

MINUTES OF THE WINTER MEETING
THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

February 29, 2012

The Winter Meeting of the Board of Trustees of The University of Tennessee was held at 1:00 p.m. CST, Wednesday, February 29, 2012, in O.D. Larry Dining Hall on the campus of The University of Tennessee Health Science Center in Memphis, Tennessee.

I. CALL TO ORDER AND INVOCATION

Mr. Don C. Stansberry, Jr., Vice Chair of the Board of Trustees, called the meeting to order. Mr. Mike Moss, the immediate past President of the UT Alumni Association and current Chair of Annual Giving, offered the invocation.

Chair of the Board, Governor Haslam, asked Vice Chair Stansberry to chair the meeting. Governor Haslam then made brief remarks regarding his proposed budget, which includes \$264 million for capital outlay projects in higher education, a 2.5 percent salary increase for all state employees, including UT employees, and an overall funding increase for UT, ending four years of funding cuts. He emphasized the state's need for a college-educated workforce, particularly science and engineering workers.

II. ROLL CALL

Secretary Catherine S. Mizell called the roll, and the following members were present:

Charles C. Anderson
Anne Holt Blackburn
J.A.M. (Toby) Boulet
Joseph A. DiPietro
Spruell Driver, Jr.
J. Brian Ferguson
Teresa K. Fowler
John N. Foy
D. Crawford Gallimore
Monice Moore Hagler
James E. Hall
William E. Haslam

Douglas A. Horne
Julius T. Johnson
James L. Murphy, III
Karl A. Schledwitz
Carey E. Smith
Don C. Stansberry
Robert S. Talbott
Betty Ann Tanner
Charles E. Wharton
Janet M. Wilbert

The Secretary announced the presence of a quorum. Trustee Cates, Commissioner Kevin Huffman, Trustee Rhoda, and Trustee Whittaker were unable to attend the meeting. Members of the administration, faculty, staff, and media were present. The meeting was available for viewing by the public over the internet by streaming video accessible from the Board's website.

III. INTRODUCTIONS

Vice Chair Stansberry recognized former Trustees Johnnie Amonette, Larry Pfeffer, Sumeet Vaikunth, and Karen Johnson who joined the Board for the reception and dinner Tuesday evening. He thanked them for past service and continued participation with the University.

IV. APPROVAL OF MINUTES OF PRIOR MEETING

Trustee Driver moved approval of the minutes of the October 28, 2011 meeting of the Board of Trustees as presented in the meeting materials. Trustee Talbott seconded the motion, and the motion carried unanimously.

V. ADOPTION OF HONORARY RESOLUTIONS

Vice Chair Stansberry recognized Trustee Hall, who presented a Resolution honoring Dr. Carolyn Thompson, wife of Chancellor Roger Brown, and moved adoption of the Resolution (Exhibit 1). Trustee Foy seconded the motion, and it was unanimously adopted.

VI. PRESIDENT'S REPORT

Dr. DiPietro expressed his appreciation and support for the Governor's proposed budget, salary increases for UT employees, and the Governor's commitment to capital outlay projects. He spoke briefly on the subject of tuition and fees, stressing that increases have not kept pace with increased enrollment, inflation, and state funding reductions. He updated the Board on his meetings with state and federal legislators and discussed the University's initiatives on various fronts. He discussed outcomes from the January retreat for his senior staff, employee development, the Compensation Advisory Board, the newly launched online applicant tracking system, and diversity efforts. He noted upcoming celebrations and events of interest for the Trustees and invited Trustees to attend UT Day on the Hill on March 13, 2012. In closing, Dr. DiPietro updated the Board on the System Strategic Plan and presented draft mission statements for the University System and the System Administration (Exhibit 2).

VII. REPORT OF THE EXECUTIVE AND COMPENSATION COMMITTEE

A. Committee's Actions to Appoint the Executive Director of Audit and Consulting Services

Vice Chair Stansberry reported that the Executive and Compensation Committee, acting on behalf of the Board, accepted the recommendation of Chair Jim Hall and the Audit Committee and appointed Ms. Sandy Jansen as Executive Director of Audit and Consulting Services. Trustee Hall introduced Ms. Jansen and recognized Ms. Judy Burns for her service as Interim Executive Director. Ms. Jansen's resume was included in the meeting materials (Exhibit 3).

Vice Chair Stansberry then recognized Dr. DiPietro to introduce Mr. James Perry, the newly appointed Interim Chief Information Officer.

B. Committee's Designation of Chairs of Audit and Trusteeship to Participate in the Annual Presidential Performance Review

Vice Chair Stansberry reported that the Committee designated the Chair of the Audit Committee and the Chair of the Trusteeship Committee to participate in the annual presidential performance review process as required by the Board's policy. He explained that the process will begin with the President's submission of a self-assessment, which will be followed by interviews with senior administrative staff and surveys of faculty, students, staff, and student leadership. The results of the review will be presented at the Annual Meeting in June.

C. Governing Board Certification for the Ohio Valley Conference

Vice Chair Stansberry stated that as a member of the Ohio Valley Conference (OVC), UT Martin is required to provide the OVC with the Governing Board Certification included in the meeting materials (Exhibit 4). The Vice Chair reported that these certificates are consistent with current practice, and the Executive Committee recommends the Certification for approval by the full Board.

Trustee Murphy moved that the Governing Board Certification for the Ohio Valley Conference be approved and that the Vice Chair be authorized to sign it on behalf of the Board. Trustee Schledwitz seconded the motion, and it carried unanimously.

VIII. REPORT OF THE TRUSTEESHIP COMMITTEE

Vice Chair Stansberry called on Trustee Murphy, Chair of the Trusteeship Committee, to present actions items from the Committee.

A. Bylaw Amendment to create a Health Affairs Committee

Trustee Murphy stated that the creation of a Health Affairs Committee was proposed by Dr. DiPietro and Chancellor Schwab. He explained that the Health Affairs Committee would be composed of the Vice Chair of the Board, Chair of the Audit Committee, Chair of the Finance and Administration Committee, Chair of the Trusteeship Committee, a Trustee from the Memphis area (if one of the ex officio Trustee members is not from the Memphis area), the President, and the Executive Vice President. Trustee Murphy moved that the Bylaw amendments to create a Health Affairs Committee as a standing committee of the Board be approved (Exhibit 5). Trustee Hall seconded the motion. Vice Chair Stansberry called for a roll call vote. The Secretary conducted a roll call vote, and the motion carried unanimously.

B. Appointment to Health Affairs Committee

Trustee Murphy reported that pursuant to the recommendation of the Vice Chair, the Trusteeship Committee recommends the appointment of Trustee Hagler to the Health Affairs Committee (Exhibit 6). Trustee Murphy moved that Monice M. Hagler be appointed to serve on the Health Affairs Committee through June 30, 2013. Trustee Schledwitz seconded the motion, and it carried unanimously.

IX. REPORT OF THE FINANCE AND ADMINISTRATION COMMITTEE

Vice Chair Stansberry recognized Trustee Talbott, Chair of the Finance and Administration Committee, to present actions items from the Committee. Trustee Talbott stated that the following five action items were reviewed and discussed by the Committee, and the Committee recommends the approval of each item.

A. FY 2012 Revised Operating Budget

Trustee Talbott moved that the Resolution on the FY 2012 Revised Operating Budget be adopted as presented in the meeting materials (Exhibit 7). Trustee Ferguson seconded the motion, and it carried unanimously.

B. Proposal to Increase the University's Contribution to the UTRF FY 2013 Budget for Support of Research and Economic Development Opportunities Arising out of the UT Biofuels Initiative

Trustee Talbott moved that the University's contribution to the UTRF budget for FY 2013 be increased by \$1,300,000 to support of research and economic development opportunities arising out of the UT Biofuels initiative as presented in the meeting materials (Exhibit 8). Trustee Ferguson seconded the motion, and it carried unanimously.

C. Agreements for Development of Cherokee Farm Research Park

Trustee Talbott moved that the following agreements for development of the Cherokee Farms Research Park be approved (Exhibit 9): (1) Agreement for Development Management Services between The University of Tennessee and University of Tennessee Research Foundation for Cherokee Farm Research Park; and (2) Master Ground Lease between The University of Tennessee and University of Tennessee Research Foundation; and further moved that the President be authorized, with the concurrence of the Vice Chair and the Chair of the Finance and Administration Committee, to approve any revisions to the agreements required or recommended by the State Building Commission or the State Attorney General, and to provide a quarterly report to the Finance and Administration Committee and an annual report to the Board. Trustee Murphy seconded the motion, and it carried unanimously.

D. Designation of UT Methodist Physicians, LLC, as a Faculty Practice Plan for the College of Medicine in Memphis

Trustee Talbott moved that the administration be authorized, after review and approval by the University's Chief Financial Officer and the University's General Counsel and after all required or appropriate state government reviews and approvals, to execute an Addendum to the Master Affiliation Agreement between the University and Methodist Healthcare-Memphis Hospitals and an Affiliation Agreement between the University and UT Methodist Physicians, LLC, under which UT Methodist Physicians, LLC will serve as a faculty practice plan for new adult multi-specialty care physicians in the short-term, pending development of a larger plan (Exhibit 10). Trustee Schledwitz seconded the motion, and it carried unanimously.

E. Revision of UT Martin Traffic and Parking Regulations

Trustee Talbott moved that the proposed revisions to the UT Martin Traffic and Parking Regulations (Exhibit 11) be approved. Trustee Tanner seconded the motion. Vice Chair Stansberry called for a roll call vote. The Secretary conducted a roll call vote and the motion carried unanimously.

X. REPORT OF THE AUDIT COMMITTEE

Trustee Hall, Chair of the Audit Committee, reported that the Audit Committee held meetings on December 16, 2011 and January 27, 2012. He stated that the Committee will meet again on Tuesday, May 8, 2012 at 1:00 p.m. in the Andy Holt Tower in Knoxville. He highlighted two items of significance for the Board, the adequate staffing for the audit function and the below-market salaries of the audit staff. He urged the President and Chancellors to be sure that the audit function for each campus is adequately staffed by qualified individuals to safeguard the University.

XI. REPORT OF THE COMMITTEE ON EFFECTIVENESS AND EFFICIENCY FOR THE FUTURE

Trustee Horne, Chair of the Committee on Effectiveness and Efficiency for the Future, reported that the Committee held a meeting on January 27, 2012 in Nashville. He reported that the Committee discussed facilities and construction planning, facilitating the sharing of best practices between campuses, teacher class loads, and performance reviews. The Committee is continuing to look into these matters as well as administrative overhead expenses, IT effectiveness, and options for the UTK power plant.

XII. CONSENT ITEMS

The Vice Chair asked for any requests to remove items from the consent agenda. There being none, he called for a motion to approve the following items by consent:

- A. Use of Proceeds from the Lease and Transfer of UT Medical Center (Exhibit 12)
- B. Capital Projects Outside the Budget Process (Exhibit 13)
- C. Real Property Transactions (Exhibit 14)
- D. Naming of a Wing of a Building on the Institute of Agriculture Campus (Exhibit 15)
- E. Grant of Tenure Under Expedited Procedures (Exhibit 16)

Trustee Murphy moved approval of all items on the consent agenda, Trustee Talbott seconded the motion, and the motion carried unanimously.

XIII. OTHER BUSINESS

The Vice Chair called for any other business. Trustee Schledwitz requested that the Board consider meeting one more time each year, with the additional meeting rotating so that UTM, UTC, and UTHSC are visited once every two years instead of once every three years. Trustee Schledwitz and Trustee Hall commended UTHSC on the transformational changes it has undertaken since the Board's last visit. Vice Chair Stansberry observed that the Board does gather four times a year since the addition of the annual workshop. Trustee Schledwitz asked that consideration be given to holding the workshop on a UT campus.

XIV. ANNOUNCEMENTS

Vice Chair Stansberry announced that this meeting would be the last meeting for Trustees Boulet and Smith. He thanked them for their service and invited them to attend the Annual Meeting in June to be formally recognized by the Board. Vice Chair Stansberry reminded Trustees of upcoming meetings of the Board and committees. He thanked Chancellor Schwab for hosting the reception and dinner at the newly completed College of Pharmacy held on Tuesday evening. He also thanked Chancellor Schwab and his staff for their excellent support with logistics for the meeting.

XV. ADJOURNMENT

With no further business to come before the Board, Trustee Murphy moved adjournment, Trustee Talbott seconded the motion, the motion carried, and the meeting was adjourned.

Respectfully Submitted,


Catherine S. Mizell, Secretary