

MINUTES OF THE EXECUTIVE COMMITTEE MEETING

BOARD OF TRUSTEES

THE UNIVERSITY OF TENNESSEE

June 4, 1999
Knoxville, Tennessee

The Executive Committee of the Board of Trustees of The University of Tennessee met at 9:00 a.m. Eastern Daylight Time, Friday, June 4, 1999 by telephone conference call originating from the Office of the General Counsel, 721 Andy Holt Tower, Knoxville campus.

The following members were present:

Mr. James A. Haslam, II, Chairman
Mr. Charles E. Coffey
Mr. Amon
Carter Evans
Mr. William B. Sansom

The Secretary announced a quorum was present.

Also present were General Counsel and Secretary Beauchamp E. Brogan; Deputy General Counsel Catherine Mizell; Assistant Secretary Linda H. Logan and members of the news media.

Approval of Employment Agreement for Dr. J. Wade Gilley as President of the University

Mr. Haslam said Executive Committee Members Susan Williams and Jerry Jackson are both out of the country and unable to participate in the meeting, but both have given their support of the contract. Mr. Haslam said Mrs. Williams raised a question regarding Article of the contract (Exhibit 1) where it reads 'Dr. Gilley shall serve as President of The University of Tennessee, reporting directly to the Board of Trustees.' She felt it should read 'shall be accountable to the Board of Trustees.'

Mr. Haslam asked Mr. Brogan to respond to Mrs. Williams question. Mr. Brogan said he did not feel the change was necessary. The contract as written has been signed by Dr. Gilley and the concluding statement in Article I says 'Dr. Gilley's duties and responsibilities as President shall be those stated in the Bylaws of the University, . . .and incorporated in this Agreement by reference as if fully set out.' The Bylaws provide that the President is accountable to and reports directly to the Board and spells out in detail the President's responsibilities.

Mr. Haslam said a list was sent out showing comparable salaries for presidents of peer institutions (Exhibit 2). The average salary is \$274,878, which places Dr. Gilley within the range. Most other benefits mentioned in the contract fall within the averages. Mr. Haslam said Mr. Sansom negotiated the contract with Dr. Gilley per the instructions of the Board. He asked Mr. Sansom for his comments.

Mr. Sansom said the contract is a fair one. He said the University has pulled Dr. Gilley from a comfortable environment to come to The University of Tennessee. Mr. Sansom thanked Catherine Mizell for her work on the contract.

Mr. Haslam asked Messrs. Evans and Coffey for their input.

Mr. Coffey said the contract is a very clear, understandable one. He said page 4, paragraph B, refers to the post-Presidential appointment. Mr. Coffey asked if the wording can be changed to read 'could receive a post-Presidential appointment' rather than 'shall receive?' Mr. Sansom said the point was one of the negotiating issues in the contract. Mr. Sansom said during the negotiations an effort was made to change the typical agreement to give the Board a choice. The last sentence in the reference paragraph says 'The term of the post-Presidential appointment shall be determined by the Board, and the appointment shall terminate no later than July 31, 2009.'

That statement gives the Board flexibility in determining what the appointment would be. Mr. Sansom said it would be difficult to change the wording after the contract has been negotiated and signed. Mr. Sansom said based on the contract the post-Presidential appointment could be a month, three months, six months, a year or whatever the Board chooses.

Mr. Haslam said normally individuals in the president's position receive tenure or some other kind of commitment of a continuation of employment. He said the contract is not out of line in any way with individuals going into similar positions.

Mr. Evans asked if someone would go over the enumeration.

Mr. Sansom said the base pay is \$250,000 and, according to the contract, the University provides housing which is set out in detail in Article VI of the contract. The University also provides a car and usual fringe benefits.

Mr. Brogan said the contract sets forth benefits that are in line with what is done for the University's chancellors and what was done for the president when there was a president's house provided by the University.

Mr. Sansom said the current President's salary is \$219,000 plus a \$17,000 expense allowance. The new President's salary will be \$250,000 with no separate expense allowance.

Mr. Sansom made the following motion:

That the employment agreement, as set forth in Exhibit 1 be approved, and that he as Vice Chairman of the Board of Trustees, be allowed to sign the contract on behalf of the Board of Trustees.

The motion was seconded by Mr. Charles E. Coffey and unanimously carried. Mr. Haslam asked the minutes to show the approval of the contract by Mr. Jackson and Mrs. Williams.

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

Beauchamp E. Brogan
Secretary