



6-4-1999

University of Tennessee Board of Trustees Exhibit Records, 1999 June 4, Exhibits 1 - 2

University of Tennessee

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FOR IMMEDIATE USE
May 31, 1999

Board Committee to Vote on New President's Contract (290)

KNOXVILLE -- The Executive Committee of the University of Tennessee Board of Trustees will meet Friday to vote on a five-year contract for the new UT President, Dr. J. Wade Gilley.

The committee will meet by telephone conference call at 9 a.m., Friday, June 4, to vote on the contract. The call will originate from the office of the General Counsel and Secretary, 719 Andy Holt Tower.

Gilley's contract would be a first for UT presidents, following a pattern at a growing number of large institutions.

If approved by the Executive Committee, the contract will become effective Aug. 1 when Gilley leaves his present job as president of Marshall University and assumes the presidency of UT. The contract would be in effect through July 31, 2004.

Under terms of the contract, Gilley's annual salary would be \$250,000. UT Board Vice-chairman Bill Sansom said the salary would "put UT in line with similar universities in the South."

Sansom noted that the president of the Florida system is paid \$255,000 and the president of the University of Georgia is paid \$267,000.

The contract stipulates that Gilley would be eligible for university fringe benefits to the same extent as other full-time UT employees, with the exception that federal law limits annual retirement contributions to \$160,000 in salary.

As is the practice with most other university presidents, Gilley will live in university-provided housing. Pending the availability of a permanent residence, Gilley and his wife Nanna will reside in housing leased by the university.

"The new UT president will face a number of difficult decisions. The contract should make it a bit easier for a new president to address these decisions," Sansom said.

The University of Tennessee has more than 42,000 students located at campuses in Knoxville, Chattanooga, Martin, Tullahoma and Memphis.

Contact: Bill Sansom (423-588-6710)

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UT NEWS CENTER

FAX COVER SHEET

Monday, May 31, 1999 02:47:36 PM

To: Beach Brogan / Linda Logan
Fax #: 4-3074

From: Robin Witherspoon
Fax #: (423) 974-6435
Voice: (423) 974-5198

Fax: 1 page and a cover page.



Office of the General Counsel and Secretary
719 Andy Holt Tower
Knoxville 37996-0170
Telephone 423 / 974-3245
FAX 423 / 974-3074

TO: Members of the Executive Committee, Board of Trustees

Mr. James A. Haslam, II, Chairman
Mr. Charles E. Coffey
Mr. Amon Carter Evans
Mr. Jerry L. Jackson
Mr. William B. Sansom
Mrs. Susan Williams
Dr. Joseph E. Johnson

FROM: Beauchamp E. Brogan

A handwritten signature in black ink, appearing to be 'BEB'.

DATE: May 28, 1999

SUBJECT: Executive Committee Conference Call
9:00 a.m. EDT, Friday, June 4, 1999
Room 719, Andy Holt Tower, Knoxville campus

Upon call of the Chairman, there will be a meeting of the Executive Committee by telephone conference call at 9:00 a.m. EDT, Friday, June 4, 1999. The call will originate from the office of the General Counsel and Secretary of the Board of Trustees, 719 Andy Holt Tower, Knoxville.

The purpose of the meeting will be to consider the employment agreement for Dr. J. Wade Gilley as President of the University.

An agenda for the meeting and a copy of the agreement are enclosed.

BEB:ll

Enclosures

cc: Members of the Board of Trustees w/enclosures
Members of the President's Staff w/enclosure
Dr. J. Wade Gilley w/enclosures

ORDER OF BUSINESS
EXECUTIVE COMMITTEE MEETING
BOARD OF TRUSTEES
THE UNIVERSITY OF TENNESSEE

9:00 a.m. EDT
Friday, June 4, 1999

719 Andy Holt Tower
Knoxville, Tennessee

- A. Roll call.
- B. Approval of Employment Agreement for Dr. J. Wade Gilley as President of the University.
- C. Other Business.

7/11 - Simon
Suona - Coffey

okay - approved tentatively

Jackson / Williams approve contact
and give ~~them~~ proxy

AGREEMENT

THIS AGREEMENT, entered into by and between THE UNIVERSITY OF TENNESSEE, a public educational corporation of the State of Tennessee ("University"), by and through its Board of Trustees ("Board") and DR. J. WADE GILLEY ("Dr. Gilley").

WITNESSETH:

In consideration of the covenants and agreements herein contained, the University and Dr. Gilley agree as follows:

**Article I
Duties**

A. Dr. Gilley shall serve as President of The University of Tennessee, reporting directly to the Board of Trustees. Dr. Gilley's duties and responsibilities as President shall be those stated in the Bylaws of the University, as amended from time to time by the Board, and incorporated in this Agreement by reference as if fully set out.

B. Dr. Gilley understands and agrees that his appointment and service as President is at the will and pleasure of the Board of Trustees.

**Article II
Salary**

A. Dr. Gilley's initial annual salary as President shall be \$250,000.00 (the "base salary"), payable in twelve monthly installments.

B. The base salary shall be reviewed annually by the Board of Trustees, or a designated committee of the Board, for performance-based increases, subject to the availability of funds. The base salary shall also be adjusted periodically in accordance with any across-the-board salary increase mandated by the State of Tennessee for all University employees.

III
Fringe Benefits

A. Dr. Gilley shall be eligible for University fringe benefits to the same extent as other full-time, staff-exempt employees of the University.

B. Dr. Gilley understands and agrees that federal law currently limits the salary on which the University may make retirement contributions to \$160,000 annually. If the annual cap increases by federal law during the term of this Agreement, the University shall make retirement contributions on the allowable amount for the remainder of the term of this Agreement.

Article IV
Assigned University Automobile

The University shall assign a University automobile to the President's Office for Dr. Gilley's use in accordance with University policies governing assigned vehicles.

Article V
Entertainment and Travel Expenses

A. The University shall reimburse Dr. Gilley for entertainment and travel expenses in accordance with University fiscal policies and procedures governing entertainment and travel, including those specifically applicable to Senior Administrative Officers.

B. Under University fiscal policies and procedures governing travel, Dr. Gilley may retain an honorarium only if the University does not pay related travel expenses. If the University pays related travel expenses, Dr. Gilley must remit the honorarium in full to the University for credit against the account charged for the travel expenses.

C. When Dr. Gilley's wife attends meetings of the Board of Trustees, Development Council, Alumni Board of Governors, and similar events benefitting the University, the

University shall reimburse her for travel expenses in accordance with University fiscal policies and procedures governing travel, including those specifically applicable to Senior Administrative Officers.

**Article VI
University Housing**

A. As a condition of employment and for the convenience of the University, Dr. Gilley shall be required to live in University-provided housing. Pending availability of a permanent President's Residence, the University shall lease an appropriate residence.

B. The University shall pay for utilities in University-provided housing, including electricity, gas, water, sewer, waste disposal, and telephone services, but excluding personal long distance telephone calls, cable television service, and commercial internet service.

C. The University shall provide necessary maintenance and groundskeeping services for the President's Residence (leased and permanent) and housekeeping services appropriately related to its use as an official residence.

**Article VII
University Policies and Procedures
Conflict of Interests Disclosure Statements**

Dr. Gilley shall comply with all University policies and procedures applicable to staff-exempt employees, including without limitation the University's Conflict of Interests Policy. As an *ex officio* member of the Board of Trustees, Dr. Gilley shall also be subject to the Conflict of Interests Policy for Trustees. In addition, the position of President of the University is subject to the provisions of Tennessee Code Annotated §§ 8-50-501 et seq, requiring the filing of a disclosure statement with the Registry of Election Finance for the

State of Tennessee. Dr. Gilley shall file all initial disclosure statements required by University policy or state law no later than August 31, 1999.

Article VIII
Term and Termination

A. The term of this Agreement shall be from August 1, 1999, through July 31, 2004. In its sole discretion, the Board of Trustees shall decide whether to renew Dr. Gilley's appointment as President for an additional term of years not to exceed five years. Dr. Gilley understands and agrees that the Board may allow this Agreement to expire and elect not to renew his appointment as President without complying with any University personnel policy or procedure applicable to staff exempt employees who do not serve under a contract of employment with a definite term of years.

B. Upon completion of the initial or any subsequent term of appointment as President, but only if any subsequent term of appointment ends prior to July 31, 2009, Dr. Gilley shall receive a post-Presidential appointment with an appropriate title and an academic-year salary equal to fifty percent (50%) of his final salary as President. In the discretion of the Board, this appointment shall include administrative duties, professorial duties (with the concurrence of the departmental faculty), or both. The term of the post-Presidential appointment shall be determined by the Board, and the appointment shall terminate no later than July 31, 2009.

C. Acknowledging that his appointment and service as President is solely at the will and pleasure of the Board, Dr. Gilley understands and agrees that in its sole discretion and at any time, the Board may reassign Dr. Gilley from the position of President to other duties within the University. The Board shall not be required to demonstrate cause or adequate cause to reassign Dr. Gilley to other duties. Upon reassignment to other duties, Dr. Gilley's

base salary shall continue unchanged until expiration of the term of this Agreement or any subsequent term of appointment as President. However, all privileges, benefits, and perquisites directly related to the position of President, including without limitation University-provided housing and assigned automobile, shall cease within thirty (30) days of the reassignment of duties.

D. In its sole discretion and at any time during the term of this Agreement, the Board may elect to terminate Dr. Gilley's appointment as President and buy out any remaining years under this Agreement. The Board shall not be required to demonstrate cause or adequate cause for a buy-out. Under a buy-out, the University's liability shall be limited to Dr. Gilley's base salary times the number of years remaining in the contract, reduced to its present value at the time to be paid. The University's liability shall not include payment of fringe benefits, the value of University-provided housing and assigned automobile, or any other income, benefits, or perquisites derived by virtue of Dr. Gilley's position as President. Dr. Gilley understands and agrees that the University's decision to terminate this Agreement and buy out any remaining years of the Agreement is not subject to any University policy or procedure requiring progressive discipline.

E. Subject to any applicable requirements of constitutional due process, the Board may terminate this Agreement at any time for cause. "Cause" shall mean all acts of malfeasance or misfeasance by Dr. Gilley, whether by omission or commission, including without limitation: (1) any breach of this Agreement; (2) inability due to a physical or mental impairment to perform an essential function of the position of President; (3) acts in contravention of directives of the Board or its designees; (4) acts in contravention of University policies or procedures; (5) theft or misappropriation of University funds, property,

services, or other resources; (6) dishonesty or other violation of professional ethics or responsibility; or (7) acts constituting a conflict of interests under applicable University policies or state law. Upon termination of this Agreement for cause, Dr. Gilley shall not be entitled to further salary, benefits, or perquisites from the University.

F. Dr. Gilley shall give the Board at least six months' notice prior to voluntary resignation or retirement from the position of President.

G. The Board and Dr. Gilley may reach a mutual agreement for termination of this Agreement at any time prior to expiration of the term.

Article IX Miscellaneous

A. This Agreement contains the complete agreement between the parties concerning Dr. Gilley's appointment as President. Neither party has made any representation with respect to the subject matter of this Agreement not specifically included in this Agreement, nor has either party relied on any such representation in entering into this Agreement.

B. This Agreement may only be modified by a writing signed by both parties.

C. The invalidity of any portion of this Agreement shall not and shall not be deemed to affect the validity of any other provision. In the event any provision of this Agreement is held to be invalid, the parties agree that the remaining provisions shall be deemed to be in full force and effect as if they had been executed by both parties subsequent to the expungement of the invalid provision.

D. This Agreement shall be interpreted in accordance with Tennessee law.

E. The failure of either party to this Agreement to insist upon the performance of any of the terms and conditions of this Agreement, or the waiver of any breach of any of the terms and conditions of this Agreement, shall not be construed as subsequently waiving any such terms and conditions, but the same shall continue and remain in full force and effect as if no forbearance or waiver had occurred.

F. The titles to the articles of this Agreement are solely for the convenience of the parties and shall not be used to explain, modify, simplify, or aid in the interpretation of the provisions of this Agreement.

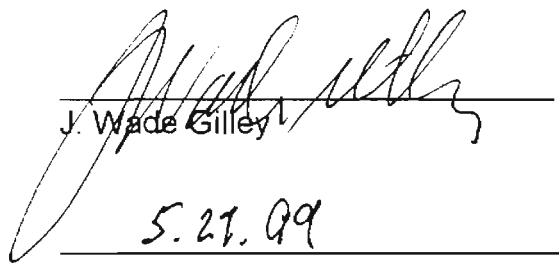
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates shown below.

THE UNIVERSITY OF TENNESSEE

J. WADE GILLEY

William B. Sansom
Vice Chairman of the Board of Trustees

J. Wade Gilley



Date

Date

5.27.09

FY 1998-99 Administrative Salary Comparisons
Position Title: President

Institution	Salary
University of Tennessee System	217,500
University of Illinois System	263,520
University of Maryland System	275,900
Indiana University System	254,000
University of Colorado System	214,500
Texas Tech University System	336,193
University of Texas System	350,000
Purdue University System	292,000
Texas A & M University System	270,037
University of Minnesota System	275,000
Ohio State University	<u>275,004</u>
Average	274,878

Source: College and University Personnel
Association (CUPA) Administrative
Compensation Survey, 1998-99.

6/2/99

Salary Comparisons
of Southern Region Schools

<u>Institution</u>	<u>Hire Date</u>	<u>Current Salary</u>	<u>Comments</u>
University of Georgia (President)	9/1/97	\$267,400	<ul style="list-style-type: none"> - Salary includes an entertainment stipend and a foundation supplement of approximately \$72,500. - One year contract. - Has tenure. - University housing and car provided.
University of South Carolina (President)	3/15/91	\$265,194	<ul style="list-style-type: none"> - Salary includes two foundation supplements of \$65,000 and \$20,000. - University housing and car provided.
University of Alabama-System (Chancellor)	6/1/97	\$219,600	<ul style="list-style-type: none"> - University housing provided. - Two cars and club memberships. - Foundation supplement in addition to salary.
University of Florida-System (Chancellor)	11/20/98	\$255,000	<ul style="list-style-type: none"> - Housing allowance of \$20,000. - Additional 12% of salary towards an annuity (\$30,600).
University of Kentucky-System (President)	7/1/90	\$192,651	<ul style="list-style-type: none"> - University housing provided.