

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE EXECUTIVE AND COMPENSATION COMMITTEE

April 7, 2015
Nashville, Tennessee

The Executive and Compensation Committee of The University of Tennessee Board of Trustees met at 1:00 p.m. CDT on Tuesday, April 7, 2015, in the offices of Bradley Arant Boult Cummings at 1600 Division Street in Nashville, 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 at the meeting location:

J. Brian Ferguson, Chair (by telephone)
Charles C. Anderson
George E. Cates
Joseph A. DiPietro
James L. Murphy, III
Charles E. Wharton

The Secretary announced the presence of a quorum at the meeting location. Trustee Gallimore and Trustee Gregg were unable to attend the meeting.

The Secretary noted the requirements for meetings conducted with members participating by telephone. Chair Ferguson acknowledged that no one else was present at his location. The only other persons present at the meeting location were Chancellor Cheek, Mr. Peccolo, and Ms. Stafford. The Secretary stated that all votes will be taken by roll call vote.

III. OPENING REMARKS BY COMMITTEE CHAIR

Referring to his impending resignation from the Board of Trustees effective April 17, 2015 upon moving his residence to North Carolina, Chair Ferguson explained that the Bylaws provide for a successor Vice Chair to be elected at the next

meeting of the Board. In light of important matters requiring action by the Vice Chair prior to the next meeting of the Board, the Bylaws empower this Committee to act for the Board upon making a determination of necessity (Exhibit 1).

Chair Ferguson recommended the election of Trustee James L. Murphy III as Vice Chair Pro Tempore, effective April 17, 2015 through June 30, 2015. He noted that Trustee Murphy serves as Chair of the Trusteeship Committee and as a member of the Executive and Compensation Committee and served as Vice Chair of the Board from July 2008 through June 2011. Chair Ferguson called for a motion, and Trustee Anderson moved as follows:

- (1) That the Executive and Compensation Committee determines it is necessary for the Committee to act for the Board to elect a Vice Chair *Pro Tempore* to fill the vacancy in the office created by resignation of the current Vice Chair; and
- (2) That Trustee James L. Murphy III be elected Vice Chair *Pro Tempore* effective April 17, 2015 through June 30, 2015.

Trustee Wharton seconded. Following brief discussion of Trustee Murphy's qualifying experience, a roll call vote was taken, and the motion carried unanimously.

Members of the Committee thanked Ferguson for his excellent service as Vice Chair and Chair of the Executive and Compensation Committee. President DiPietro also expressed his appreciation for the outstanding qualities Trustee Ferguson brought to the Vice Chair position. Chair Ferguson then asked Trustee Murphy to chair the remainder of the meeting.

IV. MINUTES OF LAST MEETING

Trustee Murphy called for a motion to approve the September 10, 2014 minutes as presented in the meeting materials. Trustee Cates moved approval, Trustee Wharton seconded, a roll call vote was taken, and the motion carried unanimously.

V. PRESIDENT'S REMARKS

Dr. DiPietro reported on three topics: legislative affairs, the work of the Budget Advisory Group, and reorganization of the President's Staff. He said the current legislative session has been positive thus far, and the Governor's budget looks

favorable for the University, mentioning specifically the possibility of salary increases for University employees, capital outlay projects in West Tennessee and Knoxville, and capital maintenance projects at all campuses. He also discussed the successful effort to maintain the proposed West Tennessee 4-H Camp and Conference Center in the budget.

Turning to the Budget Advisory Group, Dr. DiPietro referred to the "Boundaries Document" presented to the Board at the Winter Meeting. The document outlines a business model with conditions and boundaries the campus and institute executives will use to manage their units. He stated it has been or will be reviewed by the Chancellors and their cabinets as well as the Faculty Senates. He reported that the Strategic Plan has been adjusted based on the document and plans for the next budget two cycles.

Dr. DiPietro then described discussions he and the Vice Chair have had concerning his employment contract, including the proposal to link variable compensation objectives to the goals included in the Boundaries Document. He stated that he felt it was important to restructure the leadership teams' variable compensation plan to an annual period measured against the goals included within the Boundaries Document. The Committee discussed the need to incentivize strong performers to stay and to include tangible objectives measuring achievement of goals. Trustee Ferguson indicated that the plan would incentivize top performers to remain with the University by giving them a reasonable opportunity to earn additional compensation every year. The Committee also discussed the merits of having a larger portion of leadership's compensation variable in nature. Trustee Cates expressed concern about finding the right formula for measurement and the need for a subjective correction mechanism to guard against the tendency for increases in compensation being virtually assured. Dr. DiPietro stated that he would present a detailed proposal for annual variable compensation for the leadership team at the next meeting of the Committee.

Concerning proposed changes to the operational reporting structure for the President's Staff, Dr. DiPietro said the proposal includes three Senior Vice Presidents and a Chief of Staff position with day-to-day operational duties. He explained that instead of attending bi-monthly staff meetings, he would attend monthly staff meetings and the Chief of Staff and Senior Vice Presidents would coordinate the second monthly staff meeting. On a daily basis, the Chief of Staff would coordinate operational matters with the Staff Vice Presidents. He explained that all Staff Vice Presidents would continue to report directly to the President. Dr. DiPietro and the Committee discussed various other alternatives and consequences. Dr. DiPietro stated that he believed this to be a good

compromise in response to the recommendation made in the President's Comprehensive Presidential Performance Review and that over time he may make additional changes. He stated that we would discuss this proposal further at the next Committee meeting. Trustees Wharton and Cates raised questions about administrative overhead and asked that an analysis be done with as much specificity as possible.

VI. GRANT OF TENURE TO A UT KNOXVILLE FACULTY MEMBER UNDER EXPEDITED PROCEDURES

Dr. DiPietro stated that Dr. Cheek has recommended that Melanie D. Wilson, who has been appointed Dean of the College of Law, effective July 1, 2015, with a faculty appointment as Professor, be granted tenure under expedited procedures (Exhibit 2). He reported that all steps in the tenure review process outlined in Board policy have been completed, and she was recommended for tenure at each level of review. He stated that he concurs in the Chancellor's recommendation that tenure be granted to Professor Wilson in her faculty appointment.

Trustee Murphy called for any further discussion. There being none, Trustee Cates moved that tenure be granted to Melanie D. Wilson in her faculty appointment as Professor in the College of Law at The University of Tennessee, Knoxville. Mr. Wharton seconded, a roll call vote was taken, and the motion carried unanimously.

VII. NAMING OF THE BOATHOUSE AT UT KNOXVILLE

Dr. DiPietro stated that Chancellor Cheek has recommended that the Boathouse at UT Knoxville be named in honor of Mr. Wayne G. Basler (Exhibit 3). Mr. Basler recently contributed a leadership gift for renovation of the boathouse, which will include expansion of the locker room, enhancement of the lounge area, and addition of an indoor training area. He stated that the renovation will significantly enhance the facilities for the women's rowing team, which is the largest participation sport for women student-athletes at UT Knoxville. Dr. DiPietro noted that due to serious concerns related to Mr. Basler's health, he requests the Executive and Compensation Committee to act on behalf of the Board of Trustees to approve this naming. He added that he has spoken with the three local Trustees (Trustee Anderson, Trustee Jubran, and Trustee Pryse), and they have concurred. Trustee Murphy called for any further discussion. There being none, Mr. Anderson moved that the Executive and Compensation Committee determines it is necessary for the Committee to act on behalf of the Board before its next meeting and approves naming of the Boathouse at UT Knoxville the "Wayne G. Basler Boathouse." Mr. Wharton seconded the motion, a roll call vote was taken, and the motion carried unanimously.

VIII. 2016 BOARD OF TRUSTEES MEETING DATES

The Secretary presented the following dates proposed for three regular meetings of the Board of Trustees and a workshop in 2016:

Winter Meeting, March 31- April 1, 2016 in Martin
Annual Meeting, June 22-23, 2016 in Knoxville
Workshop, August 10, 2016 (location to be determined)
Fall Meeting, October 13-14, 2016 in Knoxville (tentative)

The Secretary explained that the Fall Meeting date is tentative pending release of the 2016 Volunteer football schedule. If a home football game is not scheduled for October 15, 2016, alternate Fall Meeting dates will be recommended at a subsequent meeting.

Trustee Wharton moved that the proposed 2016 dates for regular board meetings and a workshop be recommended to the Board of Trustees for approval (Exhibit 4). Trustee Cates seconded, a roll call vote was taken, and the motion carried unanimously.

IX. OTHER BUSINESS

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

X. ADJOURNMENT

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

Respectfully Submitted,


Catherine S. Mizell, Secretary