

MINUTES OF THE FALL MEETING
THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

November 9, 2012

The Fall Meeting of The University of Tennessee Board of Trustees was held at 1:00 p.m. EST, Friday, November 9, 2012, in Hollingsworth Auditorium on the campus of The University of Tennessee Institute of Agriculture in Knoxville, Tennessee.

I. CALL TO ORDER AND INVOCATION

Mr. Don C. Stansberry, Jr., Vice Chair of the Board, called the meeting to order and announced that Governor Haslam had asked him to chair the meeting. Krystal Barnes, Associate Chaplain at Advent House, offered the invocation.

II. ROLL CALL

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

William E. Haslam, Chair
Don C. Stansberry, Jr., Vice Chair
Charles C. Anderson
Anne Holt Blackburn
George E. Cates
Joseph A. DiPietro
Spruell Driver, Jr.
J. Brian Ferguson
Teresa K. Fowler
John N. Foy
D. Crawford Gallimore
Vicky B. Gregg
Monice Moore Hagler
Douglas A. Horne
Julius T. Johnson
Raja J. Jubran
James L. Murphy, III
Richard G. Rhoda
Karl A. Schledwitz
Shalin N. Shah
Victoria S. Steinberg
Betty Ann Tanner
Charles E. Wharton

Tommy G. Whittaker
Janet M. Wilbert

The Secretary announced the presence of a quorum. Commissioner Huffman was unable to attend the meeting. Members of the administrative staff, faculty, and media were present. The meeting was also webcast for the convenience of the University community, the general public, and the media.

III. INTRODUCTIONS

Vice Chair Stansberry welcomed President Emeritus Jan Simek. He also welcomed new Trustees Vicky Gregg and Raja Jubran and presented each a Trustee lapel pin.

IV. APPROVAL OF MINUTES OF PRIOR MEETING

Trustee Ferguson moved approval of the minutes of the June 21, 2012 meeting of the Board of Trustees as presented in the meeting materials. Trustee Anderson seconded the motion, and the motion carried unanimously.

V. ADOPTION OF HONORARY RESOLUTIONS

The Vice Chair recognized Trustee John Foy, who presented the Resolution honoring Roger Brown for his service as Chancellor of UT Chattanooga (Exhibit 1). Trustee Foy moved adoption of the Resolution. The motion was seconded by Trustee Cates and adopted unanimously. Trustee Foy presented Dr. Brown with a framed copy of the Resolution and a copy of the Resolution honoring his wife, Carolyn Thompson, which had been adopted at the Board's February meeting. Chancellor Brown thanked the Board and administration for the privilege he had to serve The University of Tennessee at Chattanooga and the opportunity to remain engaged.

Trustee Foy presented and moved adoption of the Resolution honoring Trustee Emeritus James E. Hall for his service as a Trustee (Exhibit 2). Trustee Driver seconded the motion, and the Resolution was unanimously adopted. Trustee Foy presented Mr. Hall with a copy of the Resolution and a framed photo of the Board of Trustees. In accepting the Resolution, Mr. Hall thanked his wife Annie for supporting him during his term on the Board and throughout his career. He also thanked Trustee Emerita Andrea Loughry, and Trustees Jim Murphy and Don Stansberry for their leadership as Vice Chair during his term. He complimented Governor Haslam on appointing Vicky Gregg as the new Trustee from Chattanooga, and he thanked Waymon Hickman, Mark Paganelli, and the Audit Committee members for their service to the Committee while he was Chair. Mr. Hall urged the Trustees to stay engaged and focused in their service to the University and to remain open to change during this dynamic time for higher education.

VI. GOVERNOR'S REMARKS

Governor Haslam began by thanking Jim Hall and Roger Brown for their service to The University of Tennessee and the state. He said the state continues to dive deeper into seeking ways to help higher education. He agreed with Trustee Emeritus Hall that the state of higher education is currently dynamic, and he commented on the positive impact of The University of Tennessee across the state and the fundamental part it plays in the economy of the state. With respect to state revenues, the Governor noted that sales tax revenue outperformed expectations by approximately 3% as of June 30, 2012, and although it continues to be above expectations, it is beginning to decline.

The Governor reiterated that the state's focus for higher education is threefold: more Tennesseans with a degree; an affordable price for higher education; and producing graduates the employment market needs. The state is working to form a tighter alignment between higher education and the market and strategically budgeting capital dollars for the future.

Vice Chair Stansberry thanked Governor Haslam for his continued support of higher education and The University of Tennessee.

VII. PRESIDENT'S REPORT

President DiPietro expressed his appreciation to Governor Haslam for looking at higher education positively and advocating for the University. He thanked Roger Brown for his excellent service as Chancellor of UTC and announced that the title of Chancellor Emeritus has been conferred on him. Dr. DiPietro also thanked Trustee Emeritus Jim Hall for his excellent service as a Trustee and as Chair of the Audit Committee and for always being concerned that the University does the right thing. The President called the Trustees' attention to the Annual Report to the General Assembly, which was reviewed in the Advancement and Public Affairs Committee and moved to the consent agenda for Board approval. He highlighted the 7% increase in bachelor's degrees awarded by the UT System last year, which exceeds the goal of the state's master plan for higher education. He noted that the University monitors trends in workforce needs and develops new programs in response to those needs, citing the new Veterinary Technology program at UT Martin and the new Physician Assistant program at the Health Science Center. He also highlighted the record increase in invention disclosures last year through the UT Research Foundation. He said that the University's discovery activities impact the lives of Tennesseans in a positive way, which is part of the University's land grant mission.

President DiPietro then noted that this is the 150th anniversary of the Morrill Act, the federal land grant statute. He explained that the Morrill Act was designed to provide greater access to higher education and to provide training in agricultural sciences and engineering. The Knoxville campus and the Institute of Agriculture in Knoxville are sited on the land grant made 150 years ago under the Morrill Act. President DiPietro noted that land grant institutions throughout the country are generally the flagships in their states with outstanding programs to educate, discover, and connect, just like The University of Tennessee. He then described ways in which the University, collectively, is uniquely connected to the citizens of Tennessee, touching their lives by providing solutions to problems. He noted that in this way the UT System is a unique system in Tennessee, with a presence in all ninety-five counties and facilities across the state. The University's plan for the future, reflected in the System Administrative Strategic Plan, is directly correlated to the land grant mission.

VIII. STRATEGIC PLAN IMPLEMENTATION UPDATE AND DASHBOARD PRESENTATION

President DiPietro provided an update on implementation of the System Administration Strategic Plan by reference to the Plan's website. He explained that Phase I implementation will be completed on December 12, and then Phase II will begin immediately. The President also reviewed the dashboard indicators for the five strategic goals and the Complete College Tennessee Act (Exhibit 3). He commended the collaboration and teamwork of institutional research officers in making this data accessible. He then introduced a video, "Educate, Discover, Connect."

IX. UT KNOXVILLE TOP-25 UPDATE

Chancellor Cheek first recognized Professor Dan Simberloff, Director of the Institute of Biological Invasions and outstanding faculty member in the Department of Ecology and evolutional Biology at UT Knoxville. Chancellor Cheek announced that Professor Simberloff, a world-renowned scholar, has been elected as a member of the National Academy of Sciences. Professor Simberloff spoke briefly about his research investigating biological invasions.

Chancellor Cheek presented an update of Knoxville's Top-25 initiative (Exhibit 4). He reported that the campus is achieving progress, and asked for the Trustees' continuing support of the Top-25 Journey.

X. RATIFICATION OF VICE CHAIR'S COMMITTEE AND COMMITTEE CHAIR APPOINTMENTS

Vice Chair Stansberry presented the committee and committee chair appointments he had made, pursuant to the Board's authorization at the June 20, 2012 meeting, in response to changes in composition of the Board. He noted that in addition to appointing new Trustees Vicky Gregg and Raja Jubran to various committees, he reassigned Betty Ann Tanner from Research, Outreach, and Economic Development to Trusteeship and reassigned Tommy Whittaker from Academic Affairs and Student Success to Audit. He also called the Board's attention to the following new chair appointments: Charlie Anderson, Chair of Finance and Administration and Chair of Health Affairs; and Crawford Gallimore, Chair of Audit. The Vice Chair explained that the term of these appointments will run through June 2013, at which point new two-year appointments will be presented to the Board for approval.

The Vice Chair further explained that in accordance with the Bylaws of the UT Research Foundation, he has appointed Vicky Gregg and Karl Schledwitz to the two non-voting seats designated for Trustees on the UTRF Board of Directors.

Trustee Murphy moved that the Board ratify the committee and committee chair appointments made by the Vice Chair (Exhibit 5). Trustee Driver seconded the motion, and it carried unanimously.

XI. ACTION ITEM FROM THE EXECUTIVE AND COMPENSATION COMMITTEE: FY 2012-13 MERIT INCREASE TO BASE SALARY OF PRESIDENT DIPIETRO

The Vice Chair presented the recommendation of the Executive and Compensation Committee that a merit increase of 3.5% be made to the President's base salary, retroactive to July 1, 2012, bringing his base salary to \$445,567.50 (Exhibit 6).

Trustee Wharton moved that a merit increase of 3.5% to the base salary of President DiPietro be approved, increasing the base salary from \$430,500 to \$445,567.50, retroactive to July 1, 2012; and that the Vice Chair be authorized to execute an amendment to Dr. DiPietro's current employment agreement to incorporate the change in his base salary. Trustee Driver seconded the motion, and it carried unanimously.

XII. ACTION ITEM FROM THE FINANCE AND ADMINISTRATION COMMITTEE: REVISED TUAPA RULE ON LIBRARY FINES AT UTC

Finance and Administration Committee Chair Charlie Anderson presented the Committee's recommendation to approve the proposed revision of UTC library fines. Because these rules involve a fine, Tennessee law requires that the rules be promulgated in accordance with the Tennessee Uniform Administrative Act (TUAPA), which includes the requirement of approval by the Board of Trustees pursuant to roll call vote.

A motion was duly made and seconded that the revised TUAPA rule on library fines at UTC be approved as presented in the meeting materials (Exhibit 7). The Secretary conducted a roll call vote, and the motion carried unanimously.

XIII. REPORT OF THE AUDIT COMMITTEE

Trustee Gallimore summarized the Internal Audit Department's progress on the 2012 audit plan. He reported that 19 audit reports, 2 investigations, 35 procurement card reports, and 47 equipment reports have been issued. The Institutional Compliance Office has worked with UT Knoxville to prepare a compliance plan addressing both environmental health and safety and sponsored projects accounting. The plans are under review by members of the Chancellor's cabinet.

Internal Audit has been working with Human Resources and other UT system administration offices on an awareness campaign to communicate the revised Code of Conduct and increase employee understanding of the expectations. The Code sets the expectation that employees behave ethically and in compliance with laws, regulations, contractual obligations, and University policies.

The Executive Director is preparing the annual audit plan for 2013. This plan is being developed to include required audits—engagements required either by state law, agreements with management, and/or required by contract. The required audits include the Complete College Tennessee Act, the departmental self-assessment of controls, the audits of the President and Chancellors, radio stations, and procurement card and equipment audits.

In addition to the required audits, standards require the Executive Director to establish risk-based plans to determine the priorities of the Internal Audit activity, consistent with the organization's goals. The Executive Director is currently working through an annual risk assessment process to plan engagements for 2013.

Trustee Gallimore reported that the Internal Audit Department is now fully staffed. He thanked Executive Director Sandy Jansen and the Internal Audit staff for their excellent work and announced that the next Audit Committee meeting will be in Nashville on December 18, 2012.

XIV. CONSENT ITEMS

The Vice Chair noted that all items on the consent agenda have been fully discussed and recommended by the appropriate committees and asked for any requests to remove items from the consent agenda. There being none, he called for a motion to approve the following items on the consent agenda:

- A. 2013 Fall Meeting Date (Exhibit 8)
- B. Use of UHS Proceeds to Fund Fee Waivers for Leased Employees and their Spouses and Dependents (Exhibit 9)
- C. FY 2013-14 Operating Budget Appropriations Request (Exhibit 10)
- D. FY 2013-14 Capital Outlay and Capital Maintenance Projects (Exhibit 11)
- E. FY 2013-14 Revenue/Institutionally Funded Projects (Exhibit 12)
- F. Grant of Permanent Utility Easements to Tuckaleechee Utility District for the Benefit of the University's Dairy Farm (Exhibit 13)
- G. Quitclaim of Haywood County Property to the Tennessee Department of Transportation (Exhibit 14)
- H. Dissolution of John C. Hodges Trusts and Transfer of Funds to an Endowment (Exhibit 15)
- I. Modification of Administrative Provisions for the Caesar and Edith Stair Music Education Fund (Exhibit 16)
- J. FY 2012 Annual Flight Operations Report (Exhibit 17)
- K. Program of Study Leading to Master of Medical Science - Physician Assistant (Exhibit 18)
- L. Honorary Doctor of Engineering Degree, UT Knoxville (Exhibit 19)

M. Annual Report to the General Assembly (Exhibit 20)

N. Amendment of the UT-UTFI Affiliation and Services Agreement to Change the Reporting Line for Athletics Development Personnel at UT Knoxville (Exhibit 21)

Trustee Wharton moved approval of all items on the consent agenda, and Trustee Driver seconded the motion. The motion carried unanimously.

XV. OTHER BUSINESS

Vice Chair Stansberry stated that no other business had been brought to his attention.

XVI. ANNOUNCEMENTS

The Secretary called the Board's attention to upcoming committee meetings and to the regular meeting dates for the Board in 2013.

The Vice Chair then thanked Chancellor Cheek for hosting the reception at the Min Kao Building. The Secretary recognized Rachael LeBlanc and Mike Gregory for coordinating the meeting logistics. She thanked Ashley Cole and Karen Simsen of UT Knoxville for helping with logistics, Jeff Loveday and Dennis McCrosky for sound, Justin Johnson for webcasting, and Zak Mayton and Robin Wisecarver for technology support.

XVII. ADJOURNMENT

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

Respectfully Submitted,


Catherine S. Mizell, Secretary