

THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

MINUTES OF THE EXECUTIVE AND COMPENSATION COMMITTEE

October 2, 2012  
Nashville, Tennessee

The Executive and Compensation Committee of The University of Tennessee Board of Trustees met at 10:00 a.m. CDT, Tuesday, October 2, 2012, at 226 Capitol Boulevard, Nashville, Tennessee.

**I. CALL TO ORDER**

Don C. Stansberry, Chair, called the meeting to order.

**II. ROLL CALL**

Chair Stansberry called the roll, and the following members of the Executive and Compensation Committee were present:

Don C. Stansberry, Jr., Chair  
Charles C. Anderson  
George E. Cates  
Joseph A. DiPietro  
Spruell Driver, Jr.  
James L. Murphy, III (participating by telephone)  
Charles E. Wharton

The Chair announced the presence of a quorum of the Committee. Trustee Gallimore was unable to attend. Members of the administrative staff were also present.

**III. APPROVAL OF MINUTES OF PRIOR MEETING**

Chair Stansberry asked for any corrections to the minutes of the June 20, 2012 meeting of the Committee. Hearing none the Chair called for a motion. A motion to approve the minutes as presented in the meeting materials was made by Trustee Wharton and seconded. The Secretary conducted a roll call vote, and the motion carried unanimously.

#### IV. PRESIDENT'S REMARKS

Addressing a recent alcohol incident at UT Knoxville, Dr. DiPietro stated that the undergraduate campuses are doing three things regarding the use of alcohol: student conduct policies prohibit student use of alcohol on University-controlled property or in connection with a University-affiliated activity; student life offices provide education and awareness on each campus regarding the use of alcohol; and all campuses have penalties in place for ignoring the policies. In fact, just over a week before the incident in Knoxville, the campus had provided an educational program that included some of the young men who were involved in the incident. Dr. DiPietro said members of the Pi Kappa Alpha fraternity must move out of the house by October 7. Chancellor Cheek added that the fraternity is closed down at the Knoxville campus until at least 2015. The Chancellor also gave a brief summary of the incident on September 22 and reported that Vice Chancellor Tim Rogers is conducting a thorough review. Chancellor Cheek also stated that a task force is being organized to review what the institution can do better.

In response to Trustee Wharton's question, Dr. DiPietro replied that the Today Show segment in Knoxville went very well. Chancellor Cheek recommended the Trustees view the video, and he will send a copy to them. He stated it was an entire hour of orange and white in front of Ayres Hall, focusing on students.

Dr. DiPietro then noted that fall enrollment across the system is up approximately 2% primarily due to growth at UTC. UT Martin and UT Knoxville are slightly down due to increased graduation rates and other adjustments to targets. In response to a question by Trustee Cates, Dr. DiPietro said the current ratio of acceptance to applicants at UT Knoxville is 1 in 3 or 1 in 4. Chancellor Cheek added that UT Knoxville missed its enrollment target in 2009 but has made it every year since. Trustee Driver asked why TBR institutions are more aggressive in marketing their brand across the state on billboards. Chancellor Cheek responded that UT Knoxville does not have the money to increase teaching capacity to accommodate more incoming freshmen. Dr. DiPietro added that UT Knoxville is unique in that it has far more applicants than it can accept, but the other campuses are more aggressively marketing their programs. Chancellor Cheek noted UT Knoxville is using a direct mail, targeted approach to recruiting high performing Tennessee students, rather than billboards.

President DiPietro's remarks also included the following updates:

- The search for a new chancellor at UTC is underway, chaired by Chancellor Arrington. A search firm is engaged in seeking candidates.
- A committee for the search for a Vice President for Marketing and Communications has been named, and it will soon be underway.
- The Strategic Plan champions have begun the implementation process.
- The UT Research Foundation administration has interviewed, and hopes to hire, a highly recommended Executive Director candidate.
- UT Knoxville is re-competing for the national supercomputing center.
- The Health Science Center has received a gift from St. Jude and LeBonheur to advance the pediatric clinical and research program.

## V. FOLLOW-UP ON SUMMER WORKSHOP

Dr. DiPietro reported that the presentations at the workshop have heightened the interest across the campuses and institutes regarding the future of distance education and the use of technology. He asked Dr. Katie High, Interim Vice President for Academic Affairs and Student Success, to discuss plans to follow up on the workshop. Dr. High asked the Committee to confirm the Board's charge to the administration: to develop a plan indicating how the University intends to use technology to break the iron triangle—that is to increase quality, increase access, and control cost. Trustee Cates requested that using summer school more effectively be added to the list of considerations. President DiPietro agreed. Chancellor Cheek reminded the Committee that increased quality and increased access may mean higher costs.

Dr. High explained that a team she leads to address educational excellence within the context of the System Strategic Plan, consisting of academic officers from all campuses and units, was already looking at online and distance education as a top priority and now has added the goal of using technology to break the iron triangle. She noted that collecting baseline data is the first task and then reviewed current online education programs throughout the University system. Over 5,000 students were enrolled in 62 certificate programs in spring 2012.

Trustee Murphy asked whether the campuses should be looking at more online courses to deal with the "bottleneck" issue. Chancellor Cheek responded that in some cases, like math, in-person instruction is needed, so a blended approach is better. Chair Stansberry agreed that technology should be used to improve instruction but cautioned against an exclusive focus on technology as the

solution. Trustee Cates said it would be a tactical mistake to try to compete in the arena of the MOOC (Massive Open Online Course). He also expressed concern about inertia if this issue is left to internal study and suggested that an outside, independent perspective be obtained. Chair Stansberry urged that a study be conducted of what courses are sufficiently similar that they can be treated as equivalent, avoiding the requirement for students to take additional courses just because of changing majors. Trustee Driver suggested that Vanderbilt University's online program be reviewed to see what might be learned from it. Dr. High said her team will report recommendations to Dr. DiPietro by the end of December.

## **VI. TENTATIVE SCHEDULE/AGENDA FOR THE FALL MEETING OF THE BOARD OF TRUSTEES**

The Secretary noted that the Fall Meeting will be hosted by UT Knoxville and that Trustees will have an opportunity to tour the new Min Kao Electrical Engineering and Computer Science Building during a reception. She then reviewed the tentative schedule of events and tentative agenda (Exhibit 1). Chair Stansberry asked the committee chairs to review the tentative agenda for their committees to confirm that enough time has been allowed.

## **VII. PERFORMANCE AND RETENTION PLAN**

President DiPietro presented the Performance and Retention Plan for the Committee's consideration, outlining the participants, objectives, goal setting process, and other provisions of the Plan. He noted that the initial retention period would be at least three years, and thereafter the retention period would be at least two years to provide some flexibility. In response to a question from Chair Stansberry, the President explained that no determination would be made concerning accomplishment of goals or concerning a retention payment until the end of the retention period. The President noted, however, that the annual performance review process remains in place for these executive officers. Trustee Wharton reiterated his view that the University should continue to consider ways to use incentive compensation more broadly. He also urged that fundraising be included in the goals for all participants in this Plan and that team work be incentivized. Trustee Anderson asked whether the President's goals filter down to Chancellors, Deans, and throughout the organization. President DiPietro replied that his goals under the Plan will be related to the five key strategic planning goals and thus will necessarily filter down to the campuses. Trustee Anderson also asked whether the goals would be measurable,

numerically or otherwise. President DiPietro responded that in most cases there will be objective measurers, and in all cases there will be some parameters by which the Trustees will measure success. Chair Stansberry said a decision would have to be made as to how much value to assign to the goals and that ultimately the decision of whether a goal has been achieved will be a subjective one. He cautioned against relying solely on numbers because doing so will not incentivize the participants to do all that can be done.

Trustee Wharton moved that the Performance and Retention Plan for certain executive officers (Exhibit 2) be approved for recommendation to the full Board on November 9, 2012. Trustee Cates seconded the motion. The Secretary conducted a roll call vote, and the motion carried unanimously.

#### **VIII. GRANT OF TENURE TO TWO UT KNOXVILLE FACULTY MEMBERS UNDER EXPEDITED PROCEDURES**

President DiPietro presented the recommendation that two members of the UT Knoxville faculty be granted tenure by the Committee under the expedited procedures authorized by the Board Policy on Academic Freedom, Responsibility, and Tenure. The President stated that Chancellor Jimmy Cheek has recommended that tenure be granted to T. Taylor Eighmy, Ph.D., Vice Chancellor for Research and Engagement and Professor of Civil and Environmental Engineering, and Jeffrey Pappas, Doctor of Musical Arts, Professor and Director of the School of Music in the College of Arts and Sciences. The President reported that all steps in the normal tenure review process have been completed for both faculty members, and both have received unanimous support at each level of review. President DiPietro stated his full concurrence with the Chancellor's recommendation and requested approval by the Committee.

Trustee Driver moved that tenure be granted to Dr. T. Taylor Eighmy in his faculty appointment in the Department of Civil and Environmental Engineering at The University of Tennessee, Knoxville; and that tenure be granted to Dr. Jeffrey Pappas in his faculty appointment in the School of Music at The University of Tennessee, Knoxville (Exhibit 3). Trustee Anderson seconded the motion, the Secretary conducted a roll call vote, and the motion carried, with Trustee Cates not voting because in had stepped out of the meeting at the time of the vote.

**IX. GRANT OF TENURE TO A UT HEALTH SCIENCE CENTER FACULTY MEMBER UNDER EXPEDITED PROCEDURES**

President DiPietro presented the recommendation that Dr. Laura Talbot, the recently appointed Dean of the College of Nursing at the Health Science Center in Memphis, be granted tenure by the Committee under the expedited procedures authorized by the Board Policy on Academic Freedom, Responsibility, and Tenure.

The President reported that all the steps in the normal tenure review process have been completed for Dr. Talbot. He noted that the vote of the College of Nursing faculty, which is only advisory to the department head, resulted in nine votes against the award of tenure, two votes in favor of awarding tenure, and two abstentions. The summary of the faculty vote reflected faculty concern that the expedited process did not track the normal process for the College of Nursing, specifically that Dr. Talbot had not served at least a one-year probationary period. However, the Department Chair, the Vice Chancellor for Academic Affairs, and the Chancellor all recommend that Dean Talbot be granted tenure in her faculty appointment. President DiPietro stated his full concurrence with Chancellor's Schwab's strong recommendation and requested approval by the Committee.

Chair Stansberry expressed concern about the faculty vote in this matter and asked the Secretary to comment on the process. Ms. Mizell responded that the Board Policy on Academic Freedom, Responsibility, and Tenure provides for expedited consideration and grant of faculty tenure in exceptional circumstances. The problem is that the College process fails to incorporate the Board policy in this regard.

Trustee Cates moved that tenure be granted to Dr. Laura Talbot in her faculty position in the Department of Acute and Chronic Care in the College of Nursing at the UT Health Science Center in Memphis (Exhibit 4). Trustee Wharton seconded the motion, the Secretary conducted a roll call vote, and the motion carried unanimously.

**X. ACQUISITION IN FEE, 2000 SUTHERLAND AVENUE, KNOXVILLE, AND REVISION OF UT KNOXVILLE MASTER PLAN**

Chief Financial Officer Butch Peccolo presented the proposal for UT Knoxville to acquire approximately 5.80 acres and improvements located at 2000 Sutherland

Avenue in Knoxville. He noted that the Bylaws authorize the Executive and Compensation Committee to act for the Board to approve the acquisition of real property when necessary between regular meetings of the Board. Approval by the Committee is sought to allow the University to acquire this property before it is sold to other interested buyers. Trustee Wharton asked why the Knoxville campus wants this property, and Chancellor Cheek responded that it is needed for storage and for future expansion. Trustee Wharton also asked if an environmental audit had been conducted on the property, and Mr. Peccolo explained that an environmental audit would be part of the review process before final approval of the purchase is given by the State Building Commission. In response to another Trustee question, Mr. Peccolo responded that the anticipated purchase price is approximately \$800,000, and Chancellor Cheek added that the campus has funds available for the purchase.

Trustee Anderson moved that the administration be authorized to acquire in fee the property located at 2000 Sutherland Avenue in Knoxville, Tennessee, at a price equal to or less than the appraised value and thereby to revise the UT Knoxville Master Plan to include this property (Exhibit 5). Trustee Wharton seconded the motion, the Secretary conducted a roll call vote, and the motion carried unanimously.

**XI. ACQUISITION IN FEE, 135 NORTH PAULINE STREET, MEMPHIS, AND REVISION OF UT HEALTH SCIENCE CENTER MASTER PLAN**

Chief Financial Officer Butch Peccolo presented the proposal for the Health Science Center to acquire approximately 3.50 acres (two contiguous parcels) and improvements located at 135 North Pauline, Memphis, Tennessee. He noted once again that the administration requests that the Committee act for the Board to approve the acquisition of this property to prevent its purchase by another buyer. Trustee Wharton asked whether income from the property would be sufficient to allow the University to break even. UTHSC Vice Chancellor Ferrara responded that the annual income from the property is about \$500,000 annually, and Chancellor Schwab added that UTHSC should be able to break even over five years. Chancellor Schwab also noted that because of the strategic location of this property, it is essential to expansion of UTHSC or one of its affiliated hospitals, Methodist, the Med, or LeBonheur.

Trustee Wharton moved that the administration be authorized to acquire in fee the property located at 135 North Pauline Street in Memphis, Tennessee, at a price equal to or less than the appraised value and thereby to revise the UTHSC

Master Plan to include this property (Exhibit 6). Trustee Driver seconded the motion, the Secretary conducted a roll call vote, and the motion carried unanimously.

**XII. 2013 DATES FOR EXECUTIVE AND COMPENSATION COMMITTEE MEETINGS**

Vice Chair Stansberry stated that proposed dates for Executive and Compensation Committee meetings in 2013 are January 29, May 13, and September 10, 2013. Trustee Cates said January 29 conflicts with a meeting of the Memphis Research Consortium. The Secretary noted that January 28 is proposed as an alternate. There being no objection to January 28, it was substituted for January 29. No objections were voiced to the May 13 and September 10 dates.

Trustee Wharton moved approval of the agreed-upon dates (January 28, May 13, and September 10) for Executive and Compensation Committee meetings in 2013. Trustee Anderson seconded the motion, the Secretary conducted a roll call vote, and the motion carried unanimously.

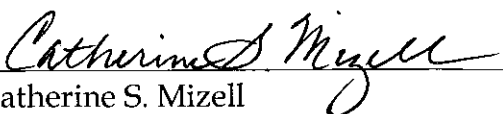
**XIII. OTHER BUSINESS**

The Chair called for any other business to come before the Committee. There was none.

**XIV. 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  
General Counsel and Secretary