

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE FALL MEETING
October 18, 2013
Knoxville, Tennessee

The Fall Meeting of The University of Tennessee Board of Trustees was held at 1:30 p.m. EDT, Friday, October 18, 2013, in the Hollingsworth Auditorium on the campus of The University of Tennessee Institute of Agriculture in Knoxville, Tennessee.

I. CALL TO ORDER AND INVOCATION

Trustee J. Brian Ferguson, Vice Chair of the Board, called the meeting to order. Father Stephen Free, Campus Pastor with Orthodox Christian Fellowship, offered the invocation.

II. ROLL CALL

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

J. Brian Ferguson, Vice Chair
Charles C. Anderson, Jr.
Joseph A. DiPietro
Spruell Driver, Jr.
John N. Foy
D. Crawford Gallimore
Vicky B. Gregg
Monice Moore Hagler
Raja J. Jubran
Brad A. Lampley
Bonnie E. Lynch
James L. Murphy, III
Sharon Miller Pryse
Richard G. Rhoda
Karl A. Schledwitz
Shalin N. Shah
Don C. Stansberry, Jr.
Victoria S. Steinberg
Betty Ann Tanner
Charles E. Wharton
Tommy G. Whittaker
Thaddeus A. Wilson

The Secretary announced the presence of a quorum. Governor Haslam, Commissioners Huffman and Johnson, and Mr. Cates were unable to attend the meeting. Members of the administrative staff and media representatives were present. The meeting was also webcast for the convenience of the University community, the general public, and the media.

III. INTRODUCTIONS

Vice Chair Ferguson welcomed Emeriti Trustees Anne Blackburn and Doug Horne. He then introduced new Trustees Brad Lampley and Sharon Pryse and presented each with a Trustee lapel pin.

IV. ADOPTION OF HONORARY RESOLUTIONS

The Vice Chair recognized Trustee Tanner, who presented the Resolution honoring Anne Holt Blackburn for her service (Exhibit 1). Trustee Tanner moved adoption of the Resolution, Trustee Driver seconded the motion, and the Resolution was adopted unanimously. Trustee Tanner presented Mrs. Blackburn with a copy of the Resolution and a framed photograph of the Board of Trustees.

In accepting the Resolution, Mrs. Blackburn shared her story of humble beginnings and how The University of Tennessee has made dreams come true for three generations in her family. She challenged the Trustees to break the iron triangle of cost, quality, and access to higher education and to remember that affordable education changes lives.

The Vice Chair next recognized Trustee Schledwitz, who presented the Resolution honoring Doug Horne for his service (Exhibit 2). Trustee Schledwitz moved adoption of the Resolution, Trustee Stansberry seconded the motion, and the Resolution was adopted unanimously. Trustee Schledwitz presented Mr. Horne with a copy of the Resolution and a framed photograph of the Board of Trustees.

In accepting the Resolution, Mr. Horne encouraged Trustees to speak their mind and continue moving the University forward. He thanked faculty, staff, and students, as well as President DiPietro and the administrative staff for the privilege of working together.

V. PRESIDENT'S REPORT

President DiPietro presented a report on the status of implementing the Strategic Plan (Exhibit 3). A summary of the report follows:

Enhancing Educational Excellence. The implementation team is reinforcing retention rate initiatives and looking forward to receiving action plans from the September workshop at the Winter Meeting. Securing funding to increase professional advising is an important goal. New facilities are improving the education experience on all campuses.

Expanding Research Capacities. The System Research Committee analyzed overlapping opportunities and ways each unit can help focus the overall growth of research to develop a system-wide research plan. The UT Research Foundation budget has stabilized. Staff resources have been increased to assist commercialization, a strategic plan is in place, and President Dave Washburn has UTRF headed in the right direction. A system-wide Industry Advisory Council was recommended initially, but after further consideration, it was determined that this function should be at the campus level. A spike in invention disclosures for the Institute of Agriculture in 2011-12 was due to contractual disclosures from one faculty member and reporting joint disclosures with ORNL, which have been resolved. UTRF has recently honored faculty of UT Knoxville, UTIA, UTSI, UTHSC, and the Graduate School of Medicine for patents or technology licenses.

Fostering Outreach and Engagement. The implementation team has established parameters for each campus and institute and has held training sessions for faculty and staff on use of the data depository. The drop in non-credit programming participants 2011-12 was due to a staffing reduction. Equine and large animal hospitals are open after renovation and expansion, improving the clinical experience for veterinary medicine students and benefitting animal owners across the state. The Tennessee Government Executive Institute is celebrating 30 years of connecting UT with industry and government. The UT Health Science Center is expanding its relationship with Saint Thomas Health in Nashville, phasing in accreditation for internal medicine, emergency medicine, family medicine, surgery, and obstetrics and gynecology.

Ensuring Effectiveness and Efficiency. The implementation team continues to look at cost-saving measures. The Treasurer's Office has recently changed to a system that allows payment to vendors by direct deposit. Based on FY12 checks written, savings would be \$425,000. Knoxville, Chattanooga, and Martin are all below their peer groups in mandatory tuition and fees.

Advocating for The University of Tennessee System. Vice President Tonja Johnson has demonstrated an ability to raise awareness and engagement with the University in her first three months. The upcoming budget hearing with the Governor will provide an opportunity to discuss retention and graduation initiatives, cost of living increases, funding for non-formula units, an approach to closing the market gap for employees, capital outlay and capital maintenance, and the supercomputing re-compete. The UT Alumni Association continues to advocate for the University, especially through the tireless efforts of its current President Jennifer Stanley and former Presidents Kim Cross and Debbie Ingram. Le Bonheur Children's Hospital, one of the Health Science Center's affiliated hospitals, has been ranked Best Children's Hospital by *U.S. News & World Report* for the third consecutive year; UT Chattanooga was named to the 2013 President's Higher Education Community Service Honor Roll for connection with the City of Chattanooga to advance programs; UT Martin is a Best Value College in the Southeast by *The Princeton Review*; and UT Knoxville has been recognized by *The Chronicle of Higher Education* as having the 36th best year in fundraising among public and private institutions.

The President closed by expressing the continued renewal of hope which he sees in the students we have the privilege and honor of serving at The University of Tennessee.

VI. CHANCELLOR CHEEK'S REPORT ON UT KNOXVILLE'S TOP-25 INITIATIVE

Chancellor Cheek presented a progress report on UT Knoxville's Rise to the Top 25 (Exhibit 4). Dr. Cheek was joined by Dr. Hap McSween, 2013 SEC Teacher of the Year; Diane Tate, a student with a double major in Communications and Political Science; and Adam Roddy, a 2013 Torchbearer and now a first-year student in the College of Law. They discussed the impact of the journey to become a Top 25 public institution, including advancements in facilities, morale, recruitment, and student services.

VII. THE STATE OF TENNESSEE'S ECONOMY AND FISCAL CONDITIONS

Dr. William F. Fox, Director of the Center for Business and Economic Research, reported on the State of Tennessee's economy and fiscal conditions (Exhibit 5). He briefly reviewed the national economic outlook including growth in GDP, federal deficit, personal consumption, investment growth, interest rates, and inflation. Dr. Fox compared Tennessee's rate of employment growth and unemployment rate to the national rates. Next, he presented his view of the fiscal outlook for the State of Tennessee. As a share of the economy, taxes are down; tax revenue is historically low. Revenue is not growing at a pace that will allow the

state to fund all programs at the current rate. Internet sales tax revenue could help some, but firms with less than a million dollars internet sales are not required to collect the tax.

Dr. Fox informed the Trustees that he had been working with THEC to identify ways in which higher education can contribute to the state's economic growth. The number of degrees needed to meet the Governor's Drive to 55 initiative has been estimated, and Dr. Fox emphasized the importance of reaching that goal for Tennessee to be a more value-added state.

VIII. CONSENT AGENDA

The Vice Chair directed the Board's attention to the Consent Agenda and called for any requests to remove items from the Consent Agenda. Hearing none, the Vice Chair called for a motion to approve the Consent Agenda, consisting of the following items:

- A. Minutes of the Last Meeting
- B. Ratification of Vice Chair's Appointment of Standing Committees, Committee Chairs, and Trustee Members of the Athletics Board (Exhibit 6)
- C. Real Property Transactions (Exhibit 7)
- D. Closure of Glocker Renovation Quasi-Endowment (Exhibit 8)
- E. FY 2014-15 Operating Budget Appropriations Request for Non-Formula Units (Exhibit 9)
- F. FY 2014-15 Capital Outlay and Capital Maintenance Projects (Exhibit 10)
- G. FY 2014-15 Revenue/Institutionally Funded Projects (Exhibit 11)
- H. FY 2013 Annual Flight Operations Report (Exhibit 12)
- I. Honorary Doctor of Science and Letters in Ecology and Evolutionary Biology, UT Knoxville (Exhibit 13)
- J. Annual Report to the General Assembly (Exhibit 14)
- K. Revised Dates for the 2014 Fall Meeting of the Board of Trustees (Exhibit 15)

Trustee Murphy moved approval of the Consent Agenda; the motion was seconded and carried unanimously.

IX. REPORT OF THE AUDIT COMMITTEE

The Audit Committee held a meeting on August 12, 2013, and Committee Chair Gallimore highlighted some of the issues addressed at that meeting and ongoing work of the Internal Audit Department:

Academic Advising Audit

The audit was completed and the reports were included in materials for the summer workshop.

Endowment Compliance Audit

The objective of the audit was to determine if UT Knoxville awarded scholarship funds in accordance with donor stipulations. While some inconsistency was found in the use of selection committees, auditors found that over 97 percent of scholarship recipients tested met the qualifications outlined by the donors. During the planning of the engagement, auditors learned of monitoring done by the Vice Chancellor of Finance and Administration's office to help ensure that funds are used appropriately.

External IT Audit

The firm BerryDunn is conducting an IT Security Assessment. The purpose of the work is to have an independent review of the information security program and to identify gaps that may put the University at risk. The deliverables will include a written summary of findings and concerns, including a plan that prioritizes the corrective actions the University should use to improve its information security program. The Audit Committee will receive the report at the December 18 meeting in Nashville.

XIII. ANNOUNCEMENTS

The Vice Chair announced upcoming meetings of the Board and various committees. He thanked Chancellor Cheek for hosting the reception and dinner and the staff for coordinating the meeting logistics.

XIV. ADJOURNMENT

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

Respectfully Submitted,


Catherine S. Mizell, Secretary