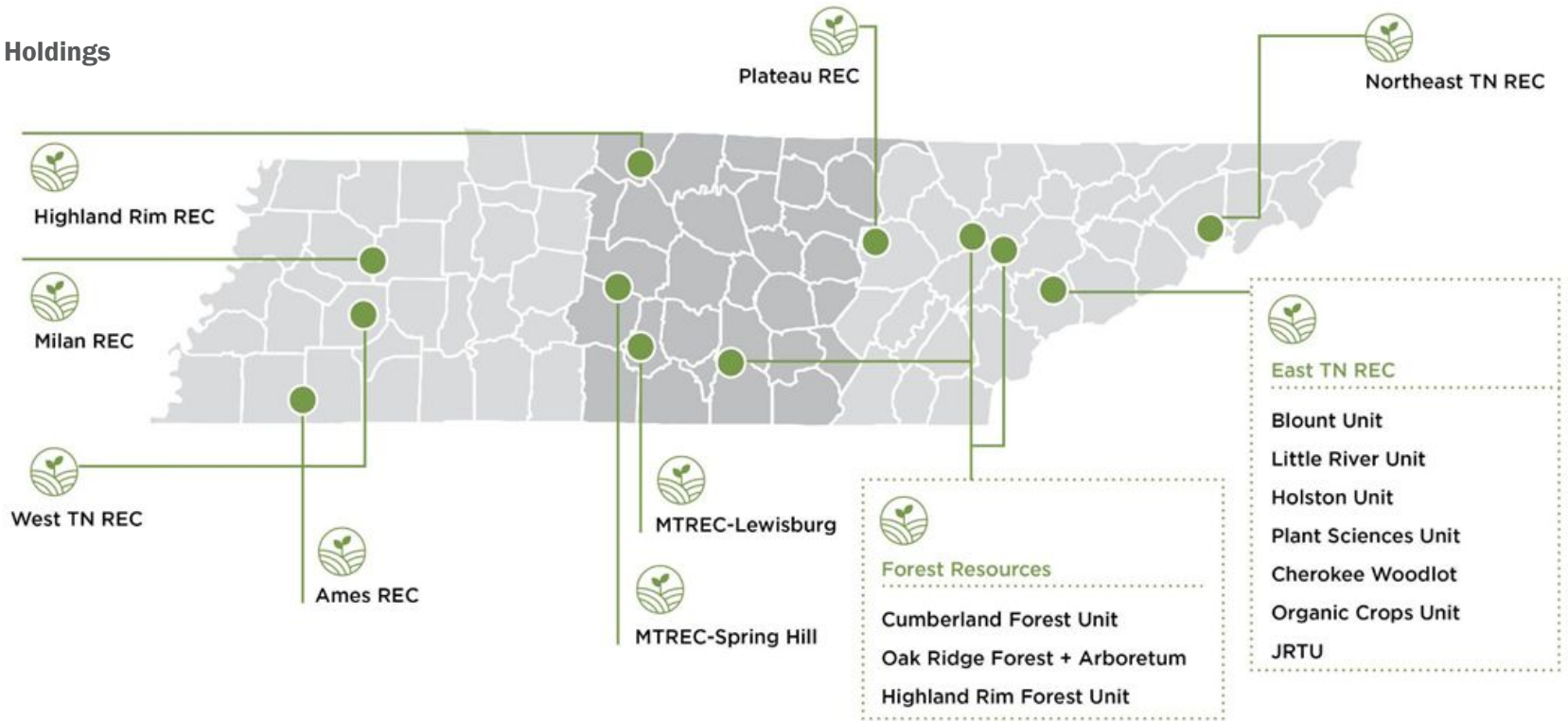
# Geographical Scope

## AgResearch

18 Centers

90%+ of UTIA Land Holdings

19,000+ Acres



Total Acres by Site Type



# Geographical Scope

## Extension Offices

3 Sites

Located in each Geographic Region

10 Acres



Total Acres by Site Type



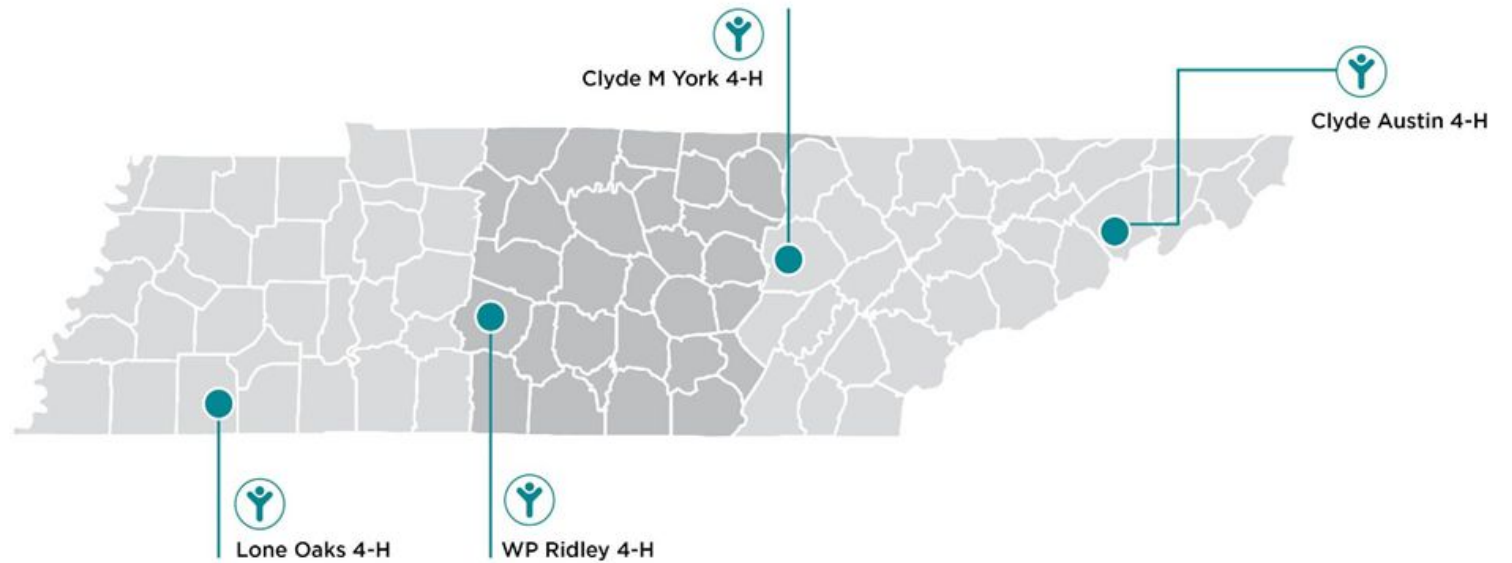
# Geographical Scope

## 4-H Centers

4 Sites

Located in each Geographic Region

1,600 Acres



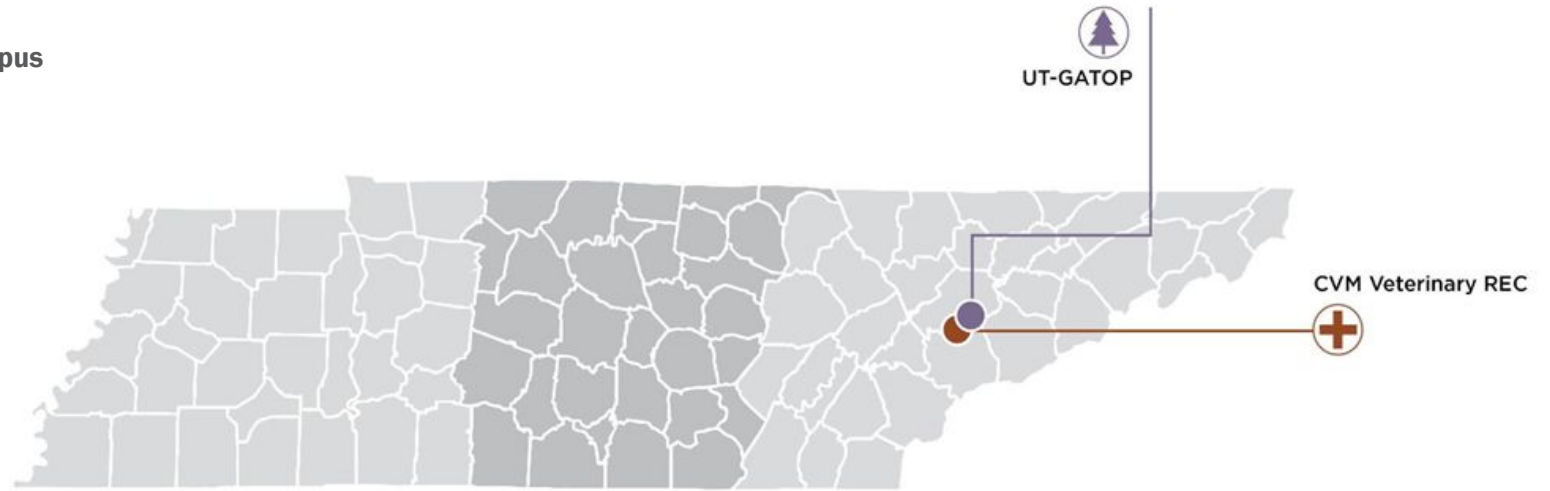
Total Acres by Site Type



# Geographical Scope

## CVM VetREC & UT-GATOP

48 acres near Knoxville Campus



### Total Acres by Site Type

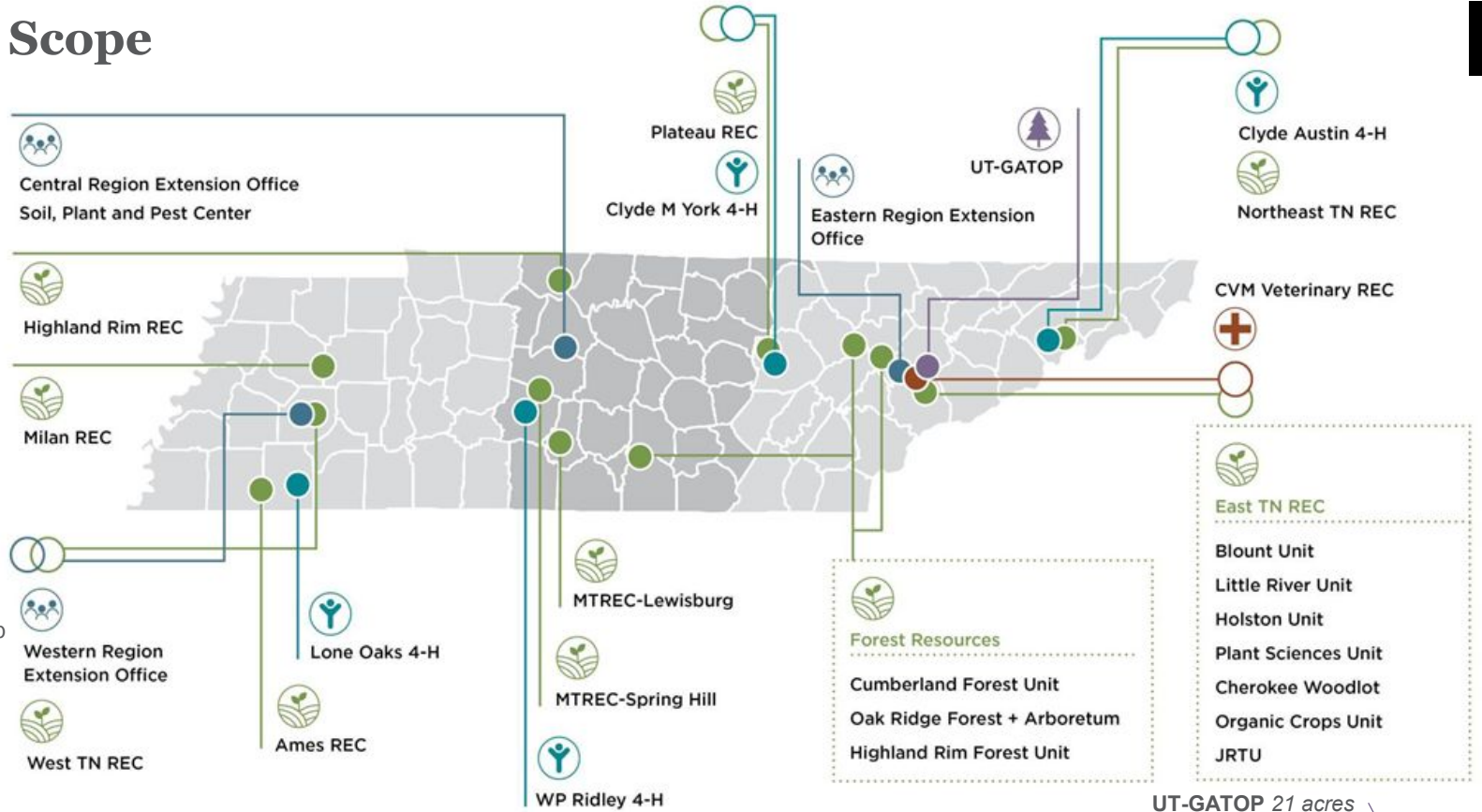


# Geographical Scope

## All Sites

3 Geographic Regions

Over 21,000 Acres



### Center Relationships

- Organizational Relationship
- Physical Adjacency

### Total Acres by Site Type





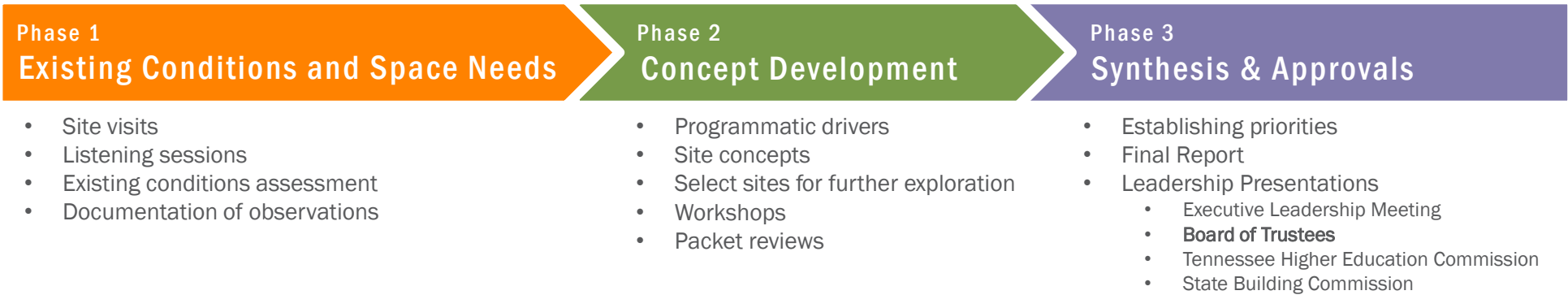
# Master Plan Process

**3** phase process over 12+ months

**27** site visits over 3 regional trips

**3** cross-site/state design sessions

**3+** rounds of site packet reviews



# What defines this master plan?

*A Commitment to serve all Tennesseans as a land grant University*



## Alignment with UTIA Strategic Plan Goals:

- Expand Educational Opportunities
- Fostering Innovation and Discovery
- Strengthen Organizational Culture
- Share Our Collective Success
- Nurture Our Talent

## UTIA Planning Principles



Enable UTIA to realize their mission of discovery, innovation, and application for students, faculty, staff, and Tennesseans.



Maximize our use of resources by prioritizing reuse before replacement, multipurpose facilities, and efficiency in operations.



Create places that are accessible, safe, and welcoming for all users.



Minimize risk to staff, faculty, students, researchers, visitors, and facilities.



Preserve Tennessee farm and forestry land as the state faces development pressures.



Position sites to take advantage of revenue generation opportunities through sale of commodities, events, and other partnership opportunities, when it complements UTIA's mission.

# Planning Drivers

## UT Agriculture Research **AgResearch and Education Centers**

- Support Research Initiatives
- Staff & Researcher Housing
- Deteriorating Space Condition
- Outreach Facilities
- Operational Needs
- Access
- Security

## UT Extension **Regional Extension Offices & SPPC**

- Host meetings and events
- Provide administrative resources

## UT Extension **4-H Centers**

- Mitigating Risk
- STEM Center
- Host Community Events

## College of Veterinary Medicine **Veterinary REC**

- Provide land area to support animals
- Growth of main campus and medical center

## **UT-GATOP**

- Preserve a unique resource
- Engage the community
- Leverage revenue generation



5.1

# Space Drivers: Growth and Renewal

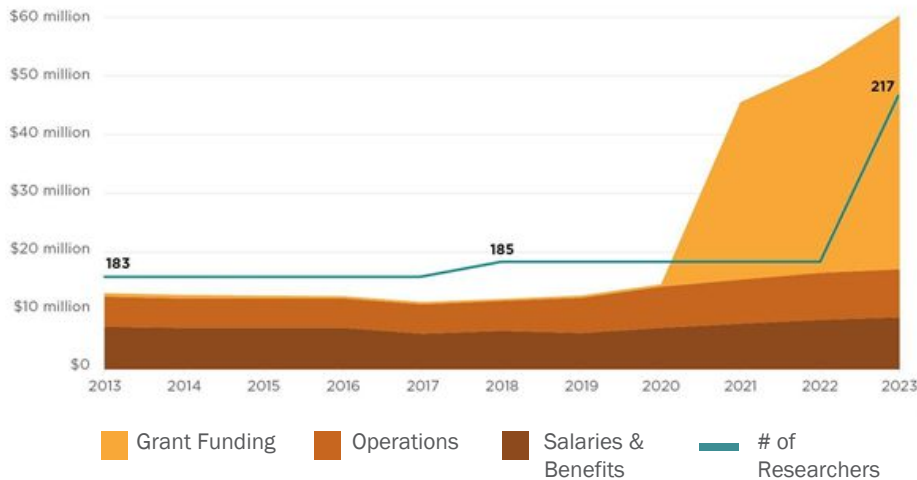
## Key programs driving growth

- Research (AgResearch)
- STEM Programs (4-H)
- Staff and visitor housing demand
- Outreach experience development

## Facility condition and program alignment

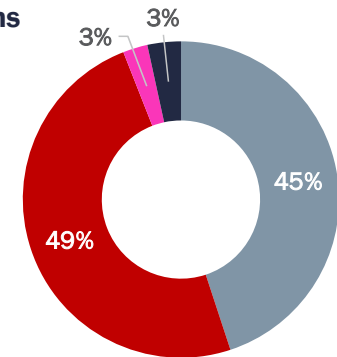
- Outdated facilities limit research programs and impact outreach experience.
- Many existing facilities do not support modern standards.

AgResearch 10-year Growth



Existing Housing Conditions

- Maintain
- Renovate/ Update
- Replace
- Raze



## Across Studied Sites:

- **61** Abandoned/Obsolete Structures
- **18** Decommissioned Silos

# Space Needs

## Academic, Research, and Support Space Findings

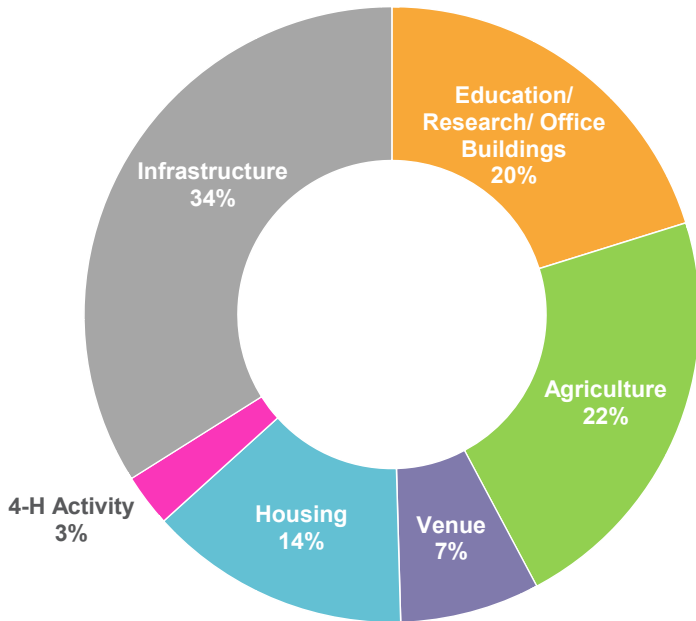
■ Relative Balance 
 ■ Percentage Need 
 ■ Percentage Overage

	Academic, Research, Office Space			Other Non-Residential Space			Residential Space			Total			
	Existing	Need	Difference	Existing	Need	Difference	Existing	Need	Difference	Existing	Need	Difference	% Change
4-H Centers	26,263	28,286	-2,023	70,372	94,363	-23,991	66,828	79,680	-12,852	163,463	202,329	-38,866	-24%
Regional Extension Offices	11,044	10,364	680	6,888	10,950	-4,062	0	0	0	17,932	21,314	-3,382	-19%
AgResearch RECs	61,885	90,041	-28,156	795,759	897,590	-101,831	108,137	112,520	-4,383	965,781	1,100,151	-134,370	-14%
<b>Institutional Total</b>	99,192	128,691	-29,499	873,019	1,002,903	-129,884	174,965	192,200	-17,235	1,147,176	1,323,794	-176,618	-15%

- Space assessment utilizes THEC guidelines where applicable
- Master Plan translates unique UTIA activities and facilities into this framework
- Room use data and floor plans was available for some, but not all, facilities



# UTIA Master Plan Project Types Across the State



*\*Excludes projects from Lone Oaks 4-H Center and the UTK master plans  
Percentages represent the number of projects in each category.*



5.1

# UTIA Master Plan Project Types Across the State

**BUILDINGS**

- 1. STEM
- 2. CLASSROOM: 4-H
- 3. CLASSROOM: NON 4-H
- 4. LAB/RESEARCH
- 5. OFFICE
- 6. STAR LAB

**HOUSING**

- 1. 4-H CABINS
- 2. 4-H STAFF HOUSING
- 3. AGREC HOUSING

**VENUE**

- 1. PERFORMING ARTS CENTER
- 2. EVENT/LODGE
- 3. FLEX VENUE
- 4. UT-GATOP

**AGRICULTURE**

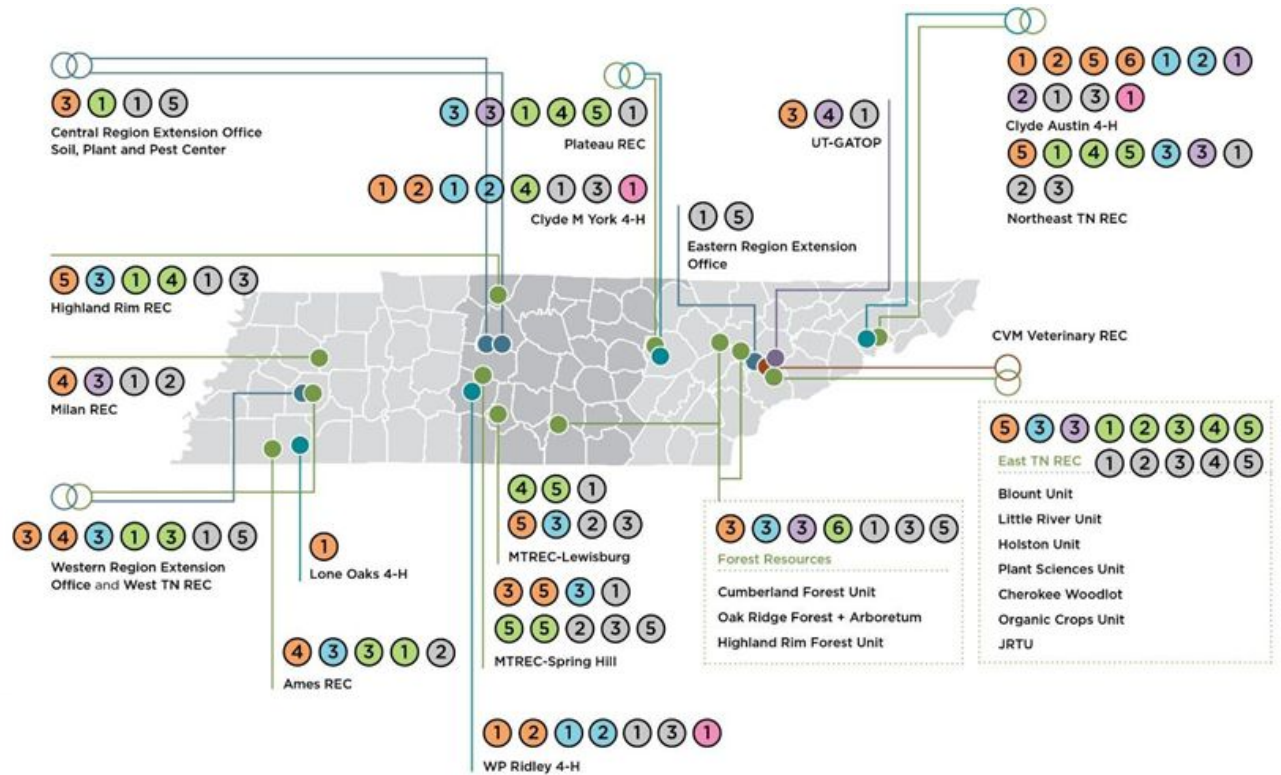
- 1. AGRONOMY BUILDINGS
- 2. DAIRY FACILITIES
- 3. GRAIN STORE
- 4. LIVESTOCK: FACILITIES
- 5. LIVESTOCK: HAY STORAGE
- 6. OBSERVATION TOWERS

**INFRASTRUCTURE**

- 1. INFRASTRUCTURE
- 2. INFRASTRUCTURE: PRECISION AGRICULTURE
- 3. OPERATION FACILITIES
- 4. RIVER STABILIZATION/RESTORATION
- 5. SECURITY

**4-H ACTIVITY**

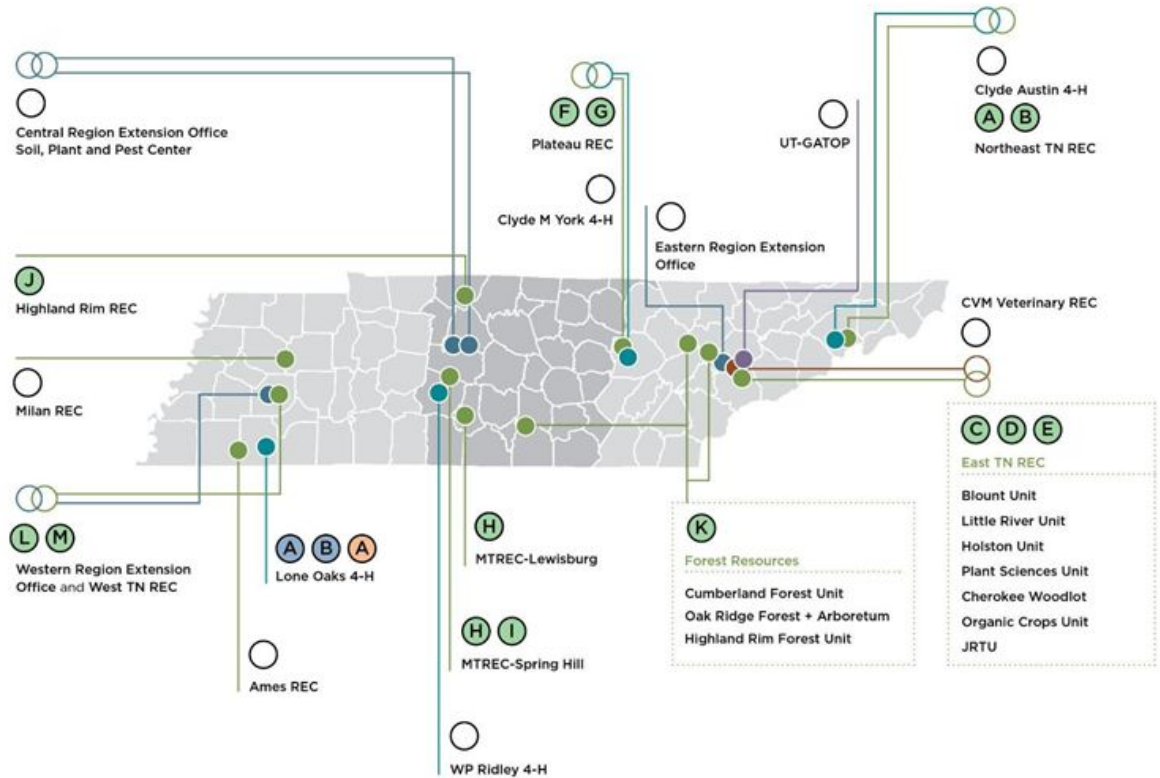
- 1. ACTIVITY FACILITIES



\*Excludes projects from Lone Oaks 4-H Center and the UTK master plans.

# UTIA Master Plan Funded Projects

- **Capital Outlay Funds**
  - A. **Lone Oaks 4-H Center** - Water Education Facilities\*
  - B. **Lone Oaks 4-H Center** - Stream restoration & conservation (Phase 1 & 2)\*
  
- **E&G Residual and Donor Funds**
  - A. **Lone Oaks 4-H Center** - STEM center (Phase 2)
  
- **American Recovery Plan (ARP)**
  - A. **NETREC** - Greenhouse complex
  - B. **NETREC** - Centralized beef handling facility
  - C. **ETREC-BU** - Protein Innovation Center
  - D. **ETREC-BU** - Small ruminant barn
  - E. **ETREC Little River** - Transition barn
  - F. **PREC** - Precision livestock farming beef facility
  - G. **PREC** - 70N hay storage
  - H. **MTREC** - Precision livestock farming pastures
  - I. **MTREC-Spring Hill** - Broiler facility
  - J. **HRREC** - Office
  - K. **FRREC-Highland Rim Unit** - Manager house
  - L. **WTREC** - Office and housing renovations
  - M. **WTREC** - Bin demonstration center



\*Projects by another state agency



# UTIA Master Plan Near-Term Projects\* 0-5 years

## State/ Capital Outlay Funds

## Capital Maintenance/ EG/ Donor/ Grant Funds

EAST

- A. **Clyde Austin 4-H Center** - Building site improvements
- B. **Clyde M. York 4-H Center** - Building site improvements
- C. **AgResearch Eastern Region** - Infrastructure updates, improve parking, roadways, security, and signage, upgrade animal waste systems, renovate or new conference and education/ event areas.
- D. **CVM Vet REC** - Improvements

- A. **Clyde Austin 4-H Center** - STEM center
- B. **Clyde Austin 4-H Center** - Guest lodge
- C. **Clyde M. York 4-H Center** - STEM center
- D. **AgResearch Eastern Region** - Renovations of farm structures, buildings, and housing. New or upgraded field animal containment areas. Improve riverbank stabilization, improve irrigation systems
- E. **UT-GATOP** - Phase 1

CENTRAL

- E. **Central Regional Extension Office** - Soils lab addition, building renovation
- F. **W.P. Ridley 4-H Center** - Building site improvements
- G. **AgResearch Central Region** - New tunnel/greenhouses and seed storage, research shade house, grain storage, barns and new admin facilities, ADA

- F. **W.P. Ridley 4-H Center** - STEM center
- G. **AgResearch Central Region** - Renovations to farm structures, buildings, and housing. Updated field animal containment areas. Improve roadways and security

WEST

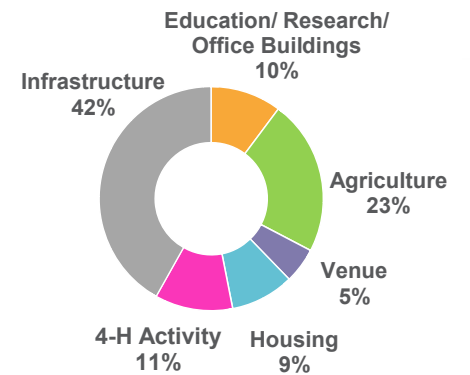
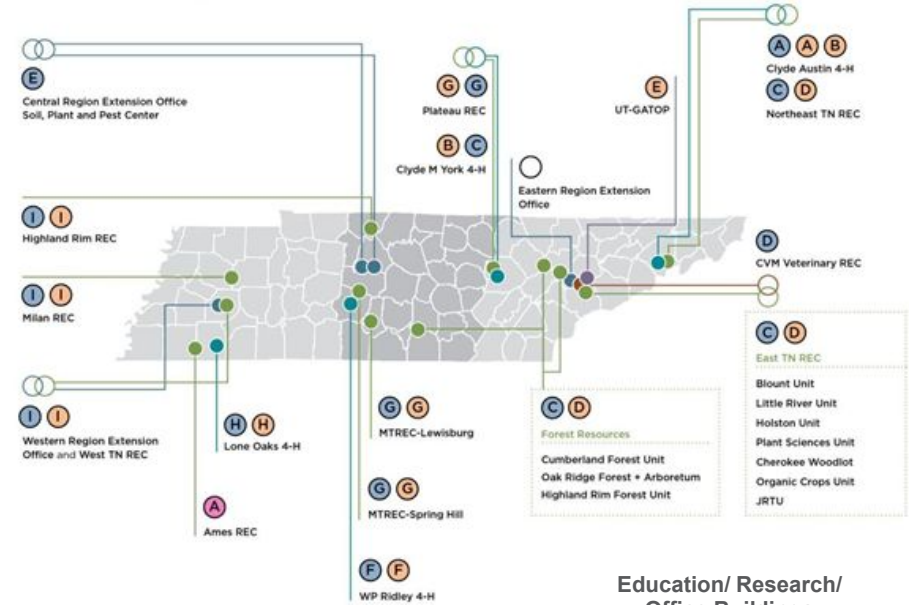
- H. **Lone Oaks 4-H Center** - Building improvements
- I. **AgResearch Western Region** - Construction of field lab facility, grain storage education area, barns and new admin facilities. Renovation/new conference and education/ event/ demonstration areas.

- H. **Lone Oaks 4-H Center** - Cabin cluster (meadow)
- I. **AgResearch Western Region** - Improve parking, roadways and security.

## Private Funds

### A. Ames Rec Projects

- Demolish abandon/obsolete structures
- Grain storage facility
- Replace Bryan Hall
- Expand research center



\*Order does not indicate priority

# UTIA Master Plan Mid-Term Projects\* 5-10 years

## State/ Cap Outlay Funds

EAST

- A. Clyde Austin 4-H Center** – Infrastructure improvements
- B. Clyde M. York 4-H Center** - Infrastructure improvements
- C. AgResearch Eastern Region** - New or renovated feed storage centers/systems, equipment storage, barns, greenhouses and headhouse, guest housing, admin facilities, lab space, creamery, conference and flex education/ event structures and activity areas, walking trails and parking areas, develop master garden and arboretum. Raze unusable structures.
- D. CVM Vet REC** - Bovine equine improvement

CENTRAL

- E. W.P. Ridley 4-H Center** - Infrastructure improvements
- F. AgResearch Central Region** - New or renovated vehicle service facility, equipment storage, barns, tobacco curing structure, guest housing, admin facilities, conference and flex education/ event/ demonstration and parking areas, raze unstable structures.

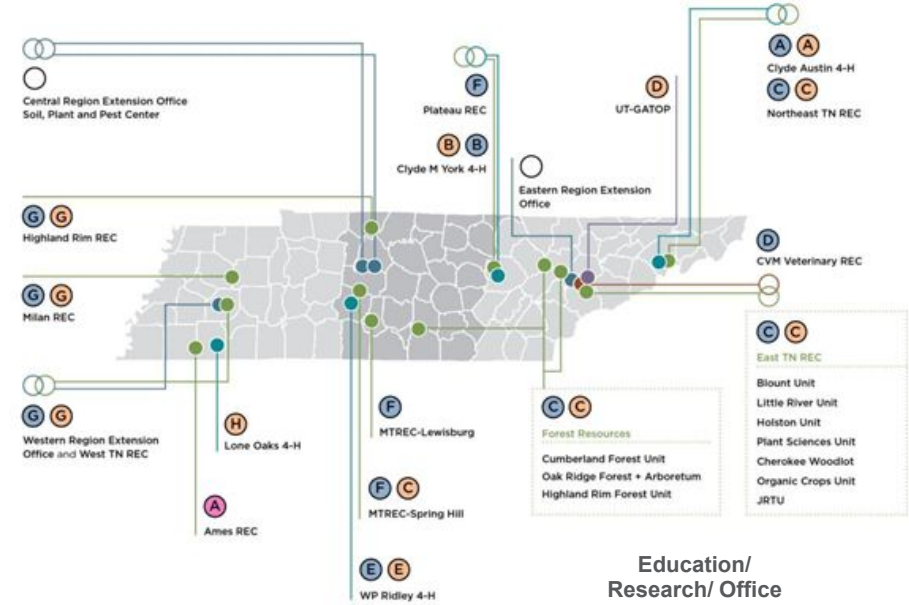
WEST

- G. AgResearch Western Region** - Renovate or new greenhouses and headhouses, storage structures, woodworking shop, horticulture workshop, teaching space, labs, offices/meeting spaces, chemical storage, exhibition space, restrooms, cotton gin and storage; large equipment storage and flex venue-pavilion, additional parking. Add electric charging stations in parking areas.

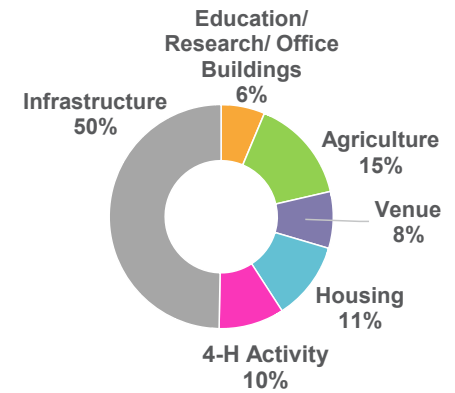
## Capital Maintenance/ EG/ Donor/Grant Funds

- A. Clyde Austin 4-H Center** - Performing arts center and star lab
- B. Clyde M. York 4-H Center** – Office building
- C. AgResearch Eastern Region** - Upgrade or expand field animal containment areas, upgrade utilities, add solar panels. upgrade or add field roads, stream crossings, bridges, and tunnels and 4x4 vehicle access paths, stabilize shoreline, relocate insectaries.
- D. UT-GATOP** - Phase 2
- E. W.P. Ridley 4-H Center** - Operational support facilities
- F. AgResearch Central Region** - Upgrade or expand field animal containment areas, upgrade utilities.

- G. AgResearch Western Region** - Upgrade utilities, add solar panels, upgrade irrigation systems, transition existing lagoon into a healthy pond.
- H. Lone Oaks 4-H Center** - Cabin Cluster (lake)



- ## Private Funds
- A. Ames Rec Projects**
    - Demolish abandon/obsolete structures
    - Cellular Infrastructure
    - Historic Village Development



\*Order does not indicate priority

# Land Acquisition

## Acquisition within the Institutional Boundary

A high value agricultural and/or forestry property that can be readily integrated into an existing UTIA AgREC site operation.

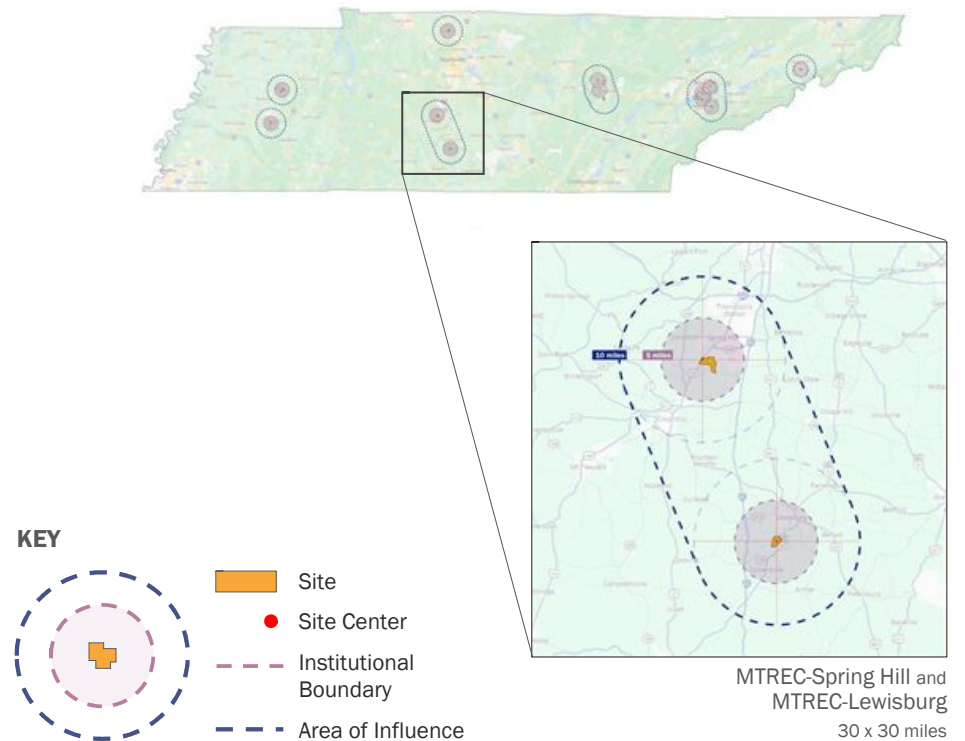
## Acquisition within the Area of Influence

A high value agricultural and/or forestry property that meets a special need of UTIA. The property should have unique characteristics (*soils, geography, ecology, climate, established flora/fauna*) that would strengthen UTIA's resource portfolio.

Center / Site	Institutional Boundary	Area of Influence
4-H Centers (excl. Clyde Austin)	Close-Proximity	none
Clyde Austin 4-H Center	none	1-mile radius
Regional Extension Offices	none	none
Northeast TN REC	5-mile radius	10-mile radius
Plateau REC	5-mile radius	10-mile radius
East TN RECs	5-mile radius	10-mile radius
Middle TN RECs	5-mile radius	10-mile radius
Ames REC	none	none
Milan REC	5-mile radius	10-mile radius
West TN REC	5-mile radius	10-mile radius
Forest Resources RECs	Close-proximity	none
CVM Veterinary REC	1.5-mile radius	none
UT-GATOP	Close-proximity	none

\* Land acquisition boundaries do not limit UTIA from considering acquisition opportunities state-wide that support UTIA's mission

## Sites with Institutional Boundaries and Areas of Influence







5.1

**Board of Trustees Meeting**  
October 2024



# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

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5.2

## AGENDA ITEM SUMMARY

Meeting Date: October 25, 2024

Committee: Finance and Administration

Item: **UTK Lindsey Nelson Stadium Renovation**

Type: Action

Presenter(s): David L. Miller, Senior Vice President and Chief Financial Officer  
Austin Oakes, Associate Vice President, Capital Projects

### **Background Information**

The leadership of Tennessee Athletics is requesting an increase in the Lindsey Nelson Stadium Renovation project budget to account for unknown underground soil and utility conditions that have been identified and increased costs associated with extended time and subsequent escalation. These items are necessary to address in order to complete the project. Based on the architect and construction manager's recommendation, the University is requesting Board approval to increase the budget by \$9,300,000 to \$105,100,000.

In February 2022, the Board of Trustees approved the Lindsey Nelson Stadium Renovations project for \$56,800,000 as part of a schedule of additional revenue/institutionally funded capital projects for FY2022-23. Subsequently, in June 2023, the Board of Trustees approved a budget increase of \$39,000,000, which accounted for updated scope and cost escalation impacts, and increased the total budget to \$95,800,000.

The University Administration is seeking no changes to the existing Tennessee State School Bond Authority (TSSBA) Bonds associated with the project. The full amount of the budget increase will be supported by Gifts.

### **Committee Action**

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

[The proposed Resolution follows on the next page.]

**Resolved:**

Subject to the University receiving any required state government approvals, the Board of Trustees hereby authorizes the University administration to: (i) adjust the scope of the Lindsey Nelson Stadium Renovations project at the University of Tennessee, Knoxville (Project), as described in the meeting materials presented to the Committee, (ii) increase the Project budget to \$105,100,000, and (iii) increase the Gift funding for the Project by \$9,300,000.

Further, 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.





# LINDSEY NELSON STADIUM RENOVATIONS

PROJECT UPDATE & BUDGET REQUEST

**TENNESSEE**  
ATHLETICS



# PROJECT IMAGES

5.2



**Sutles & Rocky Top Club Rendering**



**New Left-Field 4-Seat Tabletops Section**

TENNESSEE   ATHLETICS





# PROJECT TIMELINE

## COMPLETED FOR 2024

- **Third-base line chairback seats**
- **Left-field 4-seat tabletops section**

## COMPLETE FOR 2025

- **Right-field student section**
- **First-base line restrooms and concessions**
- **Left-field bar on main concourse**
- **Right-field line 4-seat tabletop units**
- **Renovated restrooms behind home plate**
- **MVP club cushioned chairback seats**

## COMPLETE FOR 2026

- **Stadium sound system and kitchen**
- **Third-base line restrooms and concessions**
- **Team merchandise shop and ticket office**
- **Renovated concessions behind home plate**
- **Home plate entrance and plaza area**
- **Mezzanine level**
- **Third-level suites and premium club space**
- **MVP room expansion**
- **Multiple elevators**





# BUDGET REQUEST

5.2

## PROJECT STATUS

- **Seeking a project budget increase of \$9.3M**
- **Increase to fund cost escalation primarily due to site utility relocations and unforeseen conditions.**
  - *Key impact items: utility ownership, local utility review, undocumented & abandoned electrical duct bank, required shoring wall, incomplete “as-built” files.*
- **Project team conducted two rounds of value engineering reviews.**
- **Current budget of \$95.8M based on schematic design and updated budget of \$105.1M based on actual costs and construction documents.**
- **Increase to be fully funded by available gift funds (no new debt).**





# FUNDING PLAN

## PROJECT FUNDING SOURCES

	October 2024 <b>\$105.1M</b>	July 2023 <b>\$95.8M</b>	\$ Change
<b>TSSBA Bonds</b>	<b>\$85,000,000</b>	<b>\$85,000,000</b>	-
<b>Gifts/Donations</b>	<b>\$18,697,000</b>	<b>\$9,397,000*</b>	<b>\$9,300,000</b>
<b>Auxiliary Funds</b>	<b>\$1,403,000</b>	<b>\$1,403,000*</b>	-
<b>Total</b>	<b>\$105,100,000</b>	<b>\$95,800,000</b>	<b>\$9,300,000</b>

*\*Amounts have been fully transferred to the project*





# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

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5.3

## AGENDA ITEM SUMMARY

Meeting Date:	October 25, 2024
Committee:	Finance and Administration
Item:	<b><u>UTM New Student Housing</u></b>
Type:	Action
Presenter(s):	David L. Miller, Senior Vice President and Chief Financial Officer Austin Oakes, Associate Vice President, Capital Projects

### **Background Information**

The Chancellor of the University of Tennessee at Martin (UTM) is requesting the approval to proceed with the design and construction of New Student Housing facilities (the "Project") that will service approximately 400 students.

Since the initial disclosure, project planning and a financial proforma for the Project have been completed. This planning process identified that the rates students are charged for housing at UTM will need to increase by 5% per year for a 5-year period to generate sufficient revenues to help support this new student housing project. The University Administration is seeking no changes in the planned funding associated with the Project.

In February 2023, the Board of Trustees approved the disclosure of the Project as part of a schedule of revenue/institutionally funded capital projects for the amended FY2023-24 capital budget. The approved budget for the Project was in the amount of \$50,000,000, to be financed with \$49 million in Tennessee State School Bond Authority (TSSBA) Bonds and \$1 million in Auxiliary funds.

### **Committee Action**

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

[The proposed Resolution follows on the next page.]

**Resolved:**

**Subject to the University receiving any required state government approvals, the Board of Trustees hereby authorizes the University administration to: (i) proceed with the design and construction of the new Student Housing facility at the University of Tennessee at Martin (Project), and (ii) seek approval from the Tennessee State School Bond Authority for bond financing for the Project as described in the meeting materials.**

**Further, 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.**

### University of Tennessee at Martin Housing Financial Projections

	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
Revenue Generating Beds	2,041	2,041	2,005	2,005	1,684	1,684	2,068	2,068	2,068
Revenue Occupancy %	85%	90%	96%	94%	95%	95%	95%	95%	95%
<b>Revenue</b>									
AY Rent	\$ 9,282,300	\$ 9,694,700	\$ 9,706,622	\$ 9,980,813	\$ 9,365,064	\$ 9,834,273	\$ 13,421,811	\$ 14,094,968	\$ 14,519,308
Other Revenue (Camps, etc.)	\$ 97,000	\$ 100,000	\$ 102,000	\$ 105,000	\$ 94,000	\$ 96,000	\$ 368,000	\$ 377,000	\$ 386,000
Spring Occupancy Adjustment	\$ (455,500)	\$ (440,300)	\$ (485,332)	\$ (499,041)	\$ (468,254)	\$ (491,714)	\$ (671,091)	\$ (704,749)	\$ (725,966)
Reserves Transfer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ -	\$ -
<b>Total Revenue</b>	<b>\$ 8,923,800</b>	<b>\$ 9,354,400</b>	<b>\$ 9,323,290</b>	<b>\$ 9,586,772</b>	<b>\$ 8,990,810</b>	<b>\$ 9,438,559</b>	<b>\$ 13,618,720</b>	<b>\$ 13,767,219</b>	<b>\$ 14,179,342</b>
<b>Expenses</b>									
Personnel	\$ 2,175,300	\$ 2,259,700	\$ 2,318,000	\$ 2,372,000	\$ 2,250,000	\$ 2,299,000	\$ 2,367,970	\$ 2,439,009	\$ 2,512,179
Non-Personnel	\$ 3,855,600	\$ 4,037,500	\$ 3,784,900	\$ 3,879,100	\$ 3,353,500	\$ 3,423,800	\$ 3,932,320	\$ 4,036,652	\$ 4,143,025
Administrative Overhead Transfer	\$ 215,646	\$ 227,056	\$ 241,654	\$ 240,775	\$ 249,997	\$ 228,858	\$ 244,495	\$ 232,516	\$ 243,278
<b>Total Expenses</b>	<b>\$ 6,246,546</b>	<b>\$ 6,524,256</b>	<b>\$ 6,344,554</b>	<b>\$ 6,491,875</b>	<b>\$ 5,853,497</b>	<b>\$ 5,951,658</b>	<b>\$ 6,544,785</b>	<b>\$ 6,708,176</b>	<b>\$ 6,898,483</b>
<b>Net Operating Income &amp; Debt Service</b>									
<b>Net Operating Income</b>	<b>\$ 2,677,254</b>	<b>\$ 2,830,145</b>	<b>\$ 2,978,736</b>	<b>\$ 3,094,897</b>	<b>\$ 3,137,313</b>	<b>\$ 3,486,901</b>	<b>\$ 7,073,935</b>	<b>\$ 7,059,043</b>	<b>\$ 7,280,859</b>
Existing Debt Service	\$ 2,436,500	\$ 2,450,000	\$ 2,444,000	\$ 2,444,000	\$ 2,452,000	\$ 2,453,000	\$ 2,444,000	\$ 2,285,000	\$ 2,287,000
New Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,531,418	\$ 4,531,418	\$ 4,531,418
<b>Total Debt Service</b>	<b>\$ 2,436,500</b>	<b>\$ 2,450,000</b>	<b>\$ 2,444,000</b>	<b>\$ 2,444,000</b>	<b>\$ 2,452,000</b>	<b>\$ 2,453,000</b>	<b>\$ 6,975,418</b>	<b>\$ 6,816,418</b>	<b>\$ 6,818,418</b>
<b>DCR After Debt Service</b>	<b>1.10</b>	<b>1.16</b>	<b>1.22</b>	<b>1.27</b>	<b>1.28</b>	<b>1.42</b>	<b>1.01</b>	<b>1.04</b>	<b>1.07</b>
<b>Total Surplus Cash Flow</b>	<b>\$ 240,754</b>	<b>\$ 380,145</b>	<b>\$ 534,736</b>	<b>\$ 650,897</b>	<b>\$ 685,313</b>	<b>\$ 1,033,901</b>	<b>\$ 98,517</b>	<b>\$ 242,625</b>	<b>\$ 462,441</b>
<b>Cumulative Surplus Cash Flow</b>	<b>\$ 240,754</b>	<b>\$ 620,899</b>	<b>\$ 1,155,635</b>	<b>\$ 1,806,531</b>	<b>\$ 2,491,844</b>	<b>\$ 3,525,745</b>	<b>\$ 3,624,262</b>	<b>\$ 3,866,887</b>	<b>\$ 4,329,329</b>

**Notes:**

New debt service amount consists of a conservative approach; issuing 30 year bonded debt at an estimated 7.25% rate.

Arnold Pryor Place debt service rolls off in FY36 .

Conner Community debt service rolls off in FY39.

2025-2026 through 2029-2030 revenue is calculated at an assumption of an annual 5% ATB increase in rental rates.

2030-2031 revenue is calculated at an assumption of returning to a 3% ATB annual increase.

2022-2023 and 2023-2024 Revenue & Expense based on actuals.

2024-25 Revenue based on Fall actuals at 96% occupancy and Spring revenue at a 10% reduction in revenue. Expense projection based on expected expenses.

Expenses for 2025-2026 are calculated at a 2.4% increase.

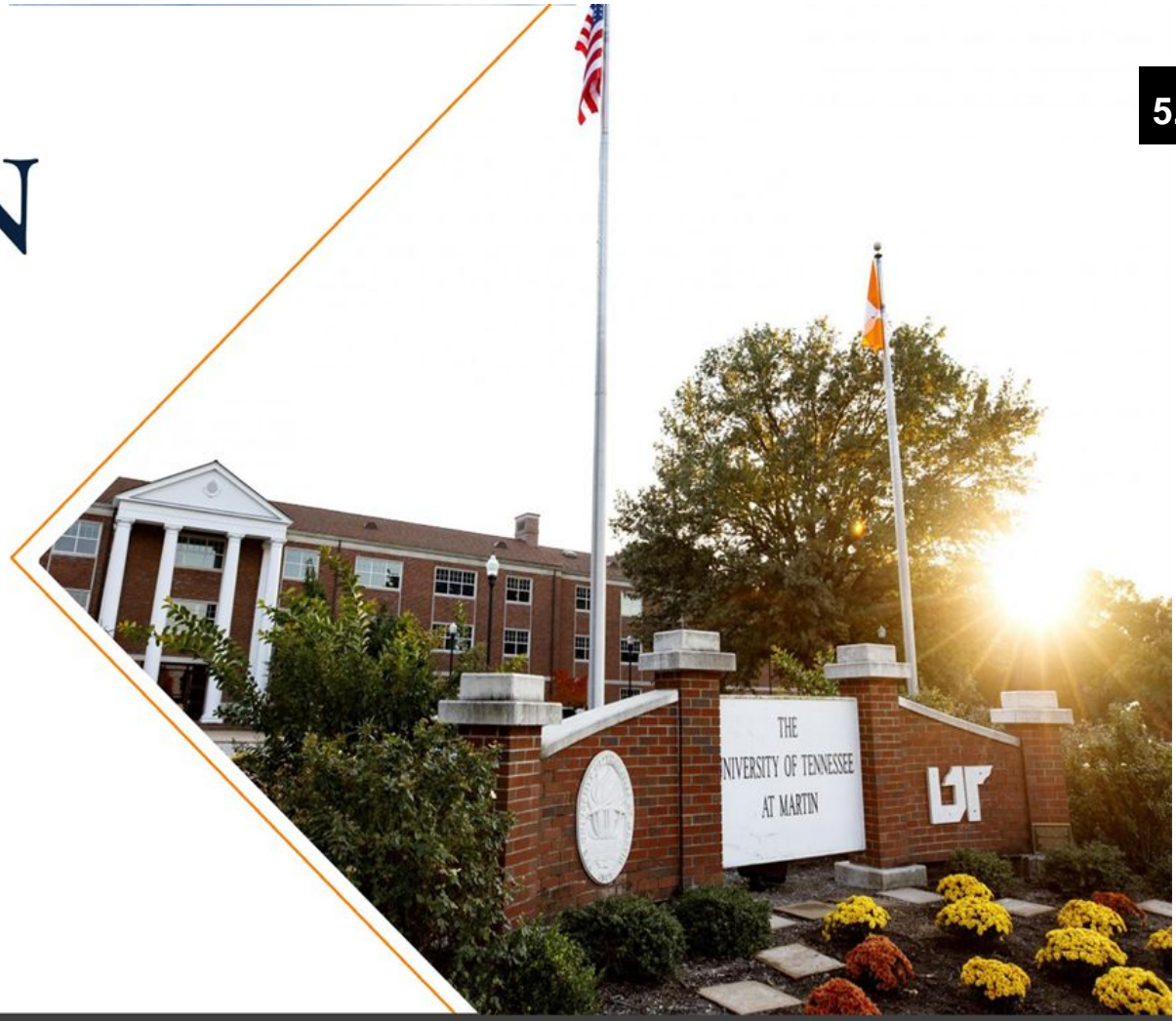
Expenses for 2026-2027 are calculated at a 11% decrease due to the closing and demolition of Browning Hall.

Expenses for 2027-2028 are calculated at a 2.1% increase during the replacement buildings construction phase.

Expenses for 2028-2029 are calculated at a 9.6% increase with the new building coming online. The follow academic years expenses are calculated at a 2.75% increase.

# UT MARTIN

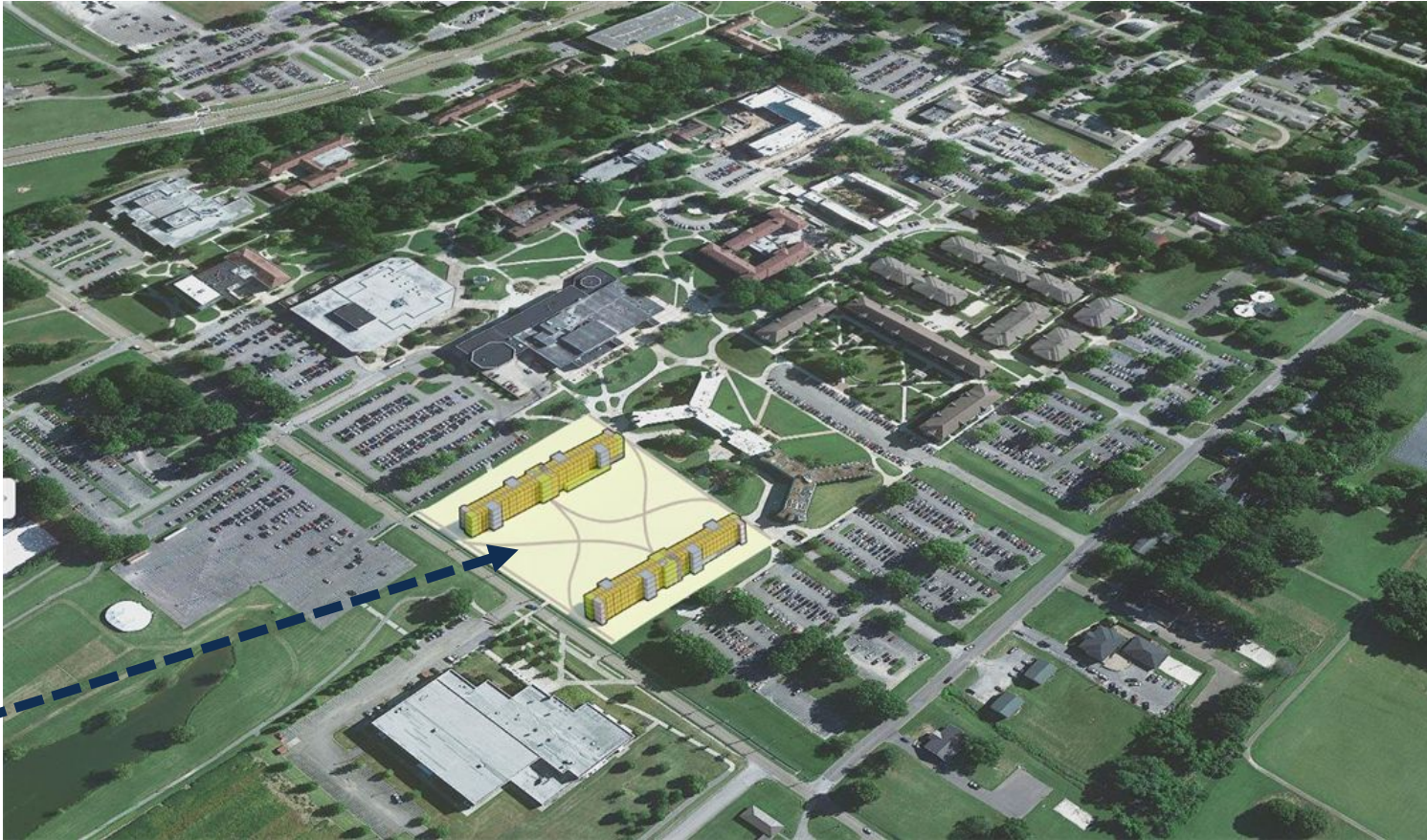
## UTM New Student Housing



UT THE UNIVERSITY OF TENNESSEE SYSTEM



# Student Housing Location



New  
Residence  
Halls



## UTM – New Student Housing

5.3



- 400 Beds
- (2) 4 Story Buildings
- 110,066 Total GSF
- Opening: Fall 2028

# UTM – New Student Housing



Typical Pod Configuration with adjacent Common Space

# Financial Overview

<u>New Student Housing Project Cost</u>	<u>\$50,000,000</u>
<b>Total Beds</b>	400
<b>Cost per Bed</b>	\$125,000
<b>Financing</b>	Tax-Exempt Bonds
<b>TSSBA Planning Interest Rate / Term</b>	7.25% / 30 yrs.
<b>Minimum Debt Coverage Ratio</b>	1.0x + State Appropriations Intercept
<b>Projected Initial Cost to Students (2028)</b>	\$3,947/semester



# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

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5.4

## AGENDA ITEM SUMMARY

Meeting Date:	October 25, 2024
Committee:	Finance and Administration
Item:	<b><u>UTHSC Master Plan Amendment</u></b>
Type:	Action
Presenter(s):	David L. Miller, Senior Vice President and Chief Financial Officer Austin Oakes, Associate Vice President, Capital Projects

### **Background Information**

The Chancellor of the University of Tennessee Health Science Center (UTHSC) requests an amendment of the UTHSC Master Plan to: (i) update the Proposed Land Ownership Plan, and (ii) update the Proposed Land Use Zones. The UTHSC Master Plan was developed in 2020 and last updated in 2022.

#### ➤ Proposed Land Ownership

This master plan amendment includes the intent to dispose of the Molecular Science Building (MSB) and an adjacent parking lot, which will allow Region One Health to expand to meet the needs of the greater Memphis-area. Prior master plans included the renovation of the Molecular Sciences Building (MSB).

#### ➤ Proposed Land Use Zones

This master plan amendment also proposes to locate the future College of Medicine along Madison Avenue north of the Vivarium Building. The revised location moves the new College of Medicine toward the core of campus and enhances adjacencies with other campus facilities.

### **Committee Action**

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

[The proposed Resolution follows on the next page.]

**Resolved:**

**Subject to receipt of any other required governmental approvals, the Board of Trustees hereby approves the amendment to the Campus Master Plan for the University of Tennessee Health Science Center as presented in the meeting materials, a copy of which shall be attached to this resolution following adoption.**

**5.4**



**DLR Group inc.**

a Tennessee corporation

315 Deaderick Street, Suite 1130  
Nashville, TN 37238

5.4

September 20, 2024

Michelle Crowder  
Senior Director of Capital Planning  
The University of Tennessee System  
400 West Summit Hill Drive, UT Tower 9th Floor  
Knoxville, TN 37902

Re: UTHSC Campus Master Plan Amendment  
Land Use Amendment  
SBC No. 540/011-02-2021

Dear Michelle:

As you are aware, the University of Tennessee Health Science Center Master Plan Update was approved in 2020. This plan proposed to renovate the Molecular Sciences Building (MSB), an academic and research building located at 858 Madison Avenue. The plan also proposed to acquire three contiguous properties at 135 Pauline Street from Regional One Health as an alternate location for expansion to the College of Medicine programs in the Coleman Building.

During strategic planning conversations in 2024, UTHSC decided to dispose of the MSB by selling it to Regional One Health. As part of this transaction, UTHSC also decided to dispose of the surface parking lot R at the southwest corner of Jefferson Avenue and Dunlap Street. This lot is currently used for faculty parking that could be accommodated in nearby parking lots or decks.

Furthermore, there have been continuing studies to determine the best location, size, and programming to address College of Medicine needs. The 2020 Plan proposed to relocate the College of Medicine to a new facility at the corner of Madison Avenue and Pauline Street. UTHSC determined that a more appropriate location for the COM would be the undeveloped UTHSC property along Madison Avenue, north of the Vivarium Building, west of Dudley Street, and east of the Psychology Building.

The purpose of this letter is to amend the Master Plan to reflect these strategic decisions, as well as document the decision to no longer target acquisition of the three 135 Pauline Street properties from Regional One Health. (This land is shown in the 2020 Campus Master Plan as “targeted strategic partnership or acquisition.”) UTHSC remains interested in a partnership with Regional One Health regarding programs of mutual interest and enhancement of the Memphis Medical District on this property.

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THROUGH DESIGN



The University of Tennessee System  
 September 20, 2024  
 Page 2

The 2020 Plan should be amended to comprehensively reflect 2024 decisions regarding land acquisition, disposition, land use, phasing, and the preferred location for the College of Medicine. The following pages show the necessary text and plan amendments to reflect these changes.

5.4

**Campus Master Plan Amendments**

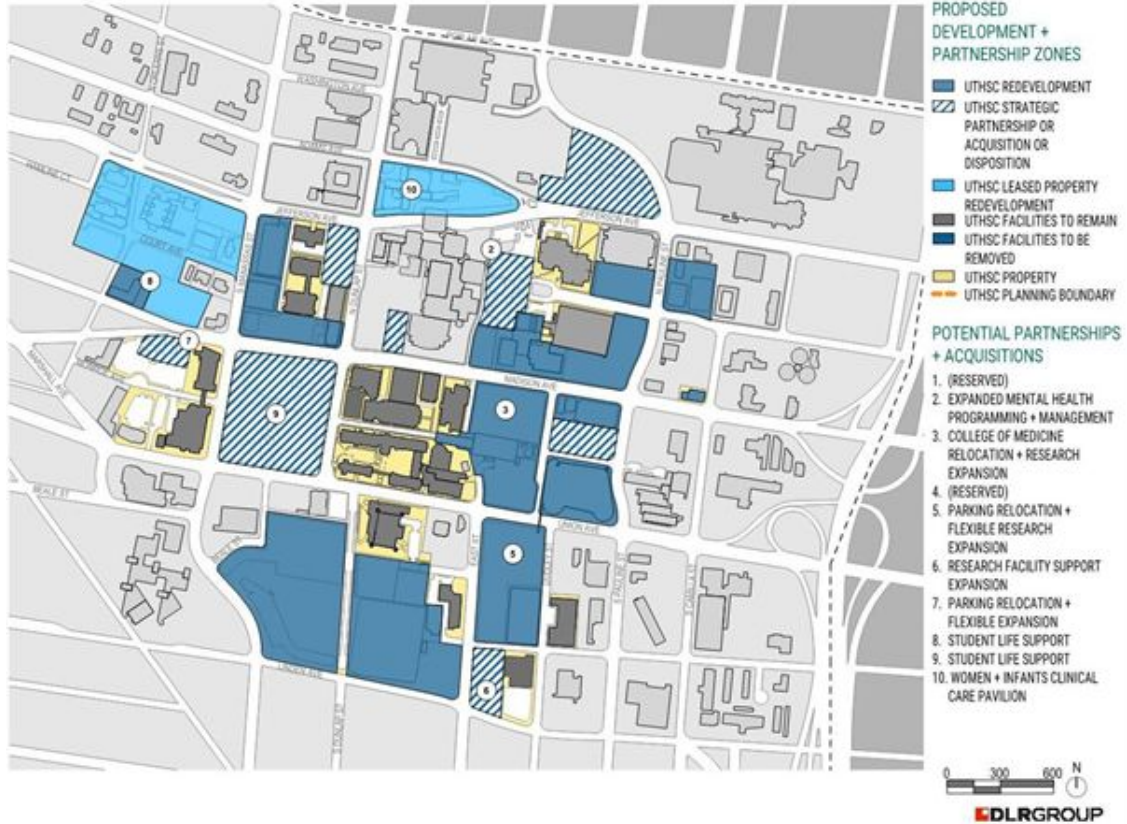
The Proposed Land Ownership Plan on page 101 should be replaced with the following plan.



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 Page 3

The Proposed Development + Partnership Zones plan on page 103 should be replaced with the following plan.



5.4

The following paragraph on page 104 should be deleted:

In addition to the centralized and expanded outpatient clinical space proposed on Madison, the Campus Master Plan recommends that the UTHSC parcel at Jefferson and Dunlap, currently leased to Regional One Health, be brought back into University control and developed for Inpatient Care as a Women and Infants Pavilion.

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Page 4

The Proposed Land Use Zones plan on page 105 should be replaced with the following plan.



5.4

This text on page 106:

**New College of Medicine Building** - Meet demands for instructional, research and office space. Will be located at the Southwest corner of Pauline Street and Madison Avenue on the old hotel site.

Should be replaced with the following text:

**New College of Medicine Building** - Meet demands for instructional, research, and office space. Will be located along Madison Avenue north of the Vivarium Building, east of the Psychology Building and west of Dudley Street on land that is currently undeveloped.

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Page 5

The Proposed Facility Use + Improvements plan on page 107 should be replaced with the following plan.

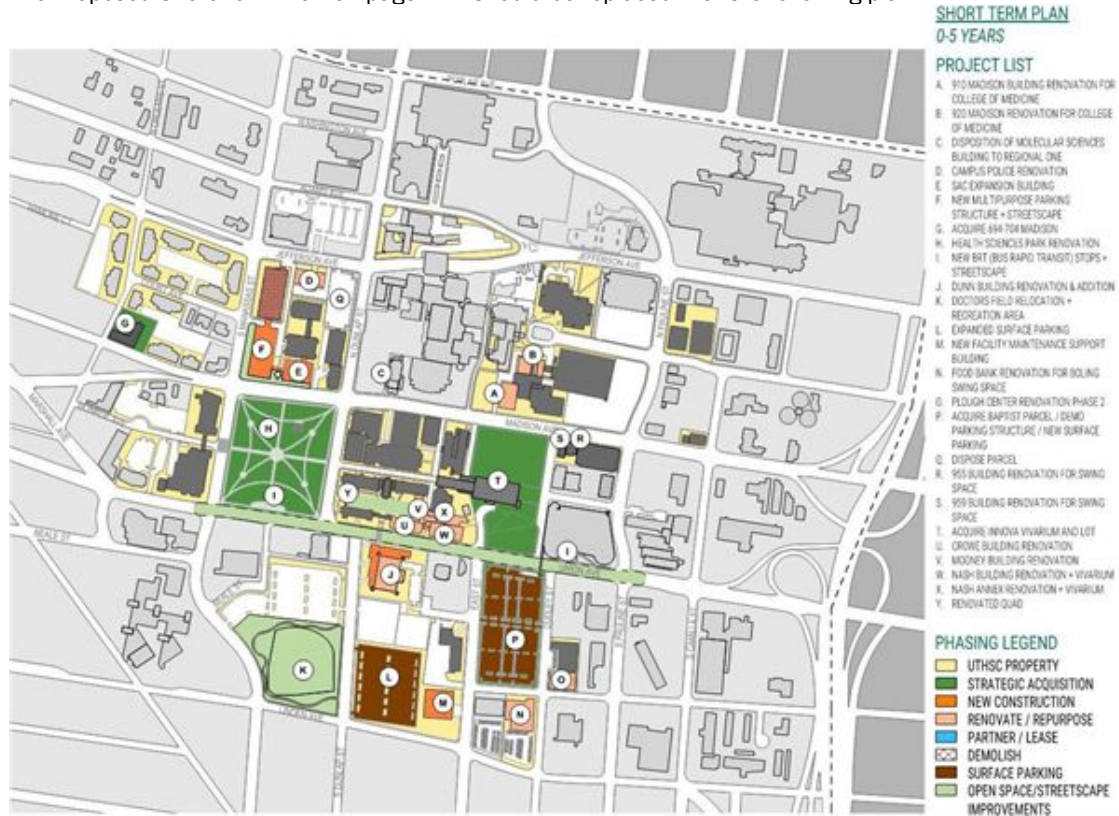
5.4



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 Page 6

The Proposed Short-Term Plan on page 141 should be replaced with the following plan.



5.4

This text on page 142:

**Molecular Sciences Building (C)**

This building has a character similar to the buildings in the historic core. The building currently has some active lab space, however nearly one-third of the building is vacant due to outdated space. The vacant space should be repurposed to a less systems-intensive function such as offices and learning environments.

Once the renovation is complete, this building will house a consolidated College of Health Professions, relocating those programs from their existing aging facilities located at the outskirts of the campus into the core along Madison Avenue. This renovated structure will provide the College its new identity along the main spine of the campus, as well as flexibility to grow and expand in the future.

Should be replaced with the following text:

**Molecular Sciences Building (C)**

This property should be disposed of.

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The University of Tennessee System  
 September 20, 2024  
 Page 7

The Proposed Mid-Term Plan on page 145 should be replaced with the following plan.



5.4

This text on page 146:

**College of Medicine Building (A)**

Planned for the corner of Jefferson Avenue and Pauline Street, a new College of Medicine Building . . .

Should be replaced with the following text:

**College of Medicine Building (A)**

Planned for Madison Avenue west of Dudley Street, a new College of Medicine Building . . .

This text on page 148:

Finally, the existing surface parking lot north of the existing building will become a development parcel for a long-term addition to the Van Vleet building as additional research is needed.

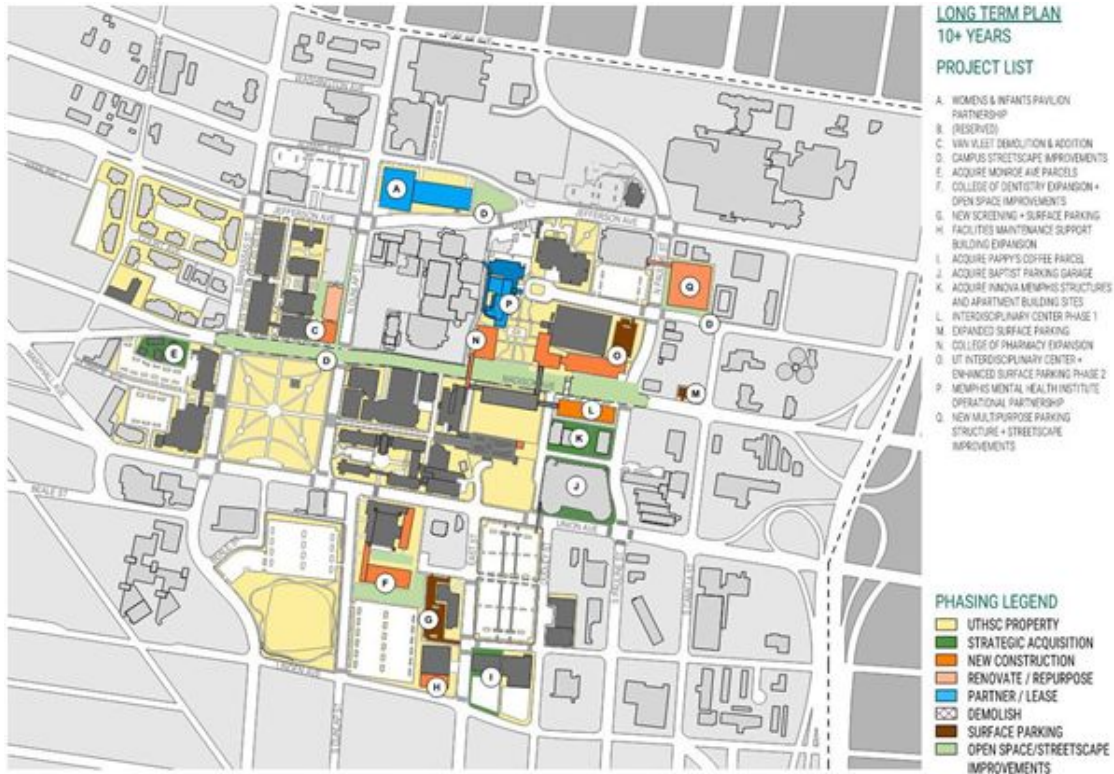
Should be replaced with the following text:

Finally, the existing surface parking lot north of the existing building should be disposed of.

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The University of Tennessee System  
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 Page 8

The Proposed Long-Term Plan on page 149 should be replaced with the following plan.



5.4

The following paragraph on page 151 should be deleted from the list under “Phase III Acquisitions”

Regional One and Hotel Parcel (R)

In the Implementation Plan table on page 156, the row for Project C (Molecular Science Building renovation) should be deleted.

In the Implementation Plan table on page 158, the new construction square footage and budget should be deleted for Project A (New College of Medicine) and replaced with a note that says “currently under study.”

In the Implementation Plan table on page 160, the row for Project B (Research Building) should be deleted.

**Consistency with 2020 Campus Master Plan**

The 2020 Campus Master Plan Update was intended to be a living document that would be flexible as conditions change, but always consistent with broader goals. The proposed land acquisition was specifically considered in the plan and is in support of the following goals (for more detail on these goals, see page 78 of Master Plan Update). The land disposition and sale of MSB has been discussed in coordinated campus planning conversations with Regional One Health since 2012. The new preferred location for the College of Medicine was explored during the initial 2022 College of Medicine Programming Study and satisfies the following strategic objectives:

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September 20, 2024  
Page 9

5.4

- Provide needed research and teaching space.
- Provide space for additional faculty and researchers.
- Increase prominence and outreach to the community.

From a planning perspective, the proposed land disposition provides the following benefits:

- Improve adjacencies, since the MSB is isolated from other UTHSC instructional, research, and office facilities, is surrounded by Regional One Medical Center, and MSB site redevelopment would facilitate needed improvements and expansion by Regional One Health to serve the greater Memphis-area healthcare needs.
- Continue to provide an integrated campus.
- Connect with the major campus corridors, pedestrian corridors, and greenspace corridors identified in the 2020 Campus Master Plan Update.
- Be within a short walk of Parking Deck H.

Furthermore, the new preferred location for the College of Medicine would provide the following benefits:

- Focus instructional activity and shared amenities in the core of campus, adjacent to other UTHSC colleges and schools.
- Locate COM functions near existing vivaria and research facilities.
- Increase pedestrian safety and institutional presence along Madison Avenue.
- Connect with the major campus corridor, pedestrian corridors, and greenspace corridors identified in the 2020 Campus Master Plan Update.
- Be within a short walk of Parking Deck E.

Sincerely,  
DLR Group



Krisan Osterby  
Campus Planning Leader

cc: Austin Oakes, UT Assistant Vice President, Department of Capital Projects  
Robbie Pope, UT Director, Real Property and Space Administration  
Raaj Kurapati, AIFA, UTHSC Executive Vice Chancellor for Finance & Administration and COO  
Peter Buckley, MD, UTHSC Chancellor

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# UTHSC Master Plan Amendment





# Relocation of the future College of Medicine

5.4



Relocation of the College of Medicine from site A to site B

# Proposed Property Dispositions

5.4



Proposed Sale of Parking Lot

Proposed Sale of the Molecular Science Building



## THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

### AGENDA ITEM SUMMARY

Meeting Date:	October 25, 2024
Committee:	Finance and Administration
Item:	<a href="#"><u>UTC Voluntary Retirement Incentive Plan</u></a>
Type:	Action
Presenter(s):	David L. Miller, Senior Vice President and Chief Financial Officer Steven Angle, Chancellor, UT Chattanooga Brent Goldberg, Vice Chancellor, Business, UT Chattanooga

#### **Background Information**

In an effort to promote efficient alignment of demand with resources, the University of Tennessee at Chattanooga (UTC) proposes to offer the 2025 UTC Voluntary Retirement Incentive Program (VRIP) for faculty and staff members. The program would offer a lump sum incentive payment of six months' base salary, and retirement under the program and would be effective no later than June 30, 2025. This will be the third request for Board of Trustees' approval of the VRIP for UTC. The same program was approved previously (June 2015 and June 2019) and proved successful. However, the impact of the pandemic limited the full implementation in 2020.

The estimated maximum initial cost of the program using the current salaries of eligible participants would be \$9,470,690, plus payment of employee accrued annual leave up to 336 hours and any associated employee benefit costs, including a possible surcharge mandated by the Tennessee Consolidated Retirement System (TCRS). The cost of the program will be paid by freezing the vacated positions for a period before rehiring. Payout costs associated with accrued annual leave and the TCRS surcharge will be covered through anticipated savings and surplus in benefits costs.

The savings potential from this program allows the campus to be strategic and intentional in reinvesting resources. The vacated positions offer opportunities to realize significant cost savings in some rehiring and position restructuring. In some circumstances, a position elimination would allow for a programming restructure or reallocation to a different strategic effort based on priorities. The savings will be held at the institutional level and reallocated at the discretion of the Chancellor and Chief Business Officer as needed to achieve a better alignment of campus resources with instructional and other campus needs.

The VRIP plan document follows this summary. The President and Senior Vice President and Chief Financial Officer support the proposed program.

**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 approves the 2025 UTC Voluntary Retirement Incentive Program as presented in the meeting materials, a copy of which shall be attached to this Resolution after adoption.**



## 2025 UTC Voluntary Retirement Incentive Program (VRIP) Plan Document

**Purpose:** The 2025 UTC Voluntary Retirement Incentive Program (the Program) is a proactive measure designed to promote efficient alignment of demand (e.g., instructional needs or administrative workload) with campus resources.

**Eligibility:** Participation in the Program is strictly voluntary. The Program is open to employees who – as of June 30, 2025 – have 15 years of service AND meet one of the following criteria:

1. Eligible for Service Retirement<sup>1</sup> under the Tennessee Consolidated Retirement System (TCRS);
2. Eligible for Early Retirement under TCRS<sup>2</sup>;
3. Eligible for retirement under the Joint Contributory Retirement System (JCRS-A) ; OR
4. Participate in the Optional Retirement Program (ORP) and meet the 15-year service requirement.<sup>3</sup>

UTC may limit the number of participants in this Program and may deny participation of any applicant based on business continuity and campus needs. Approved participants may also be required to delay effective date of retirement based on campus needs. When the number of participants will be limited, approval for participation may be based on years of creditable service or a phased approach may be utilized as a means to ensure continuity of service. UTC may discontinue this Program at any time, without notice.

**Retirements currently in process:** This Program is open to employees who have provided written notice to UTC administration of the intent to retire, so long as the employee has not yet separated from University service at the time of his/her application for participation in this Program.

**Grant-funded employees:** Employees whose base salaries are funded (in whole or in part) by federal grant/contract funds are eligible for consideration to participate in this Program on a case-by-case basis, due to federal regulations regarding expenditure of federal funds. For questions about how this requirement may affect a particular situation, please contact Laure Pou in the Office of Human Resources at x5742 or Laure-Pou@utc.edu.

<sup>1</sup> Service Retirement (with unreduced benefits) under TCRS/JCRS is open to vested members aged 60 or older with at least 5 years of creditable service, or any age with at least 30 years of creditable service.

<sup>2</sup> Early Retirement (reduced benefits) under TCRS/JCRS is open to vested members aged 55 or older with at least 10 years of creditable service, or any age with at least 25 years of creditable service.

<sup>3</sup> For purposes of this Program, "years of service" or "service" for a participant in ORP will be determined by the calculation of state service equivalent to the TCRS "creditable service" calculation (ORP creditable service equivalent).

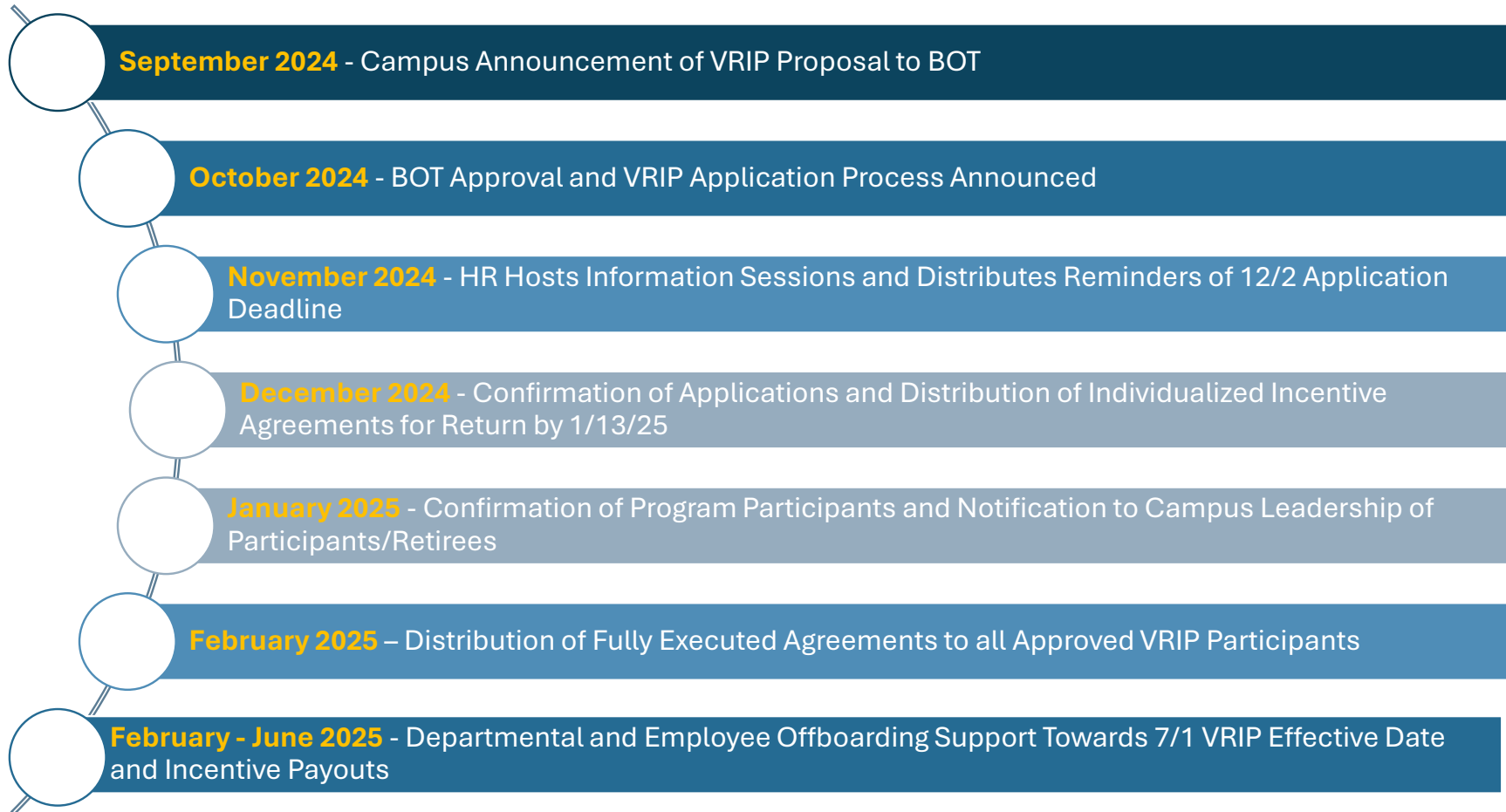
**Terms of the Retirement Incentive:**

- **Retirement Incentive payment:** Participants will receive a lump sum incentive payment of 50% of the employee's annualized base salary (minus required withholding amounts). The salary on which the incentive payment is based is (1) the employee's salary as of June 30, 2025 (or at the time of separation if the employee separates before June 30), and (2) does not include any administrative supplements or other additional stipend amounts.
- **Faculty Emeritus/a:** Faculty members who retire at the rank of Professor or Associate Professor may request the title of Professor Emeritus/a, which will be reviewed under the normal procedures.
- **Separation date:** Participants will retire under this Program with a separation date no later than June 30, 2025, unless otherwise approved in writing by the University. All rights and obligations described in University policies and procedures remain unaffected by this Program and will continue to apply regardless of an employee's application or participation.

**Program Application Timeline**

- **Application process:** Eligible employees will receive an e-mail attaching the application, disclosures required by law, and a sample Retirement Incentive Agreement and Release for review. Eligible employees interested in participating must complete the 2025 UTC Voluntary Retirement Incentive Program Application and return it by December 2, 2024 to the UTC Office of Human Resources.
- **Demographic disclosures:** Federal law requires that the Program materials include a disclosure of certain demographic data regarding all eligible employees. The demographic data will be provided together with the application.
- **Notice of acceptance:** Applicants who are accepted for participation in the Program will be notified of acceptance by e-mail and regular U.S. mail. A final Retirement Incentive Agreement and Release with your details filled in will be provided with the notice of acceptance. Once accepted, in order to participate, an applicant will be required to submit the signed agreement no later than close of business on January 13, 2025. If a signed agreement is not submitted by the deadline, the offer of participation in this Program is revoked and may be offered to another applicant.

## 2025 Voluntary Retirement Incentive Program (VRIP) Timeline





## Detailed VRIP Timeline

### September 2024

- Release of UT Board of Trustees Agenda Items and Documents
- Initial UTC VRIP Proposal Announcement Distributed to Campus

### October 2024

10/24 – 10/25: UT Board of Trustees Meeting

- Official UTC VRIP announcement and application period communication distributed immediately following BOT approval of program.

10/28: Eligible employees receive e-mail with specific details and all required documents, including:

- VRIP Plan Document
- Data Summary of Eligible Employees
- DRAFT Retirement Incentive Agreement and Release
- Program Application Form (must be signed and returned to HR no later than 12/2/2024)

### November 2024

- Series of information sessions hosted by Office of Human Resources
  - Hard copy invitations distributed to non-computer using population
- Reminder e-mail communication sent to all eligible employees regarding 12/2 application deadline

12/2: Signed Program Application Form due to Human Resources

### December 2024

12/2-12/15: HR review of applications and confirmation of program participation

12/16-12/20: Individualized VRIP acceptance letters distributed to all approved applications, including the following:

- VRIP Plan Document
- Data Summary of Eligible Employees
- Personalized Retirement Incentive Agreement and Release (must be signed and returned to HR no later than 1/13/2025)

**January 2025**

- 1/13: Signed Incentive Agreements due to Human Resources
- 1/13 – 1/15: HR review and confirmation of program participants
- 1/16: Notification to campus leadership of VRIP Participants
- 1/17: HR submits all employee-signed agreements to CFO for signature

**February 2025**

- 2/3: Distribution of fully executed agreements to all approved VRIP participants

**February – June 2025**

- Human Resources supports departmental and employee offboarding procedures
- 6/30: Last date paid/worked for participants

**July 2025**

- VRIP is in effect 7/1 and incentive payouts distributed by end of July

# Voluntary Retirement Incentive Plan



6

***A Proposal to the UT Board of Trustees***  
**Chancellor Steven Angle & Vice Chancellor Brent Goldberg**

# Previous VRIP Outcomes

	Employees	Salary Dollars	Payout
2020 VRIP - Eligible	136	\$ 10,970,044	\$ 5,485,022
2020 VRIP - Accepted	43	\$ 3,391,310	\$ 1,487,285

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- 31% Acceptance Rate – lower than anticipated
- Proposed in Fall 2019 and effective in June 2020 (COVID)
- FY21 State Appropriations amended in May 2020
- Funding retained at Vice Chancellor level:
  - Some positions rehired
  - Reallocations within programs
  - Offset foregone funding

## Proposed VRIP Eligibility

Employees who meet the following criteria as of June 30, 2025:

- Eligible for either Service Retirement or Early Retirement under the Tennessee Consolidated Retirement System (TCRS) or the Joint Contributory Retirement System (JCRS-A) with at least 15 years of service OR
- A participant in the Optional Retirement Program (ORP) with at least 15 years of service.
- Years of service for a participant in ORP will be determined by the calculation of state service equivalent to the TCRS creditable service calculation.

# Proposed Timeline

- Campus Chancellor and ELT approval (September 2024)
- Board of Trustees approval (October 2024)
- Campus communication (November 2024)
- Management of VRIP participation (Nov. 2024 – June 2025)
  - Retirement effective date as of June 30, 2025 (or sooner)
  - Participant commitment date in January 2025
  - Succession planning and continuity planning assistance
  - Administrator assistance with position analyses and restructuring

# Proposed VRIP Procedure

- VRIP participation is entirely voluntary and has a confidential application and consideration period
- Employees meeting established eligibility criteria notified by Human Resources with dissemination of program details and application process
- Minimum confidential application and consideration period of 60 days
- Notification of VRIP participation distributed to appropriate administrators **only** following receipt of signed agreement from employee and completion of revocation period



# Potential VRIP Participants

Division	Employees	Salary Dollars
Academic Affairs	131	\$ 13,580,788
Access & Engagement	4	372,148
Athletics	9	598,726
Communication & Marketing	2	221,943
Enrollment Mgmt & Student Affairs	15	1,084,638
Finance & Administration	30	1,920,797
Information Technology	12	944,169
Chancellor's Office	1	71,573
Research	2	146,598
<b>Total</b>	<b>206</b>	<b>\$ 18,941,380</b>

# Proposed VRIP Investment

	Employees	Salary Dollars	Payout
2025 VRIP - Eligible	206	\$ 18,941,380	\$ 9,470,690
2025 VRIP – Estimated 50%	103	\$ 9,470,690	\$ 4,735,345

6

- Estimated 50% acceptance rate
- Funding retained by the Institution
- Implement a Position Retention Justification process lead by Chancellor and CBO
- Funding reallocation opportunities:
  - Restructuring within programs, departments and divisions
  - Reallocations to accommodate DASH & SIS needs
  - Continued need for salary adjustments (compression, job families, FLSA, equity)

# Questions



# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

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## AGENDA ITEM SUMMARY

Meeting Date: October 25, 2024

Committee: Finance and Administration

Item: [Committee Consent Agenda](#)

Type: Action

Presenter: William (Bill) C. Rhodes III, Committee Chair

7

### Background Information

Items on the Committee Consent Agenda are not presented or discussed in the Committee unless a Committee member 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 Board Secretary or Committee Liaison before the meeting.

### Committee Action

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

1. The reading of the minutes of the June 25, 2024, 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, unless otherwise required to be acted upon individually by the Board.



# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

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## MINUTES OF THE FINANCE AND ADMINISTRATION COMMITTEE

June 25, 2024

The Finance and Administration Committee of The University of Tennessee Board of Trustees met at 8:30 a.m. (EDT) on Tuesday, June 25, 2024. The meeting was held in the Agriculture and Natural Resources Building, located at the University of Tennessee, in Knoxville, 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; Charles Hatcher, Commissioner, Tennessee Department of Agriculture; Decosta E. Jenkins; 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; Luke Lybrand, Treasurer; Cynthia C. Moore, Board Secretary and Special Counsel; Chancellor Steve Angle (UT Chattanooga); Chancellor Peter Buckley (UT Health Science Center); Chancellor Yancy Freeman (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.

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### Opening Remarks of the Committee Chair

Committee Chair Rhodes opened the meeting by congratulating the UT Knoxville's Men's Baseball Team on winning the 2024 Men's College World Series. Their first national championship. Chancellor Donde Plowman indicated that it was an honor to host the Board of Trustees at the UT Knoxville campus the evening before and to be able to celebrate the historic win together. Committee Chair Rhodes also remarked that the reappointment of Randy Boyd as President of the UT System was even more of a victory for the University. Committee Chair Rhodes thanked President Boyd and his wife, Jenny Boyd, for their steadfast commitment to the University.

### Requests to Address the Board

Three individuals, who registered to address the Board, were assigned to be heard by the Committee. A summary of the speakers' comments is set forth in Attachment 1 to these minutes.

7.1

## Report on Financial Performance

*Fiscal Year 2024 Q3 Financial Summary.* Luke Lybrand, Treasurer, presented the Third Quarter Financial Summary for Fiscal Year 2024. He advised the Committee that the University's overall financial performance for the first nine months of FY 2024 was positive. Tuition, student fees, and auxiliary revenues continue to improve in-line with student growth. Mr. Lybrand reviewed a condensed version of the University's Income Statement, noting that total revenues for the first three quarters of 2024 increased by \$180.9 million (6.6%) as compared to the prior year. The increase in revenue can be attributed to the increase in full-time enrollment, research expenditures, and auxiliaries. Gross tuition and fee revenue grew by \$103.4 million (11.3%), driven by the growth at UT Knoxville (\$96 million). Mr. Lybrand indicated that, when adjusted for the extraordinary items paid to the University in FY 2023 (\$80 million for the UT-Oak Ridge Innovation Institute and \$50 million for the enterprise resource planning (DASH) project), state and local appropriations were still in excess of prior years.

Expenses for the same period increased by \$219.3 million (9.5%) over the prior year. Mr. Lybrand reported that the increase in expenses for the period reflected: (i) the need to hire additional personnel to provide services to the growing student population, and (ii) the State-supported pay plan (5%). He attributed the increases in the category "Utilities, Supplies & Other" to the same increase in student growth, expenses attributable to DASH project, and inflationary impacts.

Mr. Lybrand offered a comparison of the first three quarters of the University's Balance Sheet for FY 2024 and FY 2023. The University's total assets, as of March 31, 2024, were \$7.2 billion, representing an increase of \$372.6 million (5.4%). Total liabilities, as of March 31, 2024, were \$2.3 billion, representing a decrease by approximately \$5 million. In his review, Mr. Lybrand provided additional information pertaining to the aggregate amount of outstanding debt including recent principal repayments. He stated that, due to the amount of liquid assets, the amount of debt is very manageable.

Mr. Lybrand concluded his remarks by presenting a liquidity analysis by campus. He explained that the Moody's Aaa median is 265 days of cash on hand, and the University is above that metric at 274 days, with UT Knoxville's median at 324 days, followed by UT Martin with 285 days. The liquidity for UT Chattanooga is close to the median (221 days). While UT Health Science Center and UT Southern are below the median but stable. Both of these campuses saw improvements against the prior quarter and the prior year.

*Enterprise Resource Planning Project Update.* David Miller, Senior Vice President and Chief Financial Officer, provided an update on the DASH (Dynamic Administrative Systems for Higher Ed) project, including the extension of the implementation timeline. Mr. Miller remarked that the extension is intended to improve the likelihood of success by, among other things, enhancing employee training. Mr. Miller also recognized the hard work of many individuals in moving this project forward.

## **FY 2024-25 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 2024-25, with a focus on the proposed tuition and fee increases for in-state, undergraduate students. He began his presentation by reviewing the following recurring state funding increases:

- \$24.7 million for the salary pool
- \$13.3 million of formula funds for educational outcomes
- \$8.6 million for employee health insurance
- \$0.9 million for general operations (UT Health Sciences, College of Veterinary Medicine (UT Knoxville), and UT Southern)

### Tuition and Mandatory Fees

Mr. Loewen directed the attention of the Committee members to the proposed adjustments to tuition and mandatory fees for in-state, undergraduate students at each of the campuses for FY 2024-25, which increases are below the maximum binding figure set by Tennessee Higher Education Commission (THEC). The proposed increases were also compared against the consumer price index (CPI), and the presentation included five-year averages in the tuition/fee increases for each of the campuses.

There was an extensive discussion by the members of the Committee, along with other Board members present at the meeting, which included the following topics: (i) public comments received by the Board on the tuition and fee proposals; (ii) access and affordability; (iii) financial aid and student debt; (iv) requirements associated with the State's salary plan increases; (v) inflationary pressures; and (vi) potential alternatives. President Boyd highlighted the relatively modest increases in tuition and mandatory fees over the last five years. He also emphasized the steps that have been taken to improve the number of students graduating with no debt and to reduce the average amount of debt. Each of the Chancellors was granted an opportunity to further explain the proposed increases for their respective campuses, which focused on the need for additional resources and the measures undertaken by the campuses to control expenses. With respect to UT Southern, it was noted that the campus is not yet covered by the performance funding formula. While there has been a reduction in tuition/fees since joining the UT System, there are certain outstanding matters yet to be addressed (e.g., compensation structure, resources to support growth in enrollment, and enhancements needed to support the learning environment).

The Trustees expressed their concern over implementing tuition/fee increases in such a short period of time (between when tuition/fee increases are presented to the Board for approval and when such increases become effective). The Trustees raised questions as to: (i) how the increases are determined in terms of applicability to in-state and out-of-state students; and (ii) price elasticity and market competition. The Trustees emphasized the importance of the University's mandate to prioritize Tennesseans and asked the University Administration to keep this requirement at the forefront of its decision-making processes when considering increases in tuition/fees. The Trustees



encouraged the University Administration to consider ways to be more transparent and predictable in managing proposed increases in tuition/fees over the long-term so that students and their families are in a better position to anticipate and plan for future increases. President Boyd indicated that the team will study this item further and bring back their recommendations in this regard.

Mr. Loewen concluded his remarks by highlighting a few unique items included in the proposed operating budget. Upon motion duly made and seconded, the Committee approved a recommendation that the Board of Trustees adopt the Resolution approving the FY 2024-25 Operating Budget (as presented in Tab 2 of the meeting materials).

#### Standards for Compensation Adjustments

Mr. Miller advised that, by statute, the Board of Trustees has responsibility for confirming the salaries of all employees of the University system through the adoption of the operating budget. Annually, over several years, the University Administration has submitted to the Committee, for recommendation to the Board, compensation procedures for making base salary adjustments, as well as nonrecurring incentive or bonus payments during the fiscal year, subject to available funding. To be more efficient and avoid bringing compensation procedures to the Board each year, the University Administration has reviewed and prepared an updated version of the compensation procedures, now entitled "Standards for Compensation Adjustments," and is recommending the adoption of a standing resolution whereby these standards shall be applied for this upcoming fiscal year and for future years unless the resolution is otherwise amended or rescinded by the Board.

Upon motion duly made and seconded, the Committee approved a recommendation that the Board of Trustees adopt the Resolution approving the FY 2024-25 Operating Budget (as presented in Tab 2.1 of the meeting materials).

#### **Capital Projects**

Austin Oakes, Associate Vice President, Capital Projects, reviewed the capital funding requests (capital outlay, capital maintenance, and capital demolition), along with certain capital projects, leases, and a real property acquisition. Upon motion duly made and seconded, the Committee approved, in a single vote, a recommendation that the Board of Trustees adopt the Resolutions presented approving the following items:

- Capital Outlay Funding Requests, FY 2025-26 through FY2029-30
- Capital Maintenance Funding Requests, FY 2025-26 through FY 2029-30
- Capital Demolition Funding Requests, FY 2025-26
- ARP Broiler and Research Facility, UTIA
- Ortho Tennessee – Leased Space Build-Out, UTK
- Southern Depot Lease, UTK
- Core Spaces Lease (HUB 1 Building) – Student Dining, UTK
- Acquisition of 824 Melrose Place, Knoxville, TN, UTK

## Committee 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 Endowment Investment Report included as an informational item in the meeting materials. He announced that, for the first time, the University's endowment has surpassed \$1.5 billion.

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

Respectfully Submitted,

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

### Approved Consent Agenda Items

- Minutes of the Last Meeting
- Ratification of Quasi-Endowments Created during FY 2023-24
- Request for Redemption (WUOT Public Radio Quasi-Endowment), UTK
- Naming of the College of Music, UTK

### Information Items

- President's Report on Use of Student Programs and Services Fee Funds
- Endowment Investment Report
- Report of Capital Projects Approvals for FY 2023-24

### Attachment 1 – Summary of Public Remarks

- **Ethan Lindsey**, a sophomore at UT Knoxville, addressed the Committee on the topic of proposed parking changes at the UT Knoxville campus. Ethan shared that he commutes to campus. He expressed his concerns about: (i) the process for how the new plan was developed and approved by UT Knoxville; (ii) the increase in parking fees; (iii) the capacity for the shuttle system to handle in an efficient manner the demands for travel to/from parking locations; and (iv) the amount of time that it will take students to get to campus from the parking locations. He recommended that there be more student engagement in these types of campus decisions that will directly impact students.

In response, Chancellor Plowman indicated that the new plan is intended to prioritize students who are commuting and that there will be more shuttles to transport students. Chancellor Plowman also indicated that there will be an undergraduate student serving on the Advisory Board in the upcoming year, and she offered to meet with Mr. Lindsey directly to discuss the matter further.

- **Haley Field**, a former student at UT Knoxville who was most recently enrolled in Fall 2023, addressed the Committee on the topic of investment considerations associated with the management of the University’s endowment. In the remarks, Haley expressed concerns over (i) the University’s investment in companies that may be involved with the manufacture of weapons for use by the Israeli military and called for the University to divest its interests in these companies; and (ii) the proposed tuition increase and the impact that it will have on many students who are already juggling housing, tuition, food, and other basic needs. A full copy of the prepared remarks is filed with the minutes.
- **Hasan Husain**, a student at UT Knoxville studying Psychology and Political Science, also addressed the Committee on the topic of divestment of certain endowment holdings. Hasan began his remarks by providing some personal background of having been raised in Knoxville and his parents having met at UT Knoxville. He explained that he is a child of Palestinian refugees and someone who has lost loved ones in Palestine over the past months. He shared information on the size and population of the Gaza strip, along with statistics on individuals killed in the conflict. Hasan called on the University to divest from all Israeli investments and from companies, entities, and states involved in war crimes and human rights violations. He called for the University to move from its long-held policy of neutrality and to move to a more moral, ethical and compassionate model. A full copy of the prepared remarks is filed with the minutes.

With respect to the calls for divestment, Committee Chair Rhodes thanked the students for sharing their perspectives. He explained that the endowment is funded by donations to the University, which are invested to support and enhance the operations of the University and its mission. As the University serves a variety of different stakeholders, it does not base investment decisions on political or social stances.

7.1



# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

## AGENDA ITEM SUMMARY

Meeting Date: October 25, 2024

Committee: Finance and Administration

Item: **Report on Uses of FY 2024 Tuition and Fee Revenues**

Type: Action

7.2

### **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 2024 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 2024 as presented in the meeting materials, with a copy of the report to be attached to this Resolution after adoption.**

**The University of Tennessee  
Annual Report on Tuition and Fee Revenues  
Academic Year 2023-24**

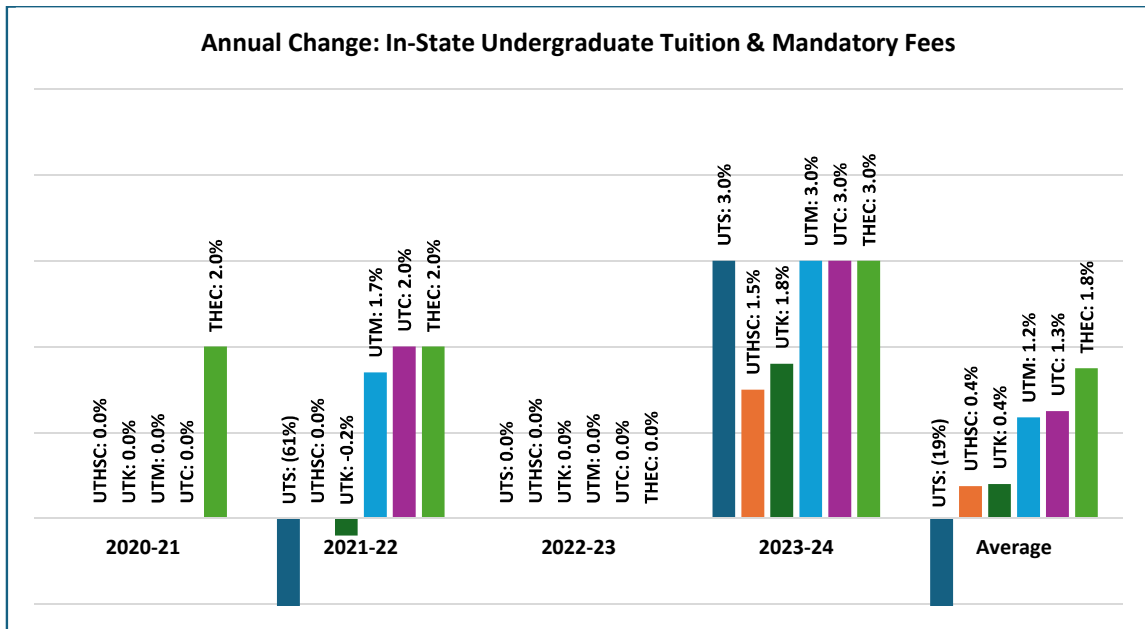
Each UT campus increased in-state undergraduate tuition and mandatory fees in FY 2023-24, generating additional revenues for faculty and staff salary adjustments, academic programs, student services, campus operations, and inflationary pressures. All of the increases were at or below the Tennessee Higher Education Commission (THEC) binding range of 3.0%.

For three UT campuses, the adjustments in 2023-24 were the first after three years of no increases (or reductions). Two UT campuses had no increases in two of the last three years. Average annual changes at UT campuses over the last four years ranged from a drop of -19% to a high of 1.3%. All were well below the four year average of the THEC binding range.

Detailed schedules of tuition and fees for each program at each UT campus can be found online in Section C of UT's 2023-24 Operating Budget document:

<https://finance.tennessee.edu/wp-content/uploads/2023/08/FY-2024-Original-Budget-Document.pdf>

7.2



UTS – UT Southern; UTHSC – UT Health Science Center; UTK – UT Knoxville; UTM – UT Martin; UTC – UT Chattanooga; THEC – Tennessee Higher Education Commission binding tuition & fee range.

**The University of Tennessee**  
**Annual Report on Tuition and Fee Revenues**  
**Academic Year 2023-24**

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**Uses of Additional Tuition & Fee Revenues**

Chattanooga (UTC)

- Dollar increase: \$296
- Percent increase: 3.0%
- Revenue gain: \$3.2 million

UTC used this revenue gain to fund faculty and staff compensation adjustments; general operating inflation; increased cost of facilities operations, maintenance, repairs, and debt service; enhanced instruction, mental health services, and academic programs; and institutional support activities.

Knoxville (UTK)

- Dollar increase: \$240
- Percent increase: 1.8%
- Revenue gain: \$9.2 million

UTK did not change tuition in 2023-24. Two mandatory fees increased: the facilities fee (up \$196) and transportation fee (up \$44). Enrollments had increased 27.9% since these fees were last raised. The Facilities Fee increase provided revenue to support deferred maintenance for existing campus buildings and to supplement the rising cost of construction of new buildings. The Transportation Fee increase covered costs associated with a new contract with the current campus transit provider.

Martin (UTM)

- Dollar increase: \$296
- Percent increase: 3.0%
- Revenue gain: \$1.2 million

The gain in tuition and fee revenues covered growth in the costs of providing and maintaining the quality and effectiveness of academic programs, student services, and campus infrastructure; specifically scholarships, student services, instructional support, faculty and staff promotions, fixed cost increases, utilities, increase in existing debt service bond payments, and the portion of the FY24 salary pool which was not fully funded by state appropriations.

Southern (UTS)

- Dollar increase: \$306
- Percent increase: 3.0%
- Revenue gain: \$305,000

UTS used these revenue gains to partially fund its FY24 salary pool, enhance library instructional materials (databases, periodicals, and books), address the impact of inflation on student services (student activities, the student government association, health clinic, counseling services), and to fund improvements to technology, facilities, parking, and sidewalks.

**The University of Tennessee  
Annual Report on Tuition and Fee Revenues  
Academic Year 2023-24**

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Health Science Center (UTHSC)

- Dollar increase: \$120 to \$240
- Percent increase: 1.5% to 1.8%
- Revenue gain: \$33,280

Most UTHSC students are enrolled in graduate level programs. Only 12% are undergraduates. Tuition and fee rates are set separately for each program based on program costs and tuition levels at competing institutions. Tuition for each program (other than audiology & speech pathology) increased by 1.5% in FY24. There were no increases to mandatory fees.

<b>UTHSC Undergraduate Programs</b>	<b>-\$-increase</b>	<b>%-increase</b>
Dental Hygiene	\$150	1.5%
Nursing – Traditional	\$128	1.5%
Nursing – Accelerated	\$191	1.5%
Medical Technology	\$120	1.5%
Audiology & Speech Pathology*	\$240	1.8%

\*Audiology & Speech Pathology is a joint UTK/UTHSC program. Tuition is set at the UTK rate.

The revenue gain was used to cover growth in the costs of providing the undergraduate learning infrastructure and to maintain the quality and effectiveness of these programs in the future, specifically: Center for Healthcare Improvement and Patient Simulation (CHIPS) infrastructure, hiring of basic science faculty, and to cover increasing library subscription costs. The library subscription costs included databases, electronic journals, and other collection resources which have increased significantly due to inflation.

**Effect on Student Aid**

Most in-state undergraduate student receive some kind of scholarship, grant, discount, or waiver (this does not include student loans). Total student aid for all students at all UT campuses in 2023-24 increased by \$35 million (7.9%) over the previous academic year.

**Effect on the Average Cost of Attendance**

The impact of the changes to instate undergraduate tuition & mandatory fees as a percentage of the average total cost of attendance ranged from 0.3% to 1.6%.

<b>Campus</b>	<b>FY23 Average Total Cost of Attendance</b>	<b>FY24 Tuition &amp; Fee Changes</b>	<b>Effect on Ave. Cost of Attendance</b>
Knoxville	\$32,898	\$328	1.0%
Chattanooga	\$25,094	\$304	1.2%
Martin	\$22,606	\$352	1.6%
Southern	\$26,156	\$418	1.6%
Health Science Center*	\$38,022	\$128	0.3%

Average Total Cost of Attendance: instate tuition & mandatory fees plus estimated costs of a typical in-state undergraduate student for books & supplies, room & board, travel, and personal expenses.

\*Health Science Center: average cost of attendance for the traditional nursing program.

7.2





# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

## AGENDA ITEM SUMMARY

Meeting Date: October 25, 2024

Committee: Finance and Administration

Item: Acquisition of 611 West Jefferson Street, Pulaski, TN, UT Southern

Type: Action

7.3

### Background Information

The Chancellor of the University of Tennessee Southern is requesting approval to acquire real property located at 611 West Jefferson Street at a market value price of \$185,000. Subject to approval by the Board of Trustees, the University will seek all required state approvals.

The parcel, highlighted in Exhibit A, contains approximately 0.13 +/- acres and is improved with a 1,036 +/- square foot house with 618 +/- square foot basement constructed in 1957. The acquisition of the property is a strategic priority. With UT Southern’s continued growth, the need for student housing, parking, and other facilities will increase. This property, contiguous to the campus, provides a unique opportunity to meet these needs. The campus acquisition boundary includes this property.

### Committee Action

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

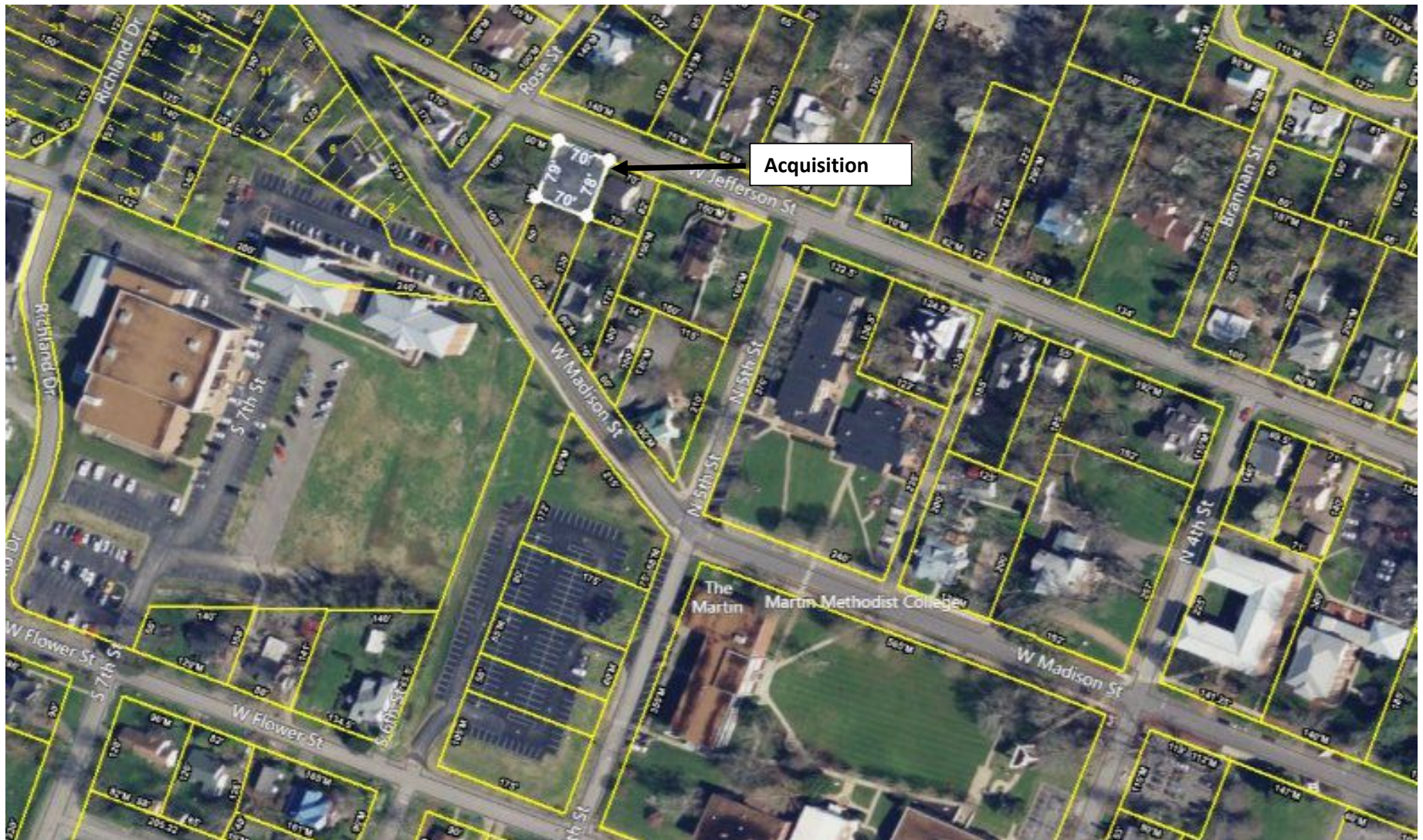
**Resolved:**

**The Board of Trustees hereby approves the acquisition of certain real property located at 611 West Jefferson Street, Pulaski, TN, representing approximately .13 acres, at a market value price of \$185,000.**

**Further, the proper officers of the University are hereby authorized to: (i) enter into a purchase agreement and such other documents as may be necessary or appropriate to accomplish the foregoing in such a form as may be acceptable to the Senior Vice President and Chief Financial Officer in consultation with the General Counsel, and (ii) seek any required state approvals necessary for the acquisition of such property.**

Exhibit A

Acquisition of 611 West Jefferson Street, Pulaski, TN



7.3

**INDEX OF INFORMATION ITEMS**

- A. Report on Use of Differential Tuition Funds (UTC)
- B. Report on Use of Differential Tuition Funds (UTK)
- C. FY 2024 Annual Flight Operations Report
- D. Report of Capital Projects Approvals
- E. FY 2024 Report on Endowment Investment Performance
- F. Report on FY 2024 Unrestricted Fund Balances





# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

## AGENDA ITEM SUMMARY

Meeting Date: October 25, 2024

Committee: Finance and Administration

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

Type: Information

8.1

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 2023-24 is included.

The table below illustrates the annual revenue less expenses for the last five years and the June 30, 2024, year-end balance.

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

College	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	6/30/2024 Balance
Business	\$462,505	\$1,064,217	\$650,823	\$237,705	\$543,556	\$750,711
Engineering	\$252,700	\$264,043	\$445,803	\$327,383	\$361,692	\$1,127,889
Nursing	\$152,466	\$279,058	\$178,872	\$230,767	\$130,158	\$675,467
Occupational Therapy	\$70,994	\$4,197	\$59,662	\$18,691	\$160	\$146,505
Physical Therapy	\$7,515	(\$7,726)	\$23,747	\$5,585	\$9,537	\$206,642
Total	\$946,180	\$1,603,789	\$1,358,907	\$820,131	\$1,045,103	\$2,907,214



# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

## AGENDA ITEM SUMMARY

Meeting Date:	October 25, 2024
Committee:	Finance and Administration
Item:	<b><u>Report on Use of Differential Tuition Funds (UTK)</u></b>
Type:	Information

8.2

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 2023-24 is included.

The table below illustrates the annual revenue less expenses for the last five years and the June 30, 2024, year-end balance.

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

College	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	6/30/2024 Balance
Business	(\$1,359,926)	\$926,858	\$1,186,665	(\$204,497)	(\$671,194)	(\$1,354,403)
Engineering	\$17,495	\$578,103	\$645,402	\$3,718,469	\$1,740,067	\$6,121,832
Nursing	(\$281,147)	(\$502,710)	(\$736,055)	(\$806,935)	\$3,163,843	\$3,178,490
Architecture & Design	(\$6,552)	\$154,875	\$511,300	(\$167,801)	(\$353,514)	(\$386,411)
Total	(\$1,630,130)	\$1,157,127	\$1,607,312	\$2,539,235	\$3,879,202	\$7,568,506



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## THE UNIVERSITY OF TENNESSEE FY 2024 UT FLIGHT OPERATIONS REPORT

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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.

For this reporting period, UT owned two airplanes, a Beechcraft King Air 350, acquired in 2008, and a Cessna Citation XLS, donated to UT in December 2019. For FY 2024, 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.

UT Flight Ops was responsible for overseeing 488.7 flight hours that flew 131,639 nautical miles. 1,591 passengers were flown on 512 flight legs across the state of Tennessee and around the 48 contiguous states. Usage of both UT airplanes continues to be high, so we also have a dry lease option to help accommodate demand. We have a charter contract in place for the busy athletic recruiting seasons.

Also, in FY24, UT Flight Operations initiated a new flight department management program called BART. This program is now the primary means of scheduling flights and department billing for passengers. The program monitors flight department operations to ensure FAA regulations are followed regarding pilot currency, pilot training, and required aircraft maintenance schedules which are all vital to safety.

In FY 2024, the total flight operations expenditures were \$2,860,428, 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><b>2024</b></u>	<u><b>2023</b></u>	<u><b>2022</b></u>	<u><b>2021</b></u>	<u><b>2020</b></u>
<b>Funding</b>					
Recoveries	\$1,116,944	\$946,485	\$1,154,624	\$284,628	\$780,794
UTK Athletics	1,027,268	744,072	720,959	0	0
System Support	<u>716,216</u>	<u>924,354</u>	<u>474,558</u>	<u>1,157,883</u>	<u>997,868</u>
<b>Total Funding</b>	<b>\$2,860,428</b>	<b>\$2,614,911</b>	<b>\$2,350,142</b>	<b>\$1,442,511</b>	<b>\$1,778,662</b>
<b>Expenses</b>					
Salaries & Benefits	\$948,274	\$771,961	\$635,352	\$566,351	\$561,515
Contract Pilots	76,667	83,763	89,697	10,500	72,350
Fuel	319,651	352,324	509,271	105,034	226,967
Routine Maintenance	479,750	719,391	770,811	462,748	429,784
Airplane lease	130,786	58,500	0	0	127,061
Charters	247,757	0	0	0	0
Travel	218,371	160,815	128,235	35,488	68,949
Pilot Training	175,881	111,831	21,807	79,800	10,690
Office and Hangar Rent	81,130	84,314	64,387	62,456	53,617
Liability Insurance	53,442	111,624	1,691	30,024	53,352
Subscriptions	119,679	142,643	117,079	79,761	131,906
Other	<u>9,040</u>	<u>17,745</u>	<u>11,812</u>	<u>10,348</u>	<u>42,471</u>
<b>Total Expenditures</b>	<b>\$2,860,428</b>	<b>\$2,614,911</b>	<b>\$2,350,142</b>	<b>\$1,442,511</b>	<b>\$1,778,662</b>
Capital Maintenance					\$535,364
Engine Replacement		3,871,782			
Avionics Installation	531,153				
Wi-Fi Installation	298,491				
<i>Flight Hours</i>	<i>489</i>	<i>517</i>	<i>654</i>	<i>192</i>	<i>358</i>

8.3





# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

## AGENDA ITEM SUMMARY

Meeting Date: October 25, 2024

Committee: Finance and Administration

Item: **Report of Capital Projects Approvals**

Type: Information

8.4

### **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.

#### **UT Approved Projects, FY 2023-2024:**

1. UTC - McKenzie Arena Display Boards - \$1,700,000
2. UTHSC - 920 Madison Improvements - \$720,000
3. UTHSC - Campus Security Lighting Upgrades - \$277,000
4. UTIA - CVM Lab Conversion - \$822,000
5. UTIA - ETREC Holston Roof Replacement - \$268,000
6. UTK - Anderson Training Center Upgrades - \$700,000
7. UTK - Austin Peay Renovations - \$353,000
8. UTK - Claxton CEC Office Renovation - \$195,000
9. UTK - Food City Center AV Systems Upgrade - \$7,500,000
10. UTK - Hoskins Library Air Force Space Renovations - \$91,000
11. UTK - Perkins Hall Renovations - \$829,000
12. UTK - Steam Tunnel Repairs - \$950,000
13. UTK - UTSI Kennedy Boathouse Improvements - \$325,000
14. UTK - Zeanah Lab Upgrades - \$360,000
15. UTS - Martin Hall Server Room Upgrades - \$70,000

#### **UT Approved, with Additional SBC Approval, FY 2023-2024:**

1. UTIA - Clyde Austin 4-H Center Carport - \$7,500
2. UTIA - ETREC JRTU Dog Park - \$195,000
3. UTIA - Milan Equipment Storage Building - \$344,000

**UT Approved Projects, FY 2024-2025:**

1. UTIA - CVM Equipment Installation - \$909,000
2. UTK - Buehler Lab Renovations - \$150,000
3. UTK - Communications CCI Renovations - \$1,090,000
4. UTK - Engineering Buildings Renovations - \$600,000
5. UTK - Residence Hall Painting - \$3,400,000
6. UTK - SERF Updates and Repairs - \$126,000

**UT Approved, with Additional SBC Approval, FY 2024-2025:**

1. UTIA - NETREC Property Waterline - \$47,000
2. UTK - Baker School Renovations - \$3,600,000

UT Approved - Revenue/Institutionally Funded Projects: FY 2023-2024

Unit	Project	Project Description	Project Cost	Funding Source				Plant Funds
				TSSBA	Gifts	Auxiliary	Gift In Place	
1 UTC	McKenzie Arena Display Boards	Installation of two video display boards above the entrances at Gates 1 & 3 at the McKenzie Arena. Includes all related work to complete the project.	\$ 1,700,000			\$ 1,700,000		
2 UTHSC	920 Madison Improvements	Renovations at 920 Madison Avenue Building for the relocation of Preventive Medicine. The work includes some minor layout modifications with new finishes and includes all related work to complete the project.	\$ 720,000					\$ 720,000
3 UTHSC	Campus Security Lighting Upgrades	Upgrades for security include exterior lighting replacement at various parking lot sites.	\$ 277,000				\$ 277,000	
4 UTIA	CVM Lab Conversion	Modifications in the College of Veterinary Medical Center (CVM) changing a classroom into a lab. Includes new casework, fume hoods, sinks, and all related work.	\$ 822,000					\$ 822,000
5 UTIA	ETREC Holston Roof Replacement	Replacement of existing roof at the ETREC Holston Building. Also includes roof deck, soffits, fascia, and all related work.	\$ 268,000					\$ 268,000
6 UTK	Anderson Training Center Upgrades	Upgrades to the photo studio, locker rooms, practice field, and athletic training rooms include replacement of equipment, finishes, millwork, and all related work to complete the project.	\$ 700,000		\$ 700,000			
7 UTK	Austin Peay Renovations	Renovation of rooms on the second, third, and fourth floors. Includes installation of new finishes, doors, lighting, and all related work.	\$ 353,000					\$ 353,000
8 UTK	Claxton CEC Office Renovation	Renovation of existing space for the College of Emerging and Collaborative Studies. The project includes new interior finishes, lighting, furniture, and all related work.	\$ 195,000					\$ 195,000
9 UTK	Food City Center AV Systems Upgrade	Replacement and installation of digital displays and venue sound system along with all associated equipment and controls. Includes all related work to complete the project.	\$ 7,500,000			\$ 7,500,000		
10 UTK	Hoskins Library Air Force Space Renovations	Renovations in the Hoskins Library Air Force spaces including new finishes, abatement, and installation of a projection screen. Includes all related work to complete the project.	\$ 91,000					\$ 91,000
11 UTK	Perkins Hall Renovations	Renovations to provide Biomedical Engineering with its first departmental home. Work will upgrade layout, building systems, finishes, abate hazardous materials, and includes all related work.	\$ 829,000					\$ 829,000
12 UTK	Steam Tunnel Repairs	Emergency structural repairs to the steam tunnel under Volunteer Boulevard near Lake Loudoun Boulevard including all related work.	\$ 950,000					\$ 950,000
13 UTK	UTSI Kennedy Boathouse Improvements	Upgrades to the exterior finishes, structural system, and alleviation of ADA and site accessibility issues at the boathouse and includes all related work to complete the project.	\$ 325,000					\$ 325,000

### UT Approved - Revenue/Institutionally Funded Projects: FY 2023-2024

Unit	Project	Project Description	Project Cost	Funding Source					Plant Funds
				TSSBA	Gifts	Auxiliary	Gift In Place	Grant	
14 UTK	Zeanah Lab Upgrades	Relocate fume and exhaust hoods, provide radiation exhaust taps, and install cased opening in various rooms. Includes all related work.	\$ 360,000						\$ 360,000
15 UTS	Martin Hall Server Room Upgrades	Installation of a new HVAC system in the IT Server Room at Martin Hall including all related work to complete the project.	\$ 70,000						\$ 70,000
<b>Totals</b>			<b>\$ 15,160,000</b>	<b>\$ -</b>	<b>\$ 700,000</b>	<b>\$ 9,200,000</b>	<b>\$ -</b>	<b>\$ 277,000</b>	<b>\$ 4,983,000</b>

**UT Approved, with Additional SBC Approval - Revenue/Institutionally Funded Projects: FY 2023-2024**

Unit	Project	Project Description	Project Cost	Funding Source						
				TSSBA	Gifts	Auxiliary	Gift in Place	Grant	Plant Funds	
1 UTIA	Clyde Austin 4-H Center Carport (23/24)	Installation of prefabricated carport at Director's residence. Includes all related work.	\$ 7,500							\$ 7,500
2 UTIA	ETREC JRTU Dog Park (23/24)	Installation of a new outside exercise area for dogs with minor renovations of the building to accommodate this new function and includes all related work.	\$ 195,000		\$ 195,000					
3 UTIA	Milan Equipment Storage Building (23/24)	Construction of an equipment storage building for the Milan AgResearch and Education Center.	\$ 344,000							\$ 344,000
<b>Totals</b>			<b>\$ 546,500</b>	<b>\$ -</b>	<b>\$ 195,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 351,500</b>

UT Approved - Revenue/Institutionally Funded Projects: FY 2024-2025

Unit	Project	Project Description	Project Cost	Funding Source					Plant Funds
				TSSBA	Gifts	Auxiliary	Gift In Place	Grant	
1 UTIA	CVM Equipment Installation	Alterations to treatment and examination rooms in order to install replacement equipment in the Veterinary Medical Center. Modifications will affect finishes, electrical, and include all related work to complete the project.	\$ 909,000						\$ 909,000
2 UTK	Buehler Lab Renovations	Renovation of lab suite in Buehler. The work includes installation of new finishes, doors, electrical requirements, and all related work.	\$ 150,000						\$ 150,000
3 UTK	Communications CCI Renovations	Upgrades in the Communications Building for the College of Communication and Information (CCI). Work will cover layout changes and building system improvements for Journalism and Electronic Media and the Media Center and includes all related work.	\$ 1,090,000						\$ 1,090,000
4 UTK	Engineering Buildings Renovations	Renovations to various labs for systems and finish upgrades to meet specific needs of new hires in multiple buildings for the College of Engineering. Includes all related work to complete the project.	\$ 600,000						\$ 600,000
5 UTK	Residence Hall Painting	Interior painting of the Fred Brown and Stokely Residence Halls including all related work to complete the project.	\$ 3,400,000			\$ 3,400,000			
6 UTK	SERF Updates and Repairs	Science Engineering Research Building (SERF). Work encompasses new finishes, upgrades for electrical and utility services, and all related work.	\$ 126,000						\$ 126,000
<b>Totals</b>			<b>\$ 6,275,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,400,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,875,000</b>

**UT Approved, with Additional SBC Approval - Revenue/Institutionally Funded Projects: FY 2024-2025**

Unit	Project	Project Description	Project Cost	Funding Source						Plant Funds
				TSSBA	Gifts	Auxiliary	Gift In Place	Grant		
1 UTIA	NETREC Property Waterline (24/25)	Installation of a new water line and concrete pads for agricultural use. Includes all related work to complete the project.	\$ 47,000							\$ 47,000
2 UTK	Baker School Renovations (24/25)	Upgrade portions of the Baker Center for Public Policy and Public Affairs for the Institute of American Civics. This includes both interior and exterior improvements including new offices and classrooms, exterior windows and all related work.	\$ 3,600,000							\$ 3,600,000
<b>Totals \$</b>			<b>3,647,000</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,647,000





# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

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## AGENDA ITEM SUMMARY

Meeting Date: October 25, 2024

Committee: Finance and Administration

Item: **Endowment Investment Performance Report**

Type: Information

8.5

### **Background 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. Prior to each regularly scheduled Board meeting, the Finance and Administration Committee receives for review an investment report provided by the Treasurer and recommends to the Board any actions deemed necessary. At each regularly scheduled Board meeting, the Committee reports its findings and recommendations, if any, to the Board for such actions as the Board deems appropriate.

The Report on Endowment Investment Performance for the quarter ended June 30, 2024, is included in the meeting materials.

Monies are distributed quarterly as cash transfers to the benefitting unit or department to be used according to their designated purpose. The amounts provided include only those from endowments invested in the Consolidated Investment Pool.

# Investment Summary as of June 30, 2024

## Consolidated Investment Pool (CIP) Cash-flow Activity for 12-month Period:

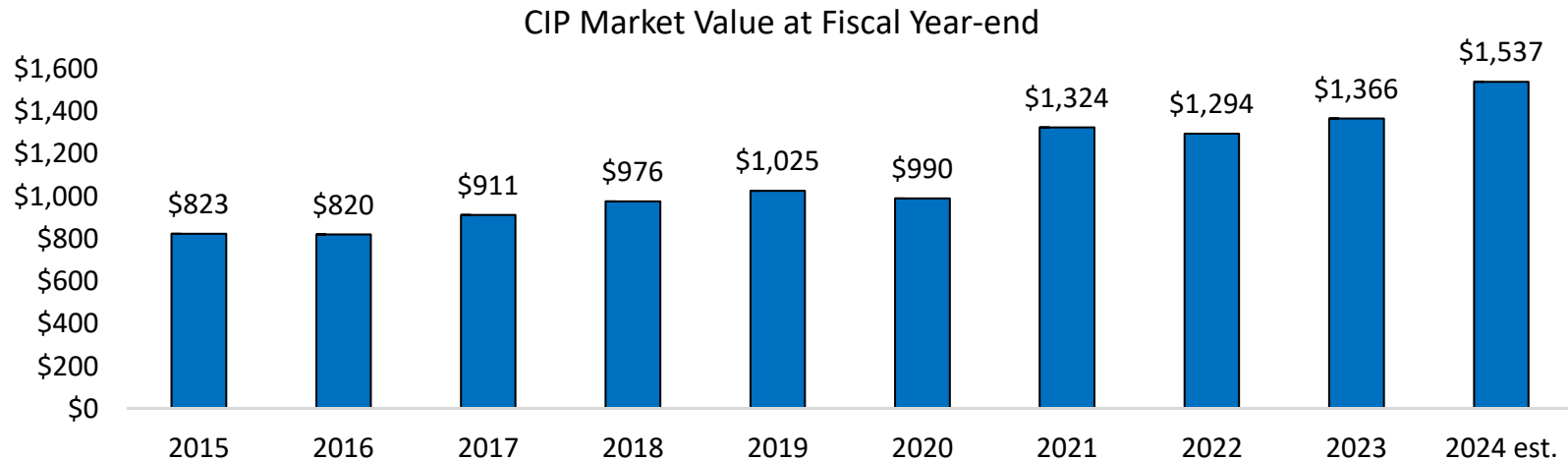
- \$77 million in New Gifts
- \$62 million in Spending Plan Distributions
- \$13 million in Institutional Support

## Consolidated Investment Pool (CIP)\* and Benchmark 1-year Returns:

- Outperformed the Broad Policy B-mark (60/40 stock & bond mix): +11.7% vs +11.2%
- Underperformed the Actual Allocation B-mark (Multi-asset benchmark): +11.7% vs +15.1%
- Outperformed CPI+5.5% (Inflation + Spend): +11.7% vs. +8.5%

\*CIP returns are estimates.

8.5



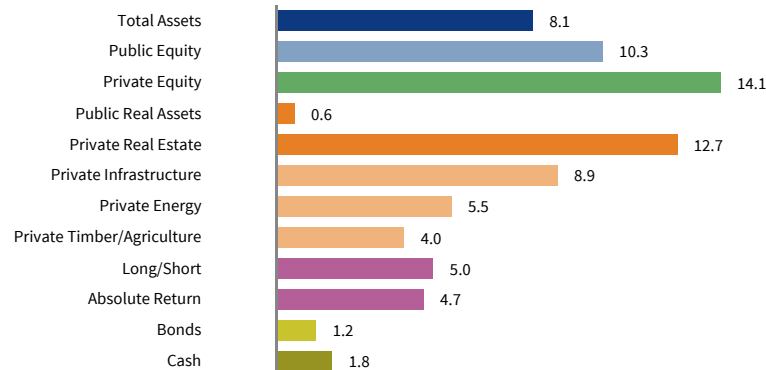
# University of Tennessee Performance Dashboard

| As of June 30, 2024

Preliminary CIP Performance (%)

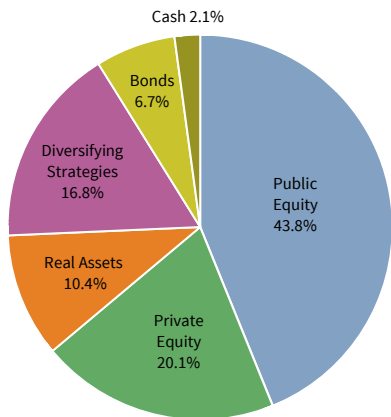
	Cumulative Trailing 1-Year	Annualized Trailing 3-Year	Annualized Trailing 5-Year	Annualized Trailing 10-Year	Annualized Since Inception
<b>CIP</b>	<b>11.7</b>	<b>4.0</b>	<b>8.1</b>	<b>6.0</b>	<b>8.0</b>
Global Market Benchmark	11.2	0.7	5.5	5.2	6.9
<i>Value Add</i>	<i>0.4</i>	<i>3.3</i>	<i>2.6</i>	<i>0.8</i>	<i>1.1</i>
Actual Allocation Benchmark	15.1	5.2	8.6	6.1	8.1
<i>Value Add</i>	<i>-3.4</i>	<i>-1.2</i>	<i>-0.5</i>	<i>-0.1</i>	<i>-0.04</i>
CPI + 5.5%	8.5	10.5	9.7	8.4	8.1
<i>Value Add</i>	<i>3.2</i>	<i>-6.5</i>	<i>-1.6</i>	<i>-2.4</i>	<i>-0.02</i>

Trailing 5Y Performance by CIP Asset Class (%)



8.5

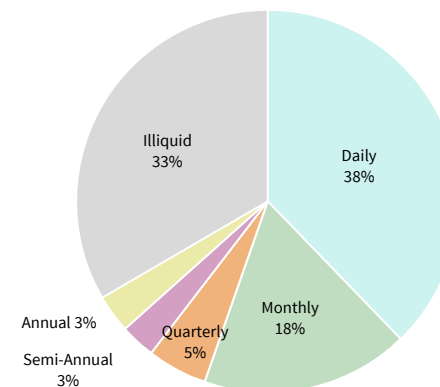
Actual and Long-Term Target Allocation



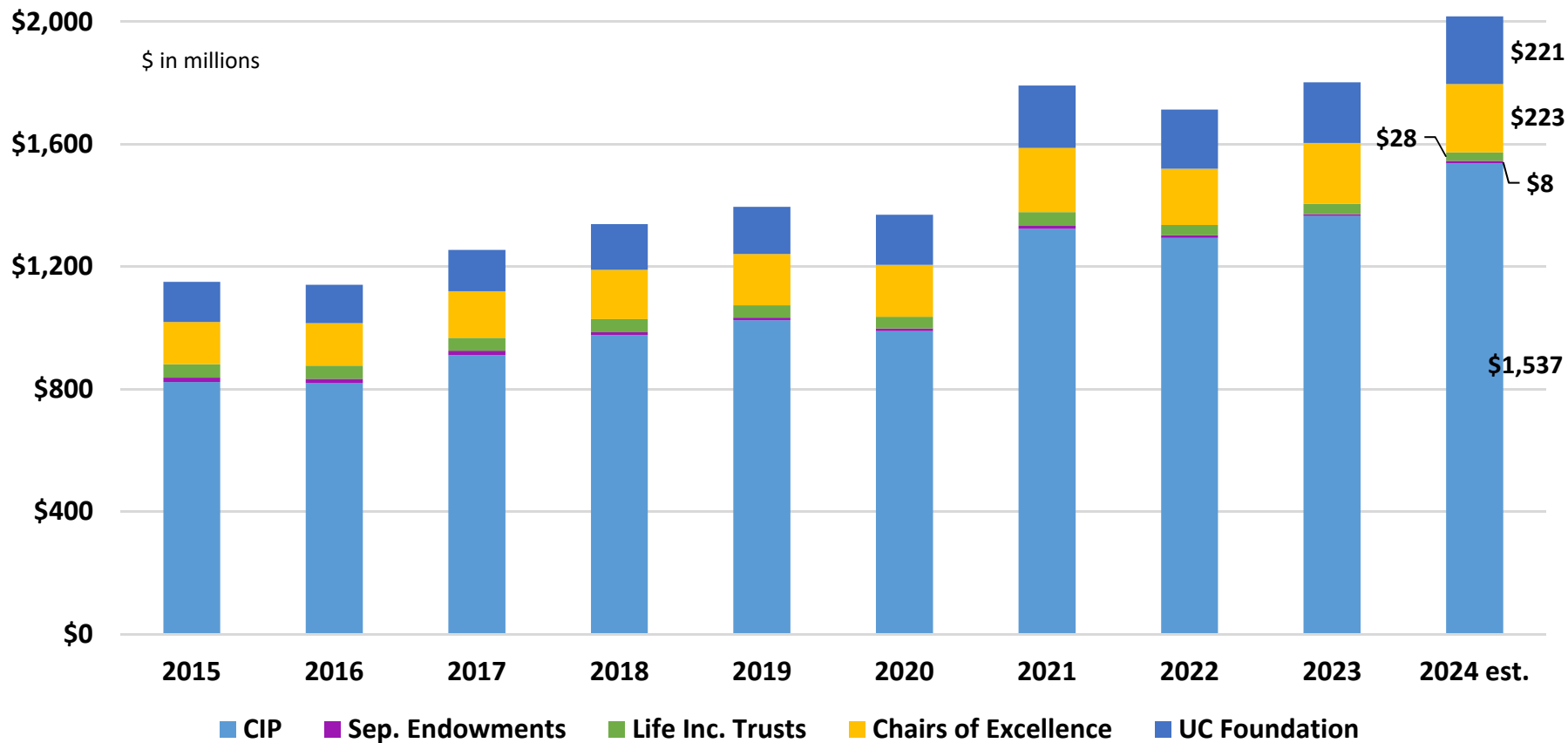
Public Equity  
Private Equity  
Real Assets  
Diversifying Strategies  
Bonds  
Cash

	Actual Allocation	Long-Term Target Allocation
Public Equity	43.8%	42%
Private Equity	20.1%	25%
Real Assets	10.4%	7%
Diversifying Strategies	16.8%	18%
Bonds	6.7%	8%
Cash	2.1%	

Portfolio Liquidity



### Total Funds Invested for the Benefit of UT, Fiscal Year-end Market Values



8.5

## Index & Benchmark Summary:

**Global Market 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.

### Actual Allocation 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, 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, 2024. Totals may not sum due to rounding. 97% of Private investment performance is as of June 30, 2024. Private investment market values have been updated with capital calls and distributions through the current month. 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

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## AGENDA ITEM SUMMARY

Meeting Date:	October 25, 2024
Committee:	Finance and Administration
Item:	<b><u>Fiscal Year 2024 Report on Year-end Fund Balances</u></b>
Type:	Information

8.6

### BACKGROUND

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.



## THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

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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. Table A on page 3 provides a five-year summary of total year-end carry forward balances for all funds.

Nine of the ten funds are largely committed and well-defined. Because Renewal and Replacement funds comprise about 58% 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 (2) at UT Southern to eighty-one (81) at UT Knoxville. To determine the level to which these funds are committed, the following categories were developed and refined.

- Obligated
- Planned
- Reserved
- Discretionary

Definitions for each category follow Table A.





THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

TABLE A

Funds budgeted in the annual operating budget (year-end actuals)

Fund	FY2020	FY2021	FY2022	FY2023	FY2024	% Chg. FY23- FY24	% Chg. FY20- FY24
Working Capital	\$ 29,782,199	\$ 39,818,982	\$ 46,328,873	\$ 32,586,389	\$ 38,520,452	18.2%	29.3%
Revolving Fund	\$ 18,929,224	\$ 21,696,048	\$ 9,029,504	\$ 6,178,096	\$ 10,378,833	68.0%	-45.2%
Encumbrances	\$ 3,490,491	\$ 5,935,688	\$ 5,811,328	\$ 6,565,058	\$ 6,169,590	-6.0%	76.8%
Reappropriations	\$ 11,779,034	\$ 19,176,127	\$ 8,862,044	\$ 12,548,070	\$ 4,017,000	-68.0%	-65.9%
Unallocated Auxiliaries	\$ 9,225,358	\$ 8,651,467	\$ 10,629,354	\$ 15,315,645	\$ 10,955,601	-28.5%	18.8%
Unallocated E&G	\$ 58,908,865	\$ 53,611,988	\$ 70,279,781	\$ 67,567,806	\$ 83,151,735	23.1%	41.2%
Subtotal	\$ 132,115,171	\$ 148,890,300	\$ 150,940,883	\$ 140,761,064	\$ 153,193,211	8.8%	16.0%

Funds reported in annual financial statements

Fund	FY2020	FY2021	FY2022	FY2023	FY2024	% Chg. FY23- FY24	% Chg. FY20- FY24
Renewal and Replacement	\$ 601,349,775	\$ 704,988,943	\$ 663,153,388	\$ 834,495,866	\$ 936,622,304	12.2%	55.8%
Unexpended Plant Funds	\$ 156,024,078	\$ 167,857,059	\$ 326,384,611	\$ 425,307,391	\$ 397,358,696	-6.6%	154.7%
Debt Service	\$ 40,312,400	\$ 53,989,189	\$ 57,004,984	\$ 57,514,944	\$ 47,724,050	-17.0%	18.4%
Quasi-Endowments	\$ 12,855,664	\$ 16,137,698	\$ 14,723,833	\$ 59,309,780	\$ 79,493,986	34.0%	518.4%
Subtotal	\$ 810,541,917	\$ 942,972,889	\$ 1,061,266,816	\$ 1,376,627,981	\$ 1,461,199,036	6.1%	80.3%
<b>Total Year-end</b>	<b>\$ 942,657,087</b>	<b>\$ 1,091,863,189</b>	<b>\$ 1,212,207,700</b>	<b>\$ 1,517,389,045</b>	<b>\$ 1,614,392,247</b>	<b>6.4%</b>	<b>71.3%</b>
Less Investment in Plant and Interest Payable	\$ (7,162,487)	\$ (5,757,965)	\$ (5,050,798)	\$ (4,595,976)	\$ (2,650,734)	-42.3%	-63.0%
Less Benefits Liability	\$ (358,183,066)	\$ (361,500,350)	\$ (455,205,759)	\$ (348,007,400)	\$ (274,903,898)	-21.0%	-23.3%
Total	\$ 577,311,534	\$ 724,604,874	\$ 751,951,143	\$ 1,164,785,669	\$ 1,336,837,615	14.8%	131.6%

Figures may not add due to rounding

8.6



## THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

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### **OBLIGATED**

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

#### 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.

8.6

### **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.”

#### 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.

#### 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.

#### Level of commitment:

Institutions may use discretionary funds for any appropriate business purpose.



# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

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.

8.6

### Summary

For fiscal year 2024 institutions reported the following levels of commitment for renewal and replacement funds.

By Institution and Fund Type					
Institution	Education & General	Auxiliary	Total		
Chattanooga	\$ 65,730,318	\$ 23,607,916	\$ 89,338,234		
Knoxville & UTSI	\$ 404,940,278	\$ 67,641,351	\$ 472,581,629		
Martin	\$ 30,218,965	\$ 10,085,842	\$ 40,304,807		
Health Sciences	\$ 25,164,446		\$ 25,164,446		
Southern	\$ -	\$ 1,170,661	\$ 1,170,661		
Inst. of Agriculture	\$ 110,992,954	\$ -	\$ 110,992,954		
Inst. of Public Service	\$ 21,084,477	\$ -	\$ 21,084,477		
System Admin.	\$ 30,040,386	\$ -	\$ 30,040,386		
UT Systemwide	\$ 145,944,711	\$ -	\$ 145,944,711		
<b>Totals</b>	<b>\$ 834,116,535</b>	<b>\$ 102,505,770</b>	<b>\$ 936,622,305</b>		
<b>Percent</b>	<b>89.06%</b>	<b>10.94%</b>	<b>100.00%</b>		

By Institution and Level of Commitment					
Institution	Obligated	Planned	Resrvd	Discretionary	Total
Chattanooga	\$ 31,827,874	\$ 31,020,174	\$ 23,045,637	\$ 3,444,549	\$ 89,338,234
Knoxville & UTSI	\$ 53,760,337	\$ 288,516,934	\$ 103,947,685	\$ 26,356,673	\$ 472,581,629
Martin	\$ 1,955,778	\$ 13,056,019	\$ 23,721,983	\$ 1,571,027	\$ 40,304,807
Health Sciences	\$ -	\$ 6,252,198	\$ 6,225,324	\$ 12,686,924	\$ 25,164,446
Southern	\$ -	\$ 1,170,661	\$ -	\$ -	\$ 1,170,661
Inst. of Agriculture	\$ 10,133,879	\$ 49,284,798	\$ 37,958,925	\$ 13,615,352	\$ 110,992,954
Inst. of Public Service	\$ 345,557	\$ 4,504,443	\$ 16,234,477		\$ 21,084,477
System Admin.	\$ 10,919,793	\$ 7,836,864	\$ 11,283,729		\$ 30,040,386
UT Systemwide	\$ 17,284,260	\$ 117,155,744	\$ 11,504,707		\$ 145,944,711
<b>Totals</b>	<b>\$ 126,227,478</b>	<b>\$ 518,797,835</b>	<b>\$ 233,922,467</b>	<b>\$ 57,674,525</b>	<b>\$ 936,622,305</b>
<b>Percent</b>	<b>13.48%</b>	<b>55.39%</b>	<b>24.98%</b>	<b>6.16%</b>	<b>100.00%</b>

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

**UT Chattanooga**

**Educational and General Funds**

**Level of Commitment**

Fund	Description	Obligated	Planned	Reserved	Discretionary	TOTAL
K040005007	R&R Electronic Equipment	\$ 15,082,132	\$ 15,866,039	\$ 1,748,240	\$ 499,865	\$ 33,196,276
K040005017	Research Institute R&R	\$ -	\$ -	\$ 359,907	\$ -	\$ 359,907
K040005033	Learning & Leadership Program R&R	\$ -	\$ -	\$ 405,271	\$ -	\$ 405,271
K040005039	Chancellor Office	\$ -	\$ -	\$ -	\$ 110,540	\$ 110,540
K040005040	Information Technology	\$ -	\$ -	\$ -	\$ 48,897	\$ 48,897
K040005041	Administration & Finance	\$ -	\$ -	\$ -	\$ 330,062	\$ 330,062
K040005043	Enrollment Management	\$ -	\$ -	\$ -	\$ 233,607	\$ 233,607
K040005045	Academic Affairs	\$ -	\$ -	\$ -	\$ 992,576	\$ 992,576
K040005046	College of Arts & Science	\$ -	\$ 107,699	\$ -	\$ 82,030	\$ 189,729
K040005047	College of Engineering & Computer Sci.	\$ -	\$ -	\$ -	\$ 2,634	\$ 2,634
K040005048	Gary W. Rollins College of Business	\$ -	\$ -	\$ -	\$ 635,291	\$ 635,291
K040005049	College of Health, Edu. & Prof Studies	\$ -	\$ -	\$ -	\$ 197,051	\$ 197,051
K040005050	Honors College	\$ -	\$ -	\$ -	\$ 39,336	\$ 39,336
K040005052	Research	\$ -	\$ -	\$ -	\$ 97,954	\$ 97,954
K040005053	Communications & Marketing	\$ -	\$ -	\$ -	\$ 70,792	\$ 70,792
K040005055	Access & Engagement	\$ -	\$ -	\$ -	\$ 7,373	\$ 7,373
K040005056	Center for Professional Education	\$ -	\$ -	\$ -	\$ 96,542	\$ 96,542
	<b>Subtotal</b>	<b>\$ 15,082,132</b>	<b>\$ 15,973,738</b>	<b>\$ 2,513,418</b>	<b>\$ 3,444,549</b>	<b>\$ 37,013,838</b>
	<u>DESIGNATED ACCOUNTS</u>					
K040005008	R&R Student Program & Service Fee	\$ -	\$ -	\$ 178,798	\$ -	\$ 178,798
K040005010	Renewal and Replacement Facilities	\$ 63,980	\$ 838,963	\$ 595,145	\$ -	\$ 1,498,088
K040005015	Student Health Fee R&R - Student Dev.	\$ -	\$ -	\$ 576,581	\$ -	\$ 576,581
K040005016	Student Green R&R	\$ 950,000	\$ -	\$ 199,158	\$ -	\$ 1,149,158
K040005018	Library Fee R&R	\$ -	\$ -	\$ 865,236	\$ -	\$ 865,236
K040005019	Facilities Landscaping R&R	\$ -	\$ -	\$ 327,652	\$ -	\$ 327,652
K040005021	Facility Match Fee R&R	\$ 6,500,020	\$ -	\$ -	\$ -	\$ 6,500,020
K040005022	Business Differential R&R	\$ -	\$ -	\$ 2,783,879	\$ -	\$ 2,783,879
K040005023	Engineering Differential R&R	\$ -	\$ 218,714	\$ 815,684	\$ -	\$ 1,034,398
K040005024	Nursing Differential R&R	\$ -	\$ -	\$ 1,089,893	\$ -	\$ 1,089,893
K040005037	Physical Therapy Differential Fee	\$ -	\$ -	\$ 174,086	\$ -	\$ 174,086

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**UT Chattanooga**

**Educational and General Funds**

**Level of Commitment**

Fund	Description	Obligated	Planned	Reserved	Discretionary	TOTAL
K040005038	Occupation Therapy Differential Fee	\$ -	\$ -	\$ 265,876	\$ -	\$ 265,876
K040005026	Online Access Fee R&R	\$ -	\$ 3,346,865	\$ 6,029,144	\$ -	\$ 9,376,009
K040005027	Mosaic Program Fee R&R	\$ -	\$ -	\$ 192,527	\$ -	\$ 192,527
K040005030	Student Activity Fee Option 2 R&R	\$ -	\$ -	\$ 26,065	\$ -	\$ 26,065
K040005031	Student Activity Fee SGA R&R	\$ -	\$ -	\$ 66,102	\$ -	\$ 66,102
K040005032	Transportation Fee R&R	\$ -	\$ 1,668,239	\$ -	\$ -	\$ 1,668,239
K040005034	Technology Fee R&R	\$ -	\$ -	\$ 654,076	\$ -	\$ 654,076
K040005036	International Education Fee R&R	\$ -	\$ -	\$ 289,797	\$ -	\$ 289,797
	Subtotal	\$ 7,514,000	\$ 6,072,781	\$ 15,129,699	\$ -	\$ 28,716,480
	<b>TOTALS</b>	<b>\$ 22,596,132</b>	<b>\$ 22,046,519</b>	<b>\$ 17,643,118</b>	<b>\$ 3,444,549</b>	<b>\$ 65,730,318</b>
	Percent of Total	34.4%	33.5%	26.8%	5.2%	100.0%

**Auxiliary Funds**

**Level of Commitment**

Fund	Description	Obligated	Planned	Reserved	Discretionary	TOTAL
K040005001	R&R Residence Hall Maintenance & Equip.	\$ -	\$ 5,020,000	\$ 4,980,354	\$ -	\$ 10,000,354
K040005003	R&R Parking Authority	\$ -	\$ -	\$ 422,165	\$ -	\$ 422,165
K040005009	Doctor's Bldg / Bookstore / FS	\$ 9,231,742	\$ 3,953,655	\$ -	\$ -	\$ 13,185,397
	<b>TOTALS</b>	<b>\$ 9,231,742</b>	<b>\$ 8,973,655</b>	<b>\$ 5,402,519</b>	<b>\$ -</b>	<b>\$ 23,607,916</b>
	Percent of Total	\$ 0	\$ 0	\$ 0	\$ -	1

<b>Grand Total</b>	<b>\$ 31,827,874</b>	<b>\$ 31,020,174</b>	<b>\$ 23,045,636</b>	<b>\$ 3,444,549</b>	<b>\$ 89,338,234</b>
<b>Percent</b>	<b>35.6%</b>	<b>34.7%</b>	<b>25.8%</b>	<b>3.9%</b>	<b>100.0%</b>

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**UT Knoxville**

**Educational and General Funds  
Level of Commitment**

<b>Fund</b>	<b>Description</b>	<b>Obligated</b>	<b>Planned</b>	<b>Reserved</b>	<b>Discretionary</b>	<b>Total</b>
K010005016	Faculty Startup		50,124			50,124
K010005019	Neutron Science				509,810	509,810
K010005022	Bldgs & Renovations		15,386,032			15,386,032
K010005025	Joint Institute Renovations			500,000		500,000
K010005029	Deferred Maintenance		11,357,028			11,357,028
K010005030	College of Arts and Sciences	99,008	15,774,016	7,150,979		23,024,003
K010005031	Herbert College of Agriculture		1,291,001	3,534,050		4,825,051
K010005032	College of Nursing		3,270,972	1,745,300	150,827	5,167,099
K010005036	General Reserve		18,693,286			18,693,286
K010005040	JICS Capital Maintenance			634,599		634,599
K010005041	JIBS Capital Maintenance		703,913			703,913
K010005052	Strategic Investment		35,896,577			35,896,577
K010005054	Glazer Capital Maintenance			45,046		45,046
K010005057	JINS Capital Maintenance			639,102		639,102
K010005074	Rainy Day			30,000,000		30,000,000
K010005075	Stormwater Bank R&R			2,740,117		2,740,117
K010005078	College of Edu., Health & Human Sci.		4,748,960	4,095,077	1,954,097	10,798,134
K010005079	Tickle College of Engineering	751,882	30,216,659	1,036,345		32,004,886
K010005080	Haslam College of Business	20,000,000	4,919,616	10,539,781	1,000,000	36,459,397
K010005081	College of Law	470,608	5,480,027	1,848,602	248,689	8,047,926
K010005082	College of Architecture & Design	2,361,784	1,267,421	1,719,538		5,348,743
K010005083	College Communications and Info.		11,033,286			11,033,286
K010005084	College of Social Work		1,222,656	5,645,040	6,812,642	13,680,338
K010005085	Research Initiatives		268,850			268,850
K010005086	Provost & SR VC		866,300	4,400,087		5,266,387
K010005087	VC for Diversity		12,000	38,200	300,000	350,200
K010005088	VC for Communication	305,000	125,353		485,816	916,169
K010005089	VC for Finance&Admin	1,265,166	5,199,506	20,220	1,024,860	7,509,752
K010005090	VC for Research		12,857,236			12,857,236
K010005091	VC for Student Life		176,666		508,702	685,368
K010005092	Libraries		15,676			15,676

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**UT Knoxville**

**Educational and General Funds  
Level of Commitment**

<b>Fund</b>	<b>Description</b>	<b>Obligated</b>	<b>Planned</b>	<b>Reserved</b>	<b>Discretionary</b>	<b>Total</b>
K010005093	UT-ORII		2,422,017	1,182,852		3,604,869
K010005095	Inst Amer Civics				6,466,329	6,466,329
K010005096	Arena		6,579,963			6,579,963
K010005097	OIT		525,675			525,675
K010005099	Bredesen Center			575,458		575,458
K010005101	College of Emerging & Collab. Stud.		310,000	154,395		464,395
K010005102	Baker School		129,956	1,060,671		1,190,627
K010005103	Digital Learning		2,418,410			2,418,410
K010005105	Diff Tuition R&R-TCE	630,365	3,074,921			3,705,286
K010005106	Diff Tuition R&R-CONR			3,000,000	163,843	3,163,843
K020005002	Emergency Fund			2,500,000		2,500,000
K020005003	Capital Equipment		2,049,000	-	1,674,557	3,723,557
K020005004	Start-Up Package		7,828,567	-	1,310,831	9,139,398
K020005005	UTSI-Residence Dorm		250,000	-	370,241	620,241
<b>TOTAL</b>		<b>\$ 25,883,813</b>	<b>\$ 206,421,669</b>	<b>\$ 84,805,459</b>	<b>\$ 22,981,244</b>	<b>\$ 340,092,185</b>

<b>DESIGNATED E&amp;G ACCOUNTS</b>		<b>Obligated</b>	<b>Planned</b>	<b>Reserved</b>	<b>Discretionary</b>	<b>Total</b>
K010005006	Convenience Copier			662,454		662,454
K010005009	SWORPS CARE /IT Stats Service					-
K010005013	Program & Services		11,000,000	6,851,297		17,851,297
K010005014	Technology Fee		3,179,062			3,179,062
K010005020	UT Conferences	2,537,345			65,453	2,602,798
K010005021	Facilities Fee		9,790,027			9,790,027
K010005033	Social Work Ctr for Behavioral Health Res.		100,000		371,841	471,841
K010005037	Video / Photo Services		230,268			230,268
K010005043	Undergr Int'l Ed Fee		511,222			511,222
K010005044	CIE Programs Abroad		1,804,310	100,000		1,904,310
K010005045	Graphic Arts Equipment		350,000	771,979		1,121,979
K010005046	Warehousing Operations	518,418				518,418
K010005050	Information Technology		3,789,433			3,789,433
K010005051	TN Statewide Vanpool	722,747	1,056,082			1,778,829

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**UT Knoxville**

**Educational and General Funds  
Level of Commitment**

Fund	Description	Obligated	Planned	Reserved	Discretionary	Total
K010005055	Fac & Admin (Indirect Cost)		12,814,836			12,814,836
K010005058	Diversity Initiatives		1,700,000		1,223,055	2,923,055
K010005059	Biology Equipment		1,009			1,009
K010005062	RC:JIAM Microscopy		200,553			200,553
K010005064	Fleet Management		500,000		1,489,502	1,989,502
K010005065	RC: IBML Lab		14,291			14,291
K010005066	RC: Genomics Core		45,027			45,027
K010005067	RC: LEA		85,922			85,922
K010005068	Transportation Fee R		487,546			487,546
K010005069	RC: FabLab Center			34,668.00		34,668
K010005070	RC: JIAM: Electromagnetic Properties Lab		59,913			59,913
K010005072	RC: JIAM Diffraction		8,132			8,132
K010005073	Reliability & Maintainability		1,227,016	119,088.00		1,346,104
K010005076	RC:NIMBioS Spatial Analysis Lab		39,902			39,902
K010005094	OTIS Service Center		385,696			385,696
<b>TOTAL</b>		<b>\$ 3,778,510</b>	<b>\$ 49,380,247</b>	<b>\$ 8,539,486</b>	<b>\$ 3,149,850</b>	<b>\$ 64,848,093</b>
Subtotal		\$ 29,662,323	\$ 255,801,916	\$ 93,344,945	\$ 26,131,095	\$ 404,940,278

**Auxiliary Funds  
Level of Commitment**

Fund	Description	Obligated	Planned	Reserved	Discretionary	Total
K010005001	Residence Hall Maintenance & Equipment		29,476,795	10,602,740		40,079,535
K010005002	Food Service Maintenance & Equipmei	13,219,953			11,988	13,231,941
K010005003	Parking Authority Maintenance & Equi	3,972,223			42,736	4,014,959
K010005004	Bookstore Maintenance & Equipment	6,905,838			142,830	7,048,668
K010005038	Athletics Equipment & Renovations		1,481,682			1,481,682
K010005061	Golf Facility		456,541			456,541
K010005077	Vending		1,300,000		28,024	1,328,024
<b>TOTAL</b>		<b>\$ 24,098,014</b>	<b>\$ 32,715,018</b>	<b>\$ 10,602,740</b>	<b>\$ 225,579</b>	<b>\$ 67,641,351</b>
TULLAHOMA		\$ -	\$ 10,127,567	\$ 2,500,000	\$ 3,355,629	\$ 15,983,196

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**UT Knoxville**

**Educational and General Funds  
Level of Commitment**

<b>Fund</b>	<b>Description</b>	<b>Obligated</b>	<b>Planned</b>	<b>Reserved</b>	<b>Discretionary</b>	<b>Total</b>
	KNOXVILLE	\$ 53,760,337	\$ 278,389,367	\$ 101,447,685	\$ 23,001,044	\$ 456,598,432
	<b>GRAND TOTAL</b>	<b>\$ 53,760,337</b>	<b>\$ 288,516,934</b>	<b>\$ 103,947,685</b>	<b>\$ 26,356,673</b>	<b>\$ 472,581,628</b>
	<b>Percent of Total</b>	<b>11.4%</b>	<b>61.1%</b>	<b>22.0%</b>	<b>5.6%</b>	<b>100.0%</b>

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**Educational & General Funds**

**UT Institute of Agriculture**

**Level of Commitment**

Fund Number	Fund Name	Obligated	Planned	Reserved	Discretionary	Total
<b>Ag Research</b>						
K110005002	AG EXP MNT AND EQUIP	1,500,000	481,279			1,981,279
K110005003	BRANCH STATIONS RENO	566,909	738,290			1,305,199
K110005004	Department Maint & Equipment	384,104	1,870,661	602,924	373,705	3,231,394
K110005005	Faculty Startup Equipment	3,683,594				3,683,594
K110005006	F&A Maint & Equip	157,980	3,512,819			3,670,799
K110005007	Recharge Center Main		983,640			983,640
K110005008	Equipment & Internal Grants	1,804,612				1,804,612
K110005009	SVC/SVP Strat Funds			750,000		750,000
	<b>Subtotal</b>	<b>8,097,199</b>	<b>7,586,689</b>	<b>1,352,924</b>	<b>373,705</b>	<b>17,410,516</b>

**College of Veterinary Medicine**

K180005001	Potential leave payouts			\$ 300,000.00		\$ 300,000
	Spay/neuter truck			\$ 300,000.00		\$ 300,000
	Faculty Recruit Funds				\$ 25,000.00	\$ 25,000
	Additional Staff DASH			\$ 820,219		\$ 820,219
	Contingency Enrollment			\$ 300,000		\$ 300,000
	Repl. Unit for Cancer		\$ 3,000,000			\$ 3,000,000
	Cover clinic risk			\$ 6,000,000		\$ 6,000,000
K180005005	Strategic Initiatives				\$ 7,198,866	\$ 7,198,866
	Start-up faculty Incent.		\$ 1,559,029			\$ 1,559,029
	Retention Incentives	\$ 130,000				\$ 130,000
	Research Technician BDS		\$ 102,000			\$ 102,000
	Retention Agreement	\$ 105,000				\$ 105,000
K180005006	CAFSP expenditures	\$ 30,939				\$ 30,939
	Dept. carry forward	\$ 229,000	\$ 2,484,790			\$ 2,713,790
	Non-recurring compensation		\$ 4,823,535	\$ 300,000		\$ 5,123,535
	Non-Recurring Equipment		\$ 987,858			\$ 987,858
	Center of Excellence Match	\$ 826,989				\$ 826,989
	Electronic medical records		\$ 550,000	\$ 3,450,000		\$ 4,000,000
ECC Locums and Shift Work		\$ 74,100			\$ 74,100	
Hospital Board Equipment		\$ 3,136,963			\$ 3,136,963	

Educational & General Funds

UT Institute of Agriculture

Level of Commitment

Fund Number	Fund Name	Obligated	Planned	Reserved	Discretionary	Total
	CVM Hospital Improvements	\$ 214,752				\$ 214,752
K180005007	Small Animal Hospital Expansion		\$ 5,800,000	\$ 4,000,000		\$ 9,800,000
	UTIA CVM Lab Conversion		\$ 672,308			\$ 672,308
	D118 and B203 Upgrades		\$ 20,000			\$ 20,000
	Research and Diagnostic Space				\$ 6,000,000	\$ 6,000,000
	Subtotal	\$ 1,536,680	\$ 23,210,584	\$ 15,470,219	\$ 13,223,866	\$ 53,441,349
	<b>UTIA Extension</b>					
K120005002	Ag Ext Maintenance & Equipment		\$ 8,524,460	\$ 11,472,014		\$ 19,996,474
K120005003	4-H Camp Renovations			\$ 6,481,348		\$ 6,481,348
K120005006	Ridley 4-H M & Renovations			\$ 526,295		\$ 526,295
K120005007	York 4-H M & Renovations			\$ 558,215		\$ 558,215
K120005008	Austin 4-H M & Renovations			\$ 500,000		\$ 500,000
K120005010	Ecommerce		\$ 70,516			\$ 70,516
K120005011	Center for Profitable Agriculture		\$ 116,864			\$ 116,864
K120005012	Agricultural Economics		\$ 17,793			\$ 17,793
K120005013	Biosystems Engineering		\$ 37,998		\$ 17,781	\$ 55,779
K120005014	Animal Science		\$ 422,872	\$ 28,051		\$ 450,923
K120005015	Entomology & Plant Pathology		\$ 259,651			\$ 259,651
K120005016	Food Science		\$ 1,212,670	\$ 425,963		\$ 1,638,633
K120005017	Forestry, Wildlife & Fisheries		\$ 62,177			\$ 62,177
K120005018	Plant Sciences		\$ 514,898			\$ 514,898
K120005019	UT Gardens – Extension		\$ 19,979			\$ 19,979
K120005020	Family & Consumer Sciences		\$ 610,252	\$ 203,418		\$ 813,670
K120005023	Precision Livestock		\$ 37,178	\$ 334,601		\$ 371,779
K120005027	The Clays at Lone Oaks		\$ 19,641			\$ 19,641
K120005028	ALEC		\$ 11,170			\$ 11,170
K120005030	ANR Enhancements	\$ 500,000	\$ 309,295	\$ 103,098		\$ 912,393
K120005033	UTIA RiverLine Projects		\$ 1,934,121			\$ 1,934,121
K120005130	Women in Agriculture		\$ 61			\$ 61

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**Educational & General Funds**

**UT Institute of Agriculture**

**Level of Commitment**

Fund Number	Fund Name	Obligated	Planned	Reserved	Discretionary	Total
K120005131	ER New TN Farmers Academy	\$	5,510			\$ 5,510
K120005132	Nat Urb Ext Ldr Conference	\$	203,170			\$ 203,170
K120005133	Middle TN Grain Conference	\$	27,641			\$ 27,641
K120005134	Farm MANAGE Programs	\$	372,497			\$ 372,497
K120005135	CR Fisheries	\$	1,075			\$ 1,075
K120005136	CST Variety Trials	\$	103,291			\$ 103,291
K120005138	South Central Extension	\$	1,432			\$ 1,432
K120005139	Up. Cumberland Sm Ruminant Conf.	\$	22,008			\$ 22,008
K120005140	Eastern Region Grain Conference	\$	4,999			\$ 4,999
K120005141	NE TN Beef Expo	\$	19,429			\$ 19,429
K120005142	WR New Farmers Academy	\$	-			\$ -
K120005144	ER Fisheries Program	\$	2,308			\$ 2,308
K120005145	Crimson Clover MG	\$	4,168			\$ 4,168
K120005146	WR Grain Conference	\$	475			\$ 475
K120005147	4-H Youth Development	\$	8,341	\$ 2,780		\$ 11,121
K120005148	County Ext Operations	\$	500,000	\$ 500,000		\$ 1,000,000
K120005034 - K120005128	County Extension Office Accounts	\$	2,941,950			\$ 2,941,950
K120005021	Eastern Region	\$	9,443			\$ 9,443
K120005022	Western Region	\$	31,710			\$ 31,710
K120005029	Central Region	\$	46,482			\$ 46,482
	<b>Subtotal</b>	<b>\$ 500,000</b>	<b>\$ 18,487,525</b>	<b>\$ 21,135,783</b>	<b>\$ 17,781</b>	<b>\$ 40,141,089</b>
		1.2%	46.1%	52.7%	0.0%	100.0%
	<b>UTIA Totals</b>	<b>\$ 10,133,879</b>	<b>\$ 49,284,798</b>	<b>\$ 37,958,925</b>	<b>\$ 13,615,352</b>	<b>\$ 110,992,954</b>
		<b>9.1%</b>	<b>44.4%</b>	<b>34.2%</b>	<b>12.3%</b>	<b>100.0%</b>

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Educational and General Funds

UT Martin

Level of Commitment

Fund	Description	Obligated	Planned	Reserved	Discretionary	TOTAL
K050005012	R&R Surplus Sales Reserve				\$ 195,002	\$ 195,002
K050005015	R&R Equipment		\$ 3,000,000	\$ 14,390,043	\$ 35,142	\$ 17,425,185
K050005023	Generator Maintenance R&R		\$ 862,487			\$ 862,487
K050005036	Chancellor UTM				\$ 59,337	\$ 59,337
K050005037	VC Finance and Administration		\$ 375,000		\$ 285,572	\$ 660,572
K050005038	VC Student Affairs				\$ 151,841	\$ 151,841
K050005039	VC University Relations				\$ 386,703	\$ 386,703
K050005040	VC of Information Technology				\$ 17,578	\$ 17,578
	Subtotal	\$ -	\$ 4,237,487	\$ 14,390,043	\$ 1,131,176	\$ 19,758,706
	<u>DESIGNATED ACCOUNTS</u>					
K050005005	R&R Convenience Copy - UTM			\$ 77,104		\$ 77,104
K050005007	R&R Printing and Duplication Equip.		\$ 50,895			\$ 50,895
K050005009	R&R Transportation Service		\$ 100,000	\$ 370,285		\$ 470,285
K050005016	Parsons Renewal And Replacement		\$ 228,273			\$ 228,273
K050005020	Ripley Renewal & Replacement			\$ 1,426,419		\$ 1,426,419
K050005021	Campus Improvements R&R		\$ 2,270,000	\$ 1,257,678		\$ 3,527,678
K050005024	Student Rec Center Equip R&R		\$ 292,143	\$ 115,000		\$ 407,143
K050005025	Match Accounts R&R		\$ 232,734			\$ 232,734
K050005026	Course Fee R&R		\$ 767,044			\$ 767,044
K050005027	Development Accounts R&R		\$ 146,161			\$ 146,161
K050005028	Technology Fee R&R		\$ 112,594			\$ 112,594
K050005029	Facilities Fee R&R		\$ 131,581			\$ 131,581
K050005030	Student Activities Fee R&R		\$ 279,673			\$ 279,673
K050005031	Student Activity Fee-Travel R&R		\$ 57,720			\$ 57,720
K050005032	Student Health Fee R&R		\$ 123,394			\$ 123,394
K050005034	Online Support Fee R&R		\$ 1,150,000	\$ 611,393	\$ 100,000	\$ 1,861,393
K050005035	RCOP Renewal		\$ 560,167			\$ 560,167
	Subtotal	\$ -	\$ 6,502,379	\$ 3,857,879	\$ 100,000	\$ 10,460,258
	TOTALS	\$ -	\$ 10,739,867	\$ 18,247,922	\$ 1,231,176	\$ 30,218,965
	Percent of Total	0.0%	35.5%	60.4%	4.1%	100.0%

8.6

**Educational and General Funds**

**UT Martin**

**Level of Commitment**

Fund	Description	Obligated	Planned	Reserved	Discretionary	TOTAL
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**Auxiliary Funds**

**Level of Commitment**

Fund	Description	Obligated	Planned	Reserved	Discretionary	TOTAL
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K050005001	Residence Hall Maint. & Equip.	\$ 648,000	\$ 1,000,000	\$ 2,556,503	\$ 214,851	\$ 4,419,354
K050005002	Food Service Maint. & Equip.	\$ 413,742	\$ 576,400	\$ 1,679,052		\$ 2,669,194
K050005003	Parking Authority Maint. & Equip.	\$ 651,045	\$ 600,000	\$ 115,222		\$ 1,366,267
K050005004	Bookstore Maint. & Equipment	\$ 242,991		\$ 921,434	\$ 125,000	\$ 1,289,425
K050005006	R&R Telecommunications		\$ 100,000	\$ 201,850		\$ 301,850
K050005014	R&R Computer Store		\$ 39,752			\$ 39,752

<b>TOTALS</b>		<b>\$ 1,955,778</b>	<b>\$ 2,316,152</b>	<b>\$ 5,474,061</b>	<b>\$ 339,851</b>	<b>\$ 10,085,842</b>
Percent of Total		19.4%	23.0%	54.3%	3.4%	100.0%

<b>Grand Total</b>	<b>\$ 1,955,778</b>	<b>\$ 13,056,019</b>	<b>\$ 23,721,983</b>	<b>\$ 1,571,027</b>	<b>\$ 40,304,807</b>
<b>Percent</b>	<b>4.9%</b>	<b>32.4%</b>	<b>58.9%</b>	<b>3.9%</b>	<b>100.0%</b>

**8.6**



<b>HEALTH SCIENCE CENTER</b>		<b>Educational and General Funds</b>				
		<b>Level of Commitment</b>				
Fund	Description	Obligated	Planned	Reserved	Discretionary	TOTAL
	Campus R&R					
	Security Upgrades and Fencing R&R		\$ 2,000,000			\$ 2,000,000
K070005012	Gross Anatomy Lab R&R		\$ 1,280,000			\$ 1,280,000
	Nash Renovation R&R		\$ 1,000,000			\$ 1,000,000
	Preventative Medicine Reno. R&R		\$ 750,000			\$ 750,000
	Deferred Maint. and Emergency R&R				\$ 12,686,924	\$ 12,686,924
K070005015	Knox Campus R&R		\$ 20,594			\$ 20,594
K070005020	Physical Therapy Billing R&R		\$ 121,736			\$ 121,736
K070005027	Orthodontic Clinic R&R		\$ 440,230			\$ 440,230
K070005028	OMP Laboratory R&R		\$ 111,916			\$ 111,916
K070005029	Oral Surgery Clinic R&R		\$ 406,450			\$ 406,450
K070005033	UTHSC SIM Center Equip R&R			\$ 6,225,324		\$ 6,225,324
K070005034	Dental Hygiene Clinic R&R		\$ 14,960			\$ 14,960
K070005035	UDP Oral Surgery R&R		\$ 106,312			\$ 106,312
<b>TOTALS</b>		<b>\$ -</b>	<b>\$ 6,252,198</b>	<b>\$ 6,225,324</b>	<b>\$ 12,686,924</b>	<b>\$ 25,164,446</b>
<b>Percent of Total</b>		<b>0%</b>	<b>25%</b>	<b>25%</b>	<b>50%</b>	<b>100%</b>

8.6



**Institute of Public Service**  
**Educational and General Funds**  
**Level of Commitment**

Fund	Description	Obligated	Planned	Reserved	Discretionary	TOTAL
K130005001	Maint.&Equip. R&R IPS			\$ 368,737		\$ 368,737
K130005004	IPS facilities renovations 2025, 2026	\$ 169,323	\$ 2,207,177	\$ 4,931,804		\$ 7,308,304
K140005001	Maint.&Equip. R&R MTAS			\$ 399,205		\$ 399,205
K140005002	MTAS facilities renovations 2025, 2026	\$ 162,412	\$ 2,117,088	\$ 4,625,123		\$ 6,904,623
K150005001	Maint.&Equip. R&R CTAS			\$ 242,248		\$ 242,248
K150005002	CTAS facilities renovations 2025, 2026	\$ 13,822	\$ 180,178	\$ 4,615,047		\$ 4,809,047
K150005003	CTAS County Officials Orientation Prog.			\$ 300,000		\$ 300,000
K150005004	CTAS Certified County Finance Officer			\$ 200,000		\$ 200,000
K160005001	TLC Mnt & Equip R&R			\$ 100,000		\$ 100,000
K160005002	TLC facilities renovations 2025, 2026			\$ 452,313		\$ 452,313
<b>Total</b>		<b>\$ 345,557</b>	<b>\$ 4,504,443</b>	<b>\$ 16,234,477</b>	<b>\$ -</b>	<b>\$ 21,084,477</b>
<b>Percent</b>		<b>1.6%</b>	<b>21.4%</b>	<b>77.0%</b>	<b>0.0%</b>	<b>100.0%</b>

8.6

**Education & General Funds**

<b>System Administration</b>		<b>Level of Commitment</b>				
Fund	Description	Obligated	Planned	Reserved	Discretionary	TOTAL
K170005006	R&R Aircraft	\$ 4,156,657		\$ 843,343		\$ 5,000,000
K170005007	R&R UWA Building Maint. & Equip.	\$ 4,014,242	\$ 2,985,758			\$ 7,000,000
K170005025	Fluctuation Reserve	\$ 2,600,000	\$ 4,500,000	\$ 7,940,386		\$ 15,040,386
K170005033	Technology Refresh Program	\$ 148,894	\$ 351,106	\$ 500,000		\$ 1,000,000
K170005034	Administrative Infrastructure			\$ 2,000,000		\$ 2,000,000
<b>Subtotal: UTSA Operations</b>		<b>\$ 10,919,793</b>	<b>\$ 7,836,864</b>	<b>\$ 11,283,729</b>	<b>\$ -</b>	<b>\$ 30,040,386</b>
Percent		36.4%	26.1%	37.6%		100.0%
<b>Systemwide</b>						
K170005027	Research Initiative Matching		\$ 2,000,000			\$ 2,000,000
K170005028	ORNL Rebid			\$ 6,000,000		\$ 6,000,000
K170005029	UTB Operations			\$ 5,504,707		\$ 5,504,707
K170005030	Research Support		\$ 500,000			\$ 500,000
K170005010	ERP Development	\$ 14,217,060	\$ 34,782,940			\$ 49,000,000
K170005032	Oak Ridge Institute	\$ 3,067,200	\$ 79,872,804			\$ 82,940,004
<b>Subtotal: University Wide Programs</b>		<b>\$ 17,284,260</b>	<b>\$ 117,155,744</b>	<b>\$ 11,504,707</b>	<b>\$ -</b>	<b>\$ 145,944,711</b>
Percent		11.8%	80.3%	7.9%		100.0%
<b>Total University Administration</b>		<b>\$ 28,204,053</b>	<b>\$ 124,992,608</b>	<b>\$ 22,788,436</b>	<b>\$ -</b>	<b>\$ 175,985,097</b>
Percent		16.0%	71.0%	12.9%		100.0%

8.6