

**Minutes
Special Meeting
University of Kentucky Athletic Association
Board of Directors
18th Floor Patterson Office Tower
February 13, 2008
3:00 p.m.**

Meeting Opened and Roll Call

President Lee Todd called the meeting to order at 3:00 p.m. and asked Secretary Barbara Jones to call the roll. The following members of the Board answered: Charles Cassis, Luther Deaton, Alan DeSantis, Steve Hricenak, Scott Kelley, Kathi Kern, S. T. Roach, Frank Shoop, Gerald Smith, Lee Todd, and Bruce Walcott. Absent from the meeting were Frank Butler, Dermonti Dawson, Bill Gatton, William B. Sturgill, Kumble Subbaswamy, and Patricia Terrell. Ms. Jones announced that a quorum was present.

Athletics Director Mitch Barnhart, members of his staff, and members of the various news media were also in attendance.

Approval of Minutes

President Todd said that the December 13, 2007 Minutes had been circulated with the Board materials. He asked for any discussion or corrections to the Minutes. Mr. Deaton made a motion that the Minutes be approved. Mr. Shoop seconded the motion, and it carried without dissent.

President's Report

President Todd commended the football team on their Music City Bowl win as well as their success in the classroom. Jacob Tamme was named the SEC Scholar-Athlete of the Year, which is the second year the University of Kentucky has had a player to receive this recognition and honor.

He reported that UK's student-athletes had a strong showing in the SEC Academic Honor Roll and explained that a student-athlete must have a GPA of 3.00 with over 24 semester hours in order to make the honor roll. A total of 57 University of Kentucky student-athletes were named to the 2007 Southeastern Conference spring sports academic honor roll. Baseball topped the list with 15 honor roll selections. The men's track program had 12 honor roll members, and the women's track program had 11. The softball team, honored as the Female Academic Team of the Year at the 2007 CATSPY Awards, followed with 10 honor roll members. The golf program was also represented. The men's team claimed three honor roll positions, and the women's team had two honor roll positions. There were 38 UK student-athletes named to the 2007 Southeastern Conference Freshman Academic Honor Roll.

President Todd commended Mitch Barnhart for his decision to name Assistant Coach Joker Phillips as the Head Football Coach in waiting. He thanked Mr. Barnhart and Head Football Coach Rich Brooks for their assistance in getting Coach Phillips to agree to be the university's Head Football Coach in waiting. He noted that Coach Brooks puts the university before himself.

Athletic Director's Report

Mr. Barnhart noted that the spring sports season is off to a great start. The softball team opened their season with two wins, and Head Coach Rachel Lawson became the first softball coach in school history to begin her tenure with opening day wins. The baseball team will open its season in late February. The track teams have begun their season and have had some record-setting performances by several athletes with some athletes breaking their own existing record. The swimming and diving teams are nearing the end of their season and have had some great performances by some female swimmers and divers. He noted that the SEC championship will begin soon.

Mr. Barnhart reported that the rifle team continues to be ranked in the top three or four in the country and has a chance to win the conference tournament and the national championship.

He congratulated the football team on their excellence in the classroom. Twenty-six football student-athletes made the SEC Academic Honor Roll, second only to Vanderbilt University.

The football team welcomed new signees during Football Signing Day, which took place on February 6, 2008. Twenty freshmen were signed.

He said that all of the coaches are signing student-athletes who have character, capacity to learn, and commitment to the program, which is very important. These three things have been the foundation for the growth of the athletic program.

Finance Committee Report

Luther Deaton, on behalf of the Finance Committee, reported that the Finance Committee met prior to the Board meeting and acted on the FY08 Financial Projections and the 2008 K Fund Football Adjustment. He said that Rob Mullens, Deputy Director of Athletics, and Mark Coyle, Senior Associate Athletics Director for External Operations, would present the items for action.

Mr. Mullens presented the FY08 Financial Projections. The overview included:

- Approved FY08 budget of \$62.7M (100% self support)
- Exceeded revenues by over \$3.9M (2007 Music City Bowl - \$1.8M allowance provided by SEC)
- Approval of important post budget expenditures (April 2007)
- \$1M settlement to vendor on Commonwealth Stadium expansion project
- Additional authority of \$1.8M bowl, \$1M settlement and \$1.5M for

operations (Funded by SEC bowl allowance and excess revenues)

Mr. Mullens reviewed the various revenues that will support the changes: football, men's basketball, student fees, K Fund, concessions, bowl, and other revenues. He also reviewed the categories for expenses which include football, men's basketball, facilities and operations, post season, salaries and benefits, and administrative responsibilities. He elaborated on the revenues and expenses when presenting each category.

He noted that several adjustments were required since the budget was approved in April 2007. He recommended approval of the spending authority on the bowl allowance and use of excess athletics revenues to fund additional expenses. Following his slide presentation, he entertained questions from the Board.

On motion made by Mr. Deaton and seconded by Mr. Shoop, the FY08 Financial Projections were approved without dissent.

Mr. Coyle presented the 2008 K Fund Football Adjustment handout which explains the K Fund history and impact, building the foundation for football, the FY09 budget challenges, and the need for a K Fund football adjustment. Given the success of the football team and thus the rising costs, he expressed the need for a modest increase to the annual fund on K Fund seats. The plan calls for a \$100 annual fund increase per seat on current K Fund seats and a \$50 annual fund fee for end zone seats. He presented a slide comparing the cost of tickets at the University of Kentucky with other institutions. He recommended that the adjustments be approved.

On motion made by Mr. Deaton and seconded by Mr. Shoop, the 2008 K Fund Football Adjustment was approved without dissent.

Other Business

Mr. Roach congratulated President Todd and Mr. Barnhart on the appointment of Joker Phillips as the future Head Football Coach to succeed Coach Brooks when he decides to retire.

President Todd said that the press conference announcing the appointment was refreshing and very well received by all parties.

Meeting Adjourned

The Athletics Board meeting was adjourned at 3:30 p.m.

Respectfully submitted,

Barbara W. Jones
Secretary



FY08 FINANCIAL PROJECTIONS

University of Kentucky Athletics



OVERVIEW

- Approved FY08 budget of \$62.7M
 - 100% self support
 - Exceeded revenues by over \$3.9M
 - The 2007 Music City Bowl
 - \$1.08M allowance provided by SEC
 - Approval of a few important post budget expenditures (April 2007)
 - \$1M settlement to vendor on CWS expansion project
 - Additional authority of \$1.08M bowl, \$1M settlement and \$1.5M for operations
 - Funded by SEC bowl allowance and excess revenues
-



REVENUES

Football	\$1,325,000
M. Basketball	\$570,000
Student Fees	(\$30,000)
K Fund	\$400,000
Concessions	\$350,000
Bowl	\$1,080,000
Other	\$165,000

❖ Ticket Sales

- Record season ticket sales
- Sold out 5 games
- Record single game attendance (Florida), total attendance and average attendance (24th in NCAA)

❖ Parking

❖ SEC Television

- 5 Regular Season National TV appearances
 - ESPN College Game Day
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REVENUES

- ❖ Home game added following budget approval

Football	\$1,325,000
M. Basketball	\$570,000
Student Fees	(\$30,000)
K Fund	\$400,000
Concessions	\$350,000
Bowl	\$1,080,000
Other	\$165,000



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- ❖ Student fees contribute 1% of the operating budget at UK
 - National Division 1-A average is 7% for public institutions
- ❖ BCTCS impact
 - Athletic fees are no longer mandatory



REVENUES

Football	\$1,325,000
M. Basketball	\$570,000
Student Fees	(\$30,000)
K Fund	\$400,000
Concessions	\$350,000
Bowl	\$1,080,000
Other	\$165,000

- ❖ UK annual fund continues to rank near bottom of the SEC
- ❖ Demand for football and men's basketball season tickets were strong, resulting in another record annual fund



REVENUES

❖ Record attendance

❖ 2 multiple overtime games

Football	\$1,325,000
M. Basketball	\$570,000
Student Fees	(\$30,000)
K Fund	\$400,000
Concessions	\$350,000
Bowl	\$1,080,000
Other	\$165,000



REVENUES

❖ Post season

- Per bylaw 31.21.1, the SEC provided a \$1.08M participant allowance for the Music City Bowl

Football	\$1,325,000
M. Basketball	\$570,000
Student Fees	(\$30,000)
K Fund	\$400,000
Concessions	\$350,000
Bowl	\$1,080,000
Other	\$165,000



REVENUES

- ❖ Coaches vs. Cancer tournament hosted at Rupp Arena

Football	\$1,325,000
M. Basketball	\$570,000
Student Fees	(\$30,000)
K Fund	\$400,000
Concessions	\$350,000
Bowl	\$1,080,000
Other	\$165,000



EXPENSES

Football	\$350,000
M. Basketball	\$420,000
Facilities & Ops	\$160,000
Post season	\$1,080,000
Salaries & Benefits	\$110,000
Administrative	\$540,000

- ❖ Salary adjustments to retain successful staff
- ❖ Average SEC salary pool
 - Competitive market



EXPENSES

Football	\$350,000
M. Basketball	\$420,000
Facilities & Ops	\$160,000
Post season	\$1,080,000
Salaries & Benefits	\$110,000
Administrative	\$540,000

- ❖ Transition post-budget
- ❖ Staffing
- ❖ Extra home game at Rupp
- ❖ Travel
- ❖ Joe Craft Center furniture
- ❖ Guarantees



EXPENSES

Football	\$350,000
M. Basketball	\$420,000
Facilities & Ops	\$160,000
Post season	\$1,080,000
Salaries & Benefits	\$110,000
Administrative	\$540,000

- ❖ Additional expenses with football success
- ❖ Sign machine



EXPENSES

Football	\$350,000
M. Basketball	\$420,000
Facilities & Ops	\$160,000
Post season	\$1,080,000
Salaries & Benefits	\$110,000
Administrative	\$540,000

❖ Music City Bowl

- Expense allowance provided by the SEC was used to provide travel, lodging, meals, mementos, tickets and marketing



EXPENSES

Music City Bowl Budget:

Football	\$350,000
M. Basketball	\$420,000
Facilities & Ops	\$160,000
Post season	\$1,080,000
Salaries & Benefits	\$110,000
Administrative	\$540,000

Travel	\$335,000
Meals	\$130,000
Entertainment	\$45,000
Mementos	\$105,000
Tickets	\$65,000
Other	\$400,000



EXPENSES

Football	\$350,000
M. Basketball	\$420,000
Facilities & Ops	\$160,000
Post season	\$1,080,000
Salaries & Benefits	\$110,000
Administrative	\$540,000

- ❖ Important post budget contracts
 - Necessary to ensure retention of highly successful coaches
 - Many coaching contracts for a variety of sports were finalized after the budget was complete
- ❖ Mid-year campus compensation proposal



EXPENSES

Football	\$350,000
M. Basketball	\$420,000
Facilities & Ops	\$160,000
Post season	\$1,080,000
Salaries & Benefits	\$110,000
Administrative	\$540,000

- ❖ SEC fines for rushing field
 - ❖ Legal fees
 - ❖ Transition to Clear Channel partnership (WHAS)
 - ❖ Payment for x-rays
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2008 K Fund Football Adjustment

University of Kentucky
Athletics Board Meeting

February 13, 2008

'til the Battle is Won



K Fund History and Impact

- In FY03, UKAA revamped and renamed the Blue / White Fund the K Fund.
- Implementation of new annual fund occurred over a three-year period.
 - FY04 – no payment for football and half for men’s basketball.
 - FY05 – paid half for football and full for men’s basketball.
 - FY06 – paid the full amount for both sports.
 - FY07 – no changes to football or men’s basketball.
- In FY08, Athletics Board approved a modest increase for K Fund seats for men’s basketball.
- Over four years, the K Fund annual fund increased from \$5 million to \$8.6 million.



K Fund History and Impact

- Since FY03, UKAA has completed more than \$42 million in capital projects, improving facilities for 15 sports.
- Continue to provide more than \$1 million annually to President's Office for scholarships.
- Improved experiences for student-athletes and competitiveness with enhanced travel and equipment budgets for all sports.
 - Operating budget for women's sports has increased nearly 40 percent.
 - Operating budget for men's sports has increased 30 percent.
- Record results in goal of broad based competitive excellence.
 - Seven (7) conference championships and numerous NCAA postseason appearances.



Building the Foundation for Football

- UK defeated two Top 10 teams in 2007, including the BCS Champion LSU Tigers.
- UK's win over No. 1 LSU marked the first win over a No. 1 team since 1964.
- UK had back-to-back bowl game wins for the first time in 56 years.
- UK returned to the Associated Press national rankings for the first time in 23 seasons.
- UK was listed in the BCS poll for the first time in school history – ranked as high as No. 7.



Building the Foundation for Football

- UK was on CBS three times and on ESPN affiliates four times – for a total of seven national appearances.
- UK set school records for total attendance (550,588), average attendance (68,824) and single-game attendance (71,024 v. Florida).
- Hosted ESPN College GameDay from the W.T. Young Library on October 20.
- UK had 26 football student-athletes on the SEC Academic Honor Roll – second only to Vanderbilt (27).
- With a competitive salary pool, UK has retained all football coaches, with the exception of one, who returned to his alma mater to coach.



FY09 Budget Challenges

- In FY09, UK will have seven (7) home games as opposed to eight (8) home games this past season.
 - Revenue loss of \$1.3 million
- In FY08, University's new affinity card agreement included one-time transfer of \$1.1 million.
- New Expenses in FY09 total more than \$3 million.
 - Includes tuition increase, contractual salary adjustments for football and men's basketball and merit pool / benefits for athletics department employees.



FY09 Proposed K Fund Football Adjustment

- Propose a \$100 annual fund increase per seat on current K Fund seats in Commonwealth Stadium.
 - Increase will generate \$1.8 million in new revenue.
 - Annual fees will range from \$175 to \$475 per seat.
- Propose a new \$50 annual fund fee for end zone seats.
 - Increase will generate \$600k in new revenue.
 - Model similar to men's basketball – lower level seats require annual fee.
- Annual fund will increase from \$8.6 million to \$11 million.
 - UK continues to rank near the bottom of the SEC in annual seat revenues.
 - University of Florida and the University of Georgia lead the SEC, generating more than \$25 million and \$20 million, respectively.



FY09 Proposed K Fund Football Adjustment

- UK offers the most non-annual fee seats in the SEC – a majority of the schools have no / limited non-annual fee seats available for purchase.
- UK's highest seat fee (\$475) is the second lowest in the SEC requiring a seat fee – range from \$150 to \$9,000.
- UK has the second lowest annual seat fee average in the SEC at \$225. The highest seat fee is at \$2,900 (Auburn).
- Season ticket price continues to remain a tremendous value to our loyal fans.
 - Nine (9) SEC institutions have higher prices than UKAA.
 - Single-game prices remain near the lowest in the conference.



\$500 to \$5,000
per seat
annually



\$250 to \$2,000 per
seat annually



\$100 to \$700 per
seat annually



\$50 - \$475 per seat annually



\$250 to \$1,000
per seat annually



\$80 to \$1,500 per
seat annually



\$50 to \$2,000 per
seat annually

'til the Battle is Won



FY09 K Fund Football Adjustment

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