

THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

MINUTES OF THE EXECUTIVE AND COMPENSATION COMMITTEE

June 18, 2014  
Knoxville, Tennessee

The Executive and Compensation Committee of The University of Tennessee Board of Trustees met at 1:00 p.m. EDT on Wednesday, June 18, 2014, in Hollingsworth Auditorium on the campus of the Institute of Agriculture in Knoxville, Tennessee.

**I. CALL TO ORDER**

Chair Ferguson called the meeting to order and asked the Secretary to call the roll.

**II. ROLL CALL**

The Secretary called the roll, and the following members of the Executive and Compensation Committee were present:

J. Brian Ferguson, Chair  
Charles C. Anderson  
George E. Cates  
Joseph A. DiPietro  
D. Crawford Gallimore  
Vicky B. Gregg  
James L. Murphy, III  
Don C. Stansberry, Jr.  
Charles E. Wharton

The Secretary announced the presence of a quorum. Other Trustees, members of the administrative staff, and media representatives were also present.

**III. CONSENT AGENDA**

Chair Ferguson called the Committee's attention to the following items on the Consent Agenda:

- A. Minutes of Last Meeting
- B. Resolution Appointing a Managerial Group for U.S. Government Contracts (Exhibit 1)

There being no requests to remove an item from the Consent Agenda, Trustee Stansberry moved approval of the Consent Agenda as presented. Trustee Wharton seconded the motion, and it carried unanimously.

**IV. PERFORMANCE GOALS AND RETENTION AMOUNT FOR CHANCELLOR ANGLE UNDER THE PERFORMANCE AND RETENTION PLAN FOR EXECUTIVE OFFICERS**

President DiPietro informed the Committee that Chancellor Steve Angle would become eligible to participate in the Performance and Retention Plan for executive officers on July 1, 2014, having been in office for one year as of that date, and that the retention period for Chancellor Angle would be July 1, 2014 through June 30, 2017. The President recommended specific performance goals for Chancellor Angle and also recommended setting his retention amount at the maximum amount of \$130,950.00. He reminded the Committee that the performance of Plan participants would be evaluated at the end of the retention period and that no retention payment is guaranteed.

Trustee Gallimore moved that the President's recommendation of performance goals and a retention amount for Chancellor Steve Angle under the Performance and Retention Plan for executive officers be approved (Exhibit 2). The motion was seconded by Trustee Anderson and carried unanimously.

**V. PRESIDENT'S FOUR-YEAR COMPREHENSIVE PERFORMANCE REVIEW OF CHANCELLOR SCHWAB**

President DiPietro reported that he conducted a comprehensive performance review of Chancellor Schwab in early 2014. He presented highlights of his report, Chancellor Schwab's self-assessment, and results of a 360-survey concerning Chancellor Schwab's performance.

Trustee Cates moved that the President's Four-Year Comprehensive Performance Review of Chancellor Schwab be approved (Exhibit 3). The motion was seconded by Trustee Wharton and carried unanimously. At Trustee Wharton's suggestion, the Board applauded Chancellor Schwab to indicate endorsement of the significant accomplishments he has achieved at the Health Science Center since taking office.

## **VI. ELECTION AND COMPENSATION OF UNIVERSITY OFFICERS**

Dr. DiPietro stated that elected officers of the University include the President, Executive Vice President and Vice President for Research and Economic Development, Chancellors, General Counsel and Secretary, Treasurer and Chief Financial Officer, and Vice President for Development and Alumni Affairs. He noted that no increases in compensation have been proposed and that the office of Vice President for Development and Alumni Affairs is not included in the proposed Resolution because it is currently filled on an interim basis by appointment of the President.

Trustee Murphy moved approval of the Resolution on Election and Compensation of University Officers (Exhibit 4). Trustee Stansberry seconded, and the motion carried unanimously.

Trustee Wharton asked how much it would cost to give all employees a cost of living increase. Mr. Peccolo responded that a one percent increase would cost approximately \$7 million. Dr. DiPietro added that compensation decisions involve three components: cost of living, market, and merit. Chair Ferguson deferred further discussion of this subject to a subsequent broader conversation about the University's cost and revenue curves.

## **VII. FY 2015 COMPENSATION OF OTHER SENIOR ADMINISTRATORS**

For the Trustees' information, the President presented the FY 2015 compensation of other senior members of the System Administration who are not elected officers (Exhibit 5), noting that no increases in compensation have been made.

The President noted that at the Committee meeting in June 2013, Trustee Cates had requested that the Board be provided the ratio of System Administration salaries to total University salaries and the ratio of System Administration salaries to total revenues. Trustee Murphy had suggested that the information should be shown on a trending basis. In response to those requests, the President presented a graph showing a decrease in System Administration salaries as compared to both total University salaries and total revenues over the period from 2003 to 2013 (Exhibit 6).

## **VIII. OTHER BUSINESS**

There was no other business to come before the Committee for action.

**IX. ADJOURNMENT**

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

Respectfully Submitted,

  
Catherine S. Mizell, Secretary