

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE EXECUTIVE AND COMPENSATION COMMITTEE

June 22, 2016
Knoxville, Tennessee

The Executive and Compensation Committee of The University of Tennessee Board of Trustees met at 12:30 p.m. EDT on Wednesday, June 22, 2016, in the Hollingsworth Auditorium at 2421 Joe Johnson Drive in Knoxville, Tennessee.

I. CALL TO ORDER

Trustee Jubran, Vice Chair of the Board and Committee Chair, called the meeting to order.

II. ROLL CALL

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

Charles C. Anderson
Joseph A. DiPietro
William E. Evans
D. Crawford Gallimore
Raja J. Jubran
James L. Murphy, III
Sharon J. Miller Pryse

The Secretary announced the presence of a quorum. Trustee Driver was unable to attend. Other Trustees, administrative staff, and media representatives were also present.

III. MINUTES OF THE LAST MEETING

Vice Chair Jubran called for any additions or corrections to the minutes of the May 9, 2016 meeting as presented in the meeting materials. Hearing none, Trustee Murphy moved approval of the minutes. Trustee Anderson seconded, and the motion carried.

IV. VICE CHAIR'S REPORT OF THE PRESIDENT'S ANNUAL PERFORMANCE REVIEW

After President DiPietro's recusal from the meeting, Vice Chair Jubran stated that the Board's Policy on Presidential Performance Reviews delegates to the Vice Chair the responsibility to organize and conduct an annual review of the President's performance, subject to the Board's ultimate authority to approve or modify the Vice Chair's assessment. The policy provides for the Vice Chair to submit his written assessment to the Executive and Compensation Committee, along with his recommendation concerning the President's proposed goals for the coming year and any recommendation concerning the President's compensation or other terms of employment.

The Vice Chair called the Committee's attention to his written assessment, which was included in the meeting materials along with other supporting materials (Exhibit 1). He said his assessment reflects his conclusion that Dr. DiPietro's performance over the past year exceeded expectations on many fronts. He reported that the Chairs of the Audit and Compliance and Trusteeship Committees (designated by the Executive and Compensation Committee to participate in the process) have reviewed the assessment and have indicated their concurrence. He described the review process and noted that he, Trustee Driver, and Trustee Gallimore diligently reviewed the President's self-assessment and all the supporting materials, conducted interviews over six days, and reviewed numerous surveys from various stakeholders. They then met with Dr. DiPietro to review his self-assessment and discuss goals for the coming year. Finally, the Vice Chair prepared his written assessment, including recommended goals for the coming year, and shared it with Dr. DiPietro, who concurred. Trustee Gallimore said the review was thorough, and he concurred with the Vice Chair's assessment and the recommended goals. Trustee Driver was unable to attend the meeting but had previously concurred with the Vice Chair's assessment and the recommended goals.

Vice Chair Jubran said the process did not shy away from addressing concerns and issues, but he praised Dr. DiPietro for doing an incredible job of managing the UT System over the past year despite some big challenges on many fronts.

Vice Chair Jubran reminded the Committee that on October 9, 2015, the Board approved compensation terms for Dr. DiPietro over the four-year period from July 1, 2015 through June 30, 2019. Those terms include an annual five percent

(5%) increase in Dr. DiPietro's base salary as long as the Board finds his performance to be satisfactory. Therefore, upon the Board's approval of the Vice Chair's assessment of Dr. DiPietro's performance, the five percent (5%) increase will be effective as of July 1, 2016. Vice Chair Jubran called for a motion.

Trustee Pryse moved that the Executive and Compensation Committee recommend the following Resolution for adoption by the Board of Trustees:

RESOLVED: The Vice Chair's assessment of President DiPietro's performance and the proposed goals are approved.

Trustee Murphy seconded the motion, and the motion carried.

Dr. DiPietro rejoined the meeting, and Vice Chair Jubran expressed the Board's appreciation for his excellent work in the face of a tough year and said the Board has full confidence that his excellent work will continue. Dr. DiPietro thanked the Board, saying it is a privilege to serve the University.

V. FY 2016-17 PERFORMANCE INCENTIVE PAYMENT PLAN FOR UNIVERSITY OFFICERS

Vice Chair Jubran called the Committee's attention to materials for the FY 2016-17 Performance Incentive Payment Plan for University Officers, which include the FY 2016-17 Plan Document and FY 2016-17 Performance Goals (Exhibit 2). He called for any questions or comments. Vice Chair Jubran acknowledged that distribution of the proposed performance goals was delayed because he had not completed his review of them until the previous weekend. Due to the late distribution, the consensus of the Committee was to recommend Board approval of the Plan Document but defer action on the performance goals to a subsequent meeting.

Trustee Murphy moved that the Executive and Compensation Committee recommend adoption of the following Resolution by the Board of Trustees:

RESOLVED:

1. The FY 2016-17 Performance Incentive Payment Plan for University Officers is approved; and
2. Action on the proposed FY 2016-17 Performance Goals is deferred until the next regular meeting of the Board of Trustees,

scheduled for October 14, 2016; and

3. The Performance-Based Variable Compensation Plan adopted on October 9, 2015 is terminated, provided that provisions concerning payment of a Board-approved payment for FY 2015-16 shall remain in effect until the payment has been made, including any increase or decrease in the Board-approved payment based on the audited recalculation of scores and payment amounts after final data is available for performance that may only be estimated at the time of Board action to approve a payment.

Trustee Anderson seconded the motion, and the motion carried.

VI. OTHER BUSINESS

There was no other business to come before the Committee.

VII. ANNOUNCEMENT

President DiPietro announced that for security reasons, as well as the strains of parking and other logistical reasons, UT Knoxville will close for the Thursday night football game on September 1, as required by SEC contractual obligations. Mr. Maples explained that it will be an administrative closing similar to inclement weather closings. He said the President requested, and he provided, an analysis of the cost to the University.

VIII. ADJOURNMENT

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

Respectfully Submitted,


Catherine S. Mizell, Secretary