

















December 2017 UofM Governance and Finance Committee Meeting

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| Schedule | Thursday, December 07, 2017, 10:15 AM — 11:00 AM CST |
| Venue | Wilder Student Union Room 218, Lambuth Campus, Jackson, TN |
| Organizer | Jean Rakow |

Agenda

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1. Call to Order

2. Roll Call

3. Approve Minutes of the October, 2017 Committee Meeting

For Approval

Presented by Alan Graf

University of Memphis Governance and Finance Committee Meeting
October 4, 2017
Memphis, Tennessee
Meeting Minutes

The University of Memphis Governance and Finance Committee Meeting was held at 9:52 a.m. CDT, on Wednesday October 4, 2017, on the campus of the University of Memphis in Memphis, Tennessee.

I. CALL TO ORDER/ROLL CALL/DECLARATION OF QUORUM

Trustee Graf called the meeting to order and welcomed the attendees. University Counsel and Acting Board Secretary Melanie Murry called the roll. The following Governance and Finance Committee members were present: Trustee Graf, Trustee Johnson, Trustee Martin, Trustee North, Trustee Schaffzin and Trustee Springfield.

A quorum was present. Members of the administrative staff and guest speakers were present.

II. Approval of Minutes

It was moved by Trustee Johnson properly seconded to approve the minutes from the June 6, 2017 Governance and Finance Committee meeting. Discussion ensued from Trustee Schaffzin regarding the compensation plan. She indicated that at the last committee meeting they had a robust discussion on the compensation plan regarding a long term plan to fund a faculty compensation plan and the need for the University to come back to the Trustees with a plan. Chair Graf added this topic to the end of the meeting as unfinished business. A vote was taken and the motion passed.

III. Delegation of Authority

Tennessee Code Annotated § 49-8-203 outlines the powers and duties of the Board of Trustees for the University of Memphis. As provided in the statute, the Board of Trustees may delegate to the “chief executive officer of each respective institution such powers and duties as are necessary and appropriate for the efficient administration of the institution and its programs.” Additionally, the Bylaws provide that the President shall supervise, direct and control the affairs of the University. An Interim Delegation of Authority was approved by the Board of Trustees at its March 17, 2017 meeting. At that time, the Board of Trustees delegated to the president certain authority to operate the University. In June, a draft policy was provided to the Trustees for review. Acting Board Secretary Murry proposes implementing the Interim Delegation which was approved in March as the permanent Delegation of Authority. The University has created a Delegation of Authority policy.

Trustee Johnson moved and properly seconded to approve making the Interim Delegation be the permanent Delegation of Authority. A vote was taken and the motion passed.

IV. Paid Parental Leave

During the June 2017 Board of Trustees meeting, the Board endorsed the implementation of a Paid Parental Leave policy contingent upon completion of a financial model. In developing the recommendation, policies of peer institutions were benchmarked, and a cost analysis was performed. The average weeks of paid parental (maternity and paternity) leave offered to faculty and staff at peer institutions is 4.6.

President Rudd reviewed the results of the financial analysis for the recommended six week paid parental leave. The estimated cost to the University including salary, benefits, and faculty/staff replacement is projected at \$715,000 with the replacement cost component estimated at \$195,000. The next step is to develop a detailed policy and submit that policy through the policy development process. That policy will not need to be reviewed by the Board of Trustees. Trustee North inquired why peer institutions provide 4-1/2 weeks versus the University of Memphis proposal for 6 weeks. Interim VP Smith indicated they reviewed the 4-1/2 week plan available for faculty however staff plans were longer and thus they added more time to the plan.

Trustee North questioned whether we differentiate between maternity and paternity leave and per Interim VP Smith we do not. Trustee Graf urged that the University rapidly complete the policy and requested an update on the status of the policy prior to the next Board of Trustees meeting. President Rudd agreed. Additionally, President Rudd will look at department capacity when a professor returns from Paid Parental leave and the option of a modified scheduled.

Trustee Graf moved and properly seconded a motion to approve Paid Parental Leave. A vote was taken and the motion carried.

V. Capital Budget Request for 2018 -2019 – Disclosure Projects

The reporting of disclosed capital projects to Tennessee Higher Education Commission (THEC) should be performed at least quarterly and shall include all projects to be initiated in the following quarter that will have total expenditures on capital improvements exceeding \$100,000 or capital maintenance exceeding \$500,000. Disclosed projects are those funded by campus funds, bonds, gifts or other non-appropriated sources. President Rudd also clarified that the funds do not include student fees that will fund the recreation center. AVP Campus Planning and Design Poteet reviewed the following capital projects for informational purposes:

AVP Poteet requests to amend the capital maintenance requests presented at June Board of Trustees meeting to keep the existing recreation center existing rec center with the need for capital maintenance funds for the indoor pool. This request of capital maintenance funds is separate from fees collected for new recreation center. AVP Poteet indicated that disclosures must occur as far in advance as possible unless state bonds will be used in which case the disclosures must occur a quarter in advance. He indicated that project planning can occur but the project cannot proceed unless disclosed to THEC. President Rudd clarified that he was approached by someone who wants to provide a gift for a pool for use with competitive

swimming. Trustee Graf indicated that the project disclosures are on the agenda for the Board of Trustees meeting because people are interested in current projects. AVP Poteet plans to show updates with visuals at the full Board of Trustees meeting.

Trustee Graf indicated the University has a longer list of projects including a list of about \$500M in deferred maintenance. Trustee North indicated that his tour of campus was enlightening and AVP Poteet and his staff are knowledgeable regarding what needs to be done for each building and he has great confidence in his team.

VI. Capital Budget Request for 2018 -2019 – Capital Maintenance Revision

The Board of Trustees must send a prioritized list of capital maintenance projects to THEC. THEC staff makes project recommendations to THEC in accordance with a capital maintenance formula. The formula may include, but not be limited to, the age, gross Education & General (E&G) square footage, usage, and conditions of institution's facilities. Individual projects should reduce deferred maintenance and protect the assets of the state. AVP Poteet provided the following capital maintenance request for FY18/19.

Note: UofM will receive approximately 12.5% of total appropriated FY 18/19 Higher Education total maintenance funds by THEC formula. FY 17/18 capital maintenance funding for UofM was \$ 14,000,000.

Trustee Martin moved and properly seconded a motion to approve the Capital Budget Capital Maintenance Request for FY 18/19. A vote was taken and the motion carried.

VII. Master Plan Discussion Items

AVP Poteet presented an overview of specific items in the University of Memphis Master Plan. He provided a full presentation of the Master Plan in the meeting materials, and it will be reviewed at the full Board of Trustees meeting. AVP Poteet discussed the following main campus Master Plan items: impact on main campus parking; library learning improvement; Administration building auditorium renovation; Wilder Tower 10th floor completion; visual arts needs and moving Physical Plant department to edge of campus; Mynders Hall that is currently off line; West entry/mixed use facilities since we have land on west side of campus; and strengthen and support fraternity park area. Regarding the Park avenue campus Master Plan items, AVP Poteet discussed: bringing soccer back to campus requires these soccer improvements: lighting, track surface, locker rooms, and training space; surplus building demolitions; fencing along Getwell Avenue for security; and adding future academic/ research/ health buildings since the location includes about 145 acres that are not completely utilized and allow for growth. Regarding the Lambuth campus Master Plan items, AVP Poteet discussed: increasing surface parking on perimeter of campus and library improvements.

Trustee Martin inquired about the library improvements and remarked that we need to think about them strategically, holistically and involve faculty and students in the decision. He mentioned that libraries could be a key spot for student/faculty interaction such as research pods,

faculty offices, etc. and the focus should not be just on facility improvements. President Rudd agreed and indicated that a team exists regarding re-envisioning the library that to date has not been impactful however a new group has been established with Dr. Dhaliwal leading the effort to reinvent the library. Ideas include a media change in the space and moving groups such as the Honors College to the library to create centers of intellectual learning at the library. In addition, President Rudd mentioned that as part of the Strategic Planning efforts, they will look at how the library can be a center of change for the University in the future but acknowledged that students aren't using the library for research. He also mentioned that Dr. Dhaliwal looked at the University of Utah which has a very interactive library which is used for things such as peer tutors, etc. Provost Weddle-West discussed other potential uses of the library such as the Hooks Institute, coaching programs, writing centers, and the best interactive centers for students and the community could be located in the library.

VIII. Optional Retirement Program

Faculty Senate President Banning discussed concerns with the Optional Retirement Program (ORP). The Faculty Senate sent a resolution to President Rudd and Trustee Graf to bring an awareness of their concerns with the ORP. According to Faculty Senate President Banning, Tennessee state law effective in 2001 and updated in 2005 limits cash withdrawals from the ORP upon retirement. Per Faculty Senate President Banning, the Tennessee code used by the investment companies that are part of the ORP is unique to Tennessee and not in the best interest of retirees based on their financial needs and health. For example, a seriously ill faculty member cannot draw out all of their money. He indicated that the Tennessee code says that if a retiree wishes to take out their money 50% of it must be placed in an annuity which limits access to their money. No provisions are available allowing a faculty member in need to draw out all of their money. Faculty Senate President Banning has spoken to other Tennessee universities and believes legislative action is needed. He also spoke with the University of Tennessee plan administrator who indicated that the plan is restrictive and an annuity is not appropriate for all.

Faculty Senate President Banning requested a resolution for the President and Board of Trustees to engage the State of Tennessee General Assembly to exempt higher education faculty from the restrictions or repeal TCA §8-25-211. He indicated that this is an uphill battle and will need traction to get changed. Trustee Graf indicated willingness to send a letter on University of Memphis letterhead speaking on behalf of faculty to work towards changing this code. Trustee Martin mentioned that they could ask the legislative representative in Nashville to add this to their agenda and lobby to make getting this changed a priority. Trustee Schaffzin suggested making the change retroactive since recent retirees have hardship situations. Trustee Roberts expressed that it may be difficult to get support for a retroactive change. Trustee Graf indicated to Faculty Senate President Banning that he had the full support of the Board of Trustees.

VIII. Ad Hoc Public Policy Committee

Trustee Johnson discussed a proposal to establish an Ad-Hoc Public Policy Committee. The purpose of the Committee is to review education policy and initiatives pertinent to the function

and operation of the University of Memphis and to educate the Board of Trustees on existing and potential programs and strategies to help guide decision-making. Per the Bylaws, the Board Chair has the authority to appoint ad-hoc committees. Trustee Johnson mentioned that at the time the Focus Act was set up the majority of dollars came from the state and federal sources. He indicated that the Board of Trustees needs to be able to discuss matters in a public forum. Examples include issues of healthcare and education. Trustee Johnson recommended the establishment of an ad-hoc committee on public policy and he indicated his willingness to chair the committee. Trustee Martin asked if he envisioned only Board of Trustee membership or could the Chairman appoint others such as Board of Visitor members. Trustee Johnson replied that an ad-hoc committee should be able to bring in other individuals. Trustee Johnson indicated that there are many committees in legislation that impact education and many new individuals will be coming in the future such as a new governor and senator who may not be aware of how the University of Memphis operates and the ad-hoc committee is needed and can be helpful in providing direction to individuals in Nashville. Acting Board Secretary Murry indicated that the Board of Trustees can establish an ad-hoc committee if they so choose however it cannot vote or take action the same as the Board of Trustees.

Trustee Graf moved and properly seconded a motion in favor of establishing an Ad-Hoc Public Policy Committee. A vote was taken and the motion carried.

IX. Additional Committee Business

- I. Trustee Graf requested to receive an update from the Endowment Foundation at the December Governance and Finance board meeting.
- II. President's Salary Supplement and Retention Plan

Trustee Graf provided an update on the review of the President's performance. He indicated that the President's performance measures were both qualitative and quantitative and next time they will want more quantitative measures. Based on the review, it is recommended he receive the entire \$100,000 bonus for the academic year. In support of the bonus, several key accomplishments were noted such as:

1. President Rudd led the University from a 25 million dollar structural budget deficit to a \$5 million surplus via a budget model strategic resource investment (SRI). The \$5 million surplus was deposited into a contingency fund. The budget deficit was eliminated without layoffs and with minimal tuition and fee increases, which has helped to drive new enrollments and retention.
2. For the past two years enrollment has grown by 5.9% (from 20,585 to 21,805), outpacing the 2% annual growth goal which was a part of his previous performance objectives.
3. Average degrees conferred for the past three years are at an all-time high of 4,314, as compared to 3,757 ten years ago. Bachelor's degrees are up 26% over the last 10 years.

4. Freshman to sophomore retention rate has increased to 80% as compared to 71% three years ago. Average ACT scores are increasing and we have established a stretch goal of 3,000 highly qualified incoming freshman moving forward. This growth will require an increase in our on-campus residential capacity and our academic infrastructure.
5. The Tennessee Higher Education Commission (THEC) quality assurance ratings have improved from 87 to 90 to 92 over the past three years.
6. There has been and will continue to be unprecedented investment in the University Neighborhood District. Twenty-two million dollars (\$22M) is being invested in safety, walkability and livability. Additionally, our soon to be iconic land bridge and parking garage, amphitheater, and plaza will begin construction over the next few months and the student recreation center will begin construction over the next 12 months. The Laurie Walton Basketball Center will open soon and Phase I of the indoor football practice facility will begin construction once the current season is completed. The Music and Performance Center is fully funded and we will break ground soon.
7. Research funding is up significantly, with research awards up 23% over last year.

Trustee Graf moved and properly seconded a motion to approve the \$100,000 bonus to President Rudd to be paid from private funds. Discussion by Trustee Schaffzin regarding a consideration of faculty reviews in this process and the answer was yes, faculty reviews will be a consideration. A vote was taken and the motion carried.

Discussion ensued regarding the components of a routine evaluation of President Rudd such as the quality and quantity of the budget, statistics regarding retention of students, faculty reviews, and Board of Trustee reviews every other year. It was also mentioned that the institution needs to retain superstars, needs a long term faculty compensation plan by end of this year and at the December Board of Trustee meeting the bare bones plan should be discussed with the details presented at the following meeting. If private funds are needed to fund compensation plans Trustee Graf volunteered to lead the effort to raise private funds. President Rudd commented on the long term faculty compensation plan regarding research expansion recommendation with a 5-10 year commitment including doctoral program growth via the RISE (Research Initiative for Strengthened Economy) initiative in which the University will make investment this year and long term commitments and wants this initiative incorporated into the plan.

Acting Board Secretary Murry inquired whether the President's bonus will be paid on an annual basis. Trustee Graf answered yes and it will be paid by private funds.

ADJOURNMENT

Chair Graf adjourned the meeting at 10:39 a.m.

4. Ad Hoc Public Policy Committee

Report

Presented by Cato Johnson

Report to the Governance and Finance Committee of the Board of Trustees

The University of Memphis Board of Trustees
Agenda Item

Date: December 7, 2017
Item: Ad Hoc Public Policy Committee
Presented By: Cato Johnson

The Ad Hoc Public Policy Committee met via telephone on Friday, November 17, 2017 beginning at 2:30 pm. Trustee Johnson will present the report and minutes of the meeting.

Additionally, Trustee Johnson will discuss:

- 1) Major Legislative Requests
 - a) Research expansion initiative (Request - \$60 Million)
 - b) Capital request; Lambuth “ The Nursing Capital Project (Request - \$11 Million)

Ad Hoc Public Policy Committee

Meeting Notes

Date: November 17, 2017

Members attending via phone:

- Cato Johnson, Chair
- Mike Bruns
- Laurie Tucker
- M. David Rudd
- George Johnson
- David Purdue

Also in attendance: Mark Cate, Melanie Murry (Staff)

Trustee Johnson convened the meeting beginning at 2:31 p.m., introduced himself and all made introductions of the members. Trustee Johnson then thanked everyone for their participation and for agreeing to serve on the Ad Hoc Public Policy Committee, established by the Board of Trustees which was created by the Tennessee General Assembly and the Governor.

The Board of Trustee recognized the need to understand how and when to weigh in as it relates to the legislative landscape as issues affecting the University of Memphis arise. One of the roles of the committee is to help think about how we strategically garner support in the best interest of the University.

For the upcoming budget:

- the UofM has received positive funding recommendations from THEC
- UofM is pursuing broad research Initiatives.

Mark Cate provided background on the Stones River Group and discussed their role with the UofM:

- Are a comprehensive government affairs firm;
- Work with the University of Memphis and Methodist Hospitals to provide feedback on how things are accomplished.
- Working with the executive branch is where you have the leverage. The firm provides broader exposure in the Nashville area and throughout the state;
- Work with public relations and government relations to identify the key things we want to accomplish related to the budget - now is a critical time in the process;
- Will attend a meeting after Thanksgiving related to the collaborative research initiative which is applied in nature and that will expand the economic impact within those focus areas;
- Will continue to engage policy makers to raise the profile and bring additional funding to the University of Memphis.

Trustee Johnson opened the floor for questions.

A member asked about our competition for budget resources and attention. If we were successful and achieved every objective, what would that look like?

- Trustee Johnson provided perspective on the make-up of the other higher education independent boards. All have some board members that have connections with legislators and elected and appointed officials.
- Mark Cate indicated that we need to ensure sure that there is not a “free-for-all” where all schools would be lobbying independently. The research initiative is the program that helps to bring institutions together. The real answer is to make sure we fulfill the mission of the university and support the president, the board and the policy makers.
- President Rudd indicated that when we compete with ourselves, we can garner more support. At one level we are in competition with the UT system. There is a differential funding rate for the University of Memphis versus the University of Tennessee. The UofM does more with significantly less. We would like to be competitive with UT Knoxville.
- Mark Cate stated that there is no strong perception of UofM either way because of our affiliation with TBR. We need to continually tell our story over and over again.

Action items for the committee:

- Mark Cate will send a memo on the 2018 legislative session which will include the election cycle and all the things the University should consider doing this upcoming year (strategic plan). He will incorporate how the committee could be involved in implementing the plan.
- Laurie Tucker agreed to spend some time with Mark on the phone to provide feedback and understand what strengths she has that can support the effort.
- Develop a segmented messaging strategy that we can take to Nashville.
- Develop a structure for the committee going forward and establish a meeting schedule that is convenient for the entire group.

Meeting adjourned at 3:05 pm

5. Fundraising Priorities

Presentation

Presented by Bobby Prince

6. Revised Budget Fiscal Year 2017-2018

For Approval

Presented by Jeannie Smith

The University of Memphis Board of Trustees

Agenda Item

Date: December 7, 2017

Committee: Governance and Finance

Item: FY2018 Revised Budget Recommendation

Recommendation: Approval

Presented by: Jeannie Smith, Interim Vice President Business and Finance

Background:

The General Appropriations Act requires that the operating budgets of all higher education units be submitted by the respective governing boards to the Higher Education Commission. Each Institution submits operating budget estimates two times each year. The proposed and revised estimates are referred to as the July 1 and October 31 operating budgets, respectively.

The University of Memphis revises the Proposed (Initial) Budget each fall to update revenue and expenditure projections. The FY2018 Revised Budget takes into consideration fall enrollments, the effect of any prior year's activities carried forward into the current year, and adjustments in state appropriations occurring since the FY2018 Proposed Budget was prepared and approved in June 2017.

The FY2018 Educational and General (E&G), Auxiliary Enterprises and Restricted revised budgets are within available resources and complies will all applicable policies and guidelines. Therefore, the University recommends approval of the Revised FY2018 Budget.

Committee Recommendation:

The Governance and Finance Committee met December 7, 2017, and recommended approval of the FY2018 Revised Budget as detailed in the meeting materials.

FY17-18 Revised Budget Summary

Total University Revenues

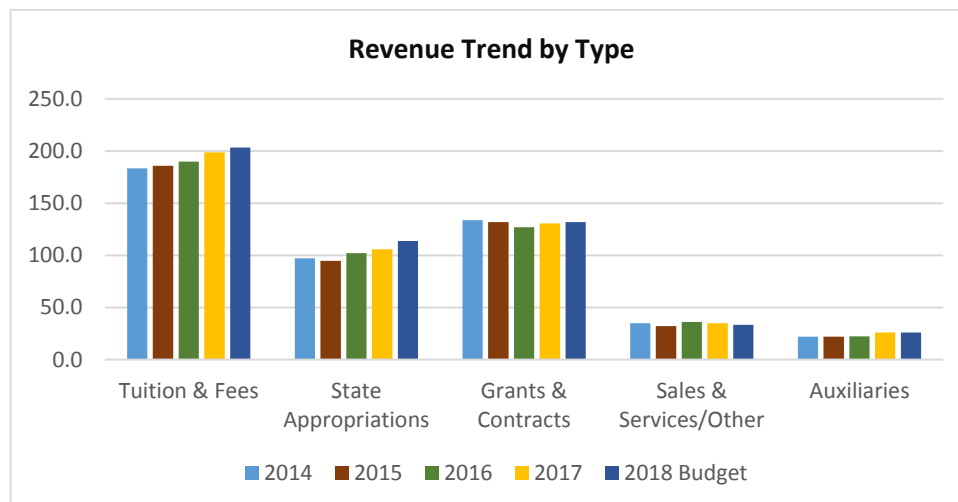
The FY 2018 **Revised Budget** reflects anticipated revenue projections as of early October 2017. The University's Proposed Budget was developed before the end of the previous fiscal year. The Revised Budget provides the opportunity to adjust for changes, such as the following, that occurred after the adoption of the Proposed Budget in June:

- Tuition and Fees adjusted based on actual Fall enrollment
- Changes to state appropriations that are typically made by the state in September
- Incorporates non-recurring expenditure budgets including one time activities (such as Conference and Institute events & Internships) as well as resources available from prior year operations
- Other adjustments as needed for changes to operating plans, organizational structure, revenue projections, or fixed costs made after the submission of the Proposed Budget

The University of Memphis revenues in the FY2018 Revised Budget total \$508.3 million. This total reflects revenue increases of \$9.2M from the FY2018 Proposed Budget of \$499.1 million.

FY2018 Total Revenue (in \$millions)

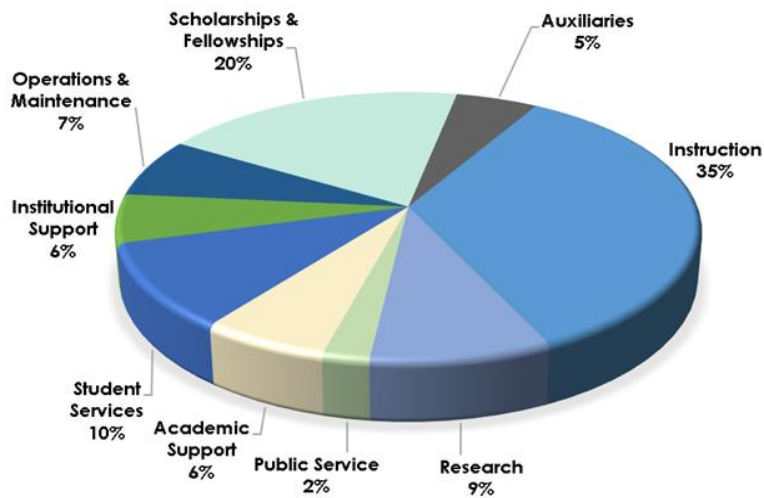
| Revenues | FY2018 Proposed | FY2018 Revised | Change | |
|--|--------------------|-------------------|---------------|-------------|
| Tuition & Fees | \$ 200.3 | \$ 203.2 | \$ 2.9 | 1.4% |
| State Appropriations | 109.0 | 110.8 | 1.8 | 1.6% |
| Unrestricted Grants & Contracts | 23.0 | 22.9 | (0.1) | -0.4% |
| Sales and Services & Misc. Revenues | 29.9 | 33.5 | 3.6 | 10.6% |
| Total Unrestricted E&G Revenues | \$ 362.2 | \$ 370.4 | \$ 8.1 | 2.2% |
| Auxiliaries | 26.5 | 26.0 | (0.5) | -1.9% |
| Restricted | 110.4 | 112.0 | 1.6 | 1.4% |
| Total Revenues | \$ 499.1 | \$ 508.4 | \$ 9.2 | 1.8% |



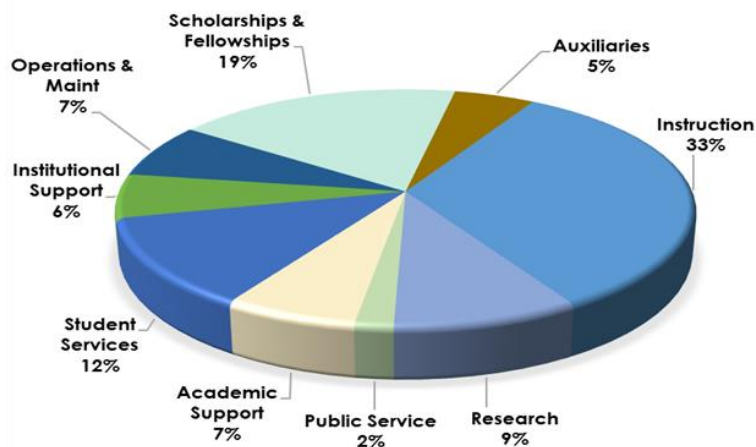
Total University Expenditures

FY18 Expenditures are budgeted across the eight functional areas shown in the two charts below. Spending by function remains consistent, with the only differences being in Student Services and Scholarships. This is due to a reclassification of Athletic Scholarships (\$8.2M) previously reported in Student Services and now will be reported in the Scholarship function based on guidelines from the State, and \$1.3M in budget allocations for new scholarship programs and increased awards.

FY 2018 Revised Unrestricted & Restricted Expenses



FY 2018 Proposed Unrestricted & Restricted Expenses



Approval of the Revised Budget

The FY2018 Revised Budget is within available resources and complies with all applicable policies and guidelines. Full spending authority has been budgeted but is not expected to be utilized in the current year. This budget includes all resources available including current year revenues as well as one-time activities and resources available from prior year operations.

The increased expenditure budget results primarily from non-recurring funds including resources available from prior year operations. Non-recurring funds were allocated in accordance with campus budgeting policy and guidelines to over 1,200 projects and programs such as facility improvements, equipment replacements, faculty start-up packages, annual athletic support, bridge funding for research activities, lab upgrades, program improvements, and technology infrastructure and investments.

University of Memphis
FY18 Revised Revenue & Expenditure Budget

| | Revised FY2018 |
|---|-----------------------|
| Revenues | |
| Educational & General | |
| Tuition and Fees | \$ 203,214,500 |
| State Appropriations | 110,762,200 |
| Unrestricted Grants and Contracts | 22,845,000 |
| Sales and Services | 33,176,900 |
| Other | 284,000 |
| Total Educational & General | \$ 370,282,600 |
| Auxiliary | \$ 26,016,700 |
| Restricted | 112,016,200 |
| Total Revenues | \$ 508,315,500 |
| Expenditures | |
| Educational & General | |
| Instruction | \$ 178,198,200 |
| Research | 29,266,600 |
| Public Service | 7,124,500 |
| Academic Support | 34,288,700 |
| Student Services | 61,760,300 |
| Institutional Support | 32,327,100 |
| Operation & Maintenance | 37,887,600 |
| Scholarships and Fellowships | 27,414,600 |
| Transfers | (15,819,100) |
| Total Educational & General | \$ 392,448,500 |
| Auxiliary | \$ 26,016,700 |
| Restricted | 112,016,200 |
| Total Expenditures and Transfers | \$ 530,481,400 |

7. TBR Severance of Procurement, Capital Projects Planning and Management

For Approval

Presented by Jeannie Smith

Recommendation to the Board of Trustees

The University of Memphis Board of Trustees

Recommendation

Date: December 7, 2017

Committee: Governance and Finance Committee

Recommendation: Severance of Procurement and Capital Project Planning and Management from the Tennessee Board of Regents

Presented by: Jeannie Smith, Interim Vice President for Business and Finance

Background: Per the Focus Act amending Tennessee Code Annotated, Section 48-1-101: The FOCUS Act authorizes the Tennessee Higher Education Commission (THEC) to solicit and receive requests from the state university boards to assume the performance of procurement, and capital project planning and management. THEC shall approve or deny a state university board's request to assume these functions.

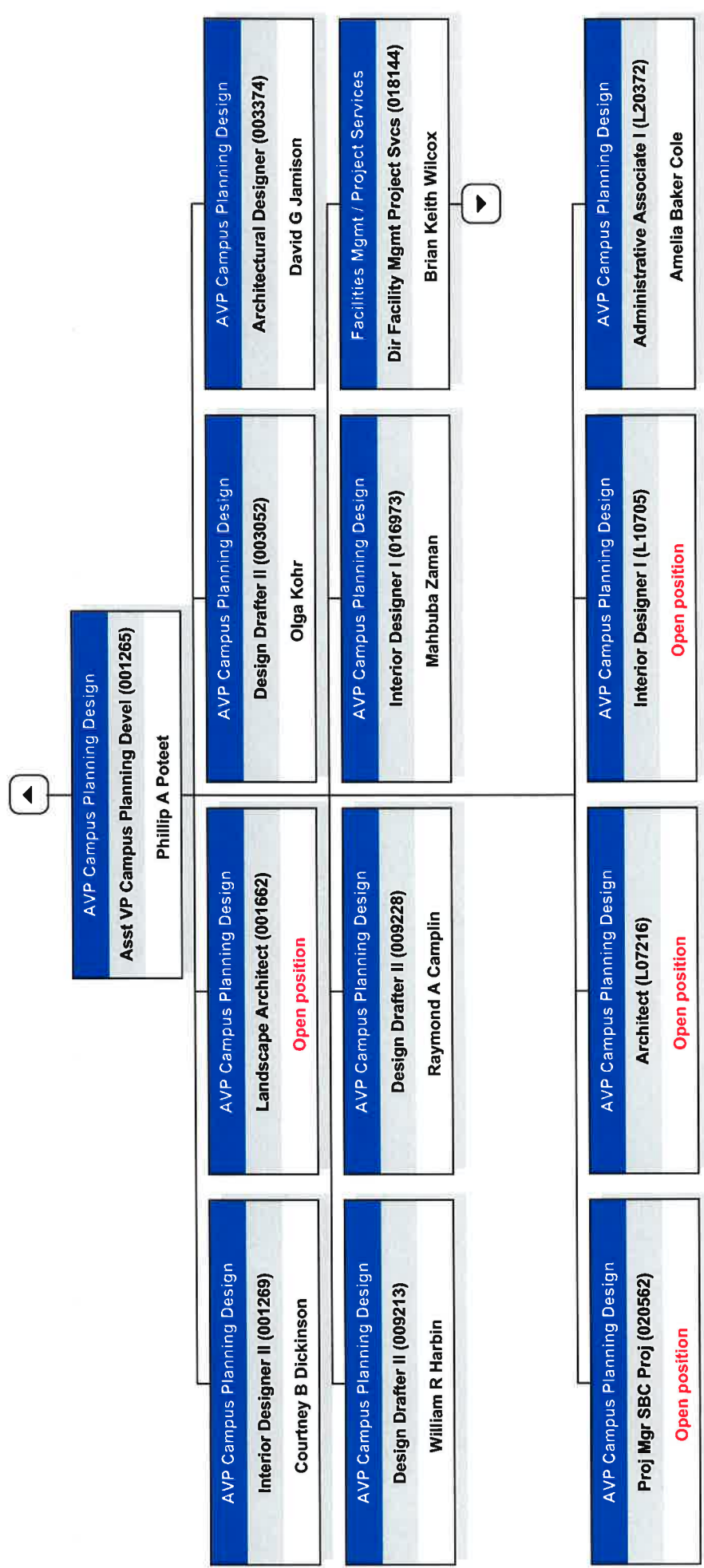
In January 2017, THEC invited universities to express their intent to undertake FOCUS-designated responsibilities, including procurement and capital project planning and management, with the option to sever as early as December 2017. On March 13, 2017, President M. David Rudd submitted to THEC, the University of Memphis letter of intent to sever procurement and capital project planning and management from the Tennessee Board of Regents effective July 1, 2018.

The requirements, as set forth by THEC, are summarized in the attached document. The University has reviewed the procurement and capital project management severance requirements and is prepared to meet the requirements by July 1, 2018.

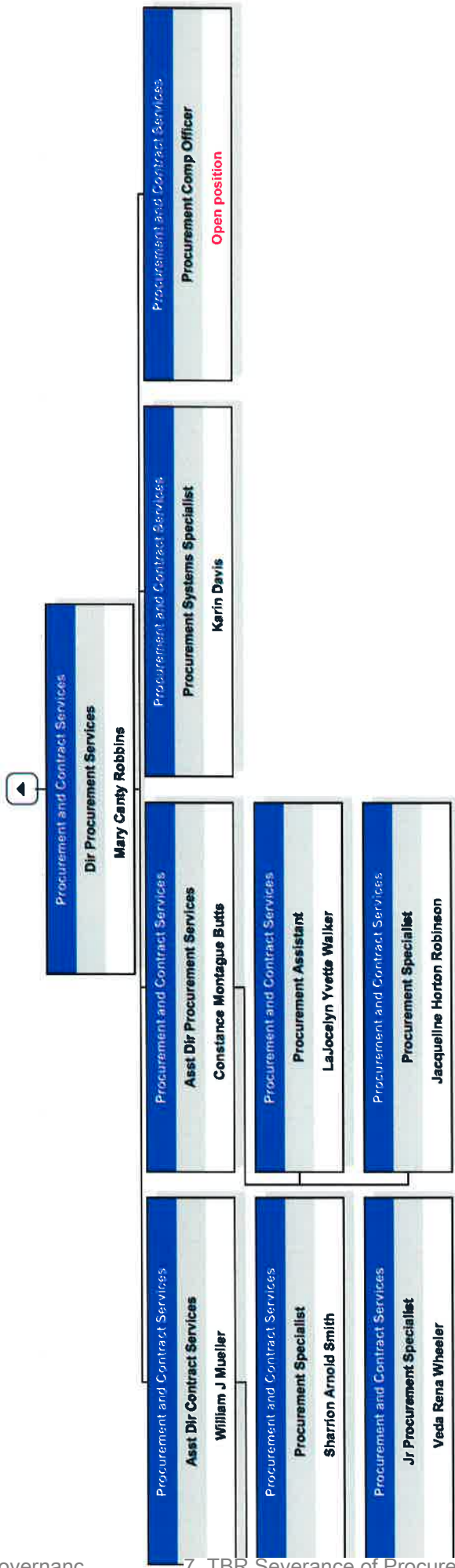
Committee Recommendation:

The Governance and Finance Committee met December 7, 2017, and approved a motion recommending the following action: approval of the severance of procurement and capital project planning and management from the Tennessee Board of Regents on July 1, 2018, as submitted by staff.

AVP Campus Planning Design



Procurement and Contract Services



8. International Student Merit Scholarship

Presentation

Presented by Jasbir Dhaliwal

Presentation to the Board of Trustees

The University of Memphis Board of Trustees

Date: December 7, 2017

Committee: **Governance and Finance Committee**

Presented by: Jasbir Dhaliwal, Chief Innovation Officer

Background:

Growing trends in Higher Education show U.S. colleges and universities are moving away from a two-tiered tuition structure to offering alternate tuition rates and/or scholarships to attract high achieving students. These merit-based awards are being used by universities and colleges as recruitment tools resulting in higher enrollment, retention and graduation rates. We are proposing a merit-based scholarship for international undergraduate students with a GPA of 3.0 at the U of M. Students who qualify for this scholarship will pay a reduced out-of-state tuition of \$3,000 annually in addition to in-state tuition and program fees. Financial analysis shows that a merit based scholarship for international undergraduate students with a 3.0 GP or higher will not have a significant impact on existing revenue.

Proposal for an International Recruitment Merit Scholarship For Undergraduate Students



THE UNIVERSITY OF
MEMPHIS®

Center for International
Education Services

Executive Summary

Growing trends in Higher Education show U.S. colleges and universities are moving away from a two-tiered tuition structure to offering alternate tuition rates and/or scholarships to attract high achieving students. These merit-based awards are being used by universities and colleges as recruitment tools resulting in higher enrollment, retention and graduation rates. A merit-based scholarship for international undergraduate students with a GPA of 3.0 at the U of M will not have a significant impact on existing revenue. Currently, only nine international students would qualify for the proposed merit-based scholarship below.

Need

- We need a large intake of high achieving students from new markets to help us gain a significant boost in our 4-year graduation and retention rates;
- Since enrollment for high school graduates has declined we must look at other markets to achieve our target goal of enrolling 3000 undergraduate freshmen;
- Local employers are seeking the best and brightest students across the country and globally to employ;
- In order to be a Carnegie Research I institution or a Power 5 school, we must make the U of M an academic destination for high achieving students;
- Increasing our international student population provides an opportunity for local students who do not travel to engage with international students and gain global perspectives.

Proposal

This proposal is to request the creation of a merit scholarship to attract high achieving fee-paying international students. The merit scholarship will offer an out-of-state (oos) tuition reduction for international students. As we compete with other US higher education institutions for a share of the international student market, it is necessary for us to offer prospective applicants comparable funding options they are likely to receive from other institutions.

In preparing this proposal, we reviewed the different scholarships available to international students at ETSU, MTSU and TTU. All three former TBR institutions actively recruit international students and serve as models as we work to increase the international student population at the U of M.

Data Analysis of Locally Governed Institutions (LGI's) in Tennessee

| Institution Name | International Student Scholarships | # of International Students | # of Students Receiving an International Scholarship |
|------------------|--|-----------------------------|--|
| MTSU | \$14,000/ 1200 SAT and 3.5 GPA; Amount decreases based on GPA and test scores to \$8k or \$4k. Increased international student population by 200% in first three years | 1200 | 40% of international undergraduate students (~480) |
| TTU | \$11,000/ GPA of 3.3 and above; \$1,000 for all those below 3.3 | 701 | 120 (Awards are for merit, alumni and diversity) |
| ETSU | OOS tuition waiver for GPA of 3.2 after first semester; Plans to lower GPA requirement to 3.0 for FY19 | 630 | 97 UG and 5 Graduate |
| UofM | 3 international undergraduate student scholarship recipients. A Music OOS; a Music Tuition Scholarship and an Honors OOS. | 616** | 3*** |

*Tuition is based on 12 credit hours for undergraduates.

** This number does not include the forty-four F-1 students currently enrolled in the Intensive English for Internationals (IEI) program. In addition, 415 of the 616 international students at UM are Graduate Students

*** OIR data shows only 3 international undergraduate students who are currently receiving a UM scholarship/oos waiver.

Data Analysis of Non-LGI Competitive Institutions

We also reviewed the scholarship awards for international students by a select number of schools outside of the former TBR system. Our research shows that a variety of schools offers scholarships to high achieving international students.

| Institution Name | Undergraduate OOS Tuition (12 credit hours) | Scholarships for International Students | # of International Students* |
|-----------------------------------|---|---|------------------------------|
| Southern Illinois University | \$6,968.00 | Alternate Tuition rate to Qualified UG's with ACT 26 and higher; SAT 1240; Transfer GPA of 3.0 | 2170 |
| University of Tennessee Knoxville | \$15,695.00 | Competitive Award for Freshmen and Transfer students who are not supported by government or organizational scholarship. Award is \$5,000 to \$15k per year. 3.5 GPA | 1605 |
| Western Kentucky University | \$13,080 | \$10,000 per year for 3.0 GPA and 25 ACT for UG | 1522 |
| University of Cincinnati | \$13,167.00 | UC Global Scholarship for all international students with 27 ACT and 1240 SAT. Minimum 3.25 GPA for transfer students. Average award is \$9,000 per year. | 3932 |
| Florida International University | \$9,482.44 | Merit Scholarship covers 50-75% of tuition and fees | 3653 |

*Data on # of international students is from the 2016 Open Doors Report on International Educational Exchange

Based on our review of the above data, the Center for International Education Services would like to request for a scholarship with the following features:

1. Scholarships should be **merit-based** and available to outstanding international students with a strong academic record.
2. Incoming international students with a 3.0 GPA at their prior institution or students who have completed 15 credit hours or more at the U of M with a 3.0 GPA and above are eligible for this scholarship.

3. International students will be required to maintain a GPA of 3.0 in order to continue receiving this scholarship.
4. Scholarships should be limited to eight semesters for undergraduate.
5. We propose the scholarship amount should be a reduction of out-of-state tuition only excluding program service fees.
6. Scholarships may be used for summer courses for students enrolled in on-ground courses.
7. Scholarship applicants must be admitted to the U of M as full-time, degree-seeking students.
8. Scholarship recipient must have an F-1 visa status.
9. The scholarship should be applied as a revenue waiver. The bursar's office will credit the scholarship to the student's account to reflect a reduced tuition.
10. International students who are sponsored by their government, organizations and or corporations should not qualify for this award.

Benefits

1. Become a competitive metropolitan destination for international students especially when we recruit with Study Tennessee.
2. Increase the number of international students at Memphis. This will also increase our ability to recruit students by referral.
3. Increase retention rates among international students. A 2014 survey by NAFSA: Association of International Educators cite financial issues as the main factor for international student dissatisfaction with an institution. The survey found that 34% of international students transferred because of a lack of scholarships while another 36% transferred for affordability.
4. The impact of an increased international student population at the UofM goes beyond the tuition revenue we will receive. These students will contribute towards the local economy through their cost of living expenses.
5. Increase average institutional GPA and graduation rates. According to Data from OIR, our International undergraduate students have an average HS GPA of 3.25 and an average six-year graduation rate of 52% over the last four years, which is higher than the overall institutional average of 44%. While the data for graduation rates below is not significant due to low numbers, it shows that international students are more likely to graduate.

of Degrees Awarded to International Undergraduate Students

| | |
|---------|----|
| 2016-17 | 22 |
| 2015-16 | 39 |
| 2014-15 | 32 |
| 2013-14 | 29 |
| 2012-13 | 26 |

Source: OIR Degree Table Generator

| Enrollment Trends for Intl Students with HS GPA >=3.0 | | | | | | | | | | | |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Fall Term | F2007 | F2008 | F2009 | F2010 | F2011 | F2012 | F2013 | F2014 | F2015 | F2016 | F2017 |
| FTFTF* | 1 | 4 | 5 | 3 | 4 | 2 | 3 | 1 | 1 | 9 | 36 |
| FTF* | 1 | 4 | 5 | 3 | 5 | 2 | 3 | 1 | 1 | 10 | 37 |
| All UG | 12 | 14 | 17 | 14 | 18 | 17 | 17 | 14 | 11 | 25 | 75 |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| Enrollment Trends for Intl Students with HS GPA <3.0 | | | | | | | | | | | |
| Fall | F2007 | F2008 | F2009 | F2010 | F2011 | F2012 | F2013 | F2014 | F2015 | F2016 | F2017 |
| FTFTF | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 3 | 3 |
| FTF | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 3 | 3 |
| All UG | 29 | 30 | 30 | 26 | 25 | 25 | 30 | 46 | 37 | 46 | 67 |

*FTFTF indicates First-Time Full-Time Freshmen

**FTF indicates First-Time Freshmen

Financial Implications

1. Data from OIR (see Appendix 1) shows that there are only 9 undergraduate international students with a GPA of 3.0 and above excluding athletes or sponsored students. Eliminating oos tuition for this population would require us to recruit an additional 10 international full-time undergraduate students to break even in revenue.
2. Based on the data from other institutions with similar awards, we can conclude that a scholarship for high achieving international students will enable us to increase our international student numbers and at the same time generate extra revenue.
3. Using the financials provided by OIR in Appendix 1 and 2, we recommend that the designated in-state tuition go towards the projected revenue loss. Once the projected revenue loss is met, a share of the revenue should be dedicated to improving and enhancing the Center for International Education Services to ensure further growth.

Break-Even Financial Analysis Prepared by the Office of Institutional Research

Appendix 1

| HSGPA>3.0, Excludes Government Sponsored Students. A Break-Even Financial Analysis: Charging IS Tuition to UG International Students based on AY 1718 Enrollment Data | | |
|---|-----------------------------|---|
| Group of International Students | Measure | Incremental Full-Time, On-Campus Enrollment Needed to Break Even from Lost OOS Tuition Revenue |
| First-Time, Full-Time Freshmen | Number in Group | 0 |
| | Total Gross Tuition Revenue | \$0.00 |
| | Total OOS Tuition Revenue | \$0.00 |
| | Total Fee Revenue | \$0.00 |
| | Total Aid | \$0.00 |
| | Average HS GPA | 0 |
| First-Time Freshmen | Number in Group | 0 |
| | Total Gross Tuition Revenue | \$0.00 |
| | Total OOS Tuition Revenue | \$0.00 |
| | Total Fee Revenue | \$0.00 |
| | Total Aid | \$0.00 |
| | Average HS GPA | 0 |
| All UG | Number in Group | 9 |
| | Total Gross Tuition Revenue | \$153,092.00 |
| | Total OOS Tuition Revenue | \$81,796.00 |
| | Total Fee Revenue | \$18,820.00 |
| | Total Aid (2 recipients) | \$27,012.00 |
| | Average HS GPA | 3.5 |

Notes:

The 2 students who received aid, received the Music Scholarship (ISF007), the OOS Music Scholarship, and the Honors Program OOS Scholarship.

Only international students with F-type visas & HS GPA \geq 3.0 were considered in this analysis. 35 UG Students from Kuwait and 31 UG students from Saudi Arabia were excluded (Government Sponsored).

All athletes were excluded from this analysis regardless of visa type.

To get the full-time, on-campus enrollment increase needed the "Total OOS Tuition Revenue" was divided by the charge for a full-time, on-campus, in-state UG student (=\$8,064.00).

Appendix 2

| Data Analysis of Locally Governed Institutions (LGI's) in Tennessee | | | | | | | | |
|---|-----------------|-------------|--------------|---|--|-----------------|-----------------|-----|
| Instate & Our-of-State (OOS) Tuition only (no mandatory fees *) | | | | | | | | |
| Institution | Annual | Annual | Total Annual | | Annual | OOS Scholarship | Annual Net | |
| Name | Instate Tuition | OOS Tuition | Tuition | | OOS Scholarship | Amount | Tuition Revenue | |
| | | | | | | | Discount | |
| | | | | | | | % | |
| MTSU | \$ 6,840 | \$ 17,736 | \$ 24,576 | a | Merit Scholarship based on 1200 SAT and 3.5 GPA; Amount decreases based on GPA and test scores | \$ 16,000 | \$ 8,576 | 65% |
| | | | | b | Minimum 3.25 GPA and test scores | 8,000 | 16,576 | 33% |
| | | | | c | Minimum 3.0 GPA and test scores | 4,000 | 20,576 | 16% |
| ETSU | \$ 6,888 | \$ 17,784 | \$ 24,672 | | 50% of Instate & OOS Tuition after 1st semester with GPA 3.0 | \$ 12,336 | \$ 12,336 | 50% |
| TTU | \$ 7,296 | \$ 15,864 | \$ 23,160 | a | International Merit Scholarship 55% OOS tuition | \$ 8,725 | \$ 14,435 | 38% |
| | | | | b | International Enhancement Scholarship \$2000 | \$ 2,000 | \$ 21,160 | 9% |
| | | | | c | International Legacy Scholarship \$1000 | \$ 1,000 | \$ 22,160 | 4% |
| UofM | \$ 7,680 | \$ 11,712 | \$ 19,392 | a | Proposal - scholarship 100% OOS tuition (3.0 GPA) | \$ 11,712 | \$ 7,680 | 60% |



THE UNIVERSITY OF
MEMPHIS®

Center for International
Education Services

REASONS FOR AN INTERNATIONAL RECRUITMENT MERIT SCHOLARSHIP

- Gain a significant boost in our 4-year graduation and retention rates
- Assist in the target goal to enroll 3000 undergraduate freshmen
- Provide local employers with the best and brightest students across the country and globally

REASONS FOR AN INTERNATIONAL RECRUITMENT MERIT SCHOLARSHIP

- Assist in reaching our goal of becoming a Carnegie Research I institution/ Power 5 school by making the U of M an academic destination for high achieving students
- Provide opportunities for local students who do not travel to engage with international students and gain global perspectives

International Student Scholarships in TN

| Institution Name | International Student Scholarships | # of International Students | # of Students Receiving an International Scholarship |
|------------------|--|-----------------------------|--|
| MTSU | \$14,000/ 1200 SAT and 3.5 GPA; Amount decreases based on GPA and test scores to \$8k or \$4k. Increased international student population by 200% in first three years | 1200 | 40% of UG international students (~480) |
| TTU | \$11,000/ GPA of 3.3 and above; \$1,000 for all those below 3.3 | 701 | 120 (Awards are for merit, alumni and diversity) |
| ETSU | OOS* tuition waiver for GPA of 3.2 after first semester; Plans to lower GPA requirement to 3.0 for FY19 | 630 | 97 UG and 5 Graduate |
| UofM | 3 international undergraduate student scholarship recipients. A Music OOS; a Music Tuition Scholarship and an Honors OOS. | 616** | 3*** |

*OOS refers to Out-of-State

International Student Scholarships from other Institutions

| Institution Name | Undergraduate OOS Tuition (12 credit hours) | Scholarships for International Students | # of International Students* |
|--|---|---|------------------------------|
| Southern Illinois University | \$6,968.00 | Alternate Tuition rate to Qualified UG's with ACT 26 and higher; SAT 1240; Transfer GPA of 3.0 | 2170 |
| University of Tennessee Knoxville | \$15,695.00 | Competitive Award for Freshmen and Transfer students who are not supported by government or organizational scholarship. Award is \$5,000 to \$15k per year. 3.5 GPA | 1605 |
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| Florida International University | \$9,482.44 | Merit Scholarship covers 50-75% of tuition and fees | 3653 |

*Data on # of international students is from the 2016 Open Doors Report on International Educational Exchange

International Students' Primary Source of Funding by Institutional Type by 2015/16

| | Doctorate-granting Universities | Master's Universities & Colleges | Baccalaureate Colleges |
|----------------------------------|---------------------------------|----------------------------------|------------------------|
| Personal & Family | 62.1% | 70.6% | 58.9% |
| U.S. College or University* | 20.1% | 9.1% | 29.6% |
| Foreign Government or University | 6.5% | 15.5% | 6.5% |
| U.S. Government | 8.5% | 2.7% | 2.2% |
| U.S. Private Sponsor | 1.1% | 0.7% | 0.6% |
| Foreign Private Sponsor | 0.3% | 0.5% | 1.0% |
| International Organization | 0.2% | 0.3% | 0.7% |
| Current Employer | 0.2% | 0.3% | 0.2% |
| Other Source | 1.0% | 0.3% | 0.3% |

Proposal

- Merit-based scholarship for outstanding international students with a 3.0 GPA
- Maintain a GPA of 3.0 in order to continue receiving this scholarship
- Scholarships should be limited to eight semesters for undergraduate
- The scholarship amount should be a reduction of out-of-state tuition only excluding program service fees

Proposal

- Scholarships may be used for summer courses for students enrolled in on-ground courses
- Scholarship applicants must be full-time, degree-seeking students
- Scholarship recipient must have an F-1 visa status
- International students who are sponsored by their government, organizations and or corporations should not qualify for this award

Financial Implications

HSGPA>3.0, No Kuwait or Saudi Arabia. A Break-Even Financial Analysis: Charging IS Tuition to UG International Students based on AY 1718 Enrollment Data

| Group of International Students | Measure | | Incremental Full-Time, On-Campus Enrollment Needed to Break Even from Lost OOS Tuition Revenue |
|---------------------------------|-----------------------------|--------------|--|
| First-Time, Full-Time Freshmen | Number in Group | 0 | 0 |
| | Total Gross Tuition Revenue | \$0.00 | |
| | Total OOS Tuition Revenue | \$0.00 | |
| | Total Fee Revenue | \$0.00 | |
| | Total Aid | \$0.00 | |
| | Average HS GPA | 0 | |
| First-Time Freshmen | Number in Group | 0 | 0 |
| | Total Gross Tuition Revenue | \$0.00 | |
| | Total OOS Tuition Revenue | \$0.00 | |
| | Total Fee Revenue | \$0.00 | |
| | Total Aid | \$0.00 | |
| | Average HS GPA | 0 | |
| All UG | Number in Group | 9 | 10 |
| | Total Gross Tuition Revenue | \$153,092.00 | |
| | Total OOS Tuition Revenue | \$81,796.00 | |
| | Total Fee Revenue | \$18,820.00 | |
| | Total Aid (2 recipients) | \$27,012.00 | |
| | Average HS GPA | 3.5 | |

Notes:

The 2 students who received aid, received the Music Scholarship (ISF007), the OOS Music Scholarship, and the Honors Program OOS Scholarship.

Only international students with F-type visas & HS GPA ≥ 3.0 were considered in this analysis.

35 UG Students from Kuwait and 31 UG students from Saudi Arabia were excluded.

All athletes were excluded from this analysis regardless of visa type.

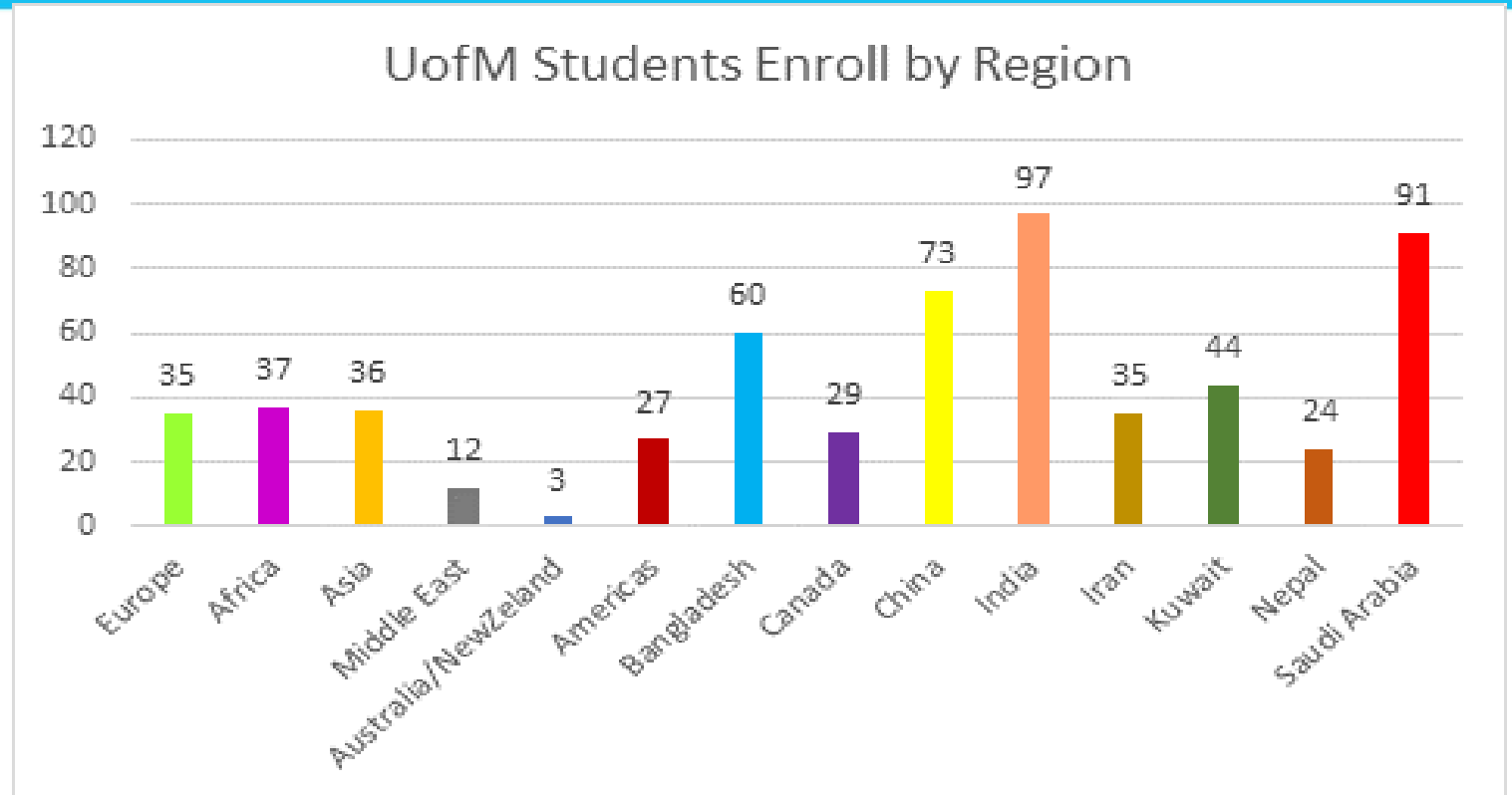
Data Analysis of Locally Governed Institutions (LGI's) in Tennessee (Tuition only, no mandatory fees)

| Institution | Annual | Annual | Total Annual | | Annual | OOS Scholarship | Annual Net | Discount |
|-------------|-----------------|-------------|--------------|---|---|-----------------|-----------------|----------|
| Name | Instate Tuition | OOS Tuition | Tuition | | OOS Scholarship | Amount | Tuition Revenue | % |
| MTSU | \$ 6,840 | \$ 17,736 | \$ 24,576 | a | Merit Scholarship based on 1200 SAT and 3.5 GPA; Amount decreases based on GPA and test scores | \$ 16,000 | \$ 8,576 | 65% |
| | | | | b | Minimum 3.25 GPA and test scores | 8,000 | 16,576 | 33% |
| | | | | c | Minimum 3.0 GPA and test scores | 4,000 | 20,576 | 16% |
| ETSU | \$ 6,888 | \$ 17,784 | \$ 24,672 | | 50% of Instate & OOS Tuition after 1st semester with GPA 3.0 | \$ 12,336 | \$ 12,336 | 50% |
| TTU | \$ 7,296 | \$ 15,864 | \$ 23,160 | a | International Merit Scholarship 55% OOS tuition | \$ 8,725 | \$ 14,435 | 38% |
| | | | | b | International Enhancement Scholarship \$2000 | \$ 2,000 | \$ 21,160 | 9% |
| | | | | c | International Legacy Scholarship \$1000 | \$ 1,000 | \$ 22,160 | 4% |
| UofM | \$ 7,680 | \$ 11,712 | \$ 19,392 | a | Proposal - Merit Scholarship 100% OOS tuition (3.0 GPA) | \$ 11,712 | \$ 7,680 | 60% |

International Students at the UofM by Country

Top Places of Origin for Top 15 States Hosting International Students

China
India
South Korea
Saudi Arabia
Canada



Africa includes Congo, Egypt, Eritrea, Ghana, Kenya, Nigeria, Rwanda, South Africa, Tanzania, Tunisia, Uganda

Asia includes Japan, Kazakhstan, Malaysia, Pakistan, Philippines, South Korea, Sri Lanka, Taiwan, Thailand, Vietnam

Europe includes Belarus, Czech Republic, Denmark, Finland, France, Germany, Iceland, Italy, Latvia, Norway, Poland, Romania, Spain, Switzerland, UK

Middle East includes Jordan, Lebanon, Libya, United Arab Emirates, West Bank

Financial Projections

| Net Revenue Per 100 Students | Net Revenue Per 200 Students | Net Revenue Per 300 Students |
|-------------------------------------|-------------------------------------|-------------------------------------|
| \$ 768,000.00 | \$ 1,536,000.00 | \$ 2,304,000.00 |
| \$ 1,236,480.00 | \$ 2,472,960.00 | \$ 3,709,440.00 |

Economic Impact of International Students in TN

| <u>Institution</u> | <u>Dollars</u> | <u>Jobs</u> |
|---------------------------|-----------------------|--------------------|
| UTK | 50.6m | 777 |
| ETSU | 23.6m | 342 |
| TTU | 23.5m | 354 |
| MTSU | 48.1m | 747 |
| UofM | 23.7m | 343 |

Source: Nafsa.org/economicvalue

9. Directors and Officers Insurance

For Approval

Presented by Melanie Murry

The University of Memphis Board of Trustees
Recommendation

Date: December 7, 2017

Committee: Governance and Finance

Recommendation: Directors' and Officers' Insurance

Presented by: Melanie Murry, University Counsel

Background:

Although the University is self-insured as an entity of State government, the University has evaluated whether greater insurance protection is warranted especially considering the installation of the Board of Trustees.

Through the Director of the State of Tennessee Treasury Department, Division of Claims and Risk Management, and their broker, Aon, the University has evaluated possible coverage limits. Considering an analysis of the University's claims over the past three years and the costs of the insurance, it is recommended to procure Directors' and Officers' Liability and Educator's Legal Liability policy as well as Employment Practices Liability from AIG, each at a \$5,000,000 limit. The annual premium has been quoted as:

| | |
|---|------------------|
| Directors' and Officers' and Educator's Legal Liability | \$35,356 |
| Employment Practices Liability | 65,757 |
| <u>Total combined annual premium</u> | <u>\$101,113</u> |

Committee Recommendation:

Recommend procurement of Directors' and Officers' Liability and Educator's Legal Liability policy as well as Employment Practices Liability from AIG, each at a \$5,000,000 limit. The annual premium for combined coverage has been quoted at \$101,113.

The University of Memphis
Director's and Officer's Insurance
Executive Summary

As background information, pursuant to T.C.A. § 8–42–101(a)(3) and the excerpt from the AG Opinion below, each board member is covered for liability purposes from the State of Tennessee Self-Insured Program for any claims of negligent acts or omissions against a board member while in the performance of official state business.

“State employee” as found in T.C.A. § 8–42–101(a)(3) is “any person who is a state official.” A public officer or official has been defined as “an individual who has been appointed or elected in a manner prescribed by law, who has a designation or title given him by law, and who exercises the functions concerning the public assigned to him by law.” Sitton v. Fulton, 566 S.W.2d 887, 889 (Tenn.App.1978). Tenn. Op. Attorney Gen. No. 87-50 (Mar. 25, 1987) The law applies to any State board member and the Attorney General's Office would represent each of them if a claim occurred as long as they were acting in their official capacity.

Additionally, the Board of Trustee Bylaws authorize the procurement and maintenance of, in amounts consistent with prevailing standards, directors' and officers' insurance coverage and general liability insurance against liabilities and damages arising from the actions or omissions of the Board. Procurement of additional insurance coverage will require approval from the State of Tennessee Board of Claims prior to obtaining the coverage. This approval by the Board of Claims is pursuant to Tenn. Code Ann. §9-8-108(a)(4), the Board of Claims (“Board”):

“[s]hall review and approve insurance policies designed to pay claims against the State of Tennessee (“State”) or its employees arising from contract or tort. This responsibility includes the authority to coordinate the purchase of insurance between the various departments, agencies, and institutions, and all other entities created by the state other than counties and municipal corporations in order that adequate protection be given at the last possible cost.”

Staff worked with the Director of the State of Tennessee Treasury Department, Division of Claims and Risk Management, and their broker, Aon, to obtain pricing for various coverage limits. The attached charts detail quotes obtained by Aon from AIG and United Educators, with each proposing various options for coverage limits, co-insurance and premiums. One important differentiation is that AIG will offer coverage for Directors & Officers Liability (D&O) and Educator's Legal Liability (ELL) separate from Employment Practices Liability(EPL); whereas United Educators does not offer separate plans for EPL, rather they offer joint coverage only.



Management Liability Proposal for University of Memphis

Prepared by:

Kremena Vassileva, Financial Services Group – PNP Atlanta

Jean Cofield, Account Executive – ARS Washington, DC

Proprietary & Confidential

This document has been prepared specifically for *the State of Tennessee, University of Memphis*. The analysis and commentary included herein are understood to be the intellectual property of Aon Financial Services Group and are to be used solely for discussion between *State of Tennessee, University of Memphis* and Aon. Further distribution, photocopying or any form of third-party transmission of this document, in part or in whole, is not permitted without the express written permission of Aon Financial Services Group.

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Aon Risk Services | Financial Services Group
Proprietary & Confidential | May 23, 2017

1



Aon FSG Private and Non-Profit Practice (PNP)

The PNP unit is part of the Aon Financial Services Group (FSG). Our product expertise includes Directors & Officers Liability (D&O), Employment Practices Liability (EPL), Fiduciary Liability (FID), Commercial Crime (CCR), Special Crime (K&R) and Cyber for private and non-profit clients. We negotiate placements for private and non-profit Insureds in all market segments including Healthcare, Managed Care, Financial Institutions, Family Office, Higher Education and Public Officials.

Further we have developed a facility for the negotiation and placement of executive liability coverage for certain private and non-profit entities. We consolidated our broking expertise, product focus, technology and leverage, and established a carrier panel to provide the most competitive products and pricing for our private and non-profit executive liability clients. Participating carriers below:



Quotation Comparison Chart – AIG

| Carrier | AIG | | |
|---|------------------|------------------|------------------|
| Ind/Qt/Dec/No Resp | Quote 1 | Quote 2 | Quote 3 |
| Limits | Shared | Separate | Separate |
| Directors & Officers | \$10,000,000 | \$10,000,000 | \$5,000,000 |
| Crisis Management | \$50,000 | \$50,000 | \$50,000 |
| Antitrust Limit | \$10,000,000 | \$10,000,000 | \$5,000,000 |
| Government Funding | \$1,000,000 | \$1,000,000 | \$1,000,000 |
| Employment Practices | \$10,000,000 | \$10,000,000 | \$5,000,000 |
| Third Party EPL Sublimit | \$10,000,000 | \$10,000,000 | \$5,000,000 |
| Employment Crisis Fund | \$25,000 | \$25,000 | \$25,000 |
| Retention: | | | |
| Directors & Officers | \$250,000 | \$250,000 | \$250,000 |
| Anti-Trust | \$350,000 | \$350,000 | \$350,000 |
| Government Funding | \$1,000,000 | \$1,000,000 | \$1,000,000 |
| Employment Practices | \$300,000 | \$300,000 | \$300,000 |
| Class-Action/Multi Plaintiff | N/A | N/A | N/A |
| Co-Insurance | | | |
| Anti-Trust | 20% | 20% | 20% |
| Government Funding | 50% | 50% | 50% |
| Premiums | | | |
| D&O/ELL/EPL | \$147,785 | \$161,363 | \$101,113 |
| D&O/ELL | N/A | \$67,255 | \$35,356 |
| EPL | N/A | \$94,108 | \$65,757 |
| UE's State Tax (2.5% of Premium) | N/A | N/A | N/A |
| Total | \$147,785 | \$161,363 | \$101,113 |
| Commission | 20.00% | 20.00% | 20.00% |

Quotation Comparison Chart – United Educators Options 1- 6

| Carrier | United Educators | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Ind/Qt/Dec/No Resp | Quote 1 | Quote 2 | Quote 3 | Quote 4 | Quote 5 | Quote 6 |
| Limits | Shared | Shared | Shared | Shared | Shared | Shared |
| Directors & Officers | \$10,000,000 | \$10,000,000 | \$10,000,000 | \$10,000,000 | \$10,000,000 | \$5,000,000 |
| Crisis Management | Not covered | Not covered | Not covered | Not covered | Not covered | Not covered |
| Antitrust Limit | Defense Costs Only | Defense Costs Only | Defense Costs Only | Defense Costs Only | Defense Costs Only | Defense Costs Only |
| Government Funding | Not covered | Not covered | Not covered | Not covered | Not covered | Not covered |
| Employment Practices | \$10,000,000 | \$10,000,000 | \$10,000,000 | \$10,000,000 | \$10,000,000 | \$5,000,000 |
| Third Party EPL Sublimit | \$10,000,000 | \$10,000,000 | \$10,000,000 | \$10,000,000 | \$10,000,000 | \$5,000,000 |
| Employment Crisis Fund | Not covered | Not covered | Not covered | Not covered | Not covered | Not covered |
| Retention: | | | | | | |
| Directors & Officers | \$100,000 | \$250,000 | \$300,000 | \$500,000 | \$1,000,000 | \$100,000 |
| Anti-Trust | \$100,000 | \$250,000 | \$300,000 | \$500,000 | \$1,000,000 | \$100,000 |
| Government Funding | N/A | N/A | N/A | N/A | N/A | N/A |
| Employment Practices | \$100,000 | \$250,000 | \$300,000 | \$500,000 | \$1,000,000 | \$100,000 |
| Class-Action/Multi Plaintiff | N/A | N/A | N/A | N/A | N/A | N/A |
| Co-Insurance | | | | | | |
| Anti-Trust | N/A | N/A | N/A | N/A | N/A | N/A |
| Government Funding | N/A | N/A | N/A | N/A | N/A | N/A |
| Premiums | | | | | | |
| D&O/ELL/EPL | \$193,420 | \$137,797 | \$130,929 | \$116,906 | \$99,043 | \$180,439 |
| D&O/ELL | N/A | N/A | N/A | N/A | N/A | N/A |
| EPL | N/A | N/A | N/A | N/A | N/A | N/A |
| UE's State Tax (2.5% of Premium) | \$4,836 | \$3,445 | \$3,273 | \$2,923 | \$2,476 | \$4,511 |
| Total | \$198,256 | \$141,242 | \$134,202 | \$119,829 | \$101,519 | \$184,950 |
| Commission | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% |

United Educators provided unsolicited quotations for \$25M D&O/ELL/EPL limit

Aon Risk Services | Financial Services Group
Proprietary & Confidential | May 23, 2017

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Quotation Comparison Chart – United Educations Options 7 - 10

| Carrier | United Educators | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| Ind/Qt/Dec/No Resp | Quote 7 | Quote 8 | Quote 9 | Quote 10 |
| Limits | Shared | Shared | Shared | Shared |
| Directors & Officers | \$5,000,000 | \$5,000,000 | \$5,000,000 | \$5,000,000 |
| Crisis Management | Not covered | Not covered | Not covered | Not covered |
| Antitrust Limit | Defense Costs Only | Defense Costs Only | Defense Costs Only | Defense Costs Only |
| Government Funding | Not covered | Not covered | Not covered | Not covered |
| Employment Practices | \$5,000,000 | \$5,000,000 | \$5,000,000 | \$5,000,000 |
| Third Party EPL Sublimit | \$5,000,000 | \$5,000,000 | \$5,000,000 | \$5,000,000 |
| Employment Crisis Fund | Not covered | Not covered | Not covered | Not covered |
| Retention: | | | | |
| Directors & Officers | \$250,000 | \$300,000 | \$500,000 | \$1,000,000 |
| Anti-Trust | \$250,000 | \$300,000 | \$500,000 | \$1,000,000 |
| Government Funding | N/A | N/A | N/A | N/A |
| Employment Practices | \$250,000 | \$300,000 | \$500,000 | \$1,000,000 |
| Class-Action/Multi Plaintiff | N/A | N/A | N/A | N/A |
| Co-Insurance | | | | |
| Anti-Trust | N/A | N/A | N/A | N/A |
| Government Funding | N/A | N/A | N/A | N/A |
| Premiums | | | | |
| D&O/ELL/EPL | \$125,254 | \$118,044 | \$102,363 | \$82,312 |
| D&O/ELL | N/A | N/A | N/A | N/A |
| EPL | N/A | N/A | N/A | N/A |
| UE's State Tax (2.5% of Premium) | \$3,131 | \$2,951 | \$2,559 | \$2,058 |
| Total | \$128,385 | \$120,995 | \$104,922 | \$84,370 |
| Commission | 10.00% | 10.00% | 10.00% | 10.00% |

United Educators provided unsolicited quotations for \$25M D&O/ELL/EPL limit

10. Naming of the Music Center

For Approval

Presented by M. David Rudd

Recommendation to the Board of Trustees

The University of Memphis Board of Trustees
Recommendation

Date: December 7, 2017

Committee: Governance and Finance Committee

Recommendation: Music Center Naming

Presented by: Dr. M. David Rudd, President

Background: University policy, **UM1368 Identification of Buildings and Facilities**, stipulates the Board of Trustees must approve requests for the naming of any building or facility or any portion of a building or facility after an individual. Recommendations for official building or facility names are submitted to the Board of Trustees by the President following the review and endorsement of the University Facilities and Services Standing Committee.

On June 13, 2016, the Facilities and Services Standing Committee received a request from Bobby Prince, Chief Development Officer for the University of Memphis, regarding the naming of the new music center. The proposed name, The Scheidt Family Music Center, was suggested by Rudi Scheidt, a long-time supporter of the University. The Scheidt family has made total commitments exceeding \$5 million toward the project, which is 50% of the initial fundraising goal. Upon review, the Committee supported the name as requested.

Committee Recommendation:

The Governance and Finance Committee met December 7, 2017, and approved a motion recommending the approval of the naming of the new music center as *The Scheidt Family Music Center*.

11. Land Acquisition

For Approval

Presented by Tony Poteet

The University of Memphis Board of Trustees

Agenda Item

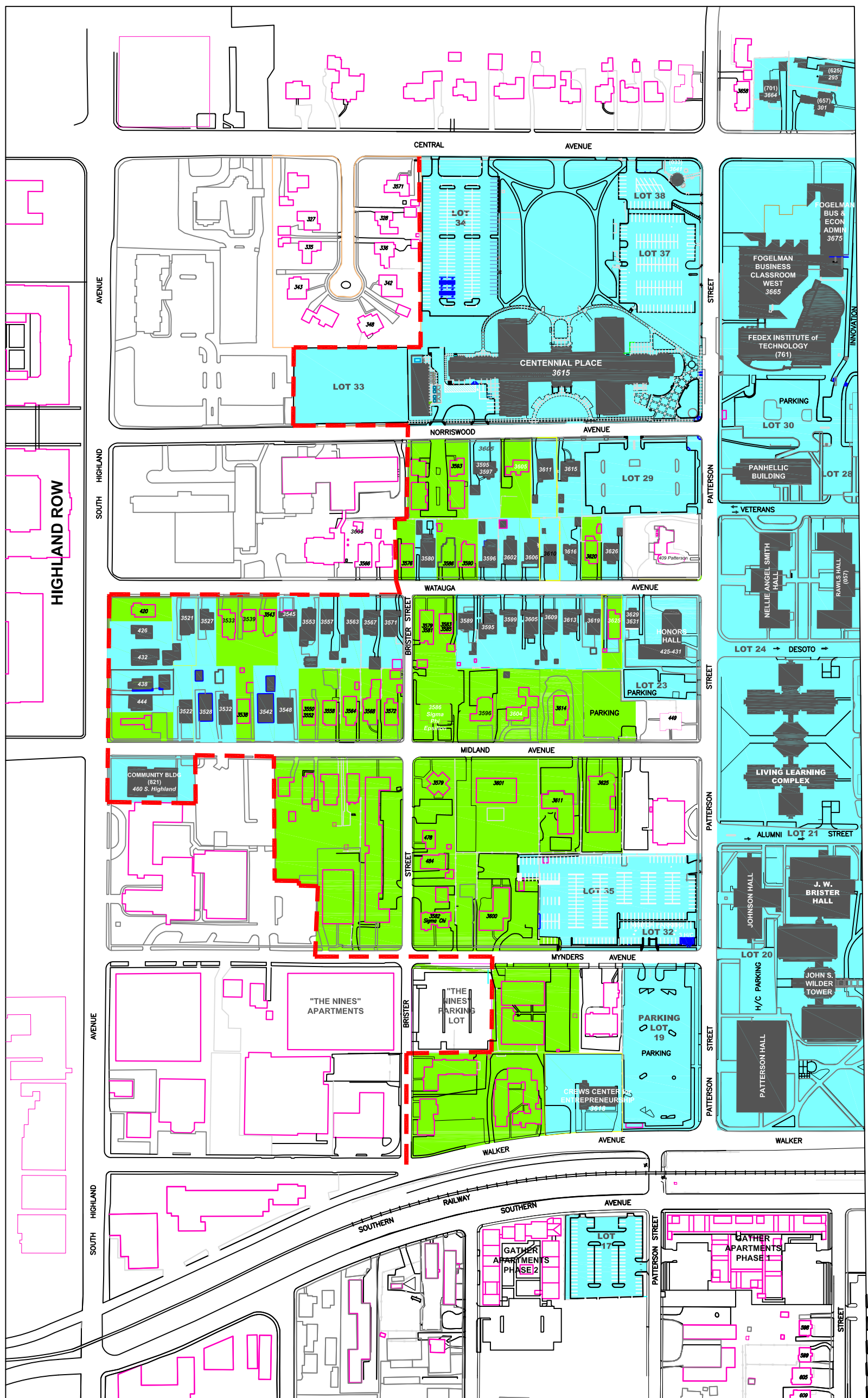
Date: December 7, 2017
Committee: Governance and Finance
Item: Land Acquisition
Recommendation: Approval
Presented by: Tony Poteet, Assistant Vice President Campus Planning and Design

Background:

The University of Memphis campus master plan receives approval from the Tennessee Higher Education Commission (THEC) and the Tennessee State Building Commission (SBC). All land acquisitions and/or disposals are required to be in agreement with the state approved master plan. In order to proceed in an efficient and expedient manner, the University needs to be able to review potential acquisitions with the president quickly and before others with interests in the area are able to procure the property. The campus master plan has identified long-term uses for all the property identified in the approved land acquisition plans for main campus and Lambuth. There are no acquisition plans for enlarging the Park Avenue campus or any outlying centers.

Committee Recommendation:

The Governance and Finance Committee met on December 7, 2017 and recommends approval of property acquisition of property identified in the current University land acquisition plan.



MAP LEGEND



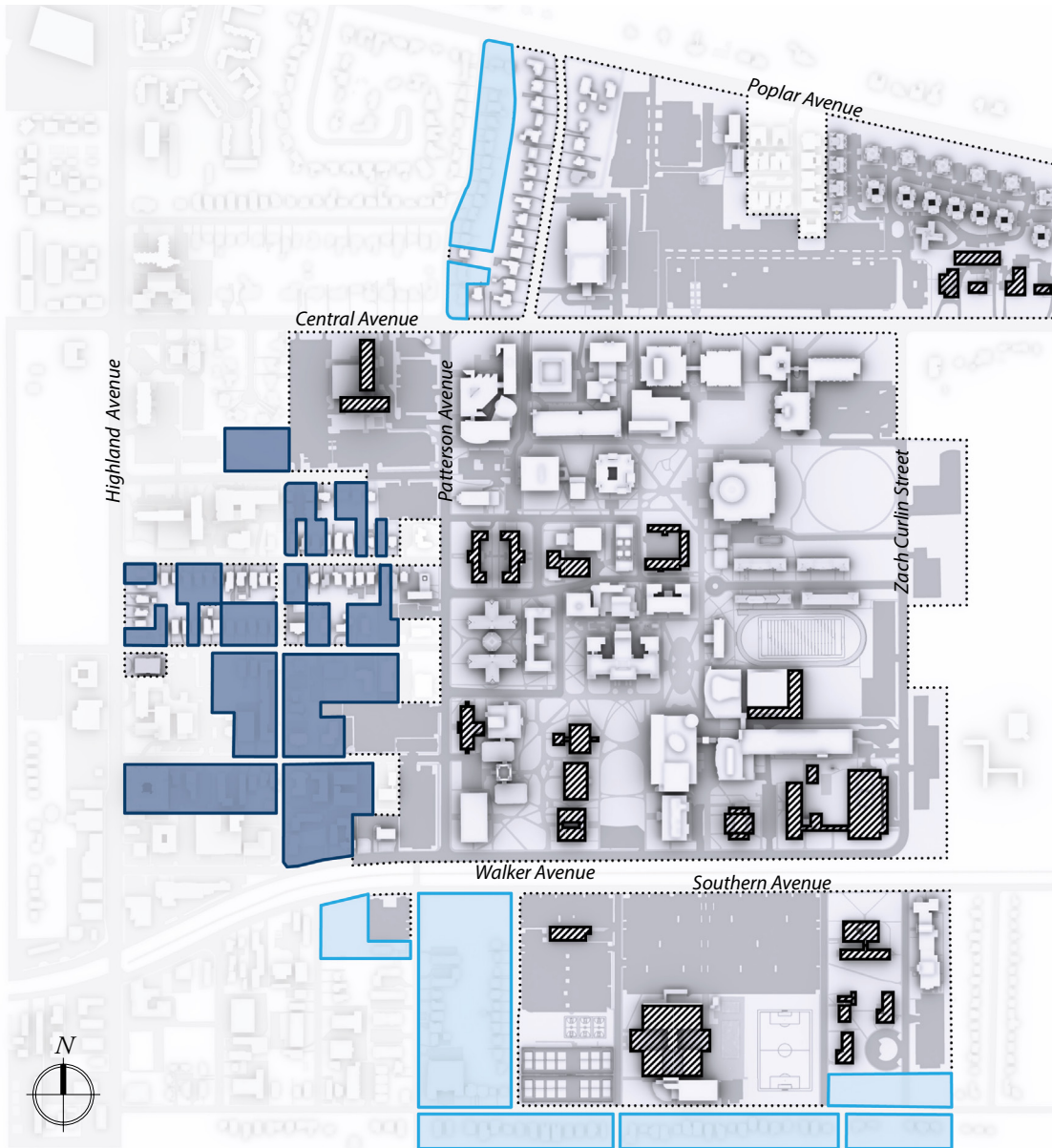
- UNIVERSITY OWNED BUILDINGS
- UNIVERSITY OWNED PROPERTY
- UNIVERSITY ACQUISITION AREA
- PROPERTY ACQUISITION LINE BOUNDARY
- IN PROCESS
- NEW ACQUISITION REQUEST




PROPERTY ACQUISITION Patterson to Highland Central to Walker

REVISED: 2008–2016; May/November 2017

MAIN CAMPUS

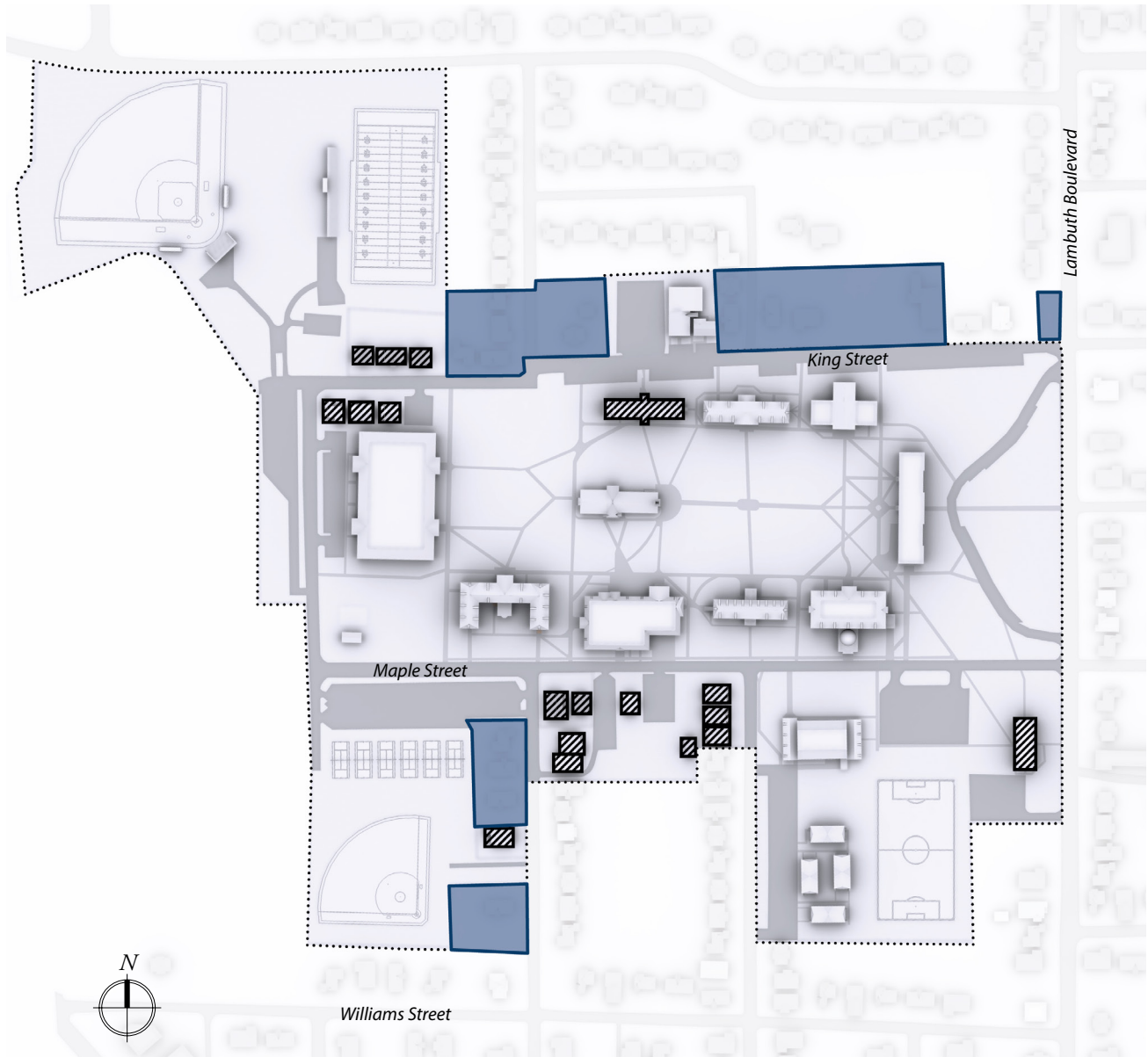
ACQUISITION & DEMOLITION





- Demolition
- Primary Acquisition
- Secondary Acquisition

LAMBUTH CAMPUS

ACQUISITION & DEMOLITION



-  Demolition
-  Acquisition

12. Additional Committee Business

13. Adjournment