

THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

MINUTES OF THE EXECUTIVE AND COMPENSATION COMMITTEE

May 13, 2014  
Nashville, Tennessee

The Executive and Compensation Committee of The University of Tennessee Board of Trustees met at 11:15 a.m. CDT on Tuesday, May 13, 2014, in the offices of Bradley Arant Boult Cummings in Nashville, Tennessee.

**I. CALL TO ORDER**

Chair Ferguson called the meeting to order and asked the Secretary to call the roll.

**II. ROLL CALL**

The Secretary noted the requirements for meetings conducted with members participating by telephone and then announced those present at the meeting location in Nashville. Trustees Gregg and Cates, who participated by telephone, stated that no one else was present at their location. The Secretary called the roll, and the following members of the Executive and Compensation Committee were present:

J. Brian Ferguson, Chair  
Charles C. Anderson  
George E. Cates  
Joseph A. DiPietro  
D. Crawford Gallimore  
Vicky B. Gregg  
James L. Murphy, III  
Charles E. Wharton

Trustee Stansberry was unable to attend. The Secretary announced the presence of a quorum. Trustee Tanner and administrative staff were also present. Warren Nevad, a Municipal Management Consultant with the Municipal Technical Advisory Service, attended the meeting as a leadership training exercise.

### III. MINUTES OF LAST MEETING

Chair Ferguson called for any additions or corrections to the minutes of the February 26, 2014 meeting. Hearing none, Trustee Wharton moved approval of the minutes as presented, and Trustee Gallimore seconded. The Secretary called the roll, and the motion carried unanimously.

### IV. REPORT ON THE AGB NATIONAL CONFERENCE ON TRUSTEESHIP

Chair Ferguson reported that Trustees Pryse, Gregg, and he had accompanied President DiPietro to AGB's annual conference in April. Trustee Gregg said she was most struck by the fact that many other universities are dealing with the issues of tuition increases and the cost of a degree. She was pleased to learn that the University might be a little ahead of others in terms of goals and strategic planning. She said that the conference was well worth her time, and she appreciated the opportunity to interact with peer institutions.

Chair Ferguson said the sessions he attended primarily addressed the issue of reconciling the revenue curve. He reiterated that everyone he spoke with had indicated concern with the cost crunch and the shift in funding sources.

President DiPietro said he came away with the notion that the current business model for higher education is somehow broken. He will ask the Chancellors and other members of his staff to think about the circumstances in Tennessee: state revenue continues to be a problem, and the tuition increase model is not palatable long-term. He said asking the state for more funding likely will not be very effective unless we look at the things we can do differently in the future.

The Committee members discussed the importance of educating more students at less cost and the need to consider the productivity and cost-effectiveness of all programs and services. Trustee Murphy emphasized the need to think about change—not only whether we are offering the right programs, but also whether we should change the way we offer them. Trustee Gregg concurred, noting that many institutions across the country are in denial, focusing too much on increasing revenue and too little on how to change fundamentally. Trustee Cates observed that the literature is replete with ways to innovate and change, many of which would be difficult to execute but would have a significant impact. Trustee Wharton inquired whether any smaller schools attending the AGB conference had indicated a desire to eliminate athletics programs. Chair Ferguson

responded that he did not hear any discussion on that point.

## **V. PRESIDENT'S REPORT**

Dr. DiPietro reported that because of continued sluggish revenue, salary increases were removed from the state budget. Tuition models are being examined at each campus with expected increases of five to six percent. The state has decided to fund the increase in health insurance costs, postponing the expense for employees. Dr. DiPietro has cautioned campus administrators to be cognizant of the possibility of a year-end rescission if state revenues do not improve.

The President reported that he has completed annual evaluations of the Chancellors and other members of his staff and was pleased to say all are doing well.

He announced that during spring commencements, UT Knoxville graduated 4,000 students, UT Chattanooga graduated 1,250 students, and UT Martin graduated just under 700 students. He said graduation numbers are still trending upward but will need to be monitored.

President DiPietro discussed the recommendation of the committee he appointed to review the property received from the Eugenia Williams estate. The committee recommends issuing a Request for Proposals for lease of the property for 99 years or for 50 years with the option for a to 50-year renewal. The lessee would be obligated to restore the residence according to University specifications.

The President also reported that the reporting line for system-level IT operations would be moving from the Executive Vice President to the Chief Financial Officer.

## **VI. TENTATIVE SCHEDULE AND AGENDA FOR THE ANNUAL MEETING**

Chair Ferguson asked each committee chair to review the proposed agenda items with the appropriate staff to assure committee time is used wisely (Exhibit 1). Secretary Mizell pointed out the TUAPA policies presented at the February meeting are being returned to the Finance and Administration Committee for minor changes requested by the Attorney General. She also noted that the student programs and services fee item is responsive to the Senate Resolution

regarding use of student activity fees.

#### **VII. PROPOSED ALTERNATE USE FOR PROPERTY LOCATED AT 1525 UNIVERSITY AVENUE IN KNOXVILLE**

Mr. Peccolo referred to the September 5, 2013 Committee action approving the following uses for the two buildings located at 1525 and 1610 University Avenue in Knoxville: (1) to consolidate Institute for Public Service operations from the Communications Building and Conference Center Building; and (2) to consolidate UT Foundation, Inc. (UTFI) operations from Andy Holt Tower and the Conference Center Building.

Mr. Peccolo explained that subsequent to the Committee's action in September, the System Administration had decided UTFI operations might be better served by consolidation in the Conference Center Building. He then presented the administration's new proposal to use the building at 1525 University Avenue for University System Administration and UT Knoxville Administration offices (Exhibit 2).

Trustee Wharton expressed his strong opposition to consolidating UTFI operations in the Conference Center Building, stating that the space would not be acceptable for achieving the Foundation's mission. After extensive discussion, the consensus of the Committee was to affirm its September 2013 action approving consolidation of UTFI operations in the building on University Avenue. Accordingly, the proposal for an alternate use of the property located at 1525 University Avenue was withdrawn by the administration. Trustee Wharton asked for the minutes to reflect that he called President DiPietro prior to the meeting to make him aware of his concern about the proposal to consolidate Foundation operations in the Conference Center.

#### **VIII. 2015 DATES FOR REGULAR BOARD MEETINGS AND A WORKSHOP**

The Secretary presented the following dates proposed for three regular meetings of the Board of Trustees and a workshop in 2015:

Winter Meeting, February 25-26, 2015 in Memphis  
Annual Meeting, June 24-25, 2015 in Knoxville  
Workshop, September 9-10, 2015 (location to be determined)  
Fall Meeting, October 15-16, 2015 in Knoxville (tentative)

The Secretary explained that the Fall Meeting date is tentative pending release of the 2015 Volunteer football schedule. If a home football game is not scheduled for October 17, 2015, alternate Fall Meeting dates will be recommended at a subsequent meeting.

Trustee Anderson moved that the proposed 2015 dates for regular board meetings and a workshop be recommended to the Board of Trustees for approval (Exhibit 3). Trustee Wharton seconded, the Secretary called the roll, and the motion carried.

**IX. OTHER BUSINESS**

There was no other business to come before the Committee for action.

**X. ADJOURNMENT**

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

Respectfully Submitted,

  
Catherine S. Mizell, Secretary