

THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

MINUTES OF THE EXECUTIVE AND COMPENSATION COMMITTEE

September 5, 2013  
Nashville, Tennessee

The Executive and Compensation Committee of The University of Tennessee Board of Trustees met at 9:30 a.m. CDT on Thursday, September 5, 2013, at the Ellington Agricultural Center in Nashville, Tennessee.

**I. CALL TO ORDER**

Chair Ferguson called the meeting to order and asked the Secretary to review the requirements under the Tennessee Open Meetings Act for meetings conducted with members participating by telephone. The Secretary explained that those participating in the meeting at each location must be identified and that all votes must be taken by a roll call. She announced those present at the meeting location in Nashville. Trustees Gregg and Wharton, who participated by telephone, stated that no one else was present at their location.

**II. ROLL CALL**

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  
Don C. Stansberry, Jr.  
Charles E. Wharton

The Secretary announced the presence of a quorum of the Committee at the meeting location. Other Trustees, members of the administrative staff, a reporter

for the Knoxville News Sentinel, and a representative of the Southern Environmental Law Center were also present.

### **III. MINUTES OF LAST MEETING**

Chair Ferguson called for any additions or corrections to the minutes of the June 19, 2013 meeting. Hearing none, Trustee Stansberry moved approval of the minutes as presented. Trustee Anderson seconded the motion, the Secretary conducted a roll call vote, and the motion carried unanimously.

### **IV. PRESIDENT'S REMARKS**

Dr. DiPietro announced that the Knoxville and Chattanooga campuses had experienced a modest enrollment increase for the Fall Semester, while UT Martin had a slight decline in enrollment.

### **V. PROPOSED USES FOR PROPERTIES LOCATED AT 1525 AND 1610 UNIVERSITY AVENUE, KNOXVILLE**

Mr. Peccolo, Treasurer and Chief Financial Officer, reminded the Committee that the Board had approved the acquisition of properties located at 1525 and 1610 University Avenue in Knoxville, Tennessee, at a purchase price equal to or less than the appraised value, subject to the Executive and Compensation Committee's review and approval of the administration's proposed uses for the properties.

Mr. Peccolo described the administration's proposal for the Institute for Public Service (IPS) to relocate to these building from UT Knoxville's Communications Building and the Conference Center and for the Development Office and the UT Foundation to relocate to these buildings from Andy Holt Tower and the Conference Center. He explained that these moves would benefit the Knoxville campus by freeing up space needed for academic, research, and administrative priorities.

Trustee Stansberry asked how much space would be vacated by the two units, and Mr. Peccolo responded that the square footage of space being vacated is comparable to that of the proposed new space. Trustee Wharton expressed uncertainty about future uses for the conference center space. He also questioned the wisdom of moving Development and the Foundation out of Andy Holt Tower and away from the offices of the President and the Chancellor.

Vice President Johnnie Ray responded that the University Avenue space is quite attractive, would make a positive impression, and would allow for signage and branding the UT Foundation. Trustee Wharton also asked about the adequacy of parking space and the purchase price for the buildings. Mr. Peccolo responded that parking space would be adequate and that early projections indicated a purchase price of \$3.2 million for both buildings and land, but he reiterated that the University would pay no more than the appraised value.

Trustee Stansberry asked Mr. Ray to address how often donors or potential donors visit Foundation offices. Mr. Ray said donors rarely visit the Foundation offices and are more likely to visit a specific area of campus. He also said the move would not have a positive or negative direct impact on the ability to raise money but would make the organization more effectively and efficiently organized in one location.

Trustees Stansberry and Wharton asked about funding for the build-out and furnishings. Mr. Peccolo said the buildings would be part of the Knoxville campus building inventory, and funding would be provided by UT Knoxville and the system administration. He noted that early projections indicate a build-out cost of approximately \$1.5 million and that issuance of debt is not anticipated. Trustee Ferguson noted that the Board's approval was only for the purchase and that the Committee's vote on this item could be deferred if the build-out cost needs to be addressed. Current projections, including build-out, would bring the cost to approximately \$5 million, which would be approximately \$100 per square foot.

Trustee Stansberry moved that the administration's proposed uses for the properties located at 1525 University Avenue and 1610 University Avenue in Knoxville, Tennessee, be approved and that the administration be authorized to proceed with the acquisition approved by the Board of Trustees at a purchase price equal to or less than the appraised value. Trustee Cates seconded the motion, the Secretary conducted a roll call vote, and the motion carried unanimously.

## **VI. SALE OF 940 CHEROKEE BOULEVARD, KNOXVILLE**

Mr. Peccolo explained the administration's request for approval to sell the property located at 940 Cherokee Boulevard in Knoxville, Tennessee. The property, consisting of approximately 3.3 acres, is improved with a three-story residence with approximately 11,400 square feet. At various times before 2010,

the property served as the official residence for the President of the University or the Chancellor of UT Knoxville.

Mr. Peccolo explained that sale of this property was approved by the Board and the State Building Commission in 2009, subject to final approval of the sale price by the Board or the Executive and Compensation Committee. He then called the Committee's attention to the following summary of the property appraisals:

Donald White & Associates - \$3,750,000 - June 30, 2009 o Woodford & Associates - \$3,000,000 - June 30, 2009

Donald White & Associates - \$2,650,000 - April 18, 2011 o Woodford & Associates - \$2,600,000 - May 4, 2011

Donald White & Associates - \$2,150,000 - February 15, 2012 o Woodford & Associates - \$2,500,000 - February 10, 2012

Mr. Peccolo explained that the property has been listed for sale since early 2010 and that Requests for Proposals were issued in April 2010 with a bid minimum of \$4 million and in June 2010 with no bid minimum. No bids were received in either solicitation. An offer of \$2.1 million was received in July 2011 and an offer of \$1.9 million in January 2013.

Mr. Peccolo said the current offer is \$2.0 million subject to a home inspection. He explained that the University would not be responsible for any repairs or required to provide a home warranty, and the purchase and sale agreement includes no financing contingency and a closing date on or before December 31, 2013. Mr. Peccolo said he did not expect any problem with obtaining State Building Commission approval for the sale. Trustee Wharton suggested the minutes should reflect that a determination has been made that the purchaser is not a related party. Mr. Peccolo replied that purchasers are local residents who are not related in any way to the administration of the University.

Trustee Gallimore moved that the sale of 940 Cherokee Boulevard to Magnolia Trust or Assign be approved at a purchase price of \$2,000,000. Trustee Anderson seconded the motion, and the Secretary conducted a roll call vote. Out of an abundance of caution, Trustee Stansberry abstained from the vote due to the fact that his son has served as a pilot for the purchaser. Trustee Wharton voted against the sale. The motion carried.

**VII. GRANT OF TENURE TO A UTC FACULTY MEMBER UNDER EXPEDITED PROCEDURES**

President DiPietro presented his recommendation that Dr. Michelle Deardorff be granted tenure by the Committee under expedited procedures (Exhibit 1). He explained that Chancellor Angle recommended tenure for this outstanding faculty member who has been recruited to serve as Head of the Department of Political Science, Public Administration and Nonprofit Management at UTC, and that all steps in the normal review process have been completed.

Trustee Stansberry moved that tenure be granted to Dr. Michelle Deardorff in her faculty appointment as Professor, Department of Political Science, Public Administration and Nonprofit Management at The University of Tennessee at Chattanooga. Trustee Murphy seconded the motion, the Secretary conducted a roll call vote, and the motion carried unanimously.

**VIII. GRANT OF TENURE TO SIX UTK FACULTY MEMBERS UNDER EXPEDITED PROCEDURES**

President DiPietro presented his recommendation that six UT Knoxville faculty members be granted tenure by the Committee under expedited procedures (Exhibit 2). He explained that Chancellor Cheek recommended tenure for these outstanding faculty members who have been recruited to key positions, and all steps in the normal review process have been completed. Trustee Wharton asked why Mr. Fulton would be recommended for tenure without a doctoral degree. Chancellor Cheek explained that the terminal degree in Architecture and Design is a master's degree.

Trustee Murphy moved (1) that tenure be granted to Dr. Rudyard Alcocer in his faculty appointment in the Department of Modern Foreign Languages and Literatures at The University of Tennessee, Knoxville; (2) that tenure be granted to Dr. Mark Dean in his faculty appointment in the Department of Electrical Engineering and Computer Science at The University of Tennessee, Knoxville; (3) that tenure be granted to Mr. Gale Fulton in his faculty appointment in the College of Architecture and Design at The University of Tennessee, Knoxville; (4) that tenure be granted to Dr. Sidney Michael Kilbey in his faculty appointment in the Department of Chemistry at The University of Tennessee, Knoxville; (5) that tenure be granted to Dr. Shashi Nambisan in his faculty appointment in the Department of Civil and Environmental Engineering at The University of Tennessee, Knoxville; and (6) that tenure be granted to Dr. A. N. Thanos

Papanicolaou in his faculty appointment in the Department of Civil and Environmental Engineering at The University of Tennessee, Knoxville. Trustee Stansberry seconded the motion, the Secretary conducted a roll call vote, and the motion carried unanimously.

**IX. TENTATIVE SCHEDULE AND AGENDA FOR THE FALL MEETING**

Secretary Mizell stated Chancellor Cheek would host the Fall Meeting in Knoxville on October 17-18. She reviewed the tentative schedule and agenda (Exhibit 3). Dr. DiPietro indicated he will ask the team member staffing each committee to open with a dashboard metric relevant to the committee's responsibilities. Chair Ferguson requested that each committee chair make the dashboard the focus of their agenda.

**X. REVISED DATES FOR THE 2014 FALL MEETING OF THE BOARD OF TRUSTEES**

The Secretary explained that when the Board approved the 2014 meeting schedule in June 2013, the 2014 football schedule for UT Knoxville had not yet been announced. Because the recently released football schedule did not include a home game on the previously scheduled date for the Fall Meeting, the administration has recommended changing the Fall Meeting dates to October 2-3 preceding the Vols' home game against the University of Florida on October 4.

Trustee Murphy moved that October 2-3, 2014 be recommended to the full Board for the 2014 Fall Meeting. Trustee Cates seconded, the Secretary conducted a roll call vote, and the motion carried unanimously.

**XI. SETTING TWO REGULAR EXECUTIVE AND COMPENSATION COMMITTEE MEETING DATES IN 2014**

The Secretary explained that Executive and Compensation Committee meetings are usually held five to six weeks before regular Board meetings and proposed January 17 and May 13 as dates for the first two Committee meetings in 2014.

Trustee Gallimore moved that the proposed dates for the first two Executive and Compensation Committee meetings in 2014 be approved. Trustee Anderson seconded, the Secretary conducted a roll call vote, and the motion carried unanimously.


**XII. OTHER BUSINESS**

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

**XIII. ADJOURNMENT**

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

Respectfully Submitted,

  
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Catherine S. Mizell  
Secretary