

THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES  
FALL MEETING

1:30 p.m. EDT  
Friday  
October 18, 2013

Hollingsworth Auditorium  
2421 Joe Johnson Drive  
Knoxville, Tennessee

ORDER OF BUSINESS

- I. Call to Order and Invocation
- II. Roll Call
- III. Introductions
- IV. [Adoption of Honorary Resolutions](#) ..... Tab 1
- V. President’s Report ..... Tab 2
- VI. Chancellor Cheek’s Report on UT Knoxville’s Top-25 Initiative ..... Tab 3
- VII. Presentation by Dr. William F. Fox, Director of the Center for Business and Economic Research, on the State of Tennessee’s Economy and Fiscal Conditions ..... Tab 4
- VIII. Report of the Audit Committee
- IX. Consent Agenda
  - A. [Minutes of the Last Meeting](#) ..... Tab 5
  - B. [Ratification of Vice Chair’s Appointment of Standing Committees, Committee Chairs, and Trustee Members of the Athletics Boards](#) ..... Tab 6
  - C. Real Property Transactions ..... Tab 7
    - 1. [Norfolk Southern Right-of-Way Acquisition \(UT Knoxville\)](#)
    - 2. [Lake Avenue KUB Access and Utility Easement \(UT Knoxville\)](#)
  - D. [Closure of Glocker Renovation Quasi-Endowment](#) ..... Tab 8
  - E. [FY 2014-15 Operating Budget Appropriations Request for Non-Formula Units](#) ..... Tab 9
  - F. [FY 2014-15 Capital Outlay and Capital Maintenance Projects](#) ..... Tab 10
  - G. [FY 2014-15 Revenue/Institutionally Funded Projects](#) ..... Tab 11
  - H. [FY 2013 Annual Flight Operations Report](#)..... Tab 12
  - I. [Honorary Doctor of Science and Letters in Ecology and Evolutionary Biology, UT Knoxville](#)..... Tab 13
  - J. [Annual Report to the General Assembly](#) ..... Tab 14
- X. Announcements
- XI. Adjournment

**The University of Tennessee  
Board of Trustees**

**Resolution in Honor of Anne Holt Blackburn  
October 18, 2013**

WHEREAS, Anne Holt Blackburn was born and raised in West Tennessee as one of thirteen children; and

WHEREAS, she graduated from Lauderdale County High School and then enrolled at The University of Tennessee, Knoxville, where she earned a degree in journalism; and

WHEREAS, after beginning her broadcasting career at WATE-TV in Knoxville, Ms. Blackburn moved to Nashville to work at the station that became WKRN-TV, News 2; and

WHEREAS, she rose from reporter and weekend anchor to primary anchor in 1980 and since then has been the face of WKRN and Nashville TV news; and

WHEREAS, she has received many honors for her broadcasting skills including three Emmy Awards, the prestigious George Foster Peabody Award for an investigative documentary, the Jerry Thompson Communicator's Lifetime Achievement Award, and the Donald G. Hileman Distinguished Alumni Award from the College of Communication and Information at The University of Tennessee, Knoxville; and

WHEREAS, she was inducted into the inaugural class of the Tennessee Journalism Hall of Fame, and when honored with the Distinguished Service Award from the Tennessee Association of Broadcasters, she was the first woman, first African American, and first news anchor to receive the award; and

WHEREAS, she also is involved in community organizations, serving as News 2's spokeswoman for the "Food to Families" campaign, working with the Second Harvest Food Bank, which has a sorting room named for her, and on boards of Book'em, Leadership Nashville, Cumberland Valley Girl Scouts, Middle Tennessee March of Dimes, Inroads/Nashville, and United Way of Middle Tennessee; and

WHEREAS, she was appointed in 2006 to The University of Tennessee Board of Trustees and served with distinction on the Advancement and Public Affairs and Trusteeship committees;

NOW THEREFORE BE IT RESOLVED that The University of Tennessee Board of Trustees, meeting in Knoxville, Tennessee, on October 18, 2013, commends Anne Holt Blackburn for her distinguished service to the Board, the University, and the State of Tennessee.

**The University of Tennessee  
Board of Trustees**

**Resolution in Honor of Douglas A. Horne  
October 18, 2013**

WHEREAS, Douglas A. Horne was born in Mississippi, raised in Knoxville, Tennessee, and graduated from Farragut High School; and

WHEREAS, he earned a bachelor's degree in industrial management at The University of Tennessee, Knoxville, working his way through school by bagging groceries at the A&P and selling souvenirs at Neyland Stadium; and

WHEREAS, after graduating from the University in 1967, Mr. Horne went to work for the Tennessee Valley Authority in the personnel division and later as a member of the engineering and construction management staff; and

WHEREAS, in 1981 he set off to be an entrepreneur, driving in his Toyota Starlet to Bentonville, Arkansas, where he convinced Wal-Mart founder Sam Walton to give him "a chance to build one store;" and

WHEREAS, he founded Horne Properties, which has developed more than 140 shopping and retail centers in twenty-five states; and

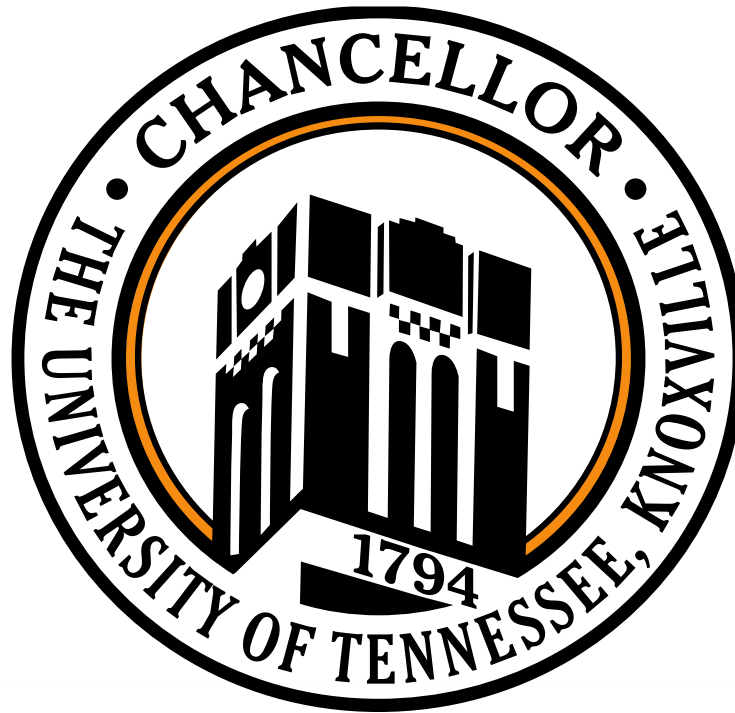
WHEREAS, Mr. Horne also entered the media business, founding Republic Newspapers Inc. and Horne Radio; and

WHEREAS, he is active in political organizations, serving as chairman of the Tennessee Democratic Party, member of the Advisory Board of The Kennedy Center, and member of the Gore 2000 Presidential Committee; and

WHEREAS, Mr. Horne is active in community, civic and charitable organizations including Tennessee Farm Bureau, the International Council of Shopping Centers, and the board of the Samaritan's Purse relief organization and was awarded the Shining Light Award for outstanding community service by the Farragut chapter of Rotary International and the 2010 March of Dimes Commercial Real Estate Industry Award; and

WHEREAS, he was appointed in 2007 to The University of Tennessee Board of Trustees and served with distinction on the Advancement and Public Affairs and Audit Committees, as chair of the Committee on Effectiveness and Efficiency for the Future, and as the board's representative on the UT Foundation Board of Directors;

NOW THEREFORE BE IT RESOLVED that The University of Tennessee Board of Trustees, meeting in Knoxville, Tennessee, on October 18, 2013, commends Douglas A. Horne for his distinguished service to the Board, the University, and the State of Tennessee.



# Rise to the Top 25: The Journey So Far

October 18, 2013

**BIG ORANGE  
UT BIG IDEAS**

# Journey to the Top 25



# UTK Position

Metrics	UTK June 2010	UTK June 2013	UTK Change 2010- 2013
ACT Equivalent	29/24	29/24	No change
Retention Rate	84%	85%	+1 pt
6-Year Graduation Rate	60%	66%	+6 pt
Ph.D. Degrees	277	319	+42
Master's and Professional Degrees	1,845	1835	- 10
Federal Research Expenditures	\$70 M	\$127 M	+\$57 M

# UTK Position

Metrics	UTK June 2010	UTK June 2013	UTK Change 2010-2013
Total Research Expenditures	\$165 M	\$230 M	+\$65 M
Tenure-Line Salary Range	\$66 to \$107 K	\$73 to \$121 K	+\$7 to \$14 K
Undergraduate Student/Tenure-Line Faculty	20	19	-1
Faculty Awards	10	Waiting on data	
Teaching and Support Expenditures/ Student	\$16,100	\$17,975	+ \$1,875
Endowment/ Student	\$14,380	\$15,803	+ \$1,423

# Progress

- 1 Metric – Met Our Goal
- 9 Metrics Improved
- 1 Decreased
- 1 Metric TBD



# News

**knoxnews.com**


## UT's freshman class: Bigger, smart and diverse *4,300 strong, most in almost a decade*

The University of Tennessee will welcome its largest freshman class in nearly a decade when students begin moving in this weekend.

This year's cohort will top out at more than 4,300 students —100 more freshmen than last year.

**Editorial: Staying the course best bet to boost UT's standing**  
Posted September 20, 2013 at 3 a.m.

Discuss Print A A A



As [national university](#) rankings go, the University of Tennessee is holding in the upper 40s, one notch higher than last year despite improvements at the Knoxville campus.

UT's slipping of one spot to No. 47 in the rankings from the last two years is not a big drop. The Knoxville school has good company with five other schools in the South and Midwest. And being in the top 50 is better than its ranking four years ago when it was No. 52.

# The Impact of the Journey to Become a Top 25





# The State of Tennessee's Economy and Fiscal Conditions

PRESENTED TO  
THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES  
OCTOBER 18, 2013

William F. Fox, Director  
Center for Business and Economic Research  
The University of Tennessee, Knoxville

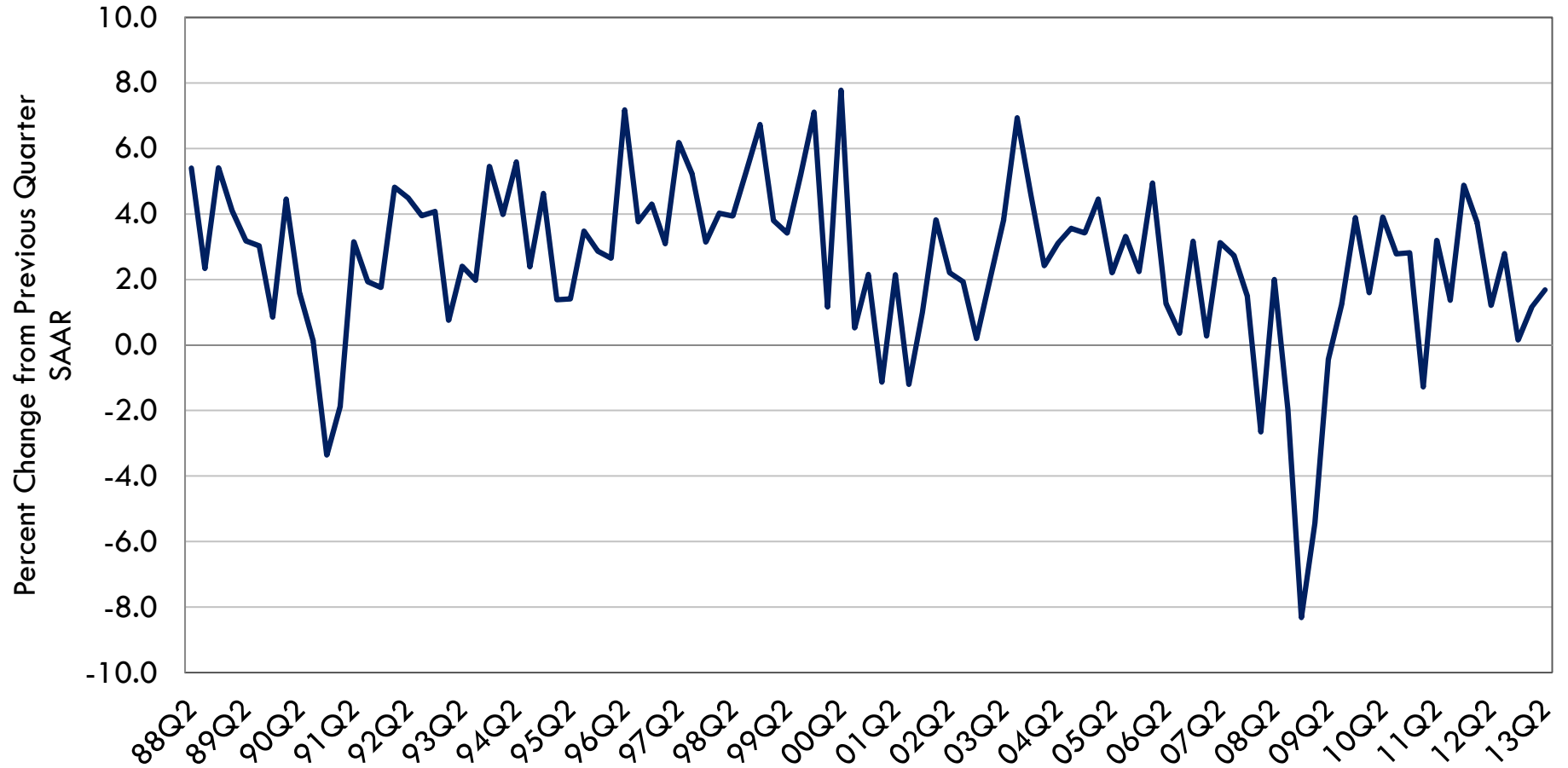
# OUTLINE

- National Economic Outlook
- Tennessee Economy
- Tennessee's Fiscal Outlook

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# Growth in Quarterly Real Gross Domestic Product

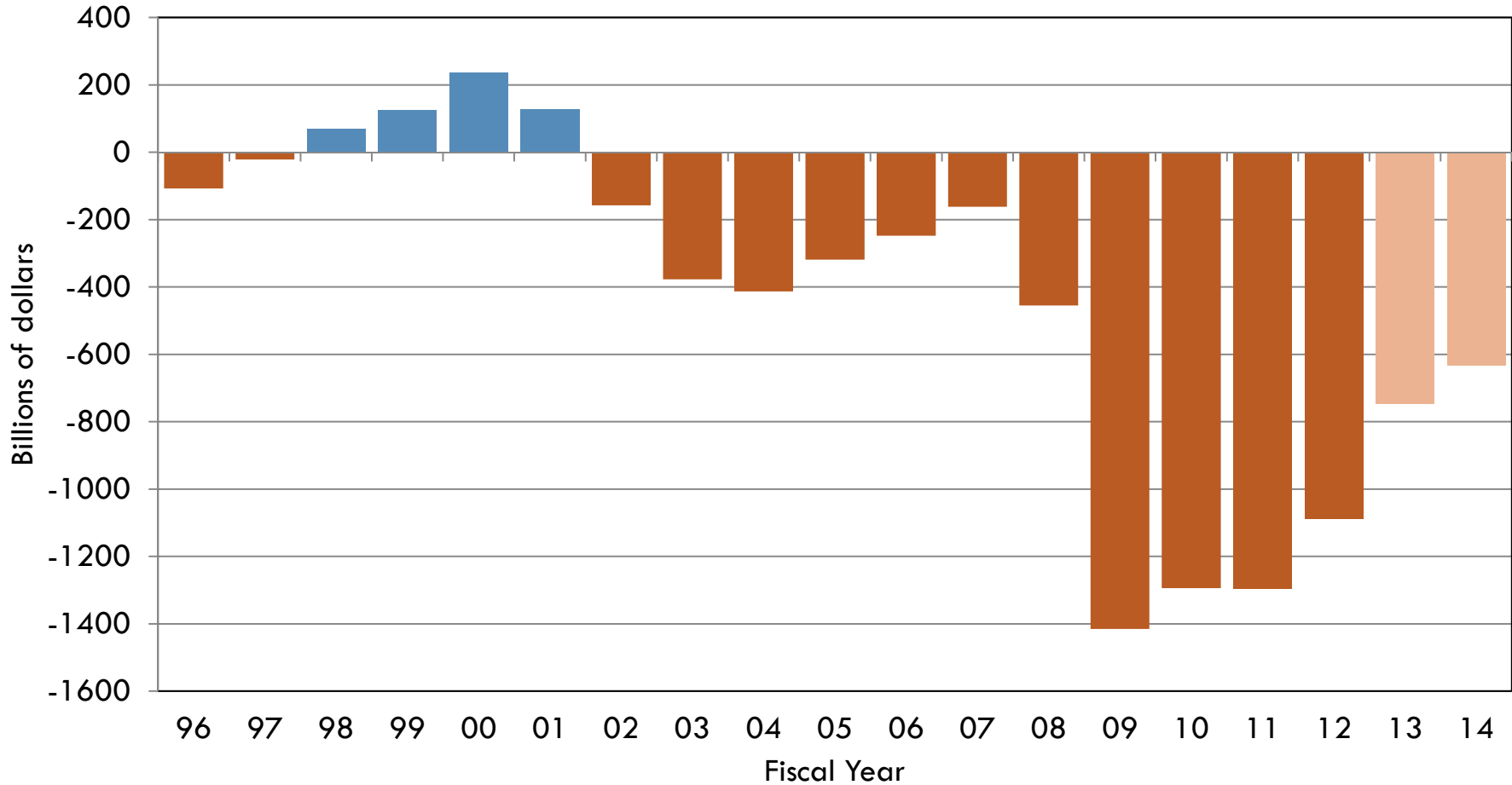
## Economy growing just below 2 percent annually



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# Unified Federal Budget Surplus

## Deficit shrinking rapidly



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# Government Policy could Hamper the Expansion

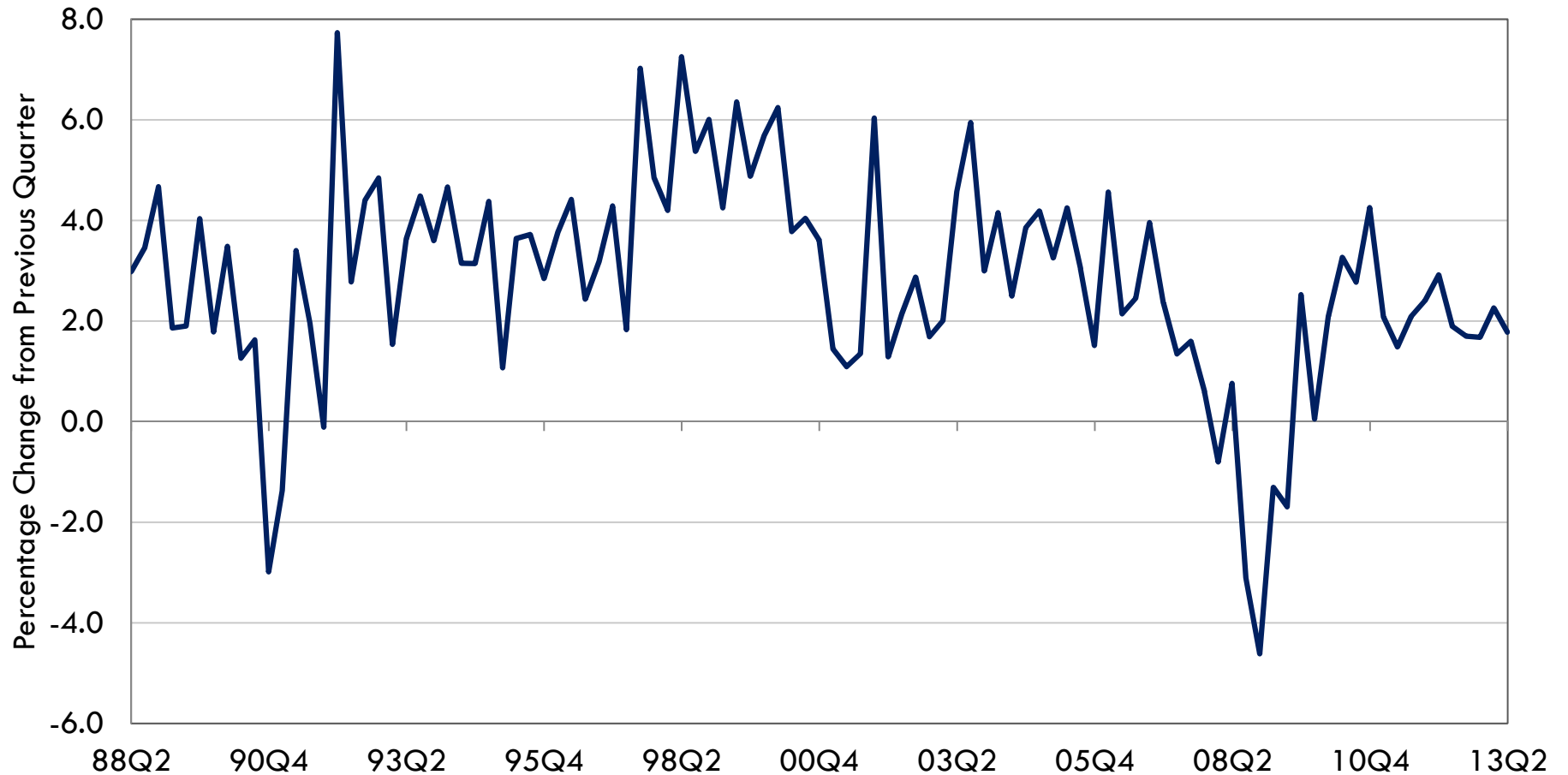
- Government Shutdown
  - Failure to pass a budget or continuing resolution
  - Failure to increase debt ceiling
- Complicated by
  - Politics around the Affordable Care Act
  - Sequester
- Monetary policy
  - Yellen?
  - When does tapering of Quantitative Easing begin?

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# Growth in Quarterly Real Personal Consumption Expenditures

(Chained 2009 Dollars)

## Consumption growth is stable

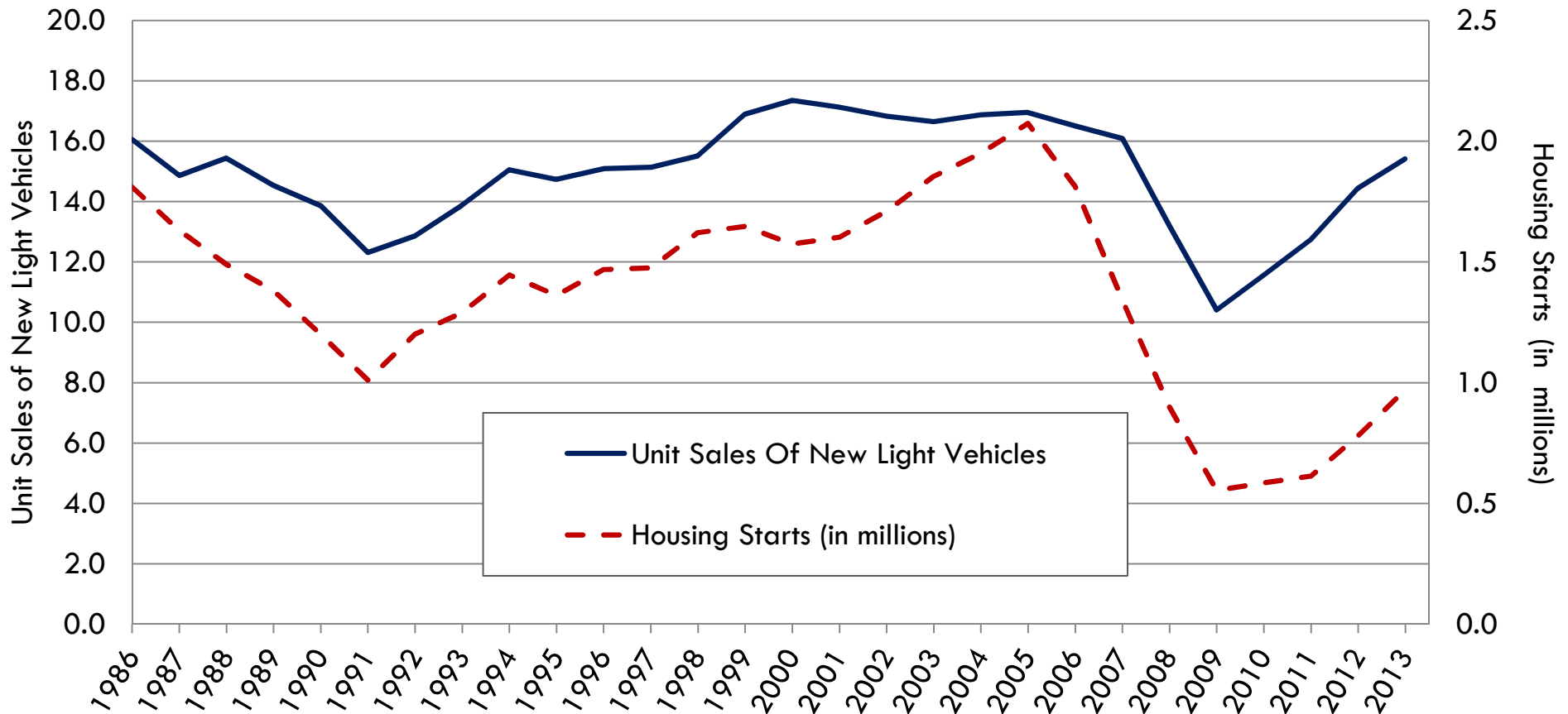


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# Unit Sales of New Light Vehicles and Housing Starts

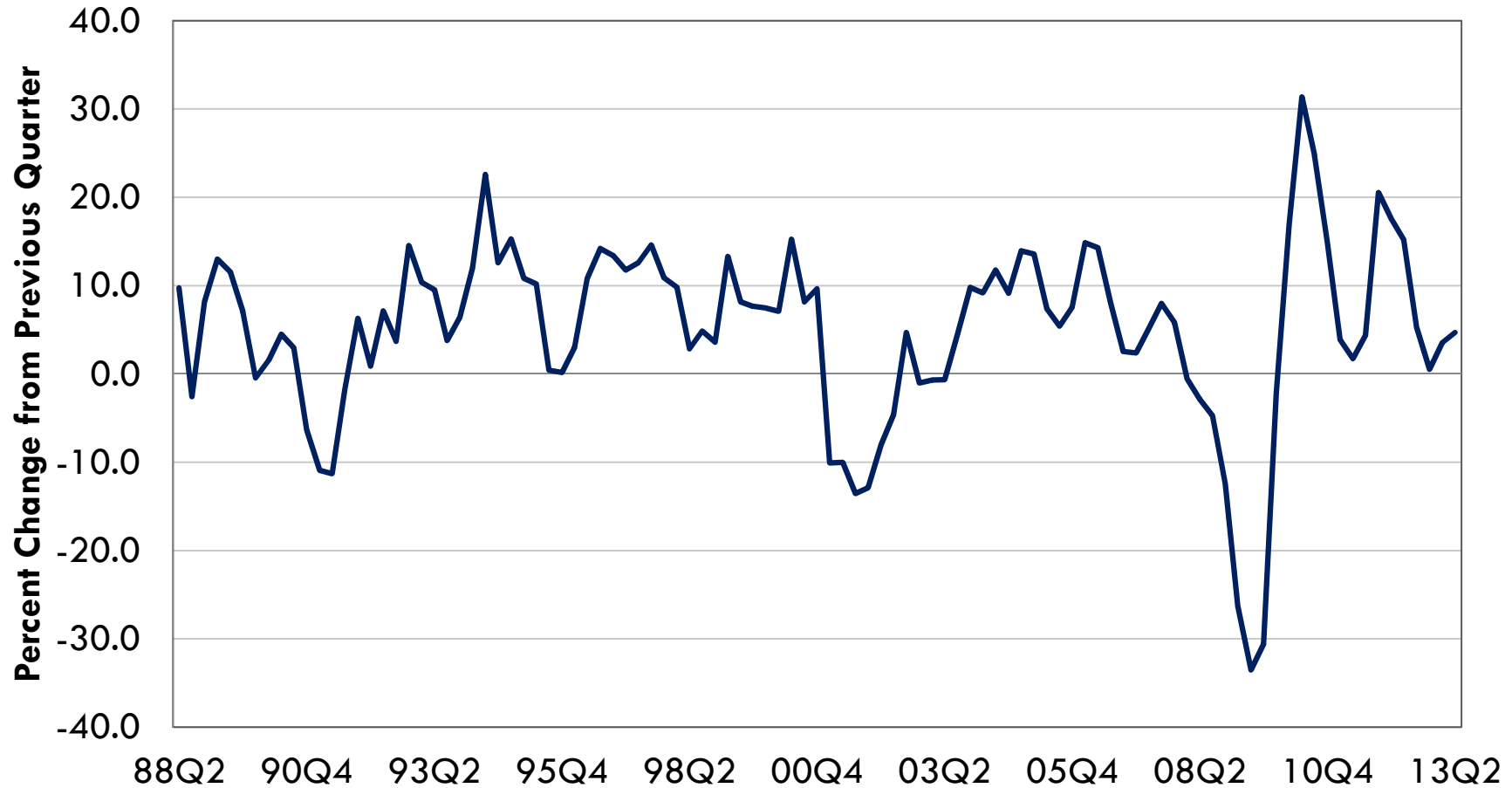
## Vehicles and Housing are rebounding strongly



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# Growth in Quarterly Real Business Investment

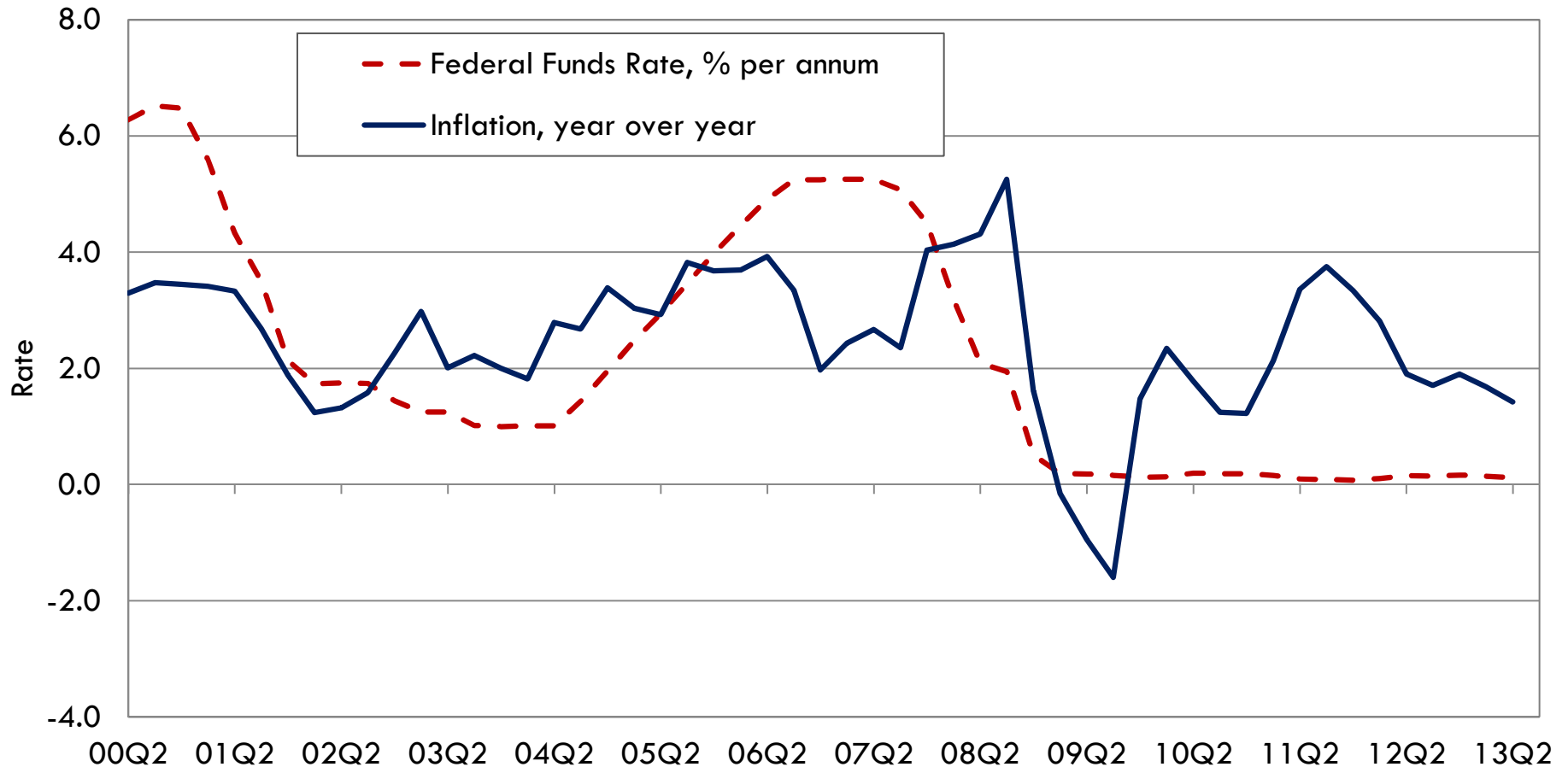
## Investment growth is erratic and below norms



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# Interest Rates and Inflation

## Inflation remains low, allowing low interest rates

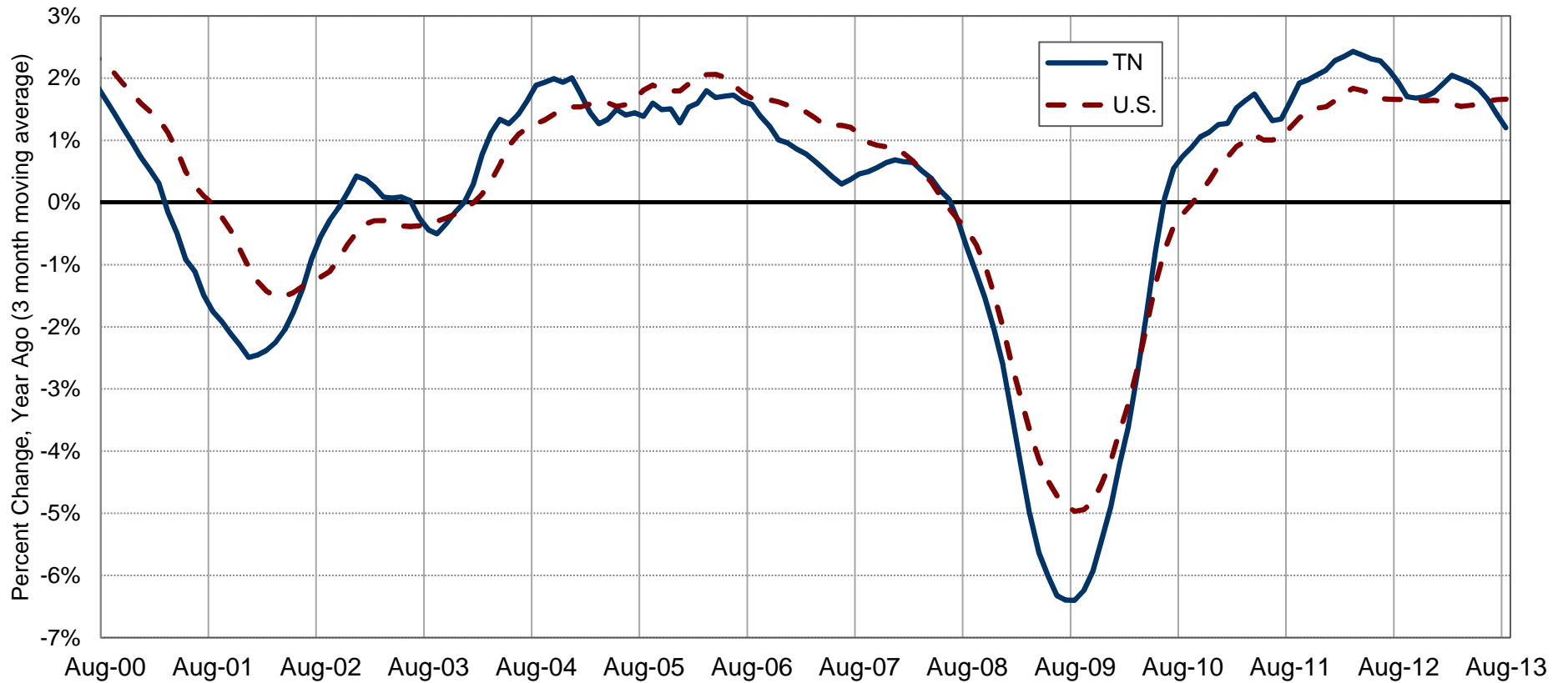


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# Tennessee and U.S. Nonfarm Job Growth

(3-month moving average, year-over-year)

## Tennessee and US growth similar

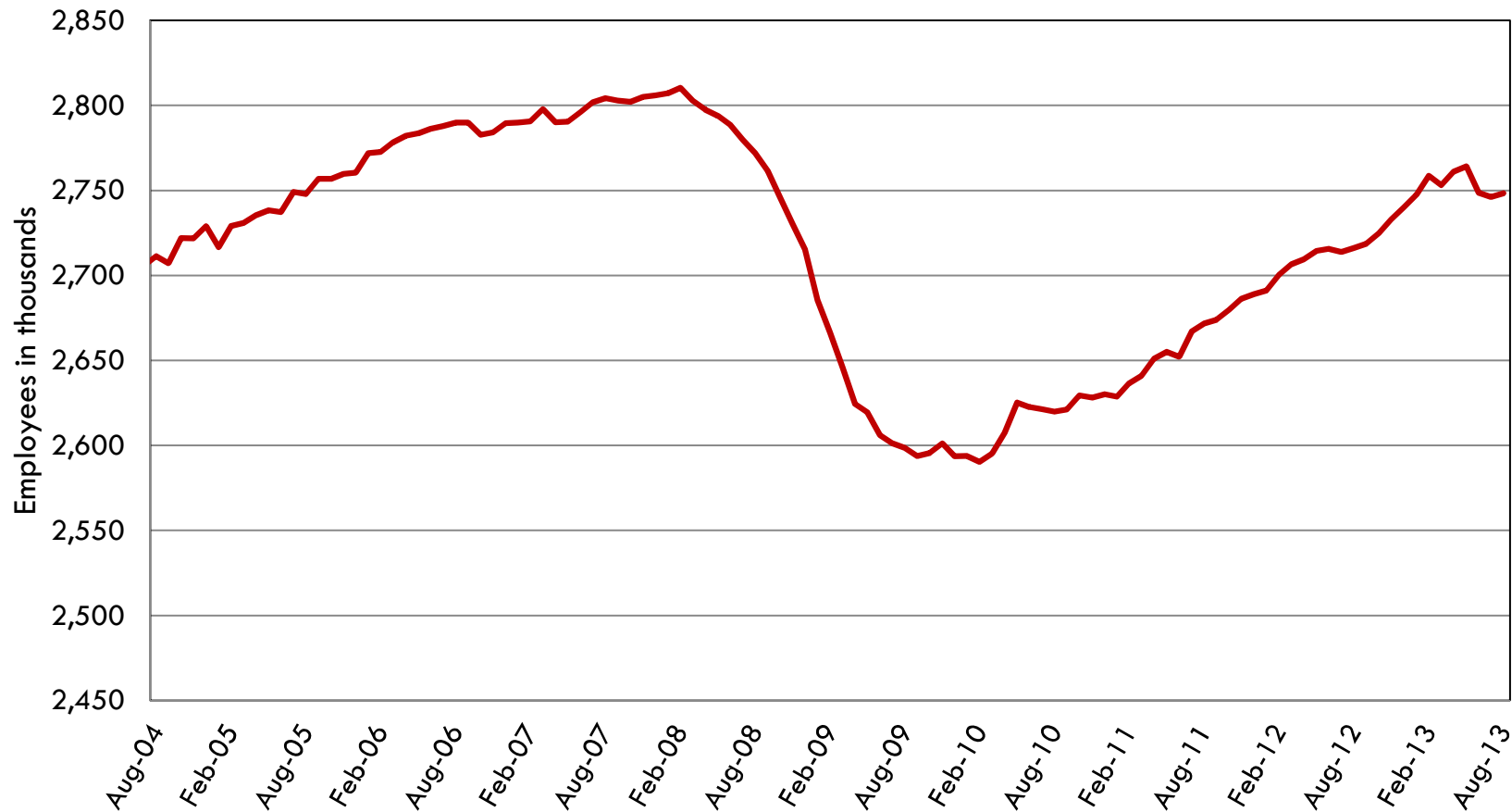


Source: Bureau of Labor Statistics

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# TN Nonfarm Jobs, seasonally adjusted, monthly 2004-2013

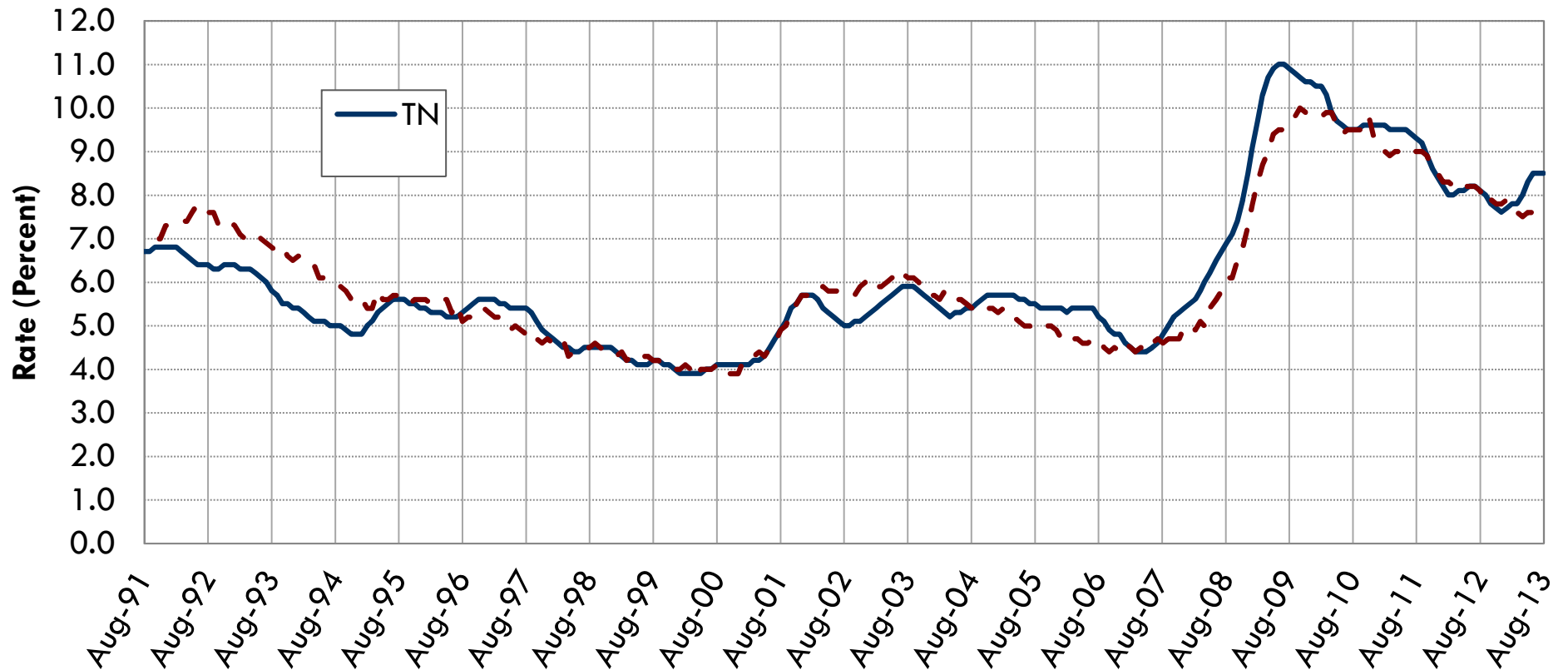
**Tennessee still has 60,000 fewer workers than the previous peak**



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# Tennessee and U.S. Unemployment Rates (Seasonally adjusted)

## Tennessee unemployment rate has risen?



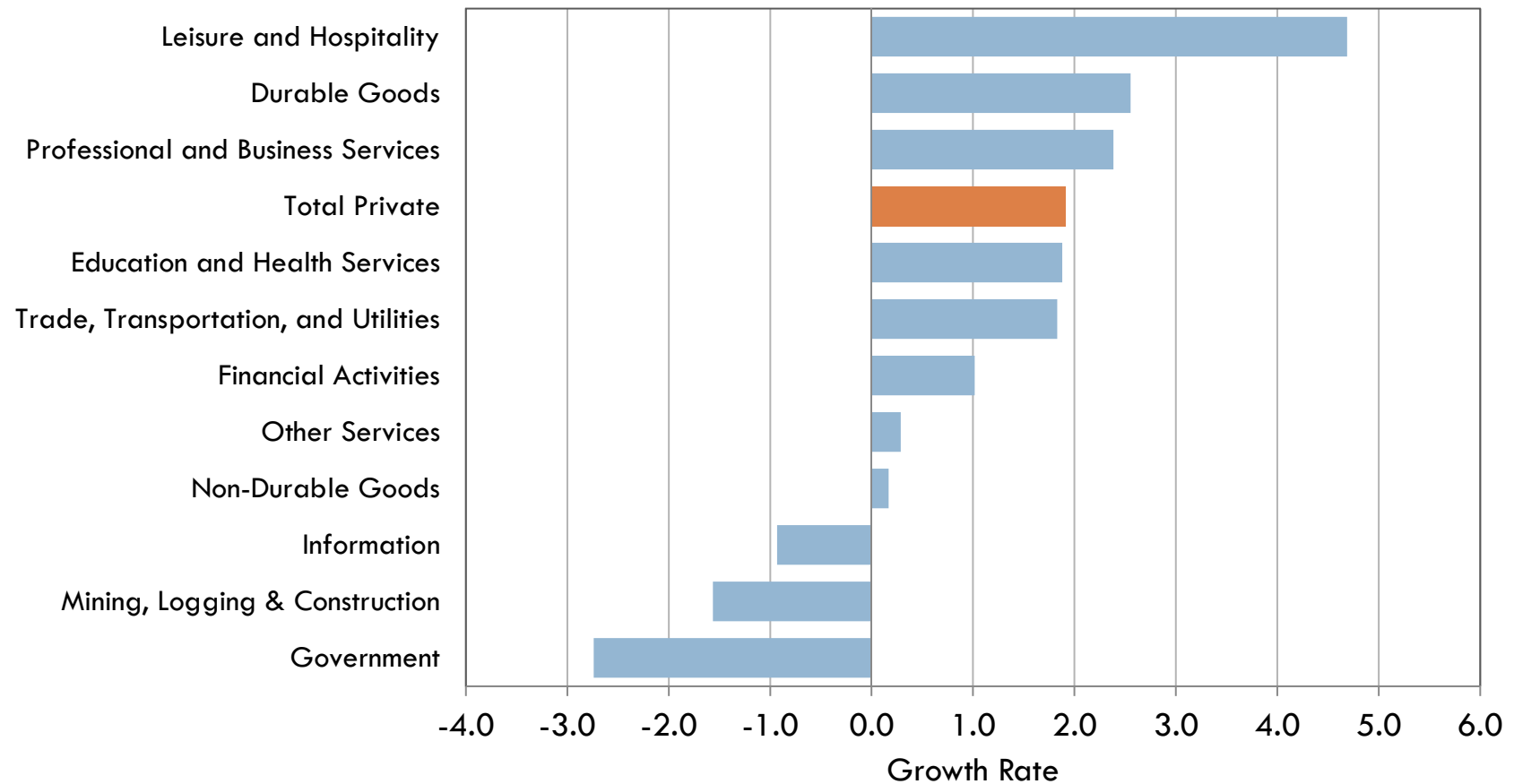
Source: Bureau of Labor Statistics

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# Tennessee Job Growth by Sector (August 2013 over August 2012)

## Private sector jobs are rising, government jobs are not

4



Source: Bureau of Labor Statistics

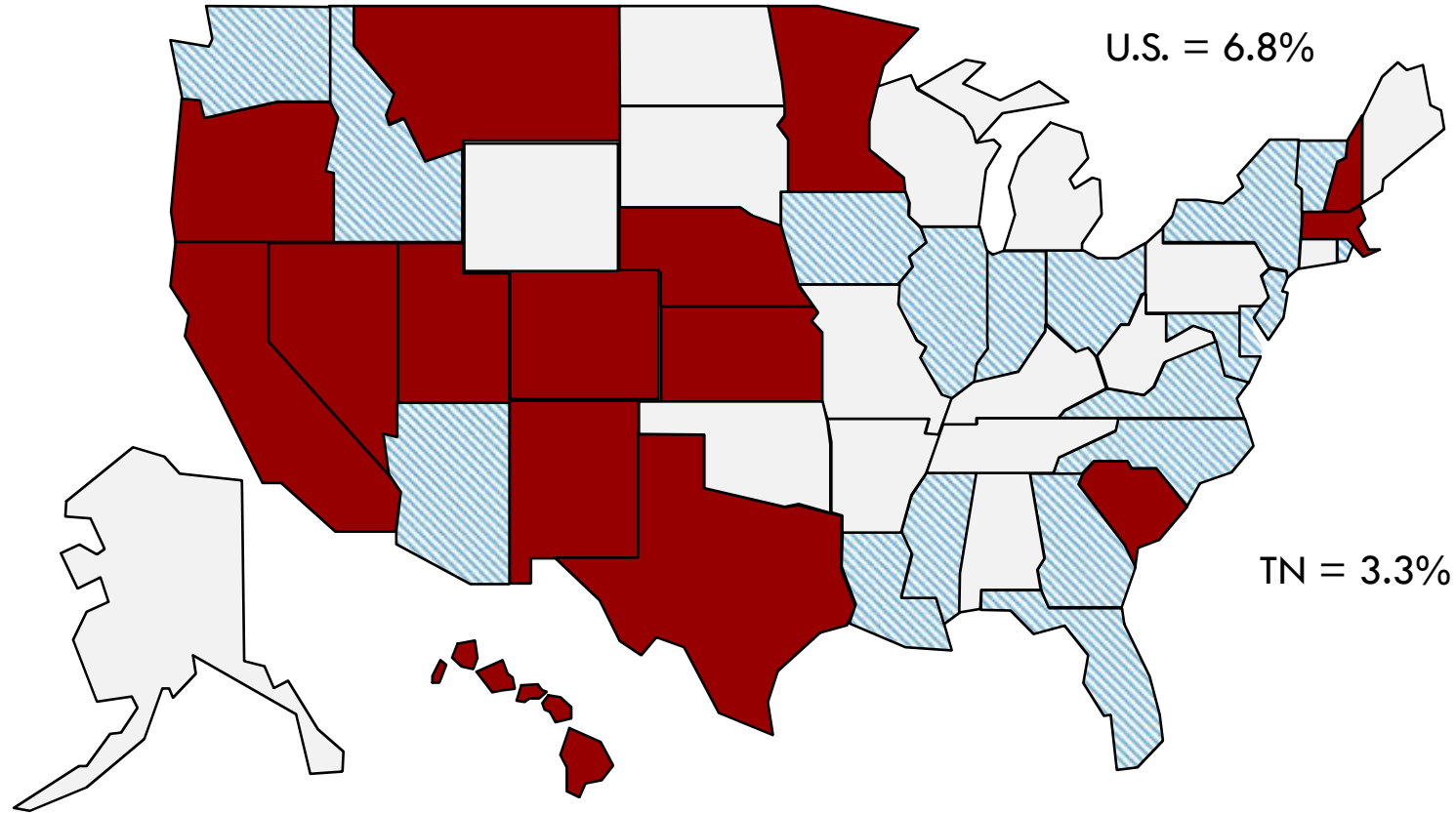
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# Change in Total Taxes FY12 to FY13



Less than 4.0%  
--16--

4.0% to 6.8%  
--19--

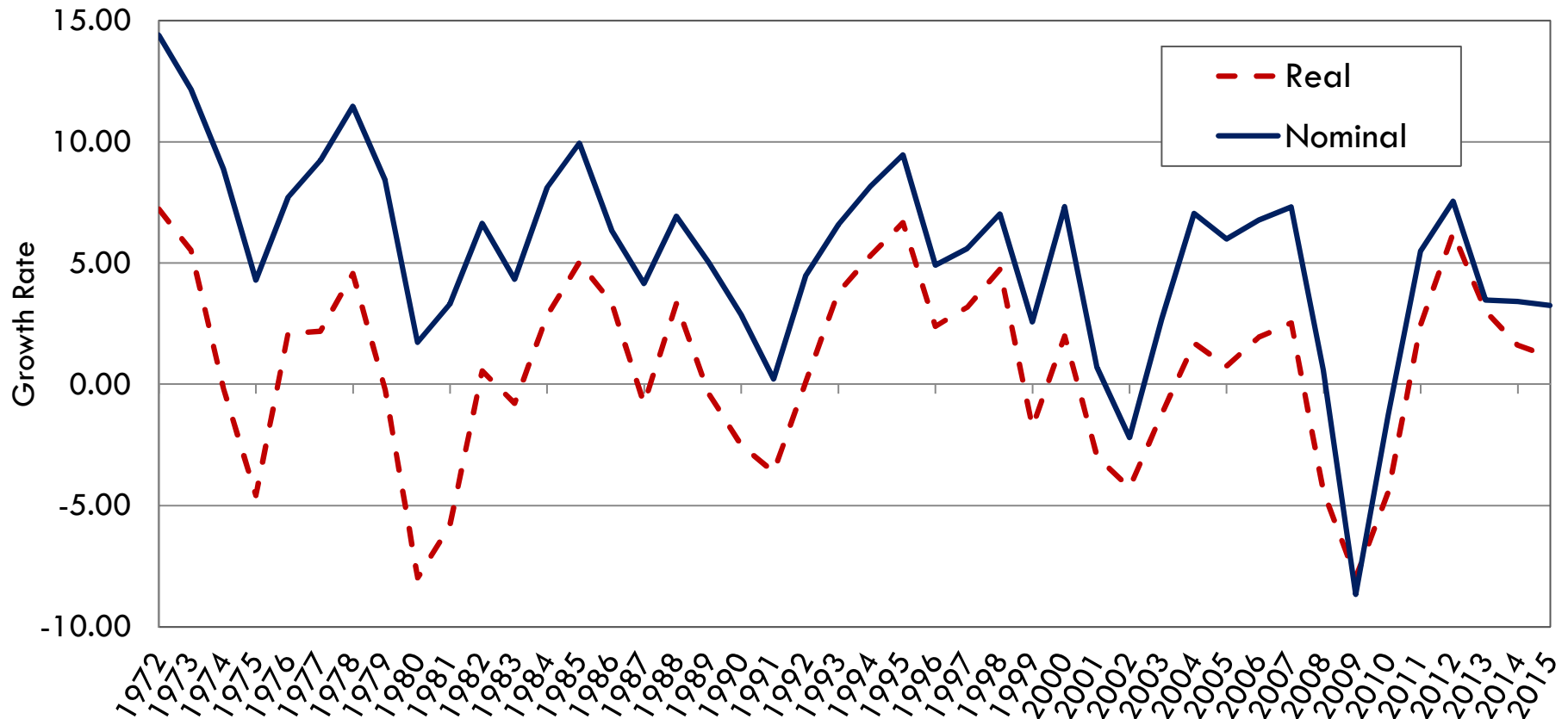
Greater than 6.8%  
--15--

Source: U.S. Census Bureau

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# Growth in Adjusted Tax Collections, 1972-2015

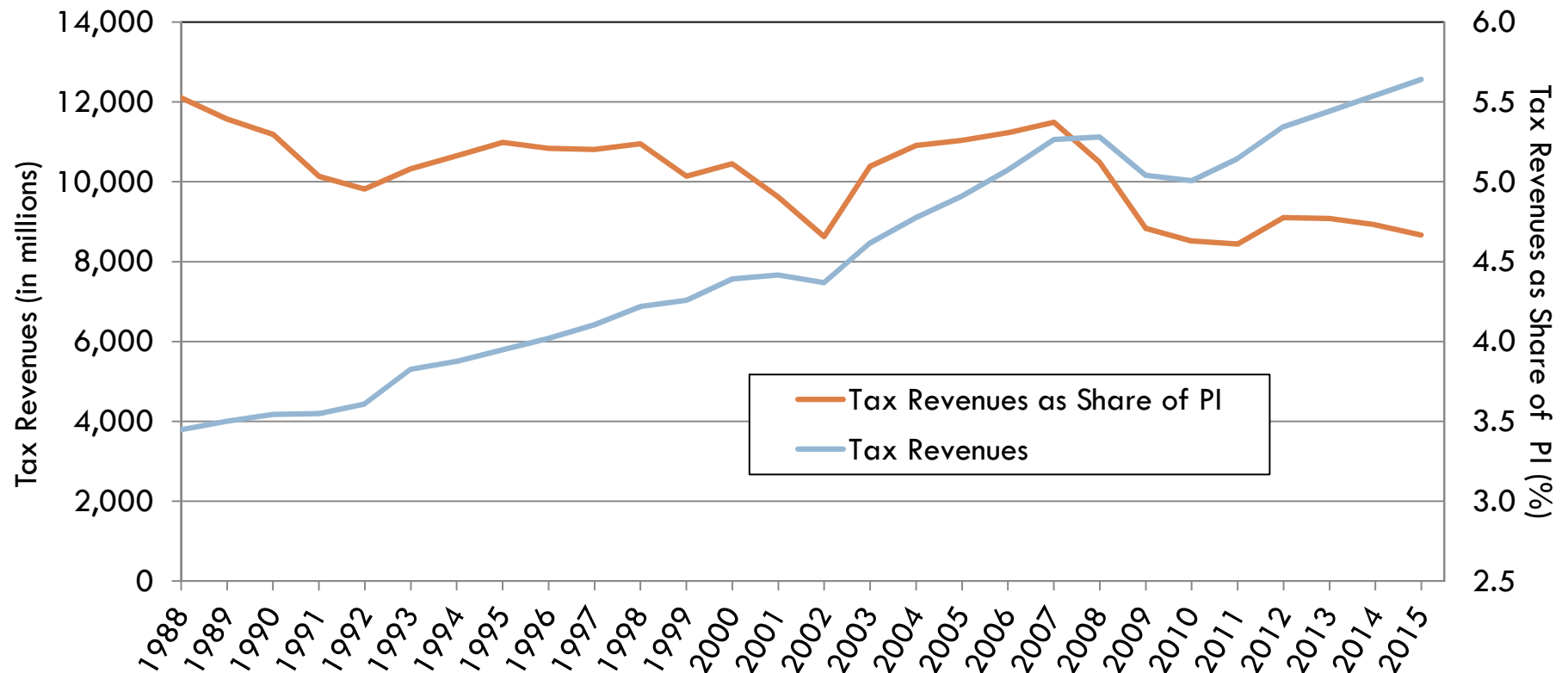
## Tax growth has slowed since 1999



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# Tennessee Tax Revenues, Total and Share of Personal Income

## Tax revenues are historically low relative to the economy



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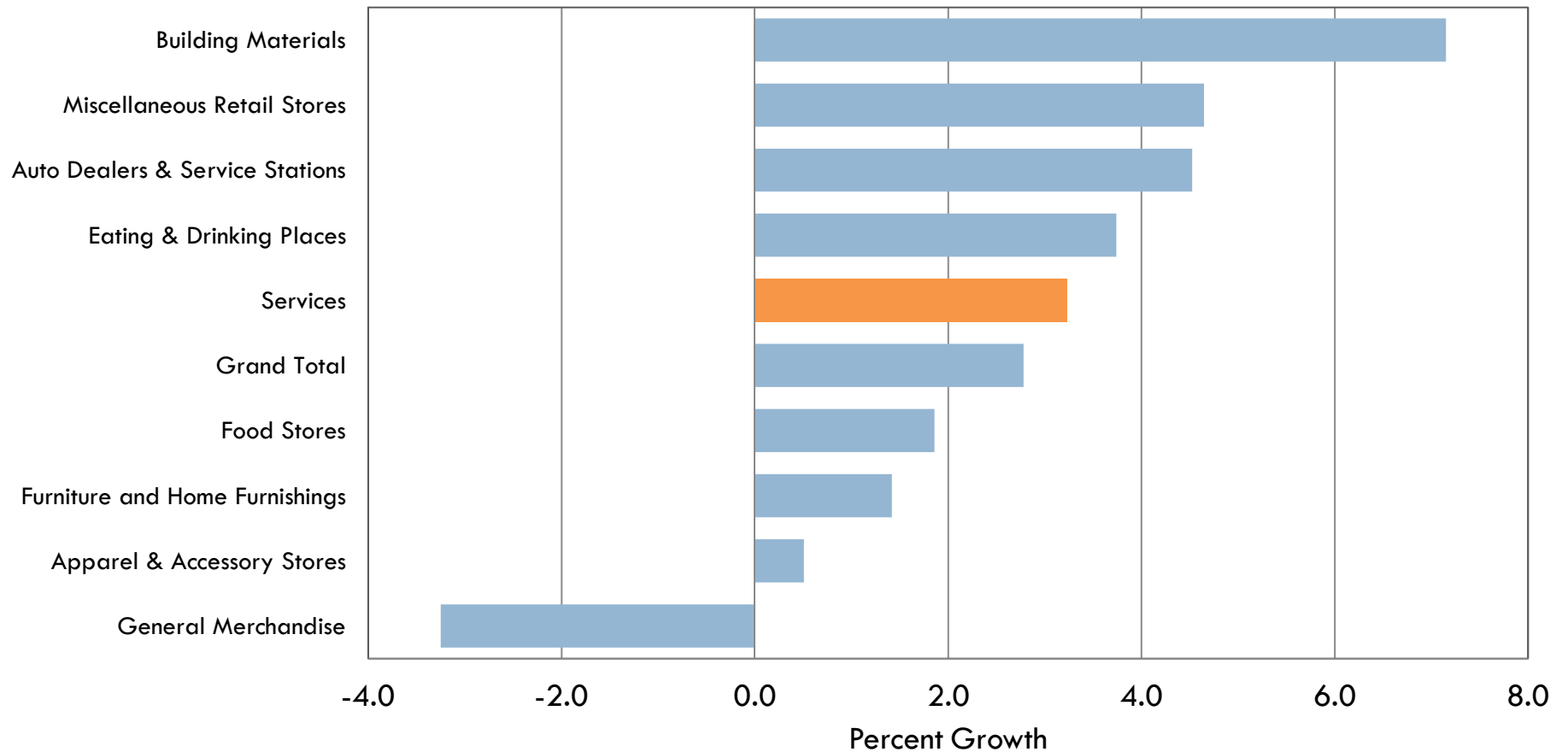
# Growth in Sales Tax Revenue (Adjusted for Tax Increases)

## Sales tax growth slow for an expansion



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# Sales Tax Collections by Category of Sales (Quarter Ending August 2013)



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# Tennessee Fiscal Pressures

- Normal government cost growth
  - Pension – biannual adjustment
  - BEP
  - Higher Ed
  - Debt Service for new buildings
  - Health Insurance
  - Salary Increase
- TennCare
  - Medicaid expansion
  - Woodwork effect
- Total

**\$749 million**

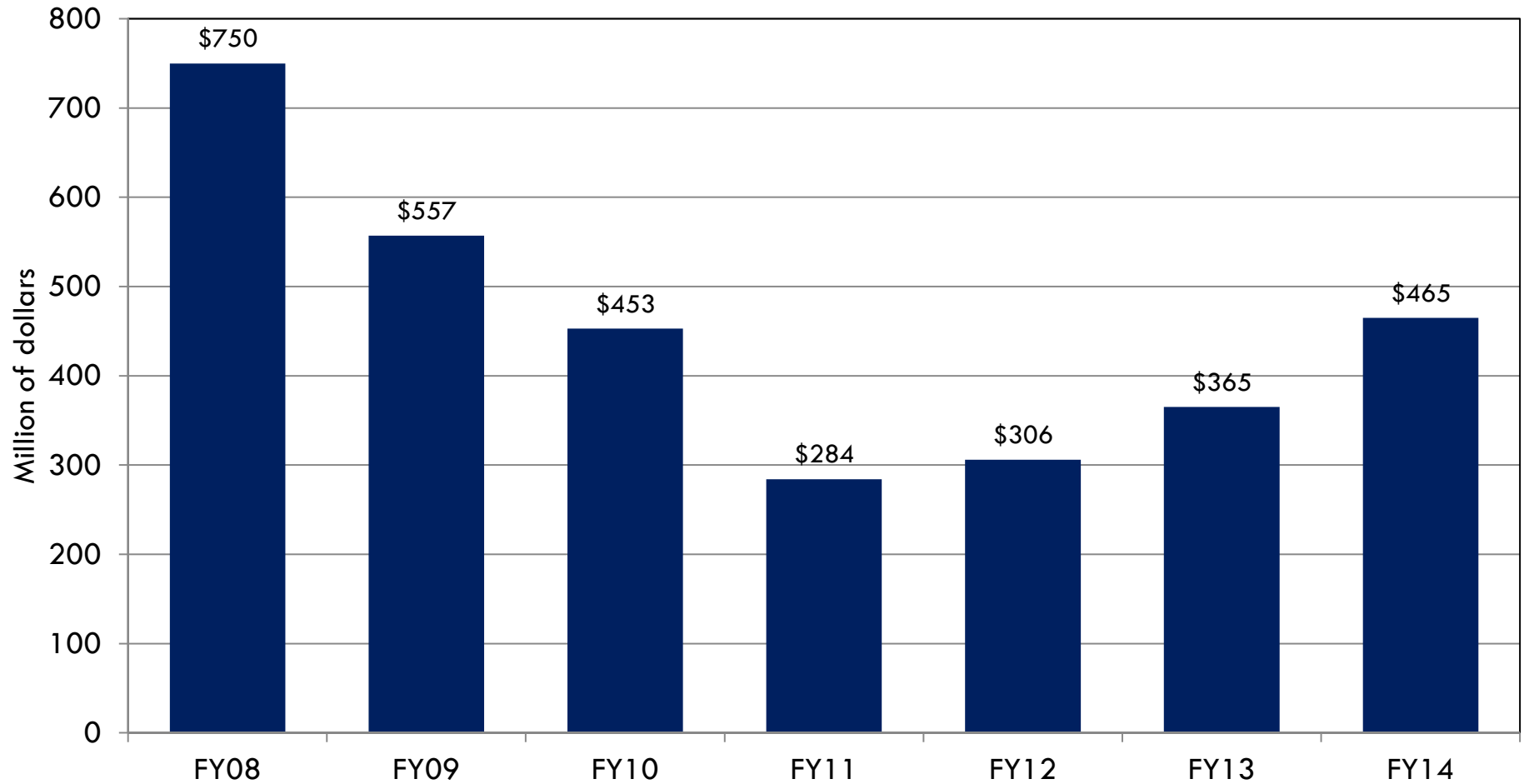
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# Tax Cuts as well

- Gift tax
- Inheritance tax
- Lower rate for food
- Larger exemption for the Hall Income Tax

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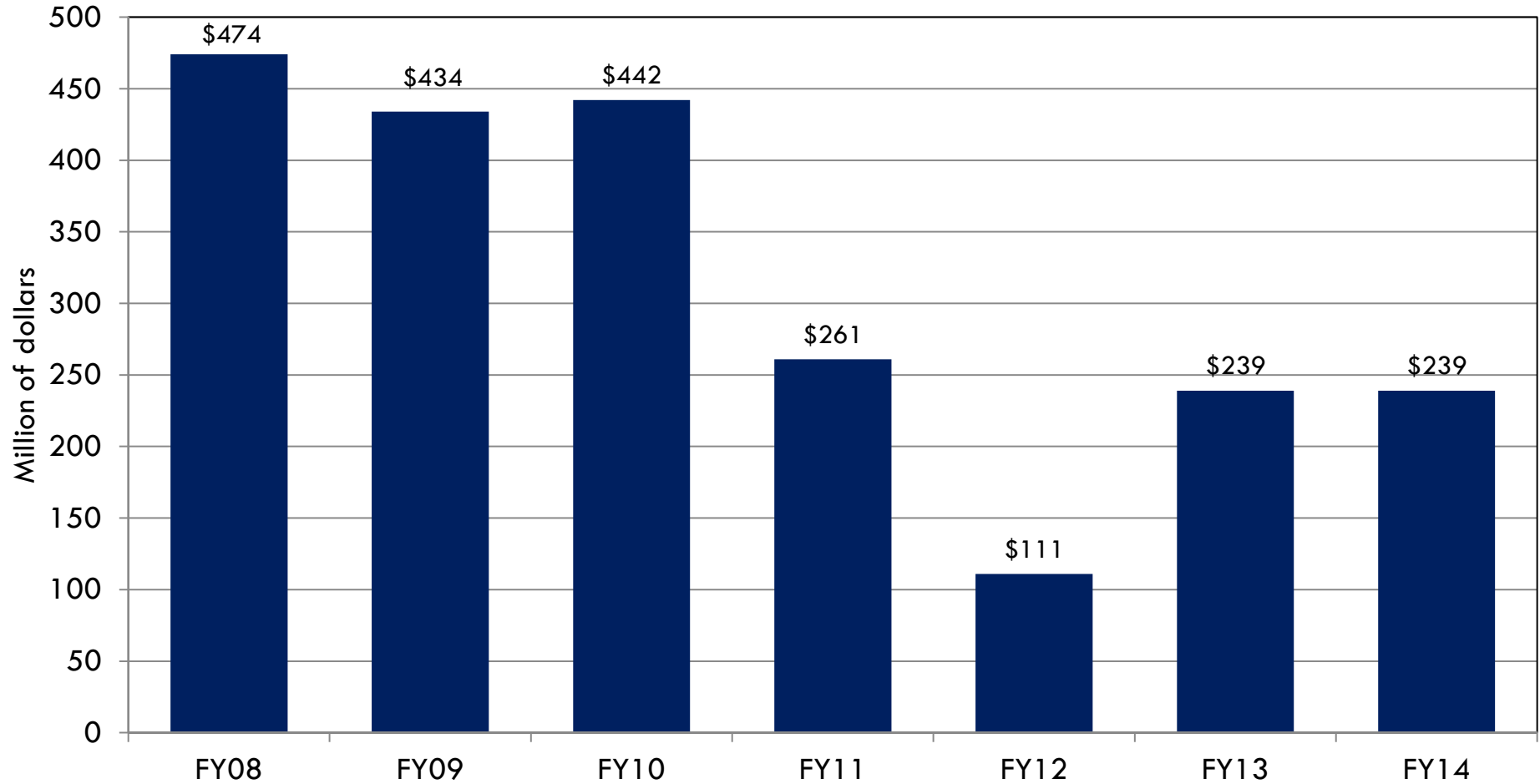
# Rainy Day Fund by Fiscal Year



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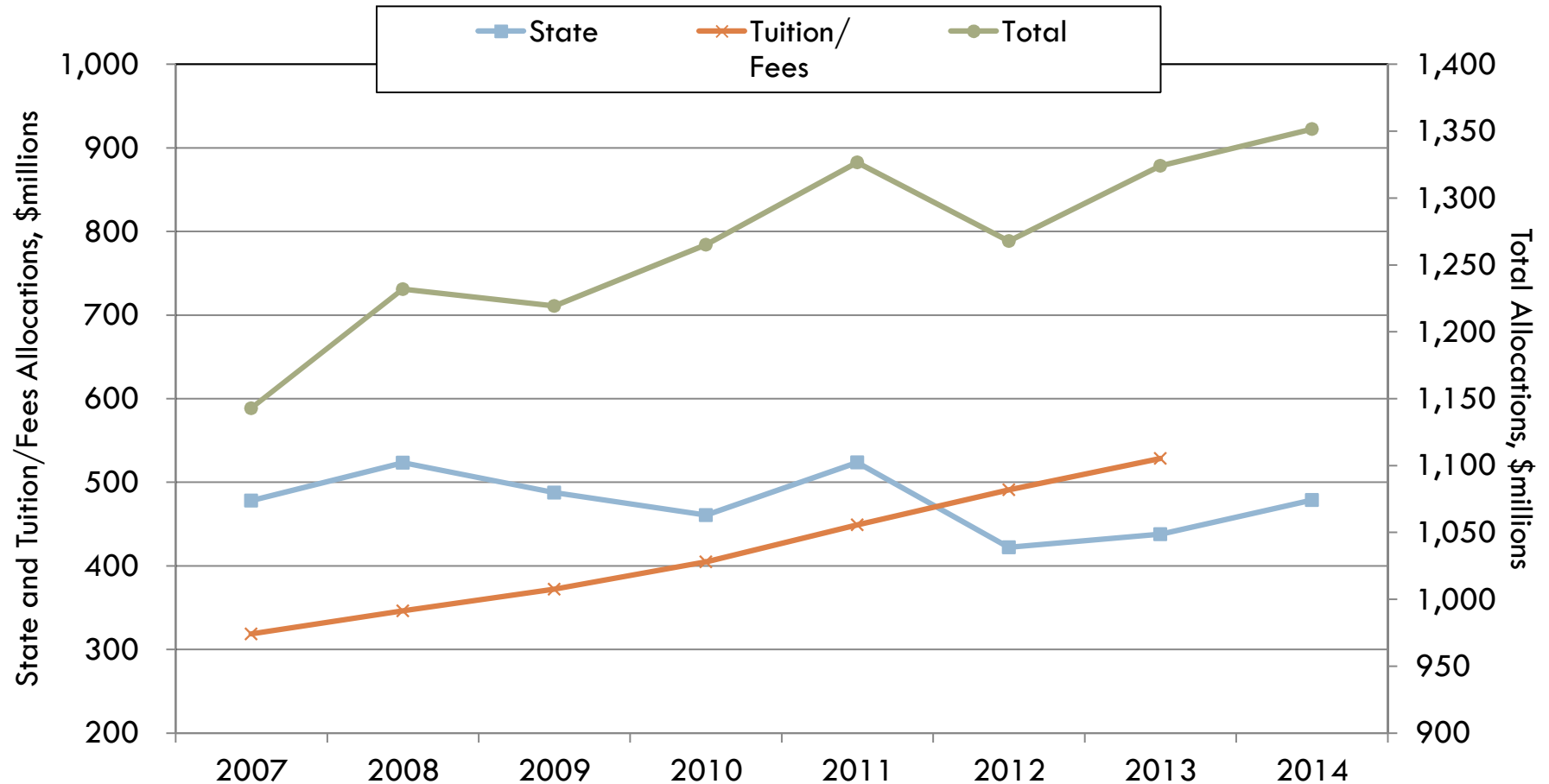


# TennCare Reserve by Fiscal Year



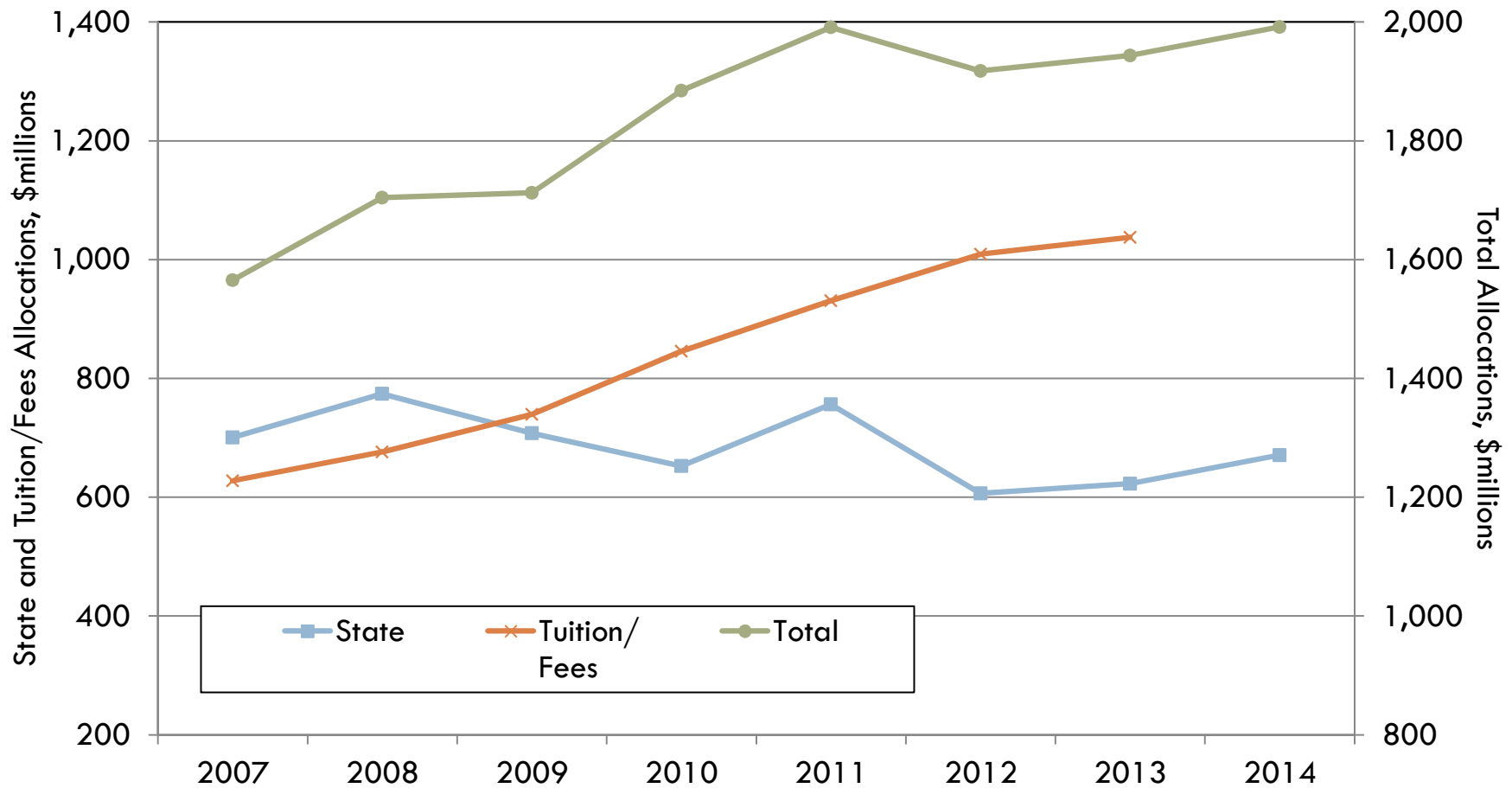
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# Higher Education Allocation, University of Tennessee



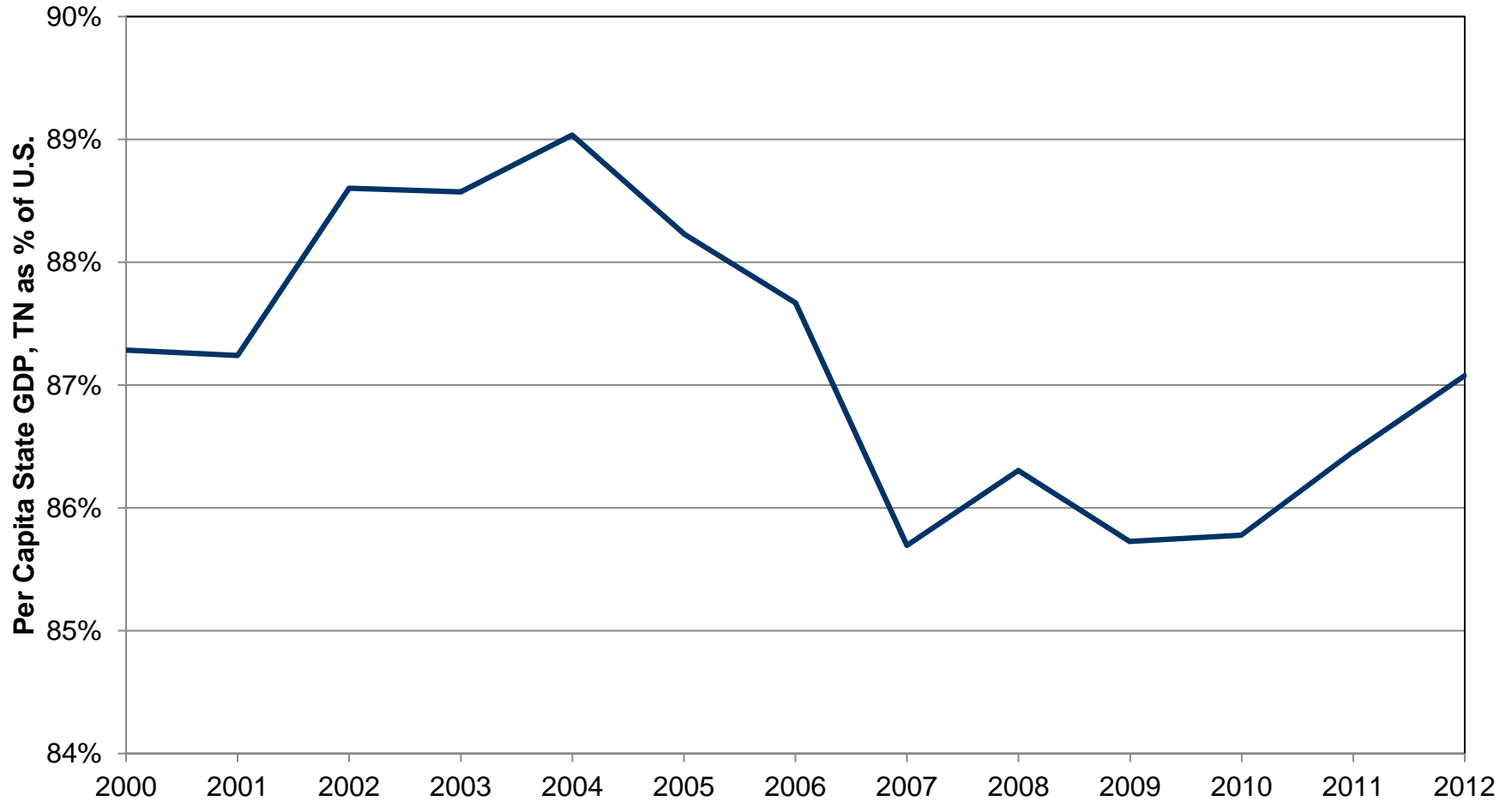
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# Higher Education Allocation, Board of Regents



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# Per Capita State GDP, TN as a Percentage of U.S., Tennessee production low on national standards



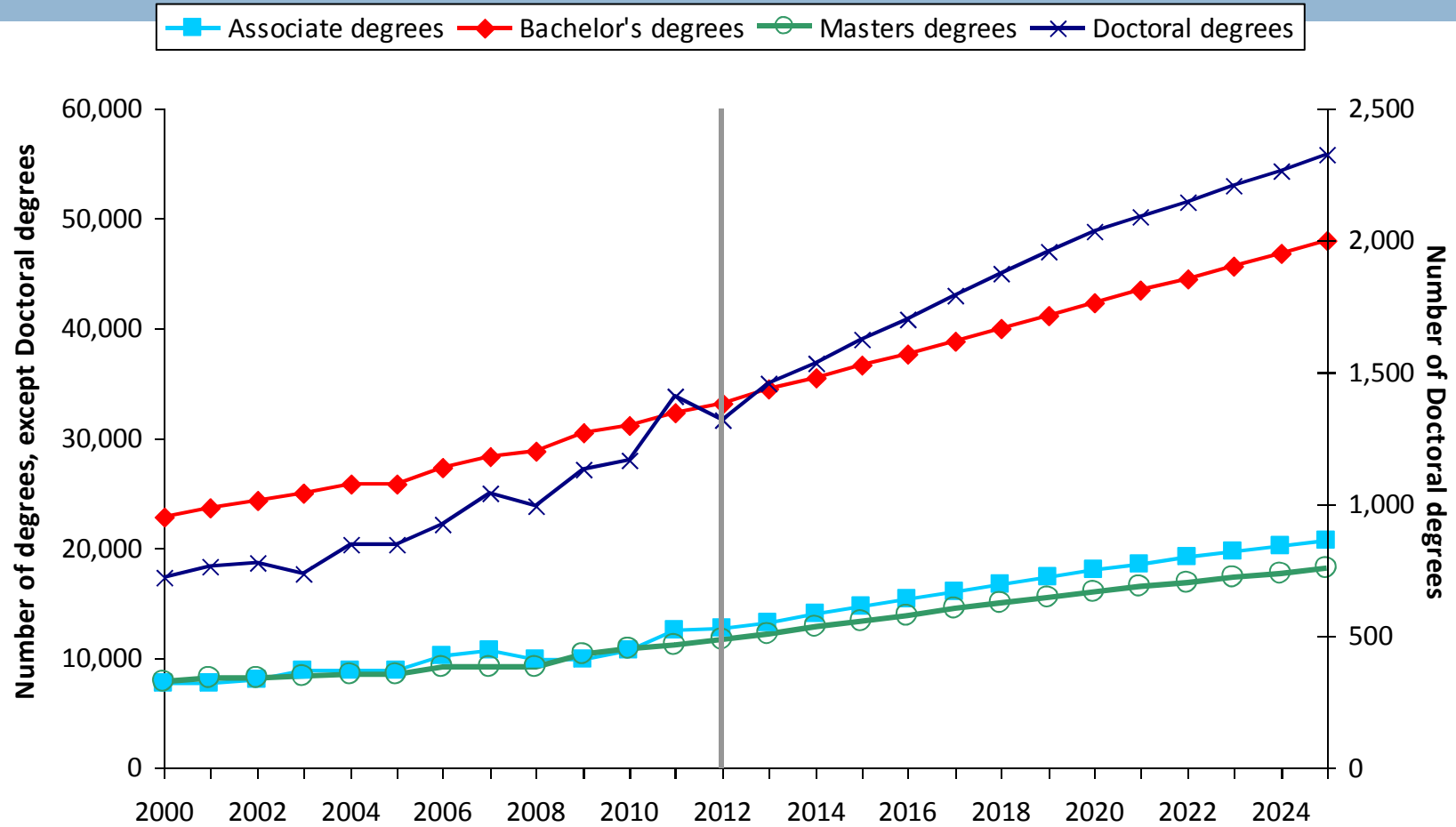
Source: Bureau of Economic Analysis

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# Degree Awards by Year



Source: Center for Business & Economic Research, The University of Tennessee, *2013 Academic Program Supply and Occupational Demand Projections: 2012–2025*.

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# Top 25 Growing Instructional Programs

Instructional Program Code	Description	STEM?	Average Graduates		2025	Growth 2000-12 to 2012-25
			2000-12	2012-25		
240101	Liberal Arts and Sciences/Liberal Studies		3,694	6,811	8,298	3,117
513801	Registered Nursing/Registered Nurse		2,743	5,742	7,547	2,999
520201	Business Administration and Management, General		4,434	6,393	7,278	1,959
510801	Medical/Clinical Assistant		1,362	3,245	4,154	1,883
120401	Cosmetology/Cosmetologist, General		1,467	2,787	3,362	1,320
510713	Medical Insurance Coding Specialist/Coder		176	1,391	2,142	1,216
430103	Criminal Justice/Law Enforcement Administration		550	1,712	2,346	1,162
513901	Licensed Practical/Vocational Nurse Training		1,230	2,362	2,884	1,132
130301	Curriculum and Instruction		889	1,982	2,426	1,093
510909	Surgical Technology/Technologist		300	1,315	21,215	1,014
470604	Automobile/Automotive Mechanics Technology/Technician		1,001	1,931	2,214	930
510601	Dental Assisting/Assistant		382	1,301	1,888	919
131206	Teacher Education, Multiple Levels		339	1,243	1,584	904
470201	Heating, Air Conditioning, Ventilation & Refrigeration Main		365	1,222	1,539	856
510904	Emergency Medical Technology/Technician (EMT Paramedic)		474	1,207	1,506	734
510805	Pharmacy Technician/Assistant		342	1,060	1,396	718
480508	Welding Technology/Welder		297	945	1,207	647
310505	Kinesiology and Exercise Science		271	878	1,188	606
470603	Autobody/Collision and Repair Technology/Technician		411	1,015	1,373	604
420101	Psychology, General		1,712	2,312	2,566	600
520301	Accounting		992	1,589	1,777	597
520499	Business Operations Support and Secretarial Services, Other		667	1,259	1,471	592
510707	Health Information/Medical Records Technology/Technician		212	792	1,038	580
120409	Aesthetics/Esthetician and Skin Care Specialist		141	677	993	536
510710	Medical Office Assistant/Specialist		100	606	809	506

Source: Center for Business & Economic Research, The University of Tennessee, *2013 Academic Program Supply and Occupational Demand Projections: 2012–2025*.

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# Does Tennessee Achieve **55** Percent

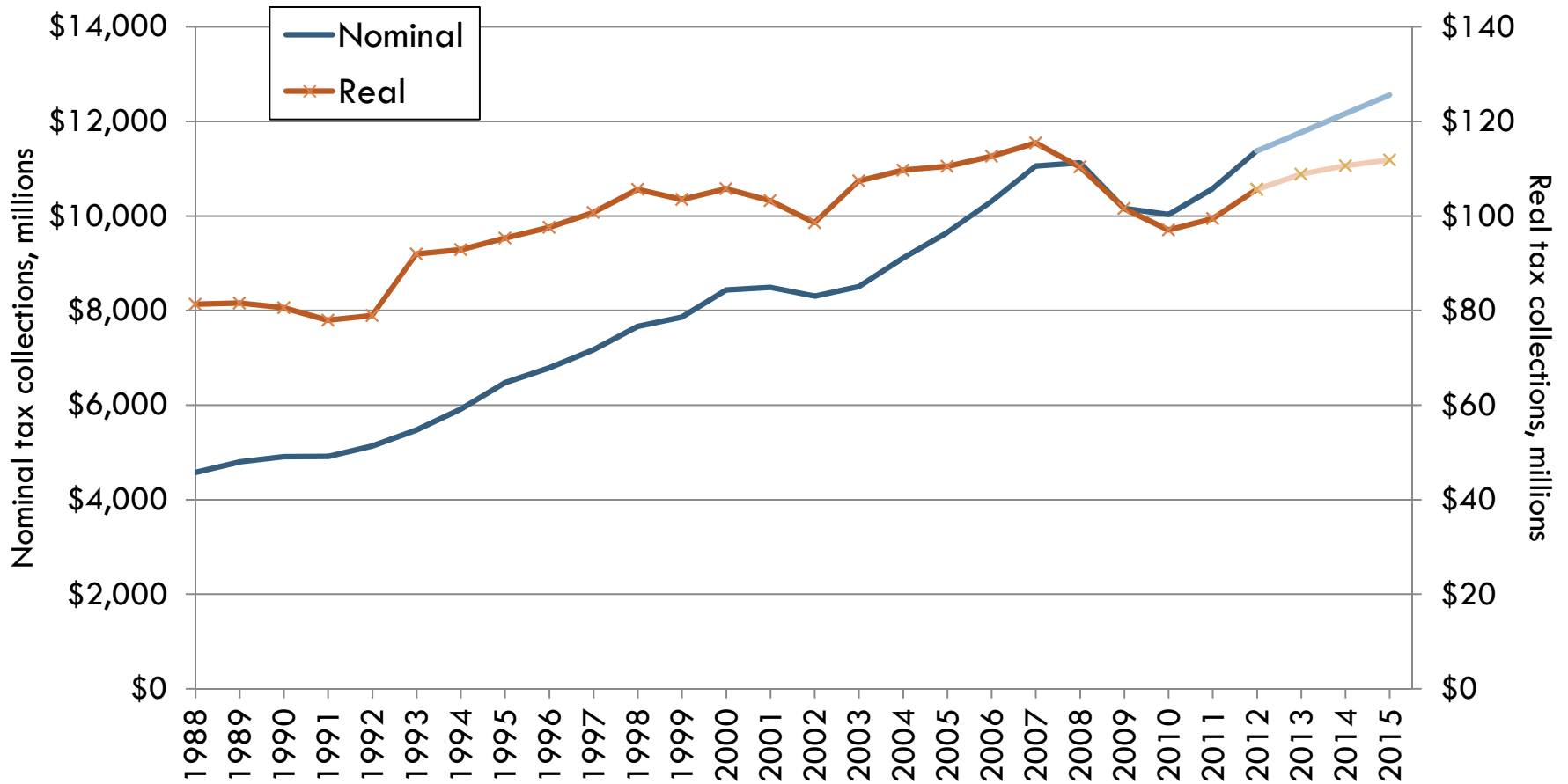
- These growth rates in graduation suggest **47** Percent of Tennesseans with one or more years of post-secondary education by 2025
- Likely would reach **55** Percent if all certificates are included
- These are very aggressive growth in graduates



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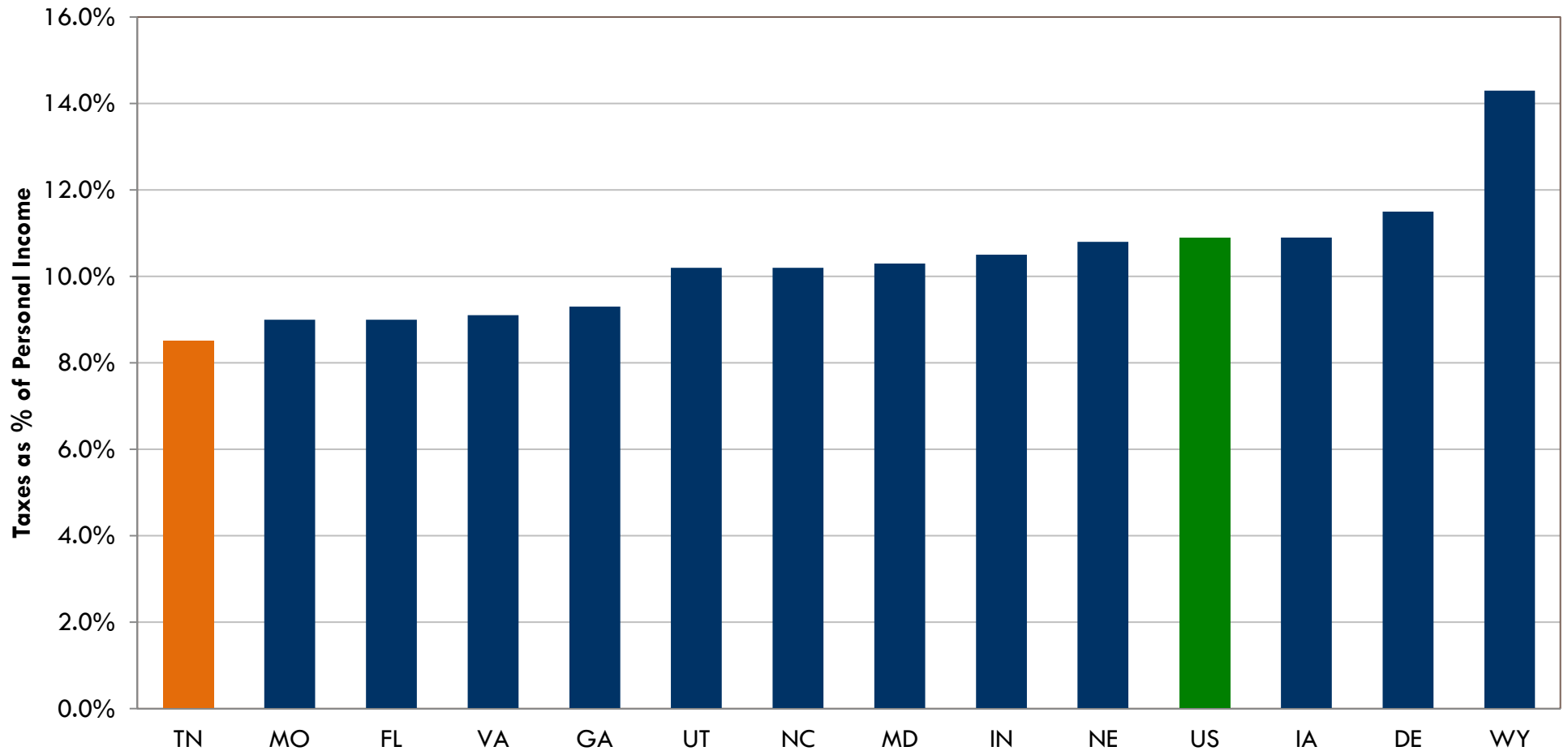
# Real and Nominal Tax Collections

## Real tax revenues will still be below peak in 2015



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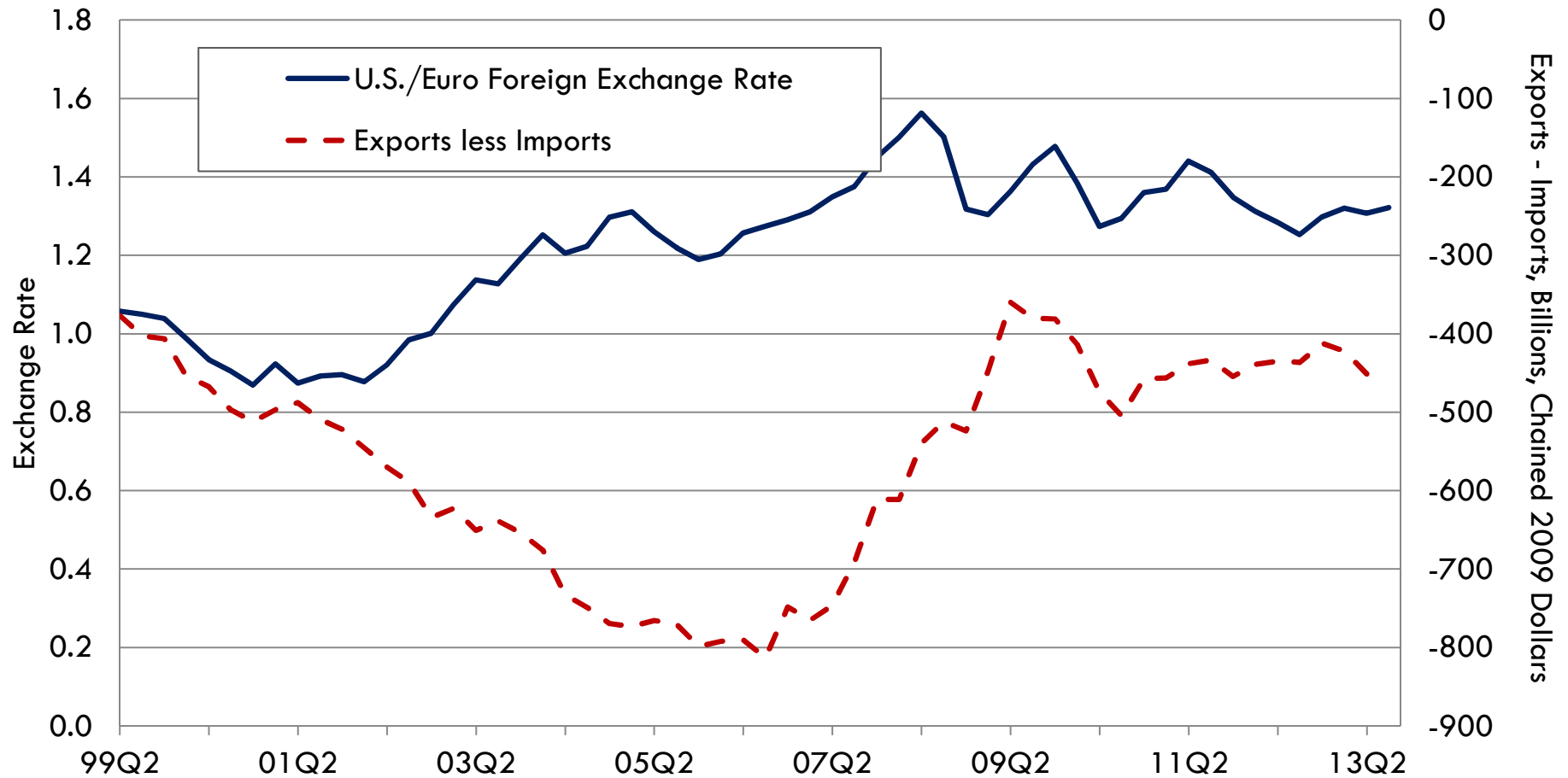
# State and Local Taxes as a Percentage of Personal Income, 2011



Sources: U.S. Census Bureau; Bureau of Economic Analysis

October 18, 2013

# U.S./Euro Foreign Exchange Rate and Real Exports Less Imports



October 18, 2013

MINUTES OF THE ANNUAL MEETING  
THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

June 20, 2013  
Knoxville, Tennessee

The Annual Meeting of The University of Tennessee Board of Trustees was held at 1:15 p.m. EDT, Thursday, June 20, 2013, in the Hollingsworth Auditorium on the campus of the Institute of Agriculture in Knoxville.

**I. CALL TO ORDER AND INVOCATION**

Trustee Don C. Stansberry, Jr., Vice Chair of the Board, called the meeting to order. Reverend John Unthank, Campus Pastor with Church of God Christian Connection offered the invocation.

**II. ROLL CALL**

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

Don C. Stansberry, Jr., Vice Chair  
Charles C. Anderson  
Anne Holt Blackburn  
George E. Cates  
Joseph A. DiPietro  
Spruell Driver, Jr.  
J. Brian Ferguson  
John N. Foy  
D. Crawford Gallimore  
Vicky B. Gregg  
Monice Moore Hagler  
Douglas A. Horne  
Julius T. Johnson  
Raja J. Jubran  
Bonnie E. Lynch  
James L. Murphy, III  
Karl A. Schledwitz  
Shalin N. Shah  
Betty Ann Tanner  
Charles E. Wharton  
Tommy G. Whittaker  
Thaddeus A. Wilson

The Secretary announced the presence of a quorum. Governor Haslam, Commissioner Huffman, Dr. Rhoda, and Dr. Steinberg were unable to attend the meeting. Members of the administrative staff, faculty, students, and media representatives were present. The meeting was also webcast for the convenience of the University community, the general public, and the media.

### III. INTRODUCTIONS

Vice Chair Stansberry welcomed President Emeritus Jan Simek. He then introduced new Non-voting Student Trustee Bonnie Lynch and new Non-voting Faculty Trustee Thad Wilson and presented each with a lapel pin.

### IV. ADOPTION OF HONORARY RESOLUTIONS

The Vice Chair recognized Trustee Shah, who presented the Resolution honoring Teresa Fowler for her service as a Student Trustee (Exhibit 1). Trustee Shah moved adoption of the Resolution, Trustee Murphy seconded the motion, and the Resolution was adopted unanimously. Trustee Shah presented Ms. Fowler with a copy of the Resolution and a framed photograph of the Board of Trustees.

In accepting the Resolution, Ms. Fowler said her service as a Student Trustee was a once-in-a-lifetime experience. She thanked Chancellor Rakes and his staff for keeping her informed, encouraging her, and assisting her with logistics. She also thanked the Trustees for welcoming her openly. She advised future Student Trustees to be informed and to speak up for what they believe is right. She also encouraged the Trustees to seek the input of the Student and Faculty Trustees, especially at the committee level.

The Vice Chair next recognized UT Martin Chancellor Tom Rakes, who presented the Resolution honoring Janet Wilbert for her service as a Faculty Trustee (Exhibit 2). Trustee Gallimore moved adoption of the Resolution, Trustee Murphy seconded the motion, and the Resolution was adopted unanimously. Chancellor Rakes presented Dr. Wilbert with a copy of the Honorary Resolution and a framed photograph of the Board of Trustees.

In accepting the Resolution, Dr. Wilbert thanked the Board for amazing experiences as a Faculty Trustee. Like Ms. Fowler, she encouraged the Trustees take advantage of the asset they have in the Faculty and Student Trustees.

## V. ELECTION OF CHAIR AND VICE CHAIR OF THE BOARD

Vice Chair Stansberry recognized Trustee Murphy for a nomination. Trustee Murphy noted that the Bylaws provide that the Chair and Vice Chair of the Board are elected for two-year terms. He further noted that in keeping with tradition, Governor Haslam began serving a two-year term as Chair of the Board in June 2011. On behalf of the Board, Trustee Murphy thanked the Governor for his continued support of higher education. Trustee Murphy nominated Governor Bill Haslam to serve another two-year term as Chair of the Board. Vice Chair Stansberry called for any other nominations. Hearing none, the Vice Chair recognized Trustee Murphy for a motion. Trustee Murphy moved that the Honorable Bill Haslam be elected Chair of the Board of Trustees for a two-year term beginning July 1, 2013. Trustee Anderson seconded, and the motion carried unanimously.

Vice Chair Stansberry stated that as retiring Vice Chair, he had given careful thought to his recommendation for the next Vice Chair and after consultation with the Governor and the President had concluded that Trustee Brian Ferguson should lead the Board over the next two years in the office of Vice Chair. Citing his extensive leadership experience in private business and his insightful comments and questions during Board and committee meeting, Vice Chair Stansberry nominated Trustee Ferguson for the office of Vice Chair. After calling for any other nominations and hearing none, the Vice Chair called for a motion. Trustee Driver moved that Trustee Brian Ferguson be elected Vice Chair of the Board of Trustees for a two-year term beginning July 1, 2013. Trustee Gallimore seconded, and the motion carried unanimously. Vice Chair Stansberry thanked Trustee Ferguson for his willingness to serve.

## VI. PRESIDENT'S REPORT

President DiPietro began his report by describing the strong FY 2013 budget, noting that Funding for non-formula units was reinstated, and a salary increase will be implemented.

Dr. DiPietro proceeded to provide the following report on implementation of the Strategic Plan, various achievements, and the new executive hires (Exhibit 3).

Enhancing Educational Excellence. The implementation team has focused in the area of online education. The faculty has exhibited a surprisingly high interest level with Coursera, a teaching platform pilot. Our ability to produce more graduates, using online education as one tool, is a key component of the state's ability to educate more Tennesseans. The Complete College Tennessee Act (CCTA) has also been a focus of the Enhancing Educational Excellence implementation team, specifically retention and graduation efforts. The strategy to increase retention, progression, and

degree completion is everyone's responsibility – faculty, staff, and students. Strong success centers, impactful learning communities, early alerts and strong advisors are all factors in retention and progression. The data also indicates summer school is a completion opportunity. In conjunction with the Drive to 55, Dr. DiPietro has encouraged the Chancellors to look at upper division level training of transfer students from community colleges at the junior level, where we have capacity to produce more degrees.

Expanding Research Capacities. One of the goals of the System Research Committee is to foster greater collaboration across the system, as well as with other institutions in the state, including the private sector. UT will re-compete fiercely for the ORNL partnership in 2015 if necessary. The partnership is extremely important for growing joint faculty, growing graduate students in the Bredesen Center, and having an advantage in competitions for grants and contracts.

Fostering Outreach and Engagement. The implementation team will pilot data collection beginning July 1. The Institute for Public Service and the Institute of Agriculture continue to impact businesses and people across the state. Chancellor Arrington and Dean Cross and their committee have identified three possible sites for the 4-H Center in West Tennessee. Le Bonheur Children's Hospital was named a Best Children's Hospital by *U.S. News & World Report*. UT Health Science Center faculty provide the care in the ranked areas of Neurology, Cardiology, Pulmonology and Heart Surgery, Nephrology, and Urology.

Ensuring Effectiveness and Efficiency. The implementation team continues to look at cost-saving measures. Following the 2011 hailstorm, thermal mapping of the Knoxville buildings allowed more accurate estimates of damages and facilitated negotiating with insurance providers. Education and general (E&G) funds have dropped 11% from 2007-08 to 2011-12 for degrees produced, indicating that UT is educating more students with the same dollars. The maintenance funded dashboard indicates building maintenance is consistently underfunded by the state.

Advocating for The University of Tennessee System. Participation in UT Advocacy has increased by 2000%. The group has been effective in advocating issues on behalf of the University.

Dr. DiPietro then introduced Dr. Steve Angle, who would become UTC's 17<sup>th</sup> Chancellor on July 1, 2013. He explained that Interim Chancellor Grady Bogue could not be present to say his farewell because he is recovering from serious health issues. Dr. DiPietro also



introduced Dr. Tonjanita Johnson, who would assume office on June 23, 2013 as Vice President for Communications and Marketing.

The President closed by telling the Trustees about an extension agent, Larry Moorehead, who has made a huge impact in Moore County for 36 years. He has increased participation in livestock showing, started a horseman's association, found a way for children to attend 4-H camp free, is active in the Chamber of Commerce, and helped start the Jack Daniel's Invitational Barbecue Championship over 20 years ago. Larry is so beloved that the County Commission named a picnic pavilion after him. He is recognized statewide for his efforts in forages and hay storage to prevent waste. UT Extension provides a front door to The University of Tennessee in all 95 counties, and Larry Moorehead opens the door every time the people of Moore County knock.

## **VII. FY 2014 OPERATING BUDGET, STUDENT TUITION AND FEES, AND COMPENSATION GUIDELINES**

Vice Chair Stansberry explained that due to the complexity and importance of the budget and student tuition and fees, this item is presented directly to the full Board rather than first being considered by the Finance and Administration Committee. He then recognized Treasurer and CFO Butch Peccolo for the presentation. Mr. Peccolo presented a summary (Exhibit 4) of the FY 2014 proposed budget (Exhibit 5), covering highlights, total current funds, unrestricted education and general (E&G) funds, salary plans, and tuition and fee recommendations.

The Treasurer noted that student tuition and fees and state appropriations are the major components that fund The University of Tennessee. Since 2012, student tuition and fees have made up the larger portion of the unrestricted E&G revenues. Regarding base budget unrestricted funds, Mr. Peccolo said an effort has been made to increase instruction expenditures, and scholarships and fellowships expenditures have increased by approximately \$50 million over the past five years.

Following the presentation, Vice Chair Stansberry called for questions and discussion. Trustee Anderson asked Chancellor Cheek why the Knoxville out-of-state tuition increase was so much lower than the in-state. Chancellor Cheek explained that out-of-state tuition was already high. Trustee Driver asked Chancellor Cheek to remind the Trustees of the impact on tuition of the "Take 15, Graduate in 4" initiative. Chancellor Cheek explained that the plan only applies to freshman entering in fall 2013, and the expectation is that the tuition for that cohort of students will not increase more than three percent each year. Trustee Gregg asked whether we have benchmark data to compare UTK's 6% increase to others. Dr. DiPietro stated that compared to peer institutions, the University is still very competitive. Trustee Gregg suggested that peer comparison data be communicated

effectively to the public to demonstrate that the University is a good value. Vice Chair Stansberry recommended that Vice President Tonja Johnson look at how to include this information in the University's marketing plans. The Trustees engaged in discussion regarding ongoing funding issues and the need to inform the public market of the reasons tuition must be increased. Referring to earlier discussion in the Finance and Administration Committee, Trustee Schledwitz recommended approval of the proposed budget with the understanding that Chancellors would report at the fall meeting on financial incentives to increase summer term enrollment.

Trustee Murphy moved that the Resolution on the FY 2014 Operating Budget, Student Tuition and Fees, and Compensation Guidelines be adopted (Exhibit 6); and further that the Chancellors of UTC, UTK and UTM shall report at the 2013 Fall Meeting on their analysis of Summer Term incentives (including tuition and fee discounts) that might be effective to increase Summer Term enrollment. Trustee Wharton seconded the motion, and it carried unanimously.

## **VIII. ACTION ITEMS FROM THE EXECUTIVE AND COMPENSATION COMMITTEE**

### **A. President's Annual Performance Review, 2013-14 Goals, and Compensation**

Vice Chair Stansberry asked President DiPietro to leave the meeting while the Trustees considered the President's annual performance review, 2013-14 goals, and compensation (Exhibit 7). The Vice Chair stated that this matter had been thoroughly discussed in the Executive and Compensation Committee, at which most Trustees were present, and the Committee recommended approval of the Vice Chair's recommendation. He invited further questions and discussion. Hearing none, the Vice Chair called for a motion.

Trustee Murphy moved that the Vice Chair's assessment of Dr. DiPietro's performance for 2012-13 be approved; that the proposed presidential goals for 2013-14 be approved; and that Dr. DiPietro's base salary be increased to \$465,618.12, effective July 1, 2013, and the Vice Chair be authorized to execute an amendment to Dr. DiPietro's current employment agreement to incorporate the new base salary. Trustee Ferguson seconded, and the motion carried.

### **B. President's Four-Year Comprehensive Performance Review of Chancellor Cheek and Chancellor Rakes/Compensation Recommendations**

The Vice Chair recognized President DiPietro, who stated that the comprehensive performance review of Chancellor Cheek and Chancellor Rakes had been thoroughly reviewed in the Executive and Compensation Committee, at which most Trustees were

present, and the Committee recommended approval of the President's recommendation. The Vice Chair invited further questions and discussion. Trustee Schledwitz commended the process for the comprehensive review of the President and Chancellors. He also recommended the University review the performance review process for all other employees. He expressed doubt that only 40 out of approximately 12,000 employees need improvement.

Dr. DiPietro moved that the President's Four-Year Comprehensive Performance Review of Chancellor Cheek be approved (Exhibit 8); and that the recommended 10% increase in Chancellor Cheek's base salary be approved to bring his base salary to \$434,452.00 (when rounded up to the next dollar) effective July 1, 2013. Trustee Gallimore seconded, and the motion carried.

Trustee Gallimore moved that the President's Four-Year Comprehensive Performance Review of Chancellor Rakes (Exhibit 9) be approved, and that the recommended 10% increase in Chancellor Rakes' base salary be approved to bring his base salary to \$47,361.00 (when rounded up to the next dollar) effective July 1, 2013. Trustee Murphy seconded the motion, and it carried unanimously.

### **C. Election and Compensation of University Officers**

Vice Chair Stansberry asked the senior administrators to leave the meeting while the Trustees considered the election and compensation of University Officers. Dr. DiPietro explained the process for calculating the merit and market pool increases (Exhibit 10) for the elected University Officers, which are reflected on Exhibit A to the Resolution.

Trustee Murphy moved that the Resolution on Election and Compensation of University Officers (Exhibit 11) be adopted. Trustee Tanner seconded the motion, and it carried unanimously.

## **IX. ACTION ITEM FROM THE TRUSTEESHIP COMMITTEE**

### **A. Authorization for the Vice Chair to Make Interim Committee and Committee Chair Appointments**

Committee Chair Murphy stated that the Governor has several Trustee appointments pending, and therefore the final composition of the Board for 2013-14 was unknown at the time of the meeting. In accordance with the recommendation of the Trusteeship Committee, Committee Chair Murphy moved that the Vice Chair be authorized to make interim committee and committee chair appointments, subject to review by the Trusteeship Committee at its next meeting and further subject to ratification by the Board at the Fall

Meeting on October 18, 2013. Trustee Jubran seconded, and the motion carried unanimously.

**X. ACTION ITEM FROM THE FINANCE AND ADMINISTRATION COMMITTEE**

**A. Revision of UT Martin Traffic and Parking Regulations**

In accordance with the recommendation of the Finance and Administration Committee, Committee Chair Anderson moved that the proposed revisions to the UT Martin Traffic and Parking Regulations (Exhibit 12) be approved. Trustee Murphy seconded, the Secretary conducted a roll call vote, and the motion carried unanimously.

**XI. REPORT OF THE AUDIT COMMITTEE**

The Audit Committee held a meeting on May 13, 2013, and Committee Chair Gallimore highlighted some of the issues addressed at that meeting and ongoing work of the Internal Audit Department:

External Information Technology Audit:

Based on a recommendation from the Audit Committee Chair and approval by the Committee, an RFP was issued for an external information technology audit. A committee made up of members from Internal Audit, the Controller, and the Information Technology Security Officer reviewed proposals and recommended an external firm to conduct the work. The Audit Committee approved the recommendation to hire Berry Dunn to perform the assessment of the information technology security posture of the University. Chair Gallimore thanked the members of the RFP committee for their work.

The purpose of the work is to have an independent review of the information security program and to identify gaps that may put the University at risk. Because of the large scope of this project, which includes security management practices and controls at UT system administration and each of the campuses and institutes, the work will take several months. The firm begins its work this month and will provide a report to the Audit Committee at the December meeting. The deliverables include a written summary of findings and concerns, including a written action plan that prioritizes the corrective actions the University should use to improve its information security program.

Report from Bob Hunter, Audit Manager for the Division of State Audit:

Mr. Bob Hunter, Audit Manager for the Division of State Audit, presented the financial and compliance audit report for the University. The State Auditors issued an unqualified opinion for the year ended June 30, 2012. Mr. Hunter also presented the

report on the agreed-upon procedures and financial statements for Athletics, and each Athletic Department presented financial trends for the last five years to the Audit Committee.

Independent Auditors' Reports:

The independent auditors' reports for the University of Tennessee Foundation, the University of Tennessee Research Foundation, and the University of Chattanooga Foundation were presented. In each case, the auditors issued an unqualified opinion for year ended June 30, 2012. The independent auditors' reports for UT Medical Group and UT Le Bonheur were also presented. The auditors issued an unqualified opinion in both cases.

Academic Advising Audit:

The Audit Committee requested Internal Audit to conduct a performance audit of academic advising. The work is underway. Based on a request from the Audit Committee, the Audit team plans to complete the work in August so the Audit Committee can review the report prior to the Board workshop in September.

**XII. CONSENT AGENDA**

The Vice Chair noted that all items on the consent agenda were considered and recommended by the relevant committees. He asked for any Trustee requests to remove items from the consent agenda. Trustee Wharton inquired about the total cost and funding for the real properties being acquired by the Health Science Center. Vice Chair Stansberry responded that the Health Science Center has secured the necessary funding. There being no requests to remove items, Vice Chair Stansberry called for a motion to approve the following items on the consent agenda:

- A. Minutes of the Last Meeting
- B. Modification of Terms of UTC Chancellor Appointment to Require Residing in University-Leased Residence for One Year (Exhibit 13)
- C. 2014 Dates for Regular Board Meetings and a Workshop (Exhibit 14)
- D. Resolution Appointing a Managerial Group for US Government Contracts (Exhibit 15)
- E. Ratification of 2012-2013 Quasi-Endowments (Exhibit 16)
- F. FY 2014 Distribution of UC Foundation Unrestricted Endowment Funds (Exhibit 17)

- G. Extension of UTC Regional Tuition Rate Program for Undergraduates, FY 2013-14 (Exhibit 18)
- H. Extension of UTC Regional Tuition Rate Program for Graduate Students, FY 2013-14 (Exhibit 19)
- I. FY 2014 Operating/Capital Plans for University Owned or Leased Residences for Senior Administrators (Exhibit 20)
- J. Real Property Transactions (Exhibit 21)
- K. Annual Report of Sales of Real Estate Property Acquired by Gift (Exhibit 22)
- L. President Emeritus Agreement with Dr. Joseph E. Johnson (Exhibit 23)
- M. Program of Study Leading to the Degree of Master of Fine Arts in Creative Writing (Exhibit 24)
- N. UTK Faculty Handbook Revisions (Exhibit 25)
- O. Revision of UTC Freshman Admission Requirements (Exhibit 26)
- P. Tenure Recommendations (Exhibit 27)
- Q. 2013 Comprehensive Listing of Academic Programs (Exhibit 28)
- R. Authorization to Confer Degrees (Exhibit 29)
- S. Second Amendment to the Affiliation and Services Agreement between UT and UTFI (Exhibit 30)
- T. Naming of the Department of Dermatology at UTHSC (Exhibit 31)
- U. President's Recommendation of an Appointment to the Board of Directors of University Health System, Inc. (Exhibit 32)

Trustee Tanner moved approval of the consent agenda, Trustee Driver seconded, and the motion carried.

### XIII. ANNOUNCEMENTS

The Vice Chair noted upcoming meetings:

August 12:	Audit Committee in Nashville
September 5-6:	Summer Workshop in Nashville
September 10:	Trusteeship, Executive and Compensation, and Health Affairs Committees in Nashville
October 17-18:	Fall Board Meeting in Knoxville
December 18:	Audit Committee in Nashville

The Vice Chair thanked Chancellor Arrington for hosting the reception and dinner and for the interesting presentations about the Institute of Agriculture. He also expressed his appreciation to the Trustees for supporting him as Vice Chair over the past two years.

The Secretary also expressed appreciation to Chancellor Arrington for his hospitality. She recognized Rachael LeBlanc and Mike Gregory for coordinating the meeting logistics, Beth Gladden for transportation, Trish Wagoner for assistance with the reception and dinner, Bob Johnson and Zak Mayton for IT support, and Jeff Loveday and Justin Johnson for handling sound and webcasting,

On behalf of the Trustees, President DiPietro recognized and thanked Trustee Stansberry for his leadership as Vice Chair.

### XIV. ADJOURNMENT

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

Respectfully Submitted,

---

Catherine S. Mizell, Secretary

THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

ACTION ITEM

DATE: October 17, 2013

COMMITTEE: Trusteeship

ITEM: **Ratification of Vice Chair's Appointment of Standing Committees, Committee Chairs, and Trustee Members of the Athletics Boards**

RECOMMENDATION: Approval

PRESENTED BY: Catherine S. Mizell, Secretary

At the annual meeting on June 20, 2013, the Board authorized the Vice Chair to make any necessary changes in committee and committee chair appointments before the next Board meeting, subject to ratification by the Board on the recommendation of the Trusteeship Committee. Under the Bylaws, appointments to the three athletics boards are to be made in the same manner as appointments to the standing committees.

Governor Haslam announced two new Trustee appointments after the annual meeting in June: Sharon Miller Pryse from the Second District and Brad A. Lampley from the Seventh District. With this change in composition of the Board, the Vice Chair made the standing committee, committee chair, and athletics board appointments presented on the following list. The Secretary notified the Trustees of these appointments on August 13, 2013.

**MOTION:**

**That the Vice Chair's standing committee, committee chair, and athletics board appointments be ratified.**



THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

Standing Committee Appointments  
Athletics Board Appointments

2013-2015

**EXECUTIVE AND COMPENSATION COMMITTEE**

Principal Staff Liaison: Catherine S. Mizell, General Counsel and Secretary

- Charles C. Anderson, Chair of Finance and Administration/Chair of Health Affairs
- George E. Cates, Chair of Research, Outreach, and Economic Development
- D. Crawford Gallimore, Chair of Audit
- Vicky B. Gregg, Chair of Academic Affairs and Student Success
- James L. Murphy, III, Chair of Trusteeship
- Charles E. Wharton, Chair of Advancement and Public Affairs

*Ex Officio:*

- J. Brian Ferguson, Vice Chair of the Board (Committee Chair)
- Don C. Stansberry, Jr., Immediate Past Vice Chair of the Board
- Joseph A. DiPietro, President of the University (non-voting)

**ACADEMIC AFFAIRS AND STUDENT SUCCESS COMMITTEE**

Principal Staff Liaison: Katherine N. High, Vice President for Academic Affairs and Student Success

- Vicky B. Gregg, Chair
- John N. Foy
- Monice M. Hagler
- Brad A. Lampley
- Karl A. Schledwitz

*Ex Officio:*

- Vice Chair of the Board
- President of the University (non-voting)
- Commissioner of Agriculture
- Commissioner of Education
- Executive Director of THEC (non-voting)

- Voting Faculty Trustee
- Voting Student Trustee
- Non-voting Faculty Trustee
- Non-voting Student Trustee

*Ex Officio Nonvoting Faculty and Student Representatives:*

- Faculty Senate President UTC
- SGA President UTC
- Graduate Student Association President UTC
- Faculty Senate President UTHSC
- SGAEC President UTHSC
- SGAEC Vice President UTHSC

- Faculty Senate President UTK
- SGA President UTK
- Graduate Student Senate President UTK
- Faculty Senate President UTM
- SGA President UTM
- SGA President UTSI

**ADVANCEMENT AND PUBLIC AFFAIRS COMMITTEE**

Principal Staff Liaisons: Anthony C. Haynes, Vice President for Government Relations; Tonjanita L. Johnson, Vice President for Communications and Marketing; and Johnnie D. Ray, Vice President for Development and Alumni Affairs

Charles E. Wharton, Chair  
Brad A. Lampley  
Sharon J. Miller Pryse  
Karl A. Schledwitz

*Ex Officio:*  
Vice Chair of Board  
President of the University (non-voting)

**AUDIT COMMITTEE**

Principal Staff Liaison: Sandy S. Jansen, Executive Director, Audit and Consulting Services

D. Crawford Gallimore, Chair  
Spruell Driver, Jr.  
Waymon Hickman, External Member  
Tommy G. Whittaker

*Ex Officio:*  
Vice Chair of the Board

**FINANCE AND ADMINISTRATION COMMITTEE**

Principal Staff Liaison: Charles M. Peccolo, Treasurer and Chief Financial Officer

Charles C. Anderson, Chair  
John N. Foy  
Raja J. Jubran  
Sharon J. Miller Pryse  
Betty Ann Tanner

*Ex Officio:*  
Vice Chair of the Board  
President of the University (non-voting)

**HEALTH AFFAIRS COMMITTEE**

Principal Staff Liaisons: Steve J. Schwab, Chancellor, UTHSC; Charles M. Peccolo, Treasurer and Chief Financial Officer

*Ex Officio:*

- Charles C. Anderson, Chair of Finance and Administration/Chair of Health Affairs
- D. Crawford Gallimore, Chair of Audit
- J. Brian Ferguson, Vice Chair of the Board
- James L. Murphy, III, Chair of Trusteeship
- Joseph A. DiPietro, President (non-voting)
- David E. Millhorn, Executive Vice President (non-voting)
- Don C. Stansberry, Jr., Immediate Past Vice Chair of the Board

*Shelby County or Ninth District Member:*

George E. Cates

*At Large Member:*

Vicky B. Gregg

**RESEARCH, OUTREACH, AND ECONOMIC DEVELOPMENT COMMITTEE**

Principal Staff Liaison: David E. Millhorn, Executive Vice President and Vice President for Research and Economic Development

- George E. Cates, Chair
- Spruell Driver, Jr.
- Monice M. Hagler
- Raja J. Jubran
- Don C. Stansberry, Jr.

*Ex Officio:*

- Vice Chair of the Board
- President of the University (non-voting)
- Commissioner of Agriculture
- Commissioner of Education
- Executive Director of THEC (non-voting)

- Voting Faculty Trustee
- Voting Student Trustee
- Non-voting Faculty Trustee
- Non-voting Student Trustee

*Professional Staff Non-voting Representatives:*

- David Stern, UT Health Science Center
- Margaret Norris, Institute for Public Service
- Tim Cross, Institute of Agriculture

**TRUSTEESHIP COMMITTEE**

Principal Staff Liaison: Catherine S. Mizell, General Counsel and Secretary

James L. Murphy, III, Chair  
Betty Ann Tanner  
Tommy G. Whittaker

*Ex Officio:*

Vice Chair of the Board  
President of the University (non-voting)

**UT CHATTANOOGA ATHLETICS BOARD**

John N. Foy  
Vicky B. Gregg

**UT KNOXVILLE ATHLETICS BOARD**

James L. Murphy, III  
Sharon J. Miller Pryse

**UT MARTIN ATHLETICS BOARD**

D. Crawford Gallimore  
Betty Ann Tanner

THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

ACTION ITEM

DATE: October 17, 2013

COMMITTEE: Finance and Administration

CAMPUS/INSTITUTE: UT Knoxville

ITEM: **Norfolk Southern Right-of-Way Acquisition**

RECOMMENDATION: Approval

PRESENTED BY: Charles M. Peccolo, Treasurer and Chief Financial Officer

7.1

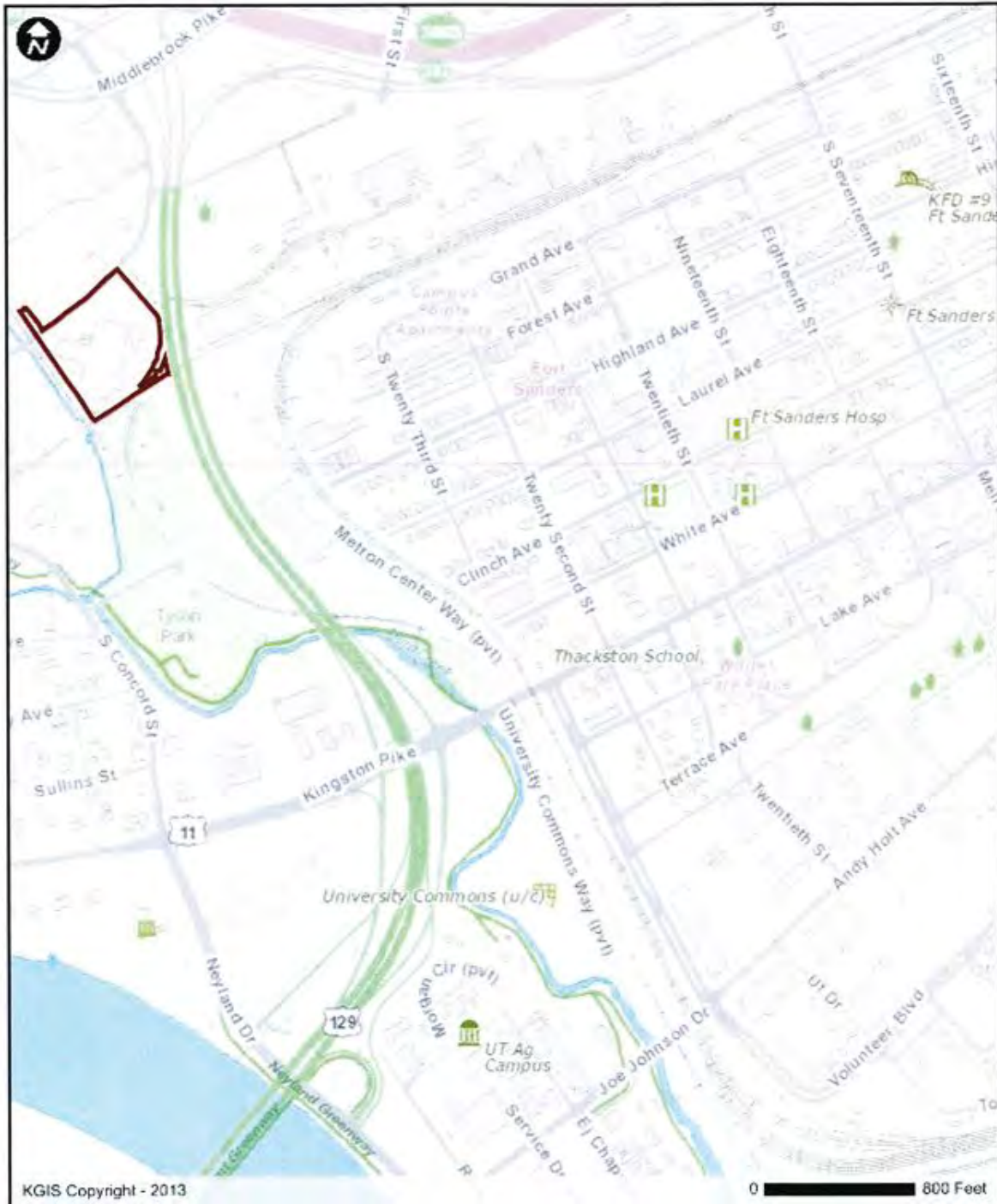
The University of Tennessee, Knoxville proposes to acquire up to 0.63+/- acres of railroad right-of-way along the southern boundary of the property located at 2000 Sutherland Avenue, Knoxville, Tennessee.

UT Knoxville is planning to renovate the warehouse facility at this location, and the proposed right-of-way acquisition will clear the building from encroaching into the Norfolk Southern Railroad right-of-way.

The University administration seeks authorization to acquire the right-of-way at a purchase price equal to or less than the appraised value. Upon approval by the Board of Trustees, the University will seek all necessary state government approvals.

**MOTION:**

**That the administration be authorized to acquire the Norfolk Southern right-of-way at a purchase price equal to or less than the appraised value.**



7.1

KGIS Copyright - 2013

0 800 Feet

**2000 Sutherland Ave**  
proposed Norfolk Southern R/W acquisition

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THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

ACTION ITEM

DATE: October 17, 2013

COMMITTEE: Finance and Administration

CAMPUS/INSTITUTE: UT Knoxville

ITEM: **Lake Avenue KUB Access and Utility Easement**

RECOMMENDATION: Approval

PRESENTED BY: Charles M. Peccolo, Treasurer and Chief Financial Officer

7.2

Knoxville Utilities Board (KUB) is relocating existing overhead electric power lines along Cumberland Avenue in conjunction with the Cumberland Avenue Streetscape project. The relocated lines will replace an existing line on University property and provide improved service and reliability in the area.

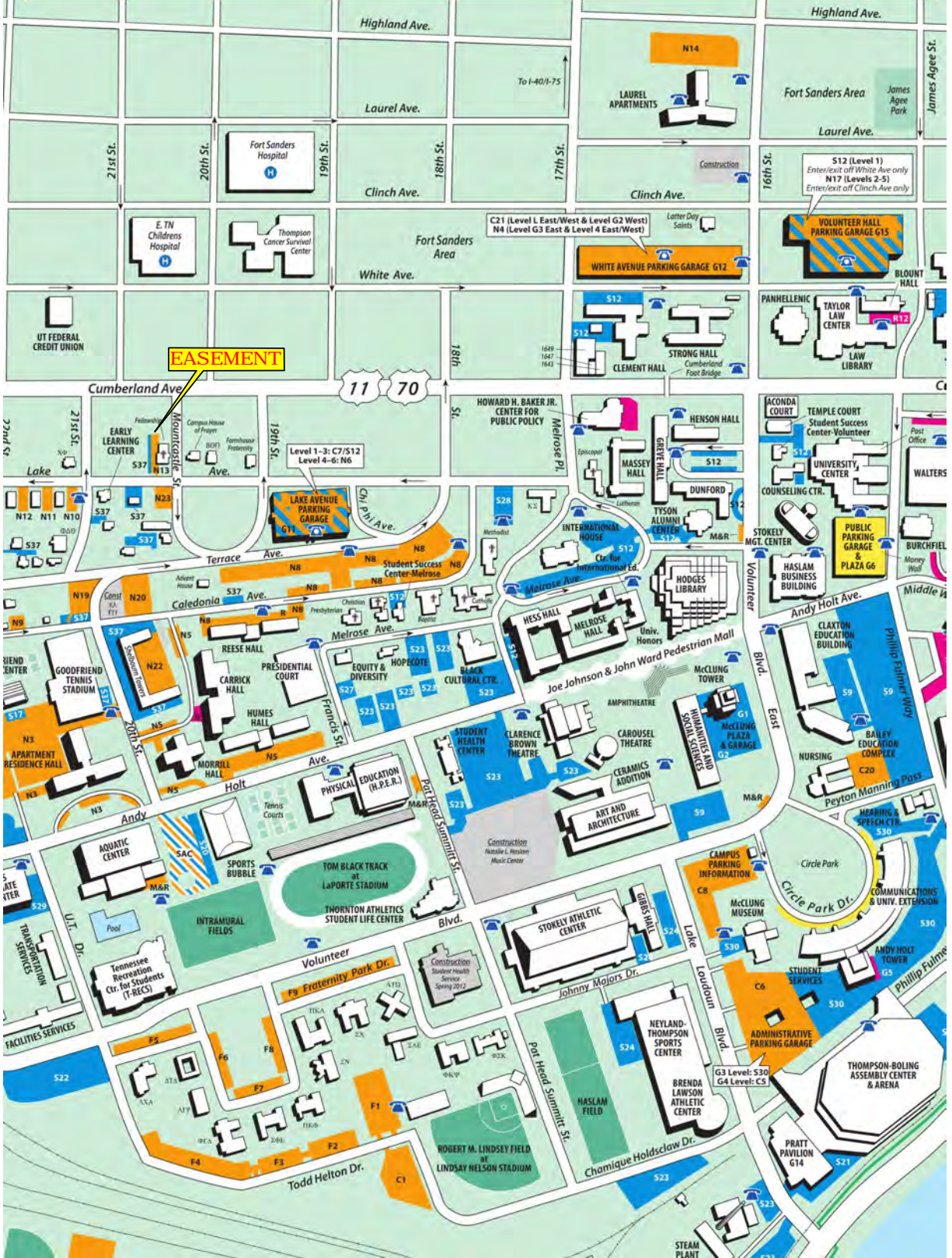
The University and KUB propose one permanent access and utility easement containing approximately 541+/- sq. ft. The easement, located on the back of the property at the alley, will authorize KUB to enter upon, construct, operate, repair and maintain utilities within the defined area. KUB agrees to pay \$650.00 for access to the easement area. The University reserves the right to relocate the easements in the future at the expense of the University.

The line will provide power to University property, and no further consideration is requested by the University. Upon approval by the Board of Trustees, the University will seek all necessary state government approvals.

**MOTION:**

**That the proposed permanent access and utility easement to the Knoxville Utilities Board, as described in the meeting materials, be granted.**

# The University of Tennessee, Knoxville



7.2



THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

ACTION ITEM

DATE: October 17, 2013

COMMITTEE: Finance and Administration

CAMPUS/INSTITUTE: UT Knoxville

ITEM: **Closure of Glocker Renovation Quasi-Endowment**

RECOMMENDATION: Approval

PRESENTED BY: Charles M. Peccolo, Treasurer and Chief Financial Officer

8

In 2005, the Glocker Renovation Quasi-Endowment was established for program, technology, and upgrade needs within the UT Knoxville College of Business and in support of the new six-story, 174,000 square foot Haslam Business Building completed in 2009. Technology capabilities in the classrooms, team and presentation rooms, and meeting spaces are the hallmark of the building.

This quasi-endowment currently has a market value of \$1.4 million and is needed to fund equipment purchased for the building. The administration requests authorization to close the quasi-endowment and apply the balance toward the UT Knoxville Glocker Equipment Account.

**MOTION:**

**That the administration be authorized to close the Glocker Renovation Quasi-Endowment and apply the balance toward the Glocker Equipment Account at UT Knoxville.**

THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

ACTION ITEM

DATE: October 17, 2013

COMMITTEE: Finance and Administration

CAMPUS/INSTITUTE: Health Science Center, Institute of Agriculture, Space Institute, Institute for Public Service, System Administration

ITEM: **FY 2014-15 Operating Budget Appropriations Request for Non-Formula Units**

RECOMMENDATION: Approval

PRESENTED BY: Charles M. Peccolo, Treasurer and Chief Financial Officer

Each year the University has the opportunity to present a state appropriations budget request. The formula funding model generates funding recommendations for the Chattanooga, Knoxville and Martin campuses. The University is also able to submit improvement requests for non-formula units – the Health Science Center, Institute of Agriculture, Space Institute, Institute for Public Service, and System Administration.

The Operating Budget Submittal Guidelines approved by the Board of Trustees in June 2005 state that the Finance and Administration Committee shall review, approve, and recommend to the Board of Trustees the improvement request submitted by the administration to the Tennessee Higher Education Commission (THEC). A summary of the FY 2015 improvement request is attached for your review and approval.

This request was filed with THEC in accordance with its instructions. To meet THEC's deadlines, it must be submitted to THEC before the Fall Meeting of the Board of Trustees. If the Board votes to change the University's request, the administration will be permitted to submit an amended request to THEC for consideration.

**MOTION:**

**That the University's FY 2014-15 operating budget appropriations request for support of the non-formula units be approved as presented in the meeting materials.**

## **The University of Tennessee**

### **FY 2015 NON-FORMULA IMPROVEMENT REQUESTS**

**TOTAL UT NON-FORMULA UNITS: \$41,807,290**

The University of Tennessee's "non-formula" units account for 48.7% of UT's unrestricted E&G state appropriations. Just as full funding of the formula is essential for UT's ability to meet the expectations set by the Complete College Tennessee Act (CCTA), full funding for UT's non-formula units supports graduate students and professional programs at the Health Science Center, College of Veterinary Medicine, and Space Institute as well as the public service and research missions of AgResearch, Extension, and the Institute for Public Service. These funds are essential for job creation, health care, and community development in Tennessee.

**HEALTH SCIENCE CENTER (Memphis Other Specialized Units (MOSU)): \$22,396,820**

1. **Faculty & Staff Salary Increases** **\$ 7,000,000**

We are proposing a 3% across the board increase and a 2% merit pool for a total of 5% increases for all state funded salaries. The raises are to help the University of Tennessee Health Science Center to recruit and retain the best faculty and staff to serve our student body.

2. **Academic Facilities Rejuvenation and Rehabilitation** **\$ 5,000,000**

The University of Tennessee Health Science Center provides academic instruction and encourages research exploration to improve human health through disciplines in Allied Health, Dentistry, Nursing, Medicine, and Pharmacy. To foster an environment of learning and innovation, the academic facilities should support the students' efforts with classroom settings and research laboratories which will take advantage of improved technology and will enhance research productivity. Such facilities will enable students to enter the workforce with the ability to access all available resources to deliver premium healthcare. Instructional delivery greatly impacts the learning and retention of information. UTHSC needs to enhance the classrooms and research laboratories with innovations that will make them more conducive to learning. Students' familiarity and comfort with similar environments that they will likely experience when they enter the workforce will lead to more productive healthcare providers. The University intends to be the preeminent research and teaching university linking the people of Tennessee to the nation and the world.

Requested funds: \$5,000,000

- \$1,500,000 Classroom Enhancements
- \$1,250,000 Technology Innovations
- \$2,250,000 Research Lab Enhancements

3. **Faculty Start-up and Recruitment** **\$ 5,000,000**  
 The University of Tennessee Health Science Center continues to rebuild and revitalize its faculty ranks with both senior researchers and young faculty just starting their careers. However, UTHSC is not alone and competition for top notch faculty requires significant start-up funding to allow researchers to hire research assistants and buy equipment to establish their labs and achieve new funding. These funds will allow UTHSC to attract the very best faculty to conduct research and teach our students.
  
4. **Campus Support Services** **\$ 2,000,000**  
 The University of Tennessee Health Science Center requests funding to support the centralization and enhancement of the Campus Support Services Infrastructure. Services such as compliance, information technology, sponsored program support, and student services are always being reviewed for enhancements and improvements. These funds will allow UTHSC to develop support services to address faculty, staff, and student services.
  
5. **Educational and Research Equipment** **\$ 3,396,820**  
 The FY 2013 equipment for UTHSC (MOSU) was \$33,968,820 The request is for 10% of this amount for replacement and updating of educational and research equipment.

**HEALTH SCIENCE CENTER (Family Medicine Units): \$72,375**

1. **Equipment Replacement** **\$ 72,375**  
 The request is for 10% of the FY 2013 equipment inventory of \$723,753. The replacement of patient care equipment is determined by obsolescence rather than wear and tear. The normal life of health-related equipment is 8 to 10 years.

**SPACE INSTITUTE (UTSD): \$705,000**

1. **Femtosecond Laser Amplifier with temporal pulse shaping diagnostics** **\$385,000**  
 In order to maintain national competitiveness in Laser Applications at the Center for Laser Applications (CLA), significant investment is needed in laser equipment and diagnostics to keep up with advancements in femtosecond laser phenomena. We are currently working with equipment that can be found in museums that highlight past advances in laser technology. CLA has published unique papers on femtosecond machining in Optics Express (3.3 impact factor). However, we are limited by our ability to characterize and manipulate the temporal and spectral nature of femtosecond laser pulses. These limitations stand in the way of further advancements and innovations in this emerging field.
  
2. **Ultra-sensitive Diagnostics in Applied Physics** **\$320,000**  
 There is a need for ultra-sensitive spectroscopy/microscopy diagnostic tools and modeling capabilities for multi-disciplinary experimental research. The equipment

would support activities at UTSI and UTK and would also be available for doctoral research and STEM outreach programs. The addition of a coherent light source would also augment collaborative work with Sandia National labs, Oak Ridge National Labs, New Mexico State University, Denver University, University of Nebraska, Auburn University and researchers in France, Russia, Hungary and Austria. With this equipment we would be able to do immediate research in laser-induced spectroscopy, and would be better able to attract external funding. The estimated cost for this project is \$320,000.

### **AGRICULTURAL EXPERIMENT STATION: \$2,761,525**

1. **Plant Biology Center** **\$ 1,216,000**

The Plant Biology Center will be established as a part of a larger interdisciplinary program - Molecular and Applied Plant Science (MAPS). This program will bring together leading faculty from AgResearch in both UTIA and UTK. A hallmark of the program is the formation of synergistic collaborative clusters of two or more faculty, across UTK and UTIA, who will conduct research and guide Ph.D. students in interdisciplinary projects involving topics in photosynthetic organisms (plants and algae). The Plant Biology Center's proposal, as a part of MAPS, to offer a modern interdisciplinary and intercollegiate plant biology program spanning from once the plant grown and genetic enhancement to bio-based product development, would be novel, both at UT and in the United States.

This request is for 5 FTE Faculty positions to create a cluster hire in the plant biology area, allowing UT to become a major force in plant biology across the United States. The Plant Biology Center will assist in UT's advancement toward Top-25 goals through increased PhD training and grantsmanship.

Requested funds: \$1,216,000

- 5.0 FTE (Assistant /Associate Professors)
- 2.0 FTE (Research Associates)
- 1.0 FTE (GRA)
- Operating expense (\$500,000)

2. **Bio-energy – Center for Renewable Carbon** **\$ 956,525**

The State of Tennessee has taken an aggressive leadership role in creating a bio-energy industry in the state. The opening of the Genera Energy pilot/research bio-refinery and the establishment of the Center for Renewable Carbon places the state at the forefront in developing a sustainable industry to supplant significant amounts of imported oil, while creating local economic vitality and diminishing environmental impacts of petroleum usage.

Steps taken to this point have created an excellent infrastructure to move new technology toward industrial development. However, many hurdles remain including bio-fuel development, logistics, pretreatment for conversion, and development of value-added co-products. These are longer term technological issues which require funding for greater than one year. Included in this request are resources to be used in addition to already reallocated positions to further the creation of a bio-energy industry.

Requested funds: \$956,525

- 5.0 FTE (Assistant/Associate Professors)
- 1.0 FTE (Research Associate)
- 2.0 FTE (GRA)

3. **Plant Pest Initiative** **\$ 589,000**

Exotic (non-native) pests represent a serious and growing threat to not only forest and crop producers but also tourism and commerce in the state. Recent examples include the Hemlock Woolly Adelgid and the Ash Borer which threaten the entire ecosystem of the Great Smoky Mountain National Park and, thereby, the associated tourism industry. Efforts to contain fire ant infestations limit exportation of ornamentals. Many other pests, such as the gypsy moth and soybean aphid threaten forests and agronomic crops.

These pests have been infesting new territories for as long as human commerce and travel have occurred. However, with increased globalization, the spread has become more rapid. In general, these exotic pests have come to the United States without the checks and balances that kept them from rapid population explosions in their native environments. Specifically, they arrived without their natural control agents - predators, parasites, and pathogens.

Although tremendous efforts are being placed on insect exclusion tactics at the federal level, globalization of the US economy and continuing tourism and immigration will result in the inadvertent introduction of further plant and animal pests. In Tennessee, climate and topographical features are conducive to successful introduction of many invasive species. This state contains immense tracts of forested land, provides agricultural crops reflective of the majority of states in the US, and is home to the most frequently visited National Park. All these factors combine to make it a high risk area for insect invasion.

Resource needs include three faculty members who would engage in the research necessary to understand not only the physiology of pests but also the habitat needs for spread and potential biological controls. Included in the resource request are 2 research associates to manage the exotic pest laboratory and monitor the status of exotic pests and the effectiveness of control measures.

Requested funds: \$589,000

- 3.0 FTE (Assistant/Associate Professors)
- 2.0 FTE (Research Associates)
- Operating expense (\$150,000)

**AGRICULTURAL EXTENSION SERVICE: \$1,270,824**

1. **Community and Economic Development** **\$ 1,270,824**

The mission of UT Extension is to serve the farms, families, youth and communities of Tennessee. The efforts of Extension specialists and agents have played a positive role in community and economic development across the state. While there are many examples

of county Extension agents providing support to local businesses, creation of farmers markets, development of county fairgrounds and agri-business complexes and local visitor centers, Extension lacks a network of specialists to support and assist county Extension agents with these and other community and economic development activities.

With a network of Extension professionals located in every Tennessee county, UT Extension is in a unique position to be able to provide meaningful community and economic development assistance to the entire state. Working in concert with, and supported by a team of Community and Economic Development specialists, county-based Extension agriculture, family and consumer sciences and 4-H youth development agents can provide science-based, planned programs that will have a significant and measurable impact toward making the communities they work in a better place to live, work and play. The proposed Extension Community and Economic Development Program will provide educational programs and professional assistance across a broad area of topics that will include support of economic development, housing, education, recreation, and civic organizations. These programs will be developed and delivered in partnership with local groups, local government, community organizations, individuals, and agencies which have a stake in the economic and social future of their communities. A special emphasis will be placed on efforts to increase jobs and income in Tennessee communities. As such, economic development efforts will support a broad base of business activities that include service industries, manufacturing, retail, tourism, and workforce education and development.

A state appropriation of \$1,270,824 is requested to fill one Extension faculty position at the professor level and 10 Extension community development area specialist positions, and to provide travel, operating, and equipment support for these 11 positions. The faculty member will be based in the Agricultural and Resource Economics Department at The University of Tennessee, Knoxville and will serve as the Extension Community and Economic Development Program Leader. This individual will direct the programming efforts of 10 area Extension specialists located across the state. Each specialist will cover an 8 to 10 county area and work in close partnership with county Extension agents to deliver programs that provide significant impact in building economically viable communities, renewing civic engagement, and improving the quality of life in communities across Tennessee.

Requested funds: \$ 1,270,824

- 1.0 FTE (Professor)
- 10.0 FTE (Extension Area Specialist II)

### **COLLEGE OF VETERINARY MEDICINE: \$10,624,529**

1. **Merit and Market** **\$ 1,701,443**  
We are requesting \$1.7 million in recurring funds for a college merit/market pool, a yearly across the board increase, faculty promotions, and staff career ladder increases. Prior to FY 2012, it had been four years since the college had been able to address market issues and provide merit increases for top performing faculty and staff.

Fortunately, in FY12, FY13 and FY14 we were able to compile a three percent (FY12), two and one-half percent (FY13) and one and one-half percent (FY14) merit/market pool to distribute to our faculty and staff from reallocated recurring dollars and new recurring tuition and fees. In addition to the merit/market pool, we allocate funding to yearly faculty promotions and staff career ladder increases.

We are concerned that we continue to rely heavily on veterinary student tuition to meet revenue needs within our DVM degree program. Currently the average educational debt of our veterinary students is near \$140K, while starting salaries are somewhere around \$65K. The rate of tuition increase has outpaced salary earnings and we are concerned about the financial health of our veterinary graduates with excessively high educational debt burden. We do not wish to continue to increase tuition and fees to meet college revenue needs.

2. **Research and Hospital Equipment** **\$ 3,372,539**  
 The College has been unable to keep our research and hospital equipment up-to-date given the practice of using clinic revenues and student tuition and fees to backfill the state appropriations decline over the years. The life expectancy of our hospital equipment varies from 5-7 years and the replacement value of our equipment inventory is currently \$20 million. We are requesting \$3.3 million in recurring funds to address ongoing aging equipment needs each year.  
 Requested funds:
- Replace Research Equipment \$ 1,008,464
  - Replace Hospital Services Equipment \$ 2,364,075
3. **Increase in Base Operating Funds – Faculty and Staff** **\$ 3,144,320**  
 We are requesting recurring funds to hire 10 faculty and 30 support staff to fill critical clinical teaching, business, and general operating function responsibilities within the college and hospital. The patient care and teaching workload responsibilities are excessive leading to 60-80 hour work weeks for faculty.  
 Requested funds: \$3,144,320
- 10.0 FTE (Assist/Associate/Professors) \$1,576,318
  - 30.0 FTE (New Staff positions in critical areas) \$ 1,568,002
4. **State Animal Disease Diagnostic Laboratory** **\$ 2,188,292**  
 Recurring funding is requested to expand coverage in the state from one central laboratory in Nashville to include a full service laboratory in Eastern Tennessee located at the College of Veterinary Medicine.

For the past 7 years a renewable state contract has allowed us to provide limited necropsy services to local producers. This service has been very well received by livestock owners and practitioners, with the clear message that such state supported services must continue and expand in order to improve herd health, limit infectious disease outbreaks, and effectively diagnose biologically hazardous agents (e.g., foot and mouth disease, avian influenza, anthrax, etc.) that represent both public health threats and potentially huge economic losses to Tennessee agriculture and attendant services.



This initiative would be designed to integrate veterinary diagnostics, population medicine, and farm animal medicine into comprehensive services that attain excellence in education, research, outreach, and professional practice. Veterinary diagnostics will provide essential services to veterinarians, producers, and animal owners in Tennessee and throughout the nation.

The veterinary diagnostic laboratory will also serve as the medical interface between public health, population medicine, and animal production. Farm animal medical services will provide producers comprehensive care that will help ensure their economic well-being.

Collectively, diagnostic services, farm animal services, and population medicine will be integrated into one comprehensive program addressing food safety, public health, emerging infectious diseases, bioterrorism detection, production medicine, and production economics - services that will enhance animal and human health.

Requested funds: \$ 2,188,292

- 13.0 FTE (Various Positions)
- \$1,210,245 – Operating Expense and Equipment

5. **Animal Assisted Reading Program for Elementary Schools** **\$ 217,935**

Funding is requested to expand our animal assisted reading program HABIT (Human Animal Bond in Tennessee) statewide. These programs have been shown to help students with reading difficulties. The HABIT Ruff Reading program provides service to 88 public school classrooms and 5 reading times in libraries across East TN. Of the 93 classrooms/reading times, 73 were regular classrooms in which 1,606 students were served in public schools in East TN. The remaining 20 class rooms were for special needs students. Approximately 200 special needs students were served in public schools in East TN. In addition, service is provided to 28 private school classrooms with 8 of those classrooms targeting special needs students. The objectives are to build confidence, self-esteem, and reading skills of students by having an accepting dog “audience.”

Requested funds: \$217,935

- 2.0 FTE (Coordinator I)
- 1.0 FTE (Coordinator III)
- 1.0 FTE (Clerical)
- \$47,605 – Travel, Supplies, Minor Equipment

**INSTITUTE FOR PUBLIC SERVICE: \$1,946,000**

1. **Made in Tennessee (Center for Industrial Services)** **\$ 345,200**

The Made in Tennessee Act (HB 0718, SB 0806) amends TCA Title 4, Chapter 3, Part 7 and "encourages producers and promotion of non-agricultural products made in this state." CIS is authorized to register and list Tennessee manufacturers on a "Made in Tennessee" website.

**Expected Return on Investment:** Impacts of funding include: greater promotion of

Tennessee manufacturers and their products; improved access of buyers, including larger manufacturers and retailers in state and across the U.S, to products made by small manufacturers throughout Tennessee; and increased visibility of the importance of Tennessee manufacturers to economic growth, quality jobs, and family incomes across the state. CIS will use funding to accelerate development of the Made in Tennessee website; add approximately 300 manufacturers for the website annually until all manufacturers wanting to participate are listed, connect Tennessee with the national Made in America program, and expand events recognizing the accomplishments of Tennessee manufacturers.

Requested funds: \$345,200

- 2.0 FTE (Marketing Specialists)

2. **Naifeh Center for Effective Leadership (Certified Public Manager)**      \$ 325,500

The Institute for Public Service (IPS) has developed a successful leadership development program for state and local government officials with very limited funding. IPS has taken the initiative to build upon this success by creating the Naifeh Center for Effective Leadership. By combining funds from grants and contracts, fee revenues, private donations, and internal reallocations, IPS has set the foundation for a center that provides the best leadership and management development programming for government officials across the Southeast. In meeting this challenge, the Center administers several existing programs, the Local Government Leadership Program, Tennessee Government Executive & Management Institutes and the Newly Elected Tennessee Legislators Workshop. The Center is developing an accredited Certified Public Manager Program (CPM) that will provide managers in government and nonprofit organizations from across Tennessee with state-of-the art professional tools required to become more proficient and effective in today's public environment. Nationally, thirty-two states have Certified Public Manager programs.

**Expected Returns on Investment:** The CPM program will lead to enhanced communications and collaborations within agencies and across agencies in state and local government that, in turn, will produce greater efficiencies and effectiveness in program operations and customer service. CPM participants will learn top-quality management principles and how to apply them, measure results and communicate outcomes in government and non-profit settings.

Requested funds: \$325,500

- 1.0 FTE (Training Coordinator)
- Trainers, facilitators, rooms with AV, etc, curriculum development, travel, other operating

3. **Growth & Innovation for Manufacturers (CIS)**      \$ 915,300

This initiative will expand CIS (Center for Industrial Services) efforts to help Tennessee manufacturers improve profitability and create jobs by accelerating technology adoption, developing new products, and adopting new processes. Funding will increase manufacturer access to research and development expertise at UT and TBR higher education institutions, Oak Ridge National Laboratory, and other technology sources across the state. CIS will use funding to increase outreach to manufacturers, align with

Launch TN and jobs accelerator initiatives, and make research and development services more affordable to small manufacturers.

**Expected Return on Investment:** The funds will allow at least thirty companies to receive over 2,000 hours of assistance from Tennessee research and development assets. That assistance will help generate 300 technology based jobs per year with an annual salary and benefits of \$50,000 per job. CIS' historical performance shows that \$1 of state investment, supplemented by leveraged federal funds, produces approximately \$300 of customer reported economic impact in terms of capital investment, increased sales, productivity gains and other improvements.

Requested funds: \$915,300

- 3.0 FTE (Resource Consultants)
- \$490,000 (Contractual Services)
- \$10,000 Supplies
- \$10,000 Equipment

4. **Building a Safer Tennessee (Law Enforcement Innovation Center)**      \$ 360,000

The funding provided for staff will provide for the delivery of both the national, regional, and state programs operated by LEIC. These include the National Forensic Academy, the Southeastern Command and Leadership Academy, the NFA Collegiate Course. It also provides for on-line course development to aid law enforcement agencies in addressing community/crime needs.

**Expected Return on Investment:** These funds will assure the delivery of world-class professional development opportunities to over 650 Tennessee local law enforcement participants who will complete more than 30,000 combined instructional hours on topics of critical importance to assuring the safety of communities across the state. This investment represents less than \$1,230 per person trained and less than \$26 per instructional hour delivered. The Consultant will provide training capability not provided by subject matter experts brought in to address specific areas of instruction. The Admin Support position will provide logistical support to the training programs, registering participants and aiding in maintaining training records required by P.O.S.T. The Communications Coordinator will maintain contact with the numerous graduates of our programs, sharing best practices through a variety of means (newsletters, articles, fax, emails, and phone calls) and increasing the alumni outreach of our agency. Two of these positions are currently unfilled and the other supported by federal grant funds.

Requested funds: \$360,000

- 3.0 FTE (Administrative Support, Communications Coordinator, Training Consultant)

**MUNICIPAL TECHNICAL ADVISORY SERVICE:**      \$833,000

1. **Information Technology Consultant**      \$ 131,891

Due to a strong and ever growing relationship between the appropriate use of technology and the financial accounting and reporting requirements placed on municipal governments, technical assistance in the information technology arena becomes an ever-

increasing need by all cities. Current MTAS IT staff is primarily dedicated to support of IPS's and MTAS's internal needs. Additional resources would enhance MTAS's ability to meet the under-served need of technical support in city governments.

**Return on Investment:** Consultants deliver the outreach training and service of IPS, and customer contacts indicate that assistance with technology is an acute need in Tennessee cities.

Requested funds: \$131,891

- 1.0 FTE (IT Consultant)
- \$18,000 (Travel and other operating expense)

2. **Fire Services Consultant** **\$ 131,891**

As with most services provided by Tennessee municipal governments, effective fire service is challenged by maintaining operational readiness while adhering to and complying with an ever-growing list of technical, legal and regulatory requirements. Tennessee has 700+ fire departments that consist of personnel resources from fully professional to fully volunteer. MTAS currently serves those departments with a single technical consultant covering the entire state.

**Return on Investment:** The additional consultant would accommodate MTAS's desire to improve timeliness and adequacy of service delivery to a constituency faced with ever-increasing demands.

Requested funds: \$131,891

- 1.0 FTE (Fire Services Consultant)
- \$18,000 (Travel and other operating expense)

3. **Police Services Consultant** **\$ 131,891**

Tennessee's 260 municipal police departments are currently served by a single MTAS technical consultant. As is the case with all municipally provided services, police service continually evolves based on constituent needs, changing technical and operational practices and compliance with government mandates from all levels. Failing to adhere to operational standards and legal mandates can (and frequently does) negatively impact the city government providing the service.

**Return on Investment:** The additional police services consultant will enable more frequent and effective contact with municipal police departments with the objective being an improvement in professionalism and a reduction of costs brought about through inefficient operations.

Requested funds: \$131,891

- 1.0 FTE (IT Consultant)
- \$18,000 (Travel and other operating expense)

4. **Student Interns in Municipal Government** **\$ 48,545**

This funding will support a tiered intern program that places students and graduates in

cities for direct service and experience, places students and graduates in MTAS offices for support and experience, and supports independent study opportunities for graduate students. Internships will include those fully funded by this program, independent study (unpaid) research programs, and direct service with cities funded in partnership with participating municipalities.

**Return on Investment:** Internships help the university to develop public service professionals, and improve the work and professional capabilities of Tennessee cities.

Requested funds: \$48,443

- 10 student interns (Part-time)

5. **Parks & Recreation Consultant** **\$ 131,891**

Availability of municipal parks and recreation facilities and programming have progressed beyond the "nice to have" status to that of a basic expectation of today's municipal citizenry. All communities, particularly small ones, face challenges of balancing the need for parks and rec resources with those of competing municipal services. MTAS is currently limited in its availability of parks and rec know-how and expertise, which, in turn, burdens its city customers further in gaining access to effective technical assistance in developing and managing an effective parks and recreation service. Availability of a consultant in this arena will enhance MTAS's ability to assist with this ever-growing municipal need.

**Return on Investment:** The University works closely with state agencies, including TDEC, to advise cities and counties on recreation projects and services, but the need for master planning for local governments continues to be an unmet need. Master planning allows efficient and cost-effective development of parks and recreation facilities and services.

Requested funds: \$131,891

- 1.0 FTE (Parks & Recreation Consultant)
- \$18,000 (Travel and other operating expense)

6. **Sustainability/Planning Consultant** **\$ 131,891**

Cities in Tennessee are in almost desperate need of assistance to develop and implement better strategies for efficient and walkable communities, with a focus on better application of building codes, transportation planning, preservation and resource management. This consultant would develop and represent a team of faculty consultants with expertise in the areas under review to develop consensus and direction on these complex issues.

**Return on Investment:** The changing needs with planning in Tennessee, and the focus on sustainability and growth management, has resulted in frequent requests for technical advice and assistance for Tennessee cities. Efficient development could result in tremendous infrastructure savings with utility extensions and transportation system changes.

Requested funds: \$131,891

- 1.0 FTE (Sustainability/Planning Consultant)
- \$18,000 (Travel and other operating expense)

7. **Policy Research** **\$ 125,000**

The success and impact of the 2010 Fire Mortality developed through an MTAS/Faculty partnership highlights the need for original urban research specific to the needs and problems of Tennessee. MTAS has developed a close working relationship with the graduate schools across the state for the Public Service Internship program, and is partnering with the Department of Political Science to provide practitioners to teach graduate classes. The agreement also encourages and develops additional research opportunities with faculty and graduate students. The funding establishes a compensation formula similar to that in other research universities on applied and public policy research.

**Return on Investment:** Original research conducted by the university staff and faculty furthers the work of the university outreach effort and provides new Tennessee-based information for more effective training and consulting.

**COUNTY TECHNICAL ASSISTANCE SERVICE: \$278,017**

1. **Public Safety Consultant** **\$ 253,640**

CTAS Public Safety consultants:

- (1) Respond to approximately 2,500 requests each year
- (2) Provide oral and written opinions, personal field visits
- (3) Assist and deliver technical assistance in areas of Fire, Law Enforcement, Jail Management, and Ambulance Service
- (4) Develop and teach classroom courses for the County Officials Certificate Training Programs (COCTP).

The need in this area continues to grow.

**Return on Investment:** Consultants deliver the outreach training and service of IPS, and customer contacts indicate that assistance with public safety needs and issues is an acute need in Tennessee counties. CTAS currently does not have the staff to adequately meet the demand.

Requested funds: \$253,640

- 2.0 FTE (Public Safety Consultant)
- \$30,000 (Travel and other operating)

2. **Student Services** **\$ 24,377**

This funding will support a tiered intern program that places students and graduates in counties for direct service and experience, places students and graduates in CTAS offices for support and experience, and supports independent study opportunities for graduate students. Internships will include those fully funded by this program, and direct service with counties funded in partnership with participating county governments.

**Return on Investment:** Internships help the university to develop public service

professionals and improve the work and professional capabilities of Tennessee counties.

Requested funds: \$24,377

- 9.0 student interns (part-time)

**UNIVERSITY-WIDE ADMINISTRATION(UWA): \$919,200**

1. **Staff Compensation** **\$919,200**  
A recent compensation analysis showed that University-Wide Administration (UWA) salaries are well below competitive levels. It will take approximately \$750,000 plus benefits to bring UWA compensation within 85% of benchmark salaries.

THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

ACTION ITEM

DATE: October 17, 2013

COMMITTEE: Finance and Administration

CAMPUS/INSTITUTE: All

ITEM: FY 2014-15 Capital Outlay and Capital Maintenance Projects

RECOMMENDATION: Approval

PRESENTED BY: Charles M. Peccolo, Treasurer and Chief Financial Officer

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In accordance with the Tennessee Higher Education Commission and State Department of Finance and Administration guidelines, the University administration has developed the Capital Outlay and Capital Maintenance Funding Requests for FY 2014-15 and subsequent years.

The five-year schedule for Capital Outlay reflects \$731,575,000 in recommended state funded Capital Outlay Projects which is net of the requisite institutional funding match (25% for UTK, UTC, UTM and 10% for all others). The five-year schedule for Capital Maintenance reflects \$334,950,000 in recommended Capital Maintenance Projects.

The administration seeks approval of these requests and authorization to enter into contracts for design and construction within available funds. Upon approval by the Board of Trustees, the administration will submit these funding requests to state government.

**MOTION:**

**That the Capital Outlay and Capital Maintenance Funding Requests for FY 2014-15 and subsequent years be approved, with authorization to enter into contracts for design and construction for these projects within available funds.**



THE UNIVERSITY OF TENNESSEE  
CAPITAL OUTLAY PRIORITIES  
STATE APPROPRIATIONS

Priority	Projects	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
1	UTK - Science Laboratory Facility (Cumberland and 13th St)	\$ 77,250,000				
2	UTC - Academic Classroom Building Renovation (Lupton/Fine Arts)	26,250,000				
3	UTIA - Energy & Environmental Science Education Building (Ellington Site)	65,475,000				
4	UTK - Engineering Services Facility	79,250,000				
	<b>TOTAL</b>	<b>\$ 248,225,000</b>				
5	UTM - Classroom & Lab. Renovation and Addition (EPS)		\$ 41,250,000			
6	UTK - Academic and Instructional Support Facility (Melrose)		65,250,000			
7	UTIA - Interdisciplinary Research & Education Greenhouses		3,600,000			
8	UTK - Life Sciences and Laboratory Facility (Walters Site)		91,250,000			
	<b>TOTAL</b>		<b>\$ 201,350,000</b>			
9	UTC - Life Sciences Laboratory Facility			\$ 44,625,000		
10				10,950,000		
11	UTC - Health Science Building			41,475,000		
	<b>TOTAL</b>			<b>\$ 97,050,000</b>		
12	UTK - Classroom & Laboratory Facility (Harris Building)				\$ 30,000,000	
13	UTHSC - Medicine/Administration Building				54,000,000	
14	UTK - Nursing Building Renovation & Addition				34,350,000	
	<b>TOTAL</b>				<b>\$ 118,350,000</b>	
15	UTIA - West TN 4-H Center Replacement Project					\$ 32,400,000
16	UTHSC - Dentistry Faculty Practice/Research Building					16,200,000
17	UTC - Communications/Classroom Building					18,000,000
	<b>TOTAL</b>					<b>\$ 66,600,000</b>
	<b>GRAND TOTAL</b>					<b>\$ 731,575,000</b>

**THE UNIVERSITY OF TENNESSEE  
CAPITAL MAINTENANCE PRIORITIES  
STATE APPROPRIATIONS**

Priority	Projects	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
1	UTM - Upgrade Steam Lines	\$ 4,100,000				
2	UTC - Utility Distribution System Expansion	5,300,000				
3	UTK - Chiller System Improvements	5,000,000				
4	UTIA - ETREC-Little River Animal and Environmental Research Unit/W	1,400,000				
5	UTHSC - Link Building HVAC Improvements	3,000,000				
6	UTC - Building Exterior Repairs	2,500,000				
7	UTIA - REC Greenhouse Improvements	1,300,000				
8	UTK - Science Engineering Improvements	9,000,000				
9	UTM - Clement Building System Improvements	7,000,000				
10	UTC - Elevator Improvements	2,600,000				
11	UTK - UTSI Building Improvements	4,500,000				
	<b>TOTAL</b>	<b>\$ 45,700,000</b>				
12	UTK - Electrical Distribution Improvements		\$ 3,500,000			
13	UTIA - REC Roof Replacement		1,200,000			
14	UTC - Roof Replacements		3,300,000			
15	UTIA - College of Veterinary Improvements		4,900,000			
16	UTK - Dabney/Buehler System Upgrade		9,000,000			
17	UTM - Sociology Building HVAC Upgrade		2,900,000			
18	UTK - HVAC Controls System Consolidation		9,000,000			
19	UTC - Brock Hall Improvements		3,900,000			
20	UTIA - Ridley 4-H Center Improvements		3,800,000			
21	UTK - Andy Holt Tower - System Improvements/Controls and Equip.		6,100,000			
22	UTC - Electrical Distribution Improvements		3,000,000			
23	UTHSC - Elevator Improvements		4,150,000			
	<b>TOTAL</b>		<b>\$ 54,750,000</b>			
	<b>TOTAL FY 16-17</b>			<b>\$69,750,000</b>		
	<b>TOTAL FY 17-18</b>				<b>\$73,950,000</b>	
	<b>TOTAL FY 18-19</b>					<b>\$90,800,000</b>
	<b>GRAND TOTAL</b>					<b>\$334,950,000</b>

THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

ACTION ITEM

DATE: October 17, 2013

COMMITTEE: Finance and Administration

CAMPUS/INSTITUTE: All

ITEM: FY 2014-15 Revenue/Institutionally Funded Projects

RECOMMENDATION: Approval

PRESENTED BY: Charles M. Peccolo, Treasurer and Chief Financial Officer

The administration has developed the revenue-funded projects listed on the attached summary for inclusion in the FY 2014-15 State of Tennessee Budget Document. Identified projects total \$238,600,000. Although no state funds are requested, legislative approval of the projects is required. The administration seeks approval of these projects prior to submitting them to the Tennessee Higher Education Commission to begin the legislative approval process. The administration also seeks authorization to enter into contracts for design and construction for these projects within available funds.

The administration also seeks authorization to enter into contracts for design and construction associated with revenue/institutionally funded projects subsequently identified during the fiscal year. Any subsequently identified projects will be approved by the President and reported to the Board of Trustees at its next regularly scheduled meeting.

**MOTION:**

**That the Revenue/Institutionally Funded Projects for FY 2014-15 be approved, with authorization to enter into contracts for design and construction of these projects, within available funds, and, with the approval of the President, for design and construction of other revenue/institutionally funded projects identified during the fiscal year within available funds.**

**THE UNIVERSITY OF TENNESSEE  
PROPOSED REVENUE/INSTITUTIONALLY FUNDED PROJECTS  
FY 2014-2015**

	Projects	FY 14-15
	<b>UTC</b>	
1	Lighting Upgrades	\$ 2,700,000
2	Disability Resource Center	800,000
3	Football Training Facility - Phase I (Planning)	1,000,000
4	Retrofit State Buildings	4,000,000
5	Academic Classroom Bldg. Renov. (Lupton/Fine Arts) (Planning)	2,000,000
	<b>TOTAL</b>	<b>\$ 10,500,000</b>
	<b>UTHSC</b>	
1	Pharmacy Building - Completion of Basement	<b>\$ 3,000,000</b>
	<b>UTIA</b>	
1	Biosystems Engineering Learning & Innovation Hub	<b>\$ 350,000</b>
	<b>UTK</b>	
1	Arena Renovations and Repairs	\$ 15,000,000
2	Parking Garages/Parking Lots Repairs (2014-2015)	1,000,000
3	Dining Services Improvements (2014-2015)	750,000
4	Environmental Initiatives (2014-2015)	1,500,000
5	Campus Beautification Projects (2014-2015)	4,000,000
6	Classroom Upgrades (2014-2015)	5,000,000
7	Replacement Residence Halls	127,000,000
8	New Student Housing	65,400,000
9	Engineering Services Facility (Planning)	3,000,000
10	University Avenue Buildings Improvements	2,100,000
	<b>TOTAL</b>	<b>\$ 224,750,000</b>
	<b>GRAND TOTAL</b>	<b>\$ 238,600,000</b>

THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

ACTION ITEM

DATE: October 17, 2013

COMMITTEE: Finance and Administration

CAMPUS/INSTITUTE: All

ITEM: **FY 2013 Annual Flight Operations Report**

RECOMMENDATION: Approval

PRESENTED BY: Charles M. Peccolo, Treasurer and Chief Financial Officer

In accordance with the Board-approved policy on University Aircraft, the following Annual Flight Operations Report is presented for the Board's review and approval.

**MOTION:**

**That the FY 2013 Annual Flight Operations Report be approved as presented in the meeting materials.**

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**THE UNIVERSITY OF TENNESSEE  
FY 2013 UT FLIGHT OPERATIONS REPORT**

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This FY 2013 University of Tennessee Flight Operations Report is presented annually to the UT Board of Trustees in accordance with University Fiscal Policy 735, University Aircraft.

The UT Flight Operations Department provides University personnel and guests with safe, reliable and efficient flight services using the UT plane and various charter flight operators as appropriate. In FY 2013, the UT plane was flown 371.8 flight hours, a 14% decrease from FY 2012. These hours were flown during 433 separate flights, a 9% decrease from FY 2012. A total of 304 legs or 70% were flown between Knoxville and Nashville or UT entities. The 70% usage percentage is comparable to the 70% norm of recent years.

A total of 711 passengers were carried, which involved 252 different individuals. Compared to FY 2012, the UT plane carried 14% fewer passengers in FY 2013. Efforts continue to be made to fill more of the available seats on planned flights.

Since its acquisition in March 2008, the UT plane, a 2008 Beechcraft King Air 350, has given exceptional and reliable service. During FY 2013, no scheduled flights were cancelled due to maintenance deficiencies. Prompt attention was given to issues as they arose in order to ensure the plane was available for subsequent departures.

The operating cost of the UT plane is funded from departmental recoveries as well as support from the system administration and the UT Knoxville Athletics Department. University departments paid \$950 per flight hour during FY2013, which funds the variable operating and routine maintenance costs. The system administration funds pilot salaries, benefits and extraordinary maintenance.

In FY 2013, the cost of operations was \$791,309. Major expenditures include pilot salaries and benefits of \$295,711, fuel cost of \$216,452 and \$131,996 in maintenance and repairs. The cost of fuel averaged \$568 per flight hour, which is about 3% higher than FY 2012.

FY 2013 marked a milestone year in the life of the UT plane when it completed its 5<sup>th</sup> year of service to the University. Several major systems were due for overhaul, replacement or inspection/repair. These included the engines (hot section inspections), propellers (overhauls), all fluid hoses (replacement), and fire bottles (replacement). These repairs totaled \$36,702. The next round of 5 year items will include engine overhauls, rather than only inspections, and will be at substantially higher cost.

Additionally, the plane's avionics/radio warranty expired in March 2013. The decision was made to purchase an extended warranty-type program to repair or replace the radio equipment when needed. The UT plane is a highly electronic dependent airplane and swift replacement of failed items helps to reduce downtime. This expense of \$24,776 is expected to be an annual expense. We are beginning to see the increased maintenance expense associated with aging aircraft, although a 5 year old turbine aircraft is still quite young compared to the overall fleet's average age.

Without the associated expenses of \$61,478 mentioned above and included in the \$131,996 FY 2013 maintenance total, the operational maintenance amount of \$70,518 for FY 2013 is about 12% lower than FY 2012.

In utilizing the UT plane, passengers make much more efficient and productive use of their time, especially while traveling within Tennessee, to reach locations not served by commercial airlines or traveling on flight schedules that the airlines cannot accommodate.

We continue to make every effort to use the UT plane before making use of charter flight services. However, those charter flight services are essential to meeting the travel needs of the University. In FY 2013, the University contracted for charter flights valued at \$663,981. The primary departmental user of charter aircraft is UT Knoxville men's athletics, especially during the football recruiting periods, when more than 1 airplane is required on most recruiting days. Charter flight services provide that additional required capacity.

Overall, for the UT Flight Operations Department, FY 2013 was a year of continued excellent service provided to the University. In addition to maintaining the highest safety standards, we continue to emphasize strong customer service and promote the most efficient use of the UT plane.

## UT Flight Operations (UT Plane) Operating Costs per Operational Hour FY 2013-2008

	2013	2012	2011	2010	2009
Recoveries/Support					
Departmental Recoveries	\$ 356,412	\$ 390,874	\$ 302,393	\$ 201,163	\$ 287,170
System Support <sup>(1)</sup>	274,897	162,764	132,357	175,776	183,565
Athletic Support <sup>(2)</sup>	160,000	160,000	160,000	160,000	155,000
Total Recoveries/Support	<u>791,309</u>	<u>713,638</u>	<u>\$ 594,750</u>	<u>\$ 536,939</u>	<u>\$ 625,735</u>
Expenditures					
Salaries & Benefits	\$ 295,711	\$ 282,593	\$ 278,299	\$ 261,578	\$ 312,605
Contract Pilots/Extra Service	7,475	9,750	10,025	19,886	17,950
Fuel	216,452	245,271	129,781	128,443	153,176
Routine Maintenance/Inspections	131,996	79,696	50,639	40,123	33,723
Travel	27,195	22,011	12,391	12,098	11,994
Printing		277	10		81
Phone & Postage	3,967	4,209	4,008	4,543	3,906
Pilot Training	38,400	12,500	37,500	13,250	30,700
Supplies	8,569	4,576	16,918	13,290	1,852
Computer Services		4,183	7,471		804
Office and Hangar Rent	24,338	23,555	23,060	22,590	22,590
Liability Insurance	29,128	23,430	21,381	19,730	19,554
Motor vehicle - Nashville					7,466
Misc Operational Exp	8,078	1,587	3,265	1,410	9,335
Total Expenditures	<u>\$ 791,309</u>	<u>\$ 713,638</u>	<u>\$ 594,750</u>	<u>\$ 536,939</u>	<u>\$ 625,735</u>
Net Gain/(Loss)	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Total Flight Hours	371.80	432.00	300.1	309.0	324.4
Capital Maintenance					
Cost per hour to operate <sup>(3)</sup> (without capital maintenance)	2,128.32	1,651.94	\$ 1,982	\$ 1,738	\$ 1,929

(1) System Support covers salaries, benefits, and capital maintenance/enhancements.

(2) Direct support from UT Knoxville Athletics Department.



THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

ACTION ITEM

DATE: October 18, 2013

COMMITTEE: Academic Affairs and Student Success

CAMPUS/UNIT: UT Knoxville

ITEM: **Honorary Doctor of Science and Letters in Ecology and Evolutionary Biology**

RECOMMENDATION: Approval

PRESENTED BY: Jimmy G. Cheek, Chancellor, UT Knoxville

The Board of Trustees Policy on Awarding Honorary Degrees allows each campus to award up to three honorary degrees each year. In accordance with the Board policy, each campus developed specific procedures for nominating and considering honorary degrees. The nominating committee includes a representative faculty group, the campus Chancellor, and the Chair of the Academic Affairs and Student Success Committee of the Board. The awarding of honorary degrees must be approved by the Board of Trustees upon the recommendation of the President

UT Knoxville proposes to award the degree of Honorary Doctor of Science and Letters in Ecology and Evolutionary Biology to Dr. E.O. Wilson. Dr. Wilson was the Joseph Pellegrino University Research Professor in Entomology at Harvard University. Throughout his career, Dr. Wilson discovered over 450 ant species and is considered to be the world's leading authority on this subject. He is regarded as the founder of sociobiology, the study of the genetic basis of the social behavior of all animals and humans. Wilson was a pioneer in the field of biodiversity studies and edited a key book on the subject for the National Academy of Sciences.

Dr. Wilson earned his B.S. and M.S. degrees in Biology at the University of Alabama. After graduating, he briefly came to The University of Tennessee, Knoxville to work with ant taxonomist Dr. Arthur Cole. Dr. Cole and Dr. Aaron Sharp in the UT Knoxville Botany Department noted Wilson's extensive talents and assisted him in transferring to Harvard, where he completed his doctoral work. He received the Ph.D.

from Harvard in 1955. He began teaching at Harvard the following year and spent the next forty years as a faculty member there.

Dr. Wilson's impact on UT Knoxville goes beyond his brief time here as a student. He served as a mentor to UT Knoxville's Dan Simberloff while he was a graduate student at Harvard. Dr. Simberloff is the Hunger-Gore Distinguished Professor of Environmental Studies, and in 2012 he joined Dr. Wilson in being elected to the National Academy of Sciences.

Although retired from teaching at Harvard, Dr. Wilson continues to write, and his recent books, *Letters to a Young Scientist* and *The Social Conquest of Earth*, were both *New York Times* best sellers.

This proposal has been approved at all administrative levels and is in accordance with the Board policy and campus procedures. Upon the Board's approval, the degree will be conferred at the Spring 2014 Commencement.

**MOTION:**

**That the degree of Honorary Doctor of Science and Letters in Ecology and Evolutionary Biology from The University of Tennessee, Knoxville be awarded to Dr. E.O. Wilson.**

October 8, 2013

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

Dear President DiPietro:

It is important for the University of Tennessee, Knoxville to recognize the achievements of select individuals who have made and continue to make significant contributions to the university and to our world. As such, I am pleased to nominate Dr. Edward O. Wilson to receive an Honorary Doctor of Science and Letters in Ecology & Evolutionary Biology from the University of Tennessee, Knoxville at the spring 2014 commencement ceremony.

Dr. Wilson was the Joseph Pellegrino University Research Professor in Entomology for the Department of Organismic and Evolutionary Biology at Harvard University. He specializes in myrmecology, the study of ants. Throughout his career, Dr. Wilson discovered over 450 ant species and is considered to be the world's leading authority on this subject. Dr. Wilson is also regarded as the founder of sociobiology, the study of the genetic basis of the social behavior of all animals and humans. Throughout his career, Dr. Wilson has made significant contributions to science, including the discovery that ants communicate primarily through the transmission of chemical substances known as pheromones. He co-founded the equilibrium theory of island biogeography and published several works on character displacement, an important element of evolutionary theory. Wilson was also a pioneer in the field of biodiversity studies and methods of biodiversity conservation, and he edited a key book on the subject for the National Academy of Sciences in 1988.

Dr. Wilson earned his B.S. and M.S. degrees in Biology at the University of Alabama. After graduating, he briefly came to the University of Tennessee, Knoxville to work with ant taxonomist Arthur C. Cole. Dr. Cole as well as Dr. Aaron Sharp in our Department of Botany noted Wilson's extensive talents and aided him in transferring to Harvard University, where he completed his doctoral work. He would receive his Ph.D. from Harvard in 1955. The following year, he began teaching at Harvard where he would spend the next forty years as a faculty member.

Dr. Wilson's impact on the University of Tennessee, Knoxville goes beyond his brief time here as a student. He has visited our campus occasionally and was the featured speaker during the Environmental Semester held in 2005. In addition, Dr. Wilson served as a mentor to our very own Dan Simberloff, currently the Hunger-Gore Distinguished Professor of Environmental Studies. Dan was a graduate student under Dr. Wilson at Harvard University. Since then, the two have co-authored a number of papers on experimental studies on the theory of island biogeography, which won them the famed Mercer Award of the Ecological Society of America

in 1971. In 2012, Dr. Simberloff joined Dr. Wilson in being elected to the National Academy of Sciences, one of the highest honors that can be bestowed upon a scientist.

Dr. Wilson officially retired from teaching at Harvard in 1996, but he continues to hold the posts of Professor Emeritus and Honorary Curator in Entomology. Since his retirement, Dr. Wilson has continued to write regularly. He recently published the *New York Times* best-seller, *Letters to a Young Scientist*, a memoir in the form of 21 letters where he distills over sixty years of teaching, research, and lifetime experiences. His book entitled *The Social Conquest of Earth* was also a *New York Times* best seller. Dr. Wilson is a two-time winner of the Pulitzer Prize for General Non-Fiction. He is also a Fellow of the Committee for Skeptical Inquiry and is a Humanist Laureate of the International Academy of Humanism.

The entire nomination process is set out on the Provost's website (<http://provost.utk.edu/policies/honorary-degrees/>) and is modeled on, and consistent with, the UT Board of Trustees' policy for granting honorary degrees.

I request that you give serious consideration to honoring Dr. E.O. Wilson with this distinction.

Sincerely,

  
Jimmy G. Cheek  
Chancellor

Enclosures (3)

Approved:   
Joseph A. DiPietro  
President, University of Tennessee System

THE UNIVERSITY of TENNESSEE **UT**  
KNOXVILLE

Department of Geography  
COLLEGE OF ARTS & SCIENCES

304 Burchfiel Geography Building  
1000 Phillip Fulmer Way  
Knoxville, TN 37996-0925  
865-974-2418  
fax 865-974-6025  
utkgeog@utk.edu

October 4, 2013

Dr. Jimmy G. Cheek  
Chancellor  
University of Tennessee, Knoxville  
527 Andy Holt Tower  
CAMPUS

Dear Chancellor Cheek,

On behalf of the Special Committee, it is my pleasure to report that we concur with the recommendation of the Honorary Degree Nominating Committee to support the nomination of Dr. E.O. Wilson. The Special Committee met on Friday, October 4<sup>th</sup> with four members present and one proxy vote (from Gary McCracken, the nominator). The vote to support Dr. Wilson's nomination was unanimous.

In its deliberations, the committee focused on Dr. Wilson's contributions to science, society, and the University of Tennessee. Dr. Wilson is internationally recognized for his research on biodiversity, ecology, and biogeography. He is the author of numerous scientific publications, including more than 20 books, and has won Pulitzer Prizes for two books, *Ants* (as co-author) and *On Human Nature*, that communicate science to society as well as to scientists. His early selection to the National Academic of Sciences and receipt of the U.S. National Medal of Science are two highly prestigious indicators of his impact as a scientist. Dr. Wilson began doctoral work at the University of Tennessee before moving to Harvard to complete his Ph.D. He has maintained a relationship to UT, returning most recently for a lecture in 2005. His first Ph.D. student, Dr. Dan Simberloff, holds the Gore-Hunger Chair of Excellence in UT's Department of Ecology and Evolutionary Biology and was recently elected to the National Academy of Science.

Based on Dr. Wilson's merits, and in compliance with the UT Board of Trustees policy for the awarding of honorary degrees, the Special Committee approves Dr. Wilson for an honorary degree and we forward his nomination to you for consideration.

Sincerely,



Carol Harden  
Chair, Special Committee  
Professor, Department of Geography

Committee members: David Anderson, David Buehler, Susan Martin, Gary McCracken

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October 8, 2013

Dr. Susan Martin  
Provost and Senior Vice Chancellor  
525 Andy Holt Tower  
CAMPUS

Dear Provost Martin,

On behalf of the Honorary Degree Nominating Committee, it is my pleasure to report that there was unanimous support for awarding an honorary doctorate to Dr. E.O. Wilson. The committee met this morning with Chancellor Cheek and Trustee Vicky Gregg, member of the University of Tennessee Board of Trustees, to discuss this candidate and review the nomination letter submitted by Dr. Gary McCracken.

With regards to voting, Chancellor Cheek passed but everyone else in attendance voted in favor of awarding this honorary doctorate to Dr. E.O. Wilson. Please let me know if you need any additional information as you move forward with this recommendation. Thank you for the opportunity to participate in this process.

Sincerely,

Lee D. Han  
Chair, Honorary Degree Nominating Committee



**Ecology & Evolutionary Biology**  
569 Dabney Hall  
1416 Circle Drive  
Knoxville, TN 37996-1610  
Phone: (865) 974-3065  
Fax: (865) 974-3067  
<http://eeb.bio.utk.edu>

June 3, 2013

To: Dr. Theresa Lee, Dean College of Arts and Sciences

From: Gary McCracken, Professor and Head, EEB  
Dan Simberloff, Gore Hunger Professor of Environmental Studies, EEB  
Gordon M. Burghardt, Alumni Dist. Serv. Professor, EEB and Psychology

Subject: Nomination of E.O. Wilson as Honorary Doctor of Science and Letters in Ecology & Evolutionary Biology

Honorary Degrees are awarded from the University of Tennessee “.....to recognize individuals who have benefited the institution or society through outstanding achievements and leadership”. We are pleased to nominate Edward O. Wilson, an individual who exemplifies these criteria. Prof. Wilson, born in Alabama, has shown a lifetime of innovative and influential scholarship in several fields and has been a leader in studying conservation and biodiversity questions, influencing generations of students, scientists, and informed and activist members of the general public. He is a visionary who has helped alert us to human impacts on the biological riches of our planet and the growing evidence of the threats to our own well-being as well as to many animals and plants. Ed Wilson has been recognized at the highest levels for his accomplishments. He is not only a creative and seminal scientist, but he has written a Pulitzer Prize winning popular book (On Human Nature) and also received a Pulitzer for his co-authored book on The Ants. He has written over 20 other books, including, in 2010, a novel that won the Heartland Prize. Not surprisingly he has received much recognition. He was elected to the National Academy of Sciences at the young age of 40, received the U. S. National Medal of Science before he was 50, and has been awarded numerous awards for his ecological and conservation work as well as many honorary degrees. He also works in areas of social science and the humanities and received the Ben Franklin Medal from the American Philosophical Society. He is widely recognized as the founder, in the 1970s, of the field of sociobiology, which has inspired a plethora of illuminating research in ecology, evolution, and behavior. His accomplishments in ecology include the co-founding in the 1960s of the equilibrium theory of island biogeography, which continues to inspire important research in population- and community-level ecology and conservation biology. In evolution, *inter alia*, he and William Brown in 1959 published a seminal work describing the concept of character displacement, which has shaped much of our thinking about the co-evolution and ecology of similar co-existing species.

A few biographical facts are given here, but much more detail is found in the Wikipedia and other on-line biographical sources. Edward O. Wilson was born in 1929 in

Birmingham, Alabama. He was an active child fascinated by animals, especially snakes and insects. He became fascinated by ants and began scientific collections while still in high school. He attended the University of Alabama for his B.S. and M.S. degrees and did doctoral graduate work here at the University of Tennessee in 1950. He came to work with noted ant taxonomist Arthur C. Cole, a long time UT faculty member. However, his enormous talents were noted, especially by Aaron Sharp in the Botany department, who aided him in transferring to Harvard University, where he obtained his Ph.D. and where he spent the majority of his career. One of his first and most eminent graduate students was Daniel Simberloff, currently the Hunger-Gore Distinguished Professor of Environmental Studies at UT, who has followed his mentor in being elected to the National Academy of Sciences. This connection with UT should aid in his accepting of an honorary degree here, despite his advancing age.

Dr. Wilson, though leaving UTK over 60 years ago, has visited UT occasionally since then. He was the featured speaker during the Environmental Semester held here in spring of 2005. He had, by all accounts, a fine visit, coordinated through EEB and the Chancellor's office. He conversed with undergraduate and graduate students as well as faculty, went on a short expedition seeking ants, and he is particularly enthusiastic about the active myrmecology graduate program at UT. Having such a distinguished scientist and public figure known for his passionate love for nature and the human prospect would be a fitting honor of a former attendee of UT and a be a well-publicized event emblematic of our aspirations for scholarly excellence. It would also be a fitting sendoff for our graduating students, who would be encouraged to help conserve our endangered planet.

Dr. Wilson and his wife Irene now live in Lexington, Massachusetts and have a daughter and her family who live nearby. He recently had a medical issue that has curtailed long research trips or speaking tours, but is able and eager to make short excursions.



THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

ACTION ITEM

DATE: October 18, 2013

COMMITTEE: Advancement and Public Affairs

CAMPUS/UNIT: All

ITEM: Annual Report to the General Assembly

RECOMMENDATION: Approval

PRESENTED BY: Joseph A. DiPietro, President

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

The annual report for 2012-2013 is presented in the following pages.

**MOTION:**

**That the 2012-2013 Annual Report to the General Assembly be approved as presented in the meeting materials.**



## FROM THE PRESIDENT

The promise of Tennessee's future and that of the University of Tennessee are inextricably linked. As we achieve greater success in delivering high-quality education to greater numbers of Tennesseans, the state of Tennessee will be poised for greater opportunity for generations to come.

### ON THE COVER

This medallion bearing the "University of Tennessee President's Seal" is worn by the UT System President for commencement ceremonies. It was originally designed by UT architect Malcolm Rice for the inauguration of Dr. Andy Holt in 1960. The three words in the center signify the qualities of a UT president — vision, character, and energy. The silver overlay depicts a Gordian knot being cut by a sword, a leaping flame signifying the torch of knowledge and a quill representing the power of the written word.



Each year, student leaders from our campuses gather, and I relish the opportunity to hear about what's important to them, to answer their questions and to get their perspective on our University.

## defining the FUTURE

THE SYSTEM STRATEGIC PLAN

Implementation of the UT System Strategic Plan is in its second year, and progress on each of the five goals is tracked using an online dashboard.

### THE FIVE STRATEGIC GOALS

- 1 Enhancing Education Excellence
- 2 Expanding Research Capacities
- 3 Fostering Outreach and Engagement
- 4 Ensuring Effectiveness and Efficiency
- 5 Advocating for the University of Tennessee System

"The UT System's delivery of education, discovery, outreach and public service contributes to the economic, social and environmental well-being of all Tennesseans."  
- University of Tennessee System Mission Statement

Gov. Haslam's Drive to 55 initiative gives us even greater incentive to increase our graduation and retention rates. UT's undergraduate campuses have the top four graduation rates among public universities in Tennessee.

PHOTO BY ADAM BRIMER

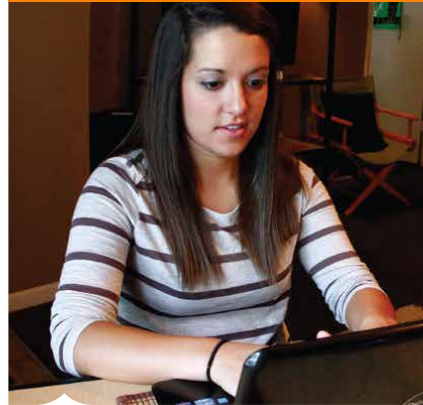


# EDUCATE

NEW BUILDINGS AND NEW WAYS TO TEACH STUDENTS ACROSS TENNESSEE

The University of Tennessee offers more than 40 online academic programs and 600 online courses. Professor Richard Griffin at UT Martin has been teaching online since 1998.

## ALTERNATIVE EDUCATION PLATFORMS



UT is evaluating new forms of teaching through contracts with Coursera and edX. Over 18 months, our faculty and students are testing these platforms to determine if they can be used to improve the educational experience and progression and graduation of our students.

## CONSTRUCTION ON CAMPUS



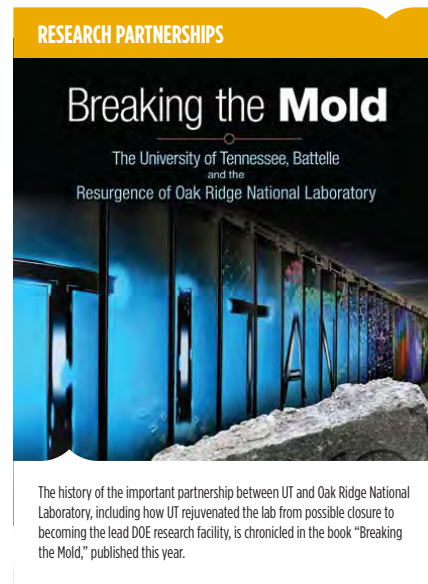
Construction continues on UT Chattanooga's new library that is set to open in the 2014-15 academic year. The current library holds 400,000 print books with about 5,000 new added each year. The new library will accommodate 30 years of growth to hold future acquisitions.



# DISCOVER

FACULTY AND STUDENT RESEARCH LEADS TO BETTER OUTCOMES AND LIFESTYLES

Was there water on Mars? Associate Professor Linda Kah at UT Knoxville is part of NASA's Mars Curiosity Rover team analyzing whether the planet once had flowing water. They believe it did, which means the planet may have had the potential to support life.

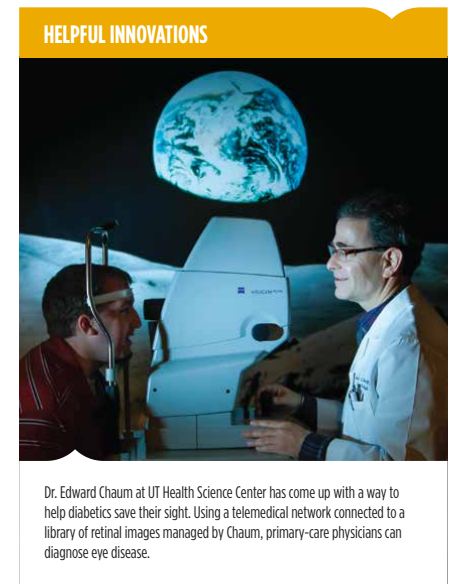


## RESEARCH PARTNERSHIPS

### Breaking the Mold

The University of Tennessee, Battelle  
and the  
Resurgence of Oak Ridge National Laboratory

The history of the important partnership between UT and Oak Ridge National Laboratory, including how UT rejuvenated the lab from possible closure to becoming the lead DOE research facility, is chronicled in the book "Breaking the Mold," published this year.



## HELPFUL INNOVATIONS

Dr. Edward Chaum at UT Health Science Center has come up with a way to help diabetics save their sight. Using a telemedical network connected to a library of retinal images managed by Chaum, primary-care physicians can diagnose eye disease.



**CONNECT**  
HUNDREDS OF TENNESSEANS BENEFIT FROM UT PROGRAMS EVERY DAY

More than 100,000 people each year visit the UT Gardens, which earned designation as the state's botanical gardens in April 2013. The UT Gardens include facilities in Jackson, Crossville and Knoxville.

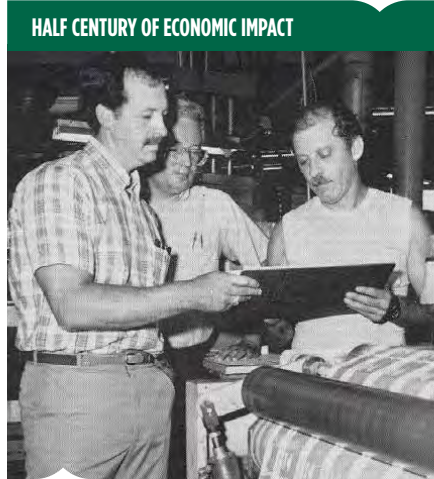
**TOP FACILITY WITH TOP FACULTY**



**BEST CHILDREN'S HOSPITALS**  
A WORLD REPORT  
**US News**  
RANKED IN 5 SPECIALTIES  
2013-14

Le Bonheur Children's Hospital in Memphis has been a top facility nationally for three years in a row. UT faculty practice and teach in most of the specialties in the U.S. News ranking.

**HALF CENTURY OF ECONOMIC IMPACT**



The UT Center for Industrial Services celebrates its 50th year in 2013. CIS provides assistance to more than 400 manufacturers, such as suggesting ways to streamline operations, and averages \$600 million in economic impact a year.

**FINANCIALS / SOURCES OF CURRENT FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**FEDERAL AND LOCAL APPROPRIATIONS \$21,019,619.54**  
 Appropriations received in support of the University's land-grant mission, used primarily by the Agricultural Experiment Station and Tennessee Extension.

**INDEPENDENT OPERATIONS \$75,450,787.11**  
 Revenues collected from UT Medical Center in Knoxville and the UT Foundation for leased employees.

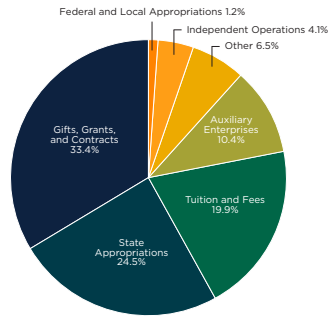
**OTHER \$117,622,056.38**  
 Revenues generated from sources not included in other classifications, such as sales and services by University departments and investment income.

**AUXILIARY ENTERPRISES \$189,480,242.43**  
 Revenues from operations of auxiliary activities such as housing, dining halls, bookstores, parking and UT Knoxville athletics.

**TUITION AND FEES \$364,214,433.24**  
 Revenues collected from students; includes resident enrollment fees, program and service fees, extension enrollment fees and other fees.

**STATE APPROPRIATIONS \$448,259,216.43**  
 Legislative appropriations from the Tennessee General Assembly for current operations of the University.

**GIFTS, GRANTS, AND CONTRACTS \$610,654,412.28**  
 Revenues from federal and non-federal granting entities and gifts restricted for specific purposes, primarily for sponsored research and training activities.



Total: \$1,826,700,767.41

**FINANCIALS / USES OF CURRENT FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**LONG TERM DEBT & OTHER TRANSFERS \$19,008,676.84**  
 Mandatory transfers for debt service and other transfers.

**INDEPENDENT OPERATIONS \$77,039,115.21**  
 Expenditures for leased employees for UT Medical Center in Knoxville and the UT Foundation.

**STUDENT SERVICES \$79,301,260.77**  
 Expenditures for student services including admissions, registrar, student activities, counseling, career guidance, student aid administration and health services.

**INSTITUTIONAL SUPPORT \$97,084,988.92**  
 Expenditures for executive management, financial operations, personnel services, security, public relations, development activities and alumni relations.

**PHYSICAL PLANT \$109,791,672.29**  
 Expenditures for the operation and maintenance of physical plant including utilities and service related to grounds and facilities.

**PUBLIC SERVICE \$122,668,764.48**  
 Expenditures for non-instructional programs beneficial to individuals and groups external to the University.

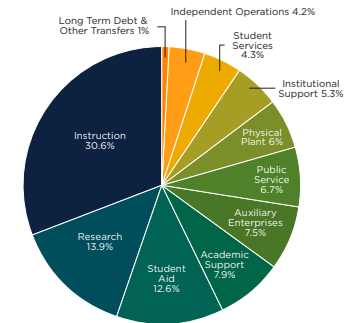
**AUXILIARY ENTERPRISES \$137,737,751.27**  
 Activities that furnish goods and services to students, faculty and staff. Includes mandatory transfers for debt service.

**ACADEMIC SUPPORT \$146,225,505.81**  
 Expenditures for libraries, computing support and academic administration.

**STUDENT AID \$231,355,444.08**  
 Scholarships and Fellowships awarded to students.

**RESEARCH \$255,954,699.86**  
 Direct expenditures for sponsored research activities funded from federal, state, local and private sources.

**INSTRUCTION \$563,554,303.61**  
 Includes all expenditures, including faculty and staff salaries incurred in connection with instruction programs for credit and non-credit courses.



Total: \$1,839,722,183.14

**FINANCIALS / INVESTMENTS BENEFITING THE UNIVERSITY**

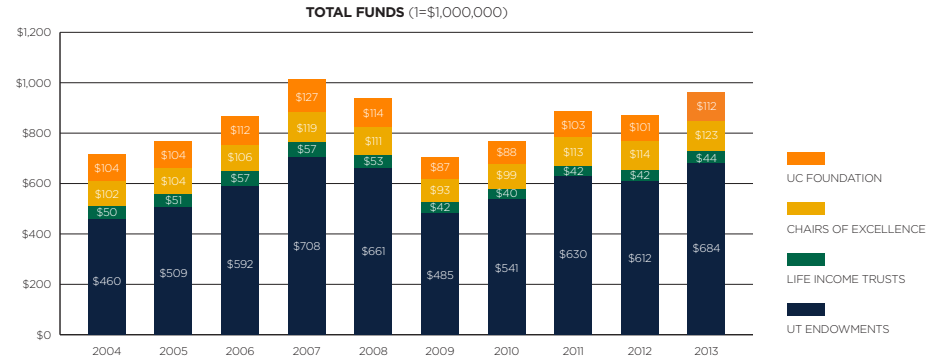
During the 2013 fiscal year, total funds invested for the benefit of UT grew to \$963 million from \$869 million. Solid investment performance by nearly every asset class in which the University invests helped produce the \$94 million increase. Credit-related investments as well as natural resource holdings were particularly strong. In contrast, high-grade bonds (traditional "safe-haven" investments) produced negative returns due to a significant rise in interest rates over the period.

Historical funds available to the University of Tennessee at fiscal year-end are displayed in the accompanying chart. As of June 30, 2013, total Endowments were \$684 million; Chairs of Excellence, \$123 million; the University of Chattanooga Foundation, \$112 million; and Life Income Trusts were \$44 million.

The majority of University endowments, \$672 million, is invested through the University's Consolidated Investment Pool. This vehicle was established in 1954 to allow for diversification and efficient investment of all endowed assets, regardless of their size. The long-term goal of the pooled endowment investment program is to provide a sustainable level of support for the University programs, while preserving the real purchasing power of the endowments for the future in perpetuity.

Over the last 12 months, the pool generated a total return of 12.3% and +6.7% over the ten-year period. During the fiscal year, it distributed \$28 million, a modest increase from the \$26.4 million in the prior year. The distribution rate is calculated using a rolling calendar three-year average of the pool's market value. This rolling average method helps smooth out market volatility and changes in expense ratios from year to year. The actual rate is equal to 4.5% of that three-year rolling average.

Finally, the Tennessee Chairs of Excellence distributed \$3.7 million, and the University of Chattanooga Foundation provided \$6.4 million for the fiscal 12 months. Both of these categories are managed outside the pool. The Chairs of Excellence are administered by the treasurer of the state of Tennessee for the benefit of all UT campuses. The University of Chattanooga Foundation, affiliated with the University of Tennessee, is managed by its foundation board and supports programs at UT Chattanooga only.





FALL ENROLLMENT 2012 - 2013 (HEADCOUNT)

UT SYSTEM	2009	2010	2011	2012	2013	5-Year Change
Undergraduate	37,807	38,573	38,605	38,401	38,504	1.8%
Graduate	10,764	10,992	10,940	10,843	10,623	-1.3%
<b>Total</b>	<b>48,571</b>	<b>49,565</b>	<b>49,545</b>	<b>49,244</b>	<b>49,127</b>	<b>1.1%</b>

UT KNOXVILLE	2009	2010	2011	2012	2013	5-Year Change
Undergraduate	21,006	21,308	21,126	20,829	21,033	0.1%
Graduate Academic	5,313	5,395	5,399	5,407	5,349	0.7%
Graduate Professional	788	820	854	782	789	0.1%
<b>Total</b>	<b>27,107</b>	<b>27,523</b>	<b>27,379</b>	<b>27,018</b>	<b>27,171</b>	<b>0.2%</b>

UT CHATTANOOGA	2009	2010	2011	2012	2013	5-Year Change
Undergraduate	9,039	9,229	9,891	10,159	10,297	13.9%
Graduate	1,487	1,552	1,547	1,501	1,377	-7.4%
<b>Total</b>	<b>10,526</b>	<b>10,781</b>	<b>11,438</b>	<b>11,660</b>	<b>11,674</b>	<b>10.9%</b>

UT MARTIN	2009	2010	2011	2012	2013	5-Year Change
Undergraduate	7,586	7,947	7,500	7,326	7,025	-7.4%
Graduate	515	522	413	425	398	-22.7%
<b>Total</b>	<b>8,101</b>	<b>8,469</b>	<b>7,913</b>	<b>7,751</b>	<b>7,423</b>	<b>-8.4%</b>

UT HEALTH SCIENCE CENTER	2009	2010	2011	2012	2013	5-Year Change
Undergraduate	176	89	88	87	149	-15.3%
Graduate Academic	996	1,062	1,115	1,111	1,067	7.1%
Graduate Professional	1,665	1,641	1,612	1,617	1,643	-1.3%
<b>Total</b>	<b>2,837</b>	<b>2,792</b>	<b>2,815</b>	<b>2,815</b>	<b>2,859</b>	<b>0.8%</b>

- Includes non-degree seeking and dual enrollment (high school) students
- Excludes students enrolled in audited classes and co-op courses
- UTK includes Space Institute and Veterinary Medicine students
- UTHSC excludes Residents in Health Sciences
- Grad-Professional = Medicine: MD, Dentistry: DDS, Pharmacy: PHARMD, Law: JD, and Vet Med: DVM



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