

MINUTES OF THE FALL MEETING

BOARD OF TRUSTEES

THE UNIVERSITY OF TENNESSEE

October 25, 2002

The fall meeting of the Board of Trustees of The University of Tennessee was held at 1:00 p.m., Friday, October 25, 2002, at the University Club in Knoxville.

I. CALL TO ORDER AND INVOCATION

Mr. R. Clayton McWhorter, Vice Chair of the Board, called the meeting to order, and Mrs. Johnnie Amonette gave the invocation.

II. ROLL CALL

The Secretary called the roll, and the following were present:

Mrs. Johnnie D. Amonette
Mrs. Barbara C. Castleman
Mr. B. C. "Scooter" Clippard
Mr. J. Steven Ennis
Dr. Lawrence J. Hak
Mr. James A. Haslam, II
Mr. Waymon L. Hickman
Mr. Jerry L. Jackson
Mr. D. Lynn Johnson
Mrs. Andrea J. Loughry
Mr. R. Clayton McWhorter
Mr. John H. Pontius
Dr. Richard G. Rhoda
Commissioner John W. Rose
Dr. John W. Shumaker
Mr. Don C. Stansberry, Jr.
Mr. William B. Stokely, III
Dr. Natalie A. Tate
Mr. John C. Thornton
Mrs. Susan R. Williams
Mr. James L. "Bucky" Wolford

The Secretary announced the presence of a quorum.

III. INTRODUCTIONS AND PRESENTATIONS

Vice Chair Clayton McWhorter introduced Commissioner of Agriculture John Rose and presented him with a Trustee lapel pin. The Vice Chair also introduced special guests, including Emeriti Trustees E. S. Bevins and Arnold Perl and his wife, Mary Lynn, and Emeriti Presidents Edward J. Boling and Joseph E. Johnson..

The Vice Chair recognized Professor Michael Combs, President of the Knoxville Faculty Senate, Elizabeth Clement, President of the Knoxville Student Government Association, and David Noblit, President of the National Alumni Association, each of whom made a brief report on activities of their organizations. Trustee John Thornton presented the Development Council report in the absence of Development Council Chair John Sorey.

IV. REPORT OF THE PRESIDENT

President John W. Shumaker advised the Trustees that Bill Rice will retire as Chancellor of the UT Health Science Center effective November 1, 2002. Dr. Jim Gibb Johnson will serve as Interim Chancellor during the search for a permanent Chancellor.

As background for his report on the vision and direction of The University of Tennessee, President Shumaker noted that the University's agenda, priorities and goals must be anchored firmly in those of the State of Tennessee. President Shumaker called on Professor Bill Fox for a presentation on the economic climate of the State and the University.

President Shumaker said the information presented by Professor Fox presents significant challenges for The University of Tennessee in that the University and the State must work together to improve the overall economic situation within Tennessee. The data suggest that The University of Tennessee system should be concerned about the low rate of participation by Tennessee citizens in higher education. The University needs to work closely with the other educational systems in the State, including the P-16 systems, to make sure education is encouraged for students throughout their tenure in the educational system. The University must become more focused on helping to make sure each student who enters The University of Tennessee is encouraged to persist and graduate. The school of thought in higher education has traditionally been to place the burden of educational success upon each individual student.

President Shumaker said Dr. Fox's presentation makes more obvious the need to invest more money and effort into research and development at The University of Tennessee. With talented faculty and available research opportunities, the University is positioned to enhance the economic development of Tennessee and the Southeast. The University must work together with its colleagues in education, business and government to make sure educational and research opportunities in Tennessee improve over time.

President Shumaker strongly believes that The University of Tennessee must strive to provide the citizens of Tennessee the best university they can afford while always encouraging them to afford the very best. Entrepreneurial energy must be directed in a creative, resourceful, nimble and flexible way, and

bureaucratic impediments to progress must be removed. The University's goal over time is to become more accountable for the way it uses State resources.

The President distributed the UT Scorecard (Exhibit 1) which sets forth his personal performance goals as President of The University of Tennessee as well as the institutional goals and systems of accountability that will help define the future trajectory of the University and the State. By the year 2010 The University of Tennessee will be an internationally preeminent research university system that serves and focuses on the needs of the people of Tennessee. In pursuit of that vision, the need and commitment to strengthen the University's investment in equity and diversity must remain in the forefront. The academic and administrative structure of The University of Tennessee must be examined to make sure it is consistent with the best practices of the best universities in the country. The University must establish a research foundation in order to provide a more aggressive and creative entrepreneurial research environment that will allow for the acceleration of research activities. The University's administrative systems must become more responsive and supportive of the research needs of the research community and strengthen the relationship between UT and UT-Battelle.

President Shumaker stressed the importance of accountability. A scorecard has been developed measuring quality and institutional effectiveness. External review of staff compensation policies must be developed in an attempt to bring not only faculty salaries, but staff salaries as well into parity with local labor markets. Long term measurements of faculty and staff satisfaction, not only of productivity but also with regard to work environment, need to be developed and improved.

A feasibility study is being planned to determine whether the University is ready for a dramatic capital campaign within the next year. If the feasibility study is positive, plans are to launch the campaign by September 2003, if not sooner.

The University administration wants to strengthen the Board's role in helping guide the University. There will be ongoing board orientation and evaluation workshops. In order for a capital campaign to be successful, effective relationships with the University faculty, staff and students must be fine tuned and used aggressively to make sure the University's message gets out all across the State. Relationships with federal and state policy makers must

be fostered.

President Shumaker noted a number of specific items he hopes will be accomplished by June 2003 including a plan of action for The University of Tennessee Space Institute in Tullahoma and reconstituting the chancellor's position in Knoxville.

Calling the Board's attention to the scorecard, the President noted that it will evaluate progress in a number of areas. An effort will be made to achieve preeminence as a major force in the field of research. A goal has been set to have average ACT scores for entering freshman up to 26 by the year 2010. Retention and graduation rates will also be measured for traditional students and student athletes. Diversity among the student body and faculty will be evaluated as will student success rates on professional and licensing exams. Business start-ups, businesses incubated, patents, licenses, royalties and associated income will be tracked. President Shumaker said the University's best efforts will be directed toward defining long term, very ambitious goals and tracking them.

V. APPROVAL OF ANNUAL REPORT TO THE GENERAL ASSEMBLY

President Shumaker directed the Board's attention to the annual report required by state law for submission to the Governor and the General Assembly (Exhibit 2). Mr. James A. Haslam, II moved approval of the report. Mrs. Susan R. Williams seconded, and the motion carried unanimously.

VI. APPROVAL OF THE MINUTES OF PRIOR MEETINGS

Mr. D. Lynn Johnson moved approval of the minutes of the June 26, 2002 Executive Committee meeting, the June 27, 2002 annual Board meeting, the July 12, 2002 special Board meeting, and the September 12, 2002 Executive Committee meeting. Mr. James A. Haslam, II seconded, and the motion carried unanimously.

VII. ADOPTION OF RESOLUTIONS OF RECOGNITION

Mr. James A. Haslam, II moved adoption of the Resolution recognizing Mr. Charles E. Coffey for his service on the Board (Exhibit 3). Mr. D. Lynn Johnson seconded, and the motion carried unanimously.

Chancellor Bill Stacy presented the Resolution recognizing Mr. Frank J. Kinser for his service as a Trustee (Exhibit 4) Mr. D. Lynn Johnson moved adoption of the Resolution.

Mr. John C. Thornton seconded, and the motion carried unanimously.

Mrs. Johnnie Amonette moved adoption of the Resolution recognizing Mr. Arnold E. Perl for his contributions during his tenure on the Board (Exhibit 5). Mr. James A. Haslam, II seconded, and the motion carried unanimously. Mr. Perl thanked the Board for their kind expression of recognition and for the opportunity to serve The University of Tennessee.

VIII. NEW BUSINESS

A. REPORT OF THE EXECUTIVE COMMITTEE

1. **Approval of President's Performance Goals.** Mrs. Johnnie Amonette, Chair of the Executive, moved approval of the President's Performance Goals as presented to the Executive Committee. Mr. James A. Haslam, II, seconded, and the motion carried unanimously.
2. **Approval of Amendments to University Bylaws.** Mrs. Amonette moved approval of Bylaws amendments (Exhibit 6) reducing the number of required meetings of the Board from four to three, adding flexibility for when and where meetings will be held, changing the title of the chief operating officer for the Knoxville campus from Vice President and Provost to Chancellor, and eliminating the office of Chancellor of The University of Tennessee New College. Mrs. Susan R. Williams seconded, and the motion carried unanimously by roll call vote.
3. **Endorsement of UT-Sino/United States High School.** Mrs. Amonette recognized Commissioner Faye Taylor for a report on the UT-Sino/United States High School. Commissioner Taylor announced that the State Board of Education approved a new category of schools, a international school affiliated with a Tennessee public university, which will allow a Tennessee public university to apply to the State Board of Education to be an agency for the approval of a non-public international secondary school. The Department of Education would engage in the approval of the agency rather than direct approval of a high school itself. Commissioner Taylor noted that the Board of Education wanted to make sure the Tennessee Attorney General had an opportunity to opine regarding the legality of such approval.

Mrs. Amonette moved endorsement of the UT-Sino/United States High School. Mr. Lynn Johnson seconded, and the motion carried unanimously.

4. **Approval of Resolution Naming Emerson H. "Eli" Fly the 21st**

President of The University of Tennessee. Mrs. Amonette moved approval of the Resolution (Exhibit 7) changing Mr. Fly's designation from acting to permanent president for the year 2001-02. Mr. James A. Haslam, II, seconded, and the motion carried unanimously.

B. REPORT OF THE FINANCE AND ADMINISTRATION COMMITTEE.

1. **Approval of the FY 2003 Revised Budget.** Mr. J. Steven Ennis moved approval of the fiscal year 2003 revised budget (Exhibit 8) as presented and recommended by the Finance and Administration Committee. Mr. Lynn Johnson seconded, and the motion carried unanimously.
2. **Approval to Approve a Fee Increase – Professional MBA Program.** Mr. J. Steven Ennis moved approval of the recommended fee increase (Exhibit 9) for the professional MBA program from \$25,500 to \$28,500 effective August 2003. Mr. Lynn Johnson seconded, and the motion carried unanimously.
3. **Approval of January 2003 Salary Policy.** Mr. J. Steven Ennis moved approval of the FY 2003 Compensation Plan as presented and as recommended by the Finance and Administration Committee (Exhibit 10). Mr. William B. Stokely, III, seconded, and the motion carried unanimously.
4. **Approval of Revisions to Investment Policy.** Mr. J. Steven Ennis moved approval of revisions to the Investment Policy adopted by the Board in June 2000 (Exhibit 11). Mr. James A. Haslam, II, seconded, and the motion carried unanimously.
5. **Approval to Convey Easements.** Mr. J. Steven Ennis moved approval of the proposal to grant easements to the City of Knoxville along Man and Lebanon Streets (Exhibit 12). Mr. Jerry L. Jackson seconded, and the motion carried unanimously.
6. **Approval of Capital Outlay and Maintenance Projects. Approval of Capital Outlay and Maintenance Projects for FY 2003-04.** Mr. J. Steven Ennis moved to approve the proposed FY 2003-04 and subsequent year funding requests for capital outlay and maintenance projects and the proposed priority rankings in accordance with Tennessee Higher Education Commission guidelines (Exhibit 13). Mr. Lynn Johnson seconded, and the motion carried unanimously.
7. **Approval of Revenue/Institutionally Funded Projects. Approval of**

Revenue/Institutionally Funded Projects for FY 2003-04. Mr. J. Steven Ennis moved approval of the proposed revenue funded projects for FY 2003-04 for inclusion in the FY 2003-04 State of Tennessee Budget Document (Exhibit 14). Mr. Jerry L. Jackson seconded, and the motion carried unanimously.

8. **Filing of Liaison Committee Minutes.** Mr. J. Steven Ennis moved acceptance of minutes filed for the UT Bowld Hospital Liaison Committee meeting held May 20, 2002 (Exhibit 15). Mr. Jerry Jackson seconded, and the motion carried unanimously.

C. REPORT OF THE ACADEMIC PROGRAMS AND PLANNING COMMITTEE.

1. **Approval of a Program of Study Leading to the Degree of Doctor of Science with a Major in Physical Therapy (ScDPT) at the Health Science Center.** Mr. John Thornton moved approval of a program of study leading to the Degree of Doctor of Science with a Major in Physical Therapy (ScDPT) at the Health Science Center, Memphis (Exhibit 16). Mr. James L. "Bucky" Wolford seconded, and the motion carried unanimously.
2. **Approval of a Program of Study Leading to the Degree of Doctor of Physical Therapy (DPT) at UTC.** Mr. John Thornton moved approval of the proposal to establish a program of study leading to the Degree of Doctor of Physical Therapy (DPT) at UT Chattanooga (Exhibit 17). Mr. James L. "Bucky" Wolford seconded, and the motion carried unanimously.
3. **Approval of Revised Policy on Awarding Honorary Degrees.** Mrs. Andrea J. Loughry moved approval of the revised policy on awarding honorary degrees (Exhibit 18). Mr. Jerry L. Jackson seconded, and the motion carried unanimously.
4. **Approval in principle of UT Research Foundation.** Mrs. Loughry moved approval in principle to create a UT Research Foundation and authorization for the President to proceed in a phased approach toward full implementation after proper consultation with faculty and other stakeholders. Mr. James A. Haslam, II, seconded, and the motion carried unanimously.

C. REPORT OF THE LIAISON COMMITTEES

UT Chattanooga Liaison Committee. Mr. John Thornton thanked President Shumaker for his help in the establishment of the SimCenter and his help on THEC recommendations as they relate to UT Chattanooga. At its most recent meeting, the Liaison Committee heard reports on a number of topics including the statement of balances and expenditures by categories on the budget, technology issues, the proposed Doctor of Physical Therapy program, the \$28 million engineering building which is ahead of schedule and under budget, the SimCenter and its future location in a TVA building adjacent to the campus, and phases one, two and three of dormitory projects. Chancellor Stacy reported to the Committee that *U.S. News and World Report* now ranks UTC in the top 10 percent of universities with Master's degree granting programs. UTC's six-year graduation rate is competitive with metropolitan peers and addresses the needs of the region effectively. The dormitory occupancy rate is over 90 percent. The UTC freshman class is outstanding. Mr. Thornton noted that the SGA at Chattanooga is campaigning for the United Way. Last year, contributions from UTC outpaced those from campuses in Martin, Knoxville and Memphis.

UT Martin Liaison Committee. Mr. Jerry Jackson reported that UT Martin's fall headcount enrollment was down by 181 and the FTE enrollment was down by 71. However, first-time, full-time freshmen were up from the previous year as were the average ACT scores of first-time students. New admission standards will become effective for the Fall 2003. The Bob Carroll Football Building was dedicated during Martin's homecoming football game. Named in honor of former educator, head football coach and administrator, Bob Carroll, the building was made possible by hundreds of private gifts that were received as a follow up to an initial gift from Mrs. Kathleen Elam. Mr. Jackson filed a written report of the Martin Liaison Committee (Exhibit 19).

IX. OTHER BUSINESS

The Secretary announced the following regular meetings for 2003:

1. Winter Meeting: March 5-6, 2003
2. Annual meeting: June 18-19, 2003
3. Fall Meeting: October 9-10, 2003

X. ADJOURNMENT

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

Vice President, General Counsel and Secretary