

MINUTES OF THE EXECUTIVE AND COMPENSATION COMMITTEE MEETING
BOARD OF TRUSTEES

THE UNIVERSITY OF TENNESSEE

June 23, 2005
Knoxville, Tennessee

The Executive and Compensation Committee of the Board of Trustees of The University of Tennessee met at 8:00 a.m., Eastern Daylight Time, Thursday, June 23, 2005 in Room 113, Plant Biotech Building, Knoxville, Tennessee.

I. CALL TO ORDER

Mr. Don C. Stansberry, Jr., Chair of the Committee, called the meeting to order.

II. ROLL CALL

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

Mr. Waymon L. Hickman
Mrs. Andrea J. Loughry
Mr. James L. Murphy, III
Dr. John D. Petersen
Mr. Don C. Stansberry, Jr.
Mr. William B. Stokely, III
Mr. John C. Thornton
Mrs. Susan R. Williams

The Secretary announced the presence of a quorum.

III. APPROVAL OF MINUTES OF PREVIOUS MEETINGS

Chair Don Stansberry called for corrections or additions to the minutes of the March 1, 2005 and April 29, 2005 meetings of the Executive and Compensation Committee. Mr. James L. Murphy, III, moved approval of the minutes. Mr. John C. Thornton seconded, and the motion carried unanimously.

IV. APPROVAL OF PRESIDENT'S RECOMMENDATION FOR APPOINTMENT AND COMPENSATION OF THE VICE PRESIDENT FOR RESEARCH.

Chair Stansberry called on President Petersen to present his recommendation for appointment and compensation of the Vice President for Research.

Dr. Petersen called attention to materials contained in the meeting notebook (Exhibit 1). He said the search was chaired by Executive Vice President Jack Britt. The search committee included individuals for all aspects of the University as well as representatives from some of the University's partners including the Oak Ridge National Laboratory. Dr. Petersen said the search committee interviewed 7

candidates and recommended four finalists. Following careful consideration after the final interviews, his recommendation to the Board is that Dr. David Millhorn, Director of the Genome Research Institute, University of Cincinnati, be elected as the Vice President for Research for The University of Tennessee effective August 1, 2005. The recommended annual base salary for Dr. Millhorn is \$275,000 with an annual expense allowance of \$7,000 prorated monthly. Dr. Petersen further recommended that Dr. Millhorn be provided moving expenses not to exceed \$15,000 and a university vehicle for use during his tenure as Vice President for Research. Dr. Millhorn will have a faculty appointment at both the Health Science Center and the Knoxville campus.

Mr. D. Lynn Johnson moved approval of the President's recommendation. Mrs. Andrea J. Loughry seconded, and the motion carried unanimously.

V. ELECTION AND COMPENSATION OF UNIVERSITY OFFICERS.

Dr. Petersen called attention to the list of individuals currently serving as elected Officers of the University (Exhibit 2).

Mr. Stansberry recommended:

1. That the University Officers be re-elected.
2. That the President's recommendations for compensation of the other University Officers be approved.
3. That the compensation of the President be reviewed by the Executive and Compensation Committee at its next meeting, taking into consideration the annual performance review approved by the Board on June 23, 2005; and
4. That the Executive and Compensation Committee be authorized to approve a maximum increase of three per center (3%) in the President's base salary, with any increase being retroactive to July 1, 2005.

Mr. Stansberry asked whether the increases noted in Exhibit 2 reflect straight across the board three percent increases. Dr. Petersen said the three percent across the board increases were mandated by the legislature with no flexibility except for faculty members.

Mr. James L. Murphy, III, moved approval of the election and compensation of University Officers. Mr. William B. Stokely, III, seconded, and the motion carried unanimously.

VI. DEPARTMENT OF ENERGY SECURITY RESOLUTION.

Ms. Mizell said the Department of Energy requires that the Board appoint a Managerial Group with the delegated responsibility to negotiate, execute and administer U. S. Government contracts (Exhibit 3). The Resolution will be included in the consent agenda at the Board of Trustees meeting.

Mr. James L. Murphy, III, moved approval of the Department of Energy Security Resolution. Mrs. Andrea J. Loughry seconded, and the motion carried unanimously.

VII. 2006 MEETING DATES.

Ms. Mizell said all Board members were surveyed in order to determine the best possible dates for the 2006 regular meetings of the Board. After receiving feedback from Trustees, considering potential conflicts within and outside the University, the following meeting dates are proposed:

Winter Meeting, March 15-16, in Memphis
Annual Meeting, June 20-21, in Knoxville
Fall Meeting, November 2-3, in Knoxville

Mr. James L. Murphy, III, moved approval of the proposed dates and recommended the dates be forwarded to the full Board on the consent agenda. Mr. John C. Thornton seconded, and the motion carried unanimously.

VIII. OTHER BUSINESS

Mr. Stansberry asked for other business. He was advised that there was none.

IX. ADJOURNMENT

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

Catherine S. Mizell
Vice President, General Counsel and Secretary