



12-12-1980

University of Tennessee Board of Trustees Exhibit Records, 1980 December 12, Exhibits 1 - 2

University of Tennessee

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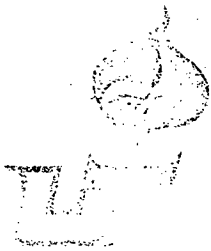
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ORDER OF BUSINESS
EXECUTIVE COMMITTEE MEETING
BOARD OF TRUSTEES
THE UNIVERSITY OF TENNESSEE

December 12, 1980
1:30 p.m.

Board Room
Andy Holt Tower
Knoxville Campus

1. Approval of an agreement with the Abe Plough Foundation.
2. Authorization to increase the interest rate on University Loan Funds.
3. Authorization to make interest bearing loans from the UT Memorial Hospital (Knoxville) Funded Depreciation Reserve to the UT William F. Bowld Hospital (Memphis).
4. Authorization to execute a contract for construction of alterations and an addition to the UT Memorial Research Center and Hospital, Knoxville.
5. Authorization to sell 42 acres of the John Whittington gift property between Lovell Road and Hardin Valley Road, Knoxville.
6. Authorization to sell the Fred E. Bell gift property at 1370 Madison Avenue, Memphis.
7. Authorization to sell the Richard Gillespie gift property in Lawnville Forest Subdivision, Roane County.
8. Authorization to execute contracts for energy audits--UTC, UTCHS, UTK and UTM.
9. Other business.
 - (1) Authorization to grant to the City of Knoxville right-of-way for construction of a sidewalk on Woodlawn Pike.



The University of Tennessee

PRIMARY CAMPUSES:

Knoxville
Memphis
Martin
Chattanooga

Office of General Counsel and Secretary

Suite 810, Andy Holt Tower
Knoxville 37916
Telephone 615/974-3245

DATE: December 1, 1980

TO: The Executive Committee of the Board of Trustees:
Mr. Harry W. Laughlin, Chairman
Mr. Wayne Fisher, Vice Chairman
Mr. Tom Elam
Mrs. Ann B. Furrow
Mr. William M. Johnson
Dr. Edward J. Boling

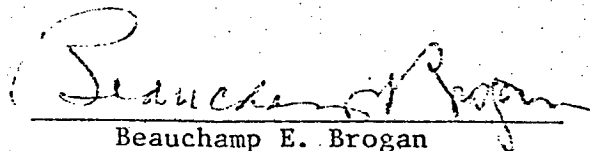
FROM: Beauchamp E. Brogan

SUBJECT: Executive Committee Meeting, Board of Trustees
1:30 p.m., Friday, December 12, 1980
Board Room, Andy Holt Tower, Knoxville Campus

Upon call of Mr. Harry W. Laughlin, Chairman, there will be a meeting of the Executive Committee of the Board of Trustees on Friday, December 12, 1980, beginning at 1:30 p.m. in the Board Room, Andy Holt Tower, Knoxville campus. The agenda and back-up material will be mailed to you this week.

The UT, Knoxville fall quarter commencement and commencement luncheon also will be on December 12. You are cordially invited by Chancellor Jack E. Reese to join him for the commencement luncheon at 12:00 noon in the Hermitage Room, University Center. You also are invited to attend the commencement if you can, which begins at 10:00 a.m. in Stokely Athletics Center. Dr. Arliss L. Roaden, President of Tennessee Technological University, will be the commencement speaker.

With kindest personal regard.


Beauchamp E. Brogan

BEB:cb
attachments
cc: Other Members of the Board of Trustees
Members of the President's Staff
Mr. Keel Hunt
Mrs. Virginia Eckert



The University of Tennessee

PRIMARY CAMPUSES:
Knoxville
Memphis
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Chattanooga

EXHIBIT 1
EXECUTIVE COMMITTEE MEETING
DECEMBER 12, 1980

Office of the Executive Vice President
and Vice President for Development

605 Andy Holt Tower
Knoxville 37916
Telephone 615/974-2206

December 9, 1980

MEMORANDUM

TO: The University of Tennessee Board of Trustees' Executive Committee

FROM: Joe Johnson *J*

SUBJECT: Proposed Plan for Creation of the "Moses and Julia Plough Scholarship Fund for the UTCMS College of Pharmacy"

The University of Tennessee through appropriate UT officials has been in discussion with Mr. Abe Plough about a proposed plan for creation of the "Moses and Julia Plough Scholarship Fund for the UTCMS College of Pharmacy." The proposed plan has been reviewed by Mr. Brodie Baynes, Mr. Beach Brogan, Mr. Eli Fly, Mr. Charles Brakebill, and me.

Basic elements of the plan are summarized below:

1. The University's agreement for this plan would be with the Plough Foundation.
2. The University would seek to raise or use gift funds legally available for such purpose in the amount of approximately \$25,000 a year for ten years to be transferred annually in the form of a 6.0 percent interest bearing repayable advance to a Memphis bank designated as custodian of the Plough Scholarship Fund. The Plough Foundation would match these UT contributions.
3. For 25 years the investment of the Fund would be directed by a Committee of a designee from the Plough Foundation, the University, and the custodian bank. Thereafter, UT would direct investments of the Fund.
4. During the first 15 years of the Fund earnings of the Fund would flow to the University for Plough Scholarships in the College of Pharmacy and to the principal of the Fund.
5. From the sixteenth to the twenty-fifth year, the Fund would repay annually to the University the payments or contributions made by UT to the Fund in the first ten years.
6. After the twenty-fifth year, the annual net income of the Fund would be used for the Plough Scholarships in Pharmacy.

December 9, 1980

Recommended Committee Action - The UT administration recommends that the Executive Committee approve this plan and authorize the administration to negotiate with the Plough Foundation for its creation for the following reasons:

1. UT can double its gift dollars for Plough Pharmacy scholarships through matching gifts of the Plough Foundation.

2. All earnings of the Fund ultimately benefit solely the UT College of Pharmacy.

3. The UT College of Pharmacy has a need for scholarships.

4. UT staff members have found the proposed plan to be legally and fiscally sound.

JEJ/ccb

Attachment

D R A F T

Basic Provisions to be Proposed for Agreement
Between The University of Tennessee and
The Plough Foundation

The University of Tennessee proposes to enter into an Agreement with the Plough Foundation under which Agreement the University would undertake to raise funds, or to use funds legally available for such purpose, over a ten year period at the rate of approximately \$25,000.00 per year, which funds, not in excess of \$25,000.00 per year, would be transferred annually on June 1 in the form of a 6% interest bearing repayable advance to a Memphis bank designated as custodian of "The Moses and Julia Plough Scholarship Fund". Under the proposed Agreement, the Plough Foundation would make an equal matching contribution to the Fund.

For the initial twenty-five years from inception of the Fund, investment of the Fund would be directed by an Investment Committee composed of a designee by each of the Plough Foundation, the University, and the custodian bank. After the 25th year, investment of the Fund would be directed solely by the University.

During the first fifteen years of existence of the Fund, the University would receive annual payments representing 6% interest on the University amounts transferred to the Fund plus a portion of the net income of the Fund equivalent to 2% of the book value of the Fund's assets as of the beginning of the year, which amount when received by the University would be used for scholarship awards to students in the College of Pharmacy at The University of Tennessee Center for the Health

Sciences at Memphis, Tennessee, with such awards being designated as the "Moses and Julia Plough Memorial Scholarships".

Beginning with the sixteenth through the twenty-fifth year, the amounts transferred to the Fund by the University will be repaid to the University in successive annual installments, each installment being equal to the amount transferred by the University in each of the years one through ten. Such repayments shall be made at the beginning of each year. During this ten year period, in addition to the repayment amounts, each year the University would receive annual payments representing 6% interest on the unpaid balance of initial advances plus a portion of the net income of the Fund equivalent to 2% of the book value of the Fund's assets as of the beginning of the year plus an amount equivalent to each year's reduction in the interest amount paid to the University, which amounts, other than the repayment amounts, when received by the University would be used for "Moses and Julia Plough Memorial Scholarship Awards" to students in the College of Pharmacy.

Subsequent to the twenty-fifth year, the entire annual net income of the Fund may be used for the award of the "Moses and Julia Plough Memorial Scholarships".

ILLUSTRATION OF OPERATION OF THE PROPOSED MOSES AND JULIA PLOUGH MEMORIAL SCHOLARSHIP FUND
(ASSUMING NET INVESTMENT INCOME OF 10%, AFTER CUSTODIAN EXPENSES)

Year of Operation	Summary of Fund Principal					Summary of Distribution of Net Investment Income					
	Principal Advances			Net Annual Income From Prior Year	Principal Balance at Beginning of Year	Payments to University			Supplemental Payment	Total for Scholarships	Total Balance Added to Principal
	U.T. Repayable Advances	Plough Foundation Contribution	Cumulative Principal Advances			2% of Beginning Principal Balance	6% Interest on Advances	Estimated Investment Income			
					\$ 50,000	\$ 5,000	\$ 1,500	\$ 1,000		\$ 2,500	\$ 2,500
1	\$ 25,000	\$ 25,000	\$ 50,000		102,500	10,250	3,000	2,050		5,050	5,200
2	25,000	25,000	100,000	2,500	157,700	15,770	4,500	3,154		7,654	8,116
3	25,000	25,000	150,000	5,200	215,816	21,581	6,000	4,316		10,316	11,265
4	25,000	25,000	200,000	8,116	277,081	27,718	7,500	5,543		13,043	14,675
5	25,000	25,000	250,000	11,265	341,756	34,185	9,000	6,837		15,837	18,348
6	25,000	25,000	300,000	14,675	410,104	41,020	10,500	8,104		18,604	22,416
7	25,000	25,000	350,000	18,348	482,520	48,262	12,000	9,652		21,652	26,610
8	25,000	25,000	400,000	22,416	559,130	55,923	13,500	11,185		24,685	31,238
9	25,000	25,000	450,000	26,610	640,368	64,047	15,000	12,809		27,809	36,238
10	25,000	25,000	500,000	31,238	732,606	73,262	16,500	14,534		29,305	42,219
11				36,238	828,844	82,884	17,500	16,288		31,788	54,007
12				39,136	928,980	92,898	18,000	18,088		33,178	67,185
13				42,219	1,032,199	103,220	18,500	19,588		34,688	81,873
14				45,597	1,139,796	113,979	19,000	20,788		36,278	98,151
15				49,244	1,251,540	125,154	19,500	22,088		37,978	116,129
16			475,000	53,264	1,366,804	136,680	20,000	23,488	\$ 1,500	39,488	135,617
17	(25,000)		450,000	55,446	1,482,250	148,225	20,500	24,988	3,000	42,488	158,105
18	(25,000)		425,000	57,881	1,600,131	160,013	21,000	26,488	4,500	45,988	184,093
19	(25,000)		400,000	60,512	1,720,643	172,064	21,500	28,088	6,000	50,088	214,181
20	(25,000)		375,000	63,352	1,844,995	184,499	22,000	29,788	7,500	54,288	248,469
21	(25,000)		350,000	66,421	1,973,416	197,341	22,500	31,588	9,000	59,088	287,557
22	(25,000)		325,000	69,735	2,106,151	210,615	23,000	33,488	10,500	64,488	332,045
23	(25,000)		300,000	73,313	2,243,464	224,346	23,500	35,488	12,000	70,988	383,033
24	(25,000)		275,000	77,178	2,385,642	238,564	24,000	37,588	13,500	78,588	441,621
25	(25,000)		250,000	81,035	2,532,607	253,260	24,500	40,088	15,000	87,588	509,209
(end of year)				85,835	2,618,442	261,844	25,000	42,588		97,588	586,797
Totals	<u>-0-</u>	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$1,096,774</u>	<u>\$1,346,774</u>	<u>\$1,755,213</u>	<u>\$225,000</u>	<u>\$350,939</u>	<u>\$82,500</u>	<u>\$658,439</u>	<u>\$1,096,774</u>

Note: In this illustration, it is assumed that payments into and from the Fund principal account are made at the beginning of each Fund year, and that payments from investment income are made at the end of each year.



PRIMARY CAMPUSES:

Knoxville
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Chattanooga
Nashville

Office of the Executive Vice President
and Vice President for Development

605 Andy Holt Tower
Knoxville 37916
Telephone 615/974-2206

December 1, 1980

MEMORANDUM

TO: Dr. Edward J. Boling and
Members of the Board of Trustees

FROM: Dr. Joseph E. Johnson

SUBJECT: Alterations and Addition to U.T. Hospital, Knoxville
U.T. Memorial Research Center & Hospital
SBC No. 540/09-02-77

Bids were received for the construction of Alterations and Addition to the U.T. Hospital, Knoxville, on Thursday, November 6, 1980.

Bids for the patient headwall units were received at 2:00 p.m. EST. Five bids were received, ranging from \$319,500 to \$428,000. A detailed analysis of the headwall bids will be necessary to verify compliance with the contract documents before the low bidder can be determined. Because the low bid for the patient headwall units cannot be conclusively determined at this time, a cost of \$400,000 is being used for budget purposes for the headwall units.

Five bids were received at 4:00 p.m. EST for construction of Alterations and Addition to the U.T. Memorial Hospital. The low bid, in the amount of \$36,588,000, was submitted by John B. Pike & Son, Inc., of Rochester, New York.

The contract amounts for the construction of the hospital, based on the low bids received, is \$36,988,000, which is within the \$44,000,000 budget established for this project. It requires that \$2,738,000 be allocated from the equipment and contingency category to the construction cost. The cost and installation of the patient headwall units was estimated to be \$800,000, which was programmed in the equipment and contingency category. This results in a net increase in the estimated construction cost of \$1,938,000.

Below is a recapitulation of the budget approved by the Board of Trustees on April 25, 1980, and a proposed revised budget based on the low bids received:

Project Budget as Approved April 25, 1980

Construction Cost	\$34,250,000
Architect's Fee	1,620,000
Equipment and Contingency	4,600,000
Surveys, Geotechnical, Investigating, Tests, Advertising	230,000
Temporary Financing	3,300,000
TOTAL PROJECT COST	\$44,000,000

Revised Project Budget Based on the Low Bids Received

Construction Contract	\$36,588,000
Patient Headwall Units	400,000
Architect's Fee	1,620,000
Surveys, Geotechnical, Investigating, Tests, Advertising	230,000
Temporary Financing	3,300,000
Equipment and Contingency	1,862,000
TOTAL PROJECT COST	\$44,000,000

The base bid includes the following quantities, which should preclude additional cost incurred to excavate the site:

- (1) Excavating 12,000 cubic yards of rock
- (2) 1,500 linear feet of probe holes
- (3) 30,000 lbs. of additional reinforcement steel
- (4) 1,000 cubic yards of 3,000 psi concrete
- (5) 120 cubic yards of 4,000 psi concrete
- (6) 750 square feet of steel rock plate
- (7) 10,000 lbs. of fabricated structural steel
- (8) 100 15-foot rock bolts
- (9) 50 10-foot rock bolts

The proposed alterations and addition to U.T. Hospital, Knoxville, are well-planned, and the low bid is very good considering the present market conditions in the East Tennessee area.

The Tennessee State School Bond Authority met Wednesday, November 19, and agreed to issue revenue bonds to finance construction of this project.

Recommended Board of Trustees Action:

That the Board of Trustees authorize the University Administration to execute a contract with James B. Pike & Son, Inc., in the amount of \$36,588,000, for the construction of Alterations and Addition to the U.T. Memorial Research Center & Hospital, Knoxville, and authorize the purchase of patient headwall units as specified at an estimated cost of \$400,000.