

MINUTES OF THE JOINT MEETING OF THE EXECUTIVE AND COMPENSATION
COMMITTEE AND THE TRUSTEESHIP COMMITTEE OF THE
BOARD OF TRUSTEES OF THE UNIVERSITY OF TENNESSEE

October 23, 2008
Knoxville, Tennessee

A joint meeting of the Executive and Compensation Committee and Trusteeship Committee of the Board of Trustees of The University of Tennessee was held at 7:45 A.M. EDT, Thursday, October 23, 2008 in room 104 of the New Business Building, Knoxville, Tennessee.

I. CALL TO ORDER OF THE EXECUTIVE AND COMPENSATION COMMITTEE

Andrea J. Loughry, Chair Pro Tempore, called the meeting to order.

II. ROLL CALL

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

George E. Cates
Spruell Driver, Jr.
James E. Hall
Andrea J. Loughry
John D. Petersen
Don C. Stansberry, Jr.
Robert S. Talbott

Committee Chair James L. Murphy, III, was absent for medical reasons. The Secretary announced that a quorum was present. Members of the administrative staff and members of the media were also present.

III. APPROVAL OF MINUTES OF LAST MEETING

The Chair called for any corrections or additions to the minutes of the September 18, 2008 meeting of the Executive and Compensation Committee. None being noted, Mr. Talbott moved approval of the minutes. Mr. Stansberry seconded, and the motion carried unanimously.

**IV. ELECTION AND COMPENSATION OF THE CHANCELLOR OF THE
UNIVERSITY OF TENNESSEE KNOXVILLE**

The Chair asked Dr. Petersen to update the Committee on the status of his recommendation of a Chancellor for UT Knoxville. Dr. Petersen stated that the Search Committee recommended two final candidates from the pool of five candidates, after the conclusion of the campus visits and interviews. He reported that the final candidates were very well received by the campus community and

constituents. He stated that the administration is in the final steps of negotiating with the final candidate and that he hoped to make a recommendation to the Board at the meeting on the following day. The Chair announced that the review and approval of the election and compensation of the Chancellor for UT Knoxville would be moved to the full Board agenda. She added that a meeting of this Committee would be called in the very near future if the recommendation was not ready for the Board's consideration.

V. PLAN FOR THE COMPREHENSIVE PRESIDENTIAL PERFORMANCE REVIEW

The Chair referred the Committee to the materials in the meeting notebook regarding the Plan for the Comprehensive Presidential Performance Review (Exhibit 1). She stated that the Board of Trustee Policy on Presidential Performance Reviews requires a comprehensive review of the President's performance at least every fifth year of service. The policy requires the Vice Chair, in consultation with the President, to develop a written plan and timetable for the comprehensive review and present it to the Executive and Compensation Committee or the full Board for approval. She then summarized the proposed plan, noting that it includes all elements required by the Board policy. Dr. Terry MacTaggart, the facilitator for the workshop on the previous day, will serve as the external advisor to the Vice Chair for the review. She added that Dr. MacTaggart is a senior consultant with the Association of Governing Boards and has served as Chancellor of the Minnesota State University System and Chancellor of the University of Maine System. The Chair of the Audit Committee and the Chair of the Trusteeship Committee will assist the Vice Chair with the comprehensive review, as they have done for prior annual reviews. The President will submit a self-assessment, and personal interviews will be conducted with the President, Trustees, senior administrative staff, representatives of faculty, students, staff and alumni, donors, governmental and community leaders. In addition, Dr. MacTaggart will prepare a draft report assessing the University's progress and the President's performance. The Chair stated that Dr. MacTaggart's report will include specific recommendations for strengthening the President's performance and his relationship with the Board, University constituent groups, and other major stakeholder groups. She stated that Dr. MacTaggart will meet with the President and Vice Chair to review his self- assessment and Dr. MacTaggart's final report. The Chair of Audit and the Chair of Trusteeship will observe the meeting.

Mr. Stansberry moved approval of the Plan for the Comprehensive Presidential Performance Review for 2008-09 as presented at the meeting. Mr. Driver seconded the motion, and the motion carried unanimously.

VI. SETTING EXECUTIVE AND COMPENSATION COMMITTEE MEETING DATES FOR 2009

The Chair referred the Committee to the meeting dates for the Committee for 2009 (Exhibit 2). She stated that the Committee may be called to meet on other occasions if necessary. Mr. Cates asked whether the January 14 morning meeting could have a late morning start to accommodate members traveling from West Tennessee. The Chair stated that the exact meeting times would be established closer to the meeting dates and, if possible, the January 14th meeting will be set to start later in the morning.

VII. OTHER BUSINESS

No other business came before the Committee.

VIII. ADJOURNMENT

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

IX. CALL TO ORDER OF THE TRUSTEESHIP COMMITTEE

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

X. ROLL CALL

Catherine Mizell, Secretary, called the roll, and the following members of the Trusteeship Committee were present:

Anne Holt Blackburn
Andrea J. Loughry
John D. Petersen

Mr. Murphy and Mr. Carroll were unable to attend the meeting. The Secretary announced that a quorum was present.

XI. APPROVAL OF MINUTES OF LAST MEETING

The Chair called for any corrections or additions to the minutes of the May 8, 2008 meeting of the Trusteeship Committee. None being noted, Ms. Blackburn moved approval of the minutes. Ms. Loughry seconded, and the motion carried unanimously.

XII. REVISED RESOLUTION FOR UT KNOXVILLE ATHLETICS BOARD

The Chair called on Dr. Petersen to discuss the revised Resolution for the UT Knoxville Athletics Board (Exhibit 2). Dr. Petersen reviewed the proposed changes to the composition of the Athletics Board. He discussed the changes in ex officio membership, appointment for alumni and non-alumni members, and for the Chair of the Executive Committee. He stated that the proposed changes move the Knoxville Athletics Board to be more in line with the other athletic boards, as well as correct changes to senior administrative titles that have changed over the years. In particular, the proposed changes call for the Faculty Athletics Representative to serve as chair of the Executive Committee of the Athletics Board, as well as chair of the Athletics Board. Previously the senior Trustee on the Athletics Board had served as chair of the Executive Committee. Composition of the Executive Committee will continue to include the three Trustee members on the Athletics Board.

Ms. Blackburn moved approval of the revised Resolution for UT Knoxville Athletics Board. Ms. Loughry seconded the motion, and the motion carried unanimously.

XIII. RATIFICATION OF VICE CHAIR'S APPOINTMENTS TO STANDING COMMITTEES AND ATHLETIC BOARDS

The Chair stated that at the annual meeting in June 2008, the Board authorized the Vice Chair to make any necessary changes in committee and committee chair appointments before the next Board meeting, subject to ratification by the Board.

The Chair reported that after several new Trustee appointments were announced in August, Vice Chair Murphy made the committee and chair appointments shown in the committee materials, including appointments to the three campus athletics boards (Exhibit 3).

Ms. Loughry moved ratification of the committee and athletics board appointments as presented in the meeting materials. Ms. Blackburn seconded

the motion, and the motion carried unanimously.

The Chair noted that the Plan for the Comprehensive Presidential Performance Review, revised Resolution for UT Knoxville Athletics Board, and the Ratification of the Vice Chair's Appointments to Standing Committees and Athletic Boards would be included in the consent agenda presented to the Board for approval unless there is a request from a Trustee to remove any of these items from the consent agenda. No member of the Committee asked for any of these items to be removed from the consent agenda.

XIV. PRESIDENTIAL UPDATE ON TEAM BUILDING AND SYSTEM ADMINISTRATION ORGANIZATIONAL STRUCTURE

The Chair stated that the Presidential Performance Review for 2007-08 identified two areas of improvement for the President. She stated that one of the areas in which the Board asked the senior administrators to work in a team effort with the President to improve was his ability to establish and sustain a team approach for the leadership of the System and the campuses and institutes. She stated that at the Executive and Compensation Committee meeting on September 18, 2008, President Petersen reported on teambuilding efforts and new system administration reporting and operating structures (Exhibit 4). The Chair asked Dr. Petersen to report on the system administration structure at this meeting for the benefit of Trustees who did not attend the Executive and Compensation Committee meeting on September 18.

Dr. Petersen first discussed a chart describing the operating structure, stating that this structure represents the workflow process and communications cascade. He noted that the vice presidents for the major enterprises are noted at the bottom of the chart. Their primary contact is the Executive Vice President. He added that they also interact extensively with the vice presidents of the four operational clusters: Government, Public Relations and Public Service; Human Resources, Equity and Diversity; Development and Alumni Affairs; and Finance.

Dr. Petersen discussed the process for establishing the structure and stated that they have been fully vetted among the leadership of the System and the campuses and institutes. He added that the Center for Creative Leadership, a management consulting firm, would be engaged after the first of the year to review the reporting, operating and meeting structure plans and assist in effectively implementing them.

Dr. Petersen stated that the system administrative structure would require

changing two staff vice president positions to elected vice president positions. He noted that the changes would not result in any title changes. He explained that under the new structure, the Vice President for Public Service and the Vice President for Equity and Diversity, both of which are staff vice president positions, would report respectively to the Vice President for Government and Public Relations and the Vice President for Human Resources, which are also staff vice president positions. Under the current Bylaws, staff vice president positions are required to report to the President or another officer elected by the Board. Dr. Petersen noted that he would propose that this situation be addressed by changing the Bylaws so that the positions of Vice President for Public and Government Relations and Vice President for Human Resources are elected officer positions.

Mr. Horne referred to the reporting structure chart and expressed concern regarding the Executive Vice President being listed between the Chancellors and the President. Dr. Petersen stated that Executive Vice President is in many ways an extension of the President. He stated that operationally, the Chancellors and Vice President of Agriculture work with the Executive Vice President more extensively, but they report directly to the President. Dr. Rakes stated that he does meet with the President at least monthly by video conference and feels he has the President's ear if he needs it. Dr. Brown stated that it may be appropriate for the organizational chart not to show an intervening official but added that in actual practice he does not feel there is an intervening official between the President and him. Mr. Cates stated that on a related note, he is concerned about the work load for David Millhorn due to the number of his reports and his projects with ORNL, the Strategic Plan, Biofuels, and other science and technology related issues. Mr. Cates asked whether it may be necessary to add a Chief Operating Officer. Dr. Petersen responded that there are vice president positions for ORNL Operations and for Strategic Planning and others positions on the staff to assist the Executive Vice President with these critical projects. Mr. Wharton stated that a COO would be accountable for managing the overall employee count, office space needs, and other business details of managing a large organization. Mr. Gallimore stated that it could be a problem in recruiting a Chancellor if the chart does not show a direct report to the President.

The Chair stated that there is a consensus from the Trustees that the system administration organizational structure requires additional review. The Chair added that the Committee on Effectiveness and Efficiency for the Future will also be looking at the administrative structure from a cost perspective, and information will be brought back to the Board by that Committee. She noted that the use of video conferencing is one step that has already been taken to enhance internal communications.

In response to the Chair's call for any additional comments, Dr. Wall stated that he has a good line of communication with the President. He noted that they communicate almost weekly. He added that he and others in his administration also work extensively with the Executive Vice President, Chief of Staff and others. Mr. Talbott stated that the Committee on Effectiveness and Efficiency is uniquely suited to examine the administration and the question of whether a chief operating office is necessary while keeping in mind that the Board's suggestion regarding the President's prior organization chart was to have fewer direct reports. Mr. Driver asked Dr. Petersen to briefly discuss the meeting structure. Dr. Petersen stated that the chart describes the frequency and participants in meetings held among the President's Staff to support communications and decision making. Mr. Schledwitz asked for the individual names to be added to the charts along with the titles.

XV. OTHER BUSINESS

No other business came before the committee.

XVI. ADJOURNMENT

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

Respectfully submitted,

Catherine S. Mizell
Vice President, General Counsel and Secretary