I. PURPOSE

As the governing body of The University of Tennessee (the “University”), the Board of Trustees (the “Board”) has been vested with broad authority and oversight responsibility for the proper governance of the University. These responsibilities include ensuring the University’s fiscal stability, exercising control over the University funds, and preserving and protecting University assets.

This policy sets forth a framework for establishing a coordinated, long-range capital improvement program through which capital projects are to be developed and approved in support of the University’s mission, which considers the overarching needs and priorities of the entire University system.

II. DEFINITIONS

For purposes of this policy, capitalized terms used herein shall have the meanings as set forth in Appendix A.

III. APPLICABILITY

This policy applies to: (i) capital planning and capital funding requests; (ii) the acquisition of any interest in real property, (iii) the construction, renovation, or maintenance of facilities and other physical assets on property owned or controlled by the University, (iv) leases and licenses of real property interests; and (v) the sale and disposition of real property as provided herein.

IV. SCOPE OF AUTHORITY

Subject to state approvals as may otherwise be applicable, the Board’s powers and responsibilities as set forth in the University’s Bylaws include the following:

- Approval of proposed capital funding requests for state funding prior to their submission to state agencies and/or officials.
- Approval of Capital Projects and Capital Improvements, including renovation and maintenance, to be funded by revenues or other institutional funds not specifically appropriated by the state.
- Authority to borrow money for the purpose of erecting buildings, purchasing real estate, or cooperating with agencies of the United States and to issue evidences of indebtedness for those purposes.
• Approval of a facilities master plan for each campus and institute.

• Approval of the acquisition of any interest in real property, including acquisition by gift or devise if the acquisition obligates the University or the State of Tennessee to expend state funds for Capital Improvements or continuing operating expenditures.

• Approval of the sale or other disposal of real property owned by the University.

• Approval of the naming of facilities and other assets of the University.

Additionally, under state law, the Board has been granted the authority to approve and supervise a Capital Project if: (i) the project is managed by the UT System Department of Capital Projects (the “Department”); (ii) the project involves a building or facility used primarily for non-academic purposes; and (iii) the project is either fully funded by Gifts received by Donors or revenue from self-supporting Auxiliary Projects, including projects financed with Debt, or both.

V. GUIDING PRINCIPLES

The University’s real estate strategy is grounded in supporting the University’s mission of education, discovery, and outreach that recognizes its long-term vision and fiscal responsibility to the people of the State of Tennessee.

A comprehensive program of facilities planning, capital budgeting and project development, and facilities operation and maintenance is essential for the University to effectively serve students, faculty, staff, and other University constituencies.

Capital Projects for the creation, renovation, renewal, remodeling, and adaptation of buildings, outdoor spaces, other support spaces, or supporting infrastructure shall be developed and justified through a planning process that considers total cost of ownerships and program delivery. Projects shall be professionally designed and managed; optimal utilization of existing space emphasized; and existing facilities maintained in a manner that is cost effective, extending their useful lives.

The administration shall develop and present to the Board for adoption, a master plan for each campus to provide an integrated framework for investment decisions that will ensure adequate facilities to support implementation of the strategic plans for the University system and its campuses. The use and stewardship of University property and facilities shall be consistent with the master plan for each campus.

The University will prioritize properties for acquisition if a specific, mission-supporting use has been identified for the property long-term. The University will also consider the
financial impacts of holding property, including minimizing the University's long-term financial liability in order to minimize capital and operating costs of the property until it is developed for the University’s mission-supporting use.

Dispositions of property may occur when it is determined that the property is no longer required to fulfill the University’s mission, the disposition better meets the University’s needs, or is otherwise appropriate in light of the particular circumstances.

VI. APPROVALS AND DELEGATIONS OF AUTHORITY

In the interest of operational efficiency of the University, the authority to approve or act on certain types of transactions are deemed best exercised by the Executive Committee of the Board, the President of the University, and other designees as specified in Appendix B.

VII. ADMINISTRATION RESPONSIBILITIES

The Department shall be responsible for supporting the University with the planning and administration of capital improvement programs including the following services:

- Development of facilities programs and Capital Project budgets;
- Development of capital funding requests;
- Administration of the design and construction of Capital Projects; and
- Leadership of special facilities planning and Capital Projects.

Additionally, the Department, subject to review and approval by the Chief Financial Officer, shall be responsible for the development of written policies, procedures, and other guidance (collectively, “Administrative Procedures”) as deemed necessary and appropriate for ensuring the University’s compliance with the requirements of this Board policy and all applicable state laws, rules, and regulations. When preparing the Administrative Procedures, the Department shall take into account factors that include: (i) the level of design and planning services; (ii) the costs to be incurred prior to budget development; (iii) the nature of the ownership (i.e., owned, leased, public-private partnerships, etc.).

Where state form agreements are not otherwise required, the Department, in consultation with the Office of General Counsel, shall be responsible for (i) developing any other standard form agreements as may be appropriate for use by the University to ensure compliance with the terms of this policy and with applicable state laws, rules, and regulations, and (ii) approving any modifications to the approved standard form agreements. Guidance regarding the review and approval of any third-party agreements shall be set forth in the Administrative Procedures.
VIII. ADDITIONAL APPROVALS

Nothing contained herein shall in any way be construed to be inconsistent with or in substitution of any state approvals that may otherwise be required.

IX. REPORTS

The Department shall be responsible for preparing periodic reports pertaining to Capital Projects and other real property transactions as deemed appropriate by the Finance and Administration Committee. Additionally, the Department shall be responsible for filing with state agencies as may be required.

X. WAIVER

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

RELATED POLICIES

Board Policy (BT0016) – Policy on Related Foundations
Board Policy (BT0017) – Policy on Naming of Facilities and Other Assets

History:

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