

MINUTES OF THE ANNUAL MEETING

BOARD OF TRUSTEES

THE UNIVERSITY OF TENNESSEE

Knoxville, Tennessee

June 17, 1999

The annual meeting of the Board of Trustees of The University of Tennessee was held at 9:30 a.m., Thursday, June 17, 1999 in the Board Room, Andy Holt Tower, The University of Tennessee, Knoxville campus. Vice Chairman William B. Sansom presided.

Mr. Charles E. Coffey gave the invocation.

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

Ms. Johnnie Amonette
Ms. Barbara Castleman
Mr. B. C. "Scooter" Clippard
Mr. Charles E. Coffey
Mr. Roger W. Dickson
Mr. J. Steven Ennis
Mr. Amon Carter Evans
Ms. Emily Graham
Mr. James A. Haslam, II
Mr. Jerry L. Jackson
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
Dr. Leonard Share
Commissioner Dan Wheeler
Ms. Susan Williams

The Secretary announced a quorum was present.

Also present were President-elect J. Wade Gilley; Hunter Wright, President of the National Alumni Association; Chairman of the Development Council John Thornton; President of the UT Knoxville Faculty Senate Mark Miller; President of the UT Knoxville Student Government Association Will Carver; Emeritus Trustee A. B. Long, Jr. Emeritus Vice Presidents W. W. Armistead and John W. Prados; General Counsel and Secretary Beauchamp E. Brogan; Vice Presidents Jack Britt, Homer S. Fisher, Emerson H. Fly, Dwayne McCay, Sammie Lynn

Puett, and Jack E. Williams; Senior Associate Vice Presidents Charles Moss, David Roberts, and John Sheridan; Assistant Vice Presidents Sylvia Davis and Gary McKillips; Treasurer Charles M. Peccolo, Jr.; Chancellors Philip W. Conn, William R. Rice, William T. Snyder, and Bill Stacy; 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 President-elect Dr. J. Wade Gilley and welcomed him to the annual meeting of the Board of Trustees. He also introduced Emeriti Vice Presidents W. W. Armistead and John W. Prados.

Dr. Johnson introduced President of the National Alumni Association Hunter Wright and invited his comment.

Comments by Mr. Hunter Wright, President of the UT National Alumni Association. Mr. Wright thanked the Board for allowing him to make comments at its annual meeting. He said alumni generally sit on the sidelines and watch the successes of their university and this year has been especially enjoyable. Mr. Wright said alumni have watched with great admiration the final year of a truly outstanding president in Dr. Joe Johnson. He said alumni have watched with anticipation and delight the success of the Board of Trustees in finding a new president and pledge their support to Dr. Gilley as he begins his tenure as the 20th president. Mr. Wright said it has also been a pleasure to sit on the sidelines and see the success of UT Knoxville in the national football championship quest. 1998-99 successes have benefited alumni activity tremendously. The crowds at alumni activities have been larger than ever before. During the past year the annual giving program had its most successful year ever. Mr. Wright said it is anticipated that at the close of the fiscal year June 30, 1999, the annual giving program will have between \$1.5 million and \$2 million in additional gifts over last year's giving. The number of alumni contributors has increased by 1,500, which shows that UT alumni are committed to the success of their University. Mr. Wright asked Trustees, as they plan their strategy, to take the University through its funding problems from the public sector to think about moving the alumni from the sidelines to the playing field. He said alumni would like to offer their services and encouraged Trustees to ask alumni to play a strong supporting role in the plan to enhance the funding strength for UT. Mr. Wright thanked Trustees for the generousities shown his wife and him during his role as National Alumni Association president.

Dr. Johnson introduced Mr. John Thornton, Chairman of the Development Council, and invited his comments.

Comments by UT Development Council Chairman John Thornton. Mr. Thornton said the report from the Development Council represents contributions from numerous individuals and hundreds of men and women who believe in The University of Tennessee. He said Development Council members are convinced if they invest in students and faculty through scholarships and professorships and provide them special research and study opportunities, The University of Tennessee can compete with any institution anywhere, in any classroom, in any research lab or on any athletic field. Mr. Thornton said he was pleased to report private gifts to The University of Tennessee for the fiscal year 1998-99 have set a new record. The 1997-98

results were in at \$68.8 million. The 1998-99 results have already passed that goal with over \$72 million to date with a good chance to reach the \$75 million mark by year end, June 30, 1999. He said it will be the first time in the history of the University when private gifts have exceeded the \$75 million mark and it cumulates a little over \$700 million in gifts since the mid-60's. Mr. Thornton said it is important to remember the University just came off a \$434 million campaign. With 1998-99 being the first year after a large campaign, achieving a new record of \$75 million in gifts is extraordinary and there is probably another \$20-\$25 million in pledges. Mr. Thornton thanked the Board and administration for their support and encouragement. He said Dr. Johnson told him at his first Development Council meeting that people invest in institutions and programs in which they believe. Mr. Thornton said he is grateful for the belief and confidence UT donors have in the University's faculty, staff and Board members.

Dr. Johnson introduced Dr. Mark Miller, President of the Faculty Senate of The University of Tennessee, Knoxville and invited his comments.

Comments by The University of Tennessee, Knoxville Faculty Senate President Dr. Mark Miller. Dr. Miller said his year as Faculty Senate President has included many exciting activities. He said there has been tenure review, a search for a new president, and other more routine matters. Dr. Miller welcomed the Board to the Knoxville campus. He said the previous day he attended the meetings of the Academic Committee and the Finance and Executive Committees and was impressed with the vigorous discussion and the pointed remarks that were made by Trustees, which are indicative of the seriousness of the challenges before the University and the seriousness with which Trustees take those challenges. Dr. Miller said he and other faculty are grateful for the Board's concern. He said he is sure Trustees will continue to speak boldly about the solutions for UTK's problems and that better solutions will be found because of the Trustees' interest. Dr. Miller said he recently went to the UT Knoxville Chancellor's awards banquet. He said the achievements honored at the banquet were impressive. Dr. Miller said he does not believe for a moment such achievements are confined to the Knoxville campus. He said he has talked with his fellow faculty leaders on the other campuses and that good things are also happening at Memphis, Martin, Chattanooga and Tullahoma. Dr. Miller said the good things being done are at risk. Faculty and staff have given 120 percent to the University across several very lean years, but the citizens of Tennessee cannot expect that to continue forever. People will not give 120 percent for 80 percent of the benefits without wondering if there are other opportunities available to them. University faculty and staff must feel the University is moving forward, and it is getting harder and harder to sustain that belief. Dr. Miller said the problems are often addressed in terms of faculty salaries, which is an important index of where the University is relative to its peers. He said he did not for a second want to imply that salaries are not important but in order to sustain the belief the University is moving forward, much more than improved salaries will be necessary. The University needs better classrooms, more and better technology, better libraries, and better support for outstanding students. The University of Tennessee has much in which it can take pride, and the University is inching forward despite its budgetary problems, but a far better job must be done of explaining to the people of Tennessee and their leaders what is done for them and how much more could be done if the University were funded on par with peer institutions. Students, faculty, administrators, staff and Trustees must work together to make this good university the great university that is desired.

Dr. Johnson introduced Mr. Will Carver, President of the Student Government Association for The University of Tennessee, Knoxville and invited his comments.

Comments by The University of Tennessee, Knoxville Student Government Association President Will Carver. Mr. Carver welcomed the Board to the Knoxville campus. He said each year the freshman class at The University of Tennessee, Knoxville enters with a higher grade point average and higher ACT score than the one before. Classes are getting larger and larger each year because more and more people are showing an interest in coming to The University of Tennessee. Athletics programs have been outstanding. Capital projects underway on campus are evidence of the growth and expansion as well as the University's commitment to excellence. A number of academic buildings are being renovated. In the next year, construction should begin on a \$1.7 million black cultural center in addition to a \$20 million recreational facility. Mr. Carver said it is a pleasure to be able to announce the construction of a computer lab on campus that will be funded by the student technology fee which the Board of Trustees approved less than three years ago. The facility will be in the Presidential Courtyard complex and should have around 34 computers. Mr. Carver said it truly is a great time to be a Tennessee Volunteer, but he said he remains a little nervous because buildings are no more than bricks and mortar. He said for a decade The University of Tennessee has received stagnant or reduced funding from the State of Tennessee, which is unacceptable for the State's flagship land grant institution. Each time the funding is less than adequate it affects more than just higher education. It affects the education of the workforce, the quality of life that is provided the citizens and the ability to attract industry into the state. It also lessens the values of the degrees of the University's alumni. Mr. Carver said it appeared as though the legislature was beginning to make some progress this year. Tax reform debate was undertaken which seemed to translate into making higher education a priority. All those efforts were to no avail. Mr. Carver said as a result he must support a fifteen percent fee increase in Knoxville. The tuition increase is needed to provide the education current students came to Knoxville to receive. It will take the increased dollars to guarantee the students the quality of education they expect.

Approval of Minutes. Mr. Sansom called for the reading of the minutes and Mr. James A. Haslam, II 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 26, 1999 winter Board meeting held in Tullahoma, and the May 7, 1999 special Board meeting held in Knoxville.

The motion was seconded by Mr. Arnold Perl and carried unanimously.

Adoption of Resolution Honoring Mr. Paul J. Kinser: Dr. Johnson, moved adoption of a Resolution honoring and recognizing the late Trustee Paul J. Kinser for his long and

distinguished service to The University of Tennessee and specifically to the Board of Trustees (Exhibit 1). He said Paul and Frankie Kinser were vital parts of the University community for many years, and Frankie Kinser continues to be a loyal advocate. The motion was seconded by Mr. James A. Haslam, II and carried unanimously.

Mr. Frank Kinser thanked the Board for the Resolution. He said his father loved the University and was thankful for the years he was allowed to serve as a Trustee.

Adoption of Resolution Recognizing Dr. Leonard Share. Dr. Johnson moved adoption of the Resolution (Exhibit 2) expressing appreciation and gratitude to Dr. Leonard Share for his service as faculty Trustee from Memphis. Dr. Johnson thanked Dr. Share for his service over the years and particularly for the past year's service on the Board. The motion was seconded by Mr. Frank J. Kinser and unanimously carried.

Dr. Share thanked the Board for the many courtesies shown him during the past year. He said the year was an enlightening, rewarding one and one which he enjoyed.

Adoption of Resolution Recognizing Ms. Emily Graham. Dr. Johnson moved the adoption of the Resolution (Exhibit 3) recognizing student Trustee Emily Graham from the Memphis campus for her service on the Board. Dr. Johnson thanked Ms. Graham for her work. He said she made a commitment when she became a Trustee to compile and print a book based on evaluations of The University of Tennessee that were solicited from student leaders on each campus. The book has been completed and a copy will be mailed to each Trustee. The motion was seconded by Mrs. Johnnie Amonette and unanimously carried.

Ms. Graham said it has been a pleasure for her to serve as a Trustee. She thanked Board members for their acceptance and inclusion of her in Board deliberations. She said it is refreshing to know how committed UT Trustees are to The University of Tennessee.

Adoption of Resolution Honoring Dr. Joseph E. Johnson. Mr. Haslam said the Resolutions that come before the Board are well written and always express the Board's thoughts, but what no Resolution can say is that Joe Johnson is an individual who gave 38 years of himself to The University of Tennessee, beginning in 1961. The only way an individual's service can be measured is to measure what happened in the time that individual was in place. Mr. Haslam said first of all Joe Johnson gave the University full measure every day. He earned his paycheck everyday. The University when Joe Johnson came and when Joe Johnson leaves is a much different and much better university because of Joe Johnson. Mr. Haslam said Johnson leaves his imprint in many ways, and one of the most important is in the University's development program. When Dr. Johnson came to the University in 1962, UT was raising less than \$2 million. This year the University will hopefully exceed \$75 million in gifts at the end of the fiscal year. Mr. Haslam said Joe Johnson is an individual who has devoted most of his adult life and most of his professional career to one institution. The University of Tennessee is a much better university because of Joe Johnson. Mr. Haslam moved the adoption of the Resolution (Exhibit 4). The motion was seconded by Mr. Amon Carter Evans and unanimously carried with a standing ovation.

Dr. Johnson thanked the Board for the Resolution and for their support over the years.

Report of the President. Dr. Johnson called attention to the President's Annual Report (Exhibit 5) which was previously distributed to the Board. He thanked the Board for the party the previous evening, the gift and for allowing him to be a part of The University of Tennessee for 38 years. He thanked Board members for their debate and discussion. Dr. Johnson said when he came to UT 38 years ago and went to his first Board meeting, discussions were fairly sedate. Board members were good ones, but not quite as active as today's Board members. He said The University of Tennessee is a better institution because of the involvement of Trustees and their willingness to express themselves and raise questions. Dr. Johnson said Dr. Wade Gilley is getting to know Trustees and the better he gets to know Board members, the more he will come to appreciate what a stellar Board The University of Tennessee has and what a good university The University of Tennessee is. He said UT is a fine university but can be a lot better.

Dr. Johnson said there are many wonderful achievements throughout the University. He called the Board's attention to "A Report on Performance" (Exhibit 6) which lists sections of the University that are nationally ranked above 40 out of 3,000 colleges and universities in the nation. The College of Pharmacy has been at number five for five or six years. Those achievements should be celebrated. Faculty who bring \$167 million a year in research grants should be celebrated. The University's endowment which ranks UT among the top twenty in the nation should be celebrated. Alumni annual giving ranks UT in the top five in the nation. The athletics programs are outstanding -- the Lady Vols, the rodeo team at Martin, the tennis team at Chattanooga. Dr. Johnson said he has been around legislators and governors since 1960 in Tennessee and there have been ups and downs and ebbs and flows, which is true of most states in the nation. There have been good times and bad. The last five or six years have been bad times for public higher education, including The University of Tennessee largely for two reasons. The priorities in this state are set by federal or state court decisions that tell the State what it must do for corrections, for health care, for severely disabled young people in K-12. In the State of Tennessee the fifth priority in funding is not going to get much. Dr. Johnson said there has also been a problem in Tennessee with the simple availability of dollars. The State's economy is the best it has ever been, but the State entered the year with a \$200 to \$300 million shortfall between money that was necessary and money that was available. He said that situation must be corrected. The situation must improve. The trend lines are going the wrong way in Tennessee. Dr. Johnson said he came out of the legislative session with three points of optimism. Number one is even in a year when state funding was terribly limited, higher education did not suffer a budget cut at all. He said that is not a point to celebrate, but it has not happened in a long time. The second point of optimism is the Governor and legislative leaders admitted there is a revenue problem in the State of Tennessee and that it has to be solved. He said the final point of optimism is that there was more conversation in the legislature this time about the legitimate needs of public higher education. Dr. Johnson said the University administration and Board members must catch hold of that feeling, be a part of it, engage alumni, and engage political leaders to help resolve funding problems. Dr. Johnson said the University is a very, very good university and that with a healthy infusion of dollars from the state UT will take off and move out in an unusual kind of way. Dr. Johnson said it has been great to work for the Board and The University of Tennessee for 38 years.

Election of Officers of the Board. Mr. Haslam said the Bylaws state the Vice Chairman serves a two-year term. However, the Bylaws also say that by three-fourths vote of the Board, the Vice Chairman can be re-elected. The Executive Committee voted the previous day because of the change in the presidency to ask Bill Sansom to serve one more year as Vice Chairman of the Board. Mr. Haslam made the following motion:

I nominate the following persons to serve as officers of the Board from July 1, 1999 through June 30, 2000:

Governor Don Sundquist, Chairman of the Board
Mr. William B. Sansom, Vice Chairman of the Board
Mr. Beauchamp E. Brogan, Secretary of the Board
Mrs. Linda Logan, Assistant Secretary of the Board

I move that the nominations cease and that the above named persons be elected by acclamation to the respective offices as stated.

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

Election of Officers of the University. Mr. Sansom called for nominations of persons to serve as officers of the University. Mr. Roger W. Dickson nominated the following persons for election to the offices listed:

Dr. J. Wade Gilley, President
Mr. Emerson H. Fly, Executive Vice President and Vice President for Business and Finance

Mr. Homer S. Fisher, Senior Vice President
Dr. Jack H. Britt, Vice President for Agriculture
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. Dickson 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, 1999, 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, with the following exception: That the election of Dr. J. Wade Gilley as President, of The University of Tennessee take effect August 1, 1999. Until that time Dr. Joseph E. Johnson will serve as acting President of The University of Tennessee. Since Dr. Johnson will retire effective June 30, 1999, his compensation for July will be the same as what he will receive as President Emeritus effective August 1, 1999.

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

Standing Committee Appointments. Mr. Sansom referred to the new Committee listing (Exhibit 7). He moved approval of the committees as recommended by the Executive Committee.

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

Report of the Treasurer. Mr. Peccolo said with a little less than two weeks remaining in the fiscal year, the University is in a position to close its books for the fiscal year June 30, 1999. With some small reallocations the University will finish the year well within its resources. The auditors are conducting a four and one-half month examination of the University's records. The review will include the University-wide accounts, the Knoxville and Martin campuses and the Medical Center in Knoxville. Mr. Peccolo said he has not been notified of any major problems with the audit so an unqualified audit opinion is expected this year. He said of the \$75 million the University received during the past year from its fundraising efforts approximately 40 percent will go into endowments and charitable trusts. This year the University will add more than \$20 million to its endowment, and an additional \$10 million will be gained through charitable remainder trusts that are administered by the University. Mr. Peccolo said five years ago the University celebrated its bicentennial year and at that time the total funds were \$334 million as opposed to the \$625 million total funds invested to benefit the University presently. In those intervening five years the University had a capital campaign and the total funds more than doubled, which says a great deal about the University, its support system and the leadership provided by Dr. Joe Johnson.

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, 1999.

That the Board of Trustees ratify the investment transactions for the nine months ended March 31, 1999, as set forth in Exhibit 8.

The motion was made by Mr. Roger W. Dickson, seconded by Mr. R. Clayton McWhorter, and unanimously carried.

Report of Quasi-Endowment Funds Established from July 1998 to June 1999.

The report of the establishment of quasi-endowments established from July 1998 to June 1999, is filed as Exhibit 9 to the minutes as follows:

The University of Tennessee, Knoxville

Nursing Education Quasi-Endowment Fund
Botany Excellence Quasi-Endowment Fund
Abraham Aaron Kaufman and Pamela Lesley Kaufman Quasi-Endowment Fund
Betty Jo McAfee Greene Nursing Scholarship Quasi-Endowment Fund
Hassell Scholarship Quasi-Endowment Fund

The University of Tennessee Center for the Health Sciences, Memphis

R. James Hooper, M.D. Quasi-Endowment Fund
Wanda Stevens Stout Quasi-Endowment Fund

University-Wide

UWA System Support Quasi-Endowment Fund

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

Approval of Increases in Student Fees for 1999-2000. Mr. Fly said he would explain the proposed increases in conjunction with the presentation of the budget for 1999-2000. The budget is balanced and has been reviewed at every level within the University and with the members of the Finance Committee of the Board. Mr. Fly said there are two budget situations at the University where units are not living within their budgets because of revenue shortfalls, The University of Tennessee Space Institute in Tullahoma and the Bowld Hospital in Memphis. The shortfalls are not terribly significant. Funds are being put into UTSI to bring their fund balance back to a positive position. The Bowld Hospital has more than adequate funds to cover any shortfall there. Mr. Fly said the University has had a difficult year in 1998-99 and faces another difficult year in 1999-2000. Mr. Fly referred to charts (Exhibit 10) which show the University has received only a 2.7 percent increase in state appropriations for the last two years. Appropriations per student during the last ten year period have dropped. No new money was received from the State for UT, Knoxville, Agriculture Experiment Stations and Extension Service or for the public service units for 1999-2000. However, capital maintenance was funded with approximately \$12 million. There was no capital outlay money. Mr. Fly said approximately 58 percent of the University's support comes from the state. When that support is cut back, student fees, which is the second largest source of revenue for the University, is left to make up the difference.

Mr. Fly said the student fee increase would be used basically for faculty and staff salaries, facilities maintenance, libraries, equipment, operating and program enhancements (Exhibit 11). About 30 percent of the money will go for salary improvements and the remainder will go to the other areas specified. Faculty salaries are low. States surrounding Tennessee will have an average salary increase this year of 3 percent or better, with several of them in the six, seven or eight percent range. The University of Tennessee has had salary increases of one and two percent if there have been increases at all for the last few years. This year there are no funds from the State for salary increases. Mr. Fly presented proposed fee increases of 9 percent for Chattanooga and Martin (both in-state and out-of-state), 15 percent for Knoxville (undergraduate, graduate and law), 20 percent for out-of-state students at UTK (undergraduate, graduate and law), 15 percent at Memphis for undergraduates and graduates and 20 percent for all out-of-state categories at Memphis, 15 percent for Veterinary Medicine and 7 percent for Medicine, Dentistry and Pharmacy.

The motion to approve the student fee increases was made by Mr. William B. Sansom, seconded by Mr. Roger W. Dickson, and carried with Mr. Amon Carter Evans voting no.

Adoption of University Budget for 1999-2000. Vice President Fly recommended the budget (Exhibit 12) for the Board's approval.

Mr. Roger W. Dickson 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 1999-2000, 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. J. Steven Ennis and carried with Mr. Amon Carter Evans voting no.

Adoption of the 1999-2000 Budget for the UC Foundation. Vice President Fly presented the 1999-2000 budget for the UC Foundation. Mr. Fly said the merger agreement between the University of Chattanooga and The University of Tennessee calls for the UT Board of Trustees to approve the budget each year. The budget before the Board for approval represents the unrestricted portion of the UC Foundation budget.

That the Board of Trustees approve the 1999-2000 UC Foundation budget, as set forth in Exhibit 13.

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

Report on FY 1999-2000 Capital Budget. Mr. Fly said no funds were received from the State for capital outlay. The University did receive \$11.9 million for capital maintenance. He said there are a number of projects that are revenue funded (Exhibit 14). Those projects will be addressed through University funds that are on hand or from funds that will be borrowed from the State School Bond Authority.

Annual Report of Construction Activities.

The annual report of construction activities is filed as Exhibit 15 to the minutes.

Authorization to Convey Property by Easement to the Knoxville Utilities Board.

That the University administration be authorized to transfer to the Knoxville Utilities Board a permanent easement and a temporary easement as a part of the scheduled roadway improvement to Alcoa Highway, and as set forth in Exhibit 16.

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

Authorization to Sell Gift Properties.

That the University Administration be authorized to sell gift property as follows and as set forth in Exhibit 17:

Ola Kizer gift property	Weakley County, Tennessee
Marija Petroviska gift property	Knox County, Tennessee

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

Authorization to Exchange Properties at UT Memphis

That the University Administration be authorized to exchange University owned properties located at 343 South Goodwyn Street, the current resident of the UT Memphis Chancellor, and 200 Wagner Place (Waterford Plaza) for property located at 549 South Goodwyn Street if the fair market value of the 549 South Goodwyn Street property is equal to or exceeds the fair market value of the

University properties, as set forth in Exhibit 18.

The motion was made by Mr. James A. Haslam, II, seconded by Mrs. Johnnie Amonette, and unanimously carried.

Report on the Status of Knoxville Convention Center Plans. Mr. Fly said the University is in negotiations with the Knoxville Public Building Authority (Exhibit 19). The Public Building Authority needs the land where the Conference Center Garage sits. He said the negotiations should conclude in the next few weeks and the matter will be brought back to the Board.

Naming of Buildings. Mr. Fly said the Board is being asked to name three buildings for Dr. Joseph E. Johnson. He said the request reflects the appreciation and admiration the University family has for Dr. Johnson.

Dr. Philip Conn said in admiration and appreciation of Dr. Johnson, The University of Tennessee at Martin administration recommends the Engineering and Physical Sciences Building be named and known as the Joseph E. Johnson Engineering and Physical Sciences Building.

Mr. Bill Rice said the UT Memphis administration proposes the building currently known as the Faculty Building be renamed and called the Joe and Pat Johnson Building.

Dr. Jack Britt said the Institute of Agriculture has a new animal research bio-technology building that has just been completed. It serves the College of Agriculture, Agriculture Experiment Station and the College of Veterinary Medicine. Dr. Britt said it is appropriate to name the building the Joseph E. Johnson Animal Research and Teaching Unit.

The motion was made by Mr. Amon Carter Evans, seconded by Mr. James A. Haslam, II, and unanimously carried.

Dr. Johnson said the naming of University facilities is much more than he deserves and certainly more than he expected and means a great deal to him. He said he is particularly pleased to have Pat's name included on the building in Memphis.

Approval to Amend Rules of The University of Tennessee Regarding Contracts for the Acquisition of Personal, Professional and Consultant Services.

That the Board of Trustees approve the proposed amendments to the University's rules regarding personal, professional and consultant service contracts, as set forth in Exhibit 20.

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

Approval of the Creation of UT-Battelle, LLC, for the Purpose of Submitting a Proposal to DOE for the Management and Operation of Oak Ridge National Laboratory. Mr. Fly said the University's attorneys have reviewed the proposal which was drafted by outside counsel, Alan Parker. He said Battelle is a not-for-profit corporation and UT is not-for-profit so the creation of a limited liability corporation was the method chosen to give some assurances to the Department of Energy that are required of the parties successful in obtaining the contract.

That the Board of Trustees adopt the Resolution (Exhibit 21): (1) ratifying and approving the creation of UT-Battelle, LLC; (2) authorizing the University administration to take all steps necessary for management of the LLC and for documents; (3) authorizing the University administration to transfer the sum of \$125,000 to UT-Battelle, LLC, for its initial capitalization; and (4) authorizing the University administration to execute the Performance Guarantee Agreement with DOE as required by the RFP.

The motion was made by Mr. James A. Haslam, II, seconded by Mr. R. Clayton McWhorter, 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 for Campus Implementations of the UT Board of Trustees Tenure Policy.

That the Board of Trustees approve the proposal for campus implementations of Trustees Tenure Policy, as set forth in Exhibit 22.

The motion was made by Mr. Roger W. Dickson, seconded by Mr. Charles E. Coffey, and unanimously carried.

Approval of Proposal to Revise Undergraduate Admissions Requirements (UT Knoxville). Vice President Homer Fisher said The University of Tennessee, Knoxville is proposing a move away from the automatic admissions approach based on minimum requirements to a process where the applicant pool is selected and decisions are made on the basis of an examination of the entire pool in order to maintain the enrollment within the size framework the Board has approved. It is a much more manageable approach and is the one used by most of the University's peer institutions. Mr. Fisher said it is important the new guidelines be communicated to parents, prospective students and high school admissions counselors. He said the University administration believes the new approach to be a very sound one given the increasing number of applications, the increasing quality of students applying and the increasing number of applicants from out of state.

Mr. Dickson said Academic Committee members and other members of the Board felt it very important that the criteria to be used be communicated early on to those students, parents and counselors who will be helping to prepare prospective students for the competitive

admissions programs. He said a whole different subject is the size of the Knoxville campus which is a topic of discussion that should be undertaken at some point soon. Dr. Gilley should be the individual who drives that discussion.

That the Board of Trustees approve the proposal to revise undergraduate admissions requirements for UT, Knoxville, effective with the entering class for fall 2001, as set forth in Exhibit 23, and that the criteria for implementing the revisions be communicated to the Board of Trustees for their review and comments.

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

Mr. Kerney said it was his understanding clarifications of the policy would be forthcoming before the item was brought up for approval.

Mr. Dickson said the Board has a commitment from Vice President Fisher such clarification will be forthcoming and sent to the Board for comments.

The motion was unanimously carried.

Approval of UT Board of Trustees Policy on Awarding of Honorary Degrees (all campuses). Mr. Dickson said Mrs. Johnnie Amonette chaired the subcommittee on honorary degrees and asked her for comments.

Mrs. Amonette said the charge of the subcommittee was to examine the entire framework of policies and procedures of the University relating to honorary degrees. After several meetings and carefully studying the results of surveys of land-grant institutions and peer institutions, the subcommittee recommends the policy as presented. The policy provides a new and more flexible approach to conferring honorary degrees while at the same time remaining in line with the mission of the University. Mrs. Amonette made the following motion:

That the Board of Trustees approve the proposed policy on awarding of honorary degrees, as set forth in Exhibit 24.

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

Approval of Comprehensive Listing of Academic Programs (all campuses).

That the Board of Trustees approve the annual Comprehensive Listing of Academic Programs, all campuses, as set forth in Exhibit 25, and authorize submission to the Tennessee Higher Education Commission for recordskeeping information.

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

Approval of Proposal to Approve UT Memphis *Faculty Handbook* (UT Memphis).

That the Board of Trustees approve the UT Memphis *Faculty Handbook*, as set forth in Exhibit 26.

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

Report of Academic Program Reorganization: UT at Martin Fine and Performing Arts.

The Report of the Academic Reorganization: UT at Martin Fine and Performing Arts is filed as Exhibit 27 to the minutes.

1999 UT Performance Report (all campuses).

The 1999 UT Performance report (all campuses) is filed as Exhibit 28 to the minutes.

Report of the Academic Committee. Vice President Fisher said the annual Academic Committee report was discussed in detail at the Academic Committee meeting the preceding day. The report is filed as Exhibit 29 to the minutes.

Recommendations for Tenure -- all campuses. Dr. Johnson said tenure recommendations were mailed to Trustees prior to the meeting (Exhibit 30). The process for granting tenure is described in the document along with the recommendations. He said tenure is a lengthy process at The University of Tennessee. Most of the individuals who have been recommended for tenure have been reviewed for a period of three to seven years to assess their teaching and research abilities and to evaluate how well they fit within The University of Tennessee. The process begins at the departmental or unit level and moves up through the department to the college, to the campus leadership, to the chief academic officer, to chancellors and vice presidents, to the University-wide academic affairs staff and then to the President. The President then brings the recommendation to the Board of Trustees. Only the UT Board of Trustees can grant tenure. Only the UT Board of Trustees can take away tenure. Dr. Johnson said in his view the overwhelming majority of decisions made about tenure are correct decisions. Occasionally a mistake may be made or someone who receives tenure may later have a problem. A revised tenure policy has been adopted that addresses that side of the issue. Dr. Johnson made a motion to approve the tenure recommendations. 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 meeting on February 15, 1999, UT Bowld Hospital, Memphis.

The minutes of the February 15, 1999 meeting of the Liaison Committee, UT Bowld Hospital, Memphis were filed as Exhibit 31 to the minutes.

Filing of Minutes of Liaison Committee meeting on December 2, 1998, UT Medical Center at Knoxville.

The minutes of the December 2, 1998 meeting of the Liaison Committee, UT Medical Center at Knoxville were filed as Exhibit 32 to the minutes.

Report of the Student Affairs Committee. Mrs. Susan R. Williams, 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 at The University of Tennessee at Chattanooga Relative to Parking Fines.

That the Board approve the proposal to amend APA rules at The University of Tennessee at Chattanooga relative to the assessment and payment of traffic and parking fines, as set forth in Exhibit 33.

Approval of Proposal to Amend APA Rules at The University of Tennessee, Knoxville Relative to Library Fines.

That the Board of Trustees approve the proposal to amend APA rules at UT Knoxville increasing library fines from \$10.00 to \$20.00 and extending the grace period for returning loaned materials from 40 to 80 days, as set forth in Exhibit 34

The motion to approve the foregoing items was made by Mr. James A. Haslam, II, seconded by Mr. Roger W. Dickson, and unanimously carried by roll call vote.

Comments by Ms. Emily Graham. Ms. Graham said when she began the position of student Trustee she tried to find a vehicle through which she could become a more well informed liaison for the students to the Board. She talked with the Student Government presidents for each campus and asked them to send a report to her making clear issues and concerns on their campus. Ms. Graham said those reports have been compiled in a book that will be distributed to Board members (Exhibit 35).

Report of the Faculty and Staff Affairs Committee. Mr. Tom Kerney, Chairman, said in a Board meeting about four years ago the Trustees had a discussion about faculty members who are on the verge of retirement. He said the University was discovering there were many faculty

members who continued to stay on for an extra year or two at full salary. There was no program in place that satisfied the group of individuals who were almost ready to retire that would allow them to do some work but not continue full time employment. A program called the post-retirement service program for tenured faculty was adopted at that time. Mr. Kerney said campus administrators on each campus agree this has been an exceptional program as far as saving dollars for the University. He said those participating in the program also are pleased with it. The program was originally established for three years, and each year a status report was to be brought to the Trustees. The three years are up and each year the reports have been positive. Mr. Kerney made the following motion:

That the Post-Retirement Service Program be extended until such time as the administration of The University of Tennessee recommends, and the Board of Trustees approves, termination of the program, as set forth in Exhibit 36.

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

Report of the Agriculture Committee. Mr. Frank Kinser, Vice Chairman of the Committee, said the meeting was an exciting one. He said Jack Britt and his staff did an fantastic job of demonstrating technological advances for agriculture related entities.

Dr. Jack Britt said because of technological advances throughout the state, in areas such as the diagnosis of plant diseases, turn around time has been reduced from 30 to 45 minutes from two or three days. High speed digital video is being used for teaching. Students are able to access the digital data bases from various locations throughout the state, which allows for the enhancement of learning. He invited Trustees to visit the Institute of Agriculture to view first hand the progress taking place through technology.

Report of the Development, Alumni Affairs and Governmental Relations Committee. Mr. James A. Haslam, II, said as reported earlier, the past year has been outstanding in terms of fundraising with a record of approximately \$75 million in gifts. All is well in the area of Development, Alumni Affairs and Governmental Relations.

Report of the Public Service and University Relations Committee. Mr. Amon Carter Evans, Vice Chairman of the Committee, said many of the Trustees were present at the Committee meeting to witness some of the innovations that are occurring in teaching technology and what is being done with the Renaissance Development program in Dickson, which is an adjunct learning center for all students of any kind whether graduate or undergraduate. It is a development in which the University is participating and in which there are unlimited possibilities. He said it was interesting to come from the Agriculture Committee meeting earlier in the day to the Public Service Committee meeting and hear many of the same types of data bases and remote type learning facilities discussed. The University is on the threshold of enormous technological advancement and the University needs the funds with which to move forward.

Dr. Johnson said the State of Tennessee is getting close to awarding a contract that will create all over the State, into every county, every city and every school system a system that will serve as a utility that can be used to reach anyone in the State.

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

I move that 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 2000.

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

Report of Graduates. The Secretary reported graduates at the commencements held in Chattanooga on May 9, 1999 (Exhibit 37); Knoxville on May 14, 1999 (Exhibit 38); Martin on May 15, 1999 (Exhibit 39); and Memphis on June 4, 1999 (Exhibit 40).

Future Meeting Dates and Sites. The fall Board of Trustees meeting will be held in Knoxville on Friday, October 8, 1999.

There being no further business to come before the Board, the meeting was adjourned at 11:00 a.m.

Beauchamp E. Brogan
Secretary