

D R A F T

MINUTES OF THE TRUSTEESHIP COMMITTEE BOARD OF TRUSTEES THE UNIVERSITY OF TENNESSEE

May 14, 2009
Nashville, Tennessee

The Trusteeship Committee of the Board of Trustees of The University of Tennessee met at 12:00 p.m., CDT, on Thursday, May 14, 2009, in the offices of Bradley Arant Boult Cummings, Suite 700, 1600 Division Street, Nashville, Tennessee.

I. CALL TO ORDER

Mrs. Andrea J. Loughry, Chair, called the meeting to order.

II. ROLL CALL

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

Anne Holt Blackburn
William Y. Carroll
Andrea J. Loughry
James L. Murphy, III
Jan F. Simek

The Secretary announced the presence of a quorum.

III. APPROVAL OF MINUTES OF PRIOR MEETING

Chair Loughry called for corrections or additions to the minutes from the October 23, 2008 joint meeting of the Executive and Compensation Committee and the Trusteeship Committee. There being no corrections or additions, Mr. Carroll moved approval the minutes, and Mr. Murphy seconded. The motion carried unanimously.

IV. OPENING REMARKS OF THE COMMITTEE CHAIR

Chair Loughry stated that over the last couple of weeks she has experienced some of the highlights of being a UT Trustee. She discussed her attendance at the recent graduation ceremonies across the state, the installation ceremony of Dr. Jimmy Cheek as Chancellor of UTK, and the inspiring acceptance speech by Dr. Dolly Parton for her honorary degree from UTK. She stated that she wanted to continue to encourage the Trustees to participate in the graduation ceremonies as well as the student shadowing opportunities on each of the campuses this fall. She noted that they provide opportunities to enhance the Trustees' professional development, an important charge for this Committee. In

that regard, Chair Loughry called on Mr. Murphy to discuss his attendance at the AGB annual trusteeship conference.

V. VICE CHAIR'S EXECUTIVE SUMMARY OF AGB NATIONAL CONFERENCE ON TRUSTEESHIP

Mr. Murphy stated that he attended the recent AGB National Conference on Trusteeship in San Diego. He discussed Henry Nemick's roundtable presentations on the use of incentive compensation in a development office. He stated that Mr. Nemick's sessions were well attended and attendees were very interested in the extensive working details presented. Attendees were very complimentary of the fact that not only does the plan provide compensation incentive, but it also focuses on a very detailed work plan for all of the staff and provides a mechanism to really evaluate where employees are in their work plan. He passed on highlights from the presentations including comments Mr. Nemick made regarding changes to the way his staff works due to the specific goals of the plan. Mr. Murphy discussed potentially spreading the detailed work plan utilized as part of the Development Office incentive compensation plan to other departments in the University, without the incentive compensation component.

He discussed highlights of Dr. Richard Chait's opening session presentation about strategic thinking for Trustees. Dr. Chait's presentation discussed potential hindrances to effective governance and the concept of strategic thinking where the trustees collectively articulate a few feasible and comprehensive big ideas to the President to give him or her clear guidance on important issues instead of leaving it to the administration to intuit them from Board meetings. He discussed a presentation by the Assistant Director of the FBI, which noted the importance of knowing your local FBI office, resources they can provide for security, risk assessment, etc. He noted there was a presentation regarding presidential searches, which highlighted compensation (discussed trends, importance of written contract), but was also frustrating because it assumed the institution could hold confidential meetings, which may be impractical or illegal for some institutions.

Chair Loughry stated that a DVD of the conference is provided to the attendees. She noted that as the Committee talks more about making interactive information available to the Trustees, that information may be a good addition. She noted that she requested a hard copy of the materials for the strategic thinking discussions and she would like to share the information with the other Trustees.

Chair Loughry stated that she appreciated Mr. Murphy taking the time and spending his personal resources to attend the conference and report back to the Trustees.

VI. PROPOSED BYLAW AMENDMENT CONCERNING FREQUENCY OF BOARD MEETINGS

Chair Loughry stated that this Board has had numerous discussions over the past several years regarding frequency of meetings to handle the volume of business as

this has become a more engaged Board. She reported that the Trustees have tried various approaches to the meeting schedule to try and solve the complaint that there is just not enough time during committee and Board meetings. She stated that she would like the Committee to look at other alternatives for freeing up more time during meetings for our decision making roles. She referred to the data in the meeting materials regarding meeting frequency for peers (Exhibit 1). She proposed looking at increasing the number of meetings.

Mr. Murphy stated that there really is not a question of whether to meet more frequently; rather, the question is how do we do it in a manner that is most cost effective. An additional regular meeting of the Board will raise costs, not just for the Board budget, but also the costs for all the staff that come to the meetings from the system administration and each campus. Mr. Murphy stated that, at the same time, the Trustees recognize the necessity to meet more often to spend more time on substance. The Committee discussed off-cycle committee meetings in lieu of assembling the full Board and thus allowing for two full days of meetings when the full Board is convened. Mr. Murphy stated that the negative to that approach is that it will be increasingly more difficult for Trustees who are non-committee members to attend every committee meeting. Ms. Mizell stated that the biggest cost saving would be limited staff travel to the off-cycle committee meetings.

Dr. Simek discussed holding a Board meeting independent of the committee meetings, such as a workshop where general principals are considered. He also asked the Committee to consider holding simultaneous committee meetings when the full Board is convened. Mr. Murphy stated that this Board has operated so that each Trustee can attend each committee meeting, and the question becomes whether that is a necessity. He noted that off-cycle committee meetings have started in a limited way with the Audit Committee, Trusteeship Committee and special committees. In response to the Committee's discussion to hold a fourth regular meeting, Ms. Mizell stated that earlier in this decade, prior to the Board culture changing, the Board added a fourth meeting, but after a couple of cycles, it was discontinued as being necessary. The Committee discussed the two-day meeting structure and whether adding a fourth similar style meeting would allow any more time at the meetings. Mr. Carroll stated that he agreed with Dr. Simek's suggestion to hold a fourth meeting that would be a workshop to consider larger issues. Mr. Murphy stated that staff attendance could also be limited to only those who are necessary for the specific workshop topics to keep costs down.

Chair Loughry asked what the costs were for the recently held EEF Committee meeting that allowed for video conference participation from each campus. Ms. Mizell responded that there was no cost for the video conferencing, and the simultaneous webcasting cost approximately \$100. Chair Loughry asked that the administration explore the use of video conferencing to potentially enhance the ease of the meetings and control the costs. Mr. Murphy discussed potential Sunshine Law issues with holding video conference committee meetings, noting there must be a quorum present in a single location.

Ms. Blackburn stated that attending all committee meetings, even when she is not a member of the committee, helps her to understand better the issues voted on at the Board meeting. Mr. Murphy further noted that part of that stems from the fact that there is not time for in-depth discussion of ongoing topics with new Trustees and this proposed once-a-year workshop could provide this opportunity. Dr. Simek suggested holding a fourth meeting in public, as a workshop, in public, for discussion of such fundamental aspects of the University as how we encourage non-traditional, underrepresented students to attend the University, what kind of programs we have, what we do when they attend, what we do to make them successful. He noted that, in the end, one of the benefits maybe interaction with a wider public.

Mr. Murphy stated that the issue before the Committee today is to decide whether or not to make a recommendation to allow the Board the flexibility to add a fourth meeting without having to call a special meeting. The bylaw change proposed will not mandate a fourth meeting. At the Board meeting in June when the schedule for the regular meetings is voted on, the Board would determine whether to hold three or four meetings for the year. Ms. Blackburn expressed concern that a workshop or retreat may be viewed as unnecessary by the public because votes are not taken. The Committee stated that costs would be controlled and the site of the meeting would be reasonable. Ms. Mizell commented that there are many informational items in committee meetings that could be transferred to the fourth meeting to make more time at the regular meetings. Chair Loughry discussed potentially rotating the campus showcase and holding it once a year to allow more time for discussion of action items at the Board meetings. Mr. Murphy suggested that the campuses prepare an online presentation that the Trustees could view, not necessarily during the meeting. Ms. Mizell noted that there has been criticism when the Board meets outside Knoxville and does not have time to see the campus or interact with staff or students.

Mr. Murphy moved recommendation of the proposed bylaw amendment as presented at this meeting to allow the Board to schedule more than three stated (regular) meetings each year. Ms. Blackburn seconded the motion, and it carried unanimously.

VII. REVIEW OF QUALIFICATIONS AND CORE COMPETENCIES FOR TRUSTEES

Chair Loughry stated that in the summer of 2003, Governor Phil Bredesen appointed the Governance Task Force to review and recommend changes to the Board's governance processes. One of the recommendations of the Task Force was that a set of qualifications and core competencies for membership on the Board of Trustees be developed and transmitted to the Governor each year. Chair Loughry asked Ms. Mizell to discuss the Review of Qualifications and Core Competencies for Trustees for the Committee members to understand its background (Exhibit 2). Ms. Mizell stated that a Statement of Qualifications and

Core Competencies was adopted by the Board of Trustees in March 2005. It was subsequently modified to incorporate a Bylaw change concerning requirements for membership on the Audit Committee. She stated that each year, she sends a copy of the Statement of Qualifications and Core Competencies to the Governor for his consideration in making appointments to the Board along with a letter discussing the open positions, the statutory requirements for those positions, and a spreadsheet showing how the statutory requirements are met by the current members. She noted that there are three positions open this year--the non-voting faculty member, the non-voting student member, and Mr. Murphy's position. Mr. Murphy is eligible for re-appointment. She noted that there are no six-year terms expiring in 2010.

Ms. Blackburn stated that she appreciated this informational report. Chair Loughry asked Ms. Mizell to update this Committee on the time frame for the Board's self-assessment. Ms. Mizell stated that the self assessment is conducted not less often than every three years, and the next assessment would be in 2010. Chair Loughry stated that this time around, following what has become the national norm in human resources, she proposed an opportunity for the President and some senior staff to critique the Board.

VIII. DISCUSSION OF ONLINE BOARD TOOLS

Ms. Mizell discussed her goals in moving toward an electronic Board book with the ultimate goal of the Board meeting materials being paperless, with some sort of electronic format in front of each Trustee. She stated that an initial question is whether the Board ready to move in that direction. She reported that for my own purposes, the ease of building the Board book electronically is reason alone to go paperless. The advantage to the Board is providing the materials at the earliest possible time. She noted that other benefits would include savings from printing and mailing the notebooks. Mr. Murphy asked what the cost per meeting was for printing and mailing. Ms. Mizell responded that she would estimate at least \$2500.00, not including labor. Another goal would be to use the online system to schedule meetings. Presently, setting meetings is a very time consuming process. Finally, the online system would be a "one-stop-shop" for the Trustees to go for all needed information, including archived information. Ms. Mizell stated that the timeline would be approximately one year from the start of the process to the point where notebooks would no longer be printed.

The Committee discussed the convenience of having everything available online and the feasibility of transitioning the Board to electronic materials. The Chair noted that the Board is now completely accessible by email. Mr. Murphy discussed the reliability of being able to connect wirelessly to review the materials before and during the meetings. He stated that an alternative may be to mail a drive or cd with the materials. The Committee also discussed whether it would be necessary to make laptop computers available for viewing materials during the meeting.

Ms. Mizell discussed the software needed for this project. She discussed a recent AGB webinar comparing different products and stated that ultimately the

administration would be making a decision between developing something on our own or purchasing a board portal program already in the market (Exhibit 3). The current Trustee website has come a long way and already has a great deal of information available--minutes, charters, bylaws, a selection of policies, archived webcasts, etc. The Chair stated that the additional materials, including the President's memos, have been an excellent resource. Mr. Dye noted that there is more that can be done to the site to make it more user friendly. He stated that his staff is holding off on more updates until the Board makes a determination about paperless notebooks and the administration decides on a format. Ms. Mizell noted that for the past three years she has been emailing materials to Trustees electronically to try to get materials to Trustees as quickly as possible prior to each meeting. She noted that she can also supply each Trustee with an entire scanned notebook approximately two weeks prior to each meeting. Mr. Dye noted that the scanned notebook is also supplied to the media. Mr. Murphy asked whether the next step would be to simply not send the printed notebook. Ms. Mizell stated that she would like to move forward and build the book electronically rather than print and scan the book. Mr. Dye added that the end result would be more user friendly and interactive than a scanned book. Ms. Mizell presented a demo site from the University of Rochester, which worked with Microsoft to develop a Board portal for their board. Microsoft released the intellectual property on this, the template itself, for free. Anyone can use it to build their own version. Ms. Mizell stated that there is a way to take that template and build our portal that would allow us to build the book electronically, which should result in a significant reduction of staff time required to build the book.

Ms. Mizell explained that the Microsoft template sits on top of Sharepoint, a repository of documents that allows you to work collaboratively. The University has just begun to use Sharepoint. She stated that it would take approximately a year to build the portal and have it running using the Microsoft template and Sharepoint.

Ms. Blackburn asked what a realistic timeline would be. Ms. Mizell stated that it depends on whether the University builds a portal or buys one. If purchased, the goal would be to have the portal completely operational by June of next year. Ms. Blackburn asked whether there would be any sensitivity concerns with using an outside product. Ms. Mizell stated that one of the real advantage of an externally hosted portal is the security provided. Ms. Mizell stated that the real difference between the two options is the upfront costs. She noted that substantial University IT resources would have to be expended to build a product similar to an externally hosted product. Ms. Mizell demonstrated the externally hosted board portal used by the University of Debuque. Ms. Mizell stated that the University's IT staff could eventually produce a similar kind of product, but not anytime soon. The product being used by Debuque has user-based pricing, and 50 users would cost approximately \$16,870 annually for four meetings. There is also an additional one time training fee. She noted that the product comes with continual training and 24/7 support. Dr. Simek asked how press requests would be handled. Ms. Mizell stated that it may be possible to purchase a guest license. She and Mr. Dye commented that the price is extremely reasonable compared with the cost in resources for UT to

build something comparable and then to support it for the long term. The Chair stated that she would have concerns about taking our IT resources away from some critical projects such as Banner implementation. Dr. Simek stated that it may be that we do a phased project utilizing an external product for the time being and then perhaps creating our own product down the road. Mr. Murphy stated that the more we can go toward electronic the better for efficiency and cost in the long term and also the environment. The Chair stated that this has the potential to save resources and costs and certainly something she wants to move toward. She thanked Ms. Mizell for her report and the research she has done.

IX. OTHER BUSINESS

The Chair asked if there was any other business to come before the Committee. There was none.

X. ADJOURNMENT

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

Catherine S. Mizell
Vice President, General Counsel and Secretary