THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE TRUSTEESHIP COMMITTEE

May 19, 2015
Knoxville, Tennessee

The Trusteeship Committee of The University of Tennessee Board of Trustees met at 1:00 p.m. CDT on Tuesday, May 19, 2015, in the offices of Bradley Arant Boult Cummings, 1600 Division Street, Nashville, Tennessee.

I. CALL TO ORDER

Chair Murphy 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 Trusteeship Committee were present:

James L. Murphy, III, Chair
Joseph A. DiPietro
Spruell Driver, Jr.
Tommy G. Whittaker

The Secretary announced the presence of a quorum. Dr. Keith Carver and Vice President Rickey McCurry were also present.

III. MINUTES OF LAST MEETING

Chair Murphy called for any corrections to the minutes of the October 2, 2014 meeting. Hearing none, Trustee Driver moved approval of the minutes as presented. Trustee Whittaker seconded the motion, and it carried unanimously.

IV. AUTHORIZATION FOR THE VICE CHAIR TO MAKE COMMITTEE AND COMMITTEE CHAIR APPOINTMENTS BEFORE THE FALL MEETING

The Secretary explained that the two-year term of the current committee and committee chair appointments will expire on June 30, 2015. Making new appointments at the Annual Meeting on June 24-25 is not feasible, however,

given that a vacancy currently exists on the Board of Trustees due to the resignation of Brian Ferguson, and the term of a six-year Trustee is up for appointment or reappointment this year. Therefore, the final composition of the Board for 2015-16 is not yet known and may not be known by the Annual Meeting. It is recommended that the Vice Chair, who will be elected at the Annual Meeting, be authorized to make committee and committee chair appointments when the final composition of the Board is known, subject to review by the Trusteeship Committee at a subsequent meeting and subject to ratification by the Board at the Fall Meeting. The Secretary noted that this is a typical practice for the Board when appointments or reappointments are pending.

Trustee Whittaker moved that the Vice Chair be authorized to make committee and committee chair appointments when the final composition of the Board is known, subject to review by the Trusteeship Committee at a subsequent meeting and subject to ratification by the Board at the Fall Meeting (Exhibit 1). Trustee Driver seconded the motion, and it carried was unanimously.

V. REVISED AUDIT COMMITTEE CHARTER

The Secretary stated that in accordance with professional standards of The Institute of Internal Auditors, the charter of Audit Committee is reviewed and approved annually by the Audit Committee. As a result of the most recent review, the Audit Committee has approved a comprehensive revision of the charter to reflect the Committee's oversight of the maturing institutional compliance function, to align with professional standards, and to conform the charter to those of other standing committees of the Board of Trustees by including more detailed information about meetings. The most significant revisions are changing the name of the Committee to Audit and Compliance Committee and adding information about the Committee's oversight of institutional compliance. She advised the Committee that the State Comptroller has approved the revised charter, and the Audit Committee approved it at a meeting on April 27, 2015. In accordance with the Bylaws, the revised Charter is presented to the Trusteeship Committee for review and recommendation to the Board of Trustees.

Trustee Driver asked for a clarification on the Committee's use of executive session as authorized by law. Ms. Mizell explained that there is an exception to the Open Meetings Act allowing audit committees to meet in closed executive session for various reasons including disciplinary actions against the President or

other executive officers. She added that if the matter goes forward to the full Board, the full Board can consider the matter in closed executive session.

Trustee Driver moved that the Committee recommend the revised Audit Committee Charter to the Board of Trustees for approval (Exhibit 2). The motion was seconded by Trustee Whittaker and carried unanimously.

VI. BYLAW AMENDMENTS

The Secretary stated that one of the responsibilities of the Trusteeship Committee is to review the Bylaws periodically and recommend needed amendments. She noted that many of the proposed amendments are technical or editorial in nature, and many relate to conforming the Bylaws to the revised Audit Committee Charter. She then called the Committee's attention to each of the more substantive proposed amendments.

With respect to the proposed amendment of Article II, Section 9, addressing student and employee petitions to appear before the Board, Trustee Driver expressed concern about limiting the access of a student or employee to the full Board solely for failure to make his or her petition at least 30 days before the meeting. After discussion, the consensus of the Committee was to retain language allowing a favorable majority vote of the Trustees present at the meeting to grant the petition even if it was made less than 30 days before the meeting.

Concerning the proposed amendments to Article IV, Officers of the University, the Secretary provided the Committee with some history of the elected officer and staff vice president provisions in Article IV and explained that many of the proposed amendments Article IV are housekeeping in nature to reflect current titles and responsibilities of various positions. She called the Committee's specific attention to the proposed amendments to Article 4, Section 4, authorizing the President to appoint a Chief of Staff to whom some or all of the staff vice presidents would report. President DiPietro explained that his performance reviews have recommended a reduction in the number of direct reports, and the proposed amendments would allow him to begin to restructure the reporting structure for the President's Staff. He also advised the Committee that Treasurer and Chief Financial Officer Butch Peccolo plans to retire in January 2016. He said the amendments proposed today reflect current practice concerning the title of that position, but depending on who is hired, the title may change to encompass additional roles.

After further discussion of the proposed amendments, Trustee Driver moved that the Trusteeship Committee recommend the proposed Bylaw Amendments to the Board of Trustees for approval, except that the amendment of Article II, Section 9, shall be revised to allow a favorable majority vote of the Trustees present at a meeting to grant the petition of a student or employee to appear before the Board, even if the petition was made less than 30 days before the meeting (Exhibit 3). Trustee Whittaker seconded the motion, and it carried unanimously.

VII. REPORT OF THE NATIONAL COMMISSION ON COLLEGE AND UNIVERSITY BOARD GOVERNANCE

The Secretary invited the Committee's discussion of the report titled "Consequential Boards—Adding Value Where it Matters Most" (Exhibit 4). The report was issued in November 2014 by AGB's National Commission on College and University Board Governance, chaired by Philip Bredesen, former Governor of Tennessee and former Chair of the Board of Trustees. Chair Murphy stated that the recommendations of the report are well-taken, and quite a few have already been implemented by the Board of Trustees. He also noted that implementing some of the recommendations is problematic for the Board because of restrictions in the Tennessee Open Meetings Act. Trustee Whittaker expressed his agreement with the main theme of keeping governing boards focused on consequential matters rather than getting "down in the weeds" of day-to-day operations. Chair Murphy said he believes this is due in part to the tendency of Trustees to focus on matters in which they have expertise, which are often operational rather than strategic in nature. Dr. DiPietro commented that the workshop is a good opportunity for the Board to delve into the more consequential issues facing the University. Chair Murphy agreed, noting as an example the need for the Board to focus on appropriate criteria for eliminating academic programs.

The discussion then turned to possible topics for the 2015 workshop. Chair Murphy asked if it would be feasible and appropriate for the workshop to focus on whether the University is producing the right number of degrees in certain fields to promote economic development, as well as student success in gaining employment after graduation. After discussion, a clear consensus did not emerge as to whether this topic would be appropriate for the 2015 workshop.

The Secretary then noted that one of the recommendations of the "Consequential Boards" report is for the Board to establish an annual plan for it meetings, setting out what it will spend its time on over the coming year—in other words,

identifying the consequential matters the Board will address. The Secretary asked whether that kind of annual planning is something that could be a part of every workshop. Dr. DiPietro also raised the question of whether regular Board meetings should be restructured so that committees meet concurrently rather than sequentially, allowing more time for discussion of consequential matters in a smaller group setting. The Secretary noted that research suggests debating issues is more effective in smaller groups.

Trustee Driver expressed concern about use of consent agenda if committee meetings are held concurrently. Chair Murphy said the question of moving to concurrent committee meetings will have to be discussed by the full Board. Responding to the suggestion of the workshop serving to plan the Board's agenda for the year, Chair Murphy expressed doubt that the Board on its own could make that determination. Trustee Driver echoed the concern and added that a lay governing board needs for the President and his staff to identify the consequential matters on which they need help from the Board.

President DiPietro said he would consider the Committee's discussion of both the "Consequential Boards" report and possible workshop topics as he further contemplates possible topics for the 2015 workshop.

VIII. BOARD AND INDIVIDUAL TRUSTEE SELF-ASSESSMENT PROCESS

Noting that the Board and individual self-assessment process is due to be conducted this year, the Secretary asked the Committee for any recommendations members might have for modifying the self-assessment forms. Hearing none, the Secretary suggested two modifications:

(1) On the assessment form for the Board as a whole, modify number 4 to read: "Board and committee meeting agenda focus on matters of greatest consequence to the University." And modify the follow-up question to read: "What consequential matters should be the focus of meetings over the next few years?"

(2) On both assessment forms, change the rating scale from a three-point scale to a five-point scale.

The Committee concurred with the Secretary's suggestions.

IX. SUGGESTIONS FOR WORKSHOP TOPICS

[The Committee's discussion is reflected above in the discussion of the Report of the National Commission on College and University Board Governance.]

X. OTHER BUSINESS

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

XI. ADJOURNMENT

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

Respectfully Submitted,

Catherine S. Mizell

Catherine S. Mizell, Secretary