

MINUTES OF THE EXECUTIVE AND GOVERNANCE COMMITTEE

The Executive and Governance Committee met on Tuesday, March 13, 2018 at the Bridgestone Tower, Nashville, Tennessee. Chairman Steve Smith called the meeting to order at 1:12 p.m. The following Committee members were in attendance: Steve Smith, Chris Karbowskiak and Darrell Freeman. Also present were Trustees J.B. Baker, Pete DeLay, and Pamela Wright. Alan Thomas, Vice President for Business and Finance; Andrew Oppmann, Vice President for Marketing and Communications; Bruce Petryshak, Vice President for Information Technology and Chief Information Officer; Mark Byrnes, Provost; Joe Bales, Vice President for University Advancement; Deb Sells, Vice President for Student Affairs and Vice Provost for Enrollment Management; and Heidi Zimmerman, University Counsel and Board Secretary were also in attendance.

Both Chairman Smith and Dr. McPhee expressed their appreciation to Trustee Karbowskiak for hosting the meeting at the Bridgestone Tower. Trustee Karbowskiak welcomed those present to the Bridgestone Americas Headquarters, indicating that the businesses housed there represent all of the Bridgestone Americas businesses. She stated that the building was completed on time and under budget, and became occupied in November 2017. She said they are pleased to host the meeting, and thanked the trustees and university staff for their accommodation in meeting at that location.

President's Contract and Compensation. Chairman Smith asked Trustee Freeman to present this agenda item. Trustee Freeman reminded the Committee that the Board approved hiring an outside consultant through AGB to assist in putting together a compensation package for Dr. McPhee. As part of that process, peer institutions were selected and the salaries of the presidents of those institutions were identified and compared. This comparison revealed that Dr. McPhee's salary was at the 10th percentile, the lowest of the group. After much study and much conversation with the consultant, the consultant recommended, and Trustee Freeman concurred with that recommendation, that

Dr. McPhee's salary be increased to at least the 60th percentile which would move his salary from \$347,000 to roughly \$400,000 per year. In addition, the consultant highly recommended that compensation and a contract be done at the same time. Based on this advice, Trustee Freeman made the motion to increase Dr. McPhee's salary from \$347,000 to \$400,000, and to authorize legal counsel to negotiate a five-year contract for Dr. McPhee. Trustee Karbowski seconded the motion indicating that with respect to the compensation level, the consultant's report provides a high level of credibility and she is putting a lot of weight on the consultant's recommendation. She also stated that she is strongly in favor of considering compensation and a contract at the same time, that the two issues are tied together and that this is considered a best practice. Chairman Smith stated that he agreed with the compensation recommendation but wished to deal with the compensation and contract issues separately. Chairman Smith moved to amend the motion in this regard. A discussion ensued during which Trustee Freeman re-emphasized that the consultant, who came highly recommended by THEC, advised that the issues of contract and compensation be dealt with simultaneously. Trustee Freeman stated that his motion would set a new compensation level and would allow university counsel to draft an agreement that would be consistent with typical terms and conditions for university presidents. At the conclusion of the discussion, it was agreed that the chair of the Finance and Personnel Committee should negotiate the contract. Chairman Smith then withdrew his prior amendment. After further discussion among the Committee members, the motion as made and seconded was agreed as follows: that Dr. McPhee's salary be increased from \$347,000 to \$400,000; that this salary be a term of the contract and applied retroactively; and, that Trustee Joey Jacobs, as Chairman of the Finance and Personnel Committee, will negotiate the remaining terms of the contract to include consideration of tenure and length of contract. The motion passed unanimously.

The meeting adjourned at 1:33 p.m.

Respectfully Submitted,

Executive and Governance Committee