



THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE ANNUAL MEETING
June 21, 2019
Knoxville, Tennessee

The Annual Meeting of The University of Tennessee Board of Trustees was held at 1:00 p.m. EDT, on Friday, June 21, 2019, at the UT Conference Center in Knoxville.

I. CALL TO ORDER AND INVOCATION

The Chair of the Board, John C. Compton, called the meeting to order and asked Britton Sharp, Director of the Collegiate Abbey at UT Knoxville, to offer the invocation.

II. ROLL CALL

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

John C. Compton, Chair
Charlie Hatcher
Decosta E. Jenkins
Kara M. Lawson
Amy E. Miles
Kenneth I. Packer
William (Bill) C. Rhodes III
Donald J. Smith
Kim H. White
Alan D. Wilson

The Secretary announced the presence of a quorum. Trustee Jamie Woodson was unable to attend the meeting. Others present included University faculty, staff, and students, members of the general public, and media representatives. The meeting was webcast for the convenience of the University community, the general public, and the media.

III. OPENING REMARKS AND INTRODUCTIONS BY THE CHAIR

The Chair introduced and welcomed the following special guests: Spencer Ammen, Non-voting Student Trustee beginning July 1; President Emeritus Joe Johnson; and Dr. Donde Plowman, Chancellor of UT Knoxville beginning July 1. He then congratulated Trustee Kara Lawson on her induction into the Tennessee Sports Hall of Fame.



Referring to the tour and orientation at Oak Ridge National Laboratory (ORNL) the previous day, the Chair thanked Dr. Thomas Zacharia, Lab Director, for his support and collaboration, which is critical to maximizing the great possibilities of this special partnership.

IV. REQUESTS TO ADDRESS THE BOARD

The Chair recognized Natalie Campbell, Student Body President at UT Knoxville, to address the Board on the subject of the Student Programs and Services Fees (SPSF). Ms. Campbell asked the Board to revisit this subject and allow student-organized programming to ensure the efficacy of programs and impactful investing of student dollars.

Interim President Boyd thanked Ms. Campbell for coming to express her views. He said the campuses are redrafting the processes for determining programs to be funded by the SPSF because of differences at each campus. He reiterated that student input will be sought for student programming.

V. PRESIDENT'S ADDRESS

Before beginning his remarks, Interim President Boyd asked Chancellor Carver to take the podium for a historic announcement. Dr. Carver said UT Martin is all about creating opportunities for students, and one of its alumni, Bill Nunnelly and his wife Rosann, have made a bequest that will create a \$22 million endowment to fund scholarships for UT Martin students from rural counties. This is the largest gift in the history of UT Martin. Dr. Carver said that although the gift is included in the Nunnellys' estate plans, Mr. Nunnelly wanted to see an immediate impact and will fund the endowment with sufficient cash to award four scholarships for the upcoming fall semester.

Addressing progress on his six goals, the President pointed out that two items on the meeting agenda will take the University to another level in enhancing research—unification of the UT Institute of Agriculture with UT Knoxville and creation of the Oak Ridge Institute at UT. He also noted that the Board would receive the report of the Task Force on Effective Administration and Management (TEAM), which is aimed at clarifying the respective roles of the system and campus administrations to improve effectiveness and efficiency. On the goal of advancing engagement, the President said a state-wide summit on opioid addiction would be held at UT Knoxville on August 1 and 2.

Trustee Rhodes commended Interim President Boyd and his team for all they have accomplished in less than a year. Chair Compton concurred, adding that the initiatives involve making time and effort to engage many stakeholders.



VI. REPORT OF THE FINANCE AND ADMINISTRATION COMMITTEE

Trustee Rhodes, Committee Chair, reported the Committee's recommendation on the FY 2019-20 Operating Budget, which came forward to the regular agenda of the full Board. Other items unanimously recommended by the Committee came forward to the consent agenda. He praised David Miller, Chief Financial Officer, and his team members, Ron Maples and Ron Loewen, for their hard work on the budget. Then, on the recommendation of the Finance and Administration Committee, he moved adoption of the Resolution on the FY 2019-20 Operating Budget (including Salary Plan, Student Tuition and Fees, and Room and Board Rates). For the benefit of the audience, Chair Compton explained that the FY 2019-20 Operating Budget was thoroughly reviewed during the Finance and Administration Committee meeting held earlier that day, with most Trustees in attendance. Hearing no questions or requests for discussion, the Chair asked the Secretary to take a roll-call vote, and the motion to adopt the Resolution [*Resolution 053-2019*] passed unanimously.

VII. REPORT OF THE TASK FORCE ON EFFECTIVE ADMINISTRATION AND MANAGEMENT

By way of introduction to the TEAM Report, Chair Compton said in business, you are looking every year for enough productivity to offset inflation. Productivity should be endless; there should always be a new way of thinking and looking for new technologies and other improvements that could be put in place. In education, whatever benefits are reaped should be reinvested in the priority areas President Boyd has outlined. He recognized CFO David Miller to present the TEAM Report.

CFO Miller said the point of the exercise was to define clearly the roles and responsibilities of system staff and institutional staff, which have become confused over time because of periodic centralization and then de-centralization. He said an agreed upon sustainable platform of operations is needed going forward to ensure effective delivery of services for students, faculty and the public – to be as cost effective as possible, to provide value, and, where possible, find savings for reallocation to the core mission. He explained that at this stage, the report does not identify dollar savings, but added that savings must be kept in mind because the Board and the administration are responsible for internal control management.

The five functional areas reviewed by the task force were: Capital Projects; Communications and Marketing; Human Resources; Information Technology; and Procurement and Contracting. The recommendations fall into two categories: (1) short-, medium-, and long-term opportunities the working groups largely agreed upon (changes needed to improve current operations); and (2) Deloitte-observed best practices in higher education and other industries for further consideration. Deloitte's overall finding is the existence of a significant gulf between UT's current state and a best practice environment, and bridging that gap will require leadership, governance review, KPIs (metrics), building trust, and proof of concept (meaning some early wins in some initiatives).



Overriding all of this work is the fact that a new Enterprise Resource Planning (ERP) platform must be built in the next few years because SAP, the current platform managing financials, will cease to exist by 2025. In addition, the student information system, a Banner platform, is not a common system because it was implemented differently at each institution. A seminar to kick off ERP planning will consider the question—“Can we have a single information system that addresses student information, human capital management, and financials?” Deloitte recommends prioritizing and moving through these three areas strategically and, most important, standardizing processes where appropriate. In closing, Mr. Miller quoted Deloitte’s advice to “Pursue relentless incrementalism to achieve radical change.”

Trustee Rhodes said finding efficiencies to redeploy dollars to meet our mission is great and necessary work. He said back office operations should be standardized as much as possible to remove administrative burdens and allow campuses to focus on their mission to educate students and conduct important research. Trustee Miles applauded the use of Deloitte to provide a fresh perspective. Trustee White said it is important to build trust with the campuses by going into the project stating the goal of helping the campuses by streamlining processes. Chair Compton said this project must be leader-led, and CFO Miller must have the support he needs to carry out this project.

VIII. REPORT OF THE EDUCATION, RESEARCH, AND SERVICE COMMITTEE

Trustee Smith, Committee Chair, presented the following summary report of the Education, Research, and Service Committee, which met earlier that day with most Trustees present:

All but two items considered by the Committee are on the Consent Agenda of the full Board, having been unanimously recommended by the Committee. The major focus of the meeting was on growing research, and Dr. Stacey Patterson, Vice President for Research, Outreach and Economic Development, presented ways UT can grow research by capitalizing on the talent, resources, and existing relationships within the UT System and with Oak Ridge National Lab.

Building on Dr. Patterson’s presentation, Interim President Boyd presented two proposals that can be described as historic, and if executed well, transformational: first, unification of the UT Institute of Agriculture with UT Knoxville; and second, creation of the Oak Ridge Institute at the University of Tennessee. Following a robust discussion on both items, the Committee voted unanimously to recommend both Resolutions for adoption by the Board.

On the recommendation of the Education, Research, and Service Committee, Trustee Smith moved adoption of the following Resolution for the unification of the UT Institute of Agriculture with UT Knoxville:



WHEREAS the Board of Trustees is confident that the University of Tennessee Institute of Agriculture and the University of Tennessee, Knoxville would both be greatly strengthened through expanded collaboration and coordination, enhanced national reputation, and consolidation of reporting for all academic and research enterprises as a single institution;

NOW, THEREFORE, BE IT RESOLVED:

- 1. The Board of Trustees directs Interim President Boyd to unify the University of Tennessee Institute of Agriculture with the University of Tennessee, Knoxville as described in the meeting materials;**
- 2. The Board directs Interim President Boyd to solicit faculty, staff, and stakeholder input to ensure that implementation of the unification will result in the intended benefits to both UTIA and UTK; and**
- 3. At the November 8, 2019 meeting of the Board, Interim President Boyd shall report on a detailed plan on the unification including any additional necessary structural and reporting changes, as well as fiscal implications, and implementation timelines.**

Chair Compton noted that further steps on this item would be presented at the November Board meeting. Hearing no further discussion, the Chair called for a voice vote, and the motion to adopt the Resolution passed unanimously [*Resolution 054-2019*].

On the recommendation of the Education, Research, and Service Committee, Trustee Smith moved adoption of the following Resolution to approve the creation of the Oak Ridge Institute at the University of Tennessee:

WHEREAS the Board of Trustees recognizes that The University of Tennessee, Oak Ridge National Laboratory (ORNL), and the State of Tennessee would benefit from a stronger and more coordinated relationship; and

WHEREAS Interim President Boyd has proposed the creation of a new institute to foster a stronger and more coordinated relationship;

NOW, THEREFORE, BE IT RESOLVED:

- 1. The Board of Trustees approves creation of the Oak Ridge Institute at the University of Tennessee (ORI) to organize established joint UT/ORNL programs under a single administrative umbrella and provide a platform for strategic growth opportunities and global impact;**



- 2. ORI shall be led by an Executive Director charged with pursuing leading-edge interdisciplinary research and workforce development in emerging fields;**
- 3. The Board directs Interim President Boyd to solicit faculty, staff, and stakeholder input to ensure the success of ORI; and**
- 4. At the November 8, 2019 meeting of the Board, Interim President Boyd shall submit, for Board approval, a detailed business plan for ORI including necessary structural and reporting framework, fiscal implications, and implementation timelines.**

Chair Compton said this too would be discussed further at the November Board meeting. Hearing no further discussion, the Chair called for a voice vote, and the motion to adopt the Resolution passed unanimously [*Resolution 055-2019*]. Chair Compton said he believes the Board will look back six to ten years from this historic meeting and be proud of these actions.

IX. STRATEGIC PLAN REFRESH, 2019-2025

Interim President Boyd said the System-wide Strategic Plan was last updated two years before he came into office, and he asked Dr. Tonja Johnson to lead an effort across the system to refresh the plan.

Dr. Johnson said the refreshed plan adds "Championing Diversity and Inclusive Excellence" as a foundational principle cutting across each of the five broad goal areas, which are:

1. Enhancing Educational Excellence
2. Expanding Research Capacities
3. Fostering Outreach & Engagement
4. Ensuring Workforce & Administrative Excellence (previously known as Ensuring Effectiveness and Efficiency)
5. Advocating for UT

She pointed out that each of the Interim President Boyd's six priorities align with the five broad goal areas. The President asked the Goal Champions to work with their working groups to identify keystone actions and behaviors that would bring about meaningful and high impact change that would demonstrate commitment to students, employees, and the very ambitious goals of the state. The President also asked for recommended KPIs and metrics that would be considered big and audacious and reflect where we want the UT System to be by 2025. The groups were also charged with making sure diversity and inclusive excellence goals were both quantitative and qualitative and to give thought to where strategic investments might be needed. Dr. Johnson then presented highlights of the refreshed plan.



Following the presentation, Chair Compton called for a motion to adopt the following Resolution approving the System Strategic Plan Refresh:

Resolved: The Board of Trustees approves the Strategic Plan Refresh for 2019-2025 as presented in the meeting materials, a copy of which shall be attached to this Resolution after adoption.

Trustee Rhodes made the motion, and Trustee Jenkins seconded. Hearing no questions or requests for discussion, the Chair called for a vote, and the motion to adopt the Resolution passed unanimously by voice vote [*Resolution 056-2019*].

X. UPDATE ON CAMPUS PROCESSES FOR DETERMINING PROGRAMS TO BE FUNDED BY THE STUDENT PROGRAMS AND SERVICES FEE

Chair Compton stated that at the March Board meeting, in response to the State Comptroller's Special Report on Sex Week, the Board amended the Board Policy on a Student Programs and Services Fee (SPSF) to eliminate student-organized programming as an authorized expenditure of funds derived from the Student Programs and Services Fee. SPSF fees will continue to be spent on programming for students, but the chief student affairs officer (CSAO) for each campus will be the decision maker with respect to what programs are funded. The Chair added that at the March meeting, he asked the CSAOs to come back to the Board with a process for gathering input from students for student programming funded by the SPSF. The Chair said Matthew Scoggins, General Counsel, has been working with the CSAOs on a process, but more work needs to be done. The Chair urged that this matter to be brought to resolution in the very near future and then brought to the Board.

XI. GOVERNMENT RELATIONS REPORT

Interim President Boyd recognized Anthony Haynes, Vice President for Government Relations and Advocacy, and praised his work and that of his team during the recent legislative session. Mr. Haynes then mentioned highlights of the recent session:

- Largest state appropriation in UT history--\$643 million awarded on a performance basis;
- UTIA received the largest capital project in UT history--\$81.5 million;
- \$10 million for campus security;
- \$4 million to support medical residencies through the UT Health Science Center;
- 100% success rate in significantly amending or defeating legislation that would create unfunded mandates, resulting in about \$12 million in recurring cost avoidance to the University's baseline budget;
- Key revenue generating measures were passed, such as the Sports Authority Legislation, which is expected to generate approximately \$5 million a year statewide to the UT System;



- Overall, the State Government Relations team had a \$20 million positive impact considering cost avoidance and new funding beyond what was included in the Governor's budget and in performance funding;
- Measures that would ensure the integrity of the game and protection for college players were included in the Sports Betting legislation; and
- Dual-enrollment was expanded allowing students to start with credit for two more classes, which impacts student success and graduation rates.

Turning to federal relations, Mr. Haynes said UT is set for a \$5 million mark in the House and a \$15 million mark in the Senate under the National Defense Authorization Act. Regarding hypersonic research at the UT Space Institute (primarily missile technology), UT has had four years of increased funding in Air Force accounts, and UT Thermal Protection Systems in hypersonics has received a \$10 million appropriation.

In closing, Mr. Haynes said that in thinking about how knowledge and discoveries need to be applied, there are three important areas that will resonate with Tennessee legislators: quantum sciences for encrypted communications; hypersonics (which has become the Pentagon's number one research and development technical priority); and artificial intelligence.

XII. HONORARY RESOLUTIONS

- A. Interim President Boyd presented a Resolution honoring Dr. Wayne Davis for his service in faculty and administrative roles for 45 years, concluding with his service as Interim Chancellor of The University of Tennessee, Knoxville from May 2018 to June 2019. A member moved adoption of the Resolution; the motion was seconded and passed unanimously by voice vote [*Honorary Resolution 001-2019*]. Following a standing ovation, Dr. Davis said retiring during such a great time at UT is bittersweet, but he looks forward to continuing to support UT as a proud alumnus for the rest of his life.
- B. Trustee Smith presented a Resolution honoring Kenneth Packer for his service as the Non-voting Student member of the Board during 2018-19 and as a voting member of the Education, Research, and Service Committee. He praised Mr. Packer for his engagement and diligence in adding his perspective on matters that came before the Board. Trustee Smith moved adoption of the Resolution; the motion was seconded and passed unanimously by voice vote [*Honorary Resolution 002-2019*]. Mr. Packer said it was an honor and privilege to serve on the Board adding that he is confident the University is headed in the right direction.
- C. Trustee Smith presented a Resolution honoring Dr. Bonnie Ownley for her service as the faculty member of the Education, Research, and Service Committee of the Board during 2018-19. He moved adoption of the Resolution; the motion was seconded and passed unanimously by voice vote [*Honorary Resolution 003-2019*]. Dr. Ownley expressed her appreciation for the opportunity to serve and participate in this shared



governance through the Education, Research, and Service Committee. She applauded the engagement of the Board and said it is appreciated by the faculty.

XIII. REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE

Amy Miles, Chair of the Audit and Compliance Committee, welcomed Brian Daniels as the new Chief Audit and Compliance Officer and thanked Judy Burns for doing a phenomenal job in her service in the interim role six months. She then presented highlights of the written report in the meeting materials. She also gave a brief summary of the April 17, 2019 committee meeting, when the Committee met with the Division of State Audit, UT's external auditor. She reported that UT received a clean audit and that the state auditors were complimentary of the UT audit staff.

XIV. CONSENT AGENDA

For the benefit of the audience, the Chair explained that except for the items A through E at the beginning of the Consent Agenda, all items were considered in committee meetings held earlier in the day with most Trustees present and participating, and all were passed unanimously by the committees. The Chair asked whether any Trustee wanted to move an item to the Regular Agenda for discussion. Hearing no requests, the Chair called for a motion. A motion was made and seconded to approve the items on the Consent Agenda by adoption of the relevant Resolutions in the materials. The motion passed unanimously by a roll-call vote.

XV. OTHER BUSINESS

There was no other business.

XVI. ADJOURNMENT

With no further business to come before the Board, the Chair adjourned the meeting.

Respectfully Submitted,


Catherine S. Mizell, Secretary