

MINUTES OF THE ANNUAL MEETING

BOARD OF TRUSTEES

THE UNIVERSITY OF TENNESSEE

Knoxville, Tennessee

June 18, 1998

The annual meeting of the Board of Trustees of The University of Tennessee was held at 9:00 a.m., Thursday, June 18, 1998 in the Board Room, Andy Holt Tower, The University of Tennessee, Knoxville campus. Vice Chairman William B. Sansom presided.

Mr. J. Steven Ennis gave the invocation.

The Secretary called the roll and the following members were present:

The Honorable Don Sundquist  
Mrs. Martha Butterfield  
Mrs. Barbara Castleman  
Mr. Charles E. Coffey  
Mr. Roger W. Dickson  
Mr. J. Steven Ennis  
Mr. James A. Haslam, II  
Mr. Jerry L. Jackson  
Mr. E. Carl Johnson  
Dr. Joseph E. Johnson  
Mr. Thomas E. Kerney  
Mr. Frank J. Kinser  
Mr. R. Clayton McWhorter  
Mr. Arnold Perl  
Dr. Richard Rhoda  
Mr. William B. Sansom  
Ms. Sharmelle Thomas  
Commissioner Dan Wheeler  
Ms. Susan Williams

The Secretary announced a quorum was present. Ms. Johnnie Amonette, Mr. Amon Carter Evans, Ms. Lucy Y. Shaw, and Commissioner Jane Walters were unable to attend due to other commitments.

Also present were Commissioner of Finance John Ferguson; UT Knoxville Women's Athletic Director Joan Cronan; UT Knoxville Lady Vol basketball player Kyra Elzy; President of the National Alumni Association Gary Doble; Chairman of the

Development Council Dwight Kessel; President of the UT Knoxville Faculty Senate Bill Blass; President of the UT Knoxville Student Government Association Boyd Richards; Emeritus Trustees Frank Bowyer, Pam Moon and Paul Phillips; emeritus Vice Presidents W. W. Armistead, Charles F. Brakebill and John W. Prados; Vice Presidents Homer S. Fisher, Emerson H. Fly, D. M. Gossett, Dwayne McCay, Sammie Lynn Puett and Jack E. Williams; Senior Associate Vice Presidents Charles Moss, David Roberts, and John Sheridan; General Counsel and Secretary Beauchamp E. Brogan; Treasurer Charles M. Peccolo, Jr.; Chancellors William R. Rice, William T. Snyder, and Bill Stacy; Acting Chancellor David N. Dunagan; incoming Chancellor Philip W. Conn; Executive Assistant to the President Billy Stair; Deputy General Counsel Catherine Mizell; Assistant Secretary Linda Logan, and members of the news media.

Introductions. Dr. Johnson introduced Commissioner of Finance John Ferguson and welcomed him to the Knoxville campus. He introduced Dr. David N. "Nick" Dunagan, the Acting Chancellor of the Martin campus, and thanked him for his effective service as Acting Chancellor. He also welcomed Dr. Philip Conn who will assume the UT Martin Chancellorship July 1, 1998. Dr. Johnson introduced Emeritus Trustees Frank Bowyer and Pam Moon and Emeriti Vice Presidents W. W. Armistead, Charles F. Brakebill and John W. Prados. He introduced UT Knoxville Women's Athletic Director Joan Cronan and Lady Vol Kyra Elzy and welcomed them to the Board of Trustees meeting. He introduced Gary Doble, President of the National Alumni Association, Chairman of the Development Council Dwight Kessel, President of the UT Knoxville Student Government Association Boyd Richards and President of the Knoxville campus Faculty Senate Bill Blass and indicated that each would have an opportunity to make brief comments later in the meeting. Dr. Johnson recognized Vice President of Agriculture D. M. "Pete" Gossett and said Dr. Gossett will be retiring at the end of June. He said Dr. Gossett has been a superb Vice President of Agriculture and the University will miss him upon his retirement.

Approval of Minutes. Mr. Sansom called for the reading of the minutes and Mr. Clayton McWhorter made the following motion:

I move that the reading of the minutes of the following Board meetings be omitted and that these minutes be approved in accordance with the transcript of said minutes mailed to the members of the Board by the Secretary, as required by the Bylaws, and as they appear in the Minute Book:

The February 13, 1998 winter Board meeting held in Chattanooga and the April 2, 1998 special Board meeting held in Martin.

The motion was seconded by Mr. Charles Coffey and carried unanimously.

Adoption of Resolution Recognizing the 1997-98 Lady Vols Basketball Team: Mr. James A. Haslam, II, moved adoption of a Resolution recognizing the 1997-98 Lady Vols basketball team (Exhibit 1). The motion was seconded by Governor Don Sundquist and carried unanimously.

Kyra Elzy thanked the Board on behalf of Pat Summitt, the coaching staff and the Lady Vol basketball team for the honor bestowed on them. She said the support is great appreciated.

Mrs. Cronan echoed Kyra's comments. She said it is always a privilege to represent The University of Tennessee and to have class athletes like Kyra in the University's programs.

Adoption of Resolution Honoring the Late Gordon Davenport. Mr. Roger Dickson asked Chancellor Bill Stacy to join him. He said the late Gordon Davenport meant a great deal to The University of Tennessee at Chattanooga. Mr. Dickson said those in southeast Tennessee see the results of Mr. Davenport's work daily with the Stadium and all the other things in which he was involved. Mr. Dickson moved the adoption of the Resolution honoring Mr. Davenport (Exhibit 2). He said he, Chancellor Stacy and Mr. Frank Kinser will deliver the Resolution to members of the Davenport family. The motion was seconded by Mr. Jerry Jackson and carried unanimously.

Adoption of Resolution Recognizing Mrs. Martha Butterfield. Mr. Dickson said Mrs. Martha Butterfield has served for the past year as the faculty representative on the Board. He said she has caused the Trustees to think about things and to look at things in a light that reflects the faculty's thoughts. Mr. Dickson said that Mrs. Butterfield's participation has shown that the inclusion of a faculty member on the Board was a good decision. He moved the adoption of the Resolution recognizing Mrs. Butterfield (Exhibit 3). The motion was seconded by Ms. Sharmelle Thomas and unanimously carried.

Adoption of Resolution Recognizing Ms. Sharmelle Thomas. Mr. Dickson said Ms. Sharmelle Thomas has been an outstanding student Trustee from the Chattanooga campus. He said Board members have appreciated the opportunity to work with her and moved adoption of the Resolution recognizing Ms. Thomas for her service on the Board (Exhibit 4). The motion was seconded by Mrs. Martha Butterfield and unanimously carried.

Report of the President. Dr. Johnson said there has been a great deal of anticipation about his comments to the Board. He said his comments would be brief and not particularly nostalgic. He thanked the Governor and Commissioner John Ferguson for the best year The University of Tennessee and Tennessee public higher education in general has had for seven or eight years. The appropriation for higher education is the largest capital outlay appropriation in the history of the State for higher education. About \$20 million will be spent to renovate the Hesler Biology building on the Knoxville campus and approximately \$9 million will be spent to renovate the Alumni Memorial Gym in Knoxville. \$40 million in new research and teaching space will be available for agriculture programs in Tennessee. \$8 million will be used to build a neutron sciences institute building in Oak Ridge which will be shared by UT, the Oak Ridge National Laboratory and other universities in Tennessee. Dr. Johnson said the Governor made the commitment for the neutron sciences institute building in order to attract a \$1.4 billion spallation neutron source to Tennessee. A \$6 million renovation to Brehm Hall will be undertaken on the Martin campus. Dr. Johnson said the capital maintenance appropriation allows the University administration to keep old buildings up-to-date and functioning. A two percent pay raise has been approved along with a bonus arrangement on longevity pay. \$3 million was approved for equipment purchases.

Dr. Johnson said he is grateful to the Governor for creating the Council on Excellence in Higher Education. The Council is comprised of an outstanding group of men and women. Dr. Johnson said he, Bill Sansom and Jim Haslam represent the UT Board of Trustees on the Council. The Council's charge from the Governor is to determine what is necessary to place UT in the top tier of higher education institutions in the country.

Dr. Johnson said changes are occurring within The University of Tennessee. Dr. Bill Stacy, the new Chancellor at The University of Tennessee at Chattanooga is doing a wonderful job. Dr. Philip Conn will become Chancellor of The University of Tennessee at Martin July 1, 1998. Dr. Johnson said he would make his recommendation later in the meeting for the new Vice President of Agriculture. Jack Williams will soon be going into his second year as Vice President for Development. Dr. Johnson said in the fall there were new deans on several of the campuses in critical roles.

Dr. Johnson said The University of Tennessee had been in existence 162 years when he came to UT as a student in 1956. The entire budget for 1955-56 was \$14.2 million. The University campus did not have a women's basketball team. Neyland Stadium seated 46 thousand people and the total package for the head football coach

was \$15,000. It was a time before anyone dreamed of the UT Space Institute, before UT Chattanooga existed, before Martin became a four-year campus and 20 years before the College of Veterinary Medicine. 1956 was an interesting year for The University of Tennessee. The Board of Trustees voted to establish a UT Memorial Hospital to train doctors, conduct research and treat the sick. The Hospital budget was \$1.4 million. The Board minutes for 1956 indicate that the Board adopted its first formal tenure policy. During the four decades since 1956, The University of Tennessee has graduated a large number of doctors, dentists, engineers, lawyers, nurses and school teachers all of whom contribute to the economic development and well being of the State of Tennessee. Twenty-seven of UT's academic programs are now nationally ranked. The ACT scores and grade point averages of entering freshmen are higher than they have ever been. UT has 3,000 more students today than ten years ago and 400 fewer employees. Tremendous progress has been made. The University has always been a very good institution. It gets better because of its students, its faculty, its administration, its alumni, its friends and supporters and particularly because of the Board of Trustees, the Governor and his cabinet. UT will always provide a place where Tennesseans can come to improve their lives.

Dr. Johnson then made the following statement:

After a good deal of thought and discussion with Pat over the past several months, I plan to retire on June 30, 1999 or whenever the Board of Trustees selects and has in place the next President of The University of Tennessee. This decision was based upon the following factors:

An enjoyable and rewarding 38 years with you as Trustees, you as Governor and your predecessors as Governor, wonderful faculty, students, staff members, volunteers, donors, legislators and other friends, and 38 years are enough.

I want to leave The University of Tennessee while I feel good physically and mentally. I want to leave The University of Tennessee while I still enjoy and am excited about coming to work and doing whatever presidents do. I never want to reach the point where I get up some morning and say, "I don't really want to do that." I have never had that a day in my 38 years with The University of Tennessee and I don't plan to. The \$400 million 21st Century Campaign is coming to a close. I think we have good leadership in place at the senior level within The University of Tennessee. I mentioned our new folks. I could add Dwayne

McCay. I could add the people who have been around a long time like Eli, Homer, Sammie Lynn, Beach and Bill Snyder who contribute a lot to this University.

The significant upturn in State funding in 1998-99, especially in capital outlay and in some other areas, and the prospective report of the Governor's Council on Excellence in Higher Education bodes well for the future of Tennessee public higher education including UT.

Finally, the time is here for new leadership for UT with new ideas and fresh approaches. I owe a great deal to Governor Sundquist and his predecessors and his cabinet, the Board of Trustees, my staff and an army of dedicated and devoted alumni, students, faculty, staff, donors, legislators and friends. I'll be President until the day I walk out the door. I hope you will not allow me to retire on the job. I don't plan to. I will cooperate fully in a transition to new leadership and I wish you and every one related to UT the best in the future years to come. UT is a great institution because of the best possible people in the world.

Dr. Johnson's comments were received with a standing ovation.

Comments by Governor Don Sundquist. Governor Sundquist made the following statement in response to Dr. Johnson's announcement:

I express my appreciation on behalf of myself, the Board of Trustees, the leadership and the members of the General Assembly and all the citizens of Tennessee to you, Dr. Johnson and to Pat for your long and successful career at The University of Tennessee. You have made a profound difference in the lives of so many people in this State on higher education. We could not have a \$1 million or \$5 billion year in new industry, new investments if it were not for higher education, if it were not for your leadership. We could not be perceived by people all over the country as a state that has things going right if it wasn't for The University of Tennessee and other institutions and your leadership. You made the betterment of the UT system your life's work, and I would say well done. We thank you for showing us how to raise money in higher education and I think Dr. Stacy has picked that up fast. All Tennesseans who cherish our State's flagship institution of higher learning join me in

expressing our thanks and I would like everybody to stand one more time and tell Dr. Joe how we feel. Everyone stood and gave Dr. Johnson a standing ovation.

Now what a great opportunity we have to have another national championship -- four-peat during your last year. What a great opportunity we have to win the SEC again in football and to beat Alabama and Florida. I really appreciate Dr. Johnson's consideration for this University in providing a year's notice of his intentions. You would expect from a class person this kind of action, and he continues to be that kind of person. I'd like to ask Vice Chairman Bill Sansom to appoint a search committee for your successor. At a time when all of us are committed to making The University of Tennessee one of the nation's premier public universities, it is critically important that we choose carefully in selecting Dr. Johnson's successor. You are going to make that task very difficult because of all the things you've done, all that you've accomplished. You are going to make it easier to the extent that you set us on a course that is going to be difficult to leave and that's important as well. This University is headed for continued success and outstanding recognition. The higher education report that you're involved in is going to take a commitment from the General Assembly and from me and my successors to make sure that we do for higher education what we've done for K-12. We need to have a whole cycle that begins with at risk pre-school children. It is a continuing education of a lifetime and I know you all are working on that. Education doesn't stop at the end of twelve years or sixteen years. It's a lifetime of learning that we face in the world today. We want only the best for Tennessee. We want to be clearly the best in every single instance, and Dr. Johnson you have helped to move us along that path. You mentioned the neutron spallation operation in Oak Ridge, and at a time when money was very tight in this State the General Assembly joined with me in making that commitment. I suspect that the neutron spallation event will be the most important investment made in this State for many years in the past and many years to come. I don't believe anybody knows how critical that is, not only to Oak Ridge, not only to this State, but to this nation. It provides us further opportunity to lay claim for high tech in this corridor that reaches all the way across this state and our universities in particular. I appreciate the ample notice you've given, the invaluable assistance you are going to provide in these months of transition, and to say personally how much I appreciate you and Pat, your friendship and

your leadership. Either this year or four more years I'll be retiring and I look forward to sitting with and cheering on the Vols to victory. Thank you very much.

Mr. Sansom adjourned the meeting for a ten minute break during which Governor Sundquist departed. The meeting reconvened at 10:00 a.m.

Comments by Mr. Gary Doble, President of the National Alumni Association.

Mr. Doble thanked Jim and Natalie Haslam for the dinner they hosted the previous evening. He said the past year has been a great one for him personally allowing him to return to The University of Tennessee a portion of what it has given to him. Mr. Doble said although he was aware Dr. Johnson's announcement was to be forthcoming, it remains a shock because Dr. Johnson is well loved by the alumni and believes it is important to keep the alumni involved in the affairs of the University. It is important for Trustees to help find an individual who will keep the alumni as involved as Dr. Johnson has. Mr. Doble offered his services and those of the Alumni Association in the selection process. Mr. Doble said the Alumni Association has had an exceptional year. The most significant activity of the Alumni Association during this year has been overseeing the completion of the national gifts phase of the 21st Century Campaign. The numbers are encouraging. The Alumni Association will account for more than \$95 million and record just under 100,000 contributors for the five years of the campaign, all of which underscores just how strongly UT alumni feel about the value of the education they receive. Mr. Doble said this year's annual giving totals will reflect over \$15 million and over 52,000 contributors, which are new annual giving program records. Last year's totals place the University number five in the nation in terms of alumni support and alumni dollars for public institutions in the nation. In terms of the South, The University of Tennessee ranks number one in terms of alumni support and contributions in both public and private institutions. By the end of June 30, 1998 over 100,000 persons will have attended alumni events. Mr. Doble closed by thanking the Board for the courtesies extended to him and his wife during the year.

Dr. Johnson introduced Mr. Dwight Kessel, Chairman of the UT Development Council and invited his comments.

Comments by Mr. Dwight Kessel, Chairman of the UT Development Council.

Mr. Kessel said on behalf of the UT Development Council and the 21st Century Campaign Chairman Bill Stokely he would like to present some facts and figures to the Board of Trustees. He said pledges and gifts for the year ending June 30, 1998 are expected to exceed \$70 million which is a new record. The University of Tennessee



endowment now exceeds \$560 million. Mr. Kessel said with a \$560 million endowment there will be some outstanding benefits for the University. UT will no longer be totally dependent on the legislature. The 21st Century Campaign has been underway five and one-half years. The original goal was \$250 million, and it was raised to \$308 million. The second goal has been exceeded with gifts of approximately \$415 million. Mr. Kessel said there is a good possibility that the figure will reach \$425 million by the end of June 1998. He thanked the Board for the many courtesies shown him during his tenure as Development Council Chairman..

Dr. Johnson introduced Boyd Richards, President of the UT Knoxville Student Government Association and welcomed his comments.

Comments by President of the UT Knoxville Student Government Association Boyd Richards. On behalf of the UT Knoxville student body Mr. Richards welcomed Trustees to the campus. A great many exciting things are happening on the campus. One of those, the building a new recreational facility, is the third of three steps to improve student recreation on the campus. Construction will begin in the summer of 1999 on a new 120,000 square foot recreation facility which will totally revolutionize student fitness and student health on the campus. The new facility will be paid by student activities fee. Mr. Richards said a new SGA/City of Knoxville liaison was recently created to foster a better relationship between students and the City of Knoxville. Campus beautification has also improved. There is a new sign on "the Hill", which is being done by the senior gift organization. Mr. Richards said the technology fee has proved very helpful with a whole new lifestyle of learning. Now that the hardware is in place, students and professors are beginning to put it to work. Mr. Richards said students are excited about the capital monies given the campus by the Governor and the legislature and the prospect of renovating two buildings on the Knoxville campus. Mr. Richards said any time taxes or fees are raised, the customer is probably not going to be especially happy. He said he would not tell Trustees that students are thrilled with the fee increases. He pledged to do his job in educating the students about the expenditure of money to retain outstanding faculty members and to attract more and better faculty. Mr. Richards asked the members of the Board and the administration to give students something tangible for their money. He said that request is often difficult to fulfill, but if students can just see something tangible, they are more understanding. Mr. Richards said he appreciates the opportunity to receive his education at The University of Tennessee, Knoxville and expressed his hope that UT will have many great years to come.

Dr. Johnson introduced Dr. Bill Blass, President of The University of Tennessee, Knoxville Faculty Senate and invited his comments.

Comments by Dr. Bill Blass, President of the UT Knoxville Faculty Senate. Dr. Blass said on August 1, 1998 the reigns of the Faculty Senate will be turned over to Dr. Mark Miller. Dr. Blass said he has enjoyed the interactions of the past year. He said the faculty think Dr. Joe Johnson is a truly remarkable individual. Dr. Blass said he came to the University in 1967 and it was not long before he heard the name of Dr. Johnson. He said what really impressed him and many other faculty members was when Dr. Johnson went to Memphis as Chancellor of The University of Tennessee, Memphis, and he was able to quickly gain the respect of physicians there. Such a quick and complete change takes a special talent. Dr. Blass said that special talent has been witnessed again and again over the years and in particular in his role as President of The University of Tennessee. He said Dr. Johnson will be a hard man to replace.

Dr. Blass said UT, and UTK in particular, has had a good year. Certainly there remain unresolved problems, many of which Board members are aware. Dr. Blass said rather than dwell on the unresolved problems, he would like to address two important successes, the proposed revised tenure policy and the impact of the technology fee on UTK. He said it is impossible to quantitatively assess the impact of the tech fee on UTK. Dr. Blass said the technology fee, coming when it did, made it possible for UTK to avoid becoming a second rate, first tier school. It has been crucial and will remain so for many years to come. Technology by its nature is dynamic and rapidly changing. UT is not yet to the current state of the art and once there, upgrades and replacements will be necessary to avoid obsolescent technology.

Dr. Blass said in his judgment from working with computing and technology for about forty years UT must be prepared to be in this arena maintaining the tech fee for the long haul. Dr. Blass congratulated the Academic Committee and its Chair Roger Dickson and Vice President Fisher's office for achieving what seemed nearly impossible at the outset when the revision of the tenure policy was undertaken. He said it is a policy statement and a good one. Dr. Blass said if the policy as recommended by the Academic Committee is adopted, it will be up to the individual units to evolve a process which implements the policy. Most of the faculty concerns that have been voiced are actually concerns with the implementation process, not the policy. The proposed policy is a good one. He said he could say on behalf of the faculty of The University of Tennessee, Knoxville the faculty are in favor of it and believe it to be a good policy.

Election of Officers of the University. Mr. Sansom called for nominations of persons to serve as officers of the University. Mr. James A. Haslam, II nominated the following persons for election to the offices listed:

Dr. Joseph E. Johnson, President  
Mr. Emerson H. Fly, Executive Vice President and Vice President for Business and Finance  
Mr. Homer S. Fisher, Senior Vice President  
Dr. Dwayne McCay, Vice President for the Space Institute  
Mrs. Sammie Lynn Puett, Vice President for Public Service and University Relations  
Mr. Jack E. Williams, Vice President for Development and Alumni Affairs  
Mr. William R. Rice, Vice President for Health Affairs  
Mr. Beauchamp E. Brogan, General Counsel and Secretary of the University  
Mr. Charles M. Peccolo, Jr., Treasurer of the University  
Dr. Bill Stacy, Chancellor of The University of Tennessee at Chattanooga  
Dr. Philip Conn, Chancellor of The University of Tennessee at Martin  
Dr. William T. Snyder, Chancellor of The University of Tennessee, Knoxville  
Mr. William R. Rice, Chancellor of The University of Tennessee, Memphis  
Mrs. Linda Logan, Assistant Secretary of the University

Mr. Haslam moved that the nominations cease and that the Board of Trustees approve the nominations of the above-named officers and elect them to the respective designated administrative positions effective July 1, 1998, at the salaries listed in the approved budget; and that the appointments of all faculty listed in the budget be approved at the rates of compensation set forth in the approved budget.

The motion was seconded by Mr. R. Clayton McWhorter and unanimously carried.

Election of Vice President for Agriculture. Dr. Johnson said Dr. D. M. "Pete" Gossett submitted his request for retirement effective June 30, 1998. A search process was begun with Trustees Dan Wheeler and Frank Kinser serving on the search committee along with a number of other individuals. He said there were numerous applications and those were reduced to three external and three internal candidates. The committee interviewed all six candidates. Dr. Johnson made the following recommendation:

That Dr. Jack Britt be elected as Vice President of Agriculture effective September 15, 1998 based on the following factors:

His knowledge of production agriculture, ag teaching and ag research, his substantial experience at Michigan State and North Carolina State, two institutions with stellar reputations in teaching, research and extension, his upbeat personality and vision of the future, willingness to work,

ability to raise private dollars, a proven record in serving ag interests, ability to attract private, state and federal funds for research, extension and instruction, high ratings by all people who interviewed him, particularly high ratings by the search advisory committee, his understanding of this part of the world and a challenge that UT has in Tennessee agriculture and the Institute of Agriculture of filling close to \$40 million worth of new space graciously and thoughtfully provided by the State of Tennessee, and his delightful and committed wife, Francis Britt.

Dr. Johnson said Dr. Britt is currently at North Carolina State and is the Associate Dean and Director of Research and Graduate Programs for the College of Veterinary Medicine and Assistant Director of the North Carolina Agriculture Research Services. He is from Glasgow, Kentucky. Dr. Britt has a B.S. in Agriculture and Biology from Western Kentucky University, an M.S. and Ph.D. in Physiology from North Carolina State. He taught at Michigan State University and North Carolina State.

Dr. Johnson said that in the interim Buddy Mitchell, Associate Vice President, will fill in as Acting Vice President for Agriculture for the period prior to Dr. Britt's arrival in Knoxville.

The motion was seconded by Mr. James A. Haslam, II and carried unanimously.

Standing Committee Appointments. Mr. James A. Haslam, II, Chairman of the Executive Committee, said that due to the untimely death of Colonel Tom Elam some vacancies on the standing committees occurred. Mr. Haslam made the following motion:

That Mr. Charles Coffey be appointed as Vice Chair of the Executive Committee; Mrs. Susan Williams, Chair of the Student Affairs Committee; Mr. Jerry Jackson, Vice Chair of Student Affairs; and Mr. Tom Kerney be appointed to fill the vacancy on the Public Service and University Relations Committee.

The motion was seconded by Mr. Roger W. Dickson and unanimously carried.

Report of the Treasurer. Mr. Peccolo said the University internally manages the charitable remainder trusts and endowments. The charitable remainder trusts at June 30, 1998 will total approximately \$42 to \$43 million and the market value of endowments will be approximately \$333 to \$335 million. Mr. Peccolo said when the

21st Century Campaign began in July 1993 the consolidated investment pool was at approximately \$140 million. Since the Campaign's inception, almost \$70 million has been added to the endowment. Investment returns during that time have been almost \$150 million. Mr. Peccolo said the compound annual return for the period of the Campaign is a little over 15 percent.

Mr. Peccolo said with a little less than two weeks left in the fiscal years, work is being done to close the books. Included in the budget document are probable revenues and expenditures for the 1997-98 fiscal year. With minor reallocations the University will finish the year well within its resources. The auditors are in house and have begun their work. Mr. Peccolo said no particular problems or concerns have been noted thus far. He said through work with the State Comptroller's office and the Government Finance Office Association, the manner in which compensated absences are displayed on the balance sheet will be modified in a manner that will be acceptable to them. As a result, UT should end up with an unqualified audit opinion this year on the financial statements.

Report of the Finance Committee. Mr. William B. Sansom said the Finance Committee met the preceding afternoon to consider in detail items of a financial nature.

Ratification of Investment Transactions for the Nine Months Ended March 31, 1998.

That the Board of Trustees ratify the investment transactions for the nine months ended March 31, 1998, as set forth in Exhibit 5.

The motion was made by Mr. William B. Sansom, seconded by Mr. R. Clayton McWhorter, and unanimously carried.

Report of Quasi-Endowment Funds Established from July 1997 to June 1998.

The report of the establishment of quasi-endowments established from July 1997 to June 1998 as shown below is filed as Exhibit 6 to the minutes:

The University of Tennessee, Knoxville

Kenneth A. Miller Chancellor's Support Quasi-Endowment Fund  
Bernard King Communications Scholarship Quasi-Endowment Fund

John D. "Bo" Bonhanon Quasi-Endowment Fund  
Power Plant Dynamics Symposia Quasi-Endowment Fund  
Rose E. Brunner Quasi-Endowment Fund  
Mr. and Mrs. E.D. Shipley Engineering Scholarship Quasi-Endowment Fund  
Cary L. and Eva Mae Trail Branch Scholarship Quasi-Endowment Fund  
Robert and Molly Milligan Quasi-Endowment Fund  
James W. Mitchell Scholarship Quasi-Endowment Fund  
Bettye Lynn Hendrickson Professorship in Political Science Quasi-Endowment  
Bettye Lynn Hendrickson Quasi-Endowment Fund in Public Policy Research in  
the Social Sciences  
Peyton Manning Scholarship Quasi-Endowment Fund

The motion was made by Mr. James A. Haslam, II, seconded by Mr. Jerry L. Jackson, and unanimously carried.

Approval of Transfer of the College of Business Quasi-Endowment Fund.

That the Board of Trustees approve the transfer of \$995,000 over the next three years from The University of Tennessee, Knoxville College of Business Administration Quasi-Endowment Fund to current operating funds of The University of Tennessee, Knoxville College of Business Administration to provide funding for technology, infrastructure, and faculty support, as set forth in Exhibit 7.

The motion was made by Mr. Jerry L. Jackson, seconded by Mr. Frank J. Kinser, and unanimously carried.

Approval of Increases in Student Fees for 1998-99. Mr. Fly said included in the materials forwarded to Trustees is a recommendation for fee increases for 1998-99 (Exhibit 8). The increase would generate about \$8 million of badly needed funds. A portion of the money will be used to bring faculty salaries into line with their national peers. Mr. Fly said the Finance Committee in its meeting the previous day requested the administration come back to the Board in the fall with a report on how the raises were awarded. Mr. Fly said the Board heard as much of an endorsement as could be expected from the student body from Boyd Richards, the SGA President.

The motion to approve the student fee increases was made by Mr. James A. Haslam, II, seconded by Mr. Jerry L. Jackson, and unanimously carried.

Mr. Tom Kerney said Trustees remain concerned about the need for student fee increases, but increases are a necessity. He said there are Trustees who constantly push the administrators of the University to take cost-saving methods.

Dr. Johnson said he appreciates the efforts by Trustees to ensure that the University is managed as efficiently as possible and its resources are distributed for the maximum benefit of the students.

Mr. Jackson said there are two sides of the coin as to whether students should pay more or the State should do more, but it is incumbent on all Trustees and the administrators to correspond with legislators and let them know how important their support is. The State did a lot more this year than last year, but part of the reason the fee increase is necessary is because of a lack of funding from the State.

Mrs. Butterfield said capital outlay funds from the State have been fantastic, but there is more to operating a university than the capital outlay for buildings.

Ms. Thomas said on behalf of the students that as long as student can see that the fees are really being used wisely and not wasted, most students will more readily accept the increase.

Adoption of University Budget for 1998-99. Mr. Fly said the budget before the Trustees, if approved, will provide the best capital construction program in the University's history. It will keep UT fees below the average for its peer institutions and will make a step toward bringing faculty salaries toward the national average. Mr. Fly said \$600 million of the dollars in the budget are in the E & G budget, which is the educational, teaching, research and service part of the university's programs. About \$300 million is hospitals, a little over \$100 million is auxiliary enterprises which are bookstores, dining halls, etc. Both auxiliaries and hospitals are doing well and are making money. The E & G portion of the budget is increasing by about \$21 million. Mr. Fly said during the Finance Committee meeting the previous day the distribution of the funds was discussed in detail. The budgets are balanced, and the reserves are adequate. Mr. Fly recommended the budget (Exhibit 9) for the Board's approval.

Mr. William B. Sansom made the following motion:

I hereby move that the budgets, salary schedules and other compensation and benefits schedules, and schedules of student fees and tuition appearing in the Budget Document for Fiscal Year 1998-99, including all University budgetary units' gift funds handled in accordance

with previously approved procedures and policies be approved and adopted with the understanding that should changes in estimated resources require, the budgets will be modified by the Administration so that expenditures will not exceed available resources, and that any remaining balance of current funds be considered as reserves for contingencies to be used to employ additional staff where enrollments and reorganization requirements warrant; increase operating appropriations of departments where changing positions during the year necessitate additional funds; make salary adjustments for personnel as may be necessary during the year, and improve physical facilities for academic and research departments as opportunities arise.

The motion was seconded by Mr. Roger W. Dickson and unanimously carried.

Adoption of the 1998-99 Budget for the UC Foundation. Vice President Fly presented the 1998-99 budget for the UC Foundation. Mr. Fly said when the merger agreement between the University of Chattanooga and The University of Tennessee was signed it called for the UT Board of Trustees to approve the budget each year. The budget before the Board for approval is only the unrestricted portion of the UC Foundation budget.

That the Board of Trustees approve the 1998-99 UC Foundation budget, as set forth in Exhibit 10.

The motion was made by Mr. William B. Sansom, seconded by Mrs. Susan R. Williams, and unanimously carried.

Adoption of Resolution for Restructuring of the UT Medical Center at Knoxville. Vice President Fly said the resolution for restructuring the UT Medical Center at Knoxville has been reviewed by the Health Affairs and the Finance committees and received considerable discussion in meetings with the hospital staff and leadership of the hospital during the past year. The administration is seeking authorization from the Board to move forward with a plan to transfer the operations of the hospital to a 501 (c) (3) corporation. Mr. Fly said the action is being taken to give the hospital better access to capital markets, fixed asset financing as well as working capital if the need arises to allow the hospital to enter into partnerships with for profit and not for profit corporations as the opportunities arise. A separate board would enhance the governing process. The Board would be dedicated only to the hospital. Mr. Fly said the benefits of the current employees will be protected. The University will retain ownership of the physical assets through a type of leasing arrangement. The



University will be free of the financial responsibilities of the hospital. Mr. Fly said the process is a detailed one requiring twelve to eighteen months for the transition to be completed. Mr. Fly recommended that the administration be authorized to proceed with the planning with the understanding it be brought back to the Board.

That the Board of Trustees adopt the Resolution (Exhibit 11) and provide that any plans and agreements formulated shall be submitted to the Board of Trustees prior to approval by the Attorney General and the State Building Commission.

The motion was made by Mr. James A. Haslam, II, seconded by Mrs. Susan R. Williams, and unanimously carried.

Mr. Sansom said the issue to change the structuring of the hospital is a serious one. He thanked those involved in the Health Affairs Committee the previous day for constructive discussion.

Mr. Kerney said he is thoroughly convinced that the restructuring will work, but he added a word of caution. When the restrictions are placed in the lease, the University administration and Board of Trustees must realize the lease must be an arms length transaction. The University cannot retain control. He said the University can specify that the lessor must meet the University's obligations and needs, but if the University goes beyond that to attempt to control the corporation, a risk exists. In preparing the lease, Mr. Kerney said he would ask that the administration keep in mind a significant change is taking place and it will no longer be business as usual with the hospital.

Mr. Dickson said Mr. Kerney's comments are correct. There will have to be a split that must be honored.

Mr. Sansom said the opportunity is one that will allow The University of Tennessee Medical Center to be a better hospital.

Dr. Johnson thanked all those involved for the way the issues and concerns of the hospital staff have been handled. He said in the last few months in particular the employees feel better, costs have been cut, and the numbers of employees have been reduced.

Authorization to Convey Property by Sewer Easement to the City of Lewisburg.

That the University administration be authorized to transfer to the city of Lewisburg permanent and temporary easements in exchange for financial and other considerations, as set forth in Exhibit 12.

The motion was by Mr. James A. Haslam, II, seconded by Mr. Jerry L. Jackson, and unanimously carried.

Annual Report of Construction Activities.

That the annual report of construction activities be filed as Exhibit 13 to the minutes.

Naming of the UT Martin Children's Center in Honor of Margaret Perry. Dr. Johnson said Dr. Margaret Perry did a fine job as Chancellor of The University of Tennessee at Martin. One of the projects she particularly shepherded was the development of the UT Martin Children's Center funded by Tennessee School Bond Authority bonds. He recommended that the Board authorize the naming of the UT Martin Children's Center for Margaret Perry.

That the UT Martin's Children's Center be named in honor of Dr. Margaret Perry as fitting recognition for the outstanding contributions she made to the University and to her community, as set forth in Exhibit 14 to the minutes.

The motion was made by Dr. Martha Butterfield, seconded by Mr. Roger W. Dickson, and carried unanimously.

Recommendation for Use of Gift Property of the late Ms. Eugenia Williams. Dr. Johnson said the will of the late Ms. Eugenia Williams left The University of Tennessee a 24 acre piece of property on the Tennessee River near the Cherokee Country Club. The property includes a 6,000 square foot house that has been boarded up for a number of years. The decision could have been made that The University of Tennessee did not wish to accept the gift since a stipulation is attached that the property cannot be disposed of or sold. It must be used for a University of Tennessee purpose. He said using the grounds is relatively simple. UT has an outstanding ornamental horticulture and landscape program that could make the grounds beautiful. A number of recreational uses for the property exist. Dr. Johnson said the house could be converted to some sort of conference center or executive center, but he

recommended the Board authorize the administration to work toward the development of the home into a President's home. At one time the University did have a President's and a Chancellor's home. The Chancellor's home was sold when former President Lamar Alexander decided he would live in Nashville. Chancellor Bill Snyder lives in the current Chancellor's home which was formerly the President's home. Dr. Johnson said he feels that for the long range benefit of The University of Tennessee, for its relationships with donors, prospective donors, and others throughout the State, a home is needed for the president. When the Chancellor's home was sold, a resolution was passed by the Board and was recorded in Nashville stating that if The University of Tennessee ever had a President's home in the future, it had to come to the University as a gift and had to be upgraded and renovated with private gift funds, not State funds. Dr. Johnson said some Trustees have indicated they would be willing to take on the fundraising needed to secure private funds for the renovation of the Williams' property. An architect has estimated that it will take \$1 million or so to complete the necessary renovations. Dr. Johnson made the following motion:

That the Board of Trustees authorize the administration to pursue the development of gift property from Ms. Eugenia Williams for formal gardens, recreational space and a house that would be used eventually for the President of The University of Tennessee, as set forth in Exhibit 15.

The motion was seconded by Mr. James A. Haslam, II, and carried unanimously.

Appointment of a Compensation Advisory Group. Mr. Sansom stated that under the Board's Bylaws the Finance Committee functions as the University's compensation committee and that the compensation of people at the University is the responsibility of the Finance Committee. He stated that during the meeting of the Finance Committee the day before, the Committee discussed professor pay and how it relates to pay at peer institutions. He said the Finance Committee does not have time to focus on the compensation issue for University personnel and that he would like to have an advisory group work with him to look at the compensation issue. He stated that the Finance committee, as well as the Board, needs to understand faculty pay and salaries in the University to be sure we are doing the right thing. Mr. Sansom moved that he be authorized to appoint an advisory group composed of Jim Haslam, who is Chairman of the Executive Committee, and Clayton McWhorter and Rogers Dickson, who are currently on the Finance Committee, to work with him on the pay issue and to make recommendations to him as Chairman of the Finance Committee. If necessary, he could ask the administration to hire outside help for his group to better

understand what adequate pay should be. The motion was seconded by Mr. Carl Johnson and unanimously carried.

Report of the Academic Committee. Mr. Roger W. Dickson, Chairman, said the committee met the preceding day to consider academic items in detail. He asked Vice President Homer Fisher to present the following:

Approval of Proposal to Establish Specialist in Education Degree with a Major in Advanced Educational Practice with a Concentration in Educational Technology, EdS (UT at Chattanooga).

That the Board of Trustees approve the proposal to establish the Specialist in Education Degree with a major in Advanced Educational Practice with a concentration in Educational Technology, EdS (UT at Chattanooga) and authorize its submission to the Tennessee Higher Education Commission for action, as set forth in Exhibit 16.

The motion was made by Mr. Roger W. Dickson, seconded by Mrs. Martha Butterfield, and unanimously carried.

Approval of Proposal to Establish Doctor of Nursing Degree, DNSC (UT Memphis).

That the Board of Trustees approve the proposal to establish the Doctor of Nursing Science Degree, DNSc (UT Memphis) and authorize its submission to the Tennessee Higher Education Commission for action, as set forth in Exhibit 17.

Approval of Proposal to Establish a Program of Study Leading to the Degree of Master of Science in Clinical Laboratory Sciences, MSCLS (UT Memphis).

That the Board of Trustees approve the proposal to establish a program of study leading to the degree of Master of Science in Clinical Laboratory Sciences, MSCLS (UT Memphis) and authorize its submission to the Tennessee Higher Education Commission for action, as set forth in Exhibit 18.

The motion to approve the foregoing items was made by Mrs. Martha Butterfield, seconded by Mr. James A. Haslam, II, and unanimously carried.

Approval of Proposal to Revise Tenure Policy. Mr. Dickson said the proposed tenure policy is a very significant move with respect to one of the University's greatest assets, its faculty. Without a good faculty, UT cannot be a good university. Mr. Dickson said a tenure review committee made up of himself and fellow Trustees Johnnie Amonette, Charles Coffey, Steve Ennis, Jim Haslam, Clayton McWhorter, Joe Johnson and an advisory committee made up of faculty members and students have come up with a policy proposal. He said the Board's job is to determine policy and let those who are in the university-wide administration and administration on the various campuses effectuate the policy. The policy that is being recommended to the Board is the reaffirmation of tenure. Mr. Dickson said the tenure committee understands tenure, its importance and the reasoning behind it, but believe there should be a continuous post-tenure review and that everyone should be accountable in some fashion. He said there is in place at The University of Tennessee an annual review of all faculty members. What will be in place in the future will be a post tenure review which examines several years in order to make sure everyone who has tenure is continuing to do a good job. Mr. Dickson said the granting of tenure at The University of Tennessee is taken very seriously. Those individuals who have received tenure at UT deserve it, and they are good teachers and faculty members. It is only those very, very few who start out doing the right thing and get off track in some way that the new policy will address. The tenure committee learned early in the process they could not set how post tenure review would work for all the campuses and institutes. The goals of the various campuses and institutes vary too much for one set of guidelines to work for all. Mr. Dickson said the policy is that each academic unit will come up with its method of post tenure review. One important component of the review will be peer review. The policy will also indicate two negative annual reviews in a row will trigger a post tenure review even if it is not the usual time for a post tenure review to take place. The policy also encourages each campus to devise methods to reward outstanding performances. The policy should not be a strictly negative process. Mr. Dickson said continuous poor performance is dealt with in a more rapid fashion and a serious violation of the law by indictment or felony can be dealt with through a suspension without pay. Mr. Dickson made the following motion:

That the Board of Trustees adopt the tenure policy as recommended by the tenure review committee and the Academic Committee, as set forth in Exhibit 19.

The motion was seconded by Mr. James A. Haslam, II.

Mr. Jackson asked if there is any place in the new policy where students or former students are asked for their input.

Mr. Dickson said there is an annual student grading system which is a part of the process in going through the reviews. He said many of the academic units will provide in their post tenure review a component involving student input.

Mr. Jackson said most of the people making the tenure review judgments have not recently participated in a class. Good students that really care can provide better input than anybody else.

Mr. Haslam said there is a book that rates every faculty member and is very enlightening. The book is compiled from ratings of faculty members done solely by students.

Mrs. Butterfield said the proposed policy reaffirms a number of things that are already in the faculty handbooks. She stressed that rather than jeopardizing tenure, the new policy reaffirms tenure and the importance of having qualified faculty. Instead of jeopardizing academic freedom, it clearly protects academic freedom the faculty members have. One of the initial concerns was with the details. The document before the Board does not have details, but leaves details to the campuses. Mrs. Butterfield said that as a faculty member she was concerned about the faculty involvement in the development of criteria and the use of multiple kinds of evaluations, student evaluations, peer evaluations, other kinds of things that are germane to a particular department. She said the items that would be looked at in nursing would be very different from those in engineering or chemistry. Some of the questions would be the same and some would be different. The document will allow for the different needs for different academic units. Mrs. Martha Butterfield said if the plan is approved there will have to be mechanisms in place for remediation. There also will need to be support in all levels of the academic community for actions that are taken. Mrs. Butterfield said it is a good document and many of her colleagues at UTC support it.

Dr. Johnson said the greatest challenge that arises from the plan is the willingness of administrators at all levels to take it seriously and do something special to reward those who do an outstanding job and do what it takes to rejuvenate that very, very small percentage who are not doing well.

Mr. Dickson said it is the recommendation of the tenure review committee that the committee continue to exist and be reported to by Homer Fisher and Bob Levy as recommendations come back in from the various academic units.

Mr. Coffey said it has been a wonderful experience to serve on the tenure review committee and see how the various individuals with different ideas came

together and aggressively worked together and saw fit to come up with the plan. He said he is excited about the proposal, but said he also has a strong commitment to see that it is carried out in the future. Mr. Coffey said it is his belief that the UT administration has the same type of commitment.

The motion was unanimously carried.

Approval of Proposal to Terminate Academic Programs.

That the proposal to terminate academic programs as listed and as set forth in Exhibit 20 be approved and authorized for submission to the Tennessee Higher Education Commission for recordskeeping purposes.

The motion was made by Mr. Roger W. Dickson, seconded by Mr. J. Steven Ennis, and unanimously carried.

Approval of Proposal to Accept the Comprehensive Listing of All Academic Programs.

That the Board of Trustees approve the annual Comprehensive Listing of Academic Programs, all campuses, as set forth in Exhibit 20, and authorize submission to the Tennessee Higher Education Commission for recordskeeping information.

The motion was made by Mr. Roger W. Dickson, seconded by Mr. James A. Haslam, II, and carried unanimously.

Report of the Academic Committee. Vice President Fisher said the annual Academic Committee report was discussed in some detail at the Academic Committee meeting the preceding day. The report is filed as Exhibit 22 to the minutes.

Recommendations for Tenure -- all campuses. Dr. Johnson said tenure recommendations were mailed to Trustees prior to the meeting. The tenure process is described along with the recommendations. He said it is a very thorough process during which senior faculty members assess the individuals in question. A recommendation is submitted to the department head in question and the department tenure committee. The recommendation is then forwarded to the dean and the collegiate tenure committee. An academic officer reviews and forwards the recommendation to a chancellor or vice president. The tenure recommendation then goes to the system-wide academic affairs office and the president for final review. It

is a process that has merit and has worked well over the years. Dr. Johnson said the plan recommended by the Academic Committee and adopted by the Board of Trustees has to do with what happens after tenure is awarded. The process before the awarding of tenure is a thorough process that produces outstanding faculty members. Dr. Johnson made a motion to approve the tenure recommendations (Exhibit 23). The motion was seconded by Mr. Roger W. Dickson, and unanimously carried.

Health Affairs Committee Report. Mr. Clayton McWhorter, Chairman, said the Health Affairs Committee met the previous day and received the following items for filing:

Filing of Minutes of Liaison Committee meetings on November 17, 1997 and February 16, 1998, UT Bowld Hospital, Memphis.

The minutes of the November 17, 1997 and February 16, 1998 meetings of the Liaison Committee, UT Bowld Hospital, Memphis were filed as Exhibit 24 to the minutes.

Filing of Minutes of Liaison Committee meetings on December 3, 1997 and March 4, 1998, UT Medical Center at Knoxville.

The minutes of the December 3, 1997 and March 4, 1998 meetings of the Liaison Committee, UT Medical Center at Knoxville were filed as Exhibit 25 to the minutes.

Report of the Student Affairs Committee. Mrs. Susan R. Williams, Vice Chairman said the committee met the preceding. She asked Vice President Homer Fisher to present the items for consideration:

Approval of Proposal to Amend APA Rules on all Campuses Relative to Contested Case Hearings.

That the Board approve the proposal to amend APA rules on all campuses relative to contested case hearings, as set forth in Exhibit 26.



Approval of Proposal to Amend APA Rules at UTC Relative to Registration of Motor Vehicles and Parking Violations.

That the Board of Trustees approve the proposal to amend APA rules at UT Chattanooga relative to registration of motor vehicles and parking violations, as set forth in Exhibit 27.

Approval of Proposal to Amend APA Rules at UT Knoxville Relative to Inclusion of an Honor Statement.

That the Board of Trustees approve the proposal to amend APA rules at UT Knoxville relative to the inclusion of an Honor Statement, as set forth in Exhibit 28.

The motion to approve the foregoing items was made by Mrs. Susan R. Williams, seconded by Mr. James A. Haslam, II, and unanimously carried by roll call vote.

Report of the Faculty and Staff Affairs Committee. Mr. Tom Kerney, Chairman, said the committee had a good meeting the preceding day with every chancellor in attendance.

Report on the Post-Retirement Program for Tenured Faculty. Mr. Kerney said three years ago the Board examined a post service retirement program as an option for those tenured faculty members who were considering retirement. Mr. Kerney said the program allows faculty members who meet eligibility guidelines to retire with a guarantee of four years of part-time reemployment by the University as term employees. The program benefits the employee and at the same time saves money for the University. Mr. Kerney said the program has been in effect for three years and reports show significant savings over that period. Currently 49 faculty members are participating in the program. Mr. Kerney said initially the program was approved for one year and then for two years. He said no action is required by the Board on the Post-Retirement Program until June 1999.

Approval of Changes in the Optional Retirement Plan Fund Offerings. Mr. Kerney said there are three companies offering retirement annuities for the Contributory Retirement System and the Optional Retirement Plan at The University of Tennessee. He said the companies have requested they be allowed to drop five currently offered funds and replace them with twelve funds. Mr. Kerney made the following motion:

That the Board of Trustees approve the proposed changes in the optional retirement plan fund offerings, as set forth in Exhibit 29.

The motion was seconded by Mr. James A. Haslam, II, and unanimously carried.

Authorization for the President to Confer Degrees. Mr. Roger W. Dickson made the following motion:

I move the President, or someone delegated by him, be authorized to confer degrees on the candidates recommended therefore at the respective commencements of the several units of the University to be held during the time intervening between this meeting and the next annual meeting of the Board of Trustees to be held in 1999.

The motion was seconded by Mrs. Susan R. Williams and unanimously carried.

Report of Graduates. The Secretary reported graduates at the commencements held in Chattanooga on May 10, 1998 (Exhibit 30); Knoxville on May 15, 1998 (Exhibit 31); Martin on May 16, 1998 (Exhibit 32); and Memphis on June 5, 1998 (Exhibit 33).

Future Meeting Dates and Sites. The fall Board of Trustees meeting will be held in Knoxville on Friday, October 23, 1998. Mr. Brogan said a date has yet to be determined for the winter meeting, but the meeting will be held on The University of Tennessee Space Institute campus in Tullahoma in January or February 1999.

Report of the Public Service and University Relations Committee. Mr. Carl Johnson, Chairman of the Public Service and University Relations Committee, said Vice President Sammie Lynn Puett and her staff have done an excellent job showing how The University of Tennessee can serve the entire State of Tennessee. Through the use of computer technology the University is reaching out to 346 different cities and 2,000 newly elected officials teaching civics and providing ideas on running their cities. Mr. Johnson said the Institute for Public Service and the Institute for Delivery of Business and Industrial Training continue to provide services for industry all across the State.

Mr. McWhorter recommended that at some point in the future the Board have a full program on the outreach to business through the programs mentioned because of the importance of distance learning to the business community.

Mr. Johnson said at a future meeting a way might be provided to give the Board access to the Internet to see all the things UT provides from its Web page where a wealth of knowledge about the University is easily accessible.

Report of the Agriculture Committee. Commissioner Dan Wheeler said he would like to stongly support Dr. Johnson's comments about Dr. Jack Britt. Through his personal presentation and through comments of others who are aware of his past work, it is obvious that Dr. Britt is a focused, driven and charismatic person who can lead the Institute of Agriculture. Commissioner Wheeler said a large debt of gratitude is owed Dr. Pete Gossett for his leadership of the Institute and the agricultural community across the State. He said agriculture continues to be an important field with a virtual explosion within the life sciences/biotechnology field and especially within the private sector. Dupont is in the process of divesting their interests in the petroleum industry to put that capital to work in the life sciences/biotechnology field. Commissioner Wheeler said The University of Tennessee must remain on the cutting edge of research and development in order to ensure the preparedness of Tennessee's youth in that segment of the economy. He said he would not like to see Tennessee's students have to go outside the State to participate in the food and fiber industry, which is expanding rapidly in this country.

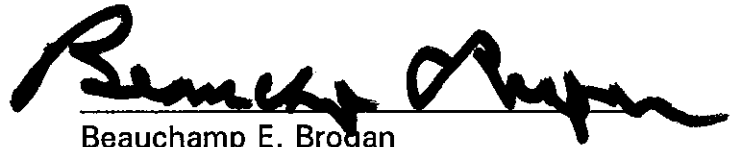
Comments by Mrs. Martha Butterfield. Mrs. Butterfield thanked the Board for the opportunity of serving on the Board of Trustees. She said it has been a learning experience for her and a very valuable one. She expressed her gratitude at being able to represent the faculty on the Board and work with those who really care about The University of Tennessee.

Comments by Ms. Sharmelle Thomas. Ms. Thomas seconded Mrs. Butterfield's comments. She said the year was a great one that allowed her the opportunity to get more familiar with all of UT instead of just The University of Tennessee at Chattanooga.

President Emeritus Status for Dr. Joseph E. Johnson. Mr. Haslam stated that in appreciation of the long and outstanding service Dr. Joseph E. Johnson has provided the University, the State of Tennessee and its citizens, the Board should, upon his retirement as the 19th president of The University of Tennessee, bestow upon him the title of President Emeritus, together with all the duties, responsibilities, and amenities traditionally provided persons of this position, as set forth in Exhibit 34. Mr. Haslam made the motion, seconded by Mr. William B. Sansom, which unanimously carried by giving Dr. Johnson a standing ovation.

Dr. Johnson thanked the Board. He said Board members will never know how much they mean to him and to Pat.

There being no further business to come before the Board, the meeting was adjourned at 12:00 noon.

A handwritten signature in black ink, appearing to read "Beauchamp E. Brogan". The signature is written in a cursive style with a horizontal line underneath it.

Beauchamp E. Brogan  
Secretary