

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE FALL MEETING
October 14, 2016
Knoxville, Tennessee

The Fall Meeting of The University of Tennessee Board of Trustees was held at 1:00 p.m. EDT, on Friday, October 14, 2016, on the campus of the Institute of Agriculture in Knoxville, Tennessee.

I. CALL TO ORDER AND INVOCATION

Raja J. Jubran, Vice Chair of the Board, called the meeting to order. Tim Kobler, President of the Campus Ministry Council, offered the invocation.

II. ROLL CALL

Secretary Catherine S. Mizell called the roll, and the following members were present:

Governor William E. Haslam, Chair
Raja J. Jubran, Vice Chair
Charles A. Anderson
Shannon A. Brown
George E. Cates
Susan C. Davidson
Joseph A. DiPietro
Spruell Driver, Jr.
William Evans
John N. Foy
D. Crawford Gallimore
Mike Krause
Brad A. Lampley
Sharon Miller Pryse
Jefferson S. Rogers
Rhedona Rose
Miranda N. Rutan
Rachel M. Smith
Jai Templeton
John D. Tickle
Julia T. Wells
Charles E. Wharton
Tommy G. Whittaker

The Secretary announced the presence of a quorum. Commissioner McQueen and Trustee Gregg were unable to attend the meeting. Members of the administrative staff and media representatives were present. The meeting was also webcast for the convenience of the University community, the general public, and the media.

III. OPENING REMARKS

At the Governor's request, Vice Chair Jubran chaired the meeting. On behalf of the Board, he thanked the Governor for his outstanding support for the University and yielded the floor to Governor Haslam for remarks.

Governor Haslam provided a brief update on higher education in Tennessee. He said the state's economy is providing a good "tailwind" for education needs, noting that in last year's budget, higher education received increased funding for operations and capital projects, and he hopes that will be repeated in the coming year. With what is both a luxury and challenge of a surplus, the state must make thoughtful and strategic investments for the long term. One of those investments is education, both k-12 and higher education. Drive to 55 by 2025 and Tennessee Promise are making significant headway. Tennessee Promise has increased community college attendance by 20-25%. The fall-to-fall retention rate of the first-year Tennessee Promise students was about 81%, a very promising statistic for UT and other universities in Tennessee, as many of those students will continue their education after two years. He congratulated UTK for the largest freshmen enrollment class in its history.

Commenting on the students who joined the Trustees for lunch earlier in the day, he noted that the Trustees witnessed firsthand the mission of higher education. Students from across the state were present, all with a different educational focus taking advantage of this incredible asset. Our need as a state has shifted, he said, from bringing companies to Tennessee to making certain we have a well-prepared workforce both in quantity and quality, and higher education is critical to the state's continuing progress. The Governor closed by thanking the Trustees for their good work in helping to create the forward progress we have today.

IV. INTRODUCTION OF NEW TRUSTEES

Vice Chair Jubran introduced newly appointed Non-voting Student Trustee Rachel Smith and presented her with a Trustee lapel pin. He also introduced the Executive Director of the Tennessee Higher Education Commission, Mike Krause, attending his first meeting as an ex officio Trustee, and presented him with a Trustee lapel pin.

Before beginning the Regular Agenda, Vice Chair Jubran asked if any Trustee wanted to move an item from the Consent Agenda to the Regular Agenda. Hearing no request, the Vice Chair proceeded to the Regular Agenda.

V. RESOLUTION HONORING FORMER TRUSTEES

Chancellor Cheek presented a Resolution honoring Jalen Blue (Exhibit 1) for his service as a student Trustee. After Dr. Cheek recited the Resolution, Trustee Driver moved its adoption. The motion was seconded by Trustee Pryse, and the Resolution was adopted unanimously. In thanking the Trustees for the Resolution, Mr. Blue said he was very honored to represent the University's 50,000 students and to have had the opportunity to work with Trustees, administrators, faculty, staff, and students to take on the challenging issues facing the University. He mentioned his advocacy for diversity and inclusion and the importance of continuing to educate students on the great value that comes from different perspectives. He recognized the UT Diversity Matters Coalition, saying it was an inspiration to him to keep fighting for what he knew was right. He expressed his hope for continued future progress in diversity and inclusion for the University. He closed his remarks by thanking his family and friends, Dr. Cheek, Dr. DiPietro, Governor Haslam, Dr. Golden, Dr. Shivers, and the Trustees for their guidance and for the opportunity to serve as a valued member of the Board. Vice Chair Jubran thanked Mr. Blue for being a great team member on the Board.

President DiPietro presented a Resolution (Exhibit 2) honoring former Commissioner of Agriculture, Julius Johnson, for his long service as a voting ex officio Trustee. After reciting the Resolution, Dr. DiPietro moved its adoption, Trustee Rose seconded the motion, and the Resolution was adopted unanimously. Commissioner Johnson thanked Governor Haslam for appointing him as Commissioner, which allowed him to serve on this distinguished Board. He thanked the Board for their great friendship through the years. He said his service on the Board included a period of time without stability in leadership, making progress difficult. He encouraged the University to cultivate its employees to move upward into leadership roles. He said he believes the Commissioner of Agriculture serves on the Board to represent rural Tennessee in UT's land grant mission and expressed his hope that rural economic development continues to be a very important role for this University.

Governor Haslam noted that his first appointment upon assuming office was the appointment of Julius Johnson as Commissioner of Agriculture. He said Commissioner Johnson has great insight and great appreciation for and commitment to the entire state. The Governor praised him for advocating throughout his career to keep rural communities competitive in agriculture. He thanked him for his service to the University and the state.

Trustee Driver presented a Resolution (Exhibit 3) honoring James L. Murphy, III for his service as a Trustee. After reciting the Resolution, Trustee Driver moved its adoption, Trustee Lampley seconded the motion, and the Resolution was adopted unanimously. Mr. Murphy thanked the Trustees for the personal notes he has received since his decision to resign from the Board. He said his 13 years of service as a Trustee is one of the most rewarding opportunities of his life. He thanked his wife Marie for her support; Governor Bredesen for his initial appointment; Governor Haslam for his reappointment; his law partners for allowing him to devote the time he needed to devote to the University; all Trustees with whom he served with over the years, particularly

Andrea Loughry, Don Stansberry and Jim Haslam, Trustees with whom he spent a lot of time working on some difficult issues and establishing foundations to move the University forward. He also thanked Dr. Jan Simek for his valuable work during a very difficult time for the University. He thanked Dr. DiPietro for his great leadership in setting the University on a course to where it needs to be while re-inventing its financial model, and Catherine Mizell for all of her excellent assistance. In closing, he expressed his sincere appreciation to his colleagues on the Board.

Governor Haslam noted that the Resolution refers to “selflessly” assuming the role of Vice Chair in 2015 and said “selfless” very accurately describes Jim Murphy. He added that in difficult times, great leaders do not inflict pain but rather bear pain, and Jim Murphy has done that over several years. He commented on the consistency, stability, and wisdom Jim gave the University, noting in particular his special ability to stand in the middle and bridge the gap between divergent constituent’s on numerous occasions through difficult times. Vice Chair Jubran added that the Trustees will greatly miss the guiding light Jim has been for the Board.

VI. PRESIDENT’S REPORT

Dr. DiPietro thanked the Governor for his strong support of higher education. His report (Exhibit 4) included discussion of the University’s commitment to expanding diversity and inclusion and to narrowing the projected funding gap. The report also updated the Trustees on capital projects, the upcoming first meeting of the independent Title IX Commission, and progress with the System Administration reorganization, searches and appointments.

VII. UT KNOXVILLE NAMING

Chancellor Cheek announced a transformational gift by John D. Tickle for the UT Knoxville College of Engineering (Exhibit 5). The gift will be used to advance College of Engineering priorities and help fuel the University’s goal of becoming a Top-25 public research university.

Chancellor Cheek said John Tickle, an alumnus and Trustee, is one of UTK’s most loyal supporters, noting that John gave his first gift to UTK one year after completing his degree in Industrial Engineering, long before his great success in business. He added that Mr. Tickle and his wife Ann have supported programs and facilities throughout the University, including the state-of-the-art John D. Tickle Engineering Building, the John and Ann Tickle Small Animal Hospital, and the John and Ann Tickle Athletic Development Suite. John has also been a key donor for the planned new engineering building that will house nuclear engineering and freshman engineering programs. He and his family are invested in the College of Engineering and supportive of its extremely high goals and desire to be better each year than the year before.

In recognition of this transformational gift and John Tickle’s selfless service and exemplary leadership on behalf of the University, Chancellor Cheek stated that it was his pleasure and honor to recommend to President DiPietro that the UT Knoxville College of Engineering be named the

“John D. Tickle College of Engineering”. The naming is consistent with Board policy and guidelines on the naming of a college. President DiPietro strongly concurs in the recommendation and requests the Board’s approval.

Trustee Pryse moved adoption of the following Resolution:

RESOLVED: The College of Engineering at The University of Tennessee, Knoxville is hereby named the “John D. Tickle College of Engineering” in recognition of a transformational gift by John D. Tickle and in recognition of his selfless service and exemplary leadership on behalf of the University.

Trustee Lampley seconded the motion, and the Resolution was adopted, with Trustee Tickle abstaining from the vote. Vice Chair Jubran expressed appreciation on behalf of the Board to John and Ann Tickle and the entire Tickle family. The Trustees and audience gave the Tickle family a standing ovation.

Addressing the Board, Trustee Tickle expressed his deep honor and said that he would try to live up to the billing. He said his goal is for the University to be known for the quality of the education it provides, saying he and his wife believe education is what fuels success, not just of individuals, but also of the University and the state. He thanked Governor Haslam, the Vice Chair, and all the Trustees for their dedication, hard work, and wisdom. He thanked Dean Wayne Davis for his leadership at the College of Engineering and President DiPietro for his excellent service to the University. And lastly, he thanked his family for their support. His wife, Ann Tickle, and son and grandson, John D. (Spike) Tickle, II and Jack Tickle, were present.

VIII. BYLAW AMENDMENT ON COMPOSITION OF THE ATHLETICS COMMITTEE

Vice Chair Jubran stated that on June 23, 2016, the Board of Trustees adopted Amended and Restated Bylaws, including a Bylaw concerning composition of the Athletics Committee. The Bylaw established certain standing committee chairs as members of the committee and authorized the Vice Chair to appoint one Trustee as an at-large member.

To provide greater flexibility in committee appointments, the Vice Chair recommended that the Bylaw be amended to allow appointment of up to three Trustees as at-large members.

Trustee Pryse moved that the Board of Trustees adopt the following Resolution amending Article III, Section 2(b)(3) of the Bylaws:

RESOLVED: Article III, Section 2(b)(3) of the Bylaws is amended to read as follows:

The Athletics Committee shall be composed of the following Trustees: Vice Chair of the Board; Chair of the Academic Affairs and Student Success

Committee; Chair of the Audit and Compliance Committee; Chair of the Finance and Administration; and Chair of the Trusteeship Committee, all of whom shall serve as ex officio voting members. From time to time, the Vice Chair of the Board may recommend to the Board of Trustees that up to three additional Trustees with knowledge and experience that would be particularly beneficial to the Athletics Committee be appointed as at-large voting members. The President of the University shall serve as an ex officio non-voting member but shall not be counted for quorum purposes.

The motion was duly seconded, a roll-call vote was taken, and the Resolution was adopted (Exhibit 6).

IX. RECOMMENDATIONS OF THE EXECUTIVE & COMPENSATION COMMITTEE

Vice Chair Jubran said almost all Trustees were present when the Executive and Compensation Committee met earlier in the day. He asked if any Trustee had any questions or comments about the items recommended by the Committee. Hearing none, he proceeded to present the following recommendations of the Executive and Compensation Committee:

A. Policy on Settlement of Claims and Litigation

At its meeting on October 14, 2016, the Executive and Compensation Committee recommended adoption of the following Resolution by the Board of Trustees (Exhibit 7):

RESOLVED: The Policy on Settlement of Claims and Litigation is approved as presented in the meeting materials.

The Vice Chair called for a voice vote, and the Resolution was adopted.

B. Performance Goals under the FY 2016-17 Performance Incentive Payment Plan for University Officers

At its meeting on October 14, 2016, the Executive and Compensation Committee recommended adoption of the following Resolution by the Board of Trustees (Exhibit 8):

RESOLVED:

1. The proposed FY 2016-17 Performance Goals are approved, subject to the requirement that the base-year data used to establish the goals shall be audited by the University's Office of Audit and Compliance, and any revisions to the base-year data or goals resulting from the audit shall be submitted to the Executive and Compensation Committee for approval; and

2. The Executive and Compensation Committee is authorized to act on behalf of the Board to approve revisions to the base-year data or goals resulting from the audit or as otherwise deemed necessary in the judgment of the Committee, provided that any revisions shall be presented to the Board for ratification at the next regular meeting following the Committee's approval.

The Vice Chair called for a voice vote, and the Resolution was adopted by voice vote.

C. President's Recommendation for Limited Duration Appointment and Compensation of an Executive Vice President and Chief Operating Officer

At its meeting on October 14, 2016, the Executive and Compensation Committee recommended adoption of the following Resolution by the Board of Trustees (Exhibit 9):

RESOLVED: The President's recommendation for a limited duration appointment and compensation of Dr. Tonjanita Johnson as Executive Vice President and Chief Operating Officer is approved.

The Vice Chair called for a voice vote, and the Resolution was adopted.

D. President's Recommendation of Senior Vice President Designation for Current Vice President for Research, Outreach, and Economic Development

At its meeting on October 14, 2016, the Executive and Compensation Committee recommended adoption of the following Resolution by the Board of Trustees (Exhibit 10):

RESOLVED: The President's recommendation that Dr. David Millhorn's title be changed to Senior Vice President for Research, Outreach, and Economic Development is approved.

The Vice Chair called for a voice vote, and the Resolution was adopted.

E. President's Recommendation for Appointment and Compensation of the UT Martin Chancellor

At its meeting on October 14, 2016, the Executive and Compensation Committee recommended adoption of the following Resolution by the Board of Trustees (Exhibit 11):

RESOLVED: The President's recommendation for appointment and compensation of Dr. Keith Carver as Chancellor of The University of Tennessee at Martin is approved.

The Vice Chair called for a voice vote, and the Resolution was adopted.

F. President's Recommendation for Appointment and Compensation of the Chief Financial Officer

At its meeting on October 14, 2016, the Executive and Compensation Committee recommended adoption of the following Resolution by the Board of Trustees (Exhibit 12):

RESOLVED: The President's recommendation for appointment and compensation of David L. Miller as Chief Financial Officer is approved.

The Vice Chair called for a voice vote, and the Resolution was adopted.

X. RECOMMENDATIONS OF THE FINANCE AND ADMINISTRATION COMMITTEE

Vice Chair Jubran recognized Committee Chair Anderson, who reported the recommendations of the Finance and Administration Committee on three action items.

A. FY 2017-18 Capital Outlay and Capital Maintenance Projects

Committee Chair Anderson reported that in accordance with the Tennessee Higher Education Commission and State Department of Finance and Administration guidelines, the University administration has developed the Capital Outlay and Capital Maintenance Funding Requests for FY 2017-18 and subsequent years.

The five-year schedule for Capital Outlay reflects \$757,850,000 in recommended state funded Capital Outlay Projects which is net of the requisite institutional funding match (25% for UTK, UTC, UTM and 10% for all others). The five-year schedule for Capital Maintenance reflects \$404,200,000 in recommended Capital Maintenance Projects. The administration seeks approval of these requests and authorization to enter into contracts for design and construction within available funds.

Chair Anderson reported that at its meeting on October 14, 2016, the Finance and Administration Committee recommended adoption of the following Resolution by the Board of Trustees:

RESOLVED: The Capital Outlay and Capital Maintenance Funding Requests for FY 2017-18 and subsequent years are approved, with authorization to enter into contracts for design and construction for these projects within available funds.

The Vice Chair called for a roll-call vote, and the Resolution was adopted (Exhibit 13).

B. FY 2017-18 Revenue/Institutionally Funded Projects

Committee Chair Anderson reported that the administration has developed the revenue/institutionally funded projects listed in the meeting materials for inclusion in the FY 2017-18 State of Tennessee Budget Document. Identified projects total \$162,070,000. Although, no state funds are requested, legislative approval of the projects is required. The administration seeks Board approval of these projects prior to submitting them to the Tennessee Higher Education Commission to begin the legislative approval process. The administration also seeks authorization to enter into contracts for design and construction for these projects within available funds. In addition, the administration seeks authorization to enter into contracts for design and construction associated with revenue/institutionally funded projects subsequently identified during the fiscal year. Any subsequently identified projects will be approved by the President and reported to the Board of Trustees at its next regularly scheduled meeting.

Committee Chair Anderson reported that at its meeting on October 14, 2016, the Finance and Administration Committee recommended adoption of the following Resolution by the Board of Trustees:

RESOLVED: The Revenue/Institutionally Funded Projects for FY 2017-18 are approved, with authorization to enter into contracts for design and construction of these projects, within available funds, and, with the approval of the President, for design and construction of other revenue/institutionally funded projects identified during the fiscal year within available funds.

The Vice Chair called for a roll-call vote, and the Resolution was adopted (Exhibit 14).

XI. REPORT OF THE ADVANCEMENT AND PUBLIC AFFAIRS COMMITTEE

Committee Chair Pryse reported the Advancement and Public Affairs Committee heard from three speakers who had pre-registered to address the Board pursuant to the Standing Rule Governing Requests to Address the Board of Trustees. The first speaker, a graduate student and employee at UTK, urged the Board to consider changing the way salary increases are allocated and also addressed a concern regarding appeal of the performance review process. The second and third speakers, both employees of the University, asked the Board to reject outsourcing of facilities services.

XII. REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE

Committee Chair Gallimore reported that at the August 30 meeting, the Audit and Compliance Committee reviewed the University's development of a succession planning model. The goal of the project is to build a pool of candidates for critical jobs, with assessment of readiness and planned development for potential successors, based on key competencies needed in each job.

Progress has been made and will continue through next summer. The team involved in the development is interviewing senior leaders in UT System Administration and will identify critical positions and key competencies in 2017.

The committee also reviewed the structure of UT's institutional compliance program and learned more about the system-wide program to identify risks and work with subject matter compliance experts at each campus and institute. The mission of this program is to promote an ethical culture, identify compliance risks faced by the University community, and collaborate with the University community to mitigate compliance risks.

The Audit and Compliance Committee continues to provide oversight of the work conducted to improve the IT security posture of the University. At the August meeting, updates were reported from the chief information officers at UT Knoxville, the Health Science Center, and UT Chattanooga on efforts to mature information technology security at their campuses. In December, the Committee will hear updates from the chief information officers at UT Martin, the Institute for Public Service, the Institute of Agriculture, and UT System Administration.

The Office of Audit and Compliance includes both the internal audit and institutional compliance functions for the UT system and has auditors located in Knoxville, Memphis, and Chattanooga. A search is underway to hire an auditor to be located on the Martin campus. Although all team members are UT System staff and report centrally through the chief audit executive to the Committee, having a presence on each campus allows the auditors to provide better service to the campus.

As required by state statute, work is underway to audit the President's and Chancellors' offices. This year, the audit team is reviewing the offices of the President, Chancellor Cheek, and Chancellor Arrington (who is now retired). The results of those reviews will be forwarded to the Board in December.

Finally, in December, the Committee will review the processes at UT Knoxville to protect minors on campus.

XIII. CONSENT AGENDA

The Vice Chair directed the Trustees' attention to the Consent Agenda. He called again for any requests to remove items from the Consent Agenda. Hearing no requests, the Vice Chair called for a motion to approve the Consent Agenda, consisting of the following items:

- A. Minutes of the Last Meeting
- B. Ratification of Vice Chair's Appointment of New Committee and Subcommittee Chairs and Members (Exhibit 15)

- C. Fall 2017 Meeting Date (Exhibit 16)
- D. University Life Committee Charter (Exhibit 17)
- E. Annual Report to the General Assembly (Exhibit 18)
- F. Naming the Proposed Engineering and Science Building at UT Martin (Exhibit 19)
- G. Grant of Tenure to UTHSC Faculty Member under Expedited Procedures (UTK) (Exhibit 20)
- H. Grant of Tenure to UTIA Faculty Members under Expedited Procedures (UTK) (Exhibit 21)
- I. Grant of Tenure to UTK Faculty Members under Expedited Procedures (Exhibit 22)
- J. UTK and UTIA Honorary Doctoral Degrees (Exhibit 23)
- K. Revision of Post-Tenure Performance Review Provisions in the Board Tenure Policy (Exhibit 24)
- L. FY 2016 Annual Fight Operations Report (Exhibit 25)
- M. KUB Easement for UTK West Campus Housing Redevelopment (Exhibit 26)
- N. Acquisition by Gift of 1215 Wisdom Street for Institutional Use and Amendment of UTC Campus Master Plan to Include Property (Exhibit 27)
- O. FY2017-18 Operating Budget Appropriations Request for Non-Formula Units (Exhibit 28)

Trustee Wharton moved approval of the Consent Agenda, Trustee Driver seconded, and the motion carried.

XIV. FUTURE BOARD AND COMMITTEE MEETING DATES

Vice Chair Jubran announced that the 2016-17 Scheduled Meetings and Workshop were included in the meeting materials and can be found on the Board website.

Vice Chair Jubran thanked Chancellor Cheek and his staff for hosting the Trustees for the meeting, the luncheons, and the reception at the Joint Institute for Advanced Materials.

XV. OTHER BUSINESS

There was no further business to come before the Board.

XVI. ADJOURNMENT

The meeting was adjourned.

Respectfully Submitted,


Catherine S. Mizell, Secretary