

MINUTES OF THE ANNUAL MEETING

BOARD OF TRUSTEES

THE UNIVERSITY OF TENNESSEE

June 28, 2001
Knoxville, Tennessee

The annual meeting of the Board of Trustees of The University of Tennessee was held at 9:30 a.m., Thursday, June 28, 2001, at the University Club in Knoxville.

I. CALL TO ORDER AND INVOCATION

Mrs. Johnnie D. Amonette, Vice Chair of the Board, called the meeting to order, and Mr. Charles E. Coffey gave the invocation.

II. ROLL CALL

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

Mrs. Johnnie Amonette
Mrs. Barbara C. Castleman
Mr. B. C. "Scooter" Clippard
Mr. Charles E. Coffey
Dr. Vernon Coffey
Mr. J. Steven Ennis
Dr. Maurice Field
Mr. Emerson H. Fly
Mr. Robert Hamilton
Mr. James A. Haslam, II
Mr. Waymon L. Hickman
Dr. Rhynette N. Hurd
Mr. Jerry L. Jackson
Mr. D. Lynn Johnson
Mr. Frank J. Kinser
Mrs. Andrea J. Loughry
Mr. R. Clayton McWhorter
Mr. Arnold E. Perl
Dr. Richard Rhoda
Mr. John Thornton
Commissioner Dan Wheeler
Mrs. Susan R. Williams

The Secretary announced the presence of a quorum.

Without objection, Vice Chair Amonette altered the Order of Business to allow Mr. Justin Wilson, Deputy to Governor Don Sundquist, to present the agenda item relating to the Presidential Search. Mr. Wilson read the names of the Presidential Search Committee who were appointed by Governor Sundquist (Exhibit 1).

Don Sundquist, Chair
Johnnie D. Amonette, Vice Chair
James A. Haslam, II
Rhynette N. Hurd
Jerry L. Jackson
Andrea J. Loughry
R. Clayton McWhorter
John C. Thornton

Mr. Wilson announced that the Search Committee will appoint an advisory council which will include a diverse representation of faculty, students, staff and University alumni. The advisory council may also include other prominent individuals, who because of their affiliation with The University of Tennessee or their involvement in public higher education, can assist the Search Committee and the Board in assessing candidates. The Search Committee will encourage the involvement of faculty, students and alumni in determining the criteria that will be used in the search and selection of the president. A special meeting of the Board will be called in approximately thirty days. At that time the Governor will report on appointment of the advisory council the results of the Search Committee's advisory council appointments and on a plan for conducting the search. Governor Sundquist believes these steps will create an open, fair and competitive process and a process that will instill public confidence in the University and, more importantly, the confidence of the University in itself.

Mr. Wilson said the Governor believes it was appropriate for the Executive Committee of the Board of Trustees to act promptly and decisively in filling the position of Acting President upon the resignation of Dr. Wade Gilley. The Governor recommends that the Board ratify the Executive Committee's action naming Emerson H. Fly as Acting President. Mr. Wilson noted that the University has been involved in the statewide desegregation litigation known as Geier for over 30 years. At the heart of the litigation is the allegation that the University was not an open institution. A letter from an attorney for one of the four plaintiff groups alleges the appointment of Mr. Fly as Acting President violates the terms of the recent consent decree in Geier. Mr. Wilson said the Governor takes the terms of the Geier consent decree very seriously, and he believes if the Board shows it has proceeded with a search process that is fair, open and competitive, it can resolve this matter in a way that will make every Board member proud of the results. The Governor believes the Board should reappoint Mr. Fly for thirty days and at the specially called Board meeting in early August consider any legal developments that might have occurred. In those thirty days, the Governor will work diligently to resolve any legal issues.

Mr. James A. Haslam, II moved adoption of the Resolution (Exhibit 2) setting forth the Governor's recommendations. Mr. Charles E. Coffey seconded, and the motion carried

unanimously.

III. INTRODUCTIONS AND PRESENTATIONS

Vice Chair Johnnie Amonette introduced Emeriti Trustees James F. Harrison, A. B. Long, Jr., Tom Kerney, Frank W. Bowyer, and Paul Phillips. Mrs. Amonette introduced Dr. Loren Crabtree, newly appointed Vice President and Provost, Ms. Lynne Fain, President of the National Alumni Association, Dr. Robert Glenn, President of the Faculty Senate in Knoxville, and Mr. Bradford Bricken, President of the Knoxville Student Government Association, all of whom made brief remarks.

IV. APPROVAL OF THE MINUTES OF PRIOR MEETINGS

Mrs. Susan R. Williams moved approval of the minutes of the April 9, 2001 Executive Committee meeting, the April 26, 2001 Spring Board meeting, the June 1, 2001 Executive Committee meeting, and the June 8, 2001 Executive Committee meeting. Mr. Jerry L. Jackson seconded, and the motion carried unanimously.

V. ADOPTION OF RESOLUTION OF RECOGNITION

Mr. R. Clayton McWhorter moved adoption of the Resolution (Exhibit 3) recognizing Mr. Amon Carter Evans for his service on the Board of Trustees. Mr. Waymon L. Hickman seconded, and the motion carried unanimously.

VI. UT-BATTELLE PARTNERSHIP AND ORNL

Dr. William Madia, Director of the Oak Ridge National Laboratory and Chief Executive Officer of UT-Battelle, made a presentation (Exhibit 4) explaining the University's relationship to the Battelle Memorial Institute and how the partnership of the two can further the University's effort to become one of the nation's top twenty-five research institutions.

VII. REPORT OF THE PRESIDENT

Acting President Emerson H. Fly assured the Board that the University has continued its missions of teaching, research and service throughout the recent transition. He noted a number of accomplishments over the past year, including funding for certain facilities, scholarships and research, the hiring of outstanding employees, and the receipt of unprecedented private gifts.

Mr. Fly explained that the University continues to suffer from not having been funded over a period of ten years at a level comparable to peer institutions. To highlight the impact of inadequate funding, Mr. Fly read excerpts from a letter written by a long-time faculty member on the Knoxville campus describing the effect low faculty salaries are

having on academic departments (Exhibit 5).

VIII. ELECTION OF UNIVERSITY OFFICERS

Mr. James A. Haslam, II moved that the following individuals be elected to the respective positions as University Officers, effective July 1, 2001:

Mr. Emerson H. Fly, Acting President and Chief Executive Officer
Mr. Emerson H. Fly, Executive Vice President and Chief Operating Officer
Dr. Jack H. Britt, Vice President for Agriculture
Dr. David N. Dunagan, Chancellor of The University of Tennessee at Martin
Dr. T. Dwayne McCay, Vice President for Research and Information Technology
Ms. Catherine S. Mizell, Vice President, General Counsel and Secretary of the University
Mr. Charles M. Peccolo, Jr., Vice President and Treasurer of the University
Mr. William R. Rice, Vice President for Health Affairs
Dr. Bill W. Stacy, Chancellor of The University of Tennessee at Chattanooga
Mr. Jack E. Williams, Vice President for Development and Alumni Affairs

The motion was seconded by Mr. Charles E. Coffey and unanimously carried.

IX. APPOINTMENT OF STANDING COMMITTEES AND COUNCILS

Mr. James A. Haslam, II, moved approval of the appointment of standing committees and councils (Exhibit 6). Mr. R. Clayton McWhorter seconded, and the motion carried unanimously.

X. REPORT OF THE TREASURER

Treasurer Charles M. Peccolo reported that with one day left in the fiscal year, efforts are being made to close the books with a new software system in place. Mr. Peccolo said the transfer to the new system has gone very well due in part to a number of dedicated staff members. The new software system will be used to create an entirely separate set of books for the UT Foundation. The system will also allow the University to comply with the reporting requirements that will be implemented next year for non-profits and public colleges and universities. Mr. Peccolo also noted that the State auditors arrived at the University several weeks prior and are in the midst of their four-month review of the financial records of the University. They will focus this year on the Martin and Memphis campuses in addition to Knoxville. To date, no problems have arisen with the audit and the University expects to close its books with an unqualified audit opinion again this year. Mr. Peccolo said the often quoted figure of funds invested to benefit the University should be more than \$700 million which includes the University's endowments, the charitable remainder trusts, the University of Chattanooga Foundation and the Chairs of Excellence.

XI. NEW BUSINESS

A. REPORT OF THE FINANCE AND ADMINISTRATION COMMITTEE

- 1. Endowment Investment Performance Update.** Mr. J. Steven Ennis, Chair of the Committee, noted that in April and May the University's endowment grew by \$17 million to \$413 million. He said because of the market situation, the University's endowment will probably have some negative returns for the year (Exhibit 7).
- 2. Report of Quasi-endowments established from July 2000-June 2001.** Mr. Ennis presented the report on quasi-endowments (Exhibit 8) for filing.
- 3. Adoption of FY 2002 Operating Budget and Student Fees.** Mr. Ennis reported that the Committee discussed a continuation budget of approximately \$892 million for 2002 (Exhibit 9). Mr. R. Clayton McWhorter moved the adoption of the FY 2002 continuation budget. Mr. James A. Haslam, II seconded, and the motion carried unanimously.
- 4. Adoption of the UC Foundation Budget for FY 2001-2002.** Mr. Frank J. Kinser moved adoption of a continuation budget for fiscal year 2001-2002 for the UC Foundation (Exhibit 10). Mr. James A. Haslam, II seconded, and the motion carried unanimously.
- 5. Approval to sell Blount County farm.** This item was withdrawn from consideration.
- 6. Approval to sell gift properties.** Mr. Jerry L. Jackson moved approval to sell certain gift properties located in Knox and Marshall Counties (Exhibit 11). A third piece of property given by Gilford Glazer in Anderson County was withdrawn. Mr. James A. Haslam, II seconded, and the motion carried unanimously.
- 7. Approval of revenue-funded project.** Vice President Phillip Scheurer described a proposed revenue-funded project in the Knoxville campus master plan. He explained that the development of pedestrian space on Andy Holt Avenue between the Hodges Library and Hess Hall was called for in the 1994 Knoxville campus master plan. The call was reiterated in 2001. Funds for the project are in hand from the facilities fee and an auxiliary account. Mr. James A. Haslam, II moved approval of the project, Mr. R. Clayton McWhorter seconded, and the motion carried unanimously.

The Board will receive and review the entire master plan for the Knoxville campus at the Fall Meeting in October. Mr. Scheurer said the draft plan (Exhibit 12) represents a consensus of representatives from the entire University community, including Trustees who are members of the long range planning committee.

8. **Approval of President Emeritus contracts for Edward J. Boling and Joseph E. Johnson.** Mr. R. Clayton McWhorter moved approval of President Emeritus agreements for Drs. Boling and Johnson (Exhibit 13). Mr. Charles E. Coffey seconded, and the motion carried unanimously.
9. **Filing of Minutes of the February 19, 2001 meeting of the Liaison Committee for the UT Bowld Hospital.** Mr. Emerson H. Fly moved acceptance of the minutes for filing (Exhibit 14). Mrs. Andrea J. Loughry seconded, and the motion carried unanimously.
10. **Approval of Proposal to Pay for Health Insurance for Dr. J. Wade Gilley.** Mr. R. Clayton McWhorter moved approval of the proposal to pay from discretionary funds for the health insurance of Dr. J. Wade Gilley until he reaches age 65. The motion was seconded by Mr. Frank J. Kinser. Mr. Lynn Johnson asked that the motion be amended to stipulate that Dr. Gilley's acceptance of employment providing health insurance would negate the University's obligation to pay his health insurance costs. Mr. McWhorter so amended the motion, and it carried unanimously.

Approval of The University of Tennessee Foundation budget. Mr. Ennis said the Finance Committee recommended a start up budget for the Foundation of up to \$400,000 from available funds. Mr. R. Clayton McWhorter moved approval of the Finance Committee's recommendation. Mr. James A. Haslam, II seconded, and the motion carried unanimously.

B. REPORT OF THE ACADEMIC PROGRAMS AND PLANNING COMMITTEE

1. **Approval of the UT Comprehensive Listing of Academic Programs (all campuses).** Mr. Charles E. Coffey moved approval of the UT Comprehensive Listing of Academic Programs for all campuses (Exhibit 15). Mrs. Andrea J. Loughry seconded, and the motion carried unanimously.
2. **Approval of Proposal for a Program of Study Leading to the Degree of Doctor of Audiology (AuD).** Mr. Charles E. Coffey moved approval of the proposal for a program of study leading to the Degree of Doctor of

Audiology (AuD) as recommended by the Academic Programs and Planning Committee (Exhibit 16). Mr. Frank J. Kinser seconded, and the motion carried unanimously.

3. **Approval of Tenure Recommendations.** Mr. James A. Haslam, II moved approval of the tenure recommendations (Exhibit 17). Mr. Lynn Johnson seconded, and the motion carried unanimously.

C. REPORT OF THE LIAISON COMMITTEES

1. **UT Chattanooga Liaison Committee Report.** Chair Frank Kinser reported on enrollment figures for the fall of 2001. He brought the Board up to date on new programs and accomplishments on the Chattanooga campus.
2. **UT Martin Liaison Committee Report.** Chair Jerry Jackson reported the filling of positions at UT Martin including a number of dean positions. He brought the Board up to date on enrollment trends at Martin for 2001 and reminded them of the need for an the addition to Brehm Hall for agriculture programs.

Mr. Jackson asked Dr. Dunagan to update the Board on the health of Mrs. Kathleen Elam. Dr. Dunagan said Mrs. Elam had a successful pacemaker implant but suffered a mini stroke afterwards. She is presently residing at a rehabilitation center in Martin. She is progressing well and should be going home very soon.

- D. **AUTHORIZATION TO CONFER DEGREES.** Mr. J. Steven Ennis moved to authorize the President to confer degrees. Mr. R. Clayton McWhorter seconded, and the motion carried unanimously.


- E. **REPORT OF GRADUATES.** The Secretary reported graduates at commencements held on May 6, 2001, at The University of Tennessee at Chattanooga (Exhibit 18); May 11, 2001, at The University of Tennessee in Knoxville (Exhibit 19; May 12, 2001, at The University of Tennessee at Martin (Exhibit 20; and June 1, 2001, at The University of Tennessee Health Science Center (Exhibit 21).

X. OTHER BUSINESS

The Secretary announced the fall meeting to be held in Knoxville on October 4-5, 2001.

X I. ADJOURNMENT

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



Catherine S. Mizell
Vice President, General Counsel and Secretary