

MINUTES OF THE ANNUAL MEETING  
BOARD OF TRUSTEES  
THE UNIVERSITY OF TENNESSEE

June 21, 2006

The Annual Meeting of the Board of Trustees of The University of Tennessee was held at 1:00 p.m., Wednesday, June 21, 2006 in the Hollingsworth Auditorium on the campus of the Institute of Agriculture in Knoxville, Tennessee.

**I. CALL TO ORDER AND INVOCATION**

Mr. Don C. Stansberry, Jr., Vice Chair of the Board, called the meeting to order. Reverend Ward Meisenheimer of the Lutheran Campus Ministries offered the invocation.

**II. ROLL CALL**

Ms. Catherine Mizell, Secretary, called the roll, and the following members were present:

Mrs. Johnnie D. Amonette  
Mr. William Y. Carroll  
Mrs. Barbara Castleman  
Mr. Spruell Driver, Jr.  
Mr. James Haslam, II  
Mr. Waymon L. Hickman  
Dr. Rhynette N. Hurd  
Mr. Jerry L. Jackson  
Mrs. Andrea J. Loughry  
Mr. James L. Murphy, III  
Dr. John D. Petersen  
Dr. Lawrence M. Pfeffer  
Ms. Amy N. Prevost  
Dr. Richard G. Rhoda  
Commissioner Lana Seivers  
Mr. Karl A. Schledwitz  
Mr. Don C. Stansberry, Jr.  
Mr. William B. Stokely, III  
Mr. Joseph M. Sturdivant  
Mr. John C. Thornton  
Mrs. Susan R. Williams  
Mr. James L. "Bucky" Wolford

The Secretary announced the presence of a quorum. Due to scheduling conflicts Governor Bredesen, Commissioner Givens, Mrs. Amonette, and Mr. Ennis were absent from the meeting.

### **III. INTRODUCTIONS**

The Vice Chair began by thanking Natalie and Jim Haslam for hosting an outstanding reception and dinner the evening before.

The Vice Chair recognized the three emeritus presidents in attendance, Dr. Boling, Dr. Johnson, and Mr. Fly.

### **IV. APPROVAL OF MINUTES OF PRIOR MEETINGS OF THE BOARD AND OF THE EXECUTIVE AND COMPENSATION COMMITTEE**

Dr. Rhynette N. Hurd moved approval of the minutes of the Board and Executive and Compensation Committee meetings held since May 2006. Mr. Haslam seconded the motion, and it was carried unanimously.

### **V. PRESENTATION OF HONORARY RESOLUTIONS**

The Vice Chair presented a Resolution recognizing Student Trustee Amy Prevost from UT Chattanooga and thanked her for her service on the Board (Exhibit 1). Mr. John Thornton moved approval, Mr. James L. "Bucky" Wolford, seconded, and the motion carried unanimously.

The Vice Chair presented a Resolution recognizing Dr. Richard Rice, Faculty Trustee from UT Chattanooga and thanked him for his contributions to the University (Exhibit 2). Mr. Thornton moved approval, Mr. Wolford seconded, and the motion carried unanimously.

Dr. Rice stated that it has been a pleasure to serve the University as a Trustee and to get to know all of the other Trustees. He expressed his appreciation to the Trustees for their dedication and their attentiveness to the Faculty.

Ms. Amy Prevost expressed her appreciation for the opportunity to represent the students of each campus. She thanked the Trustees for their time and commitment to the University. She added that she enjoyed getting to know each Trustee and the ways they each strive to make a difference for the enrichment of the University.

### **VI. ELECTION OF CHAIR AND VICE CHAIR**

The Vice Chair stated that under the Bylaws, the Chair and the Vice Chair are elected for two- year terms. He stated that it has been tradition for the Governor of Tennessee to serve ex-officio as Chair of the Board. He stated that it was his honor and privilege to recommend continuation of that tradition and nominate Governor Bredesen as Chair of the Board effective July 1, 2006 for the next two-year period. The Vice Chair called

for any other nominations, and there being none, Mr. James L. Murphy, III, moved that nominations cease and that Governor Bredesen be elected Chair of the Board. Mr. Jerry Jackson seconded the motion, and it carried unanimously.

The Vice Chair stated that on behalf of the Board, he wanted to thank the Governor for his leadership and support of higher education. He stated that the Board looks forward to enhancing the University's contribution to the people of this state.

The Vice Chair stated that it has been his honor and privilege to serve as Vice Chair. He expressed his appreciation to Dr. Petersen for the progress he has made during the past two years. He said based on careful reflection and consultation with President Petersen and Governor Bredesen, he nominates Mrs. Andrea J. Loughry, to serve as Vice Chair of the Board for the next two years. The Vice Chair commented on the dedication, time, energy and commitment she has demonstrated during her time on the Board including the four years she served as Chair of the Academic and Student Life Committee. The Vice Chair called attention to her leadership skills when she chaired the Board's Presidential Search Committee and noted that he was confident that she will be successful as Vice Chair of the Board. The Vice Chair called for other nominations, and there being none, the Vice Chair called for a vote. Mr. Spruell Driver, seconded the nomination, and Mrs. Loughry was elected as Vice Chair unanimously.

Mrs. Loughry thanked Mr. Stansberry and all of the Trustees for their support. She stated that it was her pleasure to speak on behalf of the Trustees and thank Mr. Stansberry for all that he has done for the Board and the University during his term as Vice Chair. She stated that he has been and will continue to be a remarkable asset to the University because of his expertise, proficiency and competence, and also his unique ability to easily and effortlessly befriend so many different people.

## VII. PRESIDENT'S ANNUAL REPORT

Before beginning his remarks, President Petersen acknowledged and thanked Ms. Prevost for her recent commitment for the next four years to the Campaign for Tennessee.

President Petersen stated that he is eager and prepared for his third year in office. He stated that over the past two years, he and Carol have made Tennessee their home and truly enjoy their new friends and community.

President Petersen stated that over the past two years he has assembled an enormously talented leadership team that works very well together and has built strong relationships with UT's major funding sources. He stated that the administration has developed a strategy to carry UT forward and ascend to the heights of higher education. He noted the Board's participation in all the accomplishments over the past two years and expressed his appreciation for all the support and counsel each Board has given. President Petersen also offered his deep appreciation for Don Stansberry's wise counsel while serving as Vice Chair and said he looks forward his continued support in the future.

President Petersen stated that year three would be about implementing the Strategic Plan and also continuing to implement strategic partnerships. He discussed UT's opportunities to cultivate significant partnerships in the region. He discussed the enormous impact of UT's partnership with ORNL as well as valuable relationships UT has with preeminent medical institutions across the state. He discussed a future potential partnership with a biohazard facility and possible relationships for research and development within the automotive industry.

President Petersen stated that once the Board approves the Strategic Plan, he will introduce it to campus leadership, community leaders and legislators during a statewide campus tour throughout the UT System. He discussed plans to maximize UT's resources, including UT's internal structure, to support the goals of the Strategic Plan. He discussed plans to populate the scorecard with targets and to measure the Plan's success.

President Petersen discussed appropriations from the state legislature. He noted that interactions with the legislature began very early this year, and the administration had an opportunity to discuss where UT is positioned versus its peers. As a result, this year the University was able to move forward after flat appropriations over the past five years. He noted that tuition increases had to bear the burden of inflation. This year, the administration successfully worked with the legislature to move tuition increases down to a manageable sum. He stated that all the tuition recommendations at all undergraduate institution would be 4.6 percent or under for 2007. He stated that these

low tuition increases are the direct result of the \$21.4 million appropriation from the legislature.

President Petersen discussed next year's approach with the legislature to continue to work toward improving UT's positioning versus its peers and accommodating more Tennesseans in terms of undergraduate programs.

President Petersen noted that Tennessee ranked 46 in the nation in terms of the percentage of its population with bachelor degrees. At the initiative of Governor Bredesen, the UT will be participating in a K-12 Governor's School for Math and Sciences that will open next fall. He added that increasing the number of Tennessee residents with bachelor degrees would significantly help the workforce of the state.

President Petersen discussed the search for Governor's Chairs for the four joint institutes with ORNL. He noted that David Millhorn and Jim Roberto, the Deputy Director of Science and Technology at ORNL, were in charge of the search committees that sought to bring to Tennessee leading scientists for these very prestigious positions. President Petersen introduced the first Governor's Chair, Dr. Jeremy C. Smith, most recently with the Computational Molecular Biophysics Group at the University of Heidelberg in Germany. President Petersen explained that Dr. Smith believes completion of the spallation neutron source equipment at ORNL would instantaneously make UT-Battelle the top neutron science program in the world and, with the computational program also on its way to becoming one of the top programs in the world. He added that the nano materials program was probably in the top ten in the world. He said that Dr. Smith felt that with these top programs, UT-Battelle would command the world's attention going forward. President Petersen discussed Dr. Smith's research in neutron scattering and computing and noted that Dr. Smith would be one of the first scientists using the spallation neutron source equipment. President Petersen stated that UT looks forward with great excitement to Dr. Smith's arrival.

President Petersen then introduced Don Daniel the newly appointed UTSI Chief Operating Officer. He noted that Dr. Daniel joined UT a few weeks ago. He stated that Dr. Daniel was a chief scientist at Tullahoma before moving to Washington with Arnold Engineering and Design. He stated that UT could greatly benefit from Dr. Daniel's experience and contacts.

President Petersen discussed the Campaign for Tennessee and fund raising efforts of Mr. Nemcik since he has joined the administration. He stated that as of May 2006, UT has raised \$107 million compared to \$157 million for all of 2005.

President Petersen discussed issues he will continue to work on this year. He stated that competitive faculty compensation has been a challenge in a limited resource environment. He stated that he would continue to push as hard as possible to move

the faculty's compensation forward. He also discussed improving communications. He stated that under Hank Dye's leadership, communications have significantly improved, and he expects continued improvement over the next year. He discussed an exciting upcoming external branding program to be launched this fall. In conclusion, President Petersen stated that the University would continue to excel by hiring the best faculty and staff available, thinking and acting in a visionary or transformational fashion, thinking strategically and being willing to make tough decisions on resource allocation, and by building partnerships that will assist UT's ascendancy in higher education. President Petersen stated that he continues to look forward to serving the Board, the students, faculty and staff and to a very exciting future for the University.

### **VIII. FY 2007 OPERATING BUDGET AND FY 2007 STUDENT FEES AND TUITION**

Due to the intense interest and importance of the next two items, the Vice Chair noted that in accordance with the Bylaws, he designated the FY 2007 Operating Budget and the FY 2007 Student Fees for full Board action without going through the Finance and Administration Committee. He then asked Mr. Stokely, Chair of the Finance and Administration Committee, to moderate the discussion and consideration of the FY 2007 Operating Budget (Exhibits 3, 3.1 and 3.2) and the FY 2007 Student Fees and Tuition (Exhibit 4).

Mr. Stokely asked President Petersen and Gary Rogers to present the FY 2007 Operating Budget. Mr. Stokely explained that their presentation would be a summation of the extensive materials that were supplied to the Board in advance of the meeting.

President Petersen stated that the overall current budget would be approximately \$1.5 billion, with \$1.077 billion as unrestricted operating funds and \$416 million as restricted funds. He stated that the revenue increase is attributed to the growth in state appropriations and increases in tuition and fees. He reviewed the appropriations history for UT over the past ten years adjusted for inflation. He stated that state appropriations continue as the largest single source of unrestricted Education and General (E&G) funding, accounting for 49.6 percent of total revenues.

President Petersen discussed the allocation of the budget to scholarships, institutions, instruction, maintenance, student services, academic support and research. He stated that institutional support is only 7.2 percent, well below 10 percent.

President Petersen next discussed student fee increases. He began by discussing enrollment increases on each campus, including increases attributable to the lottery scholarships. He noted that the administration is working on determining the right size for UT going forward. He reviewed the proposed fee increases for each campus's undergraduate and graduate schools. He noted that proposed undergraduate school

increases do not exceed 4.6 percent. He discussed the proposed 15 percent increase for the College of Veterinary Medicine, noting that it was the third and final year of the three-year 15 percent increase approved several years ago. He stated that student fees for the College of Law and College of Medicine have not been increased for the past four years as agreed and that after this year, they will not be increased for another four years. For UTHSC, he noted that fees would increase for first-year medical students. He noted that the 10 percent increase in the School of Nursing was attributable to the cost structure not having been adequately covered in previous years.

President Petersen next reviewed what the recommendation for fees would have been if the state had not increased appropriations to the University. He noted that UT is very appreciative of the additional funding received by the State. He presented a slide comparing UT student fees to other southeastern area schools. He noted that only Louisiana and Maryland are lower in terms of fee increases.

In response to a question concerning salaries as a percentage of expenditures, Dr. Rogers responded that salaries are approximately 70 percent, which is fairly typical. In response to a question about the fee increase for in-state students in the College of Pharmacy, Dr. Rogers stated that there are considerably more out-of-state students, and the absolute dollar increase was higher for out-of-state students.

In response to a question about the adequacy of reserves for auxiliaries and E&G, Dr. Rogers stated that the combined reserves were approximately 3 percent. He discussed the goal to increase reserves to 4 or 5 percent. Mr. Sturdivant noted the student body's opposition to the \$20 per semester increase in athletic fees for UTC. President Petersen discussed the necessity of the increase to cover short falls for the athletics department budget. Last year, a \$75 increase was needed but only \$50 was approved. Mr. Thornton noted that the UTC track team has only \$3500 a year for its activities and tournaments.

Mr. Driver expressed his appreciation to President Petersen for the work he and his administration accomplished with the legislature this year, but he wanted to also express his disappointment in the 1% salary increase for faculty versus 3% for state employees. President Petersen commented on the decision to provide a 1% increase in salary and allow for a merit increase component. He noted that compensation increases for all employees would be an issue for the administration to look at going forward. Dr. Pfeffer remarked that the faculty for each campus agrees that a merit increase component is unfair to faculty performing satisfactorily when the total increase is less than the cost of living increase. President Petersen commented that adding the merit component was necessary to put a framework in place over the long-term to reward and retain outstanding faculty. Mr. Schledwitz suggested that the President and administration consider what other resources might be used to compensate employees for a basic increase toward cost of living.

Mr. Stokely moved approval of the FY 2007 Operating Budget. The motion was duly seconded and carried unanimously.

Mr. Stokely moved approval of the FY 2007 Student Fees and Tuition. The motion was duly seconded and carried unanimously.

## **IX. CHANCELLOR REPORTS**

### **A. UT Knoxville**

Chancellor Crabtree stated that his report would focus on student access and student success at UT Knoxville. Quoting an 1862 legislative enactment regarding the fundamental mission of a land grant institution, Chancellor Crabtree stated that land grant universities are democracy's colleges, the device for providing economic opportunity and vertical mobility for residents of the state. He stated that in addition to being a land grant institution, UT Knoxville is a flagship university, a research-intensive university with a broad array of degrees, graduate and doctoral programs, and professional schools that add preeminence and excellence. He stated that excellence need not be in opposition to access. Over the past several years, UT Knoxville students are entering the University more prepared than ever. He noted that ACT scores have risen from 24.2 to 25.9 for incoming students. He stated UT Knoxville would endeavor to attract more students of modest financial means while maintaining the standard of excellence. He stated that approximately \$700,000 per year has been set aside to assist low-income families with student fees. Additionally, UT Knoxville has targeted 15 of the poorest counties in Tennessee to assist prospective students and offer specific scholarships to attract students who may believe UT Knoxville inaccessible to them because of cost. He stated that UT Knoxville is also reallocating funds as best it can to replace the *Geier* funds.

With respect to student success, Chancellor Crabtree reported the increasing retention of students. UT Knoxville is providing services such as the Student Success Center and an improved honors program, the Life of the Mind Program, intercultural and international initiatives to help achieve student success. He stated that graduation requirements were reduced to allow students to move around from major to major and graduate in four years. In conclusion, he stated that UT Knoxville is looking to fulfill its role as a flagship and land grant university and overcome any perceived tension between excellence and access.

### **B. UT Martin**

Chancellor Martin discussed a unique dual credit program instituted by UT Martin. He stated that dual credit is a process whereby UT Martin gives college credit to students

still enrolled in high school. This is done through UT Martin faculty going to the high school, hiring high school teachers as adjunct faculty, or by UT Martin faculty teaching students by interactive video. This program was started in 1999 with three high schools and about 89 students. In the fall of 2005, there were 325 high school students in the program, and this year 550 high school juniors and seniors are projected to participate. Chancellor Dunagan presented a map illustrating the location of the high schools in west Tennessee, including those using interactive video equipment installed by UT Martin in the high school. The high schools also use the equipment for other education programs. Approximately 30 percent of the students in the dual credit program come to UT Martin, and of those 30 percent, the retention rate is about 86 percent, which is similar to the retention rate for advanced placement students. He noted that the average ACT score of a dual credit student is 23.9, and the average ACT score for advanced placement students is 27.5. Dual credit GPA's for freshmen averaged 3.1. He noted that UT Martin requires dual credit students to use the same books as those students taking the same course on campus, and UT Martin supplies the books. He reported that courses taught on-site at the high schools meet at least once on the UT Martin campus, which gives the students an opportunity to interact with college freshmen taking the same course. Chancellor Dunagan concluded by stating that the dual credit program is a point of great pride for UT Martin.

### **C. UT Health Science Center**

Chancellor Owen reported on initiatives to minimize health disparities in the state. Health disparities, he noted, can be defined by illness, by access to health care, and by patient outcomes, and very often the categories overlap. He reviewed data for the State of Tennessee from the Center for Disease Control, comparing data on cancer deaths across the country with data for Tennessee, as well as comparative data on pneumonia and the flu and other preventable diseases. Discussing the death rates for pneumonia and flu in Tennessee, Chancellor Owen noted that the data raise the question of whether there is a problem with the process of care rather than genetic disposition. He then presented data on the infant mortality rate over the past nine years in Tennessee, which has recently received media attention. He stated that UTHSC has determined to take ownership of minimizing health disparities for the state. UTHSC's approach is to view these disparities as statewide problems and, in doing so, develop centralized management to address the issues and allocate resources. He stated that by setting uniform performance benchmarks UTHSC can begin to address these disparities. To do so, UTHSC would need to take its current resources and leverage them across the state, identify partners, and build on existing initiatives. One of the greatest challenges is the issue of geography. He noted, however, that that UTHSC has one of the leading tele-health programs in the United States, and this tool can assist in allocating resources across the state. He then discussed initiatives for improving maternal care, cancer care and bio defense awareness. He stated that UTHSC is developing the first bio defense fellowship at the UTHSC Knoxville campus.

Finally, he discussed initiatives in family medicine and UTHSC's approach to increase the number of practitioners across the state. He noted that UTHSC is currently evaluating alternative care models for family medicine patients, including tele-health programs.

#### **D. UT Chattanooga**

Chancellor Brown stated that he would discuss Chattanooga's student retention. He added that student retention would be one of the very serious strategic goals of UTC over the next few years. Currently, UTC's retention rate from freshman year to sophomore year is in the lower 70<sup>th</sup> percentile, which is fairly typical for a regional campus. The graduation rate is around the 50<sup>th</sup> percentile, also fairly typical for a regional campus.

Chancellor Brown reported that UTC began a Student Success Center in the fall of 2005. He stated that the center has a targeted mission of assisting the most "at risk" freshmen, such as those with low GPA's, low ACT scores, and students in very large math courses. The center provides opportunities to improve study and time management skills. UTC counselors and advisors attempt to match students together with experts, advisors, and support staff who have the information they need to be successful. He stated that the center is prepared to be able to assist these students in a timely manner. He stated that although it is too early to provide meaningful statistics for the program, noted the example of a pre-veterinary student's GPA rising from a 2.0 to a 3.0 after the intervention of the success center.

Chancellor Brown stated that UTC is also focusing attention on international studies to provide UTC students with global opportunities. He believes that for UTC students to succeed in the world, they must have an understanding of other cultures. He also discussed the importance of UTC's ability to offer internships and co-ops. He listed some current internship opportunities available to students in Washington D.C. and across the country. He discussed a recent grant for \$3.6 million to start a resources center for early childhood learning. In conclusion, Chancellor Brown discussed recreational activities for students when they are not studying to complete their experience as a college student. He discussed the important role of UTC athletics and initiatives to increase campus activities.

### **X. ACTION ITEMS FROM THE EXECUTIVE AND COMPENSATION COMMITTEE**

#### **A. Vice Chair's Annual Performance Review of the President and Recommended Goals for 2006-07**

Mr. Stansberry reported that the Executive and Compensation Committee recommended approval of the presidential performance review and the goals the Vice

Chair and the President propose for next year. Mr. Stansberry then discussed the interviews he conducted to prepare the performance review. He stated that the universal opinion of Dr. Petersen is that he is doing an outstanding job. He referred the Board to the materials included in the meeting notebook (Exhibit 5). Mr. Stansberry moved approval of the annual performance review of the President and the recommended goals for 2006-2007. The motion was duly seconded and carried unanimously.

## **B. Approval of Extension of President's Employment Agreement**

Based on the positive review of the President's performance, Mr. Stansberry reported that the Executive and Compensation Committee recommended an extension of the President's employment agreement through June 30, 2008, (Exhibit 6), noting that there would be a 2 percent increase in the President's base salary and that further review of the President's compensation would take place at a future meeting. Mr. Stansberry moved approval of the extension, the motion was duly seconded, and carried unanimously.

## **C. Election and Compensation of University Officers**

Mr. Stansberry reported that the Executive and Compensation Committee recommended reelection of the University Officers with the compensation shown on Exhibit 7. He noted that each officer would receive a 2 percent increase as mandated by the state but no additional increase. Mr. Stansberry moved approval, the motion was duly seconded, and carried unanimously. (Exhibit 7)

Mr. Stansberry noted that there would be a comprehensive review of the salaries for the President's staff at a future meeting.

## **D. Approval of the Strategic Plan and Scorecard**

Mr. Stansberry reported that the Executive and Compensation Committee recommended approval of the Strategic Plan and Scorecard. He noted that the Scorecard would be completed for 2005 and annually thereafter. He moved approval of the Strategic Plan and Scorecard. The motion was duly seconded and carried unanimously. (Exhibit 8)

## **XI. ACTION ITEMS FROM THE FINANCE AND ADMINISTRATION COMMITTEE**

### **A. Promulgation of UT Martin Traffic and Parking Rules under Tennessee Uniform Administrative Procedures Act**

Mr. Stokely noted that the revisions to the UT Martin Traffic and Parking Rules (Exhibit 9) are primarily technical or editorial in nature. He discussed the two substantive revisions, the increase in late fee charges from \$5 to \$10 when fines are not paid in 14 days, and the elimination of the option for an appeal prior to the towing of a vehicle under certain circumstances. He stated that the Committee recommended approval of the Rules. He moved approval of the UT Martin Traffic and Parking Rules. The motion was duly seconded and carried unanimously by roll call vote, as required by statute.

## **B. Approval to Add Item to the Agenda**

Mr. Stansberry noted the need to consider an item not included on the agenda. The item, approval to revise the UTHSC repayment obligation for the Morningside property in Memphis, was duly considered by the Finance and Administration Committee. A motion to consider the item was duly made, seconded, and unanimously approved.

## **C. Revision of Repayment for Morningside Property**

Mr. Stokely stated that the Finance and Administration Committee recommended that the Board approve a revision to the UTHSC obligation to repay the funds advanced from the UT Hospital account (proceeds from the transfer to UHS) for purchase of the Morningside property as a Chancellor's residence. Mr. Stokely stated that the advanced funds were originally to be repaid by June 30, 2006. However, because the former Chancellor's residence on Goodwyn Street has not yet sold, funds are not available to replenish the hospital account. Mr. Stokely moved approval for repayment of the advanced funds to be made from the Goodwyn Street property sale proceeds, upon closing, and from other funds as they become available, and that the completed transaction be reviewed by the Audit Committee. The motion was duly seconded and unanimously approved.

## **XII. ACTION ITEMS FROM THE GOVERNANCE COMMITTEE**

### **A. Approval of Vice Chair's Recommendation of Committee and Chair Appointments**

Mr. Murphy reported that the Governance Committee recommended approval of the Vice Chair's recommendation of committee and chair appointments (Exhibit 10). He stated that the Committee further approved permitting the Vice Chair to make any necessary changes in committee and chair appointments prior to the next Board meeting, subject to confirmation by the Board at its next meeting. Mr. Murphy moved approval of the Vice Chair's recommendation for committee and chair appointments, including the Vice Chair's authority to make any necessary changes to committee chairs and committee composition prior to the next meeting. The motion was duly seconded and unanimously approved.

### **B. Approval of Statement of Governance Principles**

Mr. Murphy reported that the Committee recommended approval of a statement of governance principles to clarify the role and responsibilities of the Board and to outline general expectations for the Board's performance (Exhibit 11). He noted that the statement is compiled from key governing principles found in previously adopted Board

documents. He noted a slight revision to the proposed document included in the meeting materials. He stated that the Committee recommended including “approval of the mission statement for the University and for each campus.” Mr. Murphy moved approval of the Statement of Governance Principles, as amended. The motion was duly seconded and unanimously approved.

### **C. Approval of Bylaw Amendments**

Mr. Murphy reported that the Committee recommended approval of certain Bylaw amendments as described in the materials included in the meeting notebook (Exhibit 12). He noted that the amendments change the title of the Vice President for Research to Vice President for Research and Economic Development and enhance Board oversight by requiring approval of the terms and conditions for continued employment of any member of the President’s staff who retires or otherwise leaves office. Mr. Murphy moved approval of the Bylaw amendments. The Secretary noted that a record vote is required to amend the Bylaws and that a record vote can occur by a show of hands. The Secretary called for a show of hands of those in favor of the motion and then of those opposed. There being no opposition to the motion, the motion carried unanimously.

### **XIII. REPORT OF THE AUDIT COMMITTEE**

Mr. Waymon Hickman, Chair of the Audit Committee, discussed the April 19, 2006 meeting of the committee. He reviewed various matters reviewed by the committee, including the peer review of UT’s Internal Audit office. He stated that the report was favorable and that the six recommendations of the report have been or are being implemented by the Internal Audit office. Mr. Hickman commented on the State Audit Committee Act enacted by the General Assembly in 2005. He stated that the Act allows for nonpublic executive sessions to discuss certain matters, such as investigations and litigation. He noted that the committee discussed compliance with other provisions of the State Audit Committee Act. Mr. Hickman then discussed the results of the State Audit report. Finally, he updated the Board on the Sunset Review of the Board of Trustees, which is currently in process. For a more detailed report of the meeting, Mr. Hickman referred the Board’s attention to the minutes of the April 19, 2006 meeting in the meeting notebook (Exhibit 13).

### **XIV. REPORT OF THE KNOXVILLE ATHLETICS BOARD**

Mr. Haslam reported that each Trustee received a copy of the report in their meeting notebooks (Exhibit 14). He then reviewed the highlights of the report.

### **XV. CONSENT ITEMS**

Mr. Stansberry noted that each item on the consent agenda was reviewed fully by the appropriate committee. All items were recommended by the committees for approval as consent items.

Mr. Stansberry stated that he had received a request to remove the Acquisition of Term Easement, TVA Test Track (Exhibit 27), from the consent agenda and then asked for any other requests to remove items from the consent agenda. There being no other requests, the following items were submitted for approval by unanimous consent:

- A. Adoption of Department of Energy Security Resolution (Exhibit 15)**
- B. Setting of Regular Meeting Dates in 2007 (Exhibit 16)**
- C. Approval of Naming of Facilities (Exhibit 17)**
- D. Ratification of Quasi-Endowments (Exhibit 18)**
- E. Approval of FY 2007 Distribution of UC Foundation Funds (Exhibit 19)**
- F. Annual Report of Sales and Gift Property (Exhibit 20)**
- G. Approval of Presidential Emeritus Agreements (Exhibit 21)**
- H. Approval of M.S. Degree with a Major in Reliability and Maintainability Engineering at UT Knoxville (Exhibit 22)**
- I. Revision of Undergraduate Hours-to-Graduation Requirements at UT Martin and UT Knoxville (Exhibit 23)**
- J. Approval of Tenure Recommendations (Exhibit 24)**
- K. Authorization to Confer Degrees (Exhibit 25)**
- L. Approval of Comprehensive Listing of Academic Programs (Exhibit 26)**

Dr. Rhynette Hurd moved approval of the consent agenda. The motion was duly seconded and carried unanimously.

#### **XVI. Acquisition of Term Easement, TVA Test Track**

Mr. Stansberry noted that the Finance and Administration Committee recommended approval of the acquisition of a term easement from TVA for the use of a 50-acre tract

of property, which includes a building and a one-mile test track (Exhibit 27). Ms. Susan Williams recused herself from consideration and the vote on this item. Mr. Stokely moved approval of the proposed acquisition; the motion was duly seconded and carried unanimously.

## **XVII. OTHER BUSINESS**

Mr. Stansberry asked the Trustees to note the dates of the Board meetings for 2007. He announced that the next meeting of the Board will be November 2-3 in Knoxville. He noted the Executive and Compensation Committee will meet in Knoxville at a date to be determined.

## **XVIII. ADJOURNMENT**

With no further business to come before the Board, the meeting was adjourned.

Respectfully Submitted,

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Catherine S. Mizell  
Vice President, General Counsel and Secretary