

Minutes of the Board of Trustees of the University of Kentucky, Tuesday, May 3, 2011.

The Board of Trustees of the University of Kentucky met at 8:00 a.m. (Lexington time) on Tuesday, May 3, 2011 in the Board Room on the 18<sup>th</sup> Floor of Patterson Office Tower.

A. Meeting Opened

Dr. E. Britt Brockman, chair of the Board of Trustees, called the meeting to order at 8:04 a.m. and asked Ms. Pam May, secretary of the Board, to call the roll.

B. Roll Call

The following members of the Board of Trustees answered the call of the roll: E. Britt Brockman (chair), Sheila Brothers, Penelope Brown, William S. Farish, Jr., Carol Martin "Bill" Gatton, Oliver Keith Gannon, Pamela T. May, Everett McCorvey, Billy Joe Miles, Terry Mobley, Sandy Bugie Patterson, Joe Peek, Erwin Roberts, Charles R. Sachatello, Frank Shoop, Ryan Smith, James W. Stuckert, and Barbara Young. Absent from the meeting were Jo Hern Curris and Dermonti Dawson. Ms. May announced that a quorum was present.

The university administration was represented by Executive Vice President for Finance and Administration Frank Butler, Executive Vice President for Health Affairs Michael Karpf, and Associate Senior General Counsel T. Lynn Williamson.

The university faculty was represented by Chair of the University Senate Council Hollie Swanson, and the university staff was represented by Chair of the Staff Senate Jann Burks.

Members of the various news media were also in attendance.

C. Minutes

Dr. Brockman said the minutes of the special called meetings on April 30 and May 1, 2011 were consent items and had been distributed to the Board. He asked if there were any corrections or comments. Mr. Stuckert moved that the minutes be approved. Dr. Sachatello seconded the motion, and it carried without dissent. (See consent items listed below at the end of these Minutes.)

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D. Closed Session

Dr. Brockman stated that the Board of Trustees would go into closed session in order to review the comments and preliminary recommendations about the preferred presidential candidate. These comments and recommendations were received from the faculty, staff, and students as a result of the campuswide forums which occurred May 2, 2011. The Board must go

into closed session because open discussions about these comments would violate the preferred presidential candidate's personal privacy rights.

The following guidelines will be used for the closed session:

- Only those persons necessary to provide information to the Board may be present with the Board and no others.
- Nothing else may be discussed in the closed session but the information relating to the candidates.
- When the Board discussions have been completed, no vote may be taken.

Dr. Brockman moved that the Board go into closed session pursuant to KRS 61.810 (1) (f). This statutory citation is the exception in the open meetings law that permits the Board to go into closed session to discuss potential candidates which may lead to the selection of a preferred candidate for the appointment as president.

Dr. Sachatello seconded the motion, and it passed without dissent. The Board went into closed session at 8:07 a.m.

E. Open Session

At 8:55 a.m. Dr. Brockman stated that the closed session of the Board had concluded. No matters other than the announced matters were discussed, and no final action was taken. The Board returned to its open session and proceeded with its regular business. Dr. Brockman then announced that the Board would recess until 1:00 p.m.

F. Meeting Reconvened

Dr. Brockman called the meeting to order and asked Ms. May to call the roll for the 1:00 p.m. continuation of the meeting. The following members of the Board of Trustees answered the call of the roll: E. Britt Brockman (chair), Sheila Brothers, Penelope A. Brown, Dermontti F. Dawson, William S. Farish, Jr., Carol Martin "Bill" Gatton, Oliver Keith Gannon, Pamela T. May, Everett McCorvey, Billy Joe Miles, Terry Mobley, Sandy Bugie Patterson, Joe Peek, Erwin Roberts, Charles R. Sachatello, C. Frank Shoop, Ryan M. Smith, James W. Stuckert, and Barbara Young. Jo Hern Curris was absent. Ms. May announced that a quorum was present.

The university administration was represented by President Lee T. Todd, Jr., Provost Kumble Subbaswamy, Executive Vice President for Finance and Administration Frank Butler, Executive Vice President for Health Affairs Michael Karpf, and Associate Senior General Counsel T. Lynn Williamson.

The university faculty was represented by Chair of the University Senate Council Hollie Swanson, and the university staff was represented by Chair of the Staff Senate Jann Burks.

Members of the various news media were also in attendance.

G. Consent Items

Dr. Brockman called attention to the five consent items. They included the minutes for the regular meeting of the Board on March 29, 2011; PR 2, which deals with personnel actions; FCR 1, a pledge from Warren W. Rosenthal; FCR 2, a Kentucky Medical Services Foundation gift of property; and FCR 3, an amendment to the Liz Claiborne Foundation Endowment. Mr. Mobley moved approval, and the motion was seconded by Mr. Stuckert. The motion carried without dissent. (See consent items listed below at the end of these Minutes.)

Minutes	—	March 29, 2011
PR 2		Personnel Actions
FCR 1		Warren W. Rosenthal Pledge
FCR 2		Kentucky Medical Services Foundation Gift of Property
FCR 3		Amendment to the Liz Claiborne Foundation Endowment

H. Petitions to Address the Board

Dr. Brockman stated that three petitions to address the board were received under the new procedures in Governing Regulations Part II that were approved at the March 29 meeting. One was determined not to be relevant: the subject matter of the request was the proposed loan from the university to the Department of Athletics for the Commonwealth Stadium scoreboard described in FCR 8 which was amended prior to the meeting.

Two were determined to be relevant. Those two petitioners were heard at the Finance Committee meeting. The subject matter of the requests was the proposed tuition increase for the College of Law for 2011-2012.

Dr. Brockman then asked for the President's Report.

I. President's Report (PR 1)

Lexmark Gift Allows Renovation of Former Northside Library

President Todd began with the first item in PR 1 and recognized Provost Subbaswamy for working with Lexmark in receiving a \$1 million donation to renovate the Northside Library on Russell Cave Road that UK purchased earlier. The gift will be matched by UK. The renovated facility, set for completion by August 2012, will provide a new lab for fieldwork-based ecology education, a professional development facility for Kentucky science and math teachers, and storage and work space for UK's P-12 science and math outreach unit. This gift is given as part of Lexmark's 20-year anniversary, and the president thanked Lexmark CEO Paul Rooke for this significant contribution on behalf of Lexmark to the community.

Arts & Sciences South Africa Initiative Hosts Anti-apartheid Activists

President Todd recognized the College of Arts and Sciences South Africa Initiative which culminated with a visit from well-known South African anti-apartheid leaders and former

political prisoners Ahmed Kathrada and Barbara Hogan during April. They visited classes, spoke at a convocation where they received honorary degrees, opened an exhibit that honors Kathrada's commitment to non-racialism and democracy, and signed his new book published by University Press of Kentucky, *No Bread for Mandela: Memoirs of Ahmed Kathrada, Prisoner No. 468/64*. The book covers his anti-apartheid activity and resulting imprisonment with Nelson Mandela and other activists.

#### UK Celebrates Impact of Research Challenge Trust Fund

The UK Council of Endowed Professors and Chairs held a luncheon and presentation March 30 at the Hilton Lexington/Downtown to recognize the significance of the Research Challenge Trust Fund, also known as "Bucks for Brains." The first round of matching funds from the state for the program was made available in 1998. Since that time, more than 12,000 donors have given gifts, qualifying for approximately \$230 million in matching funds. RCTF funds at UK resulted in 78 endowed chairs, 190 professorships, 280 fellowships, scholarships, lectures, enrichment funds, research support, and an endowment for the William T. Young Library. UK's matching funds include 33,012 gifts from 12,731 donors, including 6,095 alumni, 5,518 non-alumni, 826 corporations, and 120 foundations.

President Todd asked the Board to look at the following three items in PR 1 which relate to the STEM area, and announced that Kentucky is doing very well in the math sciences.

#### CASTLE to Relocate to UK College of Education

The Center for the Advanced Study of Technology Leadership in Education (CASTLE) will relocate to the University of Kentucky College of Education. The center, which was originally housed at Iowa State University, will work with the Kentucky P20 Innovation Lab to partner with regional educational organizations and schools to facilitate the implementation of technologies that help improve teaching and student learning.

#### Six Colleges Host Annual STEM Symposium

The annual UK STEM Symposium took place in late April. The event focused on "Connecting STEM Education across the Bluegrass State" and was co-sponsored by the colleges of Education, Engineering, Arts and Sciences, Agriculture, Communications, and Medicine.

#### CAER Holds MATHCOUNTS Night

The organizers of MATHCOUNTS (a national club and competition program that promotes mathematics achievement) approached the Center for Applied Energy Research (CAER) to organize a fun event for middle school students the night before their state final competition in Lexington on March 26. The MATHCOUNTS regional winners built ping-pong launchers, raced edible cars, and created miniature dams at CAER.

#### Tax Increment Financing to Accelerate Development at Coldstream Research Campus

President Todd thanked Dr. Len Heller, Vice President for Commercialization and Economic Development, and Steve Byars, Assistant Vice President for University Relations, and others for their part in working with the Kentucky Legislature to approve a new law which permits the establishment of a tax increment financing (TIF) district on the Coldstream Research Campus.

As a result, UK will be able partially to finance much-needed laboratory and incubator space. UK will solicit a master developer to build a mixed-use “town center” and use the taxes generated to fund new research buildings, as well as to be a catalyst for retaining and recruiting biotech companies to Coldstream. A request for proposal (RFP) will be released at the end of May to select a qualified master developer to design and build the town center and laboratory buildings, and to restore the historic Carnahan House in a 35-acre TIF district.

#### Atlanta-Based Allconnect Sales and Service Center Comes to Coldstream

The Atlanta-based company Allconnect Inc. will create 220 new jobs and invest nearly \$7 million to establish a 32,000 square foot sales and customer care center at the Coldstream Research Campus. Allconnect is expected to open in May and will occupy the entire fourth floor of the Lexhold building at 1648 McGrathiana Parkway. Allconnect allows consumers to order or transfer home services, such as satellite and cable TV, Internet, phone, and home security. Allconnect is a client of the Bluegrass Business Development Partnership between the UK Office for Commercialization and Economic Development, Commerce Lexington, and city government.

In addition, President Todd praised UK ‘s Len Heller, Provost Subbaswamy, and faculty members for working to retain another growing business – TempurPedic, which will build a 100,000 square foot building at Coldstream.

#### UK Economic Development Efforts Help State Tie for Fifth in Entrepreneurship Increase

President Todd mentioned that there is proof that UK is an important player in working to keep sustainable jobs in the area. Kentucky tied with California and Texas as one of the top 10 states with the largest increase in entrepreneurial activity over the past decade, according to the Kaufman Index of Entrepreneurial Activity, a leading indicator of new business creation in the United States. The creation of the university’s Office for Commercialization and Economic Development in late 2006 is credited with having played a vital role in such activity.

President Todd suggested that despite the brevity of his remarks about PR 1, the other items in PR 1 merit examination.

#### J. Reappointment to Board of Directors of the Fund for Advancement of Education and Research in the University of Kentucky Medical Center (PR 3)

President Todd recommended that the Board approve the reappointment of Anita Britton to a directorship in The Fund for two years ending June 30, 2013.

Dr. Brockman asked for a motion of approval of PR 3. Mr. Stuckert moved approval. Ms. Patterson seconded. The motion passed without dissent. (See PR 3 at the end of the Minutes.)

Dr. Todd concluded his remarks by expressing his appreciation to Chairman Brockman, Search Committee Chairman Stuckert and the other members of the search committee, the Board of Trustees, and the many others who worked with the Board for their parts in the search process.

He is pleased with the results, the process, and the manner in which they kept the campus informed of what was taking place. He also stated that he looks forward to becoming a full fledged alumnus and working with the new president, if he is approved by the board.

K. Candidates for Degrees - University System (AACR 1)

Dr. Brockman passed the floor to Ms. Brown, chair of the Academic Affairs Committee, for her report. The first action item of the committee was AACR 1, which lists candidates for May degrees at the university. Ms. Brown moved acceptance of AACR 1. Mr. Farish seconded her motion, and it passed without dissent. (See AACR 1 at the end of the Minutes.)

L. Change in Name of an Educational Unit (AACR 2)

Ms. Brown described the recommendation and background of the suggested name change of the College of Agriculture's Department of Family Studies to Department of Family Sciences in AACR 2 and moved approval. Her motion was seconded by Dr. Sachatello and passed with no dissent. (See AACR 2 at the end of the Minutes.)

M. Academic Degree Recommendation (AACR 3)

AACR 3 recommends the establishment of a Ph.D. degree in Integrated Plant and Soil Sciences as an umbrella degree program to provide an integrative and creative approach to graduate education in the plant and soil sciences. Ms. Brown, on behalf of her committee, recommended approval. Mr. Dawson seconded her motion. There was no discussion, and there was no dissent in the passage of AACR 3. (See AACR 3 at the end of the Minutes.)

N. Change in Degree – College of Agriculture (AACR 4)

Moving to AACR 4, Ms. Brown related the recommendation and the background for another change in degree in the College of Agriculture. This resolution suggests a change in the name of the Master of Science with a major in Plant and Soil Sciences to Master of Science with a major in Integrated Plant and Soil Sciences. She recommended approval, which was seconded by Mr. Shoop. The motion passed without dissent. (See AACR 4 at the end of the Minutes.)

O. Change in Degrees – College of Agriculture (AACR 5)

Faculty members in the Department of Family Sciences voted to change the names of the degrees in their area to create a consistent identity and better reflect the teaching, research, and engagement activities in the department. They have received the necessary approvals to bring their resolution to the Board of Trustees. Ms. Brown recommended approval. Mr. Dawson seconded, and the motion was approved without dissent. (See AACR 5 at the end of the Minutes.)

P. Proposed Amendment to Governing Regulations: Faculty Entrepreneurial Leave (AACR 6)

The proposal in AACR 6 creates entrepreneurial leave for faculty employees who wish to take time off from their university position to pursue entrepreneurial activities. Because the university encourages faculty employees to engage in entrepreneurial activities and supports the efforts of faculty who wish to commercialize their discoveries, the pursuit of entrepreneurial endeavors is a valid reason for establishing entrepreneurial leave. Establishing this type of leave requires alteration of Governing Regulation Part X, which is presented for first reading. Ms. Brown invited questions and then recommended approval. Her motion was seconded by Mr. Stuckert. The first reading passed without dissent. Dr. Brockman explained that upon passage of the second reading of this proposal at the next board meeting, it would become final. (See AACR 6 at the end of the Minutes.)

Q. Finance Committee Report

Mr. Stuckert, chair of the Finance Committee, reported on the morning meeting of the committee. He made a point to thank Mr. Warren Rosenthal, a long-time supporter of the University of Kentucky, for his million-dollar pledge in FCR 1, a consent item.

R. Proposed 2011-12 Tuition and Mandatory Fees Schedule (FCR 4)

Mr. Stuckert thanked Ms. Angie Martin, Vice President of Financial Operations and Treasurer, and Mr. Frank Butler, Executive Vice President for Finance and Administration, for making a trip to northern Kentucky the previous Friday where they explained to eight trustees the background and rationale of the changes. There was additional discussion in the morning's Finance Committee meeting. And, using the newly instituted procedure to Petition to Address the Board, Mr. Derek Hall from Flemingsburg, Kentucky and Ms. Amy Oliver from Princeton, Kentucky, two law school students, addressed the Finance Committee about the tuition increases for the College of Law; Law Dean David Brennen also spoke to that point.

Mr. Stuckert summarized the proposal for the 2011-12 tuition and mandatory fees schedule. At its April 28 meeting, the Council on Postsecondary Education authorized these criteria for research institutions (University of Kentucky and University of Louisville):

- maximum six percent increase for undergraduate, resident tuition and mandatory fees
- maintains the current floor for nonresident, undergraduate tuition and mandatory fees of two times the resident undergraduate rate
- market competitive tuition and mandatory fee rates for graduate and first-professional students.

The rates in FCR 4 comply with the CPE criteria.

Mr. Stuckert moved approval of FCR 4 and indicated his willingness to answer any questions that the Trustees might have. Mr. Mobley seconded the motion.

Discussion followed.

Mr. Smith stated that he felt students and Kentuckians were substantially burdened by having borne a 130 percent increase in tuition over the previous 10 years and that a line must be drawn at some point in order to maintain the mission of the state's flagship institution and to serve the entire state. He said that he would vote not to approve FCR 4.

Ms. May agreed that this is a difficult vote, and although she understands why the changes have been proposed, she is troubled by tuition increases from \$3,700 to almost \$8,700 over a 10-year time frame. Having larger increases in the professional schools than in the undergraduate schools sets a dangerous precedent. Students entering professional schools with four to five years of undergraduate debt should not be faced with tuitions that can rise rapidly. She said she would vote No.

Mr. Roberts stated that he would not be able to support the tuition increase this year. Although he understands the need, there are also the needs of the students and their families to be considered. He and all of the board struggle every year with this issue, and he feels it is important to find a way to find a solution to the problem.

Dr. McCorvey stated that the challenge for the board and the university is that we have to find ways to enhance what we are able to do here. The faculty has not had raises in three years, and that's a major concern. The students are being taxed because something is not happening at the legislative level. He suggested that we have to ask our legislators to look at our system. Does the state need to be taxed more so that the Legislature can do their job and help the university receive extra funds so that the students won't be taxed? It may be time to ask legislators to do their job in helping to move this state forward by granting to the university the appropriate funds that can help the university educate the citizens of Kentucky.

Ms. Brown spoke next and said that she, too, would not support FCR 4 due to her deep concern about the students, who may be at a tipping point at which they are not going to be able to afford a college education.

Mr. Gatton stated his sympathy for the students and wished tuition increases were not necessary. Even so, in 10 or 20 years, most likely the currently proposed tuitions will be viewed as modest. To keep the best faculty, deans must be able to give salary increases in order to fight competitive offers from other schools.

Ms. Brothers said that she would vote in favor of FCR 4. She also expressed that she shares concerns for the students and agrees with Dr. McCorvey that there are issues with raises for faculty and staff. She fears that we are pricing ourselves out of the ability to educate the native Kentuckians that we are here to serve.

Mr. Stuckert suggested that it is unfortunate that Ms. Martin could not present her full program to all board members. Her program puts in perspective Kentucky's standing among its benchmarks and other Kentucky schools and shows that in terms of undergraduate tuition and fees for 2011, of 21 schools mentioned in an included chart, Kentucky's proposed tuition is fifth



from the lowest. Tuition has increased in the past 10 years, but other schools, for example, have increased their fees by almost double while Kentucky fees have risen 70 percent. He agreed that to keep good faculty, you must pay them competitively. He mentioned that the “Bucks for Brains” legislation did not match scholarship money raised by either the University of Kentucky or the University of Louisville, although this match was made for all other upper-level Kentucky institutions. He affirmed that President Todd’s push for scholarship funds was an important strategy that must be continued.

Dr. Peek wanted to be sure that a differentiation was made between the tuition increase and salary increases for faculty and staff. UK has had steady tuition increases in the past years, but no increases in salaries. He guessed that the tuition increase would have been proposed at the same level whether or not any increases in salary were proposed. He also agreed with Mr. Gatton and Mr. Stuckert that we are losing top faculty. And he felt Mr. Roberts’ comment that the system may be broken was excellent; there is a continuing problem that points towards changing the system.

Dr. Sachatello suggested it was time to vote on the question. Dr. Brockman allowed President Todd to comment. President Todd encouraged the board to approve FCR 4 by clarifying some fine points and explaining some motivation for specifics of the proposal. One of President Todd’s major concerns is that although the 3 percent raise proposed for this year is not large, he felt it is very important to offer a raise. “One of my concerns is that private universities’ endowments are going to come back a lot faster than state budgets are going to come back. And the private university is going to be picking the state universities clean [of their best faculty].” He emphasized that he was sympathetic with the issues raised by the board, but he stressed the importance of passing FCR 4. “We’ve got to pay our expenses. We’ve got to keep the place moving on the train that we’ve got it on.”

Dr. Brockman asked for the board to vote and requested a show of hands. Twelve board members supported the passage of FCR 4. Ms. Brown, Mr. Dawson, Ms. May, Mr. Roberts, Dr. Sachatello, and Mr. Smith voted against it. Dr. Brockman announced that FCR 4 passed. (See FCR 4 at the end of the Minutes.)

Mr. Gatton commented on the economics of inflation and the increase in costs of a college education.

Mr. Shoop had a comment and a question about some accounting issues in the allocation of revenues and expenses. He asked for clarification that the university has a General Fund account that pays all of the university’s expenses, and tuition dollars do not necessarily pay for faculty and staff salaries. Ms. Martin concurred that the university is on a fund accounting system, and the General Fund receives revenue for various sources which pays all of the university’s expenses. Tuition is not designated to pay salaries.

S. Proposed 2011-12 Room and Board Rates (FCR 5)

Mr. Stuckert continued the Finance Committee report, summarizing the reasons for an increase of 9 percent in the room and board rates in UK housing – the Board’s previous approval

of \$30 million to construct new dormitory housing space as well as expected inflation in food prices. He referred the Board to details on pages 1 to 3 of the handout. He moved for adoption of FCR 5 and was seconded by Mr. Gatton. FCR 5 passed without dissent. (See FCR 5 at the end of the Minutes.)

T. Revision of University of Kentucky Debt Policy (FCR 6)

Mr. Stuckert explained that FCR 6 changes the university's debt policy by changing the criteria for approval of internal loans of university funds and by allowing internal loans and cash advances to be made, subject to guidelines, to university entities for up to 90 days. He moved the approval of FCR 6. He was seconded by Mr. Gannon. Ms. May asked for assurance that these internal loans would be reported to the board and was told that they would. Dr. Brockman asked the board to vote. The vote was unanimous for the adoption of FCR 6. (See FCR 6 at the end of the Minutes.)

U. 2010-2011 Budget Revisions (FCR 7)

Ms. Stuckert said that the revisions outlined in FCR 7 will increase the University of Kentucky's total budget by \$49,811,000 – from \$2,500,327,000 to \$2,550,138,000. Predominantly, this increase is \$50,000,000 to fund the Patient Care Facility in accordance with the plan that the Board of Trustees approved at its March board meeting. Mr. Stuckert moved approval of FCR 7, and Mr. Shoop seconded his motion. There was no opposition to its adoption. (See FCR 7 at the end of the Minutes.)

V. Replace Video Boards at Commonwealth Stadium (FCR 8)

Mr. Stuckert reviewed FCR 8, which has been through several iterations and involves replacing video boards at Commonwealth Stadium using private funds including a withdrawal of up to \$4.6 million from the Athletic Fund's quasi-endowment. The scope of the project is \$6.25 million and will be funded entirely by private funds. He recommended approval and was seconded by Mr. Mobley.

Dr. Peek felt that more information should have been provided to the board in order for them to make this decision. His objection was that there may be a pattern of giving board members too little information, which he felt did not allow them to perform their fiduciary duties properly. Mr. Stuckert felt that the issue had been fully vetted in committee, that Athletics should be assumed to be competent in asking for such expenditures, and that to ask more would be micro managing. Dr. McCorvey stated that he, too, had wanted more information and had met with Mr. Mitch Barnhart, Athletic Director, and was informed that the video board would pay for itself over its useful life from both increased revenue and from sponsorships. Mr. Gatton agreed that more information should be provided to the board for such decisions.

Mr. Shoop asked about the fact that using the suggested finance plan of FCR 8, the university would lose \$150,000 of interest, which he pointed out was a significant amount of money. He suggested that it is not a good habit to pick to pieces all proposals and cause delays

which result in lost revenues. The board should be united and make a commitment that they are going to push together and not nitpick small items.

Ms. Young commented that she agreed with what everybody has said and that she felt that their difficulties point to a public relations problem. She felt that it is important to have proposals presented well, with all the facts available and a focus on how items would be best presented to the public.

Mr. Miles agreed but stated that this would have been a good day for Mr. Barnhart to have attended the board meeting and presented his case. He suggested that the board would ask for that in the future.

Dr. Brockman stated that he thinks it is the will of the board that he instruct the executive vice president for finance to provide more detail on cost projections and revenue streams on future Finance Committee resolutions. Mr. Stuckert moved for the question and was seconded by Mr. Gatton. Dr. Brockman asked the board to vote on the call for the vote, which passed without dissent. Then he conducted the vote on FCR 8, which had already been moved by Mr. Stuckert and seconded by Mr. Mobley. FCR 8 received one No vote, cast by Dr. Peek. Dr. Brockman announced that FCR 8 had passed. (See FCR 8 at the end of the Minutes.)

President Todd informed Mr. Miles that Mr. Barnhart was in Birmingham, Alabama at a mandatory Southeastern Conference athletic directors meeting. Mr. Mark Coyle represented Athletics during the Finance Committee meeting and the full board meeting.

W. Renovate Shively Sports Center (FCR 9)

Mr. Stuckert moved to FCR 9 – renovate the Shively Sports Center. The scope of this capital project is \$950,000, and it will be funded with private funds from the University of Kentucky Athletic Association. Mr. Stuckert moved approval and was seconded by Ms. Patterson. The motion passed without dissent. (See FCR 9 at the end of the Minutes.)

X. Capital Construction Report (FCR 10)

Ms. Stuckert moved to the last FCR of this meeting, the review of the Capital Construction Report. Mr. Bob Wiseman addressed the Finance Committee at the morning meeting and explained the items. He moved approval of FCR 10 and was seconded by Dr. McCorvey. The motion passed without dissent. (See FCR 10 at the end of the Minutes.)

Y. Student Affairs Committee Report

Dr. Brockman passed the floor to Ms. Patterson, chair of the Student Affairs Committee, who reported that in their morning meeting, Mr. John Herbst, Director of the Student Center, talked about the approaching Student Center renovation. Selections have been made for the lead architectural consultant (Omni Architects) and for mechanical construction (CMTA Engineering Consultants), both local firms. A construction manager will be chosen soon, construction will begin in December, with completion in December 2012.

Student Government Association updates were supplied by SGA President Ryan Smith. Mr. Micah Fielden was elected president of SGA for the 2011-12 academic year. SGA sponsored a Cram Jam event in April featuring food, drinks, basketball, a corn hole tournament, and miscellaneous other entertainment, including free breakfast and tutoring at the site. SGA is working with Wrap Up America, an organization that gives blankets to people in need and hopes to furnish blankets to tornado victims in Alabama. The Cats Cruiser will run until the end of the year.

Mr. Jim Wims, Assistant Vice President for Residence Life, talked about the Panda Express, which has recently become a vendor at the Student Center. Sales figures indicate that it is very popular, and additional employees are being recruited through the Stuckert Career Center.

Z. University Health Care Committee Report

Ms. Young, chair of the Health Care Committee, gave its report. She stated that Mr. Sergio Melgar, Vice President for Health Affairs, presented the financial report comparing the balance sheet at March fiscal year 2011 and fiscal year 2010. Cash has decreased \$126.7 million due to use of cash reserves for the remainder of Phase IA of the Patient Care Facility project. Accounts receivable decreased by \$1.7 million compared to last year, and net patient service revenue increased \$42.2 million. Discharges for March were 2,908 or 93.8 per day, which are 2.6 discharges per day less than the budget of 96.4. The combined census year to date was 5.5 percent higher than year to date March fiscal year 2010. Operating revenue for the month totaled \$80.2 million, which is \$7 million more than the budget for the month. Compared to the prior year, operating revenue increased by \$42 million, or 6.7 percent. Net outpatient service revenue continues to be a bright spot, posting a 12.8 percent increase over fiscal year 2010. The provision for uncollectible accounts was above budget at \$19.3 million year to date and \$23.9 million above last year to date. Current month investment income is \$1 million and year to date investment income is \$32.6 million. For the month of March, the UK Hospital system posted an operating profit of \$5.4 million. Accounts payable have decreased by \$4.7 million. Net assets have increased to \$621 million for March 2010 and total assets are at \$1.2 billion. Ms. Young stated that all in all, it is a good financial picture for the hospital.

Mr. Murray Clark, Associate Vice President, UK HealthCare, presented an update on the Patient Care Facility building project. He reported that the building is on schedule and under budget. The open houses will begin Friday May 13, and the ribbon cutting will be held Sunday May 15 at 1:30 p.m.

Dr. Kevin Nelson, Special Faculty, Neurology, presented for approval the privileges and credentials of Chandler and Good Samaritan hospitals. The committee made a motion and all privileges and credentials were approved.

AA. Presidential Search Committee Report

Dr. Brockman thanked Ms. Young for her report. He then moved to the Presidential Search Committee report and thanked Mr. Stuckert for his excellent work on chairing the group.

He stated that, “He has kept us on task, and he has kept us remarkably on time in what was considered, at best, a very, very ambitious schedule.” Dr. Brockman requested and received for Mr. Stuckert and his co-chair Terry Mobley a round of applause.

Mr. Stuckert, chair of the Presidential Search Committee, reported that, “with deep regret, the search committee is no longer functioning,” which was received with enthusiastic laughter. Afterward, he thanked all of the members of the search committee, which included Jo Hern Curris, Pamela May, Everett McCorvey, Billy Joe Miles, and Terry Mobley from the Board of Trustees; Ms Myra Tobin, a representative of alumni; Sheldon Steiner, Hollie Swanson, and Lee Meyer, faculty representatives; Bart Miller representing UK staff; and Ben Taylor Cox and Ryan Smith, representing undergraduate and graduate students, respectively.

Mr. Stuckert also thanked enthusiastically the committee’s support officer, Peggy Way; UK Executive Protective Team members Alan Saylor, and Robert McPherson; and consultants from Greenwood Asher and Associates Jan Greenwood, Betty Asher, and Marian Frenche.

He also praised Dr. Brockman for his composure and acumen as he took the reins in the final weeks and completed the task of bringing a list of candidates to the Board of Trustees. Mr. Stuckert suggested that everyone is exceptionally pleased with the results of the search. He then stated that he will not serve again in 10 years!

#### BB. Chair’s Report

Dr. Brockman accepted Mr. Stuckert’s remarks with gratitude and described the happenings of the past few days. After the Board and the search committee met over the weekend in northern Kentucky and announced Dr. Eli Capilouto as the preferred finalist on Sunday evening, the candidate and his family were vetted across campus to the various constituency groups on Monday, May 2. The full board and the search committee reviewed the results in closed session that morning, May 3. At this point, he announced that there was a motion to be made. He gave the honor of making that motion to Mr. Stuckert.

Mr. Stuckert’s motion was: “Mr. Chairman, with great pleasure, I move that Eli Capilouto be offered a contract by the Board of Trustees to serve as the 12<sup>th</sup> president of the University of Kentucky.”

Dr. Brockman said: “It’s been moved that Eli Capilouto be nominated as the 12<sup>th</sup> president of the University of Kentucky. Do I hear a second? It’s been seconded by Joe Peek. All those in favor of approving for contract Eli Capilouto as our 12<sup>th</sup> president of the University of Kentucky signify by saying aye. Opposed, no. It is unanimous!” Dr. Brockman brought out Eli, Mary Lynne, and Emily Capilouto to the extended applause of the audience.

He then addressed the Capiloutos as well as the board:

“We are so excited that you are here -- Eli, Mary Lynne, and Emily. Last night as I was thinking about today and all it means for our institution, I reflected back

to several months ago when our search committee put together the criteria we wanted in the 12<sup>th</sup> president of the University of Kentucky.

“Above all else, we knew the next president would have a very tough act to follow. It has been ten years of significant dramatic progress even in the face of daunting economic impediments and challenges, a more than doubling of our research output, record retention and graduation rates, a renewed and expanded commitment to serving the entire Commonwealth, and of course a vision and the concrete plans to reach the mandate given to make Kentucky a better place by becoming a Top 20 public research institution. Dr. Todd helped change the culture of this place. In doing so, he has helped make UK and Kentucky better places. Thank you, Lee and Patsy, for what you have meant and will continue to mean to UK and the Commonwealth [Dr. Brockman was interrupted by applause from the Board].

“As we began to look at how best to move forward, we simply wanted four primary attributes: superior leadership and management skills, a record of scholarly achievement, innovative leadership skills, and an ability to communicate with internal and external constituencies of the university. It’s a description that almost appears to have been written with Eli Capilouto in mind. You have his bio and have heard and read about it over the last few days, so there is really no need to dwell on it in great detail here. But suffice it to say, he is an accomplished scholar in his field. He has helped lead an institution with perhaps the finest academic medical center in the South and one of the best in the country. He has helped lead an emerging and growing institution into new areas of excellence with a new commitment to undergraduate education and excellence. And he has been an unquestioned civic and community leader in his native state, drawing praise from people from all walks of life throughout Birmingham and Alabama.

“Those attributes are the stuff of numbers, CVs, and bios that fill web sites and news releases. But how do you take the measure of the man? Something Eli said the other day struck me to that end. When he and Mary Lynn visited our campus last week incognito, Eli said “You learn a lot about people when they don’t know you are watching.” Listen to what people in that context say about Eli Capilouto. ‘A brilliant scholar, a highly seasoned administrator, an innovative consensus builder,’ said one; ‘a rare individual who has both humility and exceptional competency,’ said another. ‘Strong, thoughtful leadership along with commitment and compassion.’ ‘One of the most honest people I know; someone I trust completely.’

“We are lucky and fortunate today. In Eli Capilouto, Mary Lynne, and Emily we have found a family that meets our expectations and the criteria we had set forth to lead Kentucky’s most vital institution at a critical moment in its history. But as importantly, we have found people we will be proud to make part of our family. Today we choose a leader who, like Dr. Todd before him, is challenging us not to

dream too little dreams. Let us rise to the occasion and join him in the challenges ahead and in the dreams that together we will make reality. It is my pleasure and honor to introduce the 12<sup>th</sup> president of the University of Kentucky, Dr. Eli Capilouto.”

President-elect Capilouto’s response:

“With the deepest humility and pride, I accept the honor that you have bestowed upon me today and commit myself to use every ounce of my energy and, hopefully, goodness, to advance this wonderful university.

“My first contact with this university in the last 10 years was really sitting in the audience listening to Dr. Todd at national meetings talk about some of the wonderful things that were going on here. My next really personal introduction – and I heard those several times, and they represented you so well – my next introduction was when I got enticed to come for an interview and I met members of the search committee, many of whom are members of this Board of Trustees. And then I got to meet all of the trustees subsequently.

“And from my initial meetings, I had this immediate connection that, you know, you don’t feel that many times in your life, this was touching for me. And then, seems like everybody knows now about my visit to campus. That was terrific, and that’s when I discovered you are the real thing. Yesterday when I returned to the book store that I visited last week – the other thing I like about you – you’re all very honest. I walked in and the sales person looked at me and she figured out who I was and she said ‘You turkey!’ (Laughter.) ‘You should have told me what you were doing!’

“A genuine spirit and warmth that brings us here today and our desire to be a part of your family, and we appreciate – greatly appreciate – your gracious hospitality that has been extended to us. It was a pleasure to be with the governor and to learn of the support of his office and the General Assembly and their beliefs in higher education and what you are doing.

“I know despite all the challenges we face, I have found the deepest commitment among everyone, from the elected officials, our students, our faculty, our staff – they are confident working together. Those big dreams that have always motivated me in my life – and they will motivate you – will come to reality and we can celebrate together. Thank you very much.”

Extended applause filled the room again. Dr. Brockman thanked the Capiloutos and explained to the board that they were on their way to a press conference in the Main Building. He then moved to other new business.

CC. Other Business

Ms. Brothers distributed to the Board copies of the Work Life Report for 2009. Former board member and Director of Work-Life Robynn Pease had asked her to pass the information to the board. Ms. Brothers detailed the content of the report – the Work-Life Supervisor of the Year Award, Flexible work arrangements, UK Remembers, a new crisis program, child care and elder care offerings, family education programs, career staff development, the GED award program, and the Staff Shared Leave Pool.

Ms. May asked for a point of personal privilege and expressed her thanks to Chairman Britt Brockman for his leadership qualities during the presidential search as well as during regular board operations. Everyone understands the importance of having the right leaders at the right time in the history of an organization to be able to move it forward. Leaders often make personal sacrifices for the good of the organization, and that makes them great. Dr. Brockman has proved himself to be an amazing leader. He has taken the right steps when so many times a misstep was there to be taken. He has done this at personal sacrifice. She stated that “While we have said thank you to the many people that served on that committee, ... without the leadership of our chair we could not have accomplished what we did. And I think we all owe him a tremendous vote of support.” The board thanked Dr. Brockman with a round of applause.

After thanking Ms. May, Dr. Brockman asked if there was any other business for the Board.

DD. Adjournment

Hearing no suggestions for additional business, Dr. Brockman asked for a motion to adjourn. Mr. Stuckert made a motion, and Dr. Peek seconded the motion. The meeting ended at 2:30 p.m.

Respectfully submitted,

Pamela T. May  
Secretary, Board of Trustees

(PR 2 and 3; AACR 1, 2, 3, 4, 5, and 6; and FCR 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 which follow are official parts of the Minutes of the meeting.)