

THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

MINUTES OF THE EXECUTIVE AND COMPENSATION COMMITTEE

October 5, 2017  
Knoxville, Tennessee

The Executive and Compensation Committee of The University of Tennessee Board of Trustees met at 1:00 p.m. EDT on Thursday, October 5, 2017, in Knoxville, Tennessee.

**I. CALL TO ORDER**

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

**II. ROLL CALL**

The Secretary called the roll, and the following members of the Executive and Compensation Committee were present:

Joseph A. DiPietro  
Spruell Driver, Jr. (by telephone)  
D. Crawford Gallimore (by telephone)  
Vicky B. Gregg (by telephone)  
Raja J. Jubran  
Sharon J. Miller Pryse (by telephone)

The Secretary announced the presence of a quorum. Trustees Anderson, Brown and Evans were unable to attend. Administrative staff, faculty representatives, and media representatives were also present at the meeting location.

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

**III. CONSENT AGENDA**

The Vice Chair called for any requests to remove items from the Consent Agenda.

Hearing none, the Vice Chair called for a motion to approve the Consent Agenda, consisting of the following items:

- A. Minutes of the Last Meeting
- B. Fee Sale and Easements to TDOT, Alcoa Highway (Exhibit 1)
- C. 446 North Broadway Acquisition and Master Plan Amendment (Exhibit 2)
- D. 523 North Gay Street Acquisition and Master Plan Amendment (Exhibit 3)
- E. KUB Easement at Andy Holt Avenue (Exhibit 4)
- F. KUB Easement at Andy Holt Avenue and Melrose Place (Exhibit 5)
- G. KUB Easement at Chamique Holdsclaw Drive (Exhibit 6)
- H. KUB Easement at Pat Head Summitt Street (Exhibit 7)
- I. KUB Easement at Peyton Manning Pass (Exhibit 8)
- J. KUB Easement at Philip Fulmer Way (Exhibit 9)
- K. KUB Easement at Tee Martin Drive (Exhibit 10)
- L. KUB Easement at Volunteer Boulevard to Peyton Manning Pass (Exhibit 11)
- M. KUB Easement at Volunteer Boulevard and Lake Loudon Boulevard (Exhibit 12)
- N. KUB Easement at Volunteer Boulevard and Melrose Avenue (Exhibit 13)

Trustee Gallimore moved approval of the Consent Agenda. Trustee Evans seconded, a roll-call vote was taken (Exhibit 14), and the motion carried.

#### **IV. UPDATES FROM THE PRESIDENT**

Dr. DiPietro updated the Trustees on the following matters:

Fall Enrollment. Enrollment is up across-the-board by about 1% overall, with notable increases in transfer students.

Follow up Items from Board Workshop.

*Tenure and Evaluation of Tenured Faculty.* Proposed revisions to the tenure policy have been drafted. Key revisions include academic freedom language to align with the free speech act passed by the General Assembly in the last session, and to termination procedures for unsatisfactory performance and misconduct. The proposed revisions have been sent to the University Faculty Council for review and a final draft will be submitted to this Committee in December. Surveys to capture data on the reasons faculty leave the University are being considered. One survey would be completed by the department head and one by the faculty member.

*Academic Program Prioritization and Reallocation.* A contract with the Education Advisory Board to provide its product, Academic Performance Solutions, to UTK and UTM, will be finalized in the very near future. A taskforce will be formed to advise the President on how the product will be implemented.

*Carry Forward Funds.* The office of Audit and Compliance will audit a sample of transactions to review sources of, additions to, and use of deductions from carry forward funds. All unrestricted carry forward funds will become a part of the annual budget process, and the annual operating budget presented to the Board will include general fund balances, sources and uses. The CFO's Office will develop clear definitions for categories of carry forward fund obligations.

*Setting of faculty salaries upon conclusion of administrative appointments.* The administration has developed a policy to govern this subject. The proposed policy has been sent to the Faculty Council for comment.

Statewide Compensation Study. The results from phase one of the study will be available by the end of the academic year and phase two by late next year.

## **V. PRESIDENT'S RECOMMENDATION FOR APPOINTMENT AND COMPENSATION OF THE VICE PRESIDENT FOR RESEARCH, OUTREACH, AND ECONOMIC DEVELOPMENT**

Dr. DiPietro said with the prospect for a re-compete process for the Oak Ridge National Lab contract, the administration had been discussing the need to focus the attention of Dr. David Millhorn on ORNL relations. To that end, the decision was made to reorganize the Office of Research and reassign Dr. Millhorn to ORNL on a full-time basis as Senior Vice President Emeritus and National Laboratory Relations Advisor for the University. Dr. Millhorn will work with the new leadership at ORNL to create major opportunities for the University and the national laboratory in areas of common interest such as leadership computing, neutron science, advanced materials, national security and healthcare. Further, he will spearhead the ORNL contract re-compete process when the time comes.

Dr. DiPietro then recommended that Dr. Stacey Patterson be promoted to Vice President for Research, Outreach, and Economic Development to fill the vacancy created by Dr. Millhorn's reassignment (Exhibit 15). Dr. Patterson assumed this

position on an interim basis on July 1, 2017.

Based on the market analysis included in the materials, Dr. DiPietro recommended the following initial compensation for Dr. Patterson as Vice President: (1) a base salary of \$20,833.33 per month (\$250,000.00 annualized); and (2) a non-accountable expense allowance of \$416.67 per month (\$5,000.00 annualized). While serving as President of the UT Research Foundation, Dr. Patterson will continue to receive additional annualized compensation of \$50,000.00, bringing her total annualized compensation to \$305,000.

Chair Jubran moved that the Board of Trustees adopt the following Resolution:

**RESOLVED: The President's recommendation for the appointment and initial compensation of Dr. Stacey Patterson as Vice President for Research, Outreach, and Economic Development pursuant to the reorganization of the Office of Research is approved.**

Trustee Pryse seconded the motion, a roll-call vote was taken (Exhibit 16), and the motion carried.

## **VI. METHODOLOGY FOR SCORING PERFORMANCE UNDER THE FY 2016-17 INCENTIVE COMPENSATION PLAN**

Catherine Mizell, Chief of Staff and Special Counsel to the Board, stated that this Committee is responsible for approving the methodology used in scoring performance under the FY 2016-17 Incentive Compensation Plan (Exhibit 17). She explained that the proposed methodology is the same as used for the two previous plans with two exceptions. First, with respect to deferred maintenance expenditures, on the recommendation of the Office of Audit and Compliance, credit will be awarded only if the goal is actually met and no partial credit will be awarded. Second, for the non-quantitative goals, no partial credit will be awarded. The proposed methodology also includes a clarification that the goal for out-of-state enrollment means that the percentage of out-of-state enrollment increased but remained less than 25% of total enrollment.

Chair Jubran moved adoption of the following Resolution:

**RESOLVED: The proposed methodology for scoring performance under the FY 2016-17 Performance Incentive Payment Plan is approved.**

Trustee Gregg seconded the motion, a roll-call vote was taken (Exhibit 18), and the motion carried.

## **VII. REVISED FY 2016-17 AND FY 2017-18 INCENTIVE COMPENSATION PLANS**

Ms. Mizell explained needed technical corrections to the FY 2016-2017 and FY 2017-18 incentive compensation plans (Exhibit 19). The most important corrections address a tax issue created for the participants and the University by the fact that the plans provide for incentive payments to be made in multiple installments rather than a single lump sum paid close to the date on which payment is approved. The installment provisions were added to achieve the Board's frequently stated strong desire to include a retention element in the plans in an effort to retain key leadership. However, certain language in the plans would allow the payments to be accelerated and paid in full. Based on new IRS guidance, this acceleration provision presents a significant potential for the payments to be treated for tax purposes as nonqualified deferred compensation. This would subject the participants to the risk of negative tax treatment, including a 20% penalty, and subject the University to the risk of liability for improper withholding. Accordingly, the acceleration provision needs to be deleted.

Ms. Mizell also noted that under the original plans, some installment payments for President DiPietro would not be paid until after the expiration of his employment agreement on June 30, 2019. For example, his third installment under the FY 2016-17 plan would not be paid until April 2020. Therefore, based on IRS guidance, the revised plans provide for the unpaid balance of his incentive payments to be made upon his "separation from service" as President.

Chair Jubran moved adoption of the following Resolution:

**RESOLVED: The revised FY 2016-17 and FY 2017-18 incentive compensation plans are approved.**

Trustee Gallimore seconded, a roll-call vote was taken (Exhibit 20), and the motion carried.

## **VIII. EXPEDITED TENURE RECOMMENDATIONS: THREE UT KNOXVILLE FACULTY MEMBERS**

Dr. DiPietro presented the recommendation that tenure be granted to three members of the UT Knoxville faculty under expedited procedures (Exhibit 21):

Dr. Raymond Alexander Bentley, Professor and Head, Department of Anthropology.

Dr. Michael Blum, Associate Professor, Department of Ecology & Evolutionary Biology.

Dr. Sara Ritchey, Associate Professor, Department of History.

Dr. DiPietro explained that all three faculty members were tenured at the institutions from which they were recruited and meet the criterion to be considered for tenure on an accelerated schedule and without serving a probationary period. He said all steps in the tenure review process outlined in Board policy have been completed for these faculty members, and all received unanimous support at each level of review.

Chair Jubran moved adoption of the following Resolution by the Committee, acting on behalf of the Board under the expedited tenure provisions of the Board's policy:

**RESOLVED:**

- (1) Tenure is granted to Raymond Alexander Bentley in his faculty appointment in the Department of Anthropology at The University of Tennessee, Knoxville.**
- (2) Tenure is granted to Michael Blum in his faculty appointment in the Department of Ecology & Evolutionary Biology at The University of Tennessee, Knoxville.**
- (3) Tenure is granted to Sara Ritchey in her faculty appointment in the Department of History at The University of Tennessee, Knoxville.**

Trustee Driver seconded, a roll-call vote was taken (Exhibit 22), and the motion carried.

**IX. EXPEDITED TENURE RECOMMENDATION: LINDA MARTIN IN A FACULTY APPOINTMENT IN THE UTIA DEPARTMENT OF ANIMAL SCIENCES**

Dr. DiPietro presented the recommendation that tenure be granted under expedited procedures to Dr. Linda Martin in a faculty appointment in the UTIA Department of Animal Sciences (Exhibit 23). Dr. Martin, who will be joining the administration on November 1 as Vice President for Academic Affairs and Student Success, was tenured in a faculty appointment at The Ohio State University, from which she was recruited, and thus meets the criterion to be considered for tenure on an accelerated schedule and without serving a probationary period. Dr.

DiPietro said all steps in the review process outlined in Board policy have been completed for Dr. Martin, and she has received strong support at each level of review. He requested that the Committee grant tenure to Dr. Martin in her faculty appointment.

Chair Jubran moved adoption of the following Resolution by the Committee, acting on behalf of the Board under the expedited tenure provisions of the Board's policy:

**RESOLVED: Tenure is granted to Linda Martin in her faculty appointment in the Department of Animal Sciences at The University of Tennessee Institute of Agriculture.**

Trustee Gregg seconded, a roll-call vote was taken (Exhibit 24), and the motion carried.

**X. TENTATIVES SCHEDULE AND AGENDA FOR THE FALL MEETING**

Ms. Mizell reviewed the tentative schedule for the November 2-3 Fall Meeting and the agenda for the Athletics Committee, Finance and Administration Committee, Academic Affairs and Student Success Committee, and the full Board meeting.

**XI. OTHER BUSINESS**

There was no other business to come before the Committee.

**XII. ADJOURNMENT**

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

Respectfully Submitted,

  
Catherine S. Mizell, Secretary