

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE EXECUTIVE AND COMPENSATION COMMITTEE

February 26, 2014
Martin, Tennessee

The Executive and Compensation Committee of The University of Tennessee Board of Trustees met at 2:45 p.m. CST on Wednesday, February 26, 2014, in the University Center Ballroom on campus of The University of Tennessee at Martin.

I. CALL TO ORDER

Chair Ferguson called the meeting to order and asked the Secretary to call the roll.

II. ROLL CALL

The Secretary called the roll, and the following members of the Executive and Compensation Committee were present:

J. Brian Ferguson, Chair
Charles C. Anderson
George E. Cates
Joseph A. DiPietro
D. Crawford Gallimore
Vicky B. Gregg
James L. Murphy, III
Don C. Stansberry, Jr.
Charles E. Wharton

The Secretary announced the presence of a quorum. Other Trustees, administrative staff, and members of the UT Martin campus community were also present.

III. MINUTES OF LAST MEETING

Chair Ferguson called for any additions or corrections to the minutes of the January 17, 2014 meeting. Hearing none, Trustee Wharton moved approval of

the minutes as presented. The motion was seconded and carried unanimously.

**IV. REVISED COMPENSATION FOR THE EXECUTIVE VICE PRESIDENT/
VICE PRESIDENT FOR RESEARCH AND ECONOMIC DEVELOPMENT**

Dr. DiPietro informed the Committee that David Washburn, UT Research Foundation President, had accepted a position at Michigan State University. Under the UTRF bylaws, he explained, the position of UTRF President is elected by the UTRF board of directors upon the nomination of the President of the University. President DiPietro informed the Committee that he had nominated Dr. David Millhorn for the position, and on January 28, 2014, the UTRF board elected Dr. Millhorn as President, effective February 1, 2014. Dr. DiPietro said he anticipates that Dr. Millhorn will serve as UTRF President until the UTRF board decides to fill the position on a full-time basis. Dr. DiPietro also reported that the UTRF board voted to reimburse the University for a \$50,000 annual administrative stipend to compensate Dr. Millhorn for accepting this assignment of additional duties. Dr. DiPietro recommended approval of the \$50,000 annual administrative stipend, effective February 1, 2014.

Trustee Stansberry moved that an annual administrative stipend of \$50,000, payable in twelve equal monthly installments, effective February 1, 2014, be approved as a supplement to the compensation of the Executive Vice President/Vice President for Research and Economic Development in recognition of the assignment of additional duties as President of the UT Research Foundation, with the understanding that the administrative stipend will terminate when Dr. Millhorn ceases to serve as President of UTRF. Trustee Gregg seconded, and the motion carried unanimously (Exhibit 1).

**V. REVISIONS TO THE POLICY ON COMPREHENSIVE PRESIDENTIAL
PERFORMANCE REVIEWS**

Chair Ferguson noted that the Board first adopted a Policy on Presidential Performance Reviews in March 2004. The policy describes separate processes for an annual performance review and a comprehensive performance review, with the comprehensive review to be conducted in the fifth year of a President's service, or earlier as the Board may decide. He further noted that although the annual review process has been used routinely, circumstances have not allowed completion of the comprehensive review process, and consequently, the Board and the administration have not had an opportunity to test the effectiveness and efficiency of the comprehensive review process.

Chair Ferguson reported that he and President DiPietro had decided that a comprehensive performance review should be completed this year before the President's current employment agreement ends. He also noted that national best practices suggest that a comprehensive performance review should occur every three or four years, and President DiPietro has completed three full years in office.

In accordance with the current policy's requirement that a comprehensive performance review be conducted with the assistance of an external advisor, Chair Ferguson said he had identified Dr. Terry MacTaggart, a Senior Fellow with Association of Governing Boards, to serve as the external advisor. Chair Ferguson explained that he had asked Dr. MacTaggart to recommend any needed revisions to the comprehensive review process based on his experience in conducting such reviews and his knowledge of best practices. He said Dr. MacTaggart made some excellent recommendations, which have been incorporated in proposed revisions to the Board policy. Chair Ferguson explained that revisions to the annual performance review process are not presented at this time.

Chair Ferguson announced that before entertaining a motion on the proposed policy revisions, he would present the proposed plan and timeline for the comprehensive performance review to be conducted in 2014.

VI. PLAN AND TIMELINE FOR THE 2014 COMPREHENSIVE PRESIDENTIAL PERFORMANCE REVIEW

Chair Ferguson reported that he had consulted with President DiPietro and Dr. MacTaggart to develop the comprehensive performance review plan and timeline presented for the Committee's review and approval. Chair Ferguson noted that he was requesting authorization to revise the timeline as necessary to accommodate unexpected circumstances.

Chair Ferguson then called for discussion of the proposed policy revisions and the plan and timeline for a comprehensive presidential performance review in 2014. Trustee Wharton requested that the policy provisions concerning selection of external advisor(s) for a comprehensive performance review be revised as follows: "The Vice Chair shall select the external advisor(s) in consultation with the President and one or two members of the Executive and Compensation Committee." Trustee Wharton also requested that the last sentence in the fourth

paragraph of the comprehensive performance review policy be revised as follows: "At his or her discretion, the Vice Chair may participate in these interviews."

Chair Ferguson emphasized that this comprehensive performance review of Dr. DiPietro should have a strong prospective focus, looking forward to what the University needs to achieve in the next four or five years. Trustee Murphy concurred, noting the importance of the Trustees' obligation to assure the President is on task with respect to strategic priorities.

Trustee Murphy moved that proposed revisions to the Policy on Presidential Performance Reviews concerning the comprehensive presidential performance review process be approved with incorporation of the revisions recommended by Trustee Wharton (Exhibit 2). Trustee Gregg seconded the motion, and it carried unanimously.

Trustee Stansberry moved that the Plan and Timeline for the 2014 Comprehensive Presidential Performance Review be approved, with authorization for the Vice Chair to revise the Plan and Timeline as necessary to achieve the optimal outcome (Exhibit 3). The motion was seconded and carried unanimously.

VII. OTHER BUSINESS

There was no other business to come before the Committee for action.

VIII. ADJOURNMENT

There being no further business to come before the Executive and Compensation Committee, the meeting was adjourned.

Respectfully Submitted,


Catherine S. Mizell, Secretary