



















September 2019 Governance and Finance Committee Meeting

Schedule	Wednesday, September 4, 2019 10:45 AM — 12:00 PM CDT
Venue	University Center Fountain View Suite - UC350
Organizer	Jean Rakow

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1. Call to Order

Presented by David North

2. Roll Call and Declaration of Quorum

Presented by Melanie Murry and David North

3. Approval of Minutes - June 5, 2019

For Approval

Presented by David North

University of Memphis Governance and Finance Committee Meeting

June 5, 2019 | 9:16 a.m.

Proposed Order of Business and Committee Summary

The Governance and Finance Committee of the University of Memphis Board of Trustees met at 9:16 a.m. CDT, on Wednesday, June 5, 2019, on the University of Memphis Main Campus in Memphis, Tennessee.

I. Call to Order/Roll Call/Declaration of Quorum/Introduction

Chairman Graf called the meeting to order and welcomed attendees. University Counsel and Board Secretary Melanie Murry called the roll. The following Governance and Finance Committee members were present: Trustee Drew Gilmore; Trustee Alan Graf; Trustee Cato Johnson; Trustee David Kemme; Trustee R. Brad Martin; Trustee David North; and Trustee Susan Springfield.

A quorum was present. Members of the University of Memphis Board of Trustees, faculty, administrative staff, and guests were present.

Chairman Graf recognized outgoing student trustee, Drew Gilmore, and announced new student trustee, Noah Agnew. President Rudd thanked Trustee Gilmore for his outstanding work for the Board and at the University. He also introduced and welcomed Trustee Noah Agnew to the Board. Trustee Agnew provided an update on his academic career and background.

Chairman Graf called for the election of a new chairman and vice chairman of the Board. Chairman Graf recommended David North as chairman and Cato Johnson as vice chairman and called for nominations. The motion was approved.

Chairman North recognized outgoing Chairman Graf and Vice Chairman Brad Martin for their outstanding leadership of the Board over the past two years.

II. Approval of Agenda Items

Chairman North discussed the agenda items as follows:

The recommendation to revise the Governance and Finance Charter by adding an additional vice chair to the executive committee. Chairman North requested to add Trustee Cato Johnson.

The recommendation to revise the Public Comment policy to allow the Board Chairman to accept comments from the floor. The current policy only allows public comments that are submitted in writing ahead of time.

The recommendation of a new presidential evaluation policy. The new policy formally documents our current presidential evaluation practice and fulfills the Tennessee Higher Education Commission requirement of evaluating the President every three years. The policy stipulates evaluating the president on an annual basis but also includes a formal comprehensive

evaluation every three years at the Board's discretion. An update from the previous Board meeting included a recommendation to retain an outside consultant to conduct an executive compensation study of the President's salary to ensure we remain competitive. Chairman North requested the approval of Trustee Martin to serve as the representative to lead this effort. The recommendation from the report will be shared with the full Committee.

The recommendation to change our open records policy is a minor adjustment to allow non-Tennessee residents who are affiliated with the university to have access to our records.

The parking rules recommendation is related to our current practice of parking operations based on Tennessee Board of Regents policies. Chairman North explained we are requesting to now adopt these as our own rules.

Trustee Graf motioned to approve all items as discussed. The motion was properly seconded.

- III. Chairman North requested a motion for the approval of the minutes. It was moved by Trustee Johnson and properly seconded to approve the minutes from the March 6, 2019, Governance and Finance Committee meeting. The motion was approved.

IIII. The Gather Update

Chairman North introduced Chief Financial Officer Raaj Kurapati to provide an update on The Gather. CFO Kurapati commented that due to a delay at the State level for the approval to acquire The Gather on Southern, we need to find an interim solution, i.e. we would like to enter into a one-year affiliation agreement to operate 264 beds in The Gather I. Leasing these beds for one (1) year will serve the immediate occupancy needs for our student population and gives us more time to work with the State on the formal acquisition agreements.

Conversation ensued. Chairman North called for a motion. It was moved by Trustee Johnson and properly seconded.

IVI. Kemmons Wilson Culinary Institute Lease

Chairman North introduced CFO Raaj Kurapati to discuss the Kemmons Wilson Culinary Institute lease for the facility located on Germantown Parkway. CFO Kurapati explained this effort allows us an opportunity to serve the needs of several hundred displaced students (due to the closure of L'Ecole Culinaire), complements our existing culinary program, and provides a strategic opportunity for significant student enrollment growth. Enrollment for students will begin in July and full enrollment in the fall.

CFO Kurapati advised that this lease must be submitted to the State Building Commission (SBC) for approval and will be discussed at the Executive Sub-Committee Board Meeting on June 24, 2019.

Chairman North requested a motion. It was moved by Trustee Johnson and properly seconded.

VI. Capital Budget Request for Fiscal Year 2021

Chairman North introduced Tony Poteet, Associate Vice President for Campus Planning and Design, to discuss the annual review of the capital budget requests for Fiscal Year 2021. AVP Poteet explained the three categories of projects – capital outlay, capital maintenance, and disclosure – and gave an overview of various projects on the list.

Chairman North called for approval of the capital budget request. It was moved by Trustee Springfield and properly seconded.

VII. Master Plan Update

Chairman North introduced Tony Poteet, Associate Vice President for Campus Planning and Design, to discuss the University's master plan update. AVP Poteet mentioned the Master Plan was completed in 2015 by the Smith Group, who has also been retained to complete the 2019 update. AVP Poteet provided an extensive overview of future projects and updates to the master plan.

Chairman North called for an approval of the master plan. The motion was made by Trustee Johnson and properly seconded.

VIII. FY2019 Final Operating Budget and FY2020 Proposed Operating Budget

Chairman North introduced CFO Kurapati to discuss the recommendation of the approval of the FY2018-19 Estimated Budget and the FY2019-20 Proposed Budget. CFO Kurapati provided an in-depth overview of the two budgets submitted and announced that the proposed FY2019-20 budget included a 2% salary pool which is roughly \$4.3 million as well as a 1.79% tuition increase. He further stated that over the past five years, we have not increased tuition at any significant rate.

CFO Kurapati mentioned we will be receiving \$5.3 million of new State funding dollars based on the THEC funding formula calculation. He referred to the recent completion of the SRI budget process and plans to submit FY20 budget allocation recommendations to the President. He noted we received \$14 million in capital funding from the state to include \$5.7 million allocated for Lambuth to renovate Sprague Hall for Nursing. It was the highest capital appropriation this year in the public higher education system. CFO Kurapati also talked about the continued reinvestment in the research enterprise to ensure the University reaches Carnegie 1 status as well as the need for the University to build reserve balances. He stated the annual carryforward as approximately \$42 million. Dr. Rudd mentioned UofM's carryforward is decentralized unlike other universities. Dr. Rudd also mentioned asking for strategic spending of the carryforward dollars in relation to research.

Dr. Rudd added CFO Kurapati has done an outstanding job with our investments with minimal risk. Trustee Martin congratulated the President and his administrative on reversing the lack of reserves. CFO Kurapati also acknowledged we've done extremely well with fundraising, thanks to Joanna Curtis and her team.

Chairman North called for the motion. It was moved by Trustee Graf and properly seconded.

VIII. Student Fee Structure

Chairman North introduced CFO Raaj Kurapati to discuss the student fee structure. CFO Kurapati recapped the prior Board actions over the past year to address access and affordability and introduced the concept of a simplified student fee structure. The proposed University Service Fee will be a three-year phased approach in which we establish a proportional distribution of fees across credit hours. By year three (3), we will eliminate the online fee and everyone will pay the same structured fee.

CFO Kurapati mentioned the public comment period for this proposed fee change. There were 24 comments, 37.5% were supportive of the change, another 50% had questions, and 12.5% were non-supportive based on department concerns regarding online revenue. CFO Kurapati reassured funds will be added to the departments' base revenue beginning in FY20. Dr. Rudd explained this will be a change in culture for how we handle carryforward and revenue generation from the online courses. Trustee Kemme mentioned the departments need to know that these are recurring funds. Dr. Nenon mentioned this will be shared with faculty upon their return.

Chairman North called for the motion which was moved by Trustee Johnson and properly seconded.

IXI. Update on Dining Service Contract

Chairman North deferred the informational item on the dining services contract to the next meeting.

XI. Compensation Strategy for Fiscal Year 2020

Chairman North introduced CFO Kurapati to discuss the University's compensation strategy for FY2020. The University has a 2% salary pool (\$4.3 million). There will be across-the-board increases based on salary tiers as well as an amount for merit-based adjustments. CFO Kurapati explained the lowest paid employees (those earning \$30,000 or less) will receive an across the board adjustment of \$1,000 which translates to a 5% increase. This adjustment will increase our minimum wage from \$10.60/hr to \$11.11/hr. CFO Kurapati mentioned we have a very generous benefit structure. If benefits are included, the wages are increased to \$16/hr. CFO Kurapati discussed the recommendation to increase the part-time instructor salaries by 2% across the board. There will also be allocations for salary pool for faculty promotions. The effective date for the adjustment is September 1, 2019.

Conversation ensued regarding employees' knowledge of the benefits package.

XII. Additional Committee Business

There was no additional committee business.

XIII. Adjournment

The committee adjourned at 10:56 a.m.

4. Naming of the Bridge

For Approval

Presented by Joanna Curtis

The University of Memphis Board of Trustees

Agenda Item

For Approval

Date: September 4, 2019

Recommendation: Approval to name the Pedestrian Cable Bridge the Hunter Harrison Memorial Bridge

Presented by: Joanna Curtis, Chief Advancement Officer

Background:

University policy, GE2003 Identification of Buildings and Facilities, stipulates the Board of Trustees must approve requests for the naming of any building or facility or any portion of a building or facility after an individual.

The family of E. Hunter Harrison has made a gift to name the new pedestrian cable bridge in his memory. Harrison attended the University, but left to pursue a career as a railroader. During his career, Harrison served as CEO of four railways – the Illinois Central, Canadian National, Canadian Pacific and CSX – before he passed away in December 2017. CN named a Center in his honor in Herff College of Engineering's Intermodal Freight Transportation Institute. Harrison also made a seven-figure gift to the University's Centennial Campaign.

Recommendation:

The Governance and Finance Committee recommends approval of naming the bridge the Hunter Harrison Memorial Bridge.

5. Naming of the Student Wellness Center and Plaza

For Approval

Presented by M. David Rudd

The University of Memphis Board of Trustees

Agenda Item

For Approval

Date: September 4, 2019

Recommendation: Approval to name the Student Wellness Center and Plaza

Presented by: M. David Rudd, President

Background:

University policy, GE2003 Identification of Buildings and Facilities, stipulates the Board of Trustees must approve requests for the naming of any building or facility or any portion of a building or facility after an individual.

The Student Wellness Center and Plaza will be one of the centers on campus that positively impact student life. The naming of this center recognizes the contributions and achievements of the individual for whom it is to be named.

Recommendation:

The Governance and Finance Committee recommends approval of naming the Student Wellness Center and Plaza as discussed during the meeting.

6. Land swap and lease for Stella Group Housing on Deloach

For Approval

Presented by Raajkumar Kurapati

The University of Memphis Board of Trustees

Recommendation

For Approval

Date: September 4, 2019

Committee: Governance and Finance Committee

Recommendation: Stella Group Land Swap and Lease for University Housing on Deloach St

Presented by: Raaj Kurapati, Chief Financial Officer

Background:

The University is in need of additional apartment-style housing for faculty, staff, and students. This type of housing is more marketable especially for upperclassmen, graduate, and doctoral students which is important as we expand our research and academic portfolio.

The University currently owns property on Deloach Street which it has strategically acquired for campus expansion. It is in the University's best interests to have the Stella Group design, build, operate, and maintain a housing complex consisting a total of 475 beds on Deloach Street rather than Stella's current plan of building on Brister Street. The University would prefer to use the land owned by the Stella Group on Brister Street to fulfill master planning requirements for a research park and parking structure.

Committee Recommendation:

The Governance and Finance Committee recommends approval of the Land Transfer Agreement and Long-Term Land Lease with the Stella Group for purposes of developing new residential housing as described in the meeting materials. This approval is subject to the required reviews and approvals by the appropriate State agencies.

Stella Group Land Swap and Lease for University Housing on Deloach Street

Governance and Finance Committee

Raaj Kurapati
Chief Financial Officer

September 4, 2019
University Center



- Acquire land west of campus in accordance with our Master Plan and address the need for new student housing without material institutional capital outlay
- Develop housing stock (apartment-style) to meet current student preferences, especially for upperclassmen, graduate, and doctoral students which aligns with strategies to expand research and academic portfolio in our march towards a Carnegie R1 designation
- Strategically renovate or repurpose old housing stock to academic or research space while continuing to meet current and future demand for student housing

- Stella Group has contractual control of approximately two acres of land located between Midland Avenue and Mynders Avenue along Brister Street, approximately 0.1 miles from the UoM campus. They plan to develop a 475 bed high-rise apartment complex marketable to UofM students.
- Current density of housing and other developments on this side of campus has created traffic congestion concerns and safety issues. The UofM Master Plan calls for alternative uses for the Stella Property.
- The campus has strategically acquired property along Deloach Street to meet future campus expansion including the need for increased housing capacity to meet a growing student population in close proximity to the core of campus.
- We would like to execute a land swap with Stella Group to build the 475 bed complex on Deloach Street while we pursue use of the land along on Brister Street for a research park and parking structure.

Land Swap Location



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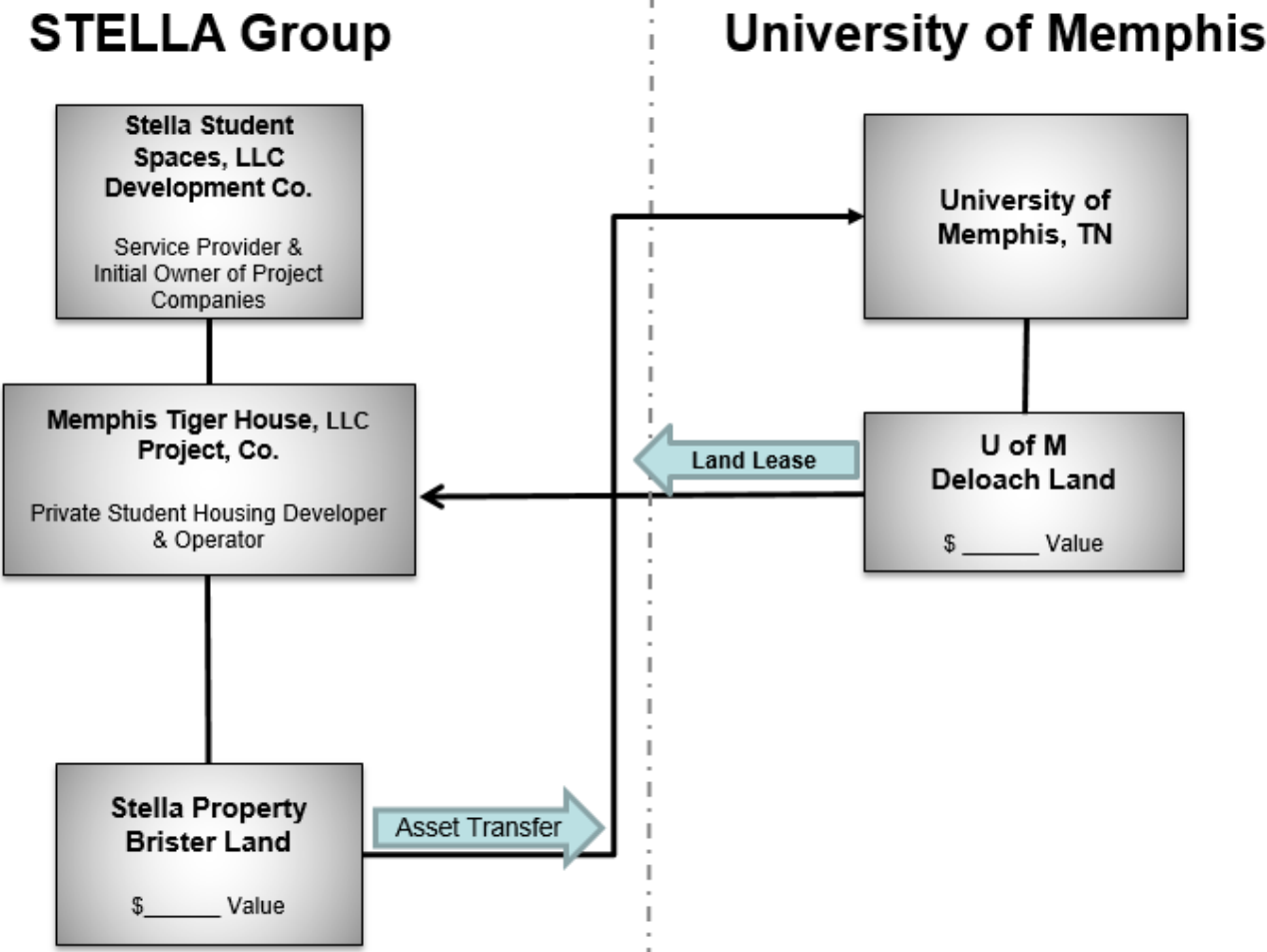
Change from single family residential to student, faculty, staff, and multi-family housing

Change from fraternity to mixed-use parking/research facility use



- The proposed transaction is comprised of two (2) interrelated transactions that shall occur simultaneously:
 1. Concurrent with Stella's acquisition of the Stella Property, Stella and UofM will execute a Land Transfer Agreement by which Stella will deed the Stella Property to the UofM.
 2. Concurrent with the execution of the Land Transfer Agreement, Stella and UofM will execute a thirty-five (35) year Long-Term Land Lease of the UofM Property for the design, building, financing, operating and maintenance of a housing complex containing approximately 475 beds, onsite parking, security fencing and other amenities. Stella will have the right to one 5 year extension.
- Stella is responsible for delivering the housing facility to UofM in good condition at the end of the term.

Land Lease | Land Transfer Flow Chart



Questions?

7. Park Avenue Master Plan Update and Acquisition of Audubon Baptist Church Property

For Approval

Presented by Raajkumar Kurapati

The University of Memphis Board of Trustees

Recommendation

For Approval

Date: September 4, 2019

Committee: Governance and Finance Committee

Recommendation: Park Ave Master Plan Update - Acquisition of Audubon Baptist Church property for Middle School expansion

Presented by: Raaj Kurapati, Chief Financial Officer

Background:

The University Master Plan links the strategic plan to the campus environment. The plan provides an overall direction for facility improvements, additions, replacements as well as land acquisition for expansion. All projects submitted to the State Building Commission must be in conformance with the master plan and periodic updates are required to remain current.

The 2015 Park Avenue Master Plan did not include strategic land acquisitions. The recent establishment of the University Middle school has facilitated the need to expand the Park Avenue Campus to accommodate infrastructure requirements. The University has an opportunity to acquire the adjacent Audubon Baptist Church property and three residential parcels to the north of Park Avenue. This acquisition meets the immediate and growing needs of the middle school and allows for program expansion to include a University High School.

Committee Recommendation:

The Governance and Finance Committee recommends approval of the changes to the Park Avenue Master Plan as presented in the materials for the purpose of acquiring property at the Audubon Baptist Church and adjacent parcels to accommodate the needs of the University Middle School and future growth. This approval is subject to the University working through required reviews and obtaining approvals from the appropriate State agencies.

Park Avenue Master Plan Update for University Middle School

Governance and Finance Committee

Raaj Kurapati
Chief Financial Officer

September 4, 2019
University Center





UNIVERSITY OF MEMPHIS

MAIN AND PARK AVENUE CAMPUS MASTER PLAN UPDATE



September 2019 Governance and Finance Committee Meeting

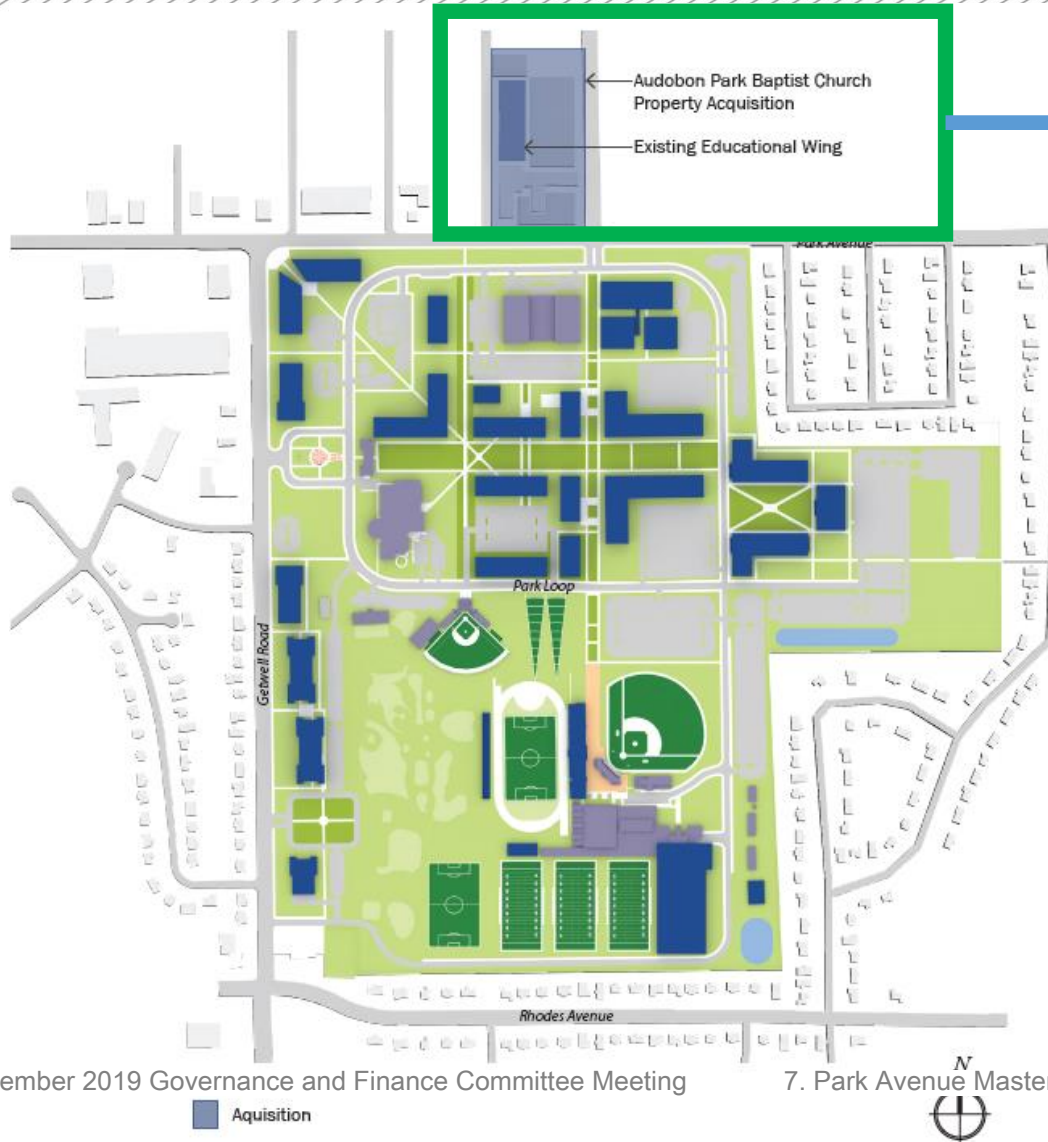


7. Park Avenue Master Plan Update and Acquisition of Audubon...



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Park Avenue Campus – Acquisition Amendment



- The 2015 Park Avenue plan did not include strategic land acquisitions. The recent establishment of the University Middle school has facilitated the need to expand the Park Avenue Campus to accommodate infrastructure requirements.
- The University has an opportunity to acquire the adjacent Audubon Baptist Church property and three residential parcels to the north of Park Avenue.

- The property's location immediately adjacent to the campus is advantageous as it will be easily accessible to the community and University.
- The site will be master planned to accommodate enrollment while initially utilizing existing facilities. The first phase of the project is focused on the educational wing and includes but is not limited to the following enabling projects: air conditioning/mechanical system upgrades, code improvements, and interior renovations.
- While the site will initially be used for University Middle, future phases could include accommodating a high school or sharing the site or specific uses with the high school.
- At full enrollment University Middle will serve 240 children in grades 6 through 8 through a public middle school offered in partnership with Shelby County Schools.

Questions?

8. Board Self Assessment

Presentation

Presented by Colton Cockrum

The University of Memphis Board of Trustees

Presentation

For Information

Date: September 4, 2019

Committee: Committee Name

Presentation Title: SACSCOC Standard 4.2.g – Board self-evaluation

Presented by: Dr. Colton Cockrum, Assistant Vice Provost for Institutional Effectiveness, Accreditation, and Academic Assessment

Synopsis:

Our regional accrediting body is the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC). As a SACSCOC-accredited institution, the University of Memphis is required to make its case for compliance with all standards. One standard in particular, 4.2.g Board self-evaluation, requires us to have a process in place where our governing board regularly evaluates its responsibilities and expectations. Our board of trustees has freedom to determine how best to self-evaluate to answer critical questions such as “How are we doing?” and “Are we as effective as a board as we can be?”

The Resource Manual for the Principles of Accreditation provides direction on some best practices in its section on Questions to Consider and Sample Documentation.

- Details on board member selection processes.
- Documents and reports of board actions to resolve cases of undue external pressures, if appropriate.

Reference to SACSCOC Documents, If Applicable

None noted.

Cross-References to Other Related Standards/Requirements, If Applicable

CR 4.1 (Governing board characteristics)

Standard 4.2.d (Conflict of interest)

Standard 4.2.g (Board self-evaluation)

4.2.g The governing board defines and regularly evaluates its responsibilities and expectations. (Board self-evaluation)

Rationale and Notes

As the body that holds in trust the fundamental autonomy and ultimate well-being of the institution, the governing board of the institution is a critical element in the success of the institution. Good institutional governance requires that the board systematically asks itself, “How are we doing? What are we doing? Are we as effective as a board as we can be?” The process of institutional improvement underlies the *Principles of Accreditation*. While the means by which a governing board participates in that process may be different in scope, tone, and detail than that of the rest of the institution, it is still a necessary element in institutional leadership.

A good starting place is a self-reflective examination of the issues that underlie the governance standards of the *Principles of Accreditation* and the “Questions to Consider” in this section of this *Resource Manual*. How this is done is something best determined by a governing board itself. Some institutions use a board retreat format. Some boards build self-reflection into an annual orientation/reorientation of the board. Some boards facilitate this process by using external resources such as a facilitator or a book, although that is not a requirement of this standard. What is expected of this standard is something more substantive than a statement that “the board conducted a self-evaluation.”

NOTE

If the institution has multiple governing boards [see Standard 4.3 (Multi-level governance)], then the institution should address the self-evaluation process for all relevant boards.

Questions to Consider

- What are the legal obligations of board members? Does each member of the board understand these expectations?
- Do bylaws and other written documents for board procedures make clear the role of and limits of board actions?
- Do bylaws and other written documents for board distinguish the roles between the board (policy-making) and the CEO (administrative)?
- Is the board structure working well? Are committee responsibilities well defined?
- Is the orientation of new board members effective?
- How does the board stay informed as to the financial health of the institution?
- How does the board maintain its focus on the institutional mission?
- Is review of the mission statement a regular expectation of the governing board?
- What is the relationship between the institution's chief executive officer and the institution's governing board?
- What protections are built into the board structure to ensure the board is not subject to undue influence by a minority of members or by external forces?
- Are board minutes clear and accurate? Do they provide sufficient detail to capture the results of deliberations?
- Do board procedures regarding protection from internal conflicts of interest work appropriately?
- Does the board have a functioning self-evaluation process?
- Are procedures for CEO succession clear?
- If the governing board interacts with other boards (e.g., system boards, foundation boards, alumni boards), are duties and expectations clear?

Sample Documentation

- Statements of board responsibilities and expectations.
- Schedule used by the board for self-review.
- Board policies and procedures regarding board self-evaluation.
- Board minutes or reports detailing the findings of board self-evaluation.
- Materials used as part of the self-examination process (e.g., excerpts from board books, retreat handouts, summaries).

Reference to SACSCOC Documents, If Applicable

None noted.

9. Sibson Consulting Report

Presentation

Presented by Raajkumar Kurapati

The University of Memphis Board of Trustees

Recommendation

Presentation

Date: September 4, 2019

Committee: Governance and Finance Committee

Recommendation: Executive Compensation

Presented by: R. Brad Martin, Trustee

Background:

Based on discussions during the June 2019 Board of Trustees meeting, the University hired Sibson Consulting to assess President Rudd's current compensation, research best practices in higher education, and provide a recommendation for an executive compensation plan for the President.

The results from this assessment as well as recommendations will be shared during this meeting and will be used as a guide for the President's salary and overall compensation plan for the next few years.

University of Memphis

PRESIDENT COMPENSATION ASSESSMENT

Governance and Finance Committee Presentation

September 4, 2019

Introduction

- The University of Memphis (“Memphis” or “the University”) engaged Sibson Consulting (“Sibson”) to conduct an assessment of the President’s compensation package, with the understanding that Memphis strives to obtain the Highest Doctoral Research Carnegie Classification designation.
- The Board of Trustees, which includes faculty and student representation, believes that the retention of President Rudd is critical to the achievement of the aggressive institutional goals that have been established for Memphis over the next decade. They believe strongly that the President will lead the University to its aspirational level, and wishes to design a compensation plan consistent with this perspective.
- The components of the study include:
 - Identification of a robust peer group for competitive benchmarking
 - Competitive assessment of the President’s compensation package
 - Recommendations for changes

This presentation presents a summary of Sibson’s assessment findings and recommendations, and serves as a guide for the Board of Trustees’ decision making for potential adjustments to the President’s pay levels.

Executive Summary

- **Pay Competitiveness:** President Rudd's base salary is below market median at the 31st percentile of the comparison institutions, but is at the 54th percentile for Total Remuneration¹, or 105% of the market median.
- **Bonus and Incentives²:** 39% of peers paid an incentive/bonus with an average value of \$71,485, which represents 15% of base salary. President Rudd's bonus payout was approximately 23% of base salary.
- **Retirement and Deferred Compensation:** President Rudd's retirement compensation is competitive, at 99% of the market median. Fifteen of the thirty-six peers also offered deferred compensation, which had an average a value of \$123,385. Memphis does not currently offer deferred compensation.
- **Perquisites:** The majority of peers provide a housing and automobile benefit, either provided by the institution or as an annual allowance. President Rudd has an annual housing allowance of \$20,000 and a car allowance of \$9,000.
- **Nontaxable Benefits:** Benefits are slightly above the peer 25th percentile at \$9,339.
- **Pay Mix:** Average pay mix for the comparison institutions is 80% cash, 20% non-cash (i.e., non-cash represents other compensation, retirement and deferred compensation, and nontaxable benefits). President Rudd's pay mix is more heavily weighted more towards cash elements at 88% cash, 12% non-cash.
- **Presidential Contract:** There is no formal contract in place for the President. Currently, there is a one-page employment agreement (with Addendum) with the University.

¹ Total Remuneration reflects the sum of base salary, bonus and incentive compensation, other taxable compensation, retirement and deferred compensation, and nontaxable benefits.

² A portion of Dr. Rudd's compensation is supplemented through private funding. Per discussions with Memphis, payouts in the current year include a portion of earnings from previous years that were not distributed on time. For the purposes of this analysis, the average of all supplemental payments over 2017 - 2019 were used to approximate annual supplemental compensation.

Executive Summary *continued*

Criteria Evaluated	University of Memphis	Comparison Peers (N=36)
Base Salary¹	\$428,797	<ul style="list-style-type: none"> Median: \$461,666 P.25 – P.75: \$405,252 – \$525,419 P.25 – P.75: Range Spread: 30%
Bonus & Incentive Compensation¹	\$97,267	<ul style="list-style-type: none"> Prevalence: 39% Average Value: \$71,485 Payout Range: \$1,561 to \$273,905
Retirement & Deferred Compensation	\$33,867	<ul style="list-style-type: none"> Retirement Prevalence: 97%, average value of \$44,378 Deferred Compensation: 42% offer deferred compensation, average value of \$123,385
Perquisites	Housing: \$20,000 Automobile: \$9,000 Cell Phone: \$600	<ul style="list-style-type: none"> Housing: 72% (either provided by the institution or an allowance) Automobile: 69% (either provided by the institution or an allowance)
Non-Taxable Benefits	\$9,339	<ul style="list-style-type: none"> Median (including zeros): \$12,665 P.25 – P.75: \$9,067 – \$21,432
Pay Mix	88% cash ² 12% non-cash	<ul style="list-style-type: none"> 80% cash² / 20% non-cash
Total Remuneration^{1,3}	\$598,870	<ul style="list-style-type: none"> Average: \$638,656; Median: \$571,936 P.25 – P.75: \$509,841 – \$749,518 P.25 – P.75 Range Spread: 47% 2 institutions have total remuneration above \$1,000,000

¹ A portion of Dr. Rudd's compensation is supplemented through private funding. Per discussions with Memphis, payouts in the current year include a portion of earnings from previous years that were not distributed on time. For the purposes of this analysis, the average of all supplemental payments over 2017 - 2019 were used to approximate annual supplemental compensation. Bonus & incentive compensation includes bonus, administrative allowance and longevity.

² Reflects the sum of base salary and bonus and incentive compensation.

³ Total Remuneration reflects the sum of base salary, bonus and incentive compensation, other taxable compensation, retirement and deferred compensation, and nontaxable benefits.

Executive Summary *continued*

Proposed Recommendations

- **Develop an Executive Compensation Philosophy:** Adopt a formal compensation philosophy that sets the foundation for executive compensation decisions. This would include information around compensation vehicles, desired pay positioning, peer group/comparison markets, program governance, and communication. The philosophy should be developed with input from the President, President's Cabinet, and the Compensation Committee prior to formal approval by the full Board.
- **Establish Formal Presidential Contract:** Develop a formal contract for the President that includes formal language and detail including, but not limited to, the following items:
 - **Length of Term:** Typically 3 - 5 year contract. In conversations with Trustee Martin, we discussed that a 3 year contract with possible extension to 5 years would be appropriate
 - **Presidential Duties:** Description of the role and responsibilities of the University President
 - **Base Salary:** Minimum base salary level and information on merit increase process and potential increase (often similar to those offered to broader employee population)
 - **Bonus/Incentive Plan:** Detail on target opportunity (range or percentage) amount, information on plan mechanics/process, timing, and documentation of performance goals and expectations needed to achieve incentive
 - **Additional Compensation Vehicles:** Separate sections describing what the President will receive on benefits, retirement, sabbatical (if offered), the return to faculty ranks, and other University provided perquisites (housing, car allowance, spousal travel, etc.)
 - **Termination Provisions:** Specific information detailing various termination provisions

Executive Summary *continued*

Proposed Recommendations *continued*

- **Increase Compensation to Align with President's Performance and Market Levels:** Assess pay positioning vis-à-vis the role President Rudd plays in executing the University's strategic priorities, his accomplishments, and level of contribution. Based upon market assessment results and conversation with the Board of Trustees, it is the desire to potentially implement the following compensation changes in early 2020. It is our understanding that funding for the "at risk" compensation components (annual incentive and retention payment) will be funded by private donations.
 - **Base Salary:** Increase of base salary to \$525,000, which aligns with the 75th percentile of the peer group.
 - **Incentive Opportunity:** Target bonus of 50% of base salary. Payment based on President's performance against established goals and the Board of Trustees' evaluation/discretion.
 - **Retention Payment:** Commitment of \$125,000 per year for 5 years. Payment will have an incremental vesting schedule of 50% after Year 3, 75% after Year 4, and 100% after Year 5.
 - Often, these types of retention payments take the form of a 457(f) deferred compensation plan that involves employer contributions and is subject to a substantial risk of forfeiture
 - The large payment at the end of the 5 year period will bring President Rudd's total remuneration levels to be near or at the top of the peer group. Additionally, the University should consider the optics of such a payment, including any potential future changes to the regulations on the 21% excise tax on compensation over \$1M.

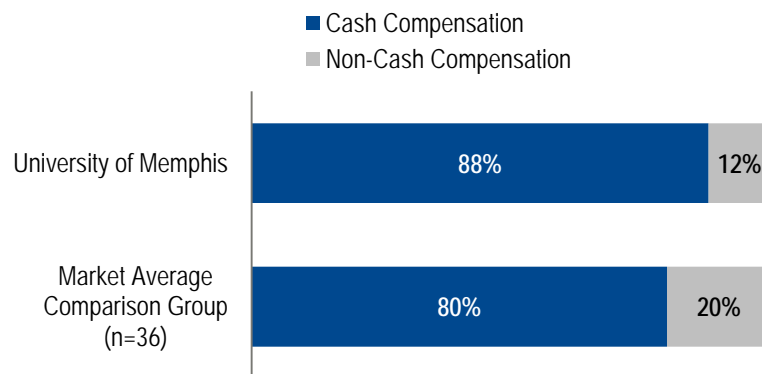
These proposed recommendations are subject to review from
legal and tax counsel.

Market Assessment Summary

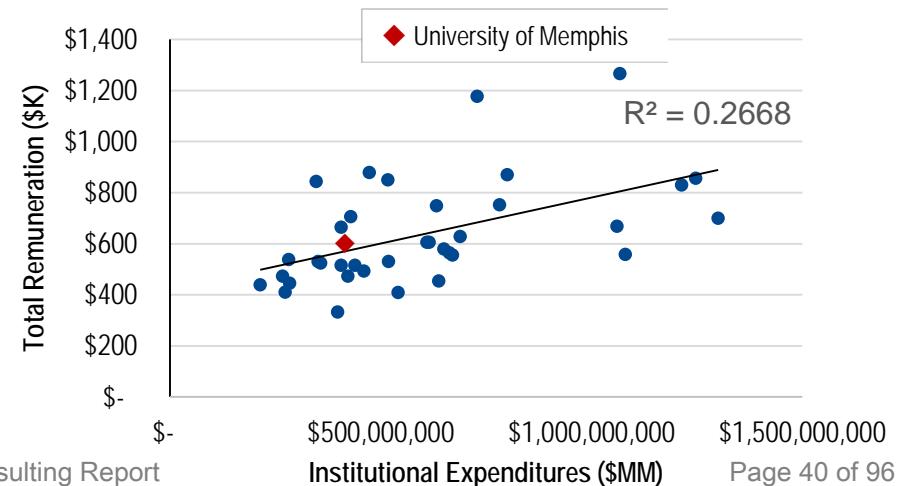
TOTAL REMUNERATION SUMMARY (N=36)

	Base Salary	Bonus & Incentive Compensation	Total Cash Compensation	Other Compensation	Retirement & Deferred Compensation	Non-Taxable Benefits	Total Remuneration
President Rudd	\$428,797	\$97,267	\$526,064	\$29,600	\$33,867	\$9,339	\$598,870
25th Percentile	\$405,252	\$0	\$415,069	\$0	\$28,506	\$9,067	\$509,841
Median	\$461,666	\$0	\$479,081	\$11,148	\$68,282	\$12,665	\$571,936
75th Percentile	\$525,419	\$32,484	\$573,481	\$22,615	\$127,415	\$21,432	\$749,518
90th Percentile	\$603,117	\$76,663	\$644,675	\$61,398	\$201,416	\$32,686	\$863,525
% to Median	93%		110%				105%
Percent Rank	31 st		62 nd				54 th

PAY MIX: CASH VS. NON-CASH

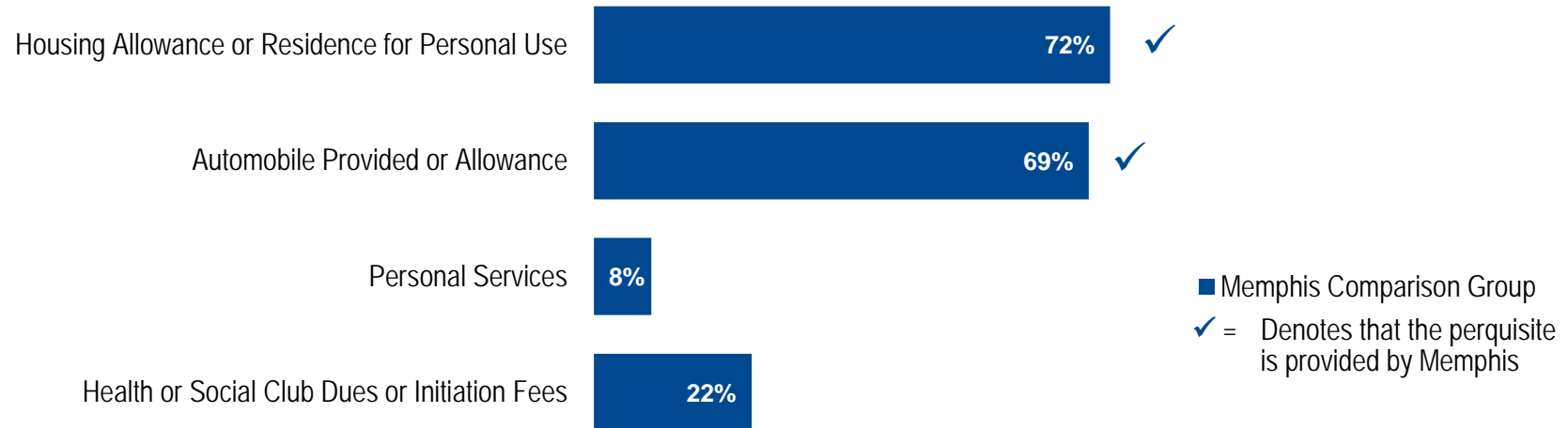


TOTAL REMUNERATION AND TOTAL EXPENSES REGRESSION



Perquisite Prevalence

PREVALENCE OF PERQUISITES *Percent of Institutions Providing*



- The perquisites reported above only include categories reported by The Chronicle of Higher Education. The value of these and other benefits and perquisites (both taxable and non-taxable) is now reported for the first time by the Chronicle, and is included as part of Total Remuneration in this report.

University of Memphis

PRESIDENT COMPENSATION ASSESSMENT

Report of Findings and Recommendations

August 2019

Introduction

Background

- The University of Memphis (“Memphis” or “the University”) engaged Sibson Consulting (“Sibson”) to conduct an assessment of the President’s compensation package, with the understanding that Memphis strives to obtain the Highest Doctoral Research Carnegie Classification designation.
- The Board of Trustees, which includes faculty and student representation, believes that the retention of President Rudd is critical to the achievement of the aggressive institutional goals that have been established for Memphis over the next decade. They believe strongly that the President will lead the University to its aspirational level, and wishes to design a compensation plan consistent with this perspective.
- The components of the study include:
 - Identification of a robust peer group for competitive benchmarking
 - Competitive assessment of the President’s compensation package
 - Preparation of a report of findings and recommendations

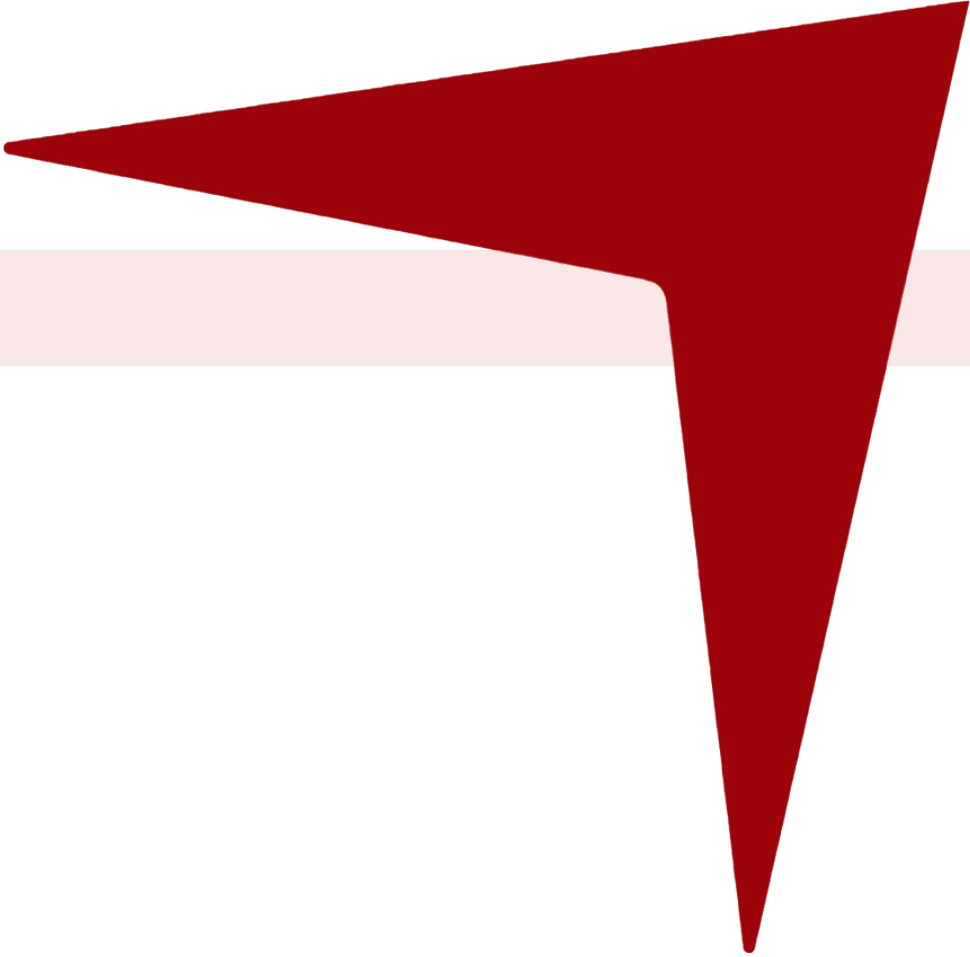
This Material

- The material that follows presents Sibson’s preliminary assessment findings and recommendations, and serves as a guide for the Board of Trustees’ decision making for potential adjustments to the President’s pay levels.

Introduction *continued*

Current State of Presidency

- Dr. Rudd is in his sixth year as President of the University of Memphis, a position he has held since May 2014. Before transitioning to the President role, he served as Provost at Memphis.
- Student success has been a central focus of his tenure, with record-breaking improvements in student retention and graduation rates. Additionally, the past five years witnessed historically low tuition increases, coupled with significant growth in summer and fall enrollments. As a result of dramatic changes in higher education funding, President Rudd also initiated efforts to improve efficiency across all University divisions.
- Other Notable Accomplishments
 - Created new division of Student Success and implemented the Academic Coaching for Excellence initiative
 - Launched Guaranteed Tuition Plan, Tuition Cap, and Uniform Tuition Rates
 - Significant community partnership and academic fundraising
 - Established partnerships with the Memphis Symphony Orchestra, St. Jude Children's Research Hospital, Shelby County Schools, and Methodist Healthcare
 - First institution nationally to partner with Folds of Honor and first institution to enter into a Research Collaboration Agreement with the Czech Academy of Sciences
 - Development of the Laurie-Walton Family Basketball Center, Rudi E. Scheidt School of Music, Alumni Mall Amphitheater, and Pedestrian Cable Bridge

- 
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 3. Market Assessment Details
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Executive Summary

- **Pay Competitiveness:** President Rudd's base salary is below market median at the 31st percentile of the comparison institutions, but is at the 54th percentile for Total Remuneration¹, or 105% of the market median.
- **Bonus and Incentives²:** 39% of peers paid an incentive/bonus with an average value of \$71,485, which represents 15% of base salary. President Rudd's bonus payout was approximately 23% of base salary.
- **Retirement and Deferred Compensation:** President Rudd's retirement compensation is competitive, at 99% of the market median. Fifteen of the thirty-six peers also offered deferred compensation, which had an average a value of \$123,385. Memphis does not currently offer deferred compensation.
- **Perquisites:** The majority of peers provide a housing and automobile benefit, either provided by the institution or as an annual allowance. President Rudd has an annual housing allowance of \$20,000 and a car allowance of \$9,000.
- **Nontaxable Benefits:** Benefits are slightly above the peer 25th percentile at \$9,339.
- **Pay Mix:** Average pay mix for the comparison institutions is 80% cash, 20% non-cash (i.e., non-cash represents other compensation, retirement and deferred compensation, and nontaxable benefits). President Rudd's pay mix is more heavily weighted more towards cash elements at 88% cash, 12% non-cash.
- **Presidential Contract:** There is no formal contract in place for the President. Currently, there is a one-page employment agreement (with Addendum) with the University.

¹ Total Remuneration reflects the sum of base salary, bonus and incentive compensation, other taxable compensation, retirement and deferred compensation, and nontaxable benefits.

² A portion of Dr. Rudd's compensation is supplemented through private funding. Per discussions with Memphis, payouts in the current year include a portion of earnings from previous years that were not distributed on time. For the purposes of this analysis, the average of all supplemental payments over 2017 - 2019 were used to approximate annual supplemental compensation.

Executive Summary *continued*

Criteria Evaluated	University of Memphis	Comparison Peers (N=36)
Base Salary¹	\$428,797	<ul style="list-style-type: none"> Median: \$461,666 P.25 – P.75: \$405,252 – \$525,419 P.25 – P.75: Range Spread: 30%
Bonus & Incentive Compensation¹	\$97,267	<ul style="list-style-type: none"> Prevalence: 39% Average Value: \$71,485 Payout Range: \$1,561 to \$273,905
Retirement & Deferred Compensation	\$33,867	<ul style="list-style-type: none"> Retirement Prevalence: 97%, average value of \$44,378 Deferred Compensation: 42% offer deferred compensation, average value of \$123,385
Perquisites	Housing: \$20,000 Automobile: \$9,000 Cell Phone: \$600	<ul style="list-style-type: none"> Housing: 72% (either provided by the institution or an allowance) Automobile: 69% (either provided by the institution or an allowance)
Non-Taxable Benefits	\$9,339	<ul style="list-style-type: none"> Median (including zeros): \$12,665 P.25 – P.75: \$9,067 – \$21,432
Pay Mix	88% cash ² 12% non-cash	<ul style="list-style-type: none"> 80% cash² / 20% non-cash
Total Remuneration^{1,3}	\$598,870	<ul style="list-style-type: none"> Average: \$638,656; Median: \$571,936 P.25 – P.75: \$509,841 – \$749,518 P.25 – P.75 Range Spread: 47% 2 institutions have total remuneration above \$1,000,000

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² September 2019 Governance and Finance... 9. Sibson Consulting Report

³ Reflects the sum of base salary and bonus and incentive compensation.

³ Total Remuneration reflects the sum of base salary, bonus and incentive compensation, other taxable compensation, retirement and deferred compensation, and nontaxable benefits.

Executive Summary *continued*

Proposed Recommendations

- **Develop an Executive Compensation Philosophy:** Adopt a formal compensation philosophy that sets the foundation for executive compensation decisions. This would include information around compensation vehicles, desired pay positioning, peer group/comparison markets, program governance, and communication. The philosophy should be developed with input from the President, President's Cabinet, and the Compensation Committee prior to formal approval by the full Board.
- **Establish Formal Presidential Contract:** Develop a formal contract for the President that includes formal language and detail including, but not limited to, the following items:
 - **Length of Term:** Typically 3 - 5 year contract. In conversations with Trustee Martin, we discussed that a 3 year contract with possible extension to 5 years would be appropriate
 - **Presidential Duties:** Description of the role and responsibilities of the University President
 - **Base Salary:** Minimum base salary level and information on merit increase process and potential increase (often similar to those offered to broader employee population)
 - **Bonus/Incentive Plan:** Detail on target opportunity (range or percentage) amount, information on plan mechanics/process, timing, and documentation of performance goals and expectations needed to achieve incentive
 - **Additional Compensation Vehicles:** Separate sections describing what the President will receive on benefits, retirement, sabbatical (if offered), the return to faculty ranks, and other University provided perquisites (housing, car allowance, spousal travel, etc.)
 - **Termination Provisions:** Specific information detailing various termination provisions

Executive Summary *continued*

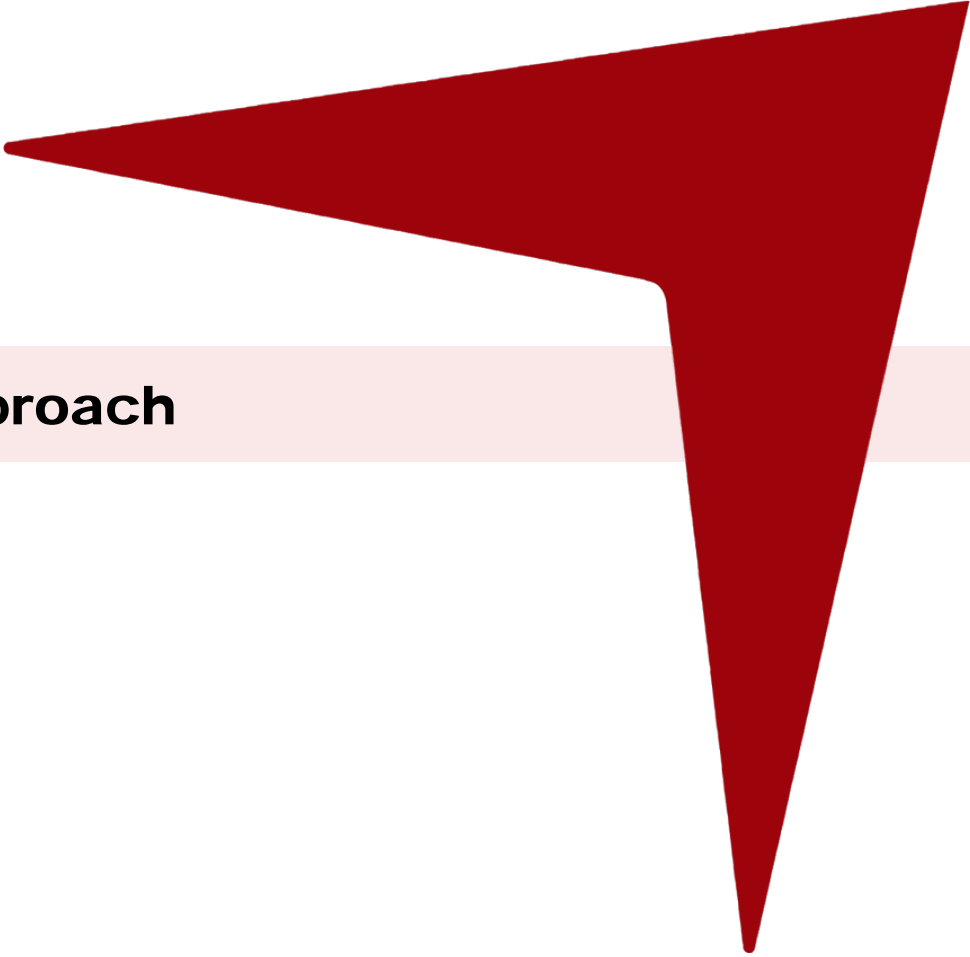
Proposed Recommendations *continued*

➤ **Increase Compensation to Align with President's Performance and Market Levels:**

Assess pay positioning vis-à-vis the role President Rudd plays in executing the University's strategic priorities, his accomplishments, and level of contribution. Based upon market assessment results and conversation with the Board of Trustees, it is the desire to potentially implement the following compensation changes in early 2020. It is our understanding that funding for the "at risk" compensation components (annual incentive and retention payment) will be funded by private donations.

- **Base Salary:** Increase of base salary to \$525,000, which aligns with the 75th percentile of the peer group.
- **Incentive Opportunity:** Target bonus of 50% of base salary. Payment based on President's performance against established goals and the Board of Trustees' evaluation/discretion.
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 - Often, these types of retention payments take the form of a 457(f) deferred compensation plan that involves employer contributions and is subject to a substantial risk of forfeiture
 - The large payment at the end of the 5 year period will bring President Rudd's total remuneration levels to be near or at the top of the peer group. Additionally, the University should consider the optics of such a payment, including any potential future changes to the regulations on the 21% excise tax on compensation over \$1M.

These proposed recommendations are subject to review from legal and tax counsel.

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Study Methodology

Approach to Study

1. **Data Discovery:** Sibson facilitated interviews to gain context around the President's compensation package, the current peers, and desired group of institutions for compensation comparisons. Insights gathered from the following stakeholders:
 - Trustee Brad Martin
 - Human Resources
 - Institutional Research
2. **Peer Group Development:** Sibson conducted the assessment using a newly developed peer group that reflects the direction received from the Board of Trustees and Sibson's expertise and understanding of institutional best practices. The peer group captures the aspirational objectives of the University and the complexity of President role. It takes into account Memphis' academic profile, institution demographics including size and scope, and geographic location. Expanded details of the peer group and development methodology can be found in the Appendix.

Study Methodology

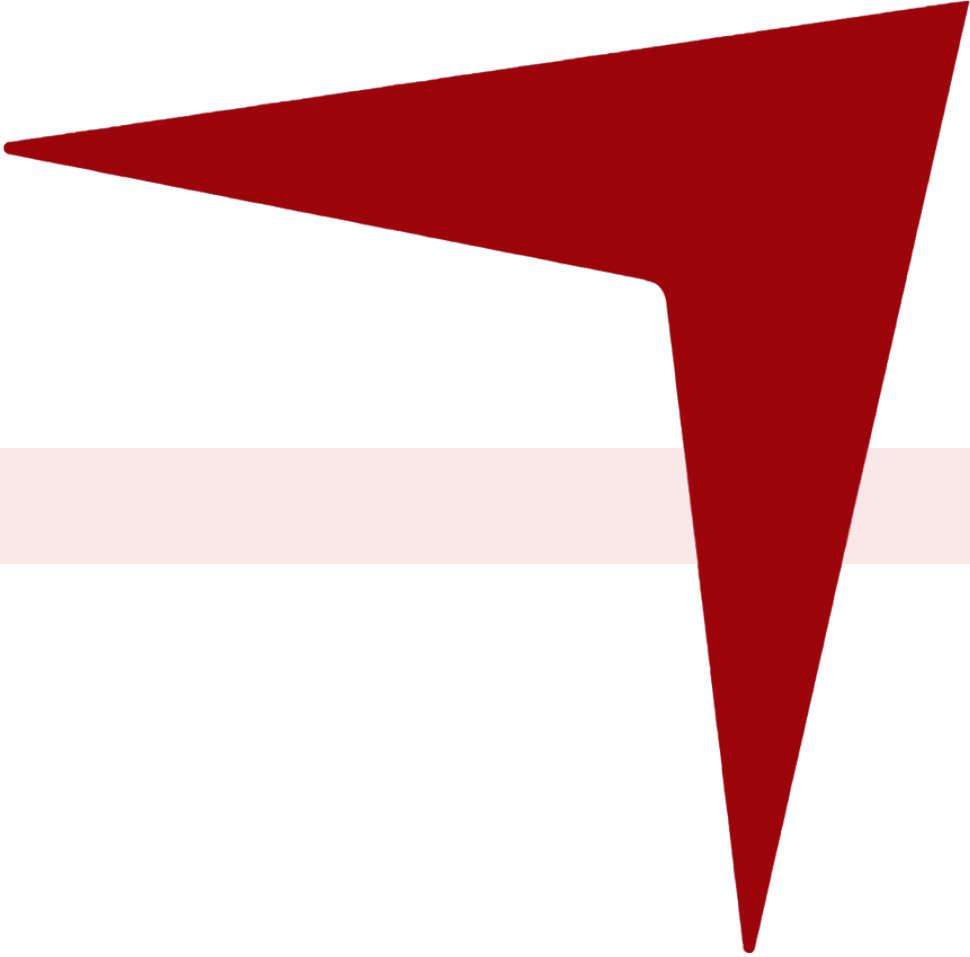
- 3. Data Source:** Obtained compensation data from the Chronicle of Higher Education Compensation Database (“the Chronicle”) for Fiscal Year 2017-18. Definitions of the compensation components available are in the table below.

Compensation Component	Data Source: The Chronicle of Higher Education Compensation Database
Base Salary	Total base salary provided to the chief executive, including compensation from private university-related foundations.
Bonus and Incentive Compensation	The value of all bonuses and incentive compensation paid out to the chief executive.
Other Compensation (Taxable)	Miscellaneous pay and benefits, including, tax gross-ups (money an employer provides an employee for taxes paid on benefits), vacation leave cashed out, debt forgiveness, fellowships, employer-provided vehicles and parking, housing payments, travel, meals, moving expenses, entertainment, spending accounts, and club dues. May also include interest accrued on deferred compensation.
Retirement and Deferred Compensation	Payments made by the university on behalf of the chief executive to a retirement plan that is available to any university employee during the fiscal year. This can include 401(k) plans, state pension plans, and other retirement plans that are broadly available <i>plus</i> deferred compensation set aside in the fiscal year covered that is to be paid out in future years. This includes contributions to supplemental executive retirement plans and does not overlap with any compensation paid out in the reported year.
Nontaxable Benefits	Health and medical benefits, life insurance, housing provided by the employer, personal legal and financial services, dependent care, adoption assistance, tuition assistance, and cafeteria plans.

Study Methodology *continued*

4. **Market Data Adjustments:** Aged market data to January 1, 2020 using a 2.7% annual update factor for base salary, incentives, other compensation, and retirement and deferred compensation, and an 8% update factor for non-taxable benefits.¹
5. **Memphis Data Adjustments:** A portion of Dr. Rudd's compensation is supplemented through private funding. Per discussions with Memphis, payouts in the current year include a portion of earnings from previous years that were not distributed on time. For the purposes of this analysis, the average of all supplemental payments over 2017 - 2019 were used to approximate annual supplemental compensation. Bonus & incentive compensation includes bonus, administrative allowance and longevity bonus.
6. **Compensation Assessment:** Summarized information using the following categories:
 - **Total Cash Compensation (TCC):** Reflects the sum of base salary and bonus/incentive compensation
 - **Total Remuneration (TR):** Reflects the sum of total cash compensation, other taxable compensation, retirement and deferred compensation, and nontaxable benefits
 - **Percentile:** Reflects a competitive position within the group. A percentile is a measurement indicating the relative positioning within a group of observations. For example:
 - The 20th percentile is the value below which 20% of the observations may be found
 - If a value is at the 86th percentile, it is higher than 86% of the data points

¹ Source: Sibson's Annual Compensation Planning Survey analyzing salary increase budgets by industry and job classification.

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Introduction to Market Assessment

The following pages presents the market results including the following analyses:

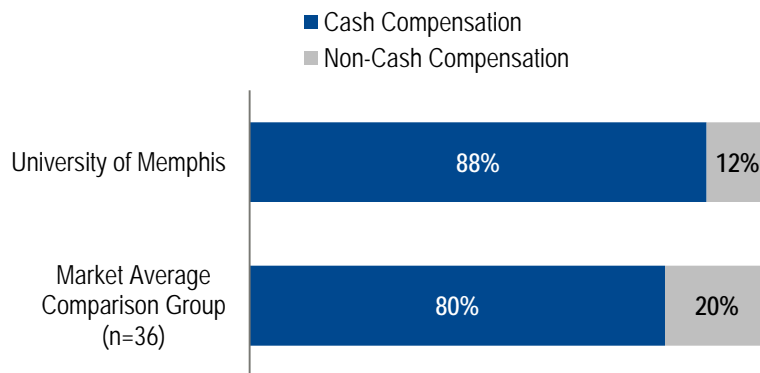
- 1. Total Remuneration Summary:** Market levels for all components of pay. Includes medians as well as other percentiles .
- 2. Pay Mix:** Mix of cash and non-cash compensation in the market.
- 3. Total Remuneration and Total Expenses Regression:** A regression showing the strength of the relationship between a President's total remuneration and the institution's total expenses. Since total expenses are a reflection of the institution's size and complexity, it often shows a relationship to compensation among the comparison group.

Market Assessment Summary

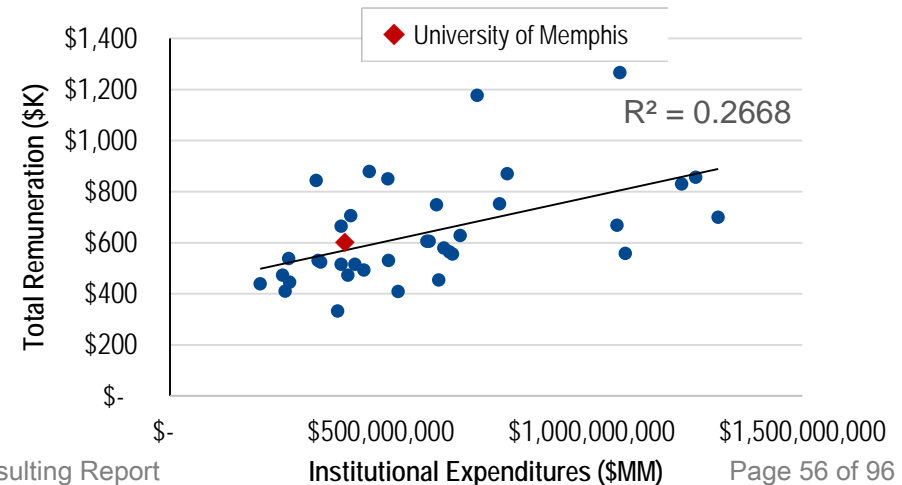
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25th Percentile	\$405,252	\$0	\$415,069	\$0	\$28,506	\$9,067	\$509,841
Median	\$461,666	\$0	\$479,081	\$11,148	\$68,282	\$12,665	\$571,936
75th Percentile	\$525,419	\$32,484	\$573,481	\$22,615	\$127,415	\$21,432	\$749,518
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% to Median	93%		110%				105%
Percent Rank	31 st		62 nd				54 th

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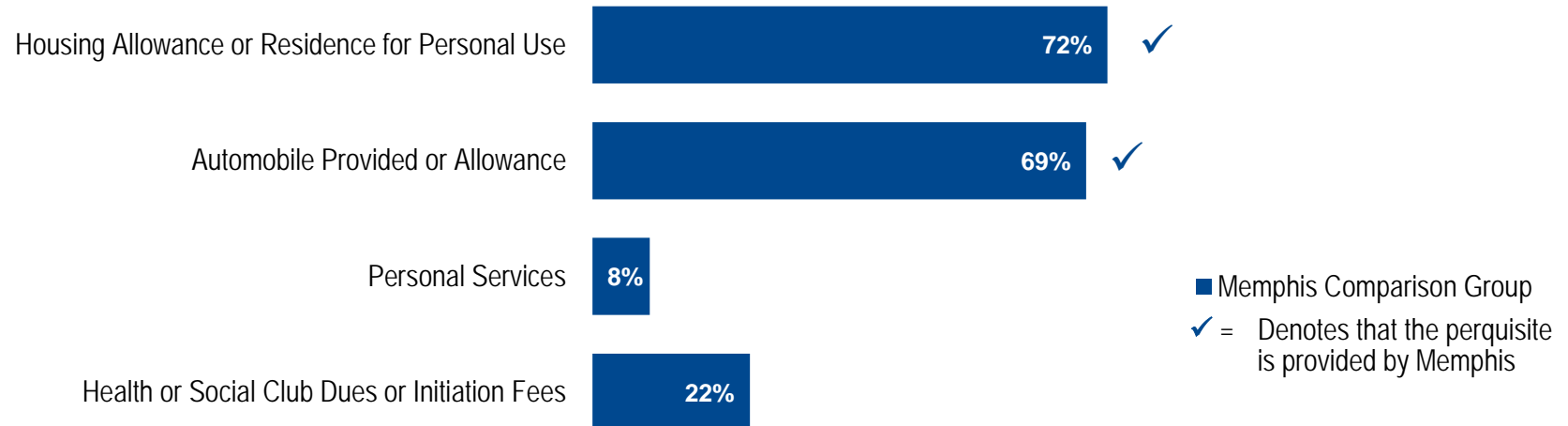


TOTAL REMUNERATION AND TOTAL EXPENSES REGRESSION



Perquisite Prevalence

PREVALENCE OF PERQUISITES *Percent of Institutions Providing*



- The perquisites reported above only include categories reported by The Chronicle of Higher Education. The value of these and other benefits and perquisites (both taxable and non-taxable) is now reported for the first time by the Chronicle, and is included as part of Total Remuneration in this report.

Market Assessment Details

MARKET ASSESSMENT SUMMARY: CHRONICLE OF HIGHER EDUCATION SURVEY¹

Institution Name	Incumbent Name	Base Salary	Bonus & Incentive Compensation	Total Cash Compensation	Other Compensation	Retirement & Deferred Compensation	Non-Taxable Benefits	Total Remuneration
Cleveland State University	Ronald M. Berkman	\$468,347	\$116,566	\$584,914	\$62,446	\$176,203	\$19,803	\$843,366
Florida A&M University	Larry Robinson	\$433,866	\$0	\$433,866	\$60,349	\$24,144	\$19,030	\$537,388
George Mason University	Angel Cabrera	\$586,920	\$1,561	\$588,481	\$11,240	\$244,918	\$25,919	\$870,558
Georgia State University	Mark P. Becker	\$619,314	\$0	\$619,314	\$0	\$546,832	\$10,753	\$1,176,899
Kent State University at Kent	Beverly J. Warren	\$498,734	\$99,403	\$598,137	\$18,734	\$122,524	\$9,099	\$748,494
Middle Tennessee State University	Sidney A. McPhee	\$439,012	\$0	\$439,012	\$12,197	\$49,168	\$24,041	\$524,418
North Carolina A&T State University	Harold L. Martin	\$403,712	\$0	\$403,712	\$0	\$0	\$6,716	\$410,429
North Dakota State University	Dean L. Bresciani	\$368,466	\$0	\$368,466	\$0	\$45,710	\$58,551	\$472,726
Old Dominion University	John R. Broderick	\$461,993	\$13,120	\$475,112	\$138,643	\$226,630	\$38,185	\$878,571
Portland State University	Rahmat Shoureshi	\$638,813	\$31,223	\$670,037	\$127,778	\$34,345	\$17,442	\$849,601
University of Akron	Matthew J. Wilson	\$461,340	\$0	\$461,340	\$0	\$42,392	\$11,592	\$515,324
University of Central Florida	Dale Whittaker	\$495,073	\$50,873	\$545,946	\$11,055	\$85,238	\$25,858	\$668,098
University of Cincinnati	Neville Pinto	\$697,213	\$52,039	\$749,252	\$0	\$59,726	\$20,616	\$829,593
University of Houston	Renu Khator	\$819,551	\$207,232	\$1,026,783	\$1,202	\$230,550	\$8,279	\$1,266,814
University of Louisiana at Lafayette	E. Joseph Savoie	\$364,270	\$0	\$364,270	\$11,240	\$142,318	\$12,533	\$530,362
University of Louisville	Neeli Bendapudi	\$461,268	\$0	\$461,268	\$55,590	\$28,621	\$12,161	\$557,640
University of Maryland-Baltimore County	Freeman A. Hrabowski III	\$528,343	\$0	\$528,343	\$49,437	\$86,728	\$0	\$664,507
University of Massachusetts at Lowell	Jacqueline Moloney	\$445,490	\$53,922	\$499,412	\$21,849	\$142,088	\$42,000	\$705,350
University of Missouri at Kansas City	Chandra Mauli Agrawal	\$274,407	\$0	\$274,407	\$19,695	\$26,914	\$12,000	\$333,016
University of Missouri at St. Louis	Thomas F. George	\$336,026	\$0	\$336,026	\$3,371	\$90,595	\$8,970	\$438,962
University of Nevada at Las Vegas	Leonard Jessup	\$338,213	\$0	\$338,213	\$67,952	\$41,501	\$5,837	\$453,504

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¹ Reflects the data of incumbent at the time of data collection in The Chronicle of Higher Education survey. All data collected is aged to 1/1/2020.

Market Assessment Details

MARKET ASSESSMENT SUMMARY: CHRONICLE OF HIGHER EDUCATION SURVEY¹

Institution Name	Incumbent Name	Base Salary	Bonus & Incentive Compensation	Total Cash Compensation	Other Compensation	Retirement & Deferred Compensation	Non-Taxable Benefits	Total Remuneration
University of Nevada at Reno	Marc A. Johnson	\$446,474	\$0	\$446,474	\$27,060	\$95,101	\$11,230	\$579,865
University of North Carolina at Charlotte	Philip L. Dubois	\$483,050	\$0	\$483,050	\$18,578	\$76,838	\$27,186	\$605,652
University of North Carolina at Greensboro	Franklin D. Gilliam	\$418,170	\$0	\$418,170	\$0	\$90,986	\$6,739	\$515,895
University of North Texas	Neal J. Smatresk	\$578,353	\$0	\$578,353	\$0	\$31,974	\$17,737	\$628,064
University of Northern Colorado	Kay Norton	\$322,760	\$0	\$322,760	\$0	\$150,560	\$0	\$473,320
University of Rhode Island	David M. Dooley	\$401,426	\$36,427	\$437,853	\$0	\$85,917	\$6,322	\$530,092
University of South Alabama	Tony G. Waldrop	\$571,857	\$0	\$571,857	\$24,913	\$89,670	\$66,151	\$752,591
University of South Florida	Judy L. Genshaft	\$524,444	\$273,905	\$798,349	\$17,622	\$21,785	\$18,735	\$856,492
University of Tennessee at Knoxville	Wayne T. Davis	\$514,825	\$3,122	\$517,948	\$15,656	\$150,833	\$15,399	\$699,836
University of Texas at Arlington	Vistasp Karbhari	\$502,538	\$25,127	\$527,665	\$0	\$24,220	\$12,122	\$564,007
University of Texas at Dallas	Richard Benson	\$482,100	\$36,266	\$518,365	\$83	\$24,220	\$12,796	\$555,465
University of Texas at El Paso	Diana S. Natalicio	\$442,187	\$0	\$442,187	\$5,222	\$38,030	\$7,953	\$493,392
University of Texas at San Antonio	Thomas Taylor Eighmy	\$569,889	\$0	\$569,889	\$0	\$24,220	\$12,122	\$606,231
University of Wisconsin at Milwaukee	Mark Mone	\$357,401	\$0	\$357,401	\$0	\$28,160	\$23,881	\$409,442
Wichita State University	John W. Bardo	\$405,765	\$0	\$405,765	\$0	\$24,328	\$15,559	\$445,652
University of Memphis	M. David Rudd	\$428,797	\$97,267	\$526,064	\$29,600	\$33,867	\$9,339	\$598,870
	25th Percentile	\$405,252	\$0	\$415,069	\$0	\$28,506	\$9,067	\$509,841
	Median	\$461,666	\$0	\$479,081	\$11,148	\$68,282	\$12,665	\$571,936
	75th Percentile	\$525,419	\$32,484	\$573,481	\$22,615	\$127,415	\$21,432	\$749,518
	90th Percentile	\$603,117	\$76,663	\$644,675	\$61,398	\$201,416	\$32,686	\$863,525
	Percent Rank	21 st		67 nd				54 th

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Appendix

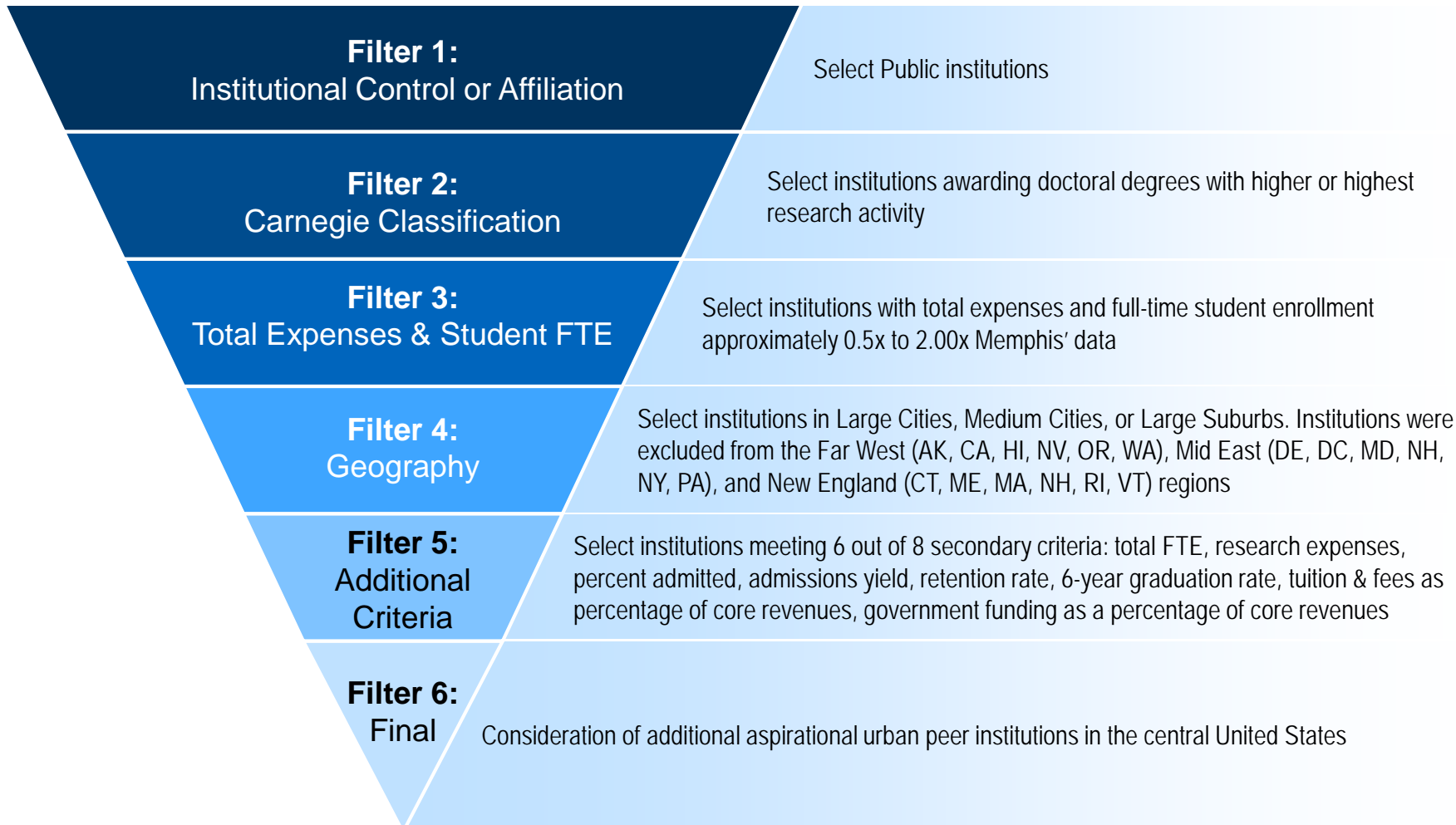
- 1. Peer Group Development & Details**
- 2. Pay Mix Details**
- 3. Perquisite Details**

Appendix 1: Peer Group Development

- As part of the Presidential Compensation Assessment, Sibson assessed the comparison market for the University and developed a new peer group to be used for compensation comparisons.
- An institution uses peer groups for several reasons, including student and program comparisons and benchmarking institutional performance. A peer group for the purposes of compensation benchmarking may or may not be the same as the group(s) used for other purposes; in most cases, there is significant overlap in the institutions selected.
- The following peer group development is reflective of the Board of Trustees' request to compare against aspirational institutions, capturing the aspirations of the University and complexity of the job in this process, with likely competitive talent markets in larger urban research institutions located in the central part of the United States. Sibson's typical approach to peer groups includes both larger and smaller peers to assess a competitive range of compensation levels. Memphis is situated on the lower range of the peer group with respect to the criteria established, whereas the typical approach would align Memphis toward the center of the peer group.
- The next slide details the methodology Sibson used to develop the peer group for the University, which are based on our experience in working with other public and private Higher Education institutions.

Appendix 1: Peer Group Development *continued*

ALL UNIVERSITIES IN THE U.S.



Outcome: Filter process resulted in 36 institutions of similar type, size, and resources that will serve as the peer group for the compensation assessment.

Appendix 1: Peer Group Details

Institution Name	Location	Degree of Urbanization	Cost of Labor	Carnegie Classification	Total Expenses ²	Total Students ²	Additional Criteria Met	Legacy Peer ¹
Cleveland State University	Cleveland, OH	City: Large	100.0%	Doctoral: Higher	\$346,959,689	13,271	6	Urban 13
Florida A & M University	Tallahassee, FL	City: Midsize	100.4%	Doctoral: Higher	\$281,562,165	9,071	7	Urban 13
George Mason University	Fairfax, VA	Suburb: Large	106.5%	Doctoral: Highest	\$800,066,813	28,949	7	F
Georgia State University	Atlanta, GA	City: Large	102.6%	Doctoral: Highest	\$728,517,066	28,066	7	F, A, Urban 13, OIR
Kent State University at Kent	Kent, OH	Suburb: Large	100.2%	Doctoral: Higher	\$632,093,088	24,850	6	
Middle Tennessee State University	Murfreesboro, TN	City: Midsize	98.0%	Doctoral: Moderate	\$357,128,831	18,661	6	THEC
North Carolina A & T State University	Greensboro, NC	City: Large	100.8%	Doctoral: Higher	\$272,954,928	10,879	7	
North Dakota State University	Fargo, ND	City: Midsize	97.5%	Doctoral: Higher	\$422,273,672	12,755	6	
Old Dominion University	Norfolk, VA	City: Midsize	100.4%	Doctoral: Higher	\$473,093,000	19,644	6	
Portland State University	Portland, OR	City: Large	101.7%	Doctoral: Higher	\$517,141,582	20,566	8	Urban 13, OIR
The University of Tennessee-Knoxville	Knoxville, TN	City: Midsize	98.9%	Doctoral: Highest	\$1,300,119,775	26,085	5	THEC, OIR
The University of Texas at Arlington	Arlington, TX	City: Large	101.5%	Doctoral: Highest	\$662,250,796	31,566	7	
The University of Texas at Dallas	Richardson, TX	City: Midsize	106.0%	Doctoral: Highest	\$670,376,915	23,960	6	
The University of Texas at El Paso	El Paso, TX	City: Large	100.0%	Doctoral: Higher	\$459,628,415	19,230	7	OIR
The University of Texas at San Antonio	San Antonio, TX	City: Large	100.2%	Doctoral: Higher	\$615,153,412	26,275	7	NSSE, OIR
University of Akron Main Campus	Akron, OH	City: Midsize	100.4%	Doctoral: Higher	\$438,842,740	17,408	7	
University of Central Florida	Orlando, FL	Suburb: Large	102.2%	Doctoral: Highest	\$1,060,040,560	53,045	7	AAC
University of Cincinnati-Main Campus	Cincinnati, OH	City: Large	100.4%	Doctoral: Highest	\$1,213,468,808	31,527	5	A, Urban 13, AAC
University of Houston	Houston, TX	City: Large	106.6%	Doctoral: Highest	\$1,067,423,773	37,971	6	F, A, Urban 13, AAC
University of Louisiana at Lafayette	Lafayette, LA	City: Midsize	98.4%	Doctoral: Higher	\$351,723,525	15,117	6	NSSE
University of Louisville	Louisville, KY	City: Large	98.1%	Doctoral: Highest	\$1,080,437,000	18,160	5	F, A, OIR

Appendix 1: Peer Group Details *continued*

Institution Name	Location	Degree of Urbanization	Cost of Labor	Carnegie Classification	Total Expenses ²	Total Students ²	Additional Criteria Met	Legacy Peer ¹
University of Maryland-Baltimore County	Baltimore, MD	Suburb: Large	101.7%	Doctoral: Higher	\$405,829,116	11,822	8	
University of Massachusetts-Lowell	Lowell, MA	Suburb: Large	106.6%	Doctoral: Higher	\$429,186,000	14,279	7	
University of Missouri-Kansas City	Kansas City, MO	City: Large	99.4%	Doctoral: Higher	\$397,481,515	12,301	6	Urban 13
University of Missouri-St Louis	Saint Louis, MO	Suburb: Large	99.3%	Doctoral: Higher	\$214,153,338	10,546	6	Urban 13
University of Nevada-Las Vegas	Las Vegas, NV	City: Midsize	102.4%	Doctoral: Higher	\$637,352,000	25,139	6	
University of Nevada-Reno	Reno, NV	City: Midsize	101.9%	Doctoral: Higher	\$649,791,879	18,834	7	
University of North Carolina at Charlotte	Charlotte, NC	City: Large	104.3%	Doctoral: Higher	\$609,841,924	25,486	7	OIR
University of North Carolina at Greensboro	Greensboro, NC	City: Large	100.8%	Doctoral: Higher	\$406,414,677	17,380	6	NSSE
University of North Texas	Denton, TX	City: Midsize	105.8%	Doctoral: Highest	\$688,086,361	32,346	6	
University of Northern Colorado	Greeley, CO	City: Midsize	100.1%	Doctoral: Higher	\$267,296,051	10,899	7	
University of Rhode Island	Kingston, RI	Suburb: Large	106.8%	Doctoral: Higher	\$518,657,090	15,855	8	
University of South Alabama	Mobile, AL	City: Midsize	99.8%	Doctoral: Higher	\$781,976,000	13,823	7	NSSE
University of South Florida	Tampa, FL	City: Large	102.1%	Doctoral: Highest	\$1,247,128,477	36,217	5	F, A, OIR, AAC
University of Wisconsin-Milwaukee	Milwaukee, WI	City: Large	102.5%	Doctoral: Highest	\$541,212,352	21,767	7	Urban 13
Wichita State University	Wichita, KS	City: Large	97.3%	Doctoral: Higher	\$284,071,599	11,983	8	AAC
University of Memphis	Memphis, TN	City: Large	99.4%	Doctoral: Higher	\$411,691,524	17,105	N/A	N/A
Memphis Percent Rank					30 th	37 th		
Memphis Percent of Median					78%	90%		
25 th Percentile					\$403,742,216	13,685		
50 th Percentile (Median)					\$529,934,721	19,032		
75 th Percentile					\$698,194,037	26,113		

Appendix 2: Pay Mix Details¹

PAY MIX DETAIL: CASH VS. NON-CASH COMPENSATION¹

Institution	Cash Compensation		Non-Cash Compensation		
	Base Salary	Bonus & Incentive Compensation	Other Compensation	Retirement & Deferred Compensation	Nontaxable Benefits
Cleveland State University	56%	14%	7%	21%	2%
Florida A&M University	81%	0%	11%	4%	4%
George Mason University	67%	0%	1%	28%	3%
Georgia State University	53%	0%	0%	46%	1%
Kent State University at Kent	67%	13%	3%	16%	1%
Middle Tennessee State University	84%	0%	2%	9%	5%
North Carolina A&T State University	98%	0%	0%	0%	2%
North Dakota State University	78%	0%	0%	10%	12%
Old Dominion University	53%	1%	16%	26%	4%
Portland State University	75%	4%	15%	4%	2%
University of Akron	90%	0%	0%	8%	2%
University of Central Florida	74%	8%	2%	13%	4%
University of Cincinnati	84%	6%	0%	7%	2%
University of Houston	65%	16%	0%	18%	1%
University of Louisiana at Lafayette	69%	0%	2%	27%	2%
University of Louisville	83%	0%	10%	5%	2%
University of Maryland-Baltimore County	80%	0%	7%	13%	0%
University of Massachusetts at Lowell	63%	8%	3%	20%	6%
University of Missouri at Kansas City	82%	0%	6%	8%	4%

September 2019 Governance and Finance...

9. Sibson Consulting Report

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¹ Data may not add up to 100 percent due to rounding

Appendix 2: Pay Mix Details¹ *continued*

PAY MIX DETAIL: CASH VS. NON-CASH COMPENSATION¹

Institution	Cash Compensation		Non-Cash Compensation		
	Base Salary	Bonus & Incentive Compensation	Other Compensation	Retirement & Deferred Compensation	Nontaxable Benefits
University of Missouri at St. Louis	77%	0%	1%	21%	2%
University of Nevada at Las Vegas	75%	0%	15%	9%	1%
University of Nevada at Reno	77%	0%	5%	16%	2%
University of North Carolina at Charlotte	80%	0%	3%	13%	4%
University of North Carolina at Greensboro	81%	0%	0%	18%	1%
University of North Texas	92%	0%	0%	5%	3%
University of Northern Colorado	68%	0%	0%	32%	0%
University of Rhode Island	76%	7%	0%	16%	1%
University of South Alabama	76%	0%	3%	12%	9%
University of South Florida	61%	32%	2%	3%	2%
University of Tennessee at Knoxville	74%	0%	2%	22%	2%
University of Texas at Arlington	89%	4%	0%	4%	2%
University of Texas at Dallas	87%	7%	0%	4%	2%
University of Texas at El Paso	90%	0%	1%	8%	2%
University of Texas at San Antonio	94%	0%	0%	4%	2%
University of Wisconsin at Milwaukee	87%	0%	0%	7%	6%
Wichita State University	91%	0%	0%	5%	3%
University of Memphis	72%	16%	5%	6%	2%
Comparison Group Average (N=36)	77%	3%	3%	13%	3%

September 2019 Governance and Finance...

9. Sibson Consulting Report

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¹ Data may not add up to 100 percent due to rounding

Appendix 3: Perquisite Details

PREVALENCE OF PERQUISITES¹

Institution	Housing Allowance or Residence for Personal Use	Automobile Provided or Allowance	Personal Services	Health or Social Club Dues or Initiation Fees
Cleveland State University	✓	✓		
Florida A&M University	✓	✓		
George Mason University	✓	✓		✓
Georgia State University	✓	✓		
Kent State University at Kent	✓	✓		
Middle Tennessee State University	✓	✓		
North Carolina A&T State University	✓	✓		
North Dakota State University	✓			
Old Dominion University	✓	✓		✓
Portland State University	✓	✓		
University of Akron				
University of Central Florida	✓	✓	✓	✓
University of Cincinnati	✓	✓		
University of Houston	✓	✓		
University of Louisiana at Lafayette	✓	✓	✓	
University of Louisville	✓			
University of Maryland-Baltimore County	✓	✓		
University of Massachusetts at Lowell		✓		
University of Missouri at Kansas City	✓	✓		

¹ Perquisite prevalence was gathered from The Chronicle of Higher Education Executive Compensation database.

Appendix 3: Perquisite Details *continued*

PREVALENCE OF PERQUISITES¹

Institution	Housing Allowance or Residence for Personal Use	Automobile Provided or Allowance	Personal Services	Health or Social Club Dues or Initiation Fees
University of Missouri at St. Louis		✓		
University of Nevada at Las Vegas	✓	✓		
University of Nevada at Reno	✓	✓		
University of North Carolina at Charlotte	✓	✓		✓
University of North Carolina at Greensboro		✓		✓
University of North Texas				
University of Northern Colorado	✓			
University of Rhode Island	✓	✓	✓	
University of South Alabama	✓	✓		✓
University of South Florida		✓		✓
University of Tennessee at Knoxville	✓			
University of Texas at Arlington				
University of Texas at Dallas				
University of Texas at El Paso				
University of Texas at San Antonio	✓			✓
University of Wisconsin at Milwaukee				
Wichita State University	✓	✓		
University of Memphis	✓	✓		
Comparison Group Perquisite Prevalence (N=36)	72%	69%	8%	22%

¹ Perquisite prevalence was gathered from The Chronicle of Higher Education Executive Compensation database.

10. President's Contract

For Approval

Presented by Brad Martin

The University of Memphis Board of Trustees

Recommendation

For Approval

Date: September 4, 2019

Committee: Executive Session

Recommendation: President's Contract

Presented by: R. Brad Martin, Trustee

Background:

Based on the recommendation of Sibson Consulting, a formal employment agreement with President Rudd will be established. The first step is approval of the term sheet that would guide the development of the contract. If approved by the Board of Trustees, it is expected that the Chief Financial Officer and the University Counsel would finalize the formal agreement with the President and present to the Executive Committee for final approval.

Committee Recommendations:

The Governance and Finance Committee recommends approval of the compensation term sheet contained in the meeting materials and the Governance and Finance Committee recommends that the Executive Committee be delegated with the authority to approve the employment contract with President Rudd.



PRESIDENT'S COMPENSATION TERMS

EMPLOYMENT CONTRACT TERM	<ul style="list-style-type: none">The President’s employment term shall be for three (3) years beginning October 1, 2019 through September 30, 2022 and can be extended for a term of two (2) additional years through September 30, 2024.																														
BASE SALARY	<ul style="list-style-type: none">Base salary will be \$525,000 annually effective October 1, 2019.																														
LONGEVITY PAY	<ul style="list-style-type: none">Current year longevity payment equals \$600 for calendar year 2019. This amount increases \$100 per year for every additional year of service up to a maximum of \$3,000.																														
PERFORMANCE BONUS	<ul style="list-style-type: none">President shall be eligible to receive an annual performance bonus of up to 50% (equivalent to \$262,500) of base salary per fiscal year.																														
RETENTION INCENTIVE PAYMENT	<ul style="list-style-type: none">As a retention incentive, the University shall set-aside for the President \$125,000 per year for up to five (5) years with an incremental vesting schedule of 50% after Year 3, 75% after Year 4, and 100% after Year 5 as follows:<table><tr><th>Term</th><th>Yearly Committed Amount</th><th>Incremental Committed Amount</th><th>Incremental Percent</th><th>Payout Amount</th></tr><tr><td>Year 1</td><td>125,000</td><td>125,000</td><td></td><td></td></tr><tr><td>Year 2</td><td>125,000</td><td>250,000</td><td></td><td></td></tr><tr><td>Year 3</td><td>125,000</td><td>375,000</td><td>50%</td><td>187,500</td></tr><tr><td>Year 4</td><td>125,000</td><td>500,000</td><td>75%</td><td>375,000</td></tr><tr><td>Year 5</td><td>125,000</td><td>625,000</td><td>100%</td><td>625,000</td></tr></table>	Term	Yearly Committed Amount	Incremental Committed Amount	Incremental Percent	Payout Amount	Year 1	125,000	125,000			Year 2	125,000	250,000			Year 3	125,000	375,000	50%	187,500	Year 4	125,000	500,000	75%	375,000	Year 5	125,000	625,000	100%	625,000
Term	Yearly Committed Amount	Incremental Committed Amount	Incremental Percent	Payout Amount																											
Year 1	125,000	125,000																													
Year 2	125,000	250,000																													
Year 3	125,000	375,000	50%	187,500																											
Year 4	125,000	500,000	75%	375,000																											
Year 5	125,000	625,000	100%	625,000																											
HOUSING ALLOWANCE	<ul style="list-style-type: none">The University agrees to provide the President a yearly housing allowance in the amount of \$20,000. Associated expenses, including but not limited to, utilities, cable services, Wi-Fi, alarm services, and connections, are the sole responsibility of the President.																														
AUTO ALLOWANCE	<ul style="list-style-type: none">The University agrees to provide the President a yearly auto allowance in the amount of \$9,000. Associated expenses with the automobile are the sole responsibility of the President.																														
CELL PHONE ALLOWANCE	<ul style="list-style-type: none">The University agrees to provide the President a cell phone allowance based on established University policy currently at \$50 per month.																														
ADMINISTRATIVE ALLOWANCE	<ul style="list-style-type: none">The President will continue to receive the yearly administrative allowance in the amount of \$5,000.																														

11. Construction Projects Update

Presentation

Presented by Tony Poteet

The University of Memphis Board of Trustees

Information
For Discussion

Date: September 4, 2019

Committee: Governance and Finance Committee

Recommendation: UofM Construction Update

Presented by: Tony Poteet, Chief University Planning Officer

This presentation provides an update on the University's construction of new facilities, renovations, capital maintenance, and campus beautification.

UofM Construction Update

Governance and Finance Committee

Tony Poteet
Chief University Planning Officer

September 4, 2019
University Center



New Facilities



Land Bridge



Indoor Football Practice Facility



September 2019 Governance and Finance Committee Meeting

Center for Wellness and Fitness



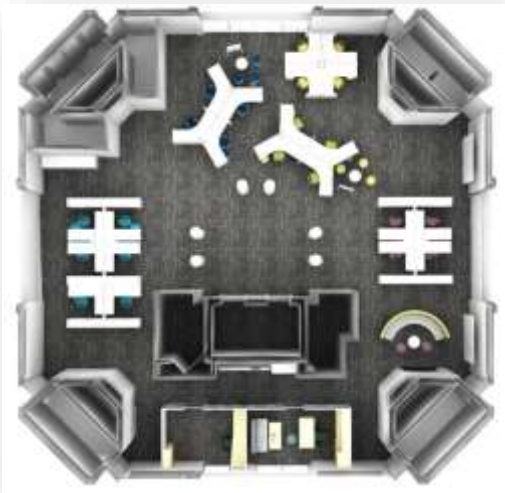
Scheidt Family Music Center

<u>PROJECT</u>	<u>STATUS</u>	<u>COMPLETION</u>
▪ Land Bridge and Parking Garage	Nearing completion	Fall 2019
▪ Center for Wellness and Fitness	Commencing work	Spring 2021
▪ Indoor Football Practice Facility	In progress	Summer 2020
▪ Scheidt Family Music Center	In Design	Summer 2021

Renovations and Infrastructure



Wilder Tower 12th Floor Recruitment Center



Wilder Tower 10th Floor Renovations



LED Lighting Updates



September 2019 Governance and Finance Committee Meeting

Patterson Avenue Realignment



11. Construction Projects Update

Food Service Dining Improvements



Additive Manufacturing Lab

Renovations and Infrastructure

<u>PROJECT</u>	<u>STATUS</u>	<u>COMPLETION</u>
▪ Lipman Early Learning and Research Center	Complete	Summer 2019
▪ Center for Applied Earth Science and Engineering Research	In progress	Fall 2019
▪ Student Recruitment Center	In progress	Fall 2019
▪ Soccer Field Lighting	Complete	Summer 2019
▪ Patterson Avenue Realignment	Begins October	Fall 2020
▪ LED Site and Garage Lighting	Nearing completion	Fall 2019
▪ Deloach Parking Expansion	In progress	Fall 2019
▪ Food Service Dining Conversions	Nearing completion	Fall 2019
▪ Additive Manufacturing Lab	Complete	Summer 2019
▪ ADA Adaptation	Commencing work	Fall 2019

Capital Maintenance



Browning Hall



Mynders Hall



Various HVAC Updates



McWherter Chiller

Maintenance Projects

<u>PROJECT</u>	<u>STATUS</u>	<u>COMPLETION</u>
▪ Boiler Decentralization / Gas Lines	Bidding	Fall 2020
▪ Roof Replace - Theatre, Business	Nearing completion	Fall 2019
▪ Roof Replace - Admin Wings, Johnson Auditorium, CFA	Commencing work	Fall 2019
▪ Browning HVAC	Complete	Summer 2019
▪ Mynders Hall Roof Replace	Commencing work	Fall 2019
▪ Building Envelope Browning and McCord	Commencing work	Summer 2020
▪ Theatre / Jones HVAC	Complete	Summer 2019
▪ Ball / Clement HVAC	Summer 2020	Summer 2020
▪ McWherter Cooling Tower	Bidding	Fall 2019



Scheidt Family Music Center



Natatorium Facility Improvements



Larry Finch Plaza – Park Avenue Campus



Tennis Facility

Funded Design

<u>DESIGN</u>	<u>STATUS</u>	<u>COMPLETION</u>
▪ Scheidt Family Music Center	In Design	Summer 2021
▪ Lambuth Sprague Hall - Nursing	In Design	Spring 2021
▪ Natatorium	In Design	Summer 2020
▪ Student Recreation Roof and HVAC	In Design	Summer 2020
▪ Administration Building Transformer	In Design	Spring 2020
▪ Lambuth Wilder / Hamilton Roof	In Design	Fall 2019
▪ Multiple Building Roofs	In Design	Summer 2020
▪ Browning / McCord Interiors	In Design	Summer 2021
▪ Classroom Door Safety	In Design	Spring 2021
▪ Classroom Furnishings	In Design	Ongoing
▪ Finch Plaza	In Design	Fall 2020
▪ Tennis Facility	In Design	Fall 2020
▪ Kindergarten / Annex	In Design	Fall 2020

We recently established a University committee comprised of students, faculty, and staff to ensure there is a collaborative focus on the visual aesthetics of our campus.

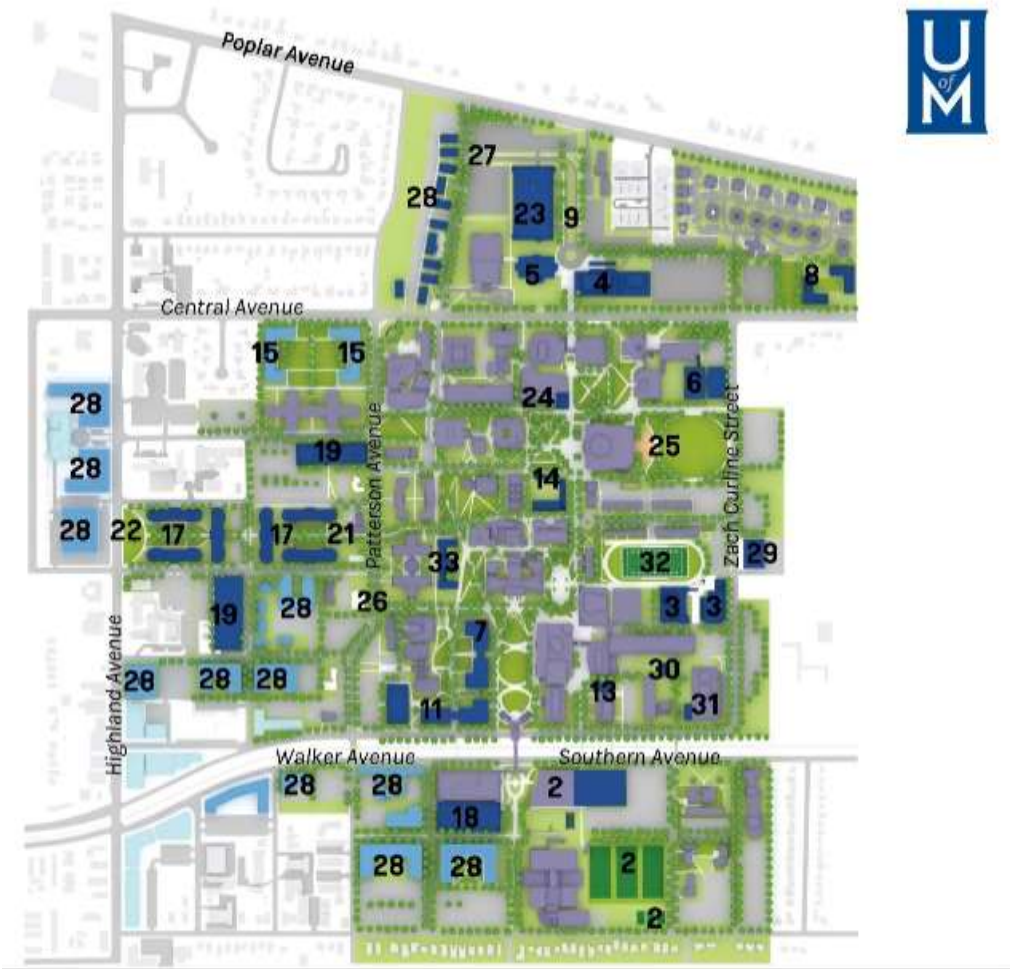


September 2019 Governance and Finance Committee Meeting



11. Construction Projects Update

Conclusion



12. New Dining Services Update

Presentation

Presented by Raajkumar Kurapati

The University of Memphis Board of Trustees

Information
For Discussion

Date: September 4, 2019

Committee: Governance and Finance Committee

Recommendation: Dining Services Contract Update

Presented by: Raaj Kurapati, Chief Financial Officer

This presentation provides an update on our new partnership with Chartwells to provide dining services on our campus for the next fifteen (15) years.

Dining Services Contract Update

Governance and Finance Committee

Raaj Kurapati
Chief Financial Officer

September 4, 2019
University Center



Dining



**Board of
Trustees**

Details:

The University entered into an agreement with Compass Group USA, dba, Chartwells for Dining and Catering Services at the Memphis Campus, Park Avenue Campus and Lambuth Campus.

Term:

15-year contract commencing on July 1, 2019

Financial Commitments:

\$54M in investments over the life of the contract including:

- \$1.5M Signing Bonus
- \$26.5M in Guaranteed Commissions
- \$1.7M in estimated Rebate Sharing
- \$12M in Repairs/Maintenance and Capital Improvements
- \$1.8M in In-Kind Catering
- \$3.2M in Financial Support for Dieticians and Interns

People



**Best
People**

Cuisine



**Most
Culinarians**

Community



**Made to
Order**

Culture



**Unmatched
Efficiency**

Ideas



**Most
Innovative**

chartwells
where hungry minds gather



Industry Leader

Local Partnerships

Chartwells is committed to good faith commercial efforts of a **20% minimum spend** on an annual basis with **Locally-owned/Diversity suppliers** estimated at \$800,000 per year.



New this Year

New Locations



Refreshed Locations



Expanded Menus



Tiger Den Eatery (Phase 1)

Before



After



Coming Soon – Summer 2020



TIGER DEN
EATERY

Phase 2

Questions?

13. Additional Business

Presented by David North

14. Adjournment

Presented by David North