

MINUTES OF THE EXECUTIVE AND COMPENSATION COMMITTEE MEETING  
BOARD OF TRUSTEES

THE UNIVERSITY OF TENNESSEE

May 14, 2007  
Knoxville, Tennessee

The Executive and Compensation Committee of the Board of Trustees of The University of Tennessee met at 10:00 a.m., EDT, Monday, May 14, 2007 in the Executive Dining Room of the University Center, Knoxville, Tennessee.

**I. CALL TO ORDER**

Andrea J. Loughry, Chair, called the meeting to order.

**II. ROLL CALL**

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

Dr. Rhynette N. Hurd  
Ms. Andrea J. Loughry  
Mr. James L. Murphy, III  
Dr. John D. Petersen  
Mr. Don C. Stansberry, Jr.  
Mr. William B. Stokely, III  
Ms. Susan Williams  
Mr. James L. Wolford

The Secretary noted that a quorum was present. The Chair welcomed Trustee Charles Wharton. Also in attendance were Hank Dye, Vice President for Public and Government Relations, David Millhorn, Executive Vice President, Henry Nemcik, Vice President for Development and Alumni Affairs, Gary Rogers, Senior Vice President and Chief Financial Officer, Lisa Hertz, Assistant Secretary, Karen Collins, Director of Media Relations and members of the media.

**III. APPROVAL OF MINUTES OF LAST MEETING**

The Chair called for any corrections or additions to the minutes of the March 6, 2007 meeting of the Executive and Compensation Committee as presented at the meeting. Mr. Murphy moved approval of the minutes. Mr. Stansberry seconded, and the motion carried unanimously.

**IV. OPENING REMARKS BY COMMITTEE CHAIR**

The Chair updated the Committee on two initiatives she has been working on. The first is the opportunity to shadow students and faculty to experience student and faculty life. She noted that she participated in a trial of this program, and it was very

interesting and informative. She stated that there would be more details on the program at the June meeting of the Academic Affairs and Student Life Committee. The second initiative is keeping former Trustees engaged with the University. Ms. Loughry stated that she is working with Hank Dye, Henry Nemcik and Catherine Mizell in putting together a plan to keep former Trustees involved with the University so that they may continue to be ambassadors for the University. She stated that this initiative would be further discussed at the June meeting and a event may be planned around the Fall Board Meeting.

## **V. PRESIDENT'S REMARKS**

Dr. Petersen began by noting that he has had some meetings with former Trustees over the past two years and they remain enthusiastic about UT. He agreed that keeping them involved would be very positive for UT.

Dr. Petersen then discussed the Governor's recommendations for the operating budget, which were also discussed at the Winter Board Meeting. He stated that the legislature is working on the Governor's recommendations, but the outcome will not be known until late May or early June. He stated that both in the Senate Education Committee and the House Ways and Means Committee, he has discussed UT's top priority, compensation for employees.

In terms of capital projects, Dr. Petersen stated that the Senate Education Committee voted to add three higher education building projects. Two of those building projects are UT's number two and number three priority capital projects, the music building on the Knoxville campus and the library on the Chattanooga campus. He stated that the House has not yet acted on those projects. He added that there may be further money available for capital projects from one-time use money allocated by the state. In addition, earlier in the year, the Governor proposed that UT's submission of a biofuels initiative, a pilot facility, research, and assistance to farmers for growing the switchgrass. He stated that UT is awaiting the final determination by the legislature for this funding. He reported that UT will be prepared to move forward immediately upon approval from the state.

Dr. Petersen discussed UT's current standing on the federal grant opportunities arising out of UT's joint appointment faculty with ORNL. He stated that he is still very enthusiastic about UT's prospects, and he hopes to be able to update the Board further at the June meeting.

Dr. Petersen next discussed the UTHSC Chancellor search. As announced earlier last week, Johnnie Amonette will chair the search committee. The committee includes UTHSC alumni, faculty, students, staff, medical professionals from partnership hospitals and a diverse pool of leaders from the Memphis community. A professional search firm, selected by a competitive bidding

process, will be engaged to assist the search committee. He stated that the search process was expected to last several months, with finalists possibly named in the fall. He added that he expected to get local Memphis Trustees involved in meeting with the finalists.

Dr. Petersen then mentioned three projects he plans to be involved in with his wife. The first project will address campus beautification. The second project is to identify buildings on each campus on the historical register. The third project is a recycling effort. He stated that the campus student government associations have addressed recycling, and this initiative will further focus the cause.

In response to a question from the Committee about the appropriate role of the system in these projects, Dr. Petersen stated that these efforts would be a supplement or resource to the campuses to carry out these projects.

#### **VI. DETERMINATION OF NECESSITY TO ELECT A CHANCELLOR OF UT MARTIN BEFORE THE NEXT REGULAR MEETING OF THE BOARD OF TRUSTEES**

The Chair stated that the Committee was being asked to determine the necessity to act on the election of a Chancellor for UT Martin prior to the next Board meeting. She stated that after a lengthy search process, the President has extended an offer of employment to the final candidate, contingent on Board approval, and the finalist has accepted the offer. She stated that the Dr. Dunagan would retire on July 1, and it would be in the best interest of UT Martin for the new chancellor to have a period of six weeks to transition into the new position. Mr. Stokely moved approval of the determination of necessity to elect a chancellor of UT Martin before the next regular meeting of the Board of Trustees. Dr. Hurd seconded the motion and it was carried unanimously.

#### **VII. ELECTION OF CHANCELLOR OF UT MARTIN AND APPROVAL OF COMPENSATION**

The Chair recognized Dr. Petersen to discuss the next item, election of Chancellor for UT Martin. Dr. Petersen discussed the search process. He stated that Dr. Jerald Ogg, Vice Chancellor, UT Martin, served as the chair of the search committee and the Baker-Parker search firm provided consulting services to the search committee. He discussed the number and field of applicants. He stated that the search committee presented three final candidates that were interviewed by him, Dr. Millhorn and other members of the senior staff. He stated that two of the candidates were external and one candidate was internal, Tom Rakes, Provost, UT Martin. He stated that after careful consideration and consultation with the search committee, he recommended the election of Tom Rakes as Chancellor of UT Martin.

Dr. Petersen discussed Dr. Rakes qualifications for the position. He referred the Committee to Dr. Rake's curriculum vitae included in the meeting materials. He stated that Dr. Rakes clearly understands the campus and its direction for the future. He stated that he announced the recommendation of Dr. Rakes as Chancellor at UT Martin, and the feedback was extremely positive in the community as well as on the campus. He stated that Dr. Rakes would have an opportunity to transition to the position prior to Dr. Dunagan's retirement at the end of June. In response to a question from the Committee, he stated that Dr. Rakes appointment and compensation as chancellor would not begin until July 1.

Dr. Petersen discussed Dr. Rakes' proposed compensation as stated in the memorandum included in the meeting materials. He clarified that the \$10,000 housing and entertainment allowance was in lieu of University-owned housing and does not include entertainment costs. A Committee member asked where Dr. Rakes' compensation fits within the framework of his peers. Dr. Petersen stated that he was within the range of his peer group average and lower than UTC, a larger institution. He discussed the target ranges presented by Dr. Rogers at the November 2006 Board meeting and stated that Dr. Rakes falls within that target range. Mr. Wharton asked if Dr. Rakes would be considered a visionary. Dr. Petersen responded that he was and it was clear from his interviews that he had an enormous amount of ideas for the campus, some of which he has already started. He discussed his work with academic success and increasing faculty scholars. He added that he has received enthusiastic response from the UT Martin faculty. Mr. Stansberry moved approval of the election of Dr. Rakes as Chancellor of UT Martin. Ms. Williams seconded the motion and it was unanimously approved.

The Vice Chair commented on the offer of employment to Dr. Rakes and stated that the inclusion of an annual salary for Dr. Rakes should he decide to return to a faculty position following his service as chancellor was an important addition to these types of offers.

#### **VIII. APPROVAL OF POST-RETIREMENT EMPLOYMENT OF DR. JACK BRITT**

Dr. Petersen discussed the proposal to approve post-retirement employment for Dr. Britt. He stated that he was recommending the reemployment of Dr. Britt to aid in the transition of responsibilities previously assigned him in his role as Executive Vice President. He stated that this transitional assistance is deemed especially valuable given the expanded responsibilities of Dr. Millhorn as he continues to have responsibilities as Vice President of Research and Economic Development. Dr. Petersen discussed specific examples of projects Dr. Britt would work on in his post-retirement role. A discussion ensued regarding the maximum hours Dr. Britt could work without losing retirement benefits in accordance with state law. Ms. Mizell noted that a recent amendment to the Bylaws require that any re-employment of a senior staff person must be approved by either the Board or this Committee. The Committee discussed the specific factors that necessitate the re-employment of Dr.

Britt after his retirement. Dr. Petersen reported that a search for a new Vice President of Research and Economic Development has been delayed until the ongoing search for a Vice Chancellor of Research for the Knoxville campus is completed. The Committee discussed the proposed compensation for Dr. Britt, \$120.19 per hour. The Committee discussed approving Dr. Britt's re-employment for one year for the maximum time allowed by state law. After one year, if there were circumstances that necessitated extending the re-employment past one year, the Board or this Committee would review those circumstances and consider approving re-employment at that time. Mr. Murphy commented on the necessity to review these circumstances carefully to determine that re-employment is very specifically warranted so as not to create a perceived precedent of re-employing staff after retirement. The Committee determined to set a maximum compensation of \$50,000 for Dr. Britt's re-employment, and Dr. Millhorn should return to the Board or the Committee if it became necessary to increase that amount. Mr. Murphy moved approval of the re-employment of Dr. Britt at an hourly rate of \$120.19 with maximum compensation of \$50,000 for the annual period with the ability to return to the Board or this Committee to request an increase in maximum compensation if necessary. Mr. Wolford seconded the motion and it was carried unanimously.

**IX. PLANNING FOR ANNUAL MEETING, JUNE 20-21, 2007**

The Chair discussed the tentative agenda and schedule included in the meeting materials. She stated that a tour of ORNL has been included in the schedule at the request of many of the Trustees. Ms. Loughry invited each committee chair to comment on the agenda items for their respective committees. Mr. Stansberry stated that as chair of the Governance Committee, he reviews evaluations from the Trustees on the Board meetings and there are comments that there is not enough time set for some of the committee meetings. The Chair noted that Staff has taken that into consideration and is working on the time allotted for the meetings. Mr. Wharton asked about the process of preparing the capital project recommendations for approval by the Board. Mr. Stokely discussed meetings he holds with Dr. Rogers and other members of the staff prior to the Finance and Administrative Committee to review draft materials for the budget and capital projects. The Chair asked Dr. Rogers to schedule a time with Mr. Wharton to discuss the process. Dr. Petersen discussed the many moving factors staff must consider in preparing the budget and the capital projects recommendations. Mr. Stokely requested that the Finance and Administration Committee receive an annual report affirming that the operational spending is tied to the strategic thrust for UT. Dr. Petersen stated that such a report could be readily prepared for the June meeting. Mr. Stokely discussed the amount of time allocated for the Finance and Administrative Committee. He proposed holding a meeting of the Finance and Administrative Committee prior to the Annual meeting to review and approve routine matters. Dr. Rogers undertook setting up the meeting for early June. The Chair stated that a budget workshop for Trustees would be planned for the Fall meeting.

Ms. Mizell noted that a presentation regarding emergency preparedness is scheduled during the full Board meeting in June. She stated that during the Academic Affairs and Student Life Committee there would be a discussion regarding troubled students. Mr. Stokely stated that the communications that went to the Board after the tragedy at Virginia Tech were very good. He asked whether each campus sent communications to parents of current students. Mr. Dye responded that orientation now includes a discussion of the campus' emergency preparedness and he would need to check on what exactly was sent to current student's parents for each campus. Dr. Petersen stated that there are two groups working system wide on emergency preparedness for UT. One group is working on reactive aspects when an emergency occurs and another group is looking at the proactive aspects. He stated that UT has had fully developed plans in place, but in light of the recent tragedy they are being reviewed to see if they can be improved. Mr. Stokely asked whether the faculty senates are tied into the proactive aspects. Mr. Dye stated that there has been some communication, and there is a website they can review and respond to. He briefly discussed the process UT has taken so far to review its emergency preparedness. He stated that staff members have met with outside consultants, i.e. security personnel from the Law Enforcement Innovation Center and have asked each campus for one-time costs to submit to the legislature for improvements to their emergency plans. The Chair stated that the Board would receive a thorough update at the June meeting.

**X. SETTING 2008 DATES FOR THREE REGULAR MEETINGS OF THE BOARD OF TRUSTEES**

The Chair referred the Committee to the proposed schedule of regular meetings for 2008. She stated that the winter meeting would be held on the Chattanooga campus this year. A Committee member requested that the June meeting be held on June 19-20 rather than the June 18-20. The Committee discussed the proposed dates and confirmed their availability on those dates.

**XI. AGB WEBSITE DEMONSTRATION**

The Chair discussed an excellent reference tool available to each of the Trustees. She stated that the Association of Governing Boards has a very robust website, and their office in Washington has a full reference staff each Trustee can use to research any topic of interest to them. She discussed the convenience afforded by this organization to find and receive materials about other organizations' responses to similar issues a committee may be discussing. She noted that each Trustee has a password and can access the information available on the website. She stated a live demonstration has been arranged to provide a quick overview of some of the key items that are available.

The Chair introduced Ms. Lorette Weldon, Director Zwingle Library and Resource Center, AGB. Ms. Weldon joined the meeting by conference call. Using remote PC access, she demonstrated how the Trustees could search and utilize the resources available in the Zwingle Library on the AGB website. After the meeting, each Trustee will receive a password and login instructions for the AGB website.

**XII. OTHER BUSINESS**

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

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Catherine S. Mizell  
Vice President, General Counsel and Secretary