

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday,
June 19, 2012

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, June 19, 2012 in the Board Room on the 18th Floor of Patterson Office Tower.

A. Meeting Opened

Dr. E. Britt Brockman, chair of the Board of Trustees, called the meeting to order at 1:00 p.m. Dr. Brockman asked Ms. Sandy Patterson, 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: C.B. Akins, Sr., William C. Britton, E. Britt Brockman, Sheila Brothers, Jo Hern Curris, William S. Farish, Jr., Micah Fielden, Oliver Keith Gannon, Carol Martin “Bill” Gatton, Pamela T. May, Billy Joe Miles, Terry Mobley, Sandy Bugie Patterson, Erwin Roberts, Charles Sachatello, C. Frank Shoop, James W. Stuckert, John Wilson, and Barbara Young. Absent from the meeting was Dr. Irina Voro. Dr. Brockman announced that a quorum was present.

The University administration was represented by President Eli Capilouto, Interim Provost Tim Tracy, and Senior Associate General Counsel T. Lynn Williamson.

The University faculty was represented by Chair of the University Senate Council Lee Blonder, and the University staff was represented by Chair of the Staff Senate Mike Adams.

Members of the various news media were also in attendance.

C. Consent Items

Dr. Brockman called attention to the two consent items on the agenda. The items included the minutes for the regular meeting of the Board on May 8, 2012 and PR 2 which deals with personnel actions. Mr. Stuckert moved approval of the consent items. Mr. Britton seconded the motion, and it carried without dissent. (See consent items listed below on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

Minutes May 8, 2012
PR 2 Personnel Actions

D. Chairman’s Report

Dr. Brockman began by reporting that there had been no requests since the last meeting to speak or appear before the Board.

Dr. Brockman acknowledged that the presidential evaluation is ongoing and Dr. David Hardesty was selected as the facilitator. Dr. Hardesty, former president of West Virginia

University, is meeting with Board members and constituents on campus this week regarding the presidential evaluation. Chair Brockman is expecting Dr. Hardesty's report in early July with the Executive Committee meeting sometime in the month of July to review the report with the recommendations coming to the full board thereafter.

Dr. Brockman acknowledged the attendance and offered congratulations to Dr. Lee X. Blonder, the new chair of the Faculty Senate and Mr. Mike Adams, chair of the Staff Senate. Mr. Adams has been re-elected to a second term as Chair.

E. President's Report (PR 1)

President Capilouto began his report by acknowledging that the Board would be discussing a budget for the upcoming year and in turn, plans for the future. These plans will position the University of Kentucky over the next several years. He continued that such moments in time remind us that great universities like UK are always at once poised to look ahead, even amidst great change, while never forgetting to pause, to honor our history and the legacy of those who made us what we are. He concluded that today's report and meeting were full of such reflections and transitions that are positioning UK for an even brighter future.

President Capilouto congratulated Trustee Terry Mobley and his wife Becky on the birth of their grandchild. He also congratulated long-time General Counsel, Barbara Jones, who announced earlier this month that she was retiring. He acknowledged her steadfast commitment to UK as she vigilantly protected the university's interests on a broad range of issues. He stated that he has begun a search for a replacement and will update the Board as the search progresses.

President Capilouto called attention to the recent award of \$6.25 million dollars to the Markey Cancer Center to study blood and bone marrow disease. The award was made possible through a \$5 million grant from the Edward P. Evans Foundation and an anonymous gift of \$1.25 million from a donor. He thanked Board of Trustee member, Bill Farish, who also serves on the Evans Foundation, for his tremendous work in making this award possible.

President Capilouto recommended for the Board's reading an inspiring profile of Trustee Jim Stuckert in the most recent issue of the UK Alumni magazine. He thanked Mr. Stuckert and his wife, Diane, for their committed resolve to give back to the institution that had given so much to them. As early as 1968, with not only major endowments in the Colleges of Engineering, Education and the Gatton College, they have given to a number of other initiatives from the Stuckert Career Center to chairing UK's \$1 billion capital campaign.

President Capilouto pointed out another important investment that is contained in the Finance Committee's report, the approval of nearly \$5 million for the campus security system. Under the direction and leadership of Assistant Vice President Anthony Beatty and Chief of Police Joe Monroe's, UK is making critical investments of time, training and money in measures to enhance safety on campus. The investment is a multi-faceted, high-tech system that includes video monitoring, centralized building access control, and increased early warning communication capabilities. The system will significantly enhance security on campus with its capacity to lock down of buildings remotely, if necessary. Video monitoring will be valuable in

helping solve cases of a criminal nature, but it is also expected to be an important deterrent to crime. The \$4.8 million dollar project will take three years to complete.

President Capilouto also wanted to draw to the Board's attention the other ongoing capital planning efforts. Also discussed at the Finance Committee meeting was the \$4 million design phase of a significant renovation and expansion of the Gatton College of Business and Economics. He commented that the re-imagining of Gatton is but one example of how we are moving forward on a number of fronts, in a strategic and intentional way, with the revitalization of the campus core. Similar plans are being discussed for the renovation of the College of Law.

President Capilouto shared that Bob Wiseman and others are taking a comprehensive look at UK's facilities' needs and devising a strategy for how to address them, both now and into the future. As with the Gatton Building and the College of Law, President Capilouto emphasized the importance of philanthropy as one of the ways to finance the ambitions for Kentucky and for UK. It is necessary to be able to cultivate donors with a matching and powerful vision for our progress. He offered that the efforts to partner with the state and seek its support are, and will remain, critical to UK's success. At the same time, the University must find more paths for earning its way.

President Capilouto commented on the days in early March when tornados ripped through much of Eastern Kentucky, leveling most the town of West Liberty. The University of Kentucky extension office, which provides service throughout Morgan County, was destroyed along with much of the town. UK extension agent Sarah Fannin, when reached by phone in the storm's aftermath, told President Capilouto that she had opened a makeshift extension office in her home and, as he recalled, was arranging for the delivery of supplies for farmers and others, whose needs were piling up. He noted that this is what our extension agents do in all of Kentucky's 120 counties every day. It is a profound example of the impact and support UK provides to countless Kentuckians and a touching reminder of the importance of our Kentucky Promise, a promise of education, of research and of service. The Kentucky Promise is as relevant today as it was nearly 150 years ago.

President Capilouto introduced Scott Smith, dean of the College of Agriculture, the College responsible for UK's extension program. Dean Smith wanted to recognize several leaders of the effort of the Cooperative Extension Service, Associate Dean for Extension and Director of the Kentucky Cooperative Extension Service Jimmy Henning, District 1 Supervisor David Adams and Assistant Director for Natural Resources Gary Palmer. Dean Smith also recognized representatives and leaders of a team of agents who responded to the tornado. They were Daniel Wilson, County Extension Agent for Agriculture and Natural Resources for Wolfe County, Mary McCarty, County Extension Agent for Agriculture and Natural resources in Elliott County, and Courtney Jenkins, County Extension Agent for 4-H Youth Development & Agriculture and Natural Resources in Menifee County.

Dean Smith then introduced Nelly Buchanan, County Extension Agent for Family and Consumer Sciences in Morgan County and Sarah Fannin, County Extension Agent for Agriculture and Natural Resources in Morgan County. He invited them to the podium to offer comments.

Ms. Fannin, on behalf of her fellow County Extension agents, thanked the Board of Trustees and President Capilouto for the invitation to share their story. She began by saying that the tornadoes that battered the state on February 29 and March 1 not only changed forever the landscape, but devastated families, leveled communities, wiped out businesses, and destroyed much loved farms. Remaining unchanged though was the ability of the University and the Cooperative Extension Service to meet its land grant mission, serving others.

She continued that, assisted by the College of Agriculture's leadership and with access to their resources, extension agents throughout the state were able to overcome communication and transportation barriers. Through the existing network of UK Cooperative extension service agents, specialist and community partners, farmers were provided with emergency supplies and families were provided with the basic needs of food, clothing and shelter.

Ms. Fannin spoke of the generosity of neighbors that crossed county, state, and national boundaries. From Morgan, Menifee, Johnson, and Magoffin Counties alone, over \$200,000 was donated in hay, feed, fencing supplies, plus in-kind volunteer efforts for direct and immediate agricultural relief. She gratefully thanked Trustee Keith Gannon for his generosity. She shared that her heart still tightens when she thinks about seeing the truckload of fencing supplies roll in. She offered that, for many, 4 roles of barbed wire and 50 posts per farmer may not sound like a lot, but in some cases those donations meant keeping the profit from literally walking off devastated farms. To others, it was a much-needed stimulus, encouragement to begin the overwhelming task of rebuilding.

Ms. Fannin concluded that currently Extension is both learning and helping the communities to learn, the meaning of such words as endurance, long-term recovery, resiliency and new normal. UK Extension is vested in rebuilding and strengthening the community economic foundations, including homes, small businesses, main street stores, and farms. She noted that in the midst of difficult circumstances, extraordinary events do occur, and new opportunities present themselves. Extension's challenge today is to grow these new opportunities.

Ms. Fannin closed her remarks by saying that, though her community's landscape may have been altered by the tornadoes, more relevant than ever, the UK extension mission and commitment to service and this state, has not. The Board gave Ms. Fannin and the extension agents a heartfelt round of applause.

President Capilouto reminded the Board that one of our alums, Chris Sullivan, was the national chairman of the effort to raise funds for the memorial to those who died in the tragic Flight 93 crash on September 11, 2001. As an example of how one selfless act, in turn creates others, the President shared that he wrote to Mr. Sullivan to let him know that in April, students, faculty and alumni from the UK departments of Forestry, Landscape Architecture and Plant and Soil Sciences joined 150 volunteers in planting thousands of tree seedlings at the site of the Flight 93 National Memorial.

President Capilouto's next recognition was former President Charles T. Wethington. He said that since his arrival at UK, Dr. Wethington and he had spent time together talking about

UK's history, the challenges and joys of being a president, and the possibilities for UK's future. He offered that early on Dr. Wethington pledged to be a friend who would listen and provide counsel when needed. He thanked him for being that friend and for joining the Board meeting today to allow the University to mark his retirement and thank him for 47 years of dedicated service. He described his presidency from 1990 to 2001 as a time of remarkable growth, 41 building projects, a dramatic increase in private donations, including UK's first ever capital campaign.

President Capilouto asked Terry Birdwhistell, Dean of Libraries and University Historian to come forward to share a few observations of Dr. Charles Wethington.

Dean Birdwhistell began by thanking the Board of Trustees and President Capilouto for the honor to offer remarks about his colleague, mentor and friend. He offered that Dr. Wethington's service at UK for almost half a century is a tribute to his dedication to the University of Kentucky and that his career has been an enormous benefit to this University and to the Commonwealth as a whole

Dean Birdwhistell stated that there is a tradition at the University of Kentucky, much like other universities, where presidents continue serving the institution after stepping down as president. Our first president, James K. Patterson, started a tradition, but may have carried it a little too far. After leaving office, he did not move out of the president's house, forcing President and Mrs. Barker to live in Patterson Hall, the girl's dormitory, the entire time he was president. When Frank McVey came to UK in 1917-1918, President Patterson still remained in the original president's home, so UK purchased Maxwell Place for the new president. President McVey served for over two decades. And after his retirement from UK, Frank McVey maintained an important presence on campus and continued his advocacy for higher education and wrote a history of education in Kentucky. Dr. Otis Singletary held an endowed chair and served as national president of Phi Beta Kappa after leaving UK's presidency.

When Dr. Wethington left the presidency, he worked to build upon the largest capital campaign in UK history. Later he assisted UK libraries, directing a major oral history of the community college system, advising on other projects and helping create a major endowment for the Louis B. Nunn Center for Oral History. Dr. Wethington has worked on many issues and projects for the Bluegrass Community and Technical College and serves on the board of the Markey Cancer Foundation. During this time, he has continued to work on a memoir that often gets mentioned and that might be the most detailed review of any UK presidency in our history.

As UK's president, Charles Wethington supported research, improved undergraduate education, increased diversity, built buildings and raised unprecedented funds for this institution. Dean Birdwhistell said that he enjoys telling visitors to the William T. Young Library, "welcome to the house that Charles built." He shared that, if Dr. Wethington is within ear shot of that remark, he always blushes, but is quick to add that he did that with a lot of help.

Dean Birdwhistell closed by stating that, from his family's humble Casey County roots, Dr. Wethington never forgot the fundamental mission of the University of Kentucky, providing educational opportunities for Kentucky students. Like all successful UK presidents, he left the

University better than he found it, continuing to provide a world-class education to Kentuckians while at the same time contributing to the arts, the humanities, the sciences and the medical discoveries that changes lives, and ultimately changes the world.

On behalf of the entire UK community and the citizens of the Commonwealth, he thanked Dr. Charles and Mrs. Judy Wethington for their service and wished them the best in the years ahead.

Dr. Wethington thanked Dean Birdwhistell and President Capilouto for their remarks. He continued that as Dean Birdwhistell had indicated, he had spent more than 50 years here as part of this University. When he arrived at UK as a full-time graduate student in 1961, Frank Dickey was president. He commented that he had had the privilege of working under eight of the twelve University of Kentucky presidents. He went on to say that his commitment to UK is stronger than ever. With its unique mission as a land grant institution, its dedication to statewide research and service, next to state government, he believes the University of Kentucky is the entity that has the greatest opportunity to have a positive influence on the lives of Kentuckians.

Dr. Wethington also stated that the University of Kentucky had a tremendous responsibility to be a quality institution to serve the needs of the best and brightest of our Kentucky students. He reminded the Board of Trustee members that “you who are here today are charged with holding this University in trust... that is what trustees are.” He challenged the students, faculty and staff not to forget that they must always advocate for, support and defend when necessary, the University of Kentucky.

Dr. Wethington pledged his continued support to the University of Kentucky and thanked all present for the opportunity to be a part of this atmosphere again.

Dr. Wethington received a warm and lengthy round of applause.

President Capilouto and Chair Brockman presented Dr. Wethington with a framed photo montage and the news of new signage on the Charles T. Wethington Building.

In regards to his two week trip to China, President Capilouto shared that the purpose and challenge of the trip was to advance ongoing discussions and initiatives begun long before his arrival as President. These initiatives, under the careful stewardship of Susan Carvalho, Associate Provost for International Programs, Dr. Rodney Andrews, Center for Applied Energy Research (CAER) and Deans Mary John O’Hair, College of Education, Michael Tick, College of Fine Arts, and Mark Lawrence Kornbluh, College of Arts and Sciences, were ready to be moved to the next level.

He continued that the goal for the trip was to not only strengthen international partnerships in education and research, but also the global interconnectedness of UK’s students. He explained that with federal support for research and discovery declining, and state and local funding staying flat, academic institutions have begun using their own funds to support their research programs.

Internationally, average annual growth of research and development expenditures for the United States is averaging just over a 5% increase. The increase in research and development is happening the most rapidly in Southeast Asia. He emphasized that these economies have a thirst for innovation and investment. They want to invest in human capital, brain power, and produce global experts. They do this by investing in higher education.

President Capilouto continued that China's investment in higher education is evident at every university he visited. He showed pictures from Shanghai University, Jilin University, Tsinghua University, and Xi'an Jiaotong University, showing numerous academic and housing projects under construction. China is also building an energy infrastructure using technologies 50 years ahead of what is being deployed in the United States.

President Capilouto also had the opportunity to visit with high school students and everywhere he went, he was asked about Kentucky basketball. The "goggles up" sign seems to be universal. He remarked that it was a reminder of how athletics is often times a bridge for many things that we do at the University of Kentucky.

In continuing to build global partnerships through education, President Capilouto visited with the Vice-Minister of Education, Dr. Hao Ping. Dr. Ping told him that there are 160,000 Chinese students studying in the United States. Their conversations also focused on further exchanges and the development of new partnerships. President Capilouto visited the Confucius Institute Headquarters. He noted that we should be proud that the University of Kentucky competed successfully for one of these centers. They are located in 100 countries and our partner is Shanghai University. There is also a partnership by which we put an American Studies Center at Shanghai University. This partnership allows for faculty and students to work together and to have Chinese language instruction at high schools throughout Kentucky as well.

President Capilouto also had an opportunity to visit with the president of the Chinese Equestrian Association, Mr. Pan Zhichen and he was pleased that Roger Beasley, Director of Racing at Keeneland, joined him for this meeting. Equine Sciences is an emerging interest and business in China. He and Dean Mary John O'Hair signed partnerships at Capital University of Physical Education and Sports. Two of their faculty will be coming here to teach in Kentucky K-12 schools, and UK will send 15 to 20 students for summer experience.

President Capilouto also visited Jilin University, in the northeast part of China. UK has an ongoing 2+2 agreement with them and UK is developing 3+2 arrangements, along with other opportunities for STEM education. He visited Shanghai University, where UK partners with the Confucius Institute on a 2+2 program and he was pleased to deliver two students who are the first enrollees in this program. President Capilouto also visited Xi'an Jiaotong University and Shaanxi Normal University to discuss energy research and 2+2 teacher education programs.

With China investing \$1,000 billion in coal utilization research over the next five years (the US in comparison is investing \$2 to \$2.5 billion), President Capilouto was proud of the discussions and presentations by Rodney Andrews and Kunlei Liu of the Center for Advanced Energy Research (CAER). They shared the exciting work in the development of clean coal technology. UK's teams of research scientists are recognized as international experts in these

fields. They also discussed partnerships and student exchanges as part of the US-China Clean Energy Research Center.

President Capilouto closed his presentation with stories of visiting with UK students in Beijing, meeting UK bound students from China on the plane coming home, to then meeting a Chinese graduate student from Shanghai giving her family a tour of campus not a week later. He remarked that, using author Tom Friedman's phrase, "the world is flat." He explained that more people could suddenly compete, connect, and collaborate with other people, from different places, for less money and with greater ease than ever before.

He concluded that UK currently has 600 students from China on our campus, through all kinds of partnerships. He hopes to grow that which will be good for China and even better for the University of Kentucky.

F. Proposed Revision to the Governing Regulations: Removal of Board Member (PR 3)

President Capilouto introduced PR 3, stating that it is the second reading of the Proposed Revision to the Governing Regulations that addresses removal of a Board Member.

Chair Brockman acknowledged that it was a second reading and asked for a motion of approval. Mr. Farish moved approval and Mr. Britton seconded. There was no discussion and the motion passed without dissent. (See PR 3 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

G. Proposed Revision to the Governing Regulations: University HealthCare Committee (PR 4)

President Capilouto stated that PR 4 is the first reading of a resolution that deals with University HealthCare Committee. It is driven by compliance regulations promulgated by the Centers for Medicare and Medicaid Services.

Chair Brockman asked for a motion of approval for the first reading of PR 4, adding that there will be a second reading at the September meeting. Mr. Stuckert moved approval and Ms. Patterson seconded. Trustee Young offered that the University HealthCare Committee reviewed and approved the provision at the committee retreat on Monday, June 18, 2012. There was no additional discussion and the motion passed without dissent. (See PR 4 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

H. Proposed Revision to the Administrative Regulations: Policy on Deadly Weapons (PR 5)

President Capilouto stated that the proposed revision to the Administrative Regulations will put UK in compliance with state regulations, especially in regards to the recent ruling by the Kentucky Supreme Court.

Chair Brockman asked for a motion for approval of PR 5. Mr. Mobley moved approval and it was seconded by Ms. Curris. There was no discussion and the motion passed without dissent. (See PR 5 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

I. Appointment/Reappointment to Board of Directors University of Kentucky Gluck Equine Research Foundation (PR 6)

President Capilouto stated that PR 6 was the Appointment/Reappointment of board members to the University of Kentucky Gluck Equine Research Foundation.

Chair Brockman asked for a motion for approval of PR 6. Ms. Brothers moved approval and it was seconded by Dr. Akins. There was no discussion and the motion passed without dissent. (See PR 6 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

J. Appointment/Reappointment to our Board of Directors University of Kentucky Research Foundation (PR 7)

President Capilouto stated that PR 7 was the appointment of members to the Board of Directors of the University of Kentucky Research Foundation.

Chair Brockman asked for a motion for approval of PR 7. Ms. Patterson moved approval and it was seconded by Mr. Farish. There was no discussion and the motion passed without dissent. (See PR 7 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

K. Reappointment to our Board of Directors of the Fund for Advancement of Education and Research in the University of Kentucky Medical Center (PR 8)

President Capilouto stated that PR 8 was a recommendation dealing with the reappointment of an individual to the Board of Directors of the Fund for Advancement of Education and Research in the University of Kentucky Medical Center.

Chair Brockman asked for a motion for approval of PR 8. Mr. Shoop moved approval and it was seconded by Ms. Brothers. There was no discussion and the motion passed without dissent. (See PR 8 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

L. Naming of University Building (PR 9)

President Capilouto stated that PR 9 is the recommendation that the Board of Trustees approve the official naming of the former Northside Library building as “The UK/Lexmark Center for Innovations in Math and Science Education.” He remarked that this has been a terrific partnership and appreciated the opportunity to recognize Lexmark’s generosity.

Chair Brockman asked for a motion for approval of PR 9. Mr. Britton moved approval and it was seconded by Mr. Mobley. There was no discussion and the motion passed without dissent. (See PR 9 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

M. Candidates for Degrees: August 2012 (AACR 1)

Dr. Gannon said that AACR 1 is related to preapproval of Candidate for Degree in August 2012. Due to licensure or certification requirements, these degrees must be verified as soon as possible, since our next Board of Trustees meeting is not scheduled until September 11, 2012.

On behalf of Academic Affairs Committee, Dr. Gannon asked approval of AACR 1 and it passed without dissent. (See AACR 1 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

N. Candidates for Degrees: May 2012 (AACR 2)

Dr. Gannon stated AACR 2 was related to administrative errors that were made on the candidates for degree for May 2012.

On behalf of Academic Affairs Committee, Dr. Gannon asked approval of AACR 2 and it passed without dissent. (See AACR 2 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

O. Change in Name of an Educational Unit: College of Agriculture (AACR 3)

Dr. Gannon offered that AACR 3 is a change in name of an educational unit in the College of Agriculture. The recommendation is that the Board of Trustees approve a change in the name of the College of Agriculture's Department of Nutrition and Food Sciences to Department of Dietetics and Human Nutrition. The background offered is faculty want to make a clear distinction between Dietetics and Human Nutrition and the Department of Animal and Food Sciences' food science program. This proposed change has been approved by the faculty in College of Agriculture Faculty Council, reviewed and endorsed by the Senate Academic Organization and Structure Committee, Senate Council, and the University Senate. The Interim Provost supports this recommendation.

On behalf of Academic Affairs Committee, Dr. Gannon asked for approval of AACR 3 and it passed without dissent. (See AACR 3 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

P. Change in Name of an Educational Unit: College of Education (AACR 4)

Dr. Gannon stated that AACR 4 asked that the Board of Trustees approve a change in the name of the College of Education's Department of Special Education and Rehabilitation Counseling to the Department of Early Childhood, Special Education, and Rehabilitation Counseling. The proposed change has been approved by the faculty in the department, reviewed and endorsed by the Senate Academic Organization and Structure Committee, Senate Council, and endorsed by the University Senate. The Interim Provost supports this recommendation.

On behalf of Academic Affairs Committee, Dr. Gannon moved for approval of AACR 4 and it passed without dissent. (See AACR 4 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

Q. Change in the Name of an Educational Unit: College of Fine Arts (AACR 5)

AACR 5 asks that the Board approve a change in the name of an education unit in the College of Fine Arts, the Department of Art to School of Art and Visual Studies. The proposed School of Art and Visual Studies better reflects the practices and academic goals of the disciplines. The proposed change has been approved by the faculty; reviewed and endorsed by the Senate Academic Organization and Structure Committee; the Senate Council; and endorsed by the University Senate. The Interim Provost supports this recommendation.

On behalf of Academic Affairs Committee, Dr. Gannon moved for approval of AACR 5 and it passed without dissent. (See AACR 5 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

R. Academic Degree Recommendation: College of Arts and Sciences (AACR 6)

Dr. Gannon stated that AACR 6 is an academic degree recommendation for the College of Arts and Sciences. The recommendation is that the Board of Trustees approve the establishment of a Master of Arts with a major in Linguistic Theory and Typology degree in the Department of English within the College of Arts and Sciences. The background states that Linguistics is the scientific study of language, a uniquely human capability whose systematic study sheds light on human behavior and thought. The College of Arts and Sciences currently offers a bachelor's degree in linguistics through the College's Interdisciplinary Program. This program has been approved by the appropriate councils and the University Senate, and has completed the forty-five day review by the Council on Postsecondary Education. The Interim Provost supports this recommendation.

On behalf of Academic Affairs Committee, Dr. Gannon asked for approval of AACR 6 and it passed without dissent. (See AACR 6 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

S. Change in Degree: College of Fine Arts (AACR7)

Dr. Gannon said that AACR 7 is a change in degree in the College of Fine Arts. The recommendation is that the Board of Trustees approve a change in the name of the Bachelor of Arts with a major in Art History degree to Bachelor of Arts with a major in Art History and Visual Studies. This proposal has the approval of the Undergraduate Council, Senate Council and University Senate. The Interim Provost supports this recommendation.

On behalf of Academic Affairs Committee, Dr. Gannon recommended approval of AACR 7 and it passed without dissent. (See AACR 7 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

T. Change in Degree: College of Health Sciences (AACR 8)

Dr. Gannon stated that AACR 8 is a change in degree in the College of Health Sciences. The recommendation is that the Board of Trustees approve a change in the name of the Master of Science in Communication Disorders with a major in Communication Disorders degree to Master of Science in Communication Disorders with a major in Communication Sciences and Disorders, the keyword being Sciences. As a summary, the importance of scientific investigation cannot be overstated in health care practice. This proposal has been approved by the Health Care Colleges Council, Graduate Council, Senate Council and University Senate. The Interim Provost supports this recommendation.

On behalf of Academic Affairs Committee, Dr. Gannon asked for approval of AACR 8 and it passed without dissent. (See AACR 8 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

U. Restructuring of an Educational Unit: Gatton College of Business and Economics (AACR 9)

AACR 9 is related to the restructuring of the educational unit in the Gatton College of Business and Economics. The recommendation of the committee is that the Board of Trustees approve the restructuring of the School of Management and its four areas: Finance, Marketing, Management and Decision Science and Information Studies in the Gatton College. The restructuring would eliminate the School of Management, and its four areas, and create three departments to house all current faculty and academic programs.

Following extensive assessment of the College's configuration of faculty, courses, and programs and how best to strengthen its competitive position nationally, the College faculty and leadership determined that the proposed restructuring was needed to move toward a leadership position in business education. The new structure optimizes resources, provides a governance model that is more appropriate for the function of the various sub-disciplines, and thereby enhances the teaching and research missions. The proposed restructuring has been reviewed, but not endorsed, by the Senate Committee on Academic Organization and Structure. The Senate Council reviewed and recommended the proposal for endorsement to the University Senate. The University Senate voted to not endorse the restructuring. The proposed transfer of degrees has the approval of the Undergraduate Council and Senate Council. The University Senate voted to not endorse the transfer of degrees. Per University regulations, University Senate endorsement of such administrative restructurings is not required. The Dean of the Gatton College of Business and Economics and the Interim Provost support this recommendation.

The Academic Affairs Committee recommends approval of this change. For the record however, Dr. Gannon would like to note that the Academic Affairs Committee was mindful and appreciative of the thorough and extensive efforts made by the University Senate, Senate Council and the Senate Academic Organizations Structure committee.

On behalf of the Academic Affairs Committee, Dr. Gannon recommended approval of AACR 9 and it passed with two abstentions. (See AACR 9 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

V. Gift from Barnstable-Brown Party Diamond Derby Inc. to Replace an Unfulfilled Pledge to the Research Challenge Trust Fund. (FCR 1)

Mr. Stuckert said that FCR 1 is a gift from the Barnstable-Brown Party Diamond Derby Inc., to replace an unfulfilled pledge in the amount of \$147,991. On behalf of the Finance Committee, Mr. Stuckert moved the adoption of FCR 1 and it passed without dissent. (See FCR 1 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

W. Liz Claiborne Foundation Endowment Name Change (FCR 2)

Mr. Stuckert said that FCR 2 involves an endowment name change due to a change in the foundation name. The request is to change the name of the Liz Claiborne Foundation Fund in the Center for Research on Violence Against Women to the Fifth and Pacific Foundation Endowment. The Foundation has requested that the University change the name of the endowment. He moved for the adoption of FCR 2 and it passed without dissent. (See FCR 2 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

X. Acceptance of Interim Financial Report for the University of Kentucky for the Nine Months Ended March 31, 2012 (FCR 3)

Mr. Stuckert said that FCR 3 involves the acceptance of interim financial reports for the University of Kentucky for the nine months ending March 31, 2012. The University has recognized \$1,901,869,365 of current funds revenue representing 70% of the approved FY 2011-12 approved budget of \$2,700,609,500. Expenses and transfers total \$1,902,053,240.

On behalf of the Finance Committee, Mr. Stuckert moved approval for FCR 3 and it passed without dissent. (See FCR 3 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

Y. 2011-12 Budget Revisions (FCR 4)

Mr. Stuckert stated that FCR 4 asks that the Board of Trustees authorize and approve a 2011-12 budget revision, an increase in the University of Kentucky's total budget by \$ 2.3 million. The UK Athletics Association expects \$1.4 million in revenue generated from unbudgeted ticket sales from a 20th home basketball game and an additional \$900,000 in royalty income from logo sales. The \$2.3 million will be expended for improvements to Barker Hall for the ROTC program and the renovation/upgrade of the Softball Complex capital project.

On behalf of the Finance Committee, Mr. Stuckert moved for the adoption of FCR 4 and it passed without dissent. (See FCR 4 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

Z. Renovated Academic Facility: University Lofts (FCR 5)

Mr. Stuckert stated that FCR 5 involves the renovation of the academic facility known as the University Lofts. As background, the purchase of the facility was approved at the Board's June 14, 2011 meeting. At that time, the Finance Committee also discussed the needed renovation that is estimated to cost \$8 million.

The Finance Committee had an extensive discussion regarding the project. Mr. Stuckert moved adoption of FCR 5 and it passed without dissent. (See FCR 5 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

AA. Renovate/Expand Gatton Building (FCR 6)

Mr. Stuckert stated that FCR 6 involves a renovation/expansion of the Gatton Building. The Finance Committee is asking that the Board of Trustees approve the design phase only, and this will be initiated next month, July 2012. The project was authorized by the 2012 General Assembly as part of the Commonwealth's biennial budget, House Bill 265. \$4 million in private funds will be raised by the Gatton School for the design phase of the project.

On behalf of the finance committee, Mr. Stuckert moved the adoption of FCR 6 and it passed without dissent. (See FCR 6 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

BB: Campus Security System (FCR 7)

Mr. Stuckert stated that FCR 7 involves the campus security system, which President Capilouto mentioned in his remarks earlier this afternoon. The Committee had an extensive presentation led by Assistant Vice President Anthony Beatty. The project has an estimated scope of \$4.8 million dollars and will be financed with fund balances.

On behalf of the finance committee, Mr. Stuckert moved adoption of FCR 7 and it passed without dissent. (See FCR 7 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

CC: Lease on Behalf of University of Kentucky HealthCare Information Technology and Kentucky Medical Services Foundations (FCR 8)

Mr. Stuckert stated that FCR 8 involves a lease on behalf of UK HealthCare and the Kentucky Medical Services Foundation. UK Healthcare Information Technology Department needs technologically up-to-date and work friendly areas that provide collaboration. The proposed rental cost will be \$545,000 annually, \$22.40 per square foot which includes all utilities and common area maintenance charges. On behalf of the Finance Committee, Mr. Stuckert moved adoption of FCR 8 and it passed without dissent. (See FCR 8 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

DD: Lease on Behalf of Nursing Development (FCR 9)

Mr. Stuckert stated that FCR 9 is a lease on behalf of the Nursing Staff Development Department. The total lease cost is \$131,040 annually and the University currently has several leases at this location. On behalf of the Finance Committee, Mr. Stuckert moved for the adoption of FCR 9 and it passed without dissent. (See FCR 9 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

EE: Approval of Ground Lease with Rho Iota House Corporation of Phi Mu International Fraternity, Inc. (FCR 10)

Mr. Stuckert stated that FCR 10 involves the approval of a ground lease with Rho Iota House Corporation of Phi Mu International Fraternity, Inc. The lease encompasses property on Rose Lane and a chapter house will be constructed on this property. The term of the lease is expected to be for 50 years.

Mr. Stuckert moved adoption of FCR 10 and the floor was opened for discussion. Trustee Gatton asked about the protection of mechanics liens from the builders. Bob Wiseman, Vice President of Facilities Management said that this lease does address the issue and is similar to the leases UK has at Coldstream and other places.

With no further discussion, the Dr. Brockman asked for the vote and it passed without dissent. (See FCR 10 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

FF: Disposal of Personal Property (FCR 11)

Mr. Stuckert stated that FCR 11 involves the plan for disposal of personal property for Fiscal Year 2012-2013. He directed the Board of Trustees to review the second page of the agenda item, noting the routine disposal involves equipment, machinery, vehicles, library books, livestock, and other various items. Kentucky Revised Statute (KRS) 164A.575 requires that the Board of Trustees approve disposition of equipment and other property.

On behalf of the Finance Committee, Mr. Stuckert moved the adoption of FCR 11 and it passed without dissent. (See FCR 11 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

GG: Patent Assignment Report (FCR 12)

Mr. Stuckert stated that FCR 12 involves the patent assignment report. The Finance Committee had a presentation from Craig Rush involving the one patent that was filed February 17, 2012. Mr. Rush also gave details on the fiscal year to date revenues. As of March 31, 2012, gross patent revenues totaled \$851,000. On behalf of the finance committee, Mr. Stuckert moved the adoption of FCR 12 and it passed without dissent. (See FCR 12 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

HH: Fiscal Year 2012-2013 Operating and Capital Budget (FCR 13)

Mr. Stuckert stated that FCR 13 is the fiscal year 2012–13 Operating and Capital budget. The recommendation from the Finance Committee is:

- 1) approve the Fiscal Year 2012-2013 Operating and Capital Budget.
- 2) approve the appropriation/ allocation of all fund balances for future operations including amounts necessary to cover accounts receivable and inventories that will represent the assets on the audited balance sheet of the University of Kentucky for fiscal 2011-12.
- 3) order that the operating budget be recorded as an integral part of the University's financial system with the necessary fiscal control being exercised for the collection and appropriation of income and for the expenditure of departmental appropriations in accordance with authorized fiscal policies and procedures; and
- 4) accept the operating budget as the basis of the maximum expenditures for Fiscal Year 2012 –13 subject to Board approved revisions.

Mr. Stuckert reported that President Capilouto led off with a presentation as to where he saw the mission, goals and objectives of the University in years going forward. Angie Martin followed up with a very detailed explanation of our current financial condition and future plans. On behalf of the Finance Committee, Mr. Stuckert moved for the adoption of FCR 13. Chair Brockman opened the floor for discussion.

Dr. Wilson began by putting the faculty concerns into context. He said that often times, those who are upset about budget cuts are portrayed as simply being resistant to change. Nobody likes change, and his faculty colleagues are not resistant to change in this matter. He believes that the faculty understand that the University is in the midst of very troubled economic times. The faculty understand that we have to change what we are doing and that this is going to be a painful process.

Dr. Wilson stated that the faculty's first concern is really one of process. He offered that the Board is here today to vote on a budget and on budget cuts that have essentially already taken place. The manner in which the budget cut took place, he suggested, certainly has not minimized the stress on either the individuals or on the institution. One of the faculty's concerns is that we must do better going forward in the way we administer the budget-cutting process.

Dr. Wilson continued that the second concern has more to do with the size of the spending initiatives. Generally, faculty are very supportive of each of President Capilouto's spending initiatives. The faculty's concern is the size of the spending initiatives at this time. The size of the initiatives means the cuts have to be much more severe. The cost of the cuts has to be weighed, against the benefits gained, from the money gathered in a brief period of time. He said that the concerns of the faculty are really related to the impact, the unintended impact on the University's teaching and research missions.

Dr. Wilson suggested that to be successful, the impending round of budget cuts will have to be administered with a degree of flexibility and compromise that he hasn't seen at this

institution in his time here. To be successful, the faculty want to move forward along with the rest of the University and so in the spirit of what President Wethington said, faculty really considered themselves trustees for their students and the University, as much as we (the Board of Trustees) do. Dr. Wilson closed with saying that the faculty want to move forward in the spirit of flexibility and substantive comment.

Ms. Brothers thanked the staff employees, including Angie Martin, in all areas of the University, who put in countless hours to put the budget information together in an understandable fashion. She reported she had heard from a number of her constituents, many of whom commented on perceptions that departments are making layoff decisions based on favoritism and not on how the University's mission can be accomplished. She added that the layoffs affect everyone, the employees, the students that we serve, as well as our general community. She regrets that she will be voting "no" on the proposed 2012-2013 budget. She expressed her concern that a major objective of the recent position eliminations (due to the budget cuts) was to have numbers add up on a spreadsheet.

Ms. Brothers expressed concern that the cuts that have already been enacted are too deep, and many employees were and still are, willing to individually endure a paper cut per se, a small pay cut, to avoid watching a coworker suffer a life changing gash. She believes the administration would have been able to present a budget that still moves the University closer to the goals of improving facilities and human capital, by putting aside less money for the capital debt service pool and other items.

Her biggest concern is that a vote in favor of the 2012-2013 budget will be seen as an implicit statement of approval for the cuts scheduled for 2013-2014. If the savings from those cuts are to be used for merit raises, she has deep concerns about how the performance evaluation process for staff is conducted. The PE, performance evaluation process, has a number of problems as it is inconsistent across campus, is highly subjective, with some departments dictating to supervisors the scores that can and cannot be received by employees. Ms. Brothers is not sure that individuals will get the raise perhaps they truly deserve, either higher or lower.

Another issue Ms. Brothers feels that needs to be addressed is to ensure that no administrator carves out a little bit of extra money for their direct reports from the raise pool, which will leave less money for other employees on down the organizational chart.

Ms. Brothers thanked Chairman Brockman for the opportunity to make a statement and she expressed to President Capilouto that she looked forward to future interactions whatever the topic may be.

Mr. Stuckert commented that he was exceptionally pleased with the budget. He offered that difficulties will always be prevalent. He stated that, in fact, if you don't have some difficulties you probably haven't pushed hard enough. He applauded Dr. Capilouto for making some dramatic determinations for the future success of the University of Kentucky. He fully understands the dislocation of employees, having had to make tough decisions in his own professional career. Even with the terrible condition of facilities (dining, housing, Chemistry/Physics labs), the reduced appropriation from the state, and the decrease in

endowments, President Capilouto and his team have demonstrated financial acumen as reflected in the budget that will advance the institution. He opined that “insanity is the act of doing the same thing over and over and expecting a different result.”

He concluded that he was very proud to present this budget and feels that the University of Kentucky has taken a giant step forward and made the hard decisions.

Ms. Curris began by saying that she supported what the University is doing with the budget and will be voting affirmatively. She agreed with fellow Trustee John Wilson that there needs to be a closer look taken at the process, including how the information was disseminated to the individuals who were terminated. In her travels around the state, Ms. Curris was asked about the method in which individuals were informed of their departure. If indeed employees were invited into the appropriate administrator’s office, told that they were terminated, and then literally walked out of the building, she asked that the University have greater consideration for the people and the process in the next round. She concluded that she did support the premise and the underlying goals of the proposed budget.

Trustee Fielden offered that, from a student’s perspective, he wanted to thank the multiple groups that support scholarships, including the Athletic Department and the President’s commitment in this budget. In a difficult time when college costs more, it’s nice to see additional support for students. He said that he believes actions speak louder than words. An example being, that this past year the Senate leaders and the Student Government administration made a constitutional amendment that excess funds in the Student Government Association at the end of the fiscal year, would revert to the general scholarship fund. Giving back to students is something Trustee Fielden believes is an important part of this budget.

In his last message to the Board of Trustees, Trustee Fielden reminded the Board that student scholarships are what keep our best students at UK and it is what keeps higher education affordable for students. Most importantly, the students are grateful for the scholarships which they receive.

President Capilouto shared that he appreciated the honest exchanges and dialogue over the past several weeks. He appreciated the opportunity to meet with leaders of the Faculty Senate, the Staff Senate, Department chairs and others. He acknowledged the process, as it is one we want to respect. President Capilouto understands Trustee Wilson’s concerns and looks forward to continuing the dialogue.

He continued that it would be a disservice to the remarkable people he works alongside with at the University Kentucky, if he didn’t point out that this is an organization that strives for professionalism. To characterize some of the things that people may say and generalize to the entire professional staff, to our University, is very disconcerting. He voiced that when we find something wrong, we are going to address it. If an employee has a claim of favoritism or a violation of a University policy, report it. We will address it. He stated that no one trivialized these difficult decisions as a simple spreadsheet exercise. It pained everyone here to make these decisions.

He stated that there are areas of improvement that every day we work to improve. There are many extraordinarily fine people at this institution who work day in and day out because of their deep commitment and passion to our students. It makes this place remarkable.

Seeing no further discussion, Dr. Brockman called for the vote. The motion passed with 17 affirmative votes and 2 no votes. (See FCR 13 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

II: Lease of High Performance Research Computer (FCR 14)

Mr. Stuckert stated that FCR 14 involves the lease of a high-performance research computer. The current computer systems will cost \$109,000 a month for maintenance going forward and does not have upgrade capabilities. The University has the opportunity to obtain a two-year lease purchase of \$2.6 million, \$1.3 million a year, which is \$108,333 dollars a month. The University will realize a savings of \$667 per month over the next two years and will obtain a very high-performance computer system. On behalf of the Finance Committee, Mr. Stuckert moved the adoption of FCR 14 and it passed without dissent. (See FCR 14 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

JJ: Investment Committee Report

Mr. Gatton, Chair of the Investment Committee, said that the Investment Committee met yesterday afternoon to review performance results and conduct other business. The Endowment had a net market value of \$849.2 million as of May 31, 2012. For the eleven months ending May 31st, the Endowment pool has lost to 3.2%, slightly under performing the policy benchmark of 30 basis points. The capital markets have been extremely volatile during the past fiscal year.

The Committee voted to replace State Street Global Advisor with Northern Trust for the Russell 1000 index. State Street recently discontinued their quarterly dividend; therefore the change is necessary to preserve the level of spending distribution for certain underwater endowments that received income-only distributions.

Investment consultant, R.V. Kuhns & Associates, presented the annual asset allocation study and portfolio risk review. The Investment Committee hired R.V. Kuhns in early 2008 and has implemented a more diversified asset allocation with the objective of reducing the volatility of the returns and achieving an average annual return of 7.5% over the long term, defined as 10 or more years. The consultant advised that additional changes to the asset allocation may be necessary due to expected lower returns and increased volatility in the future. The Investment Committee plans to review and update the Endowment Investment Policy in September.

KK: Student Affairs Committee

Ms. Patterson, chair of the Student Affairs Committee, reported that the morning meeting featured an overview of assessment in the Division of Student Affairs. Alex Henchy, a doctoral candidate in the Department of Educational Psychology with a concentration in Measurement and Statistics, was the presenter. She has worked with Dr. Robert Mock, Vice President for

Student Affairs, helping him teach his Intercultural Communications in Black Greek Letter Organizations class this past spring semester for the College of Communication and Information and the College of Arts and Sciences.

In the Division of Student Affairs, assessment improvement action plans in the Division's Strategic Plan are woven together. Assessment is defined as any effort to gather, analyze and interpret evidence which describes institutional, divisional or agency effectiveness. She explained there are two types of assessment, direct assessment and indirect assessment. Ms. Henchy explained that the purpose of assessment in Student Affairs is to support and enhance the student learning experience. Assessment and improvement plans are created as a guideline for the department to follow for 3 to 5 years and are a requirement of SACs.

Trustee Micah Fielden reported the Student Government Association had transitioned power to the new leadership, Stephen Bilas.

The Committee had the opportunity to visit with Vice President for University Relations Tom Harris, Dr. Robert Mock and a group of UK Greek alumni to discuss how to integrate Greek housing during the building of the new residence halls. The University will begin working with EdR, the company building the new student housing, on this project, whether it be a large structure or a portion of a dormitory floor.

LL: University Athletics Committee

Dr. Akins, chair of the University Athletics Committee, reported that the committee meeting this morning was opened with inspirational remarks from President Capilouto. He thanked Athletics Director Mitch Barnhart and his staff for their budget preparation. He also talked about several coaches and athletes who had outstanding seasons. Another highlight was the news of the increase in the Singletary Scholarships in FY 13, from 34 to 51, an increase of 50%. All 17 of the new scholarships will be funded by Athletics for the entire four years. Over the last nine years the total giving by Athletics has been over \$16 million for such scholarships.

Athletic Director Barnhart shared that the spring 2012 GPA was 2.979. The student athletes on 13 of UK's teams have an average 3.0 GPA or better and 50 of our student athletes have a perfect 4.0 GPA. AD Barnhart spoke of five components of an athlete. Our student athletes show character, integrity, academic achievement, and stewardship which leads to the competitive spirit that we want to compete at the highest level. He continued that there is a championship culture here. UK has champions in basketball, both men and women's (national and regional respectively), the rifle team, as well as the tennis team. Coach of the Year awards have been received by Coach John Calipari, Coach Matthew Mitchell and Coach Dennis Emery. Player of the Year awards have gone to A'dia Mathies, Anthony Davis and Eric Quigley. Freshman of the Year distinctions have been awarded to Austin Cousino (Baseball), Anthony Davis (Men's Basketball) and Bria Goss (Women's Basketball.) Also of note, a salute to Don Weber, UK Track coach, who is retiring after 34 years.

Executive Associate Athletics Director DeWayne Peevy presented a report on the K Fund, including the proposed FY 2012-13 Basketball K Fund prices. The ticket price adjustment

will result in revenue growth of approximately \$1.25 million. There will be a season ticket price adjustment of \$5 per ticket. Combined with a proposed slightly higher single game ticket increase, \$2.25 million in additional ticket revenue will be generated which will help offset rising expenses. Simultaneously, UK will maintain the lowest student fee and student ticket prices in the SEC with no increase in the student tickets for FY 2012-13. UK's student ticket price is \$5 as compared to \$20 at most other SEC schools.

Associate Athletics Director Melissa Gleason presented information on the proposed FY 2012-13 budget. She explained the escalating expenses, detailed new revenue opportunities, and highlighted that once again UK Athletics will be 100% self-supported. UK Athletics' budget is only 3.5% percent of the total University budget. UK Athletics contributes \$1.7 million annually for university scholarships and in FY 2012-13, the department will contribute a one-time gift of an additional \$1.3 million to cover the 17 additional Singletary Scholarships. The continued success of these teams has helped generate over \$2 million in campus licensing revenue and provides over \$500,000 annually for radio advertising inventory to the University for academic messaging.

In closing, Dr. Akins recommended the approval of UK Athletics' budget for FY 2012-13. Chair Brockman thanked Dr. Akins for his report and asked for confirmation that UK Athletics budget is incorporated into the University's total budget. Ms. Martin confirmed that is was included in the total budget.

MM: University Health Care Committee

Ms. Young, chair of the University Health Care Committee, reported that the Committee had their annual day long retreat yesterday, June 18th. In the interest of time, she asked approval from Chair Brockman to e-mail the lengthy report to fellow Board members, President Capilouto, and any others that requested such. Chair Brockman agreed.

NN: University Relations Committee

Ms. Curris, chair of the University Relations Committee, reported that the Committee met this morning and a quorum was present.

Mr. Mike Richey, Vice President for Development, presented on the critical role of philanthropy at the University of Kentucky. He began by stating that "our iceberg is melting." The concept, in which universities could rely on state support, has steadily declined over the years. For example, in 1970, UK state appropriations were approximately 56% of our budget. In 2011, state support is 11% of our budget.

Private philanthropy used to be the margin of excellence for a university, now it is the core. Great universities will be those who are successful in private fund raising. Vice President Richey reported that at the end of a large campaign such as the University of Kentucky's *Dream, Challenge, Succeed*, it is not unusual to see a drop in gifts. However, at the University of Kentucky, this has not been the case. In 2011 the University exceeded \$77 million in gifts and had its second-largest year of giving. The University has seen a 45% increase in the number of

gift dollars. The number of donors has increased by 33%. The impact of growth from endowments is \$40 million annually. The University of Kentucky is recognized at the national level for its successes.

Mr. Richey also spoke of the several challenges for development, the first being maintaining a great staff. As the need for private dollars has increased, retaining talented staff has become a highly competitive area. Currently, his office has been able to retain those that have been so productive, though budget constraints have forced him to cut two vacant positions.

The second, through communications and support, UK must continue to create a culture of philanthropy on campus. That process starts with students in the first moment they arrive.

Third, there must be a maximum use of technology. The Office of Development uses the Reeher Platform, predictive modeling software that helps focus on specific donors and identifies potential prospects. He noted that the University of Kentucky is only the second land-grant University to use this method. Currently the use of this technology has saved the University over \$300,000 through focused donor contacts. This software has also helped with the donor advised funds, whereby transfer of the gift continues from one generation to the next.

Mr. Richey reported that after the Capital Campaign, the Office sought an audit. The audit highlighted 118 recommendations and Development has enacted 85. They include creating a Dean and Program Directors Development Advisory Committee, establishing College and Program fiscal goals and priorities for gifts, establishing new endowment levels and an Endowment Advisory Committee. They have expanded the UK Fellows Society from 5 to 8 categories and established a Development Communication department working with UK Public Relations.

Mr. Richey also talked about the Office of Development's alignment and support of institutional priorities (i.e., Gatton College and College of Law buildings, Honors programs scholarships.) In being asked how effective President Capilouto is at fundraising, Mr. Richey responded that he is amazing and that Dr. Capilouto had attended at least 50 major events over the year.

Ms. Curris concluded that as the Office of Development has a critical mission for the University, the Committee made and passed a motion that the Office of Development provide a quarterly report to the Finance Committee. This will help the Board be better informed of their important work and results.

OO: Resolutions

Chair Brockman asked Mr. Farish to read the first resolution honoring and commending:

MICAH C. L. FIELDEN

for his service to the UK Board of Trustees, his fellow students, his University and the city of Lexington.

WHEREAS, for the last year, Mr. Micah Fielden having been elected in March of 2011, has ably represented the intentions and opinions of the students of the University of Kentucky as Student Body President; and

WHEREAS, the Lexington native served admirably as student trustee on the UK Board of Trustees and was a member of the Student Affairs and University Relations committees; and

WHEREAS, he excelled academically, receiving many of UK's most prestigious scholarships, making the Dean's List in each of his eight semesters on campus and completing his degree in agricultural biotechnology in May 2012; and

WHEREAS, Mr. Fielden held several leadership positions in campus, statewide and national organizations, including: DanceBlue, the Kentucky Board of Student Body Presidents, the National Campus Leadership Council and as President of his fraternity, Delta Sigma Phi, and

WHEREAS, he was also actively engaged with the Student Development Council, FUSION, Omicron Delta Kappa, the Interfraternity Council, K Crew and UK 101; was elected Homecoming King in 2011; and received the Otis A. Singletary Outstanding Senior Award in 2012; and

WHEREAS, having displayed impressive leadership in many organizations, Mr. Fielden is also a graduate of the Freshman Leadership Development Program, Emerging Leader Institute, University Leadership Summit and the Kentucky Leadership Academy; and

WHEREAS, in August 2011, he assisted in creating sustainable agriculture in Haiti as part of the Alltech Haiti Experience and worked closely with local secondary schools to bring two graduates to study at UK;

NOW, THEREFORE, BE IT RESOLVED, that the University of Kentucky Board of Trustees does hereby adopt this resolution on June 19, 2012 and expresses, on behalf of the University community, our individual and collective gratitude to Mr. Micah C. L. Fielden for his exemplary service and wishes him well in all of his future endeavors, and orders that this resolution be made part of the minutes of the meeting.

Ms. Young read the resolution honoring and commending

SANDY BUGIE PATTERSON

for her service to the UK Board of Trustees, her fellow alumni and her University.

WHEREAS, since 2006, Ms. Patterson has served admirably as Alumni Representative on the University of Kentucky Board of Trustees; and

WHEREAS, she is currently secretary of the board and chair of the Student Affairs committee; is a former chair of the University Relations committee and a member of the Executive, Academic Affairs, Human Resources and University Health Care committees; and was appointed to the Board of Directors of the UK Business Partnership Foundation, Inc.; and

WHEREAS, Ms. Patterson has represented the alumni of the University of Kentucky for many years and in many ways, serving as president of the Northern Kentucky/Greater Cincinnati Alumni Club and as a board member and past president of the UK Alumni Association; and

WHEREAS, she is part of a proud lineage of dedicated UK alumni, including her mother and her son, and was recognized for her service as a 2005 inductee to the Hall of Distinguished Alumni; and

WHEREAS, Ms. Patterson has excelled as a business leader in the Northern Kentucky/Greater Cincinnati area as president of the Robert W. Bugie Sales Company of Cincinnati; and

WHEREAS, she continues to be actively engaged in her community through her service on the boards of the St. Luke Hospital Community Foundation, Fashion Group of Cincinnati, Garden Club of Fort Thomas and the Highland Country Club; and

NOW, THEREFORE, BE IT RESOLVED, that the University of Kentucky Board of Trustees does hereby adopt this resolution on June 19, 2012 and expresses, on behalf of the University community, our individual and collective gratitude to Ms. Sandy Bugie Patterson for her exemplary service and wishes her well in all of her future endeavors, and orders that this resolution be made part of the minutes of the meeting.

Ms. May began the last resolution by offering that, like commencement, today was a bittersweet moment. Her analogy that people who have been part of this University for four to six years walk across that stage and go out with new hopes, new aspirations, and new goals. We are happy for them and we wish them well. At the same time, selfishly we would like to keep them here with us for just a little bit longer. She noted that today we have three people that are essentially leaving this stage and moving on to others. They have brought so much with them in terms of friendship, guidance, advice and sometimes criticisms, which we have needed. Today is a bittersweet event and we are going to miss these people.

She continued that this resolution honors and commends,

ERWIN ROBERTS

for his service to the UK Board of Trustees, his University and the Commonwealth of Kentucky.

WHEREAS, since 2006, Mr. Erwin Roberts, an attorney from Louisville, has served admirably on the University of Kentucky Board of Trustees; and

WHEREAS, he is currently the chair of the Human Resources committee and serves on the Investment, Nominating and Finance committees, and was appointed to the Board of Directors of the UK Business Partnership Foundation, Inc. and the UK Mining Engineering Foundation, Inc.; and

WHEREAS, Mr. Roberts is a captain in the U.S. Army Reserve Judge Advocate General's Corps; and

WHEREAS, he has committed a substantial portion of his professional career to public service as the former Secretary of the Kentucky Personnel Cabinet, Deputy Secretary of the Environmental and Public Protection Cabinet and past Executive Director of the Kentucky Office of Homeland Security; and

WHEREAS, Mr. Roberts was an Assistant U.S. Attorney for the Western District of Kentucky, Assistant Commonwealth Attorney and served in the Office of the Fayette County Attorney; and

WHEREAS, he has served on several civic boards, including the Kentucky Employee Retirement System Board, Kentucky Deferred Compensation Board, Kentucky Commission on Military Affairs and the Blue Ribbon Panel on Health Insurance; and

WHEREAS, as a baccalaureate degree recipient from Transylvania University, Mr. Roberts remains active through his service on the Board of Visitors and as a past member of the Alumni Executive Board of Transylvania University; and

WHEREAS, he was recognized for his continuing commitment to Kentucky with the Unbridled Spirit Award; and

NOW, THEREFORE, BE IT RESOLVED, that the University of Kentucky Board of Trustees does hereby adopt this resolution on June 19, 2012 and expresses, on behalf of the University community, our individual and collective gratitude to Mr. Erwin Roberts for his exemplary service and wishes him well in all of his future endeavors, and orders that this resolution be made part of the minutes of the meeting.

Chair Brockman echoed Ms. May's sentiment and offered his sincere appreciation for the opportunity to work with each of the outgoing Board members.

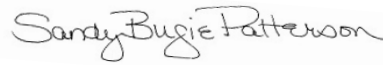
PP: Other Business

Mr. Gatton reiterated that, as funding streams continue to be impacted, there is a pressing need for Trustee members to discuss with representatives at both the state and federal levels the proposed change to the charitable deduction contribution. He also urged Board members to continue to talk openly about the need for the state legislature to increase its funding of higher education, including the important discussion on revenue bonds.

QQ: Adjournment

Hearing no suggestions for additional matters, Dr. Brockman asked for a motion to adjourn and the meeting ended at 3:20 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sandy Bugie Patterson".

Sandy Bugie Patterson
Secretary, Board of Trustees

(PR 2, 3, 4, 5, 6, 7, 8 and 9; AACR 1, 2, 3, 4, 5, 6, 7, 8 and 9; FCR 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, and 14 are official parts of the Minutes of the meeting.)