

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE EXECUTIVE AND COMPENSATION COMMITTEE

May 3, 2017
Nashville, Tennessee

The Executive and Compensation Committee of The University of Tennessee Board of Trustees met at 12:30 p.m. CDT on Wednesday, May 3, 2017, in the offices of Adams and Reese LLP in Nashville, 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:

Shannon A. Brown
Joseph A. DiPietro
Spruell Driver, Jr.
William E. Evans
D. Crawford Gallimore
Vicky B. Gregg
Raja J. Jubran
Sharon J. Miller Pryse

The Secretary announced the presence of a quorum. Trustee Anderson was unable to attend. Other Trustees, administrative staff, and media representatives were also present.

III. CONSENT AGENDA

The Chair Jubran called for any requests to remove items from the Consent Agenda. Hearing none, the Chair called for a motion to approve the Consent Agenda, consisting of the following items:

- A. Minutes of the Last Meeting
- B. Grant of Easement to City of Maryville Electric Department (Exhibit 1)
- C. Annual Report of Sale of Gift Property (Exhibit 2)
- D. Dates for the First Two Regular Board Meetings in 2018 (Exhibit 3)

Trustee Pryse moved approval of the Consent Agenda, Trustee Gallimore seconded, and the motion carried unanimously.

IV. PRESIDENT'S REPORT

Dr. DiPietro reported that the Budget Advisory Group was on track to provide an update to the Subcommittee on Efficiency and Cost Savings this month and a full report to the Board in June. He said Chief Financial Officer David Miller is leading a working group to develop criteria for establishing peer and aspirational institutions for the campuses and the Institute of Agriculture. The peer and aspirational institutions will be used for the salary gap study as well as for market analysis on compensation and other reports. He reported that the search for a Vice President for Academic Affairs and Student Success is underway, and the candidate pool is promising. He reported that Chancellor Angle's four year comprehensive review is coming up this summer and will include a 360-degree evaluation process, including input from the Board. Lastly, he said this year's legislative session went very smoothly, and he commended Anthony Haynes and his team for a job well done. He said General Counsel Matthew Scoggins deserves kudos for his work on the comprehensive campus free speech bill, sponsored by Senator Doug Overbey and Representative Eddie Smith.

V. INTERIM INCENTIVE COMPENSATION PLANS FOR FY 2017-18

Chair Jubran said the Board will be engaging a consultant to assist in developing an incentive compensation plan for FY 2018-19 and beyond, but in accordance with Board action at the March 29, 2017 meeting, the Vice Chair and the President must make a recommendation to the Committee concerning the feasibility of an interim incentive compensation plan for FY 2017-18. He said he and the President have concluded that the interim plans included in the meeting materials are feasible for implementation for FY 2017-18. The proposed plans provide for: (1) the Board to establish three aspirational ("stretch") goals for the President as part of his annual performance review, to evaluate the President's performance on those goals, and to make a recommendation to the Board concerning an incentive compensation payment to the President; (2) the President to establish three stretch goals for the Chancellors, with at least two goals being quantifiable, and authorizes him to award among the five Chancellors a maximum of \$212,000 in incentive

compensation as he determines to be appropriate; (3) the President to establish three stretch goals for the Executive Vice President/COO, Chief Financial Officer, and General Counsel, with at least two goals being quantifiable, and authorizes him to award among those three officers a maximum of \$85,000 in incentive compensation as he determines to be appropriate; and (4) the Vice Chair to establish three stretch goals for the Secretary, Chief of Staff, and Special Counsel and authorizes him to award her a maximum of \$25,000 in incentive compensation as he determines to be appropriate. The plans provide that if a decision is made to award interim compensation, payment will be made in two equal installments: (1) one-half in the normal payroll cycle for the month following the decision to award incentive compensation; and (2) one-half in the normal payroll cycle one year after the decision.

Chair Jubran emphasized that Dr. DiPietro is responsible for establishing goals for the Chancellors and three other participants, evaluating their performance, and deciding whether incentive compensation will be awarded. Considering the requirement for two goals to be quantifiable, the Committee discussed the feasibility of that requirement for participants other than the Chancellors. In particular, concern was expressed about the feasibility of two quantifiable goals for the General Counsel given the nature of his responsibilities. Ultimately, the Committee concluded that the requirement of quantifiable goals for the Executive Vice President/COO, Chief Financial Officer, and General Counsel should be modified by adding the words "if feasible" (Exhibit 4).

In response to a question from Trustee Evans concerning whether the past goals have been stretch goals, Dr. DiPietro explained that the Budget Advisory Group goals were not necessarily stretch goals, and past performance included some of those factors. After a lengthy discussion about the meaning of "stretch" goals, the consensus of the Committee, as articulated by Trustee Brown, was that the goal should demonstrate the individual did something different to "move the needle" for the campus/unit.

Because the terms and conditions of the interim plans need to be approved before the next meeting of the Board of Trustees in order that the Vice Chair and the President can begin the process of establishing FY 2017-18 incentive compensation goals, Chair Jubran called for a motion for the Committee to act on behalf of the Board to approve the plans.

Trustee Brown moved that the Executive and Compensation Committee, acting on behalf of the Board, adopt the following Resolution:

RESOLVED: The interim incentive compensation plans for FY 2017-18 are approved as modified by the Committee to add “, if feasible” to the criterion of “at least two quantitative goals” for the Executive Vice President/Chief Operating Officer, Chief Financial Officer, and General Counsel.

Trustee Pryse seconded the motion, and the motion carried.

VI. UPDATE ON PLANNING FOR A COMPREHENSIVE SALARY STUDY AND ESTABLISHING PEER INSTITUTIONS

[The President provided this update in his report earlier in the meeting.]

VII. TENTATIVE SCHEDULE AND AGENDA FOR THE ANNUAL MEETING

Chair Jubran called the Committee’s attention to the proposed schedule and agenda for the Annual Meeting on June 21-22, 2017 (Exhibit 5). The Secretary noted that this was essentially a one day meeting, with only one Committee meeting on the first day. The Athletics Committee will meet in the late afternoon of the first day and the Finance and Administration Committee and the Academic Affairs and Student Success Committee will meet prior to the full Board meeting. The Committee discussed making the meetings more productive and more streamlined.

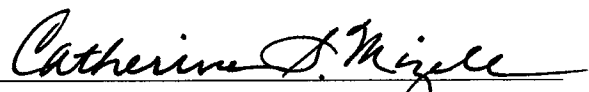
VIII. OTHER BUSINESS

There was no other business to come before the Committee.

IX. ADJOURNMENT

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

Respectfully Submitted,


Catherine S. Mizell, Secretary