

BOARD OF TRUSTEES

MINUTES OF THE CALLED MEETING

December 15, 2016

Knoxville, Tennessee

A called meeting of The University of Tennessee Board of Trustees was held at 12:30 p.m. CST, on Thursday, December 15, 2016, in the offices of Bradley Arant Boult Cummings, 1600 Division Street, Suite 700, Nashville, Tennessee.

I. CALL TO ORDER AND INVOCATION

Raja J. Jubran, Vice Chair of the Board, called the meeting to order.

II. ROLL CALL

Secretary Catherine S. Mizell called the roll, and the following members were present at the meeting location or by telephone:

Raja J. Jubran, Vice Chair
Charles A. Anderson
Shannon A. Brown (by telephone)
Joseph A. DiPietro
Spruell Driver, Jr.
William Evans (by telephone)
John N. Foy
D. Crawford Gallimore
Vicky Gregg
Brad A. Lampley
Sharon Miller Pryse
Jefferson S. Rogers (by telephone)
Rhedona Rose
Miranda N. Rutan (by telephone)
Rachel M. Smith (by telephone)
Jai Templeton (by telephone)
Julia T. Wells
Charles E. Wharton
Tommy G. Whittaker

The Secretary announced the presence of a quorum. Governor Haslam, Commissioner McQueen, THEC Executive Director Krause, Trustees Cates, Davidson, Tickle were unable to attend the meeting. Members of the administrative staff, Emeritus Trustee James L. Murphy, and media

representatives were present. The meeting was also webcast for the convenience of the University community, the general public, and the media.

The Secretary noted the requirements for meetings conducted with members participating by telephone, including the requirement that all votes be conducted by a roll call. Trustees Brown, Evans, Gallimore, and Rogers acknowledged that no one else was present at their respective locations.

III. MINUTES OF THE LAST MEETING

Chair Jubran called for any additions or corrections to the minutes of the October 14, 2016 meeting as presented in the meeting materials. Hearing none, Trustee Gallimore moved approval of the minutes. Trustee Pryse seconded, and the motion carried by roll-call vote (Exhibit 1).

IV. PRESIDENT'S REPORT

Dr. DiPietro's report included discussion of the state's budget hearing, reporting that the state's resources are in good shape, and the University is hopeful for its capital projects and allocations. The report also updated the Trustees on the first meeting of the independent Title IX Commission, next steps for the group working on streamlining the compensation incentive plans, and the anticipated report card from the Department of Education evaluating teacher education programs across the state of Tennessee. He also reported on implementing the system administration reorganization, searches, and appointments.

V. PRESIDENT'S RECOMMENDATION FOR APPOINTMENT AND COMPENSATION OF THE CHANCELLOR OF THE UNIVERSITY OF TENNESSEE KNOXVILLE/GRANT OF TENURE IN A FACULTY APPOINTMENT

Dr. DiPietro said his recommendation of Dr. Beverly J. Davenport as the 8th Chancellor of The University of Tennessee, Knoxville marks a very special moment in the history of that campus. After recognizing Dr. Davenport and her daughter, Sloane, who were present at the meeting, he noted highlights from Dr. Davenport's extensive and esteemed career in higher education. He called the Board's attention to the offer letter and tenure recommendation included in the meeting materials (Exhibit 2) and said the appointment would be effective February 15, 2017, with initial compensation summarized as follows:

Base salary: \$48,750.00 per month (\$585,000.00 annualized);
Non-accountable expense allowance: \$1,666.67 per month (\$20,000.00 annualized);
Housing allowance: \$5,000.00 per month for one year from the effective date of her appointment or until sale of her house in Cincinnati, whichever occurs first; thereafter, the housing allowance will be \$1,666.67 per month (\$20,000.00 annualized);
One-time moving allowance: \$15,000.00; and

Potential for an annual performance incentive payment of up to 15% of base salary, payable in three installments over three years.

Vice Chair Jubran asked Dr. Davenport to exit the meeting and then called for a motion on the President's recommendation. Trustee Pryse moved adoption of the following Resolution:

RESOLVED:

(1) The President's recommendation for appointment and initial compensation of Dr. Beverly J. Davenport as Chancellor of The University of Tennessee, Knoxville is approved as presented in the meeting materials; and

(2) Tenure is granted to Dr. Beverly J. Davenport in a faculty appointment as Professor in the School of Communication Studies at The University of Tennessee, Knoxville, with no additional compensation for the faculty appointment while serving as Chancellor; upon leaving the position of Chancellor, Dr. Davenport's compensation in the full-time faculty appointment will be \$438,750.00 (75% of her initial base salary of \$585,000.00 as Chancellor) for four years; and beginning with year five after leaving the position of Chancellor, Dr. Davenport's compensation in the full-time faculty appointment will be adjusted to the average base salary of full professors in the department.

Trustee Anderson seconded the motion. Vice Chair Jubran called for any discussion.

Trustee Wharton noted that Dr. Davenport's salary will be significantly higher than the salaries of the previous Chancellor and Dr. DiPietro. He asked what analysis has been done to see what ripple effect might occur with respect to other current salaries. Dr. DiPietro responded when he makes a recommendation to this Board, he is bringing a candidate at market value. As a result, those like Chancellor Cheek who stayed in their role for eight years end up compressed as the market moves. He reviewed the market analysis of similar colleges and university systems (Indiana, Purdue, Penn State, Rutgers, Ohio State, Michigan, North Carolina, and Wisconsin) used to compile data for the proposed salary. Dr. Davenport's proposed salary is in the middle of the range. Trustee Wharton requested that the Board receive salary data for system administration from five years ago and compare that to market rates today to see how the number has changed. Trustee Gregg asked if the salary requirements of other candidates were within this same range. Dr. DiPietro confirmed that they were and added that in his experience, there are not many superior candidates who aspire to these jobs, and those who do know the market very well and have their choice of opportunities. Trustee Rogers said he had consulted with the faculty senate leadership at UTK and reported that first and foremost they are very happy with the selection of Dr. Davenport. He said they are concerned, however, that the higher salary for Dr. Davenport is increasing the wage gap between administration and faculty. He said they shared with him data mentioned by Trustee Wharton showing that nine-month faculty salaries increasing by 22% over a ten year period (2005-2014), while executive salaries increased by 45%. Dr. DiPietro said he

would not dispute that data, except to point out that the turnover on executive positions is much more frequent than faculty positions, and market forces move quicker in the executive markets. He added, however, that this does not mean we will let up in closing the salary gap for the faculty. He noted that Chancellor Cheek did a lot to close those gaps. Noting that this salary data has been mentioned twice in the meeting, Vice Chair Jubran asked the administration to prepare a report analyzing the 45% increase in executive salaries versus the 22% increase in nine-month faculty salaries for the next Board meeting. Vice Chair Jubran commended Dr. DiPietro for his work in getting Dr. Davenport on board at market value even though his own salary is compressed due to his loyalty and length of service. He said the President's actions demonstrate a very strong and secure character. Trustee Wharton said it is necessary to continue to analyze the salary gaps so our outstanding loyal faculty and executives do not feel they need to change jobs to get market value. Vice Chair Jubran said the Board recognizes that Dr. DiPietro has been working hard to reduce costs, increase revenue, and close the salary gaps within the System without relying on external revenue. Trustee Evans said one step in addressing the concern is to appoint a strong leader as the next UT Knoxville Chancellor. He said he finds the proposed salary to be well within market range and not high in comparison to the peers to which we aspire. He said the Board should move forward with the motion on the table and address the ripple effect that Trustee Wharton appropriately raised at the appropriate time. Vice Chair Jubran called for any further discussion. Trustee Lampley said he understands that at the end of her service as Chancellor, Dr. Davenport would receive 75% of her initial base salary for four years as a tenured faculty member. He asked if there is a vesting requirement to receive the retiring right at 75% of her initial base salary. Dr. DiPietro responded that as her offer letter is written, she could step down as Chancellor after one or two years and return to faculty if she chose to do so. He added that she is very committed to the job of Chancellor, and it is her intent to be very successful.

The Vice Chair called for a roll-call vote, and the motion carried (Exhibit 3).

Dr. Davenport returned to the meeting, and Vice Chair Jubran invited her to make remarks. She said she is honored and excited to be coming to be Chancellor of the flagship institution of this great state. She looks forward to delivering the workforce of tomorrow for the students that come through our doors. She thanked the Board for their confidence in her to step into this leadership platform.

DiPietro thanked Dr. Steve Magnum and the entire search committee for their hard work. He thanked Trustee Anderson for representing the Board and being a very engaged member of the search committee.

VI. PRESIDENT'S RECOMMENDATION FOR APPOINTMENT AND COMPENSATION OF THE CHANCELLOR OF THE INSTITUTE OF AGRICULTURE

Dr. DiPietro recommended the appointment of Dr. Tim L. Cross as Chancellor of The University of Tennessee Institute of Agriculture, effective January 1, 2017, with the initial compensation summarized as follows (Exhibit 4):

Base salary: \$27,750.00 per month (\$333,000.00 annualized);
Non-accountable expense allowance: \$416.67 per month (\$5,000.00 annualized);
Potential for an annual performance incentive payment of up to 15% of base salary,
payable in three installments over three years.

He reviewed Dr. Cross' excellent history with the Institute of Agriculture, including his service as interim Chancellor. He said he currently holds a tenured faculty appointment in the Department of Agriculture and Resource Economics but would receive no compensation for the faculty appointment while serving as Chancellor. Upon leaving the position of Chancellor, his compensation in the full-time faculty appointment would be 75% of his initial base salary as Chancellor (75% of \$333,000 = \$249,750) for four years. Beginning with year five after leaving the position of Chancellor, Dr. Cross' base salary in the full-time faculty appointment would be adjusted to the average base salary of full professors in the department.

Vice Chair Jubran asked Dr. Cross to exit the meeting and called for a motion. Trustee Gallimore moved adoption of the following Resolution:

RESOLVED:

(1)The President's recommendation for appointment and initial compensation of Dr. Tim L. Cross as Chancellor of The University of Tennessee Institute of Agriculture is approved as presented in the meeting materials; and

(2)Upon leaving the position of Chancellor, Dr. Cross' compensation in a full-time faculty appointment in the Department of Agriculture and Resource Economics will be \$249,750.00 (75% of his initial base salary of \$333,000.00 as Chancellor) for four years; and beginning with year five after leaving the position of Chancellor, Dr. Cross' compensation in the full-time faculty appointment will be adjusted to the average base salary of full professors in the department.

Trustee Gregg seconded the motion. Vice Chair Jubran called for any discussion. Trustee Pryse said it is wonderful to promote a great person from within UT. Trustee Gallimore said Chancellor Carver and now Dr. Cross demonstrate that succession planning is working at UT, and that is very comforting.

The Vice Chair called for a roll-call vote, and the motion carried (Exhibit 5).

Dr. Cross returned to the meeting, and Vice Chair Jubran invited him to make remarks. Dr. Cross said for several years, he has heard Dr. DiPietro refer to the Chancellor of the Institute of Agriculture as the best job in the System. He thanked the Board for the opportunity to work with them in this capacity and said he looked forward to many great opportunities in the years to come. He said the Institute of Agriculture tag line has been "Real Life Solutions," and we are

committed to that. The Institute serves not only the citizens of East Tennessee but the entire state, and it is a great honor to represent the Institute in this role.

Dr. DiPietro thanked Mr. Herb Byrd for chairing the search committee and also Trustee Rose for her support and assistance as a member of the committee.

VII. PRESIDENT'S RECOMMENDATION FOR APPOINTMENT AND COMPENSATION OF THE GENERAL COUNSEL PURSUANT TO A REORGANIZATION

Dr. DiPietro said he and the Vice Chair have been discussing for several months the need to separate the position of Secretary from the position of General Counsel because the responsibilities of these key University Officers demand far more than a single full-time position. Catherine Mizell has held both positions for more than 16 years and has been willing to work long hours to carry out the responsibilities of both. We believe now is the time to separate the positions to allow adequate time and attention to be devoted to the distinct and critical responsibilities of each position. In particular, we believe the Secretary needs to be a full-time position that can provide support to all Trustees on a regular basis and assist the leadership of the Board in promoting more effective governance.

To accomplish this reorganization, Catherine will continue full-time as Secretary with additional duties as Chief of Staff and Special Counsel to the Trustees, effective January 1, 2017. This will allow the Board and the University to retain the value of Catherine's extensive knowledge of the University and her legal expertise. For the short term, her role as Special Counsel will include working closely with the General Counsel to ensure a smooth transition; for the long term, she will provide legal advice to the Board with respect to governance and provide other legal services, in coordination with the General Counsel. Duties and responsibilities of this full-time position are outlined in the position description included in the meeting materials.

Dr. DiPietro said that under the reorganization, the duties and responsibilities of General Counsel would be reassigned to Matthew Scoggins (who currently holds the title Deputy General Counsel). He recommended Matthew's promotion to General Counsel, effective January 1, 2017. Calling the Board's attention to Matthew's résumé in the materials, Dr. DiPietro noted that Matthew was one of the top two graduates in the College of Business at UT Knoxville in 1999 and one of the top 15 graduates overall. He graduated first in his class from the UT College of Law (1/160) in 2003 and practiced with law firms in Atlanta and Knoxville before joining the Office of the General Counsel in June 2008. Matthew has consistently been a top performer, which led Catherine to promote him to Deputy General Counsel in April 2015. Dr. DiPietro said he has had the opportunity to work directly with Matthew and has developed strong confidence in his counsel and commitment to the best interests of the University.

Based on the market analysis included in the materials, President DiPietro recommended the following initial compensation for Matthew as General Counsel: (1) a base salary of \$23,750.00 per month (\$285,000.00 annualized); and (2) a non-accountable expense allowance of \$416.67 per

month (\$5,000.00 annualized). Matthew will also be eligible for a potential annual performance incentive payment of up to 15% of base salary, payable in three installments over three years.

Vice Chair Jubran asked Mr. Scoggins to exit the meeting and called for a motion. Trustee Lampley moved adoption of the following Resolution:

RESOLVED: The President's recommendation for the appointment and initial compensation of Matthew M. Scoggins, III as General Counsel pursuant to the reorganization described in the meeting materials is approved.

Trustee Anderson seconded the motion. Vice Chair Jubran said he has watched Catherine's around-the-clock dedication and unbelievable work ethic over the past couple of year. He said the Board needs the expertise and attention of a full-time chief of staff and counsel, and Catherine's historical knowledge and legal expertise is needed to assist the Board in reviewing its policies and governance practices to identify needed changes. He said this is an opportunity for this Board to think about things it should do better. Trustee Wharton echoed Vice Chair Jubran's statements about Catherine's dedication and work ethic.

The Vice Chair called for a roll-call vote, and the motion carried (Exhibit 6).

Mr. Scoggins rejoined the meeting, and Vice Chair Jubran invited him to make remarks. He said he was grateful for the privilege entrusted to him to serve the University he loves. He thanked Dr. DiPietro for his confidence and thanked Catherine for being an incredible mentor over the years and also an incredible servant to this University. He said he was grateful she will continue to serve, hopefully for a long time.

VIII. OTHER BUSINESS

There was other further business to come before the Board.

IX. ADJOURNMENT

Before adjournment, Dr. DiPietro announced that Dr. Golden, who the Board knows very well as a former Faculty Trustee, has stepped into the position of Executive Assistant to the President. The Board and meeting attendees congratulated Dr. Golden. There being no further business, the meeting was adjourned.

Respectfully Submitted,


Catherine S. Mizell, Secretary