

MINUTES OF THE FALL MEETING

BOARD OF TRUSTEES

THE UNIVERSITY OF TENNESSEE

Knoxville, Tennessee

October 8, 1999

The fall meeting of the Board of Trustees of The University of Tennessee was held at 9:30 a.m., Friday, October 8, 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
Dr. William Blass
Ms. Barbara Castleman
Mr. B. C. "Scooter" Clippard
Mr. Charles E. Coffey
Mr. Roger W. Dickson
Mr. J. Steven Ennis
Dr. J. Wade Gilley
Mr. James A. Haslam, II
Mr. Jerry L. Jackson
Mr. D. Lynn Johnson
Mr. Frank J. Kinser
Ms. Andrea J. Loughry
Mr. R. Clayton McWhorter
Mr. Arnold Perl
Mr. William B. Sansom
Commissioner Dan Wheeler
Ms. Susan Williams
Ms. Brandi Wilson

The Secretary announced a quorum was present.

Also present were Dr. Ronald Kirkland, President of the National Alumni Association; President of the UT Knoxville Faculty Senate Mary Papke; President of the UT Knoxville Student Government Association Will Carver; Emeritus Trustee Marcus Stewart

; 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 Robert A. Levy, Charles Moss and John Sheridan; Associate Vice Presidents Gayle Cooper, Katherine High, and James Gibb Johnson; 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; Senior Vice Chancellors John Peters and Philip A. Scheurer; Deputy General Counsel Catherine Mizell; Associate General Counsel Ronald C. Leadbetter; Executive Directors John Clark and Alvin Payne; Assistant Secretary Linda Logan, and members of the news media.

Presentation of Board of Trustees Pin to Dr. J. Wade Gilley. Mr. William B. Sansom presented a Trustee lapel pin to Dr. Gilley and welcomed Dr. Gilley to his first meeting of the Board in his official capacity as President of The University of Tennessee.

Introductions and Presentations of Trustee Pins to Newly Appointed Trustees. Dr. Gilley introduced Mrs. Andrea Loughry, a UT Knoxville graduate and recently appointed Trustee from Murfreesboro; Mr. Lynn Johnson, the new Trustee representing the First Congressional District from Kingsport, Tennessee; Dr. William Blass, the faculty Trustee from the UT Knoxville campus and Ms. Brandi Wilson, the student Trustee from UT Knoxville, and presented a Trustee lapel pin to each.

Introductions. Dr. Gilley introduced Emeritus Trustee Dr. Marcus Stewart and welcomed him to the fall meeting of the Board of Trustees.

Dr. Gilley introduced President of the National Alumni Association Dr. Ronald Kirkland and invited his comments.

Comments by Dr. Ronald Kirkland, President of the UT National Alumni Association. Mr. Kirkland thanked the Board for allowing him to make comments at its fall meeting. He said the year has been an outstanding one for alumni annual giving. Annual giving is defined as personal gifts of \$10,000 or less, including academic and athletic gifts. The total number of donors exceeds 54,000 which is a new record and is the highest number of donors to any annual giving program in the South and ranks among the top ten in the nation. Total giving was \$17.6 million which is another new record for The University of Tennessee annual giving. Since the beginning of the annual giving program in 1962 approximately one million donors have given approximately \$160 million to the University. Mr. Kirkland said the Alumni Association looks forward to working with Trustees and Dr. Wade Gilley in the years to come.

Dr. Gilley introduced Mr. John Sheridan, Senior Associate Vice President for Development, and invited his comments on behalf of the Development Council in the absence of Development Council Chairman John Thornton.

Comments by Senior Associate Vice President for Development John Sheridan. Mr. Sheridan thanked the Board for allowing him to bring the Development Council report on behalf of the 65 men and women who serve on the Council. Mr. Sheridan said about half the Development Council members are graduates of The University of Tennessee and about two-thirds of them live in Tennessee, but all of them are committed to insuring a margin of excellence and quality at the University through a sound ongoing, aggressive fundraising program. The Development Council recently met and is firmly committed to an ongoing fundraising program, not as a substitute or replacement for the obligations of the State, but to add quality and excellence to the University's programs. Mr. Sheridan said for the fiscal year 1998-99 a record \$82.3 million in gifts were made to The University of Tennessee for all campuses and units, representing an increase of \$13 million over the previous year. The \$82.3 million represents actual transfers of assets to the University -- cash, securities, land and other gifts. In addition to those actual transfers of assets, another \$24 million in pledges was added to the record for a total of \$106 million through development activities. \$29 million came in the form of deferred gifts in wills, trusts and bequests that were transferred to the University. Deferred gifts is an important area for the University. Over the next 10 years it is estimated there will be between \$8 and \$10 trillion dollars transferred from one generation to the next. Considerable effort is being made by staff and Development Council members to be sure that deferred gift opportunities are being offered to as many friends of the University as possible. Scholarships have been initiated or enhanced and professorships and other faculty support has been added through such gifts. Mr. Sheridan said the University staff is pleased with the efforts put forth by John Thornton and other members of the leadership committee of the Development Council. They are very willing to continue the winning tradition of private support for The University of Tennessee.

Dr. Gilley introduced Dr. Mary Papke, President of the Faculty Senate of The University of Tennessee, Knoxville and invited her comments on behalf of the faculty.

Comments by The University of Tennessee, Knoxville Faculty Senate President Dr. Mary Papke. Dr. Papke welcomed Board members to The University of Tennessee, Knoxville on behalf of the faculty. She said she would like to highlight how the Faculty Senate continues to work in concert with the Board to implement academic policies and to ensure academic integrity at UTK. Last year UT Senate President Mark Miller stated in his welcome speech that the faculty stands ready to be full participants in the implementation and administration of the then new tenure policy. Dr. Papke said the faculty does more than stand ready, it acts. It has proven diligent in the fine tuning of tenure policy procedural matters, particularly those involving the annual and cumulative reviews. She said she believes the new procedures will serve the goals to eradicate unsatisfactory performance and to award quality teaching, research and service. In

another instance of implementation of new policy, the Senate will provide an ad hoc committee on the awarding of honorary degrees, a process that will be approached with careful deliberation. Dr. Papke said while these agenda items are being addressed, the primary concern of the Faculty Senate remains the curriculum, the heart of the University. Several of its committees continually review and refine the curriculum and seek ways to monitor and enhance its delivery. Dr. Papke said to that end she has appointed an ad hoc committee on electronic and technologically enhanced teaching and delivery. The Faculty Senate also continues to scrutinize systems of evaluation both of faculty and administrators and to reaffirm the necessity of quality instruments and procedures to accomplish meaningful evaluations. In every possible way the Senate does work and will work to ensure academic integrity across the board at UTK. She said the Senate's most pressing concern is adequate funding for UT without which the quest for academic excellence cannot be filled.

Dr. Gilley 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 Trustees to the Knoxville campus on behalf of the students. He said there has never been a time when students have been more motivated around a single issue. Students have registered over 2,000 people to vote, sending letters and making phone calls. Mr. Carver said considerable time has been spent during the Board meetings focusing on what is happening on the campuses, how perceivably bad things are and the problems that are being faced. When asking for money Mr. Carver said he would like to be able to tell people why more money is needed and the types of things for which it is needed. Students need to be guaranteed the quality of education they come to UT expecting to receive. A comprehensive scholarship program needs to be instituted. 18% percent of the top high school seniors are staying in state while the other percentile are going out of state. The top students in Tennessee need to be kept in state. Stipends for graduate students need to be increased in order to attract more graduate students to the campus. The faculty need to be paid what they are worth. They are making do with very little and are doing a great deal with it. Mr. Carver said he was asked if he would support streamlining the faculty and staff. He said as he had already mentioned, faculty and staff are already making do with very little money now. Mr. Carver said he was also asked, much to his chagrin, if he would support another increase in tuition. He said when the increase happened in June, he had the support from all the Trustees that such an increase would not happen again. That leaves the University with one option. The option is now in the hands of the State legislature. He said he hopes students can continue to have the support of the Board, the alumni, faculty, students and parents to

move forward and make a difference. Mr. Carver said when coming onto the campus, the Torchbearer statue is visible. Under the statue is a creed which says, "One that beareth a torch, shadoweth oneself to give light to others." He said it is time that all bear the torch for those who come to attend and serve the University in the future.

Report of the President. Dr. Wade Gilley said he and his wife, Nan, have traveled throughout the State of Tennessee and have been warmly welcomed. He said one of the things that jumped out early on even when he observed the June Board meeting as a visitor is the serious financial situation facing the University and the State and the challenges it presents. Dr. Gilley said a great deal of his time in the last nine weeks has been spent on funding. He said the Vice Presidents, the Chancellors and he have been working on a five-year budget plan for the University to find exactly what is needed to make the University what it should be in the twenty-first century and to make up for some under funding in the past. As Dr. Bill Snyder told members of THEC, the deficit the University has faced is not just ten percent one year, but a ten percent deficit for ten years has caused a cumulated effect. Microscopes and computers are not purchased and hiring of outstanding faculty members is not possible. Dr. Gilley said he is convinced The University of Tennessee is a great university with several nationally known programs, but it has come to the point with the cumulated deficit that the University's programs and reputation is threatened. He said he is pleased and encouraged by the faculty, students, alumni and the entire university community throughout the State coming together on the issue of funding. When people come together and have a common agenda or vision, things will happen. Being proactive is much better than being reactive.

Dr. Gilley said with regard to the charges against the Knoxville's campus' football program, he is pleased to report that in terms of the charges made the Athletic Department, Doug Dickey and the General Counsel's office all performed extremely well. He said he is confident that they did a great job and that the University's system of integrity is in place. Obviously, with 750 people at random there will be problems now and then. He said he is confident that UTK's athletics program is a first class program that has great oversight. If down the road, students are found here or there with a problem, it will not be because the administrators are not diligent and do not have integrity. Dr. Gilley said following the charges of academic fraud, those in charge including Coaches Fulmer and Dickey, General Counsel Beach Brogan and others performed very well throughout the investigation. He said he is very proud of the way the situation was handled and the outcome.

Dr. Gilley said the previous day's Knoxville paper included an article about a potential enrollment freeze on the Knoxville campus. Enrollment is different on each campus, but the Knoxville campus is up about 800 FTE, up by about 400 freshmen. Dr.

Gilley said within the next five years if some cap on enrollment is not set Knoxville could be looking at an addition of 5,000 students. The campus does not have adequate funding for the current enrollment. Dr. Gilley said he sincerely believes one of the things that must be considered is the freezing of enrollment at UT Knoxville and pulling back to ensure a quality education for those students who come to Knoxville. He said such a move is prudent under any circumstances even if the operating budget were better funded by the State. Facilities on the Knoxville campus were just not planned and in place to accommodate 5,000 additional students. Dr. Gilley said the policy the Board put in place in June regarding admissions is the right policy by which to address this issue.

Dr. Gilley said yesterday Vice President Fly reported the employment freeze. The freeze does not apply to academic positions, faculty, researchers or their support staff. It basically applies to administration. There are several administrative positions vacant. Dr. Gilley said the administration feels it is only prudent with the uncertainty of the State budget. He said the Governor has advanced a budget that is about \$380 million out of balance. If something does not happen to improve the revenue picture, if something is not there to advance higher education, by next spring the University will have some serious problems with which to deal. Dr. Gilley said it does not make sense to keep adding administrative staff and others to the University when the budget picture is unclear. He said the freeze is a cautionary move. It does not mean that every position is frozen. If there is justification and a case can be made, an exception may be made. Dr. Gilley said the University needs to rethink how things are being done and how to be more accountable, how to channel more of the resources that are available into the academic programs that support the students, the faculty, graduate assistants and researchers. He said the University administration understands the State's budget problems are serious. One way or the other the University must deal with those problems. Dr. Gilley said UT faculty, staff and students will be taking the University's case to the General Assembly and the State leadership, but if that does not work, the University must be prepared through enrollment freezes and freezes on hiring, downsizing and streamlining of the administration to face its funding problems. Dr. Gilley said even though the University faces some problems, he is very encouraged by the consensus, the unity of purpose he sees at The University of Tennessee. He said the only true limitations are imagination, unity of purpose and willingness to work, and The University of Tennessee is strong in all three areas.

. Approval of Minutes. Mr. Sansom called for the reading of the minutes and Mr. Roger W. Dickson 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 June 4, 1999 Executive Committee meeting held in Knoxville, the June 16, 1999 Executive Committee meeting held in Knoxville, the June 17, 1999 Annual Board meeting held in Knoxville, the June 17, 1999 Special Board meeting held in Knoxville, and the July 23, 1999 Executive Committee meeting held in Knoxville.

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

Adoption of Resolutions Honoring Messrs. E. Carl Johnson and Thomas E. Kerney. Mr. James A. Haslam, II moved adoption of the Resolutions (Exhibits 1 and 2) expressing appreciation and gratitude to Mr. Carl Johnson and Mr. Tom Kerney for their service on the Board of Trustees. Mr. Haslam said neither Mr. Johnson nor Mr. Kerney were able to be present, but copies of the Resolutions will be forwarded to them along with a letter of appreciation. The motion was seconded by Mr. J. Steven Ennis and unanimously carried.

Report of the Finance Committee. Mr. Roger W. Dickson, Chairman of the Finance Committee, said the Committee met the preceding afternoon to consider in detail items of a financial nature.

Review and Approval of 1999 Investment Report.

That the Board approve, ratify, and confirm The University of Tennessee Annual Report to the Finance Committee of the Board of Trustees on Investments on Endowment and Similar Funds and Life Income Funds, Fiscal Year Ended June 30, 1999, as set forth in Exhibit 3.

The motion was made by Mr. James A. Haslam, II seconded by Mr. R. Clayton McWhorter, and unanimously carried.

Review of the June 1999 Financial Report. Mr. Peccolo said the audited financial statements for the year ended June 30, 1999 (Exhibit 4) are set up in the same format as last year and include as a component unit the UHS Ventures. The auditors' opinion letter is included. An unqualified audit was received again this year. The balance sheets show a current unrestricted fund balance at \$35 million representing 3 percent of expenditures. The Statement of Revenues, Expenditures and Transfers shows the

breakdown of the \$1.3 billion in revenues and shows the unrestricted state appropriations of \$385 million which continues to be the University's largest single source of funding although the percentage is 2 ½ to 3 percent less as a percentage of unrestricted E & G revenue over five years ago. Expenditures are classified by function which shows the vast majority of University expenditures are focused on instruction, research and public service functions.

Approval of Faculty and Staff Salary Increases from July 1, 1999 through August 31, 1999. Mr. Fly said historically the Board approves a budget in June which includes salary increases for University personnel. In recent years with limited salary increases, more and more of the salary increases come during the year. Mr. Fly said the Board has delegated to the administration responsibility of administering the raises. During the past session of the General Assembly a bill was passed that requires the Board to approve all salary increases. Mr. Fly said approximately \$4.5 million in salary increases have been awarded through September 1, 1999. The increases were awarded to 20 to 25 percent of the University's employees. Mr. Fly made the following recommendation:

That the Board of Trustees approve the salary increases for UT faculty and staff effective July 1 through August 31, 1999 as set forth in Exhibit 5.

The motion was made by Mr. James A. Haslam, II, seconded by Mr. J. Steven Ennis, and unanimously carried.

Approval of FY 2000-2001 Capital Outlay Budget Funded from State Appropriations.

That the Board of Trustees approved the proposed FY 2000-2001 and subsequent year funding requests for capital outlay and maintenance projects and the proposed priority rankings for submission to the Tennessee Higher Education Commission, the Governor, and the General Assembly, and authorize the administration to enter into contracts for design and construction within available funds, as set forth in Exhibit 6.

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

Approval of FY 2000-2001 Capital Outlay Budget Funded from Revenue and Institutional Sources.

That the Board of Trustees approve the proposed revenue funded projects for the fiscal year 2000-2001 for submission to the Tennessee Higher Education Commission, the Governor, and the General Assembly and authorize the University administration to enter into contracts for design and construction within available funds, as set forth in Exhibit 7.

The motion was made by Mr. R. Clayton McWhorter, seconded by Mrs. Andrea J. Loughry, and unanimously carried.

Review of the UTC Campus Master Plan Status Report. Dr. Bill Stacy, Chancellor of The University of Tennessee at Chattanooga, said the planning is moving along and formal approval of a master plan for the Chattanooga campus will be brought before the Board for approval at the winter meeting in February 2000, as set forth in Exhibit 8.

Report of the Executive Committee. Mr. James A. Haslam, II said the Executive Committee met the previous afternoon. He said there are three Trustees on the UT Knoxville Athletics Board, one representing each division of the State. Mr. Carl Johnson, whose term expired May 30, 1999, represented the middle division. Vice Chairman Bill Sansom recommended to the Executive Committee and the Executive Committee has approved the appointment of Mr. Charles Coffey to the UT Knoxville Athletics Board to represent Middle Tennessee. Mr. Haslam made the following motion:

That Mr. Charles E. Coffey be appointed to the UT Knoxville Athletics Board as the representative from the Middle District of Tennessee.

The motion was seconded by Mr. Frank J. Kinser and unanimously carried.

Report of the Academic Committee. Mrs. Johnnie Amonette, Chair, said the committee met the preceding day to consider academic items in detail. She asked Vice President Homer Fisher to present the following:

Approval of Proposal to Establish a Program of Study Leading to the Degree of Bachelor of Science in Computer Engineering with a Major in Computer Engineering (UT Knoxville).

That the Board of Trustees approve the proposal to establish a program of study leading to the degree of Bachelor of Science in Computer Engineering with a major in Computer Engineering, UT Knoxville and authorize its submission to the Tennessee Higher Education for action, as set forth in Exhibit 9.

The motion was made by Mrs. Johnnie Amonette, seconded by Mrs. Susan Williams, and unanimously carried.

Report on the Status of Communicating and Implementing the Fall 2001 Undergraduate Admissions Requirements Approved at the Spring 1999 Board Meeting (UT Knoxville). Vice President Homer Fisher said at the June Board meeting the Board approved new admissions standards for The University of Tennessee, Knoxville. Some discussion followed regarding the way in which those standards would be communicated to parents, students, guidance counselors and other interested parties, the implications of those standards, how they would work and how the standards would effect students. Mr. Fisher said since the June Board meeting, the leadership of the Knoxville campus has been working with admissions counselors and with individuals across the state to communicate the new requirements and put together a brochure (Exhibit 10) to be used in distributing the new admissions requirements. The dissemination of information will be continually monitored to make sure it is getting in the hands of those who need it.

Report on the Reorganization/Renaming of two Departments within the College of Engineering and Computer Science (UT at Chattanooga). Mr. Fisher said the College of Engineering at Chattanooga is reorganizing two sseparate programs (Exhibit 11). Changes in departmental designations and a different grouping of the two programs into a Department of Chemical, Environmental, Mechanical & Electrical Engineering and a separate Department of Computer Science have taken place. Mr. Fisher said the change fits with recommendations coming out of the accreditation review of the College of Engineering at UTC. No cost implications are involved in the change.

Report on Undergraduate Enrollment. Mr. Fisher said each of the Chancellors made a presentation in the Academic Committee meeting on enrollment status on the University's campuses. He said the way enrollment grows, shifts and develops over the

next several years will be of critical importance to The University of Tennessee. In many instances decisions the Board will be asked to make will have an impact on future enrollment. Mr. Fisher asked Chancellor Bill Snyder to give a brief report on the enrollment status at UT Knoxville.

Dr. Snyder said from fall 1998 to fall 1999 the Knoxville campus had an increase of 566 undergraduate students. There was a decrease of 197 graduate and professional students for a net increase of 369 FTE. He said the trend line places UTK within the direction of reaching the 30,000 number in a few years and the campus simply cannot accommodate that number of students. Dr. Snyder said Dr. Gilley's comments are very appropriate. UT Knoxville is going to have to look at the possibility of capping enrollment at some point. Progress has been made in Knoxville in increasing African-American enrollment in the last two years. Between 1997 and 1999 there has been a 23 percent increase in the number of African-American students at the undergraduate level at UTK and overall, including graduate and professional students, there has been a 17 percent increase in African-American enrollment.

Mr. Sansom asked if the decrease in the number of graduate students at UT Knoxville is reason for concern.

Dr. Snyder said it certainly needs to be addressed. He said one of the big factors in that situation is the University's noncompetitive position in terms of the stipends that are paid graduate students. For example, in the Chemistry Department the \$1,000 per month stipends are about \$3,800 below the mean for peer institutions. Dr. Snyder said target enrollment for the Knoxville campus is 19,000 undergraduate students and 6,000 graduates, making the current enrollment high in undergraduates and low in graduate students.

Mr. Fisher said the low figures in graduate enrollment are a national trend. All institutions are competing for the best graduate students probably harder than has been the case in twenty years.

Dr. Snyder said the Knoxville campus pulled \$500,000 from within its current budget for graduate student recruitment. The money was taken from other areas of the budget and was given only to those departments that increased graduate enrollment from its base level of one year ago. He said the money is not adequate to address the overall problem on the campus. \$500,000 would be needed to address graduate stipends in the Chemistry Department alone.

Dr. Bill Blass said there is also an image problem that President Gilley has been discussing. When funding problems exist and things have been kept with a cap on for so long, a decay can be seen in terms of reputation which contributes in a subtle way to the number of graduate students that can be attracted. It is a more complex problem than that of undergraduate enrollment.

Mr. Fisher asked Dr. Bill Stacy to report on enrollment trends at The University of Tennessee at Chattanooga.

Dr. Stacy said the enrollment at UTC is essentially flat. It has a small uptrend in graduate students. The campus actually has fewer freshman students this year than last. About 54 percent of the students who applied to the Chattanooga campus were admitted. The African-American student population in this year's class is about 20 percent and the total student body consists of about 16 percent African-American students.

Mr. Fisher asked Chancellor Philip Conn to give a status report on UT Martin's enrollment.

Chancellor Conn said the enrollment at the Martin campus is down slightly to a total student body of 5,741. Interestingly, UT Martin's enrollment is up for students from the counties in Northwest Tennessee. There has been a slight drop in students from Middle Tennessee and from Shelby County. The campus administration is working hard to present the special nature of UT Martin. Chancellor Conn said the campus has great capabilities for traditional, residential, undergraduate education. Graduate enrollment at the Martin campus is up slightly.

Mr. Sansom asked Chancellor Conn if the Martin campus is up or down in its number of students from Kentucky.

Chancellor Conn said the number remains level, but one of the disadvantages is the Martin campus is able to receive Kentucky students from only three Kentucky counties for in-state tuition. By contrast, Western Kentucky University is recruiting into Davidson County and the Nashville area offering in-state tuition for Tennesseans. Murray State has many more Tennessee counties where they can offer in-state tuition than UT Martin has Kentucky counties where in-state tuition can be offered. Chancellor Conn said the competition with Kentucky institutions is not really on a level playing field with regard to in-state tuition rates. He said the Martin campus would be greatly helped if all counties in the area west of the Tennessee river could come to UT Martin for in-state tuition. It would place UT Martin on a more equal footing with Murray State which

is just across the border and competes with UTM for the brightest students from the area.

Mr. Fisher said without question Murray State has a tremendous recruiting advantage in Tennessee compared with UT's advantage to recruit in Kentucky.

Dr. Gilley said the other side of the issue is that Tennessee is going to increase its high school graduates by 30,000 in the next ten years and one of the University's challenges will be how to take care of the Tennessee students who wish to attend a University campus. UT does not have the money now to take care of the students it has system-wide.

Comments by Vice President Homer Fisher. Mr. Fisher said the fall Board meeting represents his last meeting as Senior Vice President. He thanked the Trustees for the support given to the University administration during the 22 years he has had the privilege of working with The University of Tennessee. Mr. Fisher said it has been a privilege to be a part of The University of Tennessee. He said he has appreciated the way the Board, particularly in recent years, has reached out to engage the faculty and students in making major decisions. Mr. Fisher said he feels the University is headed in a very positive direction in having selected Wade Gilley as the new President.

Dr. Gilley said Homer Fisher will be recognized for his many contributions to the University later. He said it is difficult to realize he is leaving because he is retiring the first of November and will be back the first of December in the Oak Ridge office. Dr. Gilley expressed his appreciation to Mr. Fisher for his service to the University.

Report of the Development, Alumni Affairs and Governmental Relations Committee. Mr. Arnold Perl said the Committee met the previous day with good attendance and participation. He said Board members and campus leaders have considerable interest in the state of the University. Mr. Perl said the Committee discussed the Knoxville campus as the flagship institution. He said that might be a stretch in view of some of the developments that are occurring. Will Carver in his very fine presentation made reference to the brain drain here on the Knoxville campus. Mr. Perl said it was not until the meeting that he learned that only 18 percent of the top students in the State of Tennessee are attending the Knoxville campus or any other university in the State of Tennessee. Mr. Perl said what really puts that into the proper context is to look at how that figure compares with what are said to be the University's peer institutions. He offered the following comparisons:

Virginia	40 percent
North Carolina	40 percent
Florida	40 percent
Georgia	32 percent

Mr. Perl said in Georgia 90 percent of the undergraduate student body are on Hope Scholarships. He said Chancellor Snyder's report indicates the student body is growing but closer examination of the student body reveals the quality is not as strong as it should be. The President of the Graduate Student Association, Lyle Culver, brought to the Board's attention the fact that in graduate education the stipends and assistantships are down 38 percent from those of peer institutions. Mr. Perl said when looking at graduate and undergraduate education, UT has a problem. He said Dr. John Peters presented a report relating the situation with faculty in terms of how UT is losing quality faculty. Dr. Peters referenced the fact that 45 faculty members have left for positions at competing universities. These are not just any faculty. Some specific cases were mentioned. Mr. Perl said for example, Dr. James Cobb the preeminent modern historian of the South and holder of a Chair of Excellence left to go to Georgia because Georgia has more money. UT has a brain drain and a loss of quality faculty. Mr. Perl said there has been much discussion about what is happening but the bigger issue is what is the plan for future change. In terms of the Alumni Association, the Board heard from the Dr. Ron Kirkland, President of the Alumni Association, who sent a letter out to all alumni of the University along with Will Carver, President of the student body. In the letter both Dr. Kirkland and Mr. Carver asked the alumni to (1) take a moment to read the pamphlet, "Your University of Tennessee is at the Crossroads" (Exhibit 12) to understand the UT budgetary problem and (2) send a message to the legislators that they must take a stand for The University of Tennessee. Mr. Perl said someone in the meeting the previous day remarked that support for higher education must become a contact support. In terms of other activities, an initiative was taken by the student Trustee, Brandi Wilson, who has been very active. He asked Ms. Wilson for her comments.

Ms. Wilson thanked the Student Government Presidents from the University's campuses who attended the Board of Trustees committee meetings. She also thanked the Board for allowing student leaders the opportunity to express their concerns. Ms. Wilson said throughout the Board meeting the financial crisis of The University of Tennessee has been discussed. She said as all Board members are aware, UT is falling behind its peers. The two-year state appropriations for the State of Tennessee is at about 2.7 percent. In comparison the appropriations for Kentucky are 25.6 percent

and for Florida at 23.9 percent. Ms. Wilson said the statistics, along with the status reports that were given by the SGA representatives, show that the crisis is leading to disservice to all students. She said the problems are not because the University is not stepping up. UT is doing all it can to wisely use the resources that are available. Ms. Wilson said since 1984 The University of Tennessee has placed more and more of the burden of funding higher education on students and parents with a tuition increase at every single campus every year since 1984. She shared with the Board some of the implications of inadequate funding. At UTC, last year's salaries, which were 15 percent below salaries at neighboring institutions, caused 32 faculty members to leave. The badly needed engineering building was put on hold another year. At UT Martin, spending for the library is more than one third lower than the spending on libraries at similar institutions. The University of Tennessee at Martin has an excellent reputation for preparing students to attend dental and medical school but it is being threatened because the University is not able to provide the services students need at Martin. In the College of Veterinary Medicine the equipment is older than some of the students in the College. Ms. Wilson said the headlines in the Knoxville newspaper report on a hiring freeze at UT. She said such problems will not stop until more funding is obtained for UT. Student government leaders throughout the State have been working together to come up with initiatives. Some of those include voter registration drives at Martin and Chattanooga, writing letters to the editors of local newspapers and placing form letters in campus newspapers so students can take them out of the paper and mail them to legislators. At UT Knoxville there is goal to register 1,500 students to vote in about two and one half weeks. Ms. Wilson said thanks to students leaders, over 2,000 voters have been registered at UTK. At Memphis a voter registration drive is being planned which will hopefully result in more votes from Memphis. Ms. Wilson said Mr. Perl mentioned earlier that letters and brochures from Dr. Kirkland and the SGA leaders from across the State are being mailed to over 100,000 alumni. She said the Knoxville campus has not received additional base funding in seven years which causes the inability to actively recruit outstanding faculty when schools like Georgia and Kentucky pay 20 percent more. Classes are filled beyond capacity. In an upper level psychology class, Ms. Wilson said she had to sit on the floor for the first few days because the professor was trying to accommodate the number of students who needed the class. She said her political science professor finds it necessary to borrow his wife's personal computer in order to do power point presentations for the class because there is one usable laptop for the 17 full time faculty in the political science department. Graduate assistantships and stipends are one-half to one-third lower than those of Virginia Tech or North Carolina. Ms. Wilson said with all this it is no surprise that only 18 percent of the State's brightest students are applying to in-state schools. Many of those students will not come back to the State of Tennessee. The message from the student body at all the campuses is simple. She said they are asking the elected officials to take a

stand for The University of Tennessee. If the University's budget problems are not addressed soon, many of UT's outstanding programs will deteriorate. Ms. Wilson said if The University of Tennessee wants to advance its academic reputation and the caliber of the student population, action must be taken now. She said yesterday the Board challenged student body leaders to meet personally with legislators and talk with them. As the representative of 42,000 from across the State of Tennessee, Ms. Wilson challenged each Board member to do the same.

Mr. Perl said in the "Crossroads" pamphlet, peer institutions are identified. Many of these are not peer institutions. As Dr. Gilley has said they are aspirations of peer institutions because UT is not in the same league. Mr. Perl said the University must be proactive and has done so. Mr. Perl said Mr. Lynn Johnson gave his perspective of how each Board member must interact individually with the legislators. Mr. Clayton McWhorter is leading a delegation of business leaders in the State who have stepped up to talk about the initiatives that in their view must be taken to save this State. Mr. Perl said he and Chancellor Snyder were recently in Japan with the Governor. He said the number one issue for Japanese industries in the State of Tennessee is education. Mr. Perl said the views of the Japanese make a difference because the number one foreign investment in Tennessee is Japan, accounting for 137 operations and \$8 billion per year. Mr. Perl asked what can be done about Tennessee's problem. Tax reform is one of the suggestions that has been made. In Georgia the Hope Scholarships are funded by a lottery. He said whether it is tax reform and/or lotteries, specific measures must be taken, but the majority of Tennesseans do not believe Tennessee has a problem. Mr. Perl said there is clearly a problem in higher education. As a land grant university, The University of Tennessee has three challenges, three missions -- teaching, research and public service. Each is being adversely affected. Research is being adversely affected and research, as Dr. Gilley has remarked, oftentimes requires matching money by the institution before a grant is awarded. Mr. Perl said the fact The University of Tennessee ranks 45th, not in the top 25, in the country, makes the challenge evident.

Mr. Sansom recognized a student in the room who made the following statement.

She said her concern is not only on funding, but also on how funding is being spent. She said the preparation for the bridge linking the UTK main campus and the Institute of Agriculture campus will cost \$9 million. She asked if the issue of building the bridge could be readdressed since the planning went on before the funding issue became as serious as it presently is.

Mr. Sansom said the Board considered the bridge for a number of years and was finally able to get funding. The funding is highway funding that cannot come to The University of Tennessee. The decision on the preparation was approved by the Board in February. Mr. Sansom said about five years ago the Board authorized the purchase of warehouse property off Neyland Drive so the buildings below the Aquatic Center could be moved to Neyland Drive at some point in the future. The original intent of that move was to create green space, intramural space, for students. Mr. Sansom said what the Board is trying to do is create space for students. The Board has been interested in moving the buildings containing the physical plant, the motor pool and the UT police over to Neyland Drive. Mr. Sansom said the only way the money in question relates to the bridge is if the design needs to take some of the space in question, the buildings would need to be moved faster than was originally anticipated. The idea of moving the buildings is perhaps being speeded up by the bridge, but it is not caused by the bridge. The money for the bridge is not University money, it is not general fund money, it is gas tax money. Mr. Sansom said the bridge takes no money away from The University of Tennessee at all.

Inauguration Plans. November 5, 1999 has been set aside for the inauguration of Dr. Wade Gilley as the 20th President of The University of Tennessee. Vice President Sammie Lynn Puett said an inauguration is a very traditional, academic event. The last one for The University of Tennessee was held in 1959 when Dr. Andy Holt was inaugurated. Mrs. Puett said inaugurations are oftentimes multiple day events, but in view of budgetary constraints the decision was made to make the event modest, in good taste and still follow all the correct protocol and give recognition to the importance of academics at The University of Tennessee. The inauguration committee is made up of representatives of each campus and institute of the University, the alumni association, faculty and students. Approximately 2,700 invitations have been mailed to academic institutions and associations and to the important constituencies of the University. The inauguration (Exhibit 13) will start at 10:00 a.m. with a brunch for invited guests. At 11:00 a.m. there will be a pre-inaugural lecture by Dr. James Buchanan, Nobel Prize winner in economics in 1986. Dr. Buchanan is a personal friend of Dr. Wade Gilley's. Mrs. Puett asked Dr. Gilley to give Board members information about Dr. Buchanan's lecture.

Dr. Gilley said Dr. Buchanan celebrated his 80th birthday party in Washington recently. He continues to work six days a week, ten hours a day. Dr. Gilley said at George Mason University Dr. Buchanan gave a very eloquent commencement address a few years ago on the value of work. Dr. Buchanan's grandfather was Governor of Tennessee. He was raised in Murfreesboro and went to Middle Tennessee State University. Dr. Buchanan's lecture will not be on economics. It will be on The

University of Tennessee. Dr. Gilley said the title of the lecture is, "The University of Tennessee That Might Yet Be".

Mrs. Puett said the actual inaugural ceremony will begin at 2:00 p.m. There will be a pre-inaugural concert in Thompson-Boling Arena starting at 1:30 p.m. The platform party will represent all the major constituencies of the University.

Report of Graduates. The Secretary reported graduates at the commencements held in Chattanooga on August 16, 1999 (Exhibit 14); Knoxville on August 13, 1999 (Exhibit 15); and Martin on August 1, 1999 (Exhibit 16).

Future Meeting Dates and Sites. The winter Board of Trustees meeting will be held in Memphis February 10-11, 2000 and the annual meeting will be held in Knoxville June 14-15, 1999.

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

Beauchamp E. Brogan
Secretary