

MINUTES OF THE ANNUAL MEETING

BOARD OF TRUSTEES

THE UNIVERSITY OF TENNESSEE

June 19, 2003  
Memphis, Tennessee

The annual meeting of the Board of Trustees of The University of Tennessee was held at 2:00 p.m., Central Daylight Time, Thursday, June 19, 2003, at the Peabody Hotel in Memphis, Tennessee.

**I.**

**CALL TO ORDER AND INVOCATION**

Mr. R. Clayton McWhorter, Vice Chair of the Board, called the meeting to order, and Mr. John Pontius gave the invocation.

Mr. McWhorter welcomed Governor Phil Bredesen to the meeting. Governor Bredesen relinquished his responsibilities as Chair of the Board to Mr. McWhorter for the duration of the meeting.

**II. ROLL CALL**

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

Governor Phil Bredesen  
Ms. Johnnie D. Amonette  
Ms. Barbara C. Castleman  
Mr. B. C. "Scooter" Clippard  
Mr. J. Steven Ennis  
Dr. Lawrence J. Hak  
Mr. James A. Haslam, II  
Mr. Jerry L. Jackson  
Mr. D. Lynn Johnson  
Mr. R. Clayton McWhorter  
Mr. John H. Pontius  
Dr. Richard G. Rhoda  
Mrs. Susan Richardson-Williams  
Commissioner Lana C. Seivers  
Dr. John W. Shumaker

Mr. Don Stansberry, Jr.  
Mr. William B. Stokely, III  
Mr. John Thornton  
Mr. James L. "Bucky" Wolford

The Secretary announced the presence of a quorum.

### **III. WELCOMING REMARKS and INTRODUCTIONS**

Vice Chair McWhorter introduced Dr. Larry Hak who welcomed the Board to Memphis and thanked Trustees for the courtesies shown him during his tenure on the Board. He brought the Board up to date on the programs on the Health Science campus and introduced the incoming Faculty Senate President, Dr. Charles Mansbach.

Mr. McWhorter introduced Ms. Jamie Chapman, Student Government Association President for the Health Science Center. Ms. Chapman thanked the Board for allowing her to attend and made comments on behalf of the student body of the Memphis campus.

Vice Chair McWhorter introduced special guests including Governor Ned Ray McWherter, Emeriti Trustees Maurice Field, Bryan Larson, Chris Bridges, King Rogers, Lee Winchester, Jack Craddock and Marcus Stewart, and Student Government Association President from the Knoxville campus, Sara Keeton.

### **IV. ADOPTION OF RESOLUTIONS OF RECOGNITION**

Ms. Johnnie Amonette moved adoption of the Resolution (Exhibit 1) recognizing Mr. Bill Rice for his many years of devoted service to The University of Tennessee, especially during his tenure as Chancellor and Vice President of Health Affairs on the Health Science Center campus. Ms. Amonette also moved adoption of the resolution recognizing Dr. Natalie Tate who served as student Trustee from Memphis (Exhibit 2).

Mr. John Pontius moved adoption of the Resolution (Exhibit 3) recognizing Dr. Lawrence J. Hak for his service as Faculty Trustee for the Health Science Center.

Mr. James A. Haslam, II, seconded the motion to adopt the foregoing resolutions. The  
motion carried unanimously.

### **V. HONORARY DEGREE FROM THE UNIVERSITY OF TENNESSEE AT MARTIN.**

President John Shumaker recommended awarding the first honorary degree from The University of Tennessee at Martin, the Honorary Degree of Leadership, to Governor Ned

Ray McWherter recognizing him for his many years of exceptional leadership and distinguished service to the State of Tennessee. Chancellor Nick Dunagan read the Resolution (Exhibit 4) and enthusiastically recommended its adoption.

Governor McWherter thanked the Board for the honor bestowed on him. He expressed his surprise and gratitude for the honorary degree. He said UT Martin is in his home county, and he has always considered it his university. Governor McWherter thanked Governor Bredesen and the Trustees for their dedication and perseverance in moving the University forward even in difficult financial times. He said access to high quality education is essential to the future of the State and its citizens.

Mr. James A. Haslam, II, moved approval of the honorary degree. Mr. Jerry L. Jackson seconded, and the motion unanimously carried.

**REMARKS BY GOVERNOR PHIL BREDESEN.** Governor Bredesen expressed his appreciation to Dr. John Shumaker, the staff, faculty and student at The University of Tennessee for their willingness to respond in a constructive way to the difficult times facing the University and the State recently. Governor Bredesen said the budget has been completed and signed into law. He said he wanted all those involved with the University to know that the path to greatness does not lie in scrambling every year to find a new revenue source to carry the University and the State through until the next year. Governor Bredesen said he is trying to get the budget under control and establish clear strategies for the future. He said he believes strongly in disciplined government, which should be the goal for Tennessee over the next couple of years. Governor Bredesen said his goal this spring has been to keep spending under control.

Governor Bredesen said for Tennessee to move forward, it must have a strong, growing higher education system. There is no question--whether in terms of jobs, recruiting new business or providing the best for the esteemed citizens of the State--young people must have the opportunity to acquire the knowledge and perspective necessary to succeed. The K-12 system is vitally important, but the higher education system is equally important. Governor Bredesen said the young people of today are going to have to have things beyond what they learn in high school to really take advantage of all the wonderful things that life in this country has to offer. He said he is committed to UT and to the higher education system in general and is looking forward to working with the UT Board, with the Board of Regents, and with THEC to see that higher education in Tennessee moves forward.

**REMARKS BY PRESIDENT JOHN SHUMAKER.** Dr. Shumaker said the University administration worked through the challenging process of dealing with the nine percent budget cut in the most constructive way possible. Thousands of faculty, staff and students worked hand in hand with a minimum of complaint to continue the mission of the University in spite of difficult circumstances. He said the staff in the Governor's office was essential as the University worked through some delicate issues.

Dr. Shumaker introduced some key new members of the administration at The University of Tennessee including Dr. Harry McDonald, interim Vice president for Research and Dr. Fred Tompkins, the interim director of the UT Research Foundation. Dr. Shumaker also introduced Mike Hamilton, who will become only the 7<sup>th</sup> Director of Men's Athletics on the Knoxville campus when Doug Dickey retires at the end of June.

Dr. Shumaker called the Board's attention to the copy of the latest UT scorecard showing the University's goals for the year 2010, and the progress to date. He reported the University has continued to make progress towards those long term strategic goals in spite of the budgetary difficulties. The chancellors of UT's campuses have personal scorecards based on The University of Tennessee overall scorecard and will be moving to achieve the goals set out in those scorecards.

Dr. Shumaker noted that he described to the Executive Committee some modest reorganization steps to be taken at the University. He said he has asked Executive Vice President Steve Leonard to begin to zero-base the University's administrative budget. Some of the administrative reorganizations might be tentative until that process is completed. Dr. Shumaker pointed out that a key part of the reorganization is the appointment of Dr. Loren Crabtree as Chancellor of the Knoxville campus. He said it is vitally important for the quality of education of the University's students and for the quality of the work life of the faculty and staff at Knoxville to have a distinguished academic leader and competent researcher and scholars focusing his attention exclusively on the work being done on the Knoxville campus.

Dr. Shumaker asked UT Foundation Chair Jim Haslam to report on the work of the Foundation. Mr. Haslam announced the appointment of three new Board members. Ms. Fran Marcum is a successful businesswoman from Tullahoma, who recently ran for Congress; Ms. Sharon Miller from Knoxville is President of the Trust Company and is a UT graduate who is experienced in philanthropy; and Dr. Mark Dean received his Ph.D. in electrical engineering from Stanford and a senior vice president with IBM. Mr. Haslam said the Foundation has a completely open policy and its Board is looking forward to raising money to benefit the programs at The University of Tennessee.

Following a video presentation setting forth the capital outlay needs for the Glocker Business Building, Dr. Shumaker asked Dean Jan Williams and his colleagues from the College of Business in Knoxville to join Reed Keller, Chair of the college of Business Advisory Board, to address the Board.

**REMARKS BY DEAN JAN WILLIAMS.** Dr. Jan Williams said the College of Business has 31 undergraduate majors and between 400 and 500 graduate students. Many other students take business classes in the Glocker Building. Dr. Williams said many non-business classes are also taught in Glocker, which makes it a major classroom building on the Knoxville campus with a great deal of student traffic every day. He said he and Reed Keller are making a commitment to the Board of Trustees and to the State to be part of what

might be described as a private partnership that would lead to the major renovation and expansion of the Glocker Building to begin no later than August 2004. Part one or phase one of the project would be the public funding of the Glocker renovation. Dr. Williams said whether that is by way of the normal budgetary process, separate legislation or other methods, phase one might be described as the bricks and mortar part of the partnership. Equal in dollars to that would be a private match that the College of Business Advisory Board is willing to make, which might be described as the educational quality phase. The College of Business Advisory Council has recently become extremely active and interested in the College. Dr. Williams introduced Reed Keller, a two-time graduate of the College of Business and a successful business person in the Atlanta community.

Mr. Keller said the Advisory Council has become very concerned about the quality of education in the Business School because of the facilities. He said a resolution was recently passed offering the Council's full support in getting the business school problems resolved. Mr. Keller said they actually took an oath to put their efforts behind resolving the problems. He said the capital market, in particular the bond markets, provide an unique opportunity for \$30 million in renovations for half of the amortized cost. A \$30 million building financed over 30 years today is \$2 million a year in operating financing. Several years ago it would have been \$4 million a year. Mr. Keller said the opportunity will not be around forever. He said the Business School is something of a bell tower for the rest of the University. It sits prominently on Volunteer Boulevard an Andy Holt. He placed an Advisory Council proposition on the table, which specified that if the State will renovate the building, the Advisory Council will raise funds to upgrade the program. If it takes \$30 million for the renovation, another \$30 million will be necessary to uplift the faculty, provide for the students, and maintain and build onto the technology. Mr. Keller said the Advisory Council thinks it can get those matching funds. He said the Council does not believe the goal can be accomplished without a commitment by the State to renovate the structure itself.

## **VI. REPORT OF THE STUDENT TRUSTEE.**

Natalie Tate thanked the Board for the opportunity to work with them during her tenure as student Trustee and for the many courtesies shown her during the year. She said one of her responsibilities as student Trustee is to identify and address issues from each of the campuses and prepare a report. She said a copy of the report was distributed to each Trustee (Exhibit 5).

## **VII. REPORT OF THE NATIONAL ALUMNI ASSOCIATION.**

Mr. David Noblit, President of the National Alumni Association said that in spite of financial problems, UT's alums are enthusiastic about UT's future and stand wholeheartedly behind the institution. He thanked the administration for its support of the Alumni Association and pledged the Association's continued efforts on behalf of the University.

## VIII. REPORT OF THE TREASURER

Treasurer Charles M. Peccolo reported that the University is preparing to close its year-end books on fiscal year 2003. Mr. Peccolo said eight state auditors are involved in a four-month review of the financial operations of the University. Their field work will conclude with the audited financial statements which should be completed for presentation to the Board at the fall meeting. Mr. Peccolo said he unaware of any problems encountered by the accountants. This year, returns on total funds invested to benefit the University should be approaching \$700 million. Mr. Peccolo said that figure incorporates the University's endowment, the endowments and assets of The University of Chattanooga Foundation, the assets held by the State Treasurer in the Chairs of Excellence Program as well as the charitable remainder trusts that the University manages. Mr. Peccolo said the Finance Committee spent a good deal of time discussing the spending plan that the University has adopted through its investment advisory committee, particularly talking about the endowment the University has created over the last few years.

In response to a question from Governor Bredesen, Mr. Peccolo said the University's endowments are managed by the University's Investment Advisory Committee that is made up of members of the Board, University administration, University Foundation representatives and a public designee from the credit union. The University has hired a number of independent money managers to manage the money. Mr. Peccolo said through the quarter ending March 31, the University's returns were trailing its constructed benchmark by roughly 45 basis points for the current fiscal year, but the University has exceeded its benchmark over longer time periods.

Governor Bredesen expressed an interest in seeing additional information on the funds and the return on those funds. Mr. Peccolo said the Board will receive the full comprehensive, investment report at its fall meeting.

Governor Bredesen expressed frustration with spending considerable time with the Board and hearing no input from Trustees aside from scheduled presentations. Governor Bredesen said he would like to see information presented that would cause meaningful dialogue rather than just receive reports. He said he would like to see some engagement of the issues. Governor Bredesen said he would like to delve more deeply into specific issues like the Glocker Building.

Mr. McWhorter said the Board spends much of its time in committee the day prior to the Board meeting doing just the Governor suggested and at the Board meeting receives the proposals for final approval. Mr. McWhorter explained that regardless of committee assignments, most all the Trustees sit through all the committee meetings. He expressed a willingness to change the usual process if the Governor so desires.

Governor Bredesen said he's never served on a university board before, but has served on

many non-profit boards. He said the ones at which reports are received and presentations are made with very little input or reaction from Trustees are usually headed for trouble.

Governor Bredesen referred back to the Glocker Building project. He asked if the \$30 million figure stated as necessary for the renovation is accurate and whether Board members do indeed rank Glocker as the top capital needs project. He said there seems to be a belief that there is private money that can be raised to help support the project.

Mr. Haslam said the Glocker Building renovation is ranked as the top priority on the capital priorities list. Dean Jan Williams explained the proposal is that, contingent on the State's funding of the building, the Advisory Council has committed to raising an equal amount of private money to augment the College, basically to endow the College, but not to renovate the building. The Advisory Council is proposing a match that would be for items other than bricks and mortar. He said the proposal is to raise \$30 million which would become additional endowment for the college, the earnings would be available to the college.

Governor Bredesen asked Dean Williams why the Advisory Council chose to raise money for an endowment rather than for the building itself.

Dean Williams said the usual expectation is for the State to provide funds for bricks and mortar and private gifts to provide funds for endowments.

Mr. Lynn Johnson said the money supplied by the State would go towards renovation or maintenance not towards funding for a new building. He said businesses do not like to give money for the maintenance of buildings. Businesses tend to give money for programs and the enhancement of academic standards since they hire graduates.

Governor Bredesen asked if it would be possible to raise privately half the money necessary to renovate the building if the state were to provide the other half.

Mr. Haslam and Dean Williams agreed that raising half the money would be possible.

Governor Bredesen said if the University can raise \$15 million, he would work with the legislature in an effort to get another \$15 million from the State. He said if UT could raise \$7 million by the end of December 2003, he would try to provide the State's half in the next budget.

## **X. APPROVAL OF THE MINUTES OF PRIOR MEETINGS**

Mr. Jerry Jackson moved approval of the minutes of the March 6, 2003 winter Board meeting. Mr. Lynn Johnson seconded, and the motion carried unanimously.

## **XI. NEW BUSINESS**

**A. REPORT OF THE ACADEMIC PROGRAMS AND PLANNING COMMITTEE**

- 1. Report of Information Items.** Chair pro tempore Larry Hak said the committee met the previous day and received updates including an update on the Biotechnology Foundation and proposed building on the biotech site in Memphis, and an update on the UT Research Foundation, discussion on the status of the planned statewide College of Public Health, and information on the *Geier* Consent Decree. Dr. Hak said the Committee was also advised on the reorganization of Biomedical Engineering at the Health Science Center.
- 2. Approval of Tenure Recommendations.** Dr. Rhynette Hurd moved approval of the tenure recommendations (Exhibit 6). Mr. James A. Haslam, II, seconded, and the motion carried unanimously.
- 3. Approval of the UT Comprehensive Listing of Academic Programs (all campuses).** Mr. James A. Haslam, II moved approval of the UT Comprehensive Listing of Academic Programs for all campuses (Exhibit 7). Ms. Susan Williams seconded, and the motion carried unanimously.
- 4. Revision of Policies Governing Academic Freedom.** Mrs. Susan Williams moved approval of the Revision to the Policies Governing Academic Freedom (Exhibit 8). Mr. Lynn Johnson seconded, and the motion carried unanimously.
- 5. Revision of Mission Statement.** Mr. Lynn Johnson moved approval of the revised Mission Statement for The University of Tennessee (Exhibit 9). Mr. James A. Haslam, II, seconded, and the motion carried unanimously.
- 6. Discontinuation of B.S. Degree in Occupational Therapy.** Mr. James A. Haslam, II, moved approval of the discontinuation of the B.S. Degree in Occupational Therapy at UT Chattanooga (Exhibit 10). Mr. D. Lynn Johnson seconded, and the motion carried unanimously.
- 7. Participation as a Founding Organization in the Non-Profit Agriculture Disaster Research Institute.** Mr. James A. Haslam, II, moved approval (Exhibit 11). Commissioner Ken Givens seconded, and the motion carried unanimously.
- 8. Participation as a Charter Member in The Oak Ridge Center for Advanced Studies.** Mr. D. Lynn Johnson moved approval (Exhibit 12). Mr. Don Stansberry seconded, and the motion carried unanimously.



9. **Revision of Statement of Policy on Patents, Copyrights, and Other Intellectual Property.** Mrs. Susan Williams moved approval (Exhibit 13). Mr. D. Lynn Johnson seconded, and the motion carried unanimously.
10. **Authorization to Confer Degrees.** The motion was made by Mr. Don C. Stansberry, Jr. (Exhibit 14). Mrs. Susan Williams seconded, and the motion carried unanimously.

Vice Chair McWhorter recognized Governor Bredesen for additional comments prior to his departure.

**COMMENTS BY GOVERNOR PHIL BREDESEN.** Governor Bredesen said he is looking for input from Trustees on how some of the University's problems might be solved. He asked that constructive and inventive solutions be placed on the table for consideration. Governor Bredesen said if Trustees and administrators will come forward with creative ideas, he is willing to step out and try to help the University. UT is an amazing institution. He said if one problem is solved at each Board meeting, significant progress could be made in two or three years. Governor Bredesen said he wants to engage the issues and try to find some solutions for them. He thanked the Board for their service and challenged them to join him in finding unique solutions to issues facing the University.

#### **B. REPORT OF THE FINANCE AND ADMINISTRATION COMMITTEE**

1. **Report on Information Items.** Chairman Ennis said the Committee covered three information items including the Treasurer's 2003 Investment Report, streamlining initiatives and an update on the Master Plan for the Knoxville campus.
2. **Report on Quasi-Endowments.** Mr. D. Lynn moved ratification of the quasi-endowment established from July 2002-June 2003 (Exhibit 15). Mr. James A. Haslam, II, and the motion carried unanimously.
3. **FY 2004 Operating Budget.** Mr. James A. Haslam, II, moved approval of the 2004 Operating Budget (Exhibit 16). Mr. D. Lynn Johnson seconded, and the motion carried unanimously.
4. **Adoption of FY 2004 Student Fees.** Mr. D. Lynn Johnson moved approval (Exhibit 17). Mr. James A. Haslam, II, seconded, and the motion

carried unanimously.

5. **Adoption of FY 2004 Budget for the UC Foundation.** Mr. John Thornton moved approval of the FY 2004 budget for the UC Foundation (Exhibit 18). Mr. James L. Wolford seconded, and the motion carried unanimously.
6. **Approval of President Emeritus Contracts for Edward J. Boling and Joseph E. Johnson.** Mr. Don C. Stansberry, Jr., moved approval of President Emeritus agreements for Drs. Boling and Johnson (Exhibit 19). Mr. William B. Stokely, III seconded, and the motion carried unanimously.
7. **Approval of the Renovation of the Dental Clinic at the Health Science Center.** Mr. James A. Haslam, II, moved approval of the renovation of the Dental Clinic at the Health Science Center (Exhibit 20 ). Mrs. Johnnie Amonette seconded, and the motion carried unanimously.
8. **Approval of the Master Plan for UT Martin.** Mrs. Johnnie Amonette moved approval (Exhibit 21). Mr. B. C. “Scooter” Clippard seconded, and the motion carried unanimously.
9. **Approval of the Renovation of the Merchandising Facility at UT Martin.** Mrs. Johnnie Amonette moved approval (Exhibit 22). Mr. B. C. “Scooter” Clippard seconded, and the motion carried unanimously.
10. **Approval of Amendment of Traffic and Parking Rules at UT Martin.** Mr. James A. Haslam, II, moved approval (Exhibit 23). Mr. Jerry L. Jackson seconded, and the motion carried unanimously by roll call vote.
12. **Filing of Minutes of the February 17, 2003 meeting of the Liaison Committee for the UT Bowld Hospital.** Mr. D. Lynn Johnson moved acceptance of the minutes for filing ( Exhibit 24). Mr. James A. Haslam, II, seconded, and the motion carried unanimously

#### **C. REPORT OF THE EXECUTIVE COMMITTEE**

1. **Report on Information Item.** Chair Johnnie Amonette reported on improvements to the President’s residence which were begun in fiscal year 2001-2002. The renovations cost \$800,000, and the source of the funds was unrestricted gifts to the University. In fiscal year 2002-2003, a continuation of what was started the previous year was completed with \$440,000 being spent from auxiliary funds and unrestricted gift funds.
2. **Appointment of Chancellor for the Knoxville Campus.** Mrs. Johnnie

Amonette moved approval of the appointment of Dr. Loren Crabtree as Chancellor of the Knoxville Campus. Mr. B. C. "Scooter" Clippard seconded, and the motion carried unanimously.

3. **Appointment of Ad Hoc Committee on Athletics.** Mrs. Amonette moved approval of the appointment of an Ad Hoc Committee on Athletics to study the Athletics Boards at Knoxville, Martin and Chattanooga. Mr. James A. Haslam, II, seconded, and the motion carried unanimously.
4. **Appointment of a Trustee to the Board of Directors of The University of Tennessee Research Foundation.** Chair Johnnie Amonette moved approval of the appointment of John Pontius to serve on the UT Research Foundation Board and act as its Chair (Exhibit 25). Mr. James A. Haslam, II, seconded and the motion carried unanimously.
5. **Approval of a Resolution Designating a Managerial Team for Security Purposes.** Mrs. Amonette moved approval of the resolution designating a Managerial Team for security purposes (Exhibit 26). Mr. Lynn Johnson seconded, and the motion carried unanimously.
6. **Approval of the President's Performance Evaluation.** Mrs. Amonette noted that the Board had been provided a narrative summary of accomplishments for the University system for 2002-2003. She thanked President John Shumaker for being an active president. She said it is appropriate and necessary for the CEO to be visible to all friends of UT. The progress report notes 144 speaking engagements and forums with university constituent groups, alumni and donors.

Mrs. Amonette said the performance goals were tied to the 27 percent annual performance incentive award. However, in a statement to the Executive Committee, President Shumaker deferred the award in light of the University's present budgetary situation. Mrs. Amonette said the Executive Committee voted to commend Dr. Shumaker for a job very well done. Mrs. Amonette moved that the full Board approve the Executive Committee commendation of Dr. Shumaker. Mr. Jerry L. Jackson seconded, and the motion carried unanimously.

7. **Delegation of Authority to the Executive Committee to Approve the President's Performance Goals for 2003-04.** Mr. Lynn Johnson moved approval (Exhibit 27). Mr. Don C. Stansberry, Jr. seconded, and the motion carried unanimously.
8. **Other Business.** Mrs. Amonette said one other item came before the Executive Committee. In order to bring the item before the full Board a two-

thirds vote is required. Mrs. Amonette moved that an additional item be added to the Board agenda. Mr. James A. Haslam, II, seconded, and the motion carried unanimously.

**Conflict of Interest Question.** Mrs. Amonette said the Executive Committee voted to consider the matter of Clayton McWhorter's nominal interest as a passive investor in Place Collegiate Properties. Place owns a housing complex in Martin and UT Martin is interested in entering into an arrangement with Place to meet student housing needs on the Martin campus. Mr. McWhorter explained that he is not a direct investor in Place, but he does own a minority interest in Clayton Associates which through a venture capital fund owns a .0004 percent interest in Place. Mr. McWhorter explained that the value of his investment in Place is approximately \$5,800 which is less than .02 of 1% of Place's capital. Neither Mr. McWhorter nor Clayton Associates has any representation on the Board of Place and no involvement in day-to-day operations. Mr. McWhorter also announced that at the time of any distribution attributable to his nominal interest, he will donate one thousand times that amount to the University. Mr. McWhorter then recused himself from the meeting.

Mrs. Amonette said that members of the Executive Committee expressed the highest confidence in Mr. McWhorter's integrity and no Trustee expressed any concern that his nominal interest in Place should bar UT Martin from entering into an arrangement with Place to meet its student housing needs. Mrs. Amonette made a motion that the Board, upon recommendation of the Executive Committee, having received full disclosure of the facts concerning Mr. McWhorter's nominal interest as a passive investor in Place, state that it has no objection to the University entering into an arrangement with Place to meet student housing needs at UT Martin and further that the Board urge Mr. McWhorter to continue as a member of the Board of Trustees and finally that the Board commend Mr. McWhorter for his generous contribution of time and money to the University.

Mr. James A. Haslam, II, seconded, and the motion carried unanimously.

In response to a question from Mr. Jackson, Ms. Mizell said all the Board is doing is expressing its opinion that this issue does not represent something that should bar UT Martin from moving forward to meet its student housing needs. She said as any arrangement moves forward through the State Building Commission, she will be working with the Attorney General and others in State government to address any legal issues that might be presented.

Mr. McWhorter thanked the Board for its vote of confidence.

Dr. Shumaker asked that in the interest of time the Chancellors and the Chairs of the Liaison Committee combine their reports.

**REPORT ON THE SPACE INSTITUTE.** Dr. John Caruthers gave an update on the plan for UTSI. He said the plan to some degree reflects a shift in the mission of the Space Institute within the service mission of the University which emphasizes research. The shift includes an important role for UTSI in the technological, commercial development of the region which is something that can be done and dovetail well with the UTSI plan as it moves forward.

**REPORT ON THE UNIVERSITY OF TENNESSEE AT MARTIN.** Chancellor Nick Dunagan said UT Martin is working to improve the first year experience and retention rate for students and refocusing some of its attention to become recognized as the University that teaches leadership. Dr. Dunagan said UT Martin is also involved in a project called the American Democracy Project which will involve a year-long discussion and implementation of an effort to inoculate college students with the responsibility to be good citizens. He said an attempt is underway to brand UT Martin as a place where students can come, get a great education and learn how to become civically engaged and how to be a responsible citizen.

Mr. Jerry Jackson said the Martin campus Liaison Committee met on May 22, 2003 (Exhibit 28). Mr. Jackson said that the leadership of Chancellor Nick Dunagan and his staff has everything on a positive path at UT Martin.

**REPORT ON THE UNIVERSITY OF TENNESSEE AT CHATTANOOGA.** Mr. John Thornton said UT Chattanooga had a record year in giving last year. The staff and faculty contributed a record amount of \$137,303. Mr. Thornton said giving from the campus to the United Way campaign exceeded \$102,000 this year resulting in UTC receiving recognition as United Way company of the year. Some of the funds from the Lupton gift have been used to support the Doctor of Physical Therapy program. The new \$29 million engineering building will be opened later in the year.

Dr. Bill Stacy said the Chattanooga campus is examining its mission and curriculum. He asked Trustees to circle October 3 as a tentative date for the grand opening of the engineering building.

**REPORT ON THE UNIVERSITY OF TENNESSEE, KNOXVILLE.** Dr. Loren Crabtree thanked Dr. Shumaker, the Board of Trustees and his fellow administrators for their confidence in him and for the nomination for him to serve as Chancellor in Knoxville. He said it is a great challenge and a great opportunity. Knoxville is already a great university with fine students, faculty and staff. Dr.

Crabtree said he looks forward to working with the Board, the other chancellors and with the administrators on the Knoxville campus to move the campus forward. He said all great land grant institutions are the flagships of the state and are built upon the undergraduate programs. Dr. Crabtree said there cannot be a first rate, highly ranked University of Tennessee without a phenomenally good undergraduate program. He said the University must have fully engaged faculty and the finest possible majors for the students. Dr. Crabtree said Knoxville will strive to lead the nation in cutting edge scientific research and the Oak Ridge National Laboratory gives the campus a distinct edge. He said along with great science, the University must sustain the heartland disciplines – the humanities, the arts and the social sciences. Dr. Crabtree said the University must commit itself to holding down institutional costs and making sure students receive a fair return for their investment.

## **XII. OTHER BUSINESS**

### **A. ELECTION OF OFFICERS.**

Mrs. Johnnie Amonette moved that the following individuals be elected to the respective positions as University Officers, effective July 1, 2003:

John W. Shumaker, President

Steven D. Leonard, Executive Vice President

Jack H. Britt, Vice President for Agriculture

Loren W. Crabtree, Chancellor of The University of Tennessee, Knoxville and  
Vice President for Academic Affairs for The University of Tennessee

David N. Dunagan, Chancellor of The University of Tennessee at Martin

Catherine S. Mizell, Vice President, General Counsel and Secretary of the  
University

Charles M. Peccolo, Jr., Vice President and Treasurer of the University

Bill W. Stacy, Chancellor of The University of Tennessee at Chattanooga

Jack E. Williams, Vice President for Development and Alumni Affairs

Mrs. Amonette moved that the nominations cease and that the Board of Trustees approve the nominations of the above-named officers and elect them to the respective position effective July 1, 2003, with the compensation listed in the approved budget.

Mr. Lynn Johnson seconded, and the motion carried unanimously.

### **C. ANNOUNCEMENT OF FUTURE MEETINGS**

The Secretary announced future meeting dates:

Fall 2003:                      October 9-10

Winter 2004:                    March 3-4

Annual 2004:

Jun 29-30

**XI II. ADJOURNMENT**

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

Respectfully submitted,

Catherine S. Mizell  
Vice President, General Counsel and Secretary