

MINUTES OF THE ANNUAL MEETING

BOARD OF TRUSTEES

THE UNIVERSITY OF TENNESSEE

June 24, 2004  
Knoxville, Tennessee

The annual meeting of the Board of Trustees of The University of Tennessee was held at 9:30 a.m., Eastern Daylight Time, Thursday, June 24, 2004, in Rooms 156-157 of the Plant Biotech Building in Knoxville, Tennessee.

**I. CALL TO ORDER AND INVOCATION**

Mr. R. Clayton McWhorter, Vice Chair of the Board, called the meeting to order, and Father Eric Andrews, senior pastor of the John XXIII University Parish and Chair of the Campus Ministerial Association, gave the invocation.

**II. ROLL CALL**

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

Ms. Johnnie D. Amonette  
Ms. Barbara C. Castleman  
Mr. J. Steven Ennis  
Commissioner Ken Givens  
Dr. Katherine Greenberg  
Mr. James A. Haslam, II  
Mr. Waymon L Hickman  
Mr. Jerry L. Jackson  
Mr. D. Lynn Johnson  
Dr. Joseph E. Johnson  
Mrs. Andrea J. Loughry  
Mr. R. Clayton McWhorter  
Mr. James L. Murphy, III  
Mr. John H. Pontius  
Dr. Richard G. Rhoda  
Mrs. Susan Richardson-Williams  
Mr. Don C. Stansberry, Jr.  
Mr. William B. Stokely, III  
Mr. John C. Thornton  
Ms. Carol L. White  
Mr. James L. "Bucky" Wolford

The Secretary announced the presence of a quorum.

**III. WELCOMING REMARKS AND INTRODUCTIONS**

Vice Chair McWhorter introduced Trustee Emeritus E. S. Bevins, President Emeritus Edward J. Boling, and Chancellor Emeritus and Executive Director of the Presidential Search Margaret Perry.

Mr. McWhorter introduced Dr. Beauvais Lyons, President of the Knoxville campus Faculty Senate. Dr. Lyons welcomed the Board to Knoxville and thanked them for the open presidential search process that involved a wide range of stakeholders of the University. He expressed the hope that the search process would serve as a model for future presidential searches. Dr. Lyons said one of the major tasks of the Faculty Senate over the past year has been updating the Faculty Handbook. He brought the Board up to date on other activities of the Faculty Senate and introduced Dr. Candace White, incoming President of the Faculty Senate.

Mr. McWhorter introduced Mr. Chaz Molder, Student Government Association President. Mr. Molder welcomed the Board on behalf of the students in Knoxville and thanked Governor Phil Bredesen for his work on behalf of the University. He encouraged those in attendance to lobby legislators for continued support of higher education and particularly of The University of Tennessee. Mr. Molder said one of the initiatives of the SGA during the past year was the effort to encourage the purchase of green power. He said he attended a meeting convened by Dr. Loren Crabtree, and an agreement was reached on the improvement of environmental quality.

Vice Chair McWhorter called on Mr. Jim Duke, President of the National Alumni Association for comments. On behalf of the National Alumni Association, Mr. Duke welcomed John and Carol Petersen to the University family. He thanked the Board for the opportunity to serve as a member of the Presidential Search Advisory Council. Mr. Duke said the Alumni Association expects to announce on June 30 an increase in contributors to annual giving as well as an increase in dollars received.

Mr. McWhorter introduced Mr. Dan Marcum, Chair of the UT Development Council. Mr. Marcum said the Development Council started over 50 years ago when other universities in the public sector were not active in fundraising. He said Drs. Andy Holt, Ed Boling and Joe Johnson nurtured it to create what it has become. He said the organization has changed and evolved over the years and has a more direct approach to fundraising. The philosophy remains the same and that is to help the University make connections and build relationships with individuals and corporate wealth that lead to substantial gifts to the institution. Giving for the 2003-2004 fiscal year through May are \$129.6 million from 53,000 donors.

Ms. Carol White, student Trustee, distributed her final report to the Board of Trustees (Exhibit 1) and thanked Board members for their support during the previous year.

Dr. Katherine Greenberg, faculty Trustee, said her preconceived stereotype of the Board of Trustees has changed dramatically as a result of her service on the Board. She distributed a letter to the Board (Exhibit 2) thanking them for the many courtesies shown her during her tenure and for the learning experience it provided.

#### **IV. REPORT OF THE INTERIM PRESIDENT**

Dr. Johnson thanked Vice Chair Clayton McWhorter for his many varied contributions to The University of Tennessee and its programs throughout the years. He said during some difficult times for the University, Mr. McWhorter stood tall based on his convictions.

Dr. Johnson thanked the Trustees for their leadership over the years. He also thanked the members of the President's staff and other staff members who were willing to return to service from retirement and those who stepped up to take on roles of significance during a difficult time. He thanked volunteer leaders who remained supportive of the University. He thanked the students who remained dedicated and loyal to The University of Tennessee. Dr.

Johnson thanked the Governor and the legislature for a good capital outlay year, for their efforts to avoid a cut in appropriations and provide a pay increase for faculty and staff.

Dr. Johnson commended the Board for their choice of a President. He asked Mrs. Johnson and Dr. and Mrs. Petersen to join him.

Mrs. Johnson officially transferred the responsibilities of first lady of The University of Tennessee to Mrs. Carol Petersen and presented her with a dozen orange roses.

Dr. Johnson said that years ago Malcolm Rice designed a medallion for the President of The University of Tennessee. He presented the presidential medallion and welcomed Dr. John D. Petersen as president-elect of the University of Tennessee. Dr. Johnson introduced Dr. Petersen for comments.

## **V. COMMENTS BY THE PRESIDENT-ELECT**

Dr. Petersen said sixty-four days prior to the Board meeting, Trustees changed his life. He said he and Carol could not be happier. Dr. Petersen said many of the things he would have addressed in his comments were included in the comments of previous speakers, but he would amplify some of those comments. Dr. Petersen said the search process received national attention, and he's often asked if he hesitated to enter such an open search. He said his answer is "absolutely not". Dr. Petersen thanked Dr. Margaret Perry and members of the Search Advisory Council for their involvement and said the result is an engaged group of individuals who will be a tremendous asset. He said the open search process allowed for an easier than usual transition to a new position at a new university because so many individuals have been engaged and invested in the presidency of the University. Dr. Petersen agreed with previous comments in which Dan Marcum referred to the Presidency of the University as a 24-hour a day job. He said much of it will be spent working with the Development Council to secure personal and corporate gifts to the institution. Dr. Petersen said he would enjoy putting together the creative aspects of faculty, staff and students with the passion of individuals who truly love the University.

Dr. Petersen said he has had the opportunity to visit Oak Ridge twice during the last sixty-four days and to participate in the Corridor Summit that was held both in Knoxville and Oak Ridge. He expressed his general thoughts about what a system and institutions within that system can do to craft individual visions for each of the institutions and at the same time work together as a system to ensure that the whole is bigger than the sum of the parts, while building excellence with partners like Oak Ridge and others.

Dr. Petersen said he is excited about the phenomenal opportunities that exist at The University of Tennessee.

Dr. Petersen said there are four sources of funds that come into a state, public research institution--state appropriations, philanthropic funds, research and grants, and tuition. Dr. Petersen said his goal is always to take the first three sources and maximize them. He said an institution should try to keep tuition as low as possible, but never so low that the quality of the institution is jeopardized. Dr. Petersen said if tuition is raised while he is President, and it probably will be, it will be because it is necessary to give students the educational edge over others throughout the country who are also competing for the available jobs.

Dr. Petersen said he has tremendous respect for Ed Boling, Eli Fly and Joe Johnson. He said he will continue to seek their guidance and input on occasion and will take advantage of the expertise they have to offer. He said he and Carol had the opportunity to travel across the State with Joe and Pat Johnson and get to know them very well. Dr. Petersen said the Johnsons are phenomenal individuals who have made tremendous contributions to The University of Tennessee especially in the last ten or eleven months when they have come

back and provided the stability and the foresight to get the university through some very tough times.

Mr. McWhorter presented a Trustee lapel pin to Dr. Petersen and welcomed him to the Board of Trustees.

## **VI. APPROVAL OF MINUTES OF PRIOR MEETINGS**

Mr. James L. Murphy, III moved approval of the minutes of the Board and Executive Committee meetings since March 2004. Mr. Lynn Johnson seconded, and the motion carried unanimously.

## **VII. HONORARY RESOLUTIONS**

Mr. Don C. Stansberry, Jr., presented and moved adoption of the Resolution (Exhibit 3) recognizing the Search Advisory Council for its work in the presidential search. Mr. James A. Haslam, II, seconded, and the motion carried unanimously.

Mrs. Susan Williams presented and moved adoption of the Resolution (Exhibit 4) recognizing and thanking Dr. Katherine Greenberg, faculty Trustee for her service to the University. Mr. James A. Haslam, II, seconded, and the motion carried unanimously.

Dr. Joseph E. Johnson presented and moved adoption of the Resolution (Exhibit 5) recognizing and thanking Ms. Carol L. White, student Trustee for her service to the University. Mr. J. Steven Ennis seconded, and the motion carried unanimously.

Mrs. Andrea J. Loughry presented and moved adoption of the Resolution (Exhibit 6) recognizing Vice President Tom Ballard for his many years of service and dedication to The University of Tennessee. Mr. James A. Haslam, II, seconded, and the motion carried unanimously.

**VIII. ELECTION OF OFFICERS OF THE BOARD.** Mr. McWhorter thanked the Board for the opportunity to serve as its Vice Chair for the previous two years. He said based on careful reflection and consultation with previous Vice Chairs and Governor Phil Bredesen, he wished to nominate Mr. Don C. Stansberry, Jr., to serve as Vice Chair of the Board for the next two years. Mr. McWhorter relinquished the Chair to Chair of the Executive Committee Johnnie Amonette for the vote on his motion. Mr. James A. Haslam, II, seconded the nomination.

Mrs. Amonette called for other nominations. There were none.

Mrs. Susan Williams moved that the nominations cease. Mr. Lynn Johnson seconded, and the motion carried unanimously.

The motion to approve the nomination of Mr. Don C. Stansberry, Jr., as Vice Chair of the Board carried unanimously.

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

Mr. McWhorter nominated Governor Phil Bredesen to continue his service as Chair of the Board of Trustees for two additional years beginning July 1, 2004. Mr. D. Lynn Johnson seconded.

Mrs. Amonette called for additional nominations. There were none.

Mrs. Susan Williams moved that the nominations cease. Mr. D. Lynn Johnson seconded.

The motion to approve the nomination of Governor Phil Bredesen as Chair of the Board of Trustees for two additional years carried unanimously.

Mrs. Amonette said she has worked very closely with Mr. Clayton McWhorter over the last few years. She said is an individual for whom she has the highest respect and admiration. He has performed his leadership roles with the greatest integrity and always in the best interest of the University. Mrs. Amonette thanked Mr. McWhorter for his work and relinquished the chair to him for the remainder of the meeting.

**IX. ELECTION OF OFFICERS OF THE UNIVERSITY.** Mrs. Amonette moved election of the following officers of The University of Tennessee:

John D. Petersen, President  
Jack H. Britt, Vice President for Agriculture  
Loren W. Crabtree, Chancellor of The University of Tennessee, Knoxville  
David N. Dunagan, Chancellor of The University of Tennessee at Martin  
Catherine S. Mizell, Vice President, General Counsel and Secretary  
Charles M. Peccolo, Jr., Vice President and Treasurer  
Bill W. Stacy, Chancellor of The University of Tennessee at Chattanooga  
Jack E. Williams, Vice President for Development and Alumni Affairs

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

**X. NEW BUSINESS**

**A. REPORT OF THE BOARD PROCESS AND GOVERNANCE COMMITTEE**

- 1. Approval of Bylaw Amendments to Restructure Committees (Article III).** Mrs. Amonette moved approval of the Bylaw Amendments to restructure Board committees (Exhibit 7). Mr. James A. Haslam, II, seconded, and the motion carried unanimously.
- 2. Approval of Other Bylaw Amendments (Article IV).** Mrs. Amonette moved approval of the housekeeping Bylaw Amendments (Exhibit 8). Mr. D. Lynn Johnson seconded, and the motion carried unanimously.
- 3. Approval of Board Policy Statement on Travel.** Mrs. Amonette moved approval of the Board Policy Statement on Travel (Exhibit 9). Mr. James A. Haslam, II, seconded, and the motion carried unanimously.

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

- 1. Proposal to Revise Freshman Admissions Requirements (UTC).** Mrs. Andrea Loughry moved approval of the proposal to revise freshman admission requirements at UTC (Exhibit 10). Mr. James A. Haslam, II, seconded, and the motion carried unanimously.
- 2. Proposal to Change International Student TOEFL Requirements at UTC.** Mrs. Loughry moved approval of the proposal to change international student Test of English as a Foreign Language requirements at

UTC (Exhibit 11). Mr. Don C. Stansberry, Jr., seconded, and the motion carried unanimously.

3. **Proposal to Revise Undergraduate Hours-for-Graduation Requirements at UTC.** Mrs. Loughry moved approval of the proposal to revise undergraduate hours-for-graduation requirements at UTC (Exhibit 12). Mr. John C. Thornton seconded, and the motion carried unanimously.
4. **Proposal for a Program of Study Leading to the Degree of Doctor of Education (Ed.D) with a Major in Learning and Leadership at UTC.** Mr. Thornton moved approval of the program of study leading to the Doctor of Education degree (Ed.D) with a Major in Learning and Leadership at UTC (Exhibit 13). Mr. James L. “Bucky” Wolford seconded, and the motion carried unanimously.
5. **Proposal for Programs of Study Leading to the Degrees of Master of Science and Doctor of Philosophy with Majors in Computer Engineering at UTK.** Mrs. Loughry moved approval of the programs of study leading to the Master of Science and Doctor of Philosophy degrees with majors in Computer Engineering at UTK (Exhibit 14). Mr. James A. Haslam, II, seconded, and the motion carried unanimously.
6. **Approval of the Annual Comprehensive Listing of Academic Programs.** Mrs. Loughry moved approval of the Annual Comprehensive Listing of Academic Programs (Exhibit 15). Mr. James L. Murphy, III, seconded, and the motion carried unanimously.
7. **Approval of UTK Faculty Handbook Provisions of Non-tenure Track Faculty.** Mr. James A. Haslam, II, moved approval of the proposed UTK Faculty Handbook provisions on non-tenure track faculty (Exhibit 16). Dr. Joseph E. Johnson seconded, and the motion carried unanimously.
8. **Tenure Recommendations.** Mrs. Loughry moved approval of the tenure recommendations for all campuses of the University (Exhibit 17). Dr. Joseph E. Johnson seconded, and the motion carried unanimously.
9. **Authorization to Confer Degrees.** Mrs. Loughry moved that the President, or a University official designated by the President, be authorized to confer degrees at commencements held during the time intervening between the 2004 annual meeting and the next annual meeting to be held in June 2005. Mr. James L. Murphy, III, seconded, and the motion carried unanimously.

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

1. **Resolution on Approved Signatures for University Checks and Bank Accounts.** Mr. J. Steven Ennis moved approval of the Resolution approving signatures for University checks and bank accounts (Exhibit 18). Dr. Joseph E. Johnson seconded, and the motion carried unanimously.
2. **Ratification of Quasi-Endowments.** Mr. Ennis moved ratification of quasi-endowments established from July 2003 to June 2004 (Exhibit 19). Dr. Joseph E. Johnson seconded, and the motion carried unanimously.
3. **Approval of FY 2005 UC Foundation Budget.** Mr. Ennis moved

approval of the FY 2005 budget for the University of Chattanooga Foundation, Inc. (Exhibit 20). Mr. D. Lynn Johnson seconded, and the motion carried unanimously.

4. **Approval of UT Foundation Retention of Interest Earnings from Gift Processing.** Mr. Ennis moved adoption of the Resolution authorizing the UT Foundation to retain and use the interest earnings from investment of gifts funds prior to transmittal to the University (Exhibit 21). Mr. Jerry L. Jackson seconded, and the motion carried unanimously.
5. **Approval of President Emeritus Contracts.** Mr. Ennis moved approval of President Emeritus contracts for Dr. Edward J. Boling and Dr. Joseph E. Johnson (Exhibit 22). Mr. Don C. Stansberry, Jr., seconded, and the motion carried unanimously.
6. **Approval of a Board Policy Statement on Discretionary Expenditure Reporting for the President and Chancellors.** Mr. Ennis moved approval of the Board Policy Statement on Discretionary Expenditure Reporting for the President and Chancellors as required by the Higher Education Accountability Act of 2004 (Exhibit 23). Mr. James A. Haslam, II, seconded, and the motion carried unanimously.
7. **Expansion of Visitation Hours for University Housing at UTK.** Ms. Carol L. White moved approval of the expansion of visitation hours for University housing at UTK (Exhibit 24). Dr. Johnson E. Johnson seconded, and the motion carried unanimously by roll call vote.
8. **Grant of Easement to Construct a Greenway (UTM).** This item was withdrawn from the agenda.
9. **Grant of Easement to Blood Assurance, Inc. (UTC).** Mr. Ennis moved approval of the request to grant a 3,900 square foot easement on the Chattanooga campus to Blood Assurance, Inc. (Exhibit 25). Mr. D. Lynn Johnson seconded, and the motion carried unanimously.
10. **Property Exchange with Shelby County (UTCHS).** Mr. Ennis moved approval of the request to grant a property exchange with Shelby County (Exhibit 26). Mr. James A. Haslam, II, seconded, and the motion carried unanimously.
11. **Filing of Minutes of Bowld Hospital Liaison Committee.** Mr. Ennis moved approval of the minutes of the February 16, 2004 meeting of the Bowld Hospital Liaison committee (Exhibit 27). Mr. James A. Haslam, II, seconded, and the motion carried unanimously.
12. **Approval of FY 2005 Proposed Operating Budget.** Mr. Ennis moved approval of the FY 2005 proposed operating budget (Exhibit 28). Mr. James A. Haslam, II, seconded, and the motion carried unanimously.
13. **Approval of 2005 Recommended Student Fees.** Mr. Ennis moved approval of the 2005 recommended student fees (Exhibit 29). Mr. James A. Haslam, II, seconded, and the motion carried unanimously.

**D. Report of the Executive Committee**

1. **Ratification of Employment Agreement with Dr. John D. Petersen.**

Mrs. Johnnie Amonette said because the employment of the President is one of the most important responsibilities of the Board, Vice Chair McWhorter recommended that the Executive Committee submit the approved agreement (Exhibit 30) to the full Board for formal ratification. Ms. Amonette recommended the employment agreement with Dr. John D. Petersen to the full Board for ratification.

Mr. James A. Haslam, II, made the motion. Mr. Jerry L. Jackson seconded, and the motion carried unanimously.

2. **Approval of Vice Chair's Recommendation for Standing Committee Appointments.** Mrs. Amonette moved approval of the Vice Chair's recommendations for standing committee appointments (Exhibit 31). Mr. James A. Haslam, II, seconded, and the motion carried unanimously.
3. **Approval of a Resolution Appointing a Managerial Group for U. S. Government Contracts.** Mrs. Amonette moved approval of the Resolution appointing a managerial group for U. S. government contracts (Exhibit 32). Mr. James A. Haslam, II, seconded, and the motion carried unanimously.

- E. **Report of the Audit Committee.** Mr. Waymon Hickman called the Board's attention to minutes of the March 3, 2004 Audit Committee meeting and the June 17, 2004 Audit Committee meeting. He said the Audit Committee is relatively new committee of the Board that has been functioning for about a year.

Mr. Hickman said one of the first responsibilities of the Audit Committee was to draw up an Audit Committee charter. The charter was presented and approved by the Committee in March. He said the Internal Audit department and the Audit Committee have the responsibility of auditing the President and the Chancellors. Those audits have been completed. However, the legislature mandated that such audits be done at the end of the fiscal year so the original audits of the President and the Chancellors will be updated.

Mr. Hickman said an audit of the Athletic Department has been completed. He said committee members were impressed with the administration of the Athletic Department not only with their funding capabilities for their own department but for their contributions to the overall University.

Mr. Hickman said in a review of the use of procurement cards, internal audit found only one case in the entire University system that constituted fraud. He said that the minutes of the Audit Committee meeting reveal one case of misappropriation of funds and that case has been turned over to the TBI for a criminal investigation.

- F. **Report of the Knoxville Athletics Board.** Mr. James A. Haslam, II, presented a brief overview of the two Knoxville athletics departments from the first of 2004 through the end of May. He said twenty-five female and thirty-five male student athletes graduated in May 2004. The athletes received degrees in twenty-six different majors. On the playing field seven of the men's sports advanced in their respective NCAA tournaments. In women's athletics, ten of eleven sports advanced to NCAA events. Mr. Haslam said under the leadership of Mike Hamilton, the athletics department has reduced the budget by \$2 million. \$23 million has been received through athletics fundraising endeavors. The Step Up Campaign under the leadership of John Thornton concluded by raising \$48.6 million against a goal of \$44.3 million.

- G. Report of the Liaison Committees.** Mr. John Thornton thanked the Board for its approval of the Doctorate of Education degree at UT Chattanooga. He said UTC received approval of its first doctorate degree about eighteen months before, which was a landmark in the evolution of Chattanooga and its association with the UT system. The campus received approval of its first research-based Ph.D. degree in Computational Engineering soon thereafter. Mr. Thornton said the Computational Engineering Department continues to be the nation's best. The SimCenter has been lauded by many as the finest program of its type in the United States. Mr. Thornton said the remodeled University Center recently had its grand opening.

Mr. Jerry Jackson reported for the Liaison Committee of the Martin campus. He said the students at UT Martin are pleased with the improvements being made to housing on the campus. Mr. Jackson said the campus recently received a visit from Joe and Pat Johnson and President-elect John Petersen and his wife, Carol. He said a reception was held honoring the Johnsons and a 90<sup>th</sup> birthday celebration honored Mrs. Kathleen Elam. Mr. Jackson said Mrs. Elam is a member of the Martin campus Liaison Committee and continues to regularly attend meetings and support programs on the campus.

## **XI. OTHER BUSINESS**

Mr. McWhorter thanked Board members for their support during his tenure as Vice Chair of the Board. He said any time he asked for assistance, the response from fellow Trustees was positive.

Mr. McWhorter reminded Board members of the day in August 2003 when he and the Governor suggested to President John Shumaker that he resign. Members of the press immediately began to ask who would be in charge of the University. He said he and Jim Haslam met with Dr. Joe Johnson and made a proposal to him. Dr. Johnson was reluctant to step into the role of Interim President, but finally admitted his blood runs deep Orange. Mr. McWhorter said he and Mr. Haslam promised Dr. Johnson that the presidential search would be concluded in a year or less. Mr. McWhorter thanked Dr. Johnson for his willingness to come back into the role as Interim President and stabilize the University in difficult times.

Mr. McWhorter asked the Secretary read for adoption by the Board of Trustees a Resolution honoring Dr. Joe Johnson (Exhibit 33). The motion was made by Mr. James A. Haslam, II. Mrs. Johnnie Amonette seconded, and the motion carried unanimously.

Mr. McWhorter asked Mrs. Pat Johnson to come forward, presented her with a dozen orange roses and thanked her for her support.

Dr. Johnson thanked the Board for their kind words and for the Resolution.

## **XII. 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