



Middle Tennessee State University Board of Trustees Finance and Personnel Committee

Tuesday, August 19, 2025

MEC Training Room – 2nd Floor
Miller Education Center
503 East Bell Street
Murfreesboro, Tennessee 37130



**Middle Tennessee State University
Board of Trustees**

Finance and Personnel Committee

August 19, 2025

AGENDA

Call to Order and Opening Remarks

Roll Call

Approval of Minutes (Action)Tab 1

Naming of an Academic Unit (Action)Tab 2

Capital Projects Status Update (Information).....Tab 3

Capital Disclosures (Information)Tab 4

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P3 Resolution (Action)Tab 6

Foundation Update (Information)Tab 7

Closing Remarks

Adjournment



**Middle Tennessee State University
Board of Trustees**

Finance and Personnel Committee

Action Item

DATE: August 19, 2025

SUBJECT: **Approval of Minutes**

PRESENTER: Pete DeLay
Committee Chair

BACKGROUND INFORMATION:

The Finance and Personnel Committee met on May 20, 2025. Minutes from this meeting are provided for your review and approval.

**MIDDLE TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES**

**FINANCE AND PERSONNEL COMMITTEE
MINUTES**

The Finance and Personnel Committee met on Tuesday, May 20, 2025, in the Miller Education Center Meeting Room at Middle Tennessee State University.

Call to Order

Committee Chair Pete Delay called the meeting to order at 9:00 a.m.

Roll Call

Senior Associate University Counsel Jeff Farrar called the roll. The following Committee members were in attendance: J.B. Baker, Tom Boyd, Chair Pete DeLay, Bill Jones, Mary Martin, Steve Smith, Chris Karbowiak Vanek, Michael Wade, Pam Wright, and Shaylaine Roker. A quorum was declared.

Also present were Joe Bales, Vice President for University Advancement; Mark Byrnes, University Provost; Alan Thomas, Vice President for Business and Finance; Yvette Clark, Vice President for Information Technology and Chief Information Officer; Kalilah Doss, Vice President for Student Affairs and Dean of Students; Leah Ladley, Chief Audit Executive; Keith Huber, Senior Advisor for Veterans and Leadership Initiatives; Jeff Farrar, Senior Associate University Counsel; President Sidney A. McPhee and Kim Edgar, Assistant to the President and Chief of Staff.

Approval of Minutes – Action

The first agenda item was the approval of the minutes from the February 25, 2025, Finance and Personnel Committee meeting. Vice-Chair Vanek moved to approve the minutes from the February 25, 2025, meeting, and Trustee Baker seconded the motion. A voice vote was taken,

and the motion to approve the minutes from the February 25, 2025, Finance and Personnel Committee meeting passed unanimously.

Capital Outlay Project Submittal – Action

The next item on the agenda was the recommendation for the approval of the FY 2026-2027 Capital Outlay budget request presented by Bill Waits, Assistant Vice President for Campus Planning. Mr. Waits outlined recent changes to the capital outlay process resulting from new legislation in Tennessee. Previously, higher education institutions submitted capital outlay project proposals to the Tennessee Higher Education Commission (THEC), which reviewed and scored the projects and provided a ranked list of recommendations to the Governor. Under the new legislation, the scoring component and ranked list have been removed.

Institutions are now required to categorize each capital outlay request under one of four categories:

1. Workforce development needs
2. Institutional research needs and goals
3. Institutional priorities due to time sensitivity or other extenuating circumstances
4. Facility renovation or optimization needs

An unranked list of projects will be submitted to the Governor for budget consideration, grouped by category. Another significant change allows institutions to submit more than one capital outlay project request per year.

For FY 2026–27, MTSU is proposing two capital outlay projects:

1. Civic Leadership and Applied Humanities Building

This project has been submitted in previous years and is being resubmitted for consideration. The proposed facility includes approximately 130,000 gross square feet and will house the departments of History, Political and Global Affairs, Sociology and Anthropology, as well as the Center for Historic Preservation. In addition to supporting

these academic units, the building will enhance the freshman and sophomore experience for students across all majors.

2. Aerospace Phase II Development – Shelbyville Airport

This project builds upon the Phase I development, which is currently in progress and supports the professional pilot concentration. Phase II will add facilities to support MTSU's remaining aerospace concentrations: Maintenance Management, Aviation Management, Aerospace Technology, Unmanned Aircraft Systems Technology (drone program), Flight Dispatch, and Aviation Safety and Security.

The proposed work includes:

- A 120,000-square-foot academic building with departmental offices, faculty and staff spaces, classrooms, laboratories, and communal areas
- A 57,000-square-foot laboratory building focused on Maintenance Management
- Site improvements include an aircraft apron, expanded automobile access and parking, and green space for students

Chairman Smith moved to approve the proposed FY 2026-27 Capital Outlay Requests and Trustee Wright seconded the motion. A voice vote was taken, and the motion to approve the FY 2026-27 Capital Outlay Requests passed unanimously.

Capital Disclosures – Action

The third agenda item, also presented by Mr. Waits, was a recommendation for approval of the FY 2026–27 Capital Disclosures. Mr. Waits explained that capital project disclosure is the initial step in the project approval process and indicates potential investment without obligating the

University to move forward. Disclosed projects remain active for two years before expiring and being removed from the list.

Mr. Waits directed the Committee to the meeting materials containing the FY 2026-2027 proposed capital disclosure projects for board approval. Of these:

- The first two projects require inclusion in the MTSU capital budget because they are funded through Tennessee State School Bonds.
- The remaining four projects qualify for local disclosure and only require MTSU Board approval.

Mr. Waits briefly summarized the first three projects, which had not been previously presented to the Board:

1. Floyd Stadium Renovation

This project involves replacing seating and related structural support on the west grandstand (home side) of Floyd Stadium, which has reached the end of its useful life. Although the project was initially disclosed at \$24 million, the current estimate is closer to \$15 million. The final scope and budget are still being refined.

2. Wellness Center Renovation and Addition

This project proposes a small addition and renovation to the Wellness Center to relocate the MTSU Counseling Center from the C.K. Cochran Building. The intent is to provide a more holistic and integrated approach to student health and wellness by combining physical and mental health services in one facility.

3. Student Commons Improvements

This small renovation project will add a stage near the Student Union quad to accommodate the increasing number of student-led events and performances.

The remaining three projects on the list had been previously disclosed and are being resubmitted because their two-year disclosure period is expiring.

Mr. Waits also provided an update on the previously disclosed hotel project and the new P3 student housing project at the former Womack Lane site, both of which are progressing through lease

negotiations and state approval processes. The housing project will result in a net increase of student beds and reserve space for future housing development. Mr. Waits noted that over 800 students were waitlisted for housing last year, underscoring the ongoing demand for on-campus housing options.

Trustee Boyd moved to approve the proposed FY 2026–27 Capital Disclosures. Trustee Wright seconded the motion. A voice vote was taken, and the motion passed unanimously.

Capital Maintenance Projects Submittal – Action

The fourth agenda item, presented by Joe Whitefield, Assistant Vice President for Facilities Services, was a request to approve the FY 2026–2027 Capital Maintenance Project submittal.

Mr. Whitefield directed the Committee to the meeting materials and provided an overview of the state’s capital maintenance formula and MTSU’s proposed project list.

The University is requesting approval to submit 13 capital maintenance projects totaling approximately \$24.3 million, in alignment with THEC's funding model based on 1.6% of current asset replacement value.

Mr. Whitefield noted that while the formula supports the requested need, historical funding has been inconsistent, with only partial or single-project funding in recent years. The FY 2026–27 project list was developed with a focus on single-discipline groupings (e.g., roofing, plumbing, fire alarm systems) to maximize cost efficiency and campus impact.

The top priority project is \$4 million for exterior envelope and structural repairs, which was also the top-ranked project in the previous year and only partially funded at \$3.5 million. Other proposed projects address critical systems such as utilities, elevators, fire alarms, and access control.

In addition to the current-year request, the Committee was directed to review four years of out-year project planning and individual project scopes, included in the materials for additional context. Mr. Whitefield emphasized that although funding is requested now, construction for

these projects would not occur until 2027, allowing for one year of design and necessary adjustments based on evolving needs.

Chairman Smith moved to approve the FY 2026-27 Capital Maintenance Projects Submittal. Trustee Jones seconded the motion. A voice vote was taken, and the motion to approve the FY 2026-27 Capital Maintenance Projects Submittal passed unanimously.

Tuition, Fees, and Housing Rates – Action

The next agenda item, presented by Drew Harpool, Interim Vice President for Business and Finance, was a request for approval of the proposed FY 2025–26 Tuition, Fees, and Housing rates. Mr. Harpool noted that, in consultation with Board leadership, the presentation format had been adjusted to better support trustee decision-making. He began by referencing the calculation of need included in the materials, which reflects a 5.76% increase in base tuition, or approximately \$5.8 million in additional revenue.

Mr. Harpool emphasized that MTSU currently ranks 8th among Tennessee’s public four-year institutions for lowest tuition, and the University has maintained one of the lowest average increases over the past ten years—just 2.6%—well below the rate of inflation.

Two scenarios were presented for consideration, both beginning with a 5.76% base tuition increase and differing only in the proposed increase to the athletics fee.

- **Scenario 1** results in a 5.93% combined increase in tuition and mandatory fees.
- **Scenario 2** includes an additional \$29 athletics fee increase and results in a 6.49% total increase—at the top of THEC’s 0%–6.5% binding tuition and fee range.

The proposal also included updates to select non-mandatory fees (Aerospace and Basic & Applied Sciences) and housing rates. Notably, family housing rates were removed due to the planned demolition of Womack Lane Apartments.

Trustees engaged in a detailed discussion of the proposal, emphasizing the importance of context in communications with students and the public. Key points included:

- MTSU's tuition growth has remained well below inflation while continuing to deliver high value per degree.
- On-campus housing remains more affordable than off-campus options.
- The need for stronger public messaging around what mandatory fees, particularly the athletics fees, support beyond intercollegiate sports.
- Recognition that MTSU's affordability has been sustained in part by limited salary growth among faculty and staff.
- The importance of highlighting available scholarships to support students facing financial challenges.

Trustee Baker moved to approve **Scenario 2**, which includes a 6.49% increase in tuition and mandatory fees. Trustee Boyd seconded the motion. A voice vote was taken, and the motion to approve Scenario 2, which includes a 6.49% increase in tuition and mandatory fees, for the FY 2025-26 Tuition, Fees, and Housing Rates passed unanimously.

Compensation – Action

The next item on the agenda was the request for approval of the proposed 2025–26 Employee Compensation Plan presented by Vice President for Human Resources, Laura Gent.

Ms. Gent informed the Committee that the Governor's budget provided partial recurring funding for a 2.6% salary pool for higher education. MTSU's allocation of \$3.2 million represents approximately 62% of the \$5.2 million needed to fully fund the 2.6% increase.

The University recommends using the available state funding, supplemented by institutional funds, to provide employees with a cost-of-living adjustment (COLA) equal to a 1.8% increase, with a \$750 minimum. Employees earning \$42,400 or less will receive the \$750 increase, while other increases will be based on 1.8% of annual salary.

Consistent with past practice, Ms. Gent noted that the University will continue to monitor enrollment and available resources and may bring forward a recommendation for market-based adjustments at the November Board meeting.

Trustee Wright moved to approve the proposed 2025–26 Employee Compensation Plan, and Trustee Wade seconded the motion. A voice vote was taken, and the motion to approve the proposed 2025–26 Employee Compensation Plan passed unanimously.

Incentive Pay – Information

The next item on the agenda was an information item concerning performance-based awards presented by Drew Harpool, Interim Vice President for Business and Finance.

Mr. Harpool reported that the University's Compensation Committee recently submitted its final report and recommendations to President McPhee for consideration. The Committee, which met over the past year, included a faculty subcommittee that developed a proposed new faculty evaluation instrument to support the performance-based award process.

Mr. Harpool noted that the University has modeled several implementation options for distributing the \$1.5 million fund previously allocated to support performance-based compensation. These include distributing the full amount in one year or spreading awards over multiple years to promote sustainability and manage expectations. Scenarios considered multi-year funding and various evaluation approaches, such as averaging performance over multiple years to account for varying workloads across employee roles.

During discussion, trustees raised questions about long-term funding, sustainability, investment returns, and how future contributions to the performance-based award pool might be made. The interest earned on the fund, current investment practices, and fund allocation processes were also reviewed.

Several trustees emphasized the need for clear criteria, measurable outcomes, and fairness in how performance is defined and rewarded—particularly for faculty and staff whose contributions may not be as publicly visible but are critical to university operations. Concerns were also expressed about ensuring that the awards are meaningful and do not unintentionally undervalue day-to-day work essential to the institution.

President McPhee reiterated that no final decisions have been made. The submitted recommendations are still under review, and the Compensation Committee will remain in place as a standing committee to continue evaluating the program and addressing ongoing concerns.

Operating Budgets – Action

The final agenda item was a recommendation for approval of the FY 2024–25 Estimated Budget and the FY 2025–26 July Budget. Drew Harpool, Interim Vice President for Business and Finance, reminded the Committee that the Estimated Budget represents the final budget for FY 2024–25 and includes minor adjustments necessary to close out the fiscal year.

The FY 2025–26 July Budget serves as the base budget for the upcoming fiscal year. It includes new state appropriations but does not yet reflect tuition and fee adjustments, as those were being considered during the same meeting.

Vice Chair Vanek moved to approve the FY 2024–25 Estimated and FY 2025–26 July Budgets. Trustee Boyd seconded the motion. A voice vote was taken, and the motion to approve the FY 2024–25 Estimated and FY 2025–26 July Operating Budgets passed unanimously.

Closing Remarks and Adjournment

Committee Chair DeLay adjourned the meeting at 10:20 a.m.

Respectfully submitted,

Finance and Personnel Committee



**Middle Tennessee State University
Board of Trustees**

Finance and Personnel Committee

Action Item

DATE: August 19, 2025

SUBJECT: **Naming of an Academic Unit**

PRESENTER: Dr. Sidney A. McPhee
President

BACKGROUND INFORMATION:

Dr. McPhee will present information regarding the naming of an academic unit.



**Middle Tennessee State University
Board of Trustees**

Finance and Personnel Committee

Information Item

DATE: August 19, 2025

SUBJECT: [Capital Projects Update](#)

PRESENTER: Bill Waits
Assistant Vice President - Campus Planning

BACKGROUND INFORMATION:

The following information is a status update on selected MTSU capital projects.

Selected Capital Project Milestone Dates

7/30/2025

Capital Project	Project Cost	Project Approval (SBC)	Design Start	Design Complete	Construction Start	Construction Completion
Student Athlete Performance Center	\$66,000,000	October 14, 2021	February 18, 2022	October 23, 2022	February 2023	June 7, 2025
Applied Engineering Building	\$74,800,000	August 12, 2021	September 20, 2021	November 23, 2022	February 2023	June 26, 2025
Renovations to KOM & Rutledge Hall	\$54,300,000	July 14, 2022	October 5, 2022	May 26, 2024	April 15, 2024	June 2026
Aerospace Campus	\$62,200,000	July 14, 2022	October 4, 2023	February 2025	May 2025	Fall 2027
Additions and Renovations to the Murphy Center	\$119,000,000*	July 10, 2025	February 2026**	TBD	TBD	TBD

* Total Project Cost contingent on bond funding request and approval

** Design to start after additional project programming and TSSBA bond amount determined and approved

Public-Private Partnership (P3) Projects	RFP Approval (SBC)	RFP Issued	Estimated Pre-Development Agreement	Est. Design Completion	Est. Construction Start	Est. Construction Completion
Hotel Development	July 13, 2023	January 12, 2024*	N/A**	September 2026	October 2026	Summer 2028 - TBD
P3 Residence Hall	September 2024	September 2024	August 2025	November 2025	January 2026	July 2027

* RFP re-issued after first advertisement

** Ground lease approval estimated for late 2025/early 2026



**Middle Tennessee State University
Board of Trustees**

Finance and Personnel Committee

Action Item

DATE: August 19, 2025

SUBJECT: **Capital Disclosures**

PRESENTER: Bill Waits
Assistant Vice President for Campus Planning

BACKGROUND INFORMATION:

In accordance with THEC Policy 4.0.6C concerning disclosure of capital projects, MTSU requests disclosure approval of the *Renovations to Beasley Hall* project. This project provides partial renovations to the Beasley Hall residence hall including restroom renovations, replacement of finishes, and replacement of windows. Construction for this project will be phased with the first phase scheduled for Summer 2026 and the second phase scheduled for Summer 2027.

Since this project meets new thresholds enacted by the State of Tennessee that allow for local project disclosure with MTSU Board approval, this project disclosure will be active immediately upon MTSU Board approval and will not be included in the Tennessee State Budget publication.

Disclosure of a capital project indicates that an institution is considering a project investment but does not obligate the University to carry out the work identified.

Materials include a summary of the *Renovations to Beasley Hall* project disclosure requests for MTSU Board consideration along with the current MTSU capital disclosure list.

Requested Capital Disclosure Projects

The following project is requested for MTSU Board approval for disclosure:

Project	Project Description	Project Cost	Funding Sources		Disclosure Type
			Plant Funds	TSSBA Bonds	
Renovations to Beasley Hall	Partial renovation to Beasley Hall including restroom, finish, and exterior envelope renovations and all related work. This project will be carried out with a phased delivery.	\$ 7,700,000	\$ 7,700,000		MTSU Board of Trustees

Full MTSU Capital Disclosure List

Current Capital Project Disclosure List

Project	Project Description	Disclosure Year / Type	Project Cost	Funding Sources		
				Plant Funds	TSSBA Bonds	Grants
Wellness Center Renovations	Renovations to the MTSU Wellness center to provide additional space required to relocate the MTSU Counseling Center	FY 2026/27 Capital Budget	\$ 6,500,000		\$ 6,500,000	
Addition and Renovations to the Murphy Center	Additions and renovations to the Murphy Center including but not limited to: addition of a new entry and lobby space and renovations to the arena seating, basketball locker rooms, and practice courts. Site work includes a new plaza serving multiple MTSU Athletic facilities, site utilities, and all related work. Minor modifications to Floyd Stadium including replacement of aging fire sprinkler system and addition of modular boilers are also included in the scope of work.	FY 2025/26 Capital Budget	\$ 66,000,000		\$ 66,000,000	
Multi-sport Indoor Practice Facility	Provide an enclosed, multi-sport indoor training facility to serve MTSU student athletes. Project scope also includes site development, site utilities, and all related work.	FY 2025/26 Capital Budget	\$ 28,400,000		\$ 28,400,000	
Floyd Stadium Turf Replacement	Replace artificial turf at Floyd Stadium and all related work.	FY 2025/26 Capital Budget	\$ 1,300,000		\$ 1,300,000	
Reese Smith Jr. Field Turf Installation	Install artificial turf at Reese Smith Jr. Field and all related work	FY 2025/26 Capital Budget	\$ 1,500,000		\$ 1,500,000	
Renovations to Floyd Stadium	Partial renovations to Floyd Stadium including replacement of seating sections and structural supports that are at the end of their useful life.	FY 2025/26 Capital Budget Amendment	\$ 24,000,000		\$ 24,000,000	
New Parking Structure	Construct a parking deck structure, site utility infrastructure, and all related work.	FY 2024/25 Capital Budget	\$ 30,700,000		\$ 30,700,000	
P3 Student Housing Development	Provide new student housing including dorm rooms, common areas, and support spaces. Site development, including demolition of the Womack Lane housing complex, will be required to facilitate the new development. Project will utilize a public-private partnership delivery.	FY 2024/25 Capital Budget	\$ 84,000,000			
Road and Safety Improvements	Project provides traffic flow and safety improvements to pedestrian and vehicular circulation at the northern area of MTSU's campus along Middle Tennessee Boulevard and Greenland Drive. Scope items include a pedestrian bridge over Middle Tennessee Boulevard, improved lighting and signaling, crosswalks, and all related work.	9/10/2024 MTSU BOARD	\$ 2,500,000			\$ 2,500,000
Student Commons Improvements	Improvements to the Student Commons quad including the addition of a small stage for student events and all related work.	6/17/2025 MTSU BOARD	\$ 950,000	\$ 950,000		

Full MTSU Capital Disclosure List

Current Capital Project Disclosure List

Project	Project Description	Disclosure Year / Type	Project Cost	Funding Sources		
				Plant Funds	TSSBA Bonds	Grants
Student-Athlete Enhancement Center Addition	Provide a new facility for the Student-Athlete Enhancement Center. Project scope includes required site work and all related work.	6/17/2025 MTSU BOARD	\$ 5,800,000	\$ 5,800,000		
EV Charging Stations	Provide electric vehicle charging stations to existing parking locations campus-wide including necessary electrical infrastructure renovations and site improvements.	6/17/2025 MTSU BOARD	\$ 750,000	\$ 750,000		
Recreation Center Renovations	Renovations to the MTSU Recreation Center including entrance modifications, site improvements, new access controls, and renovations to existing building systems.	6/17/2025 MTSU BOARD	\$ 6,700,000	\$ 6,700,000		



**Middle Tennessee State University
Board of Trustees**

Finance and Personnel Committee

Information Item

DATE: August 19, 2025

SUBJECT: **Classified Employee Grievance Annual Report**

PRESENTER: Laura Jent
Assistant Vice President for Human Resources

BACKGROUND INFORMATION:

In accordance with TCA §49-8-117 each State University Board *“shall provide an annual report to the education committee of the senate and the education committee of the house of representatives summarizing grievance activities of the previous year.”*

Classified staff that are demoted, suspended or terminated for cause are notified of their rights to appeal the employment action. If the employee starts the grievance process, we are required to report the outcome to the senate and house committees.

Attached is the information reported for fiscal year July 1, 2024 - June 30, 2025.

Classified Employee Grievances

July 1, 2024 – June 30, 2025

	Number	Hearing	Decision Upheld	Decision Overturned
Demotion	0			
Suspension without pay	0			
Termination for Cause	1	0	N/A	N/A
Work assignments or conditions of work	0			



**Middle Tennessee State University
Board of Trustees**

Finance and Personnel Committee

Action Item

DATE: August 19, 2025

SUBJECT: **Approval of a Resolution and MOU for tax exempt financing
for the P3 Residence Hall Project**

PRESENTER: Drew Harpool
Interim Vice President for Business and Finance

BACKGROUND INFORMATION:

On June 20, 2023, the MTSU Board of Trustees approved the Capital Project disclosure of the P3 Student Housing Development project that will provide new student housing by utilization of a public-private partnership delivery.

This new project will deliver approximately 550 beds to serve MTSU students and will be located on a portion of the existing Womack Lane Housing complex on the southeast corner of campus. The new housing development is currently scheduled for a fall 2027 delivery.

A comprehensive three-stage RFP process has been completed, resulting in a pre-development agreement with The Annex Group, who will serve as the developer and operator of the new facility. The Annex Group, in collaboration with MTSU, is now finalizing the Ground Lease and other necessary agreements to initiate development.

The project structure includes the use of a 501(c)(3) entity to serve as the project owner during the 40-year financing period. Madrone Community Development Foundation will fulfill this role. Established to help alleviate the burdens of government, Madrone supports local governments, public agencies, schools, and universities in acquiring, developing, and constructing facilities—including student housing. The organization is incorporated as a California nonprofit public benefit corporation and has received federal tax-exempt status under Section 501(c)(3) of the Internal Revenue Code.

A requirement for this entity is to have both a resolution and an MOU approved by the MTSU Board of Trustees as part of their 1023 IRS approvals for tax exempt financing. Madrone's statement is as follows:

The configuration of this housing project is for the Annex Group to provide ongoing operation and management as part of their ground lease requirements which are based on the approved RFP.

The next step in the project is to provide this information to the developer and team in order to continue the project process for tax exempt financing and for the project ground lease to be approved by the State Building Commission to allow execution of site preparedness and construction and operation of the facility.

Included in the attached materials is a Resolution and an MOU for MTSU Board of Trustees consideration and approval vote.

MIDDLE TENNESSEE STATE UNIVERSITY

A RESOLUTION OF THE BOARD OF TRUSTEES OF MIDDLE TENNESSEE STATE UNIVERSITY RELATING TO THE MIDDLE TENNESSEE STATE UNIVERSITY STUDENT HOUSING FACILITY AND APPROVING THE EXECUTION AND DELIVERY OF A MEMORANDUM OF UNDERSTANDING RELATING THERETO

WHEREAS, Middle Tennessee State University (the “University”) is an instrumentality of the State of Tennessee (the “State”), duly organized and existing under the laws of the State; and

WHEREAS, the University previously issued Request for Proposal 366/000-01-2024 (the “RFP”) seeking a public-private partnership with respect to the designing, building, financing, operation and maintenance of an approximately 500-550 bed student housing facility (the “Project”) to be located on the University’s campus; and

WHEREAS, the University is authorized under State law to develop and operate housing for its students, and has previously developed and currently operates certain housing facilities on the Campus; and

WHEREAS, the University intends to enter into a Ground Lease (the “Ground Lease”) with a Tennessee limited liability company (the “Lessee”), the sole member of which is Madrone Community Development Foundation (“Madrone”), a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended; and

WHEREAS, the Ground Lease will require that the Lessee undertake the financing, development, construction and operation of the Project; and

WHEREAS, the Ground Lease will require that the University undertake certain obligations with regard to, and coordinate in certain respects with the Lessee in relation to, the development and operation of the Project; and

WHEREAS, the University intends to enter into a memorandum of understanding with Madrone relating to the development, construction and operation of the Project (the “Memorandum of Understanding”), a proposed form of which has been presented at this meeting.

NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED BY THE BOARD OF TRUSTEES OF MIDDLE TENNESSEE STATE UNIVERSITY (THE “BOARD”) AS FOLLOWS:

Section 1. The Board hereby specifically finds and declares that the actions authorized hereby constitute and are with respect to public affairs of the University, and that the statements, findings, and determinations of the Board set forth in the preambles above are true and correct.

Section 2. The Board hereby finds and determines that the provision of safe and affordable housing for students of the University, generally, and the Project, specifically, are burdens of the University, and that Madrone, through the obligations and activities of the Lessee pursuant to the Ground Lease, will be lessening the governmental burden of the University by undertaking the Project.

Section 3. The form of Memorandum of Understanding presented at this meeting is hereby approved and the Vice President for Business and Finance, or a designee thereof (each an “Authorized Officer”), is hereby authorized and directed, for and in the name of and on behalf of the University, to execute and deliver the Memorandum of Understanding in substantially the form presented at this meeting with such changes therein as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The Authorized Officers and other officers and officials of the University are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate, carry out, give effect to, and comply with the terms and intent of this resolution. All such actions heretofore taken by such officers and officials are hereby confirmed, ratified, and approved.

Section 5. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this 9th day of September, 2025.

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“Agreement”) is entered into as of [____], 2025 by and among **Middle Tennessee State University**, an instrumentality of the State of Tennessee (the “University”) and **Madrone Community Development Corporation**, a California nonprofit public benefit corporation (“Madrone”) (University and Madrone are collectively referred to herein as the “Parties”).

A. WHEREAS, the University previously issued Request for Proposal 366/000-01-2024 (the “RFP”) seeking a public-private partnership with respect to the designing, building, financing, operation and maintenance of an approximately 500-550 bed student housing facility (the “Project”) to be located on the University’s campus (the “Campus”);

B. WHEREAS, the University has engaged Annex Construction of Memphis, LLC (the “Developer”) through a Pre-Development Services Agreement dated [____], 2025 to serve as the developer of the Project, and has selected Madrone to serve as the nonprofit 501(c)(3) organization to serve as the owner of the Project;

C. WHEREAS, the University is an instrumentality of the State of Tennessee (the “State”), is authorized under State law to develop and operate housing for its students, and has previously developed and currently operates certain housing facilities on the Campus;

D. WHEREAS, the University has determined the financing, developing and operating of housing for its students, its faculty and staff, those attending summer conferences scheduled through the University, and such persons spouses or dependents, to be a burden of government and has manifested such determination through the issuance of the RFP, the selection of the Developer and its proposed consortium to finance, develop, design, construct and operate the Project, and the adoption of a resolution of the University’s Board of Trustees dated September 9, 2025;

E. WHEREAS, Madrone has established Madrone - MTSU Student Housing I, LLC, a Tennessee limited liability company (the “Owner”), the sole member of which is Madrone, for the purpose of owning title to the Project;

F. WHEREAS, the Owner expects to finance the Project by causing the issuance of tax-exempt and/or taxable bonds (the “Bonds”) by The Health and Educational Facilities Board of Rutherford County, Tennessee, or another conduit issuer (the “Issuer”), borrowing the proceeds of such bonds from the Issuer, and applying such proceeds to the construction of the Project and related expenses; and

G. WHEREAS, Madrone and the University seek to memorialize their collective understanding of the Project and the respective undertakings of the Owner and the University relating to the development and operation thereof.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, the Parties hereto agree as follows:

1. Governmental Burden. The University has a governmental burden of developing, financing, constructing and operating housing for its students, its faculty and staff, as well as those

attending summer conferences scheduled through the University, and their spouses and dependents, and has determined that a housing facility providing at least 500-550 beds on the Campus is necessary at this time. The Parties intend that the Owner will alleviate the University's burden by undertaking the development, financing, construction and operation of the Project through the issuance of the Bonds and the construction and management of the Project. The Parties anticipate that the Owner will construct and operate the Project at a lower cost than the University would otherwise be able to through a for-profit developer, as the Owner will finance the Project with tax-exempt bonds at a lower cost of borrowing than a private developer, and, as a 501(c)(3) nonprofit entity, will charge a substantially lower overhead cost than private developers.

2. Ground Lease and Residence Life Management Agreement. The Parties expect that the Owner, the University and the State, on behalf of the University, will enter into a ground lease (the "*Ground Lease*") pursuant to which the State will lease certain real property located on the Campus to the Owner, on which the Project will be constructed. The Ground Lease will require that the Owner obtain financing for the Project, construct the improvements constituting the Project, and continually operate the Project during the term of the Ground Lease, and upon expiration of the Ground Lease the Project will revert to the State and the University. The Parties expect the Ground Lease to include an option for the University to terminate the Ground Lease by purchasing Owner's interest in the Project after a certain number of years.

As consideration for entering into the Ground Lease and undertaking the Project, the Ground Lease will provide that the Owner will receive an initial fee and an ongoing annual fee from revenues of the Project.

The Parties expect that the Owner and the University will enter into a residence life management agreement (the "*Residence Life Management Agreement*") pursuant to which the University will agree to provide resident life services in support of the Project, including marketing, room assignments, billing, collection and remittance of rents, programming, leasing services, and information technology management.

3. Ongoing University Obligations. The Ground Lease and the Residence Life Management Agreement will provide that the University will have certain affirmative obligations with regard to the Project, including:

- (a) to treat the Project as a part of the University's student housing program on a similar basis to its other student housing facilities;
- (b) to enforce compliance by residents with their housing agreements;
- (c) to advertise and market the Project to its students;
- (d) to collect receipts from student occupants of the Project;
- (e) not to construct or sponsor certain additional student housing unless the Project is meeting certain agreed-upon benchmarks; and
- (f) to provide periodic information to the Owner to assist Owner in complying with its continuing disclosure obligations relating to the Bonds.

4. University and Owner Coordination of Project. The Parties expect that the Ground Lease will establish a committee, with members appointed by the University and Owner, which will meet periodically and serve in an advisory role regarding the Project.

5. Nature of Agreement. The Parties agree that this Agreement sets forth the current expectations of the Parties and does not bind the Parties to enter into the Ground Lease or otherwise undertake the Project.

6. Miscellaneous.

(a) Governing Law. The Agreement shall be governed by the laws of the State of Tennessee.

(b) Amendments. This Agreement may only be amended by the mutual written agreement of the Parties.

(c) Separability of Provisions. Each provision of this Agreement shall be considered separable, and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement which are valid.

(d) Further Assurances. Each of the parties hereto shall execute and deliver any and all additional papers, documents and other assurances, and shall do any and all acts and things reasonably necessary in connection with the performance of their obligations hereunder to carry out the intent of the Parties hereto.

(e) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart. Duplicates of this Agreement containing all counterpart signatures, whether produced from an electronically stored copy, digital, facsimile, photocopy, or other means, shall be treated as though the duplicate is an original copy of the Agreement and shall be deemed as evidence of the terms of this Agreement.

(f) Entire Agreement. This Agreement sets forth all (and is intended by all Parties to be an integration of all) of the representations, promises, agreements and understandings among the parties hereto with respect to the subject matter hereof, and there are no representations, promises, agreements or understandings, oral or written, express or implied, among them with respect to such subject matter or the enforceability or effect of this Agreement, other than as set forth or incorporated herein.

[Remainder of page intentionally left blank]

This Memorandum of Understanding is executed as of the date set forth above.

MADRONE COMMUNITY DEVELOPMENT
FOUNDATION, a California nonprofit public benefit
corporation

By: _____
Richard Nicholas Waugh, President

[Signature pages continue on following page]

MIDDLE TENNESSEE STATE UNIVERSITY

By: _____
Name:
Title:



**Middle Tennessee State University
Board of Trustees**

Finance and Personnel Committee

Information Item

DATE: August 19, 2025

SUBJECT: **Foundation Update Report**

PRESENTER: Joe Bales
Vice President for University Advancement

BACKGROUND INFORMATION:

Joe Bales, Vice President for University Advancement, will provide a brief update on philanthropic activity for the Middle Tennessee State University Foundation.

Included will be a discussion of:

- Foundation endowment performance
- National trends and projections
- Opportunities and challenges