

MINUTES OF THE EXECUTIVE AND COMPENSATION COMMITTEE MEETING
BOARD OF TRUSTEES

THE UNIVERSITY OF TENNESSEE

February 7, 2006
Nashville, Tennessee

The Executive and Compensation Committee of the Board of Trustees of The University of Tennessee met at 10:30 a.m., Central Standard Time, Tuesday, February 7, 2006 in the offices of Boulton, Cummings, Conners and Berry, Nashville, 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 (participating by telephone)
Mrs. Andrea J. Loughry
Mr. James L. Murphy, III
Dr. John D. Petersen
Mr. Don C. Stansberry, Jr.
Mr. John C. Thornton

The Secretary announced the presence of a quorum at the meeting location and explained that because Mr. Hickman was participating by telephone, all votes would have to be by formal roll call.

The Vice Chair welcomed to the meeting Ms. Lisa Williams and Ms. Amy C. Abbott of the Division of State Audit, who are working on a performance review of the Board of Trustees under the Governmental Entity Review Act ("Sunset Review").

III. DETERMINATION OF NECESSITY TO ELECT A VICE PRESIDENT FOR AGRICULTURE BEFORE THE NEXT REGULAR MEETING OF THE BOARD OF TRUSTEES

The Secretary explained that Article III, Section 4(a)(2) of the Bylaws requires the committee to make a Determination of Necessity prior to acting for the Board on any matter not specifically committed to the committee by the Bylaws or the Board.

Mr. Murphy moved approval of the Determination of Necessity relating to election of a Vice President for Agriculture (Exhibit 1). Mr. Thornton seconded,

and the motion carried unanimously by roll call vote.

IV. ELECTION AND COMPENSATION OF VICE PRESIDENT FOR AGRICULTURE

The Chair recognized President Petersen for his recommendation on the election and compensation of a new Vice President for Agriculture.

President Petersen first explained the careful and extensive search process led by Chancellor Loren Crabtree. The search committee, composed of 16 individuals representing a broad range of staff, volunteers, and agricultural leaders from across the state, recommended three finalists to the President. The finalists were interviewed by the President and his senior staff in Knoxville and visited the West Tennessee Experiment Station in Jackson.

President Petersen recommended the election of Dr. Joseph A. DiPietro as Vice President for Agriculture, effective February 20, 2006, with the following compensation package for Dr. DiPietro: annual base salary of \$250,000; annual non-accountable expense allowance of \$5,000; assigned University vehicle; and moving expenses in accordance with university policy not to exceed \$15,000 (Exhibit 2).

Mr. Thornton moved that Dr. Joseph A. DiPietro be elected as Vice President for Agriculture with the compensation package recommended by President Petersen. Mr. Murphy seconded, and the motion carried unanimously by roll call vote.

V. DETERMINATION OF NECESSITY TO CORRECT THE BASE SALARY OF THE VICE PRESIDENT FOR DEVELOPMENT AND ALUMNI AFFAIRS BEFORE THE NEXT REGULAR MEETING OF THE BOARD OF TRUSTEES

The Chair asked President Petersen to explain the necessity for action to correct the salary of Henry Nemcik, Vice President for Development and Alumni Affairs. President Petersen explained that Mr. Nemcik had been employed since September 12, 2005 with an erroneous base salary because incorrect information was inadvertently presented to the committee when it elected Mr. Nemcik on September 5. President Petersen said the error should be corrected at the first opportunity.

Mr. Thornton moved approval of the Determination of Necessity (Exhibit 3). Ms. Loughry seconded, and the motion carried unanimously by roll call vote.

VI. APPROVAL OF THE CORRECTED BASE SALARY FOR THE VICE PRESIDENT FOR DEVELOPMENT AND ALUMNI AFFAIRS

President Petersen explained that the information provided to the committee at the September 5, 2005 meeting incorrectly stated the base salary of Mr. Henry Nemcik as \$230,000 when, in fact, President Petersen and Mr. Nemcik had agreed on a base salary of \$235,000. President Petersen recommended approval of the corrected base salary of \$235,000, retroactive to Mr. Nemcik's beginning date of employment.

Mr. Thornton moved approval of the base salary of \$235,000 for Henry Nemcik, Vice President for Development and Alumni Affairs. Mr. Murphy seconded, and the motion carried unanimously by roll call vote.

VII. PLANNING FOR NEXT BOARD OF TRUSTEES MEETING, MARCH 15-16, IN MEMPHIS

The Chair indicated that he had received a request from Trustee Karl Schledwitz that the Board receive a report from the four Chancellors at every Board meeting. The Chair called for discussion of this request. Consensus was reached that the Chancellors should make a brief report at each Board meeting, either in the full Board meeting or in committee. Reports at the March 15-16 meeting will be made to the full Board. These reports by the Chancellors will be made in lieu of Trustee reports from the Chancellor's Advisory Councils. The committee also concluded that periodic reports from the three institutes should also be incorporated into Board or committee meetings. When the systemwide strategic plan has been approved, it should provide the general framework for these campus/institute reports, with reports demonstrating campus/institute actions consistent with the systemwide plan.

The Chair next called for discussion of whether a detailed presentation on the finances of the UT Knoxville Athletics Department should be included on the agenda for the March 15-16 meeting and, if so, whether the presentation should be made in the Finance and Administration Committee or in the full Board meeting. Consensus was reached that a detailed presentation should be made to the Finance and Administration Committee by Men's Athletics Director Mike Hamilton and that President Petersen should summarize the presentation to the full Board the next day.

Finally, the Chair called for discussion on involving Board committees in the ongoing initiative to develop a strategic plan for The University of Tennessee

System. Executive Vice President Jack Britt advised that a draft plan document has been prepared and that relevant parts of the draft could be reviewed by the four committees on March 15-16 prior to a final plan document being submitted to the Board for approval in June. Consensus was reached that parts of the plan closely related to the responsibilities of the various committees will be mailed to the committees for review prior to the March 15-16 meetings in Memphis.

VII. OTHER BUSINESS

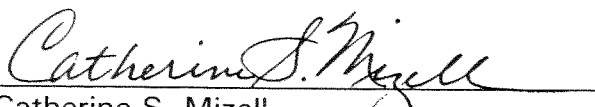
There was no other business to come before the committee.

The Chair recognized President Petersen for any matters he might want to report to the committee. The President reviewed outcomes from the senior staff strategic planning retreat; reported on a series of visits around the state engaging local legislators in a discussion about funding for higher education; advised that he has asked the staff to review the higher education funding formula in other states where the formula is actually funded; announced that 2005 closed out as a successful private giving year, exceeding \$150 million; advised that the staff is working on plans to use the three official skyboxes to engage legislators and donors more strategically, with Trustees being expected to assist in this effort; and noted that he would be asking the Trustees to participate more actively in commencement exercises.

Mr. Thornton suggested that the University should conduct a careful study of whether the University is maximizing revenue from "fees for services." The study should include an in-depth survey of what is being done in this regard at other institutions. Mr. Murphy strongly concurred with the suggestion, noting that it is critical for the University to demonstrate to the public and the legislature that it is maximizing revenue, where it can, by means other than student fees.

VIII. 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