

**BOARD OF TRUSTEES
THE UNIVERSITY OF TENNESSEE**

POLICY ON PRESIDENTIAL PERFORMANCE REVIEWS

Adopted by the Board of Trustees
March 7, 2007

PURPOSES

The purposes of the annual performance review are: (1) to enable the President to strengthen his or her performance; (2) to promote good communications and strong working relationships between the President, the Board, and University constituencies; (3) to enable the President and Board to set mutually agreeable goals; and (4) to inform board decisions on compensation and other terms of employment for the President.

Periodic comprehensive performance reviews have the following additional purposes: (1) to solicit the informed perceptions of members of the University's major stakeholder groups on broader aspects of institutional health, management, and governance; (2) to engage and inform a wide range of University constituencies; and (3) to enable the President and the Board to determine whether they have the basis for an extended commitment to each other.

RESPONSIBILITY

The Board of Trustees is responsible for assessing the President's performance and, in doing so, to solicit the views of other leaders within and outside the University.

The Board delegates to the Vice Chair of the board the responsibility for organizing and conducting an annual performance review of the President. This delegation of authority to the Vice Chair is subject to the provisions of this policy and to the Board's ultimate authority to approve or modify the Vice Chair's evaluation of the President's performance.

Every fifth year, or earlier as the Board in its sole discretion may determine, the Board, or its delegate, shall conduct a comprehensive review of the President's performance with the assistance of at least one external advisor.

PROCESS FOR THE ANNUAL PERFORMANCE REVIEW

The President shall prepare a written self-assessment statement in a format and according to a timetable mutually agreed-upon by the President and the

Vice Chair. In addition to a retrospective review of goals previously agreed upon by the President and the Board and of other achievements, disappointments, or problems of the preceding year, the self-assessment statement shall include a prospective statement of challenges and opportunities facing the University and the President's proposed goals for the coming year.

The Executive and Compensation Committee of the Board, which is composed of Vice Chair of the Board and the chairs of the other standing committees, shall designate two of its members to participate in the annual review process as outlined hereinafter. After receipt of the President's self-assessment statement, the Vice Chair and the two standing committee chairs shall interview the senior administrative staff concerning the President's performance. The Vice Chair and the two standing committee chairs shall also solicit views of the President's performance from faculty, student, staff, and alumni leadership. The Vice Chair shall then interview the President concerning the President's self-assessment statement and the President's proposed goals for the coming year. The two standing committee chairs shall be present during the Vice Chair's interview of the President only as observers and not as participants. The Vice Chair shall prepare a written assessment of the President's performance, including an aggregate summary of the views of the senior administrative staff and of faculty, student, staff, and alumni leadership.

The Vice Chair shall then submit the following materials to the Executive and Compensation Committee: (1) the President's self-assessment statement and any additional information the Vice Chair may have requested of the President; (2) the Vice Chair's written assessment of the President's performance; (3) the President's proposed goals for the coming year and the Vice Chair's recommendation concerning those goals; and (4) any recommendation of the Vice Chair concerning the President's compensation or other terms of employment. After reviewing the Vice Chair's written assessment and recommended goals, the two standing committee chairs designated by the Executive and Compensation Committee may submit a separate written assessment of the President's performance to the Executive and Compensation Committee.

In a previously scheduled or a called meeting, the Executive and Compensation Committee shall approve or modify the Vice Chair's assessment of the President's performance and recommendations concerning goals, compensation, and other terms of employment. The Committee's action shall then be submitted to the full Board of Trustees for approval or modification. The President shall be present at the meetings of the Executive and Compensation Committee and the Board of Trustees to answer questions about his or her performance and the proposed goals for the coming year. The

President shall be excused from the meetings prior to discussion and voting on the President's performance, goals, and compensation or other terms of employment.

PROCESS FOR THE COMPREHENSIVE PERFORMANCE REVIEW

Every fifth year of the President's employment, or earlier as the Board in its sole discretion may determine, the Vice Chair shall conduct a comprehensive review of the President's performance with the assistance of one or more external advisors and one or more standing committee chairs. If feasible, at least one external advisor should be a former chief executive with experience as head of an enterprise similar in scope and mission outside the State of Tennessee.

Early in the year of the comprehensive performance review, the Vice Chair, in consultation with the President, shall develop a written plan and timetable for the comprehensive review and present it to the Executive and Compensation Committee or the full Board for approval. The plan shall include at least the elements outlined below.

The President shall prepare a comprehensive self-assessment statement covering the period of service under review. This comprehensive statement should present a clear picture of the University's academic and financial progress and condition, using appropriate qualitative and quantitative benchmarks, and should highlight the President's view of his or her major achievements and concerns.

The external advisor(s) shall conduct personal interviews with the President, members of the Board, and with a broad array of individuals or groups internal and external to the University, including but not limited to the University's senior administrative staff, faculty, students, staff, alumni, and other major stakeholder groups. The Vice Chair and one or more standing committee chairs designated by the Executive and Compensation Committee shall conduct personal interviews with the University's senior administrative staff.

The external advisor(s) shall prepare a written report in draft form detailing the University's progress and the President's performance. The report shall include specific recommendations for strengthening the President's performance and his or her relationships with the Board, University constituent groups, and other major stakeholder groups. The draft report shall be presented to the President for review and comment.

The final report of the external advisor(s) shall be presented to the Vice Chair. The Vice Chair and the external advisor(s) shall review the report and the

President's self-assessment statement with the President and work with the President to develop a set of short-term and long-term goals for recommendation to the Board. The standing committee chairs designated by the Executive and Compensation Committee shall be present during this session only as observers and not as participants.

The Vice Chair, with the assistance of the external advisor(s), shall then prepare and submit to the Executive and Compensation Committee a written comprehensive assessment of the President's performance and a statement of the recommended short-term and long-term goals. The written assessment shall include an aggregate summary of the views of the senior administrative staff and of major stakeholder groups. The Vice Chair shall also submit to the Executive and Compensation Committee any recommendation concerning the President's compensation or other terms of employment. The Executive and Compensation Committee shall receive copies of the report of the external advisor(s), the President's self-assessment statement, and any other information the Vice Chair or external advisor(s) may have requested of the President. After reviewing the Vice Chair's written assessment of the President's performance and recommended goals, the two standing committee chairs designated by the Executive and Compensation Committee may submit a separate written assessment of the President's performance to the Committee.

In a previously scheduled or a called meeting, the Executive and Compensation Committee shall approve or modify the Vice Chair's assessment of the President's performance and recommendations concerning goals, compensation, and other terms of employment. The Committee's action shall then be submitted to the full Board of Trustees for approval or modification. The President shall be present at the meetings of the Executive and Compensation Committee and the Board of Trustees to answer questions about his or her performance and the proposed goals. The President shall be excused from the meeting prior to discussion and vote on the President's performance, goals, and compensation or other terms of employment.