

Minutes of the Meeting of the Board of Trustees  
University of Kentucky  
Tuesday, June 11, 2013

The Board of Trustees of the University of Kentucky met at 1:00 p.m. on Tuesday, June 11, 2013 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 1:00 p.m. Chair Brockman asked Trustee Sheila Brothers, 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., Stephen Bilas, William C. Britton, E. Britt Brockman, Sheila Brothers, Mark P. Bryant, Jo Hern Curris, Williams S. Farish, Jr., Oliver Keith Gannon, Carol Martin (Bill) Gatton, Kelly Sullivan Holland, Pamela T. May, Billy Joe Miles, Terry Mobley, Charles Sachatello, C. Frank Shoop, James W. Stuckert, John Wilson, and Barbara Young. Irina Voro was absent from the meeting. Secretary Brothers announced that a quorum was present.

The University administration was represented by President Eli Capilouto, Interim Provost Tim Tracy, Executive Vice President for Health Affairs Michael Karpf, Executive Vice President for Finance and Administration Eric Monday, and General Counsel William Thro.

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.

Guests and members of the news media were also in attendance.

C. Consent Items

Chair Brockman called attention to the three consent items on the agenda. The items were the minutes for the Board of Trustees meeting on May 14, 2013; PR 2B, Personnel Actions; and FCR 1, the Bill Gatton Foundation Gift and Pledge.

Trustee Stuckert moved approval of the consent items. Trustee Mobley seconded the motion. Chair Brockman took the opportunity to thank Trustee Gatton for his generosity and visionary support not only to the Gatton College of Business and Economics, but also to the University of Kentucky. His lead gift toward the redesign and expansion of the Gatton College of Business and Economics building will allow for enrollment growth of more than 50 percent. With gifts and pledges exceeding \$21 million, he remains UK's premier benefactor and his commitment to UK will "enable students to attain lives of meaning and purpose for generations to come."

Trustee Gatton received a standing ovation.

Chair Brockman called for the vote and it passed with one abstention from Trustee Gatton. (See consent items listed below on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

Minutes, May 14 2013  
PR 2B Personnel Actions  
FCR 1 The Bill Gatton Foundation Gift and Pledge

Chair Brockman reported that there had been one petition to address the Board of Trustees since the last meeting. The petition was regarding food services. The petitioner has agreed to defer his request until an action comes before the Board, most likely in the fall.

Chair Brockman congratulated Trustee Sheila Brothers, who was re-elected by the University staff to a new three-year term as the staff representative to the Board of Trustees. He also acknowledged Student Government President-Elect and student representative to the Board of Trustees Roshan Palli.

Chair Brockman also recognized out-going Staff Senate Chair Mike Adams and thanked him for his service.

D. Proposed Revision to Governing Regulation: Executive Committee (GR II)  
(ECR 1)

Chair Brockman stated that ECR 1 was the second reading of the proposed revision to Governing Regulations II relating to the duties of the Board of Trustees Executive Committee. The proposed addition addresses concerns regarding process, compliance, and accountability. As background, the revision is intended to make explicit the Board's continuing interest in, and attention to, the important issues of good governance, accountability, and ethics. The Executive Committee will serve in an advisory capacity to the President on these issues, and the revised GR will read as follows:

The Executive Committee shall serve in an advisory capacity to the President on regulations and policies, institutional compliance, and accountability.

Chair Brockman opened the floor for discussion. Hearing none, Chair Brockman called the question and it passed without dissent. (See ECR 1 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

E. President's Report (PR 1)

President Capilouto began by reporting that a new ranking places the Gatton College of Business and Economics among the ten most popular business schools in the country. U.S. News & World Report recently ranked Gatton College sixth among ten elite business schools in the country, among the most popular. The ranking is based on the percentage of students

accepted to the Gatton College who ultimately enroll at the University of Kentucky, the so-called “yield”. Gatton College’s yield rate of 74% places it among some top-tier company, such as Harvard, Stanford, University of Wisconsin-Madison and The Ohio State University.

President Capilouto next reported on UK’s Oral History program. Dean of Libraries, Terry Birdwhistell, assumed the director’s position in 1974 and has built the Louie B. Nunn Center for Oral History into a national model. Deirdre Scaggs, Associate Dean for Special Collections, and Doug Boyd, current Director of the Nunn Center and a national leader in the field of oral history, shared with the Board some details about the initiative.

Associate Dean Scaggs discussed how UK Libraries is working innovatively with technology to reach students in new and exciting ways. An example is the Special Collections Learning Lab, which connects undergraduate students with primary sources through research internships.

Another innovation is OHMS, the Oral History Metadata Synchronizer. Dr. Doug Boyd began by explaining that UK, a leader in the collection of interviews, has over 20,000 hours of interviews. These include not only interviews from famous politicians such as Martin Luther King, Jr., Jacquelyn Kennedy Onassis, and Malcolm X, but also interviews from Kentucky family farm owners, veterans from World War I & II, Vietnam, Iraq and Afghanistan, to coal miners and coal mine owners. Recent projects include Kentucky Civil Rights Hall of Fame inductees and a new partnership with the Bourbon industry and distilleries from around the Commonwealth. The first version of OHMS software relied on transcripts to provide the database for the searches. The OHMS project is an open-source software platform that created a way to link a search hit (usually a word) to a moment in the tape. Because transcripts are costly, a new version introduced this year creates a way to index an oral history interview without transcribing it. What used to take months and years, now only takes a few hours. The project has enlisted the aid of undergraduates, graduates and County Historical Society members to create these indexes.

Dr. Boyd continued that the project was the beneficiary of a new grant to make the open-sourcing free. This development has created public partnerships with the Smithsonian Institute, Baylor University, and the University of Santa Cruz. All of these advancements makes oral history efficient, easy to use, and fulfills the purpose of putting individual stories on historical record. In response to a question from Trustee Curriss regarding a patent or trademark, Dr. Boyd said that the process was underway.

President Capilouto was pleased to recognize and introduce Dr. Kimberly Ward Anderson, Gill Imminent Professor in the Department of Chemical and Materials Engineering and Associate Dean for Administration and Academic Affairs in the College of Engineering. The recipient of numerous honors and awards, Dr. Anderson recently received the Southeastern Conference Achievement Award for her accomplishments as a teacher and researcher.

Dr. Anderson thanked President Capilouto for the opportunity to speak with the Board. She shared that early in her career, it was unusual for women to be in engineering and even more rare for a female engineer to be interested in cancer research. Twenty-six years ago, her decision

to come to UK was influenced by the three factors: a medical school on campus; a dynamic climate of collaborative research; and the opportunity to interact with graduate and undergraduate students.

Today, an example of the successful combination of these factors is the National Science Foundation (NSF) Integrative Graduate Education Research Training (IGERT) grants and Research Experience for Undergrad (REU) grants received by UK. Faculty and students from Pharmacy, Chemistry, Engineering, and the Medical School are working together on research.

Dr. Anderson also praised the work of Dr. Mark Evers, Director of the Markey Cancer Center, for promoting multidisciplinary research between the clinicians at Markey Center and in the Colleges of Engineering, Pharmacy, and Arts and Sciences. Because of his efforts, UK was awarded a National Institutes of Health (NIH) award from the National Cancer Institute, a Cancer Nanotechnology Training Center. It is a Ph.D. training program where engineers are working with clinicians at the Markey Center on medical type problems.

Dr. Anderson closed by thanking President Capilouto and the Board of Trustees for the invitation and the opportunity to share her story.

President Capilouto ended his report by summarizing the many excellent efforts of the past year, but also the commitments and challenges still ahead. He shared:

“Many of you know that on my late night walks on campus, I often visit the Kentucky Wall in the Chandler Hospital. The video boards fade in and out and present a digital collage of Kentucky. I mostly stare at the faces. Last night especially, these faces, their voices called out to me. The faces are from all across Kentucky. They're black, white, brown, old, young, and they're hard-worn. In their eyes I find hope and inspiration. Harry Truman said something like this ...that there were a few hundred people in the country that when they call their representatives in Washington, they get a call back. Most likely they would get what they needed. He said the rest, the voiceless, had to depend on the President of the United States to get what they needed. Last night I felt the faces on the Kentucky Wall were calling to us to do more.

“You see, we still remain at the bottom of almost any category that looks at income, education, or health outcomes. My predecessor, Lee Todd, had the courage to call them the "Kentucky Uglies." But we're making progress in this country, not fast enough in Kentucky, but we're making progress. I want to give you one example. Cancer death rates in this country have been plummeting, plummeting. Fifty percent of the lives saved are attributed to prevention. Fifty percent of the lives saved or lives extended are due to expert treatment. You learned yesterday this can vary, depending on where you live, and you can find similar stories across any health malady that you want to take a look at. The faces of the Kentucky Wall to me are the faces of families that will escape the scourge of cancer. The promise of this University through the ages is that we would work to ensure better and longer lives. Yesterday you learned we are.

“About a decade ago this Board and the administration made a commitment that Kentuckians, no matter their walk of life, should rest assured that no matter the seriousness of their illness or injury, they would be treated with the best of care in their own backyard. At the

Health Care Committee yesterday, we learned that we kept our promise to them. Our mortality rates, adjusted for case severity, ranked at the top. That's a good thing. The people whose lives we save at rates better than the top medical centers in the country can't go to the Mayo Clinic or the Cleveland Clinic or to Vanderbilt. They depend on us. They have pride in what we do. They are coming to us in increasing numbers, twice as many as just seven or eight years ago. This Board and previous administrations self-financed the hospital. Not a dime came from the state or the federal government. We only asked for permission to invest our money in what we believed in, to take a risk to keep a promise.

“So today we are seeking to give Kentuckians something else to be proud of, a top-ranked public research university in their own backyard, where the best and brightest and those who are willing to work to be the best and brightest can fulfill their dream. Two years ago the Board again renewed its promise to Kentucky. We determined after months of dialogue with our campus and those that we give voice to throughout Kentucky that we would focus on undergraduate education and restoring our campus infrastructure. Last year together we did a lot. We admitted the largest, most diverse, and best prepared class. We grew our Honors, Singletary, and National Merit Awards. We launched the most ambitious public-private partnership. We made a commitment to the lowest tuition increase in 15 years in the face of the deepest one-year cut in our modern history, state cut. Again, we agreed to take a risk to self-finance, no money from outside this University, and to take full responsibility for that 275 million dollars for three projects: Athletics, which needs to remain vibrant to help us do all kinds of things in building community and building a stronger academic component to our campus; the Gatton College of Business, through the generosity of Mr. Gatton and many others, we're going to get that project done and get it started soon; and then our Science Building. The research that goes on in these buildings, these are investments in things yet imagined, things up till now only the good Lord understands, the things that extend life, quality of life, create knowledge, and push economic development. Cities and states that lead and do this, thrive. We build not for ourselves but for our state's future. And we kept a promise to our most precious resource, our faculty and staff, by making a commitment and delivering on a commitment for a competitive pay increase.

“So progress from here on out involves more tough choices, but we always have to remember for whom we speak and who we stand. One of the other reasons I like to visit the Kentucky Wall is we have words from our famous poet. It says, ‘Spring was in the wind. I could feel it. I could taste it. I could see it, and it was beautiful to me.’”

#### F. Appointment of Provost (PR 2A)

President Capilouto stated that PR 2A was the recommendation that the Board of Trustees approve the appointment of Dr. Christine Riordan as Provost. Chair Brockman asked for a motion for approval of PR 2A. Trustee Akins so moved and it was seconded by Trustee Farish. Chair Brockman called the question and it passed without dissent. (See PR 2A on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

G. Proposed Revision to Governing Regulations: Employment of Relatives (Nepotism) (PR 3)

President Capilouto stated that PR 3 was the second reading of the recommendation that the Board of Trustees approve the revisions to the Governing Regulations I and X relating to the employment of relatives and nepotism. The revisions were received for preliminary consideration as PR 3 on May 14, 2013.

Chair Brockman asked for a motion for approval of PR 3. Trustee May so moved and it was seconded by Trustee Britton. With no discussion, Chair Brockman called the question and it passed without dissent. (See PR 3 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

H. Proposed Revision to Governing Regulations: Ethical Principles and Code of Conduct (PR 4)

President Capilouto stated that PR 4 was the second reading of the recommendation that the Board of Trustees approve the revisions to GR I and the new GR XIV, "Ethical Principles and Code of Conduct." These revisions are intended to clarify and strengthen the University's commitment to ethical behavior and were received for preliminary consideration as PR 4 on May 14, 2013.

Chair Brockman asked for a motion for approval of PR 4. Trustee Mobley so moved and it was seconded by Trustee Holland. With no discussion, Chair Brockman called the question and it passed without dissent. (See PR 4 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

I. Proposed Revision to Governing Regulation: Staff Senate (PR 5)

President Capilouto stated PR 5 was the second reading of the recommendation that the Board of Trustees approve the revisions of the Governing Regulation V related to the Staff Senate. This revision would strengthen staff representation and participation and was received for preliminary consideration as PR 5 on May 14, 2013.

Chair Brockman asked for a motion for approval of PR 5. Secretary Brothers so moved and it was seconded by Trustee Bilas. With no discussion, Chair Brockman called the question and the motion passed without dissent. (See PR 5 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

J. Appointment to the Board of Directors: University of Kentucky Research Foundation (PR 6)

President Capilouto stated that PR 6 was a recommendation that the Board of Trustees approve the appointment of Karyn Esser, Department of Physiology, for a three-year term beginning July 1, 2013 and ending June 30th, 2016, to the Board of Directors of the University of Research Foundation (UKRF).

Chair Brockman asked for a motion for approval of PR 6. Trustee Miles so moved and it was seconded by Trustee Curris. With no discussion, Chair Brockman called the question and it passed without dissent. (See PR 6 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

K. Academic Affairs Committee Report

Trustee O. Keith Gannon, chair of the Academic Affairs Committee, reported that the Committee met that morning and had five business items. The Committee had a discussion with Interim Provost Tim Tracy regarding the partnership with Coursera to provide pre-college readiness courses in a Massive Open Online Course (MOOC) format. UK's first offering would be a chemistry course that would target motivated high school students who wish to prepare for college chemistry as well as those preparing for advanced placement (AP) test. The target for releasing the first module is January 2013.

L. Candidate for Degree: May 2013 (AACR 1)

Trustee Gannon stated AACR 1 was related to a degree awarded posthumously to a student who passed away during the spring semester. The individual had satisfactorily completed all requirements for the degree for which the application was made and as approved by the elected faculty of the University Senate. On behalf of the Academic Affairs Committee, Trustee Gannon asked for approval of AACR 1 and it passed without dissent. (See AACR 1 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

M. Candidates for Degrees: August 2013 (AACR 2)

Trustee Gannon stated that AACR 2 was a recommendation that the President be authorized to confer degrees to those individuals who have satisfactorily completed requirements for degrees by the close of the 2013 Summer Session, due to licensure and certification verification timelines, as approved by the elected faculty of the University Senate. Trustee Gannon, on behalf of the Academic Affairs Committee, asked approval of AACR 2 and it passed without dissent. (See AACR 2 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

N. Establishment of the Center for Research on Environmental Disease (AACR 3)

Trustee Gannon stated that AACR 3 was a recommendation that the Board approve the establishment of the Center for Research on Environmental Disease, in the College of Medicine, effective July 1, 2013. The Center will foster collaboration among clinical and basic scientists, catalyze translational research, stimulate educational activities, enhance the competitiveness of member investigators for extramural funding, and increase national recognition for the University in the field of research on environmental disease. Trustee Gannon, on behalf of the Academic Affairs Committee, asked approval of AACR 3 and it passed without dissent. (See AACR 3 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

O. Change in Name and Organizational Structure of the Graduate Center for Biomedical Engineering (AACR 4)

Trustee Gannon stated that AACR 4 was the recommendation that the Board of Trustees approve the change in name and organizational structure from the Graduate Center for Biomedical Engineering to the Department of Biomedical Engineering in the College of Engineering, effective July 1, 2013. The “department” designation will eliminate a source of confusion that the term “center” represents and will allow the unit to offer undergraduate as well as graduate programs and degrees.

On behalf of the Academic Affairs Committee, Trustee Gannon asked approval of AACR 4 and it passed without dissent. (See AACR 4 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

P. Change in Name of an Educational Unit: College of Design (AACR 5)

Trustee Gannon stated that AACR 5 asks that the Board of Trustees approve the change in name of the School of Interior Design to the School of Interiors: Planning / Strategy / Design in the College of Design, effective July 1, 2013. This change will enhance the marketing potential of the program; better communicate the focus and scope of the program; and increase gender diversity within the program. On behalf of the Academic Affairs Committee, Trustee Gannon asked approval of AACR 5 and it passed without dissent. (See AACR 5 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

Q. University Athletics Committee

Trustee C.B. Akins, Sr., chair of the University Athletics Committee, reported that in its meeting, the Committee considered the financial statements of the Department of Intercollegiate Athletics. Angie Martin, Treasurer, reviewed the interim financial statements of the department for the nine months ended March 31, 2013. The statements included the balance sheet, the statement on revenue and expenses, and the change in net assets. The committee accepted the quarterly financial statements as presented. The committee reviewed FCR 3, 2012-13 Budget Revision, which had two items regarding Intercollegiate Athletics. The University Athletics Committee voted to recommend to the Finance Committee approval of these revisions.

Melissa Gleason, Associate Athletics Director, presented a detailed FY 2013-14 operating budget for the Department of Intercollegiate Athletics. This budget is included in the University-wide budget presented in FCR 10. The Committee accepted the FY 2013-14 Operating Budget for Intercollegiate Athletics as presented.

Athletics Director Mitch Barnhart gave a wrap-up of spring sports items. He also announced the hiring of Rachel Newman Baker, who currently serves as the NCAA Managing Director of Enforcement for the Development and Investigations Section, as the new Senior Associate Athletics Director for Compliance. She will officially begin her duties on July 8th, 2013. A native of Berea, Kentucky, Ms. Newman Baker will report to Sandy Bell, Executive



Associate Athletics Director for Student Services, and serve as a liaison between the Athletics Compliance Office and UK Football and Marketing Offices. She will supervise the Assistant Athletics Director for Academics and Assistant Athletics Director for Compliance as direct reports.

R. Audit Subcommittee Report

Trustee Bill Britton, chair of the Audit Subcommittee, stated that the Committee had met that morning and continued the discussion with Executive Vice President of Finance and Administration Eric Monday regarding provisions in the Audit Subcommittee's charter. Additionally, the 2014 work plan was reviewed and approved.

S. Financial Committee Report

Trustee Stuckert reviewed the consent item pledge (FCR 1, The Bill Gatton Foundation Gift and Pledge) and on behalf of the Finance Committee, thanked Trustee Bill Gatton, for his loyalty and steadfastness to the Gatton College and the University of Kentucky.

T. Acceptance of Interim Financial Report for the University of Kentucky for the Nine Months ended March 31, 2013 (FCR 2)

Trustee Stuckert stated that FCR 2 recommends that the Board of Trustees accept the interim financial report for the University of Kentucky for the nine months ended March 31, 2013. On behalf of the Finance Committee, Trustee Stuckert moved approval of FCR 2 and it passed without dissent. (See FCR 2 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

U. 2012-13 Budget Revisions (FCR 3)

Trustee Stuckert stated that FCR 3 recommends that the Board of Trustees authorize and approved budget revisions to the FY 2012-13 budget. The budget revision will increase the University of Kentucky's total budget by \$17.7 million or by 0.7%. Increased tuition revenue funds will be used to acquire the Lexington Theological Seminary property, which was approved by the Board at the May 14, 2013 meeting.

Other budget revisions involve Intercollegiate Athletics and the support of contractual agreements and the Soccer Complex renovation. The revisions were discussed and recommended for approval by the University Athletics Committee.

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

V. Construct UK/Nicholasville Road Flood Mitigation (FCR 4)

Trustee Stuckert stated that FCR 4 requested approval for a scope increase for the

Construct UK/Nicholasville Road Flood Mitigation project. In December 2011, the Board approved this project to construct improvements for storm mitigation for roadway and pedestrian safety. The appraised value of the land (UK's in-kind value of the land designated for the project) was more than originally estimated, thus the Federal Emergency Management Agency (FEMA), will contribute additional funds to this project.

On behalf of the Finance Committee, Trustee Stuckert moved approval of FCR 4 and it passed without dissent. (See FCR 4 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

W. Easement Authorization for Columbia Gas of Kentucky for a Gas Transmission Line (C.O. Little Research Center, Woodford County, Kentucky) (FCR 5)

Trustee Stuckert stated that FCR 5 requests that the Board of Trustees authorize the Executive Vice President for Finance and Administration or his designee, to convey an easement for a gas transmission line to Columbia Gas of Kentucky at the C. O. Little Research Center, in Woodford County. On behalf of the Finance Committee, Trustee Stuckert moved adoption of FCR 5 and it passed without dissent. (See FCR 5 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

X. Repair/Upgrade/Improve Building Systems University of Kentucky Healthcare (Good Samaritan Hospital Air Handling Units) (FCR 6)

Trustee Stuckert stated that FCR 6 is to repair/upgrade/improve two air handling units at Good Samaritan Hospital. At 42 years of age, the units are in a state of disrepair and do not provide sufficient air flow to meet current code requirements or provide comfort and air quality to patients and employees.

On behalf of the Finance Committee, Trustee Stuckert moved adoption of FCR 6 and it passed without dissent. (See FCR 6 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

Y. Patient Care Facility Project (Fit-Up Eighth Floor and Central Pharmacy) (FCR 7)

Trustee Stuckert stated that FCR 7 recommends the approval of the initiation of fit-up of space in the A.B. Chandler Hospital's new Patient Care Facility, including the eighth floor for inpatient services and space on the third floor for pharmacy services. On behalf of the Finance Committee, Trustee Stuckert moved the adoption of FCR 7. Chair Brockman opened the floor for discussion. Trustee Sachatello expressed concern regarding the current state of finances and the uncertainty of medical insurance, due to the adoption of the Affordable Care Act and its possible impact on revenues affecting the Hospital.

With no further discussion, Chair Brockman called the questions and it passed with 18 affirmative votes and one no vote from Trustee Sachatello. (See FCR 7 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

Z. 2014-2020 Capital Plan and 2014-16 Capital Request (FCR 8)

Trustee Stuckert stated that FCR 8 recommends the acceptance of the 2014-20 Capital Plan, approval of the 2014-16 Capital Request and authorizes the President to adjust the Capital Plan and Capital Request as needed, throughout the legislative process.

By statute, the Capital Plan includes capital construction, renovation, and information technology projects estimated to cost \$600,000 or more; equipment estimated to cost \$200,000 or more; and annual leases valued at \$200,000 or more. The six-year plan includes approximately 300 capital projects, equipment and leases at an estimated cost of \$5.6 billion. For the 2014-16 biennium, the University's Capital Plan includes approximately 150 capital projects, equipment, and leases with an estimated cost of \$2.4 billion dollars, using various recommended fund sources such as state bonds, agency bonds (which are University bonds), agency funds, University cash, and private funds. Pursuant to AR 8:2, the Board of Trustees must approve the initiation of any capital project with a scope of greater than \$600,000 by separate action.

On behalf of the Finance Committee, Trustee Stuckert moved adoption of FCR 8 and it passed without dissent. (See FCR 8 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

AA. Patent Assignment Report (FCR 9)

Trustee Stuckert stated that FCR 9 recommends the acceptance of the patent assignment report, for the period January 1 through March 31, 2013. On behalf of the Finance Committee, Trustee Stuckert moved adoption of FCR 9 and it passed without dissent. (See FCR 9 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

BB. Fiscal Year 2013-2014 Operating and Capital Budget (FCR 10)

Trustee Stuckert stated that FCR 10 recommends the Board of Trustees:

1. Approve the Fiscal Year 2013-2014 Operating and Capital Budget.
2. Approve the appropriation and allocation of all fund balances for future operations, to include amounts necessary to cover accounts receivable and inventories that will represent assets on the audited balance sheet of the University of Kentucky as of June 30, 2013. These audited balances may be different than the estimates incorporated in the proposed budget. Since the books of account for the University of Kentucky are maintained on a full accrual basis, this action will provide the authorization to expend accumulated fund balances as necessary to maintain a sound financial position during Fiscal Year 2013-2014.
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.

4. Accept the operating budget as the basis of maximum expenditures for Fiscal Year 2013-2014, subject to item number two above and other Board approved revisions.

Trustee Stuckert reminded the Board that pursuant to Governing Regulation II.E.2(c), the “Finance Committee shall oversee the budgets of the University by reviewing and recommending to the Board of Trustees on the annual operating budgets.” The University's recommended fiscal year 2013-14 consolidated operating budget totals \$2.7 billion, an increase of \$71 million compared to the current fiscal year. This operating and capital budget is provided in detail as a separately bound document and available at [www.uky.edu/opbpa](http://www.uky.edu/opbpa).

On behalf of the Finance Committee, Trustee Stuckert moved adoption of FCR 10. Chair Brockman opened the floor for discussion.

Trustee Brothers acknowledged that some of the comments she made last year at this time regarding the budget may have been based on some publicly reported worst-case scenarios and not necessarily how the majority of situations were handled. She thanked the staff all across the University for their long hours in preparation of the 2013-14 budget. She was appreciative of the expansion of the Students of Concern Committee to a Community of Concern Committee, which will now include employees. This program proactively addresses issues of concern or safety involving students and/or employees. Lastly, she thanked President Capilouto for his vision and his dedicated efforts to include the 5% increase for staff salaries in the 2013-14 budget.

Trustee Stuckert commended Eric Monday, Angela Martin and their staff for the preparation of the budget and Capital Plan materials. He praised and thanked President Capilouto for his vision and outstanding leadership.

Chair Brockman called the question and it passed without dissent. (See FCR 10 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

#### CC. University Health Care Committee

Trustee Barbara Young, chair of the University Health Care Committee, reported that the committee met on Monday, June 10 for a full day retreat. Due to the extensive nature of the report, it will be circulated via email to Board members on Wednesday, June 13. She summated that the retreat was quite productive with excellent guest speakers. She thanked Dr. Karpf and his staff for their time and energies involved on the retreat.

Dr. Karpf appreciated the support and the turnout. He noted that times of difficulties and uncertainties are also times of opportunities. UK HealthCare is ambitious and will keep working hard to continue its forward momentum.

Trustee Sachatello praised the inclusion of consultants and strongly suggested they be invited back in six months to address the full Board.

Trustee Shoop thanked Dr. Karpf and his staff for the budget review sessions. He appreciated the time and effort it takes to keep the Board informed.

DD. Investment Committee Report

Trustee Gatton reported that the Investment Committee met the previous day to review performance results and conduct other business. The Endowment had a net market value of \$984.8 million as of April 30, 2013. For the ten months ended April 30, the Endowment pool has returned 13.4% due to strong equity market returns during the period. The Endowment pool outperformed the policy benchmark during the ten-month period by 138 basis points, due to strong performance by the international equity, fixed income, and absolute return managers.

The Investment Committee approved changes to the endowment asset allocation with the objective of achieving an average annual return of 7.5% over the long term, defined as 10 or more years. The changes, which are necessary due to the lower return environment, include reducing long-only equity and fixed income allocations, increasing private equity and real estate and implementing new global tactical multi-asset and long-biased long/short equity strategies.

Trustee Gatton recognized Assistant Treasurer Susan Krauss and Treasurer Angie Martin for doing an outstanding job in assisting the Committee.

EE. Student Affairs Committee

Trustee Pamela T. May, chair of the Student Affairs Committee, commented that one of her goals this past year with the Student Affairs Committee was to revisit and become more familiar with key areas of interest/investment that the Board has heard about for the past few years. At this meeting, the Committee heard about Living Learning Programs and UK Core.

Living Learning programs have been on campus since 1989. UK currently has 14 programs in areas such as honors, health care, wellness, first generation students, engineering, and many other areas. These are groups that live together in one dormitory or in one area of a dorm and provides for faculty interaction that are dedicated to that particular specialty. Students living in these programs have higher retention rates and grade point averages. Because of these successes, UK's goal is to have 80 percent of its students in a Living Learning community within five years. Trustee May pointed out that the new dormitory projects, with their Active Learning Spaces, are being designed to support these initiatives.

UK Core was the reform of the existing general education program. Trustee May shared that the vision of the reform was to support and nurture critical thinking, writing, reasoning, ethics, and global understanding; to create a better citizen. Two years into the new curriculum, University faculty have revamped and resubmitted over 200 courses for approval. As proof of their UK's creativity and ingenuity, UK Core was featured in an article in the Chronicle on

Higher Education.

Trustee Bilas shared that over 20,000 University Creed cards were printed and would be distributed to freshman. This year, Student Government Association took on improving safety, with an emphasis on late-night transportation. This will continue into next year's administration with President-elect Roshan Palli. Mr. Palli and Vice-President-elect Jacob Ingram will also work on establishing a memorial for students, faculty, staff, and alumni and continue with efforts in student safety, student representation and the further development of existing programs.

FF. University Relations Committee

Trustee Curris reported that the University Relations Committee met and heard from College of Agriculture Dean M. Scott Smith, regarding the public relations and marketing strategies of the University of Kentucky Extension Centers.

Trustee Curris stated that the University of Kentucky Extension Service has been in existence since 1914 and will have its 100<sup>th</sup> anniversary this next year. The importance of the UK Extension Service was really appreciated by the Board as the University underwent the search process for UK's 12th President in 2011. The University Tour of the Commonwealth allowed many Kentuckians to attend these informational sessions and there was a resounding theme; since the community colleges were removed from the University of Kentucky leadership and oversight, the extension Centers were their only link with UK.

The Extension Service has 120 storefronts (one in each county) with over 400 agents. These agents are locally connected, well-trained UK professionals. The extension offices are collaboratively funded by a combination of mandated state appropriations, federal (United States Department of Agriculture) appropriations, grants and contracts, and county and local revenues.

With over seven million contacts per year, extension-based education and programming are valuable tools. The impact ranges from increased farmer's profits, to the incorporation of new or additional conservation practices, the adoption of safe water practices, and families reporting eating healthier foods. Better utilization of information technology (iPads in the field) can help farmers find answers quickly by sending a picture to one of UK's specialist. Most often within minutes or hours, a specialist can diagnose a disease and provide information back to the farmer on what type of care or kinds of services might be needed.

Another of the major outreach programs of UK Extension is the 4-H program. Over 230,000 young people per year participate in this program. A highlight is the 4-H Teen Conference held every summer on the UK Campus for hundreds of the students, age 9-14.

Trustee Curris stated that the remainder of her report would be circulated, but these few highlights show how even 100 years later, the Extension Service programs are relevant and greatly valued.

GG: Resolutions

Chair Brockman asked Trustee Holland to read the first resolution honoring and commending:

**STEPHEN A. BILAS**

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

**WHEREAS**, Stephen A. Bilas, Student Body President and member of the Board of Trustees, has admirably and tirelessly served the University of Kentucky with caring and determination; and,

**WHEREAS**, he was a member of the Board's Student Affairs and University Relations committees; and,

**WHEREAS**, Mr. Bilas held several leadership positions on campus, including: President of the Gatton Ambassador Program for the Gatton College of Business and Economics, offices within his fraternity – Sigma Chi, and as a member of the Corporate Relations and Technology committees for UK's student-run philanthropy, DanceBlue; and,

**WHEREAS**, he has participated in numerous other charitable and service organizations including Habitat for Humanity, Violence Intervention Training, the Ronald McDonald House, the Catholic Action Center, the Red Cross Food Drive, the Huntsman Cancer Research Foundation, the Golden Arrow Christmas Toy Drive, Adopt-a-Family, and Project Brightside; and,

**WHEREAS**, he has served as a peer instructor for UK 101, helping to introduce his fellow students to life at the University; and,

**WHEREAS**, he has successfully worked to greatly expand internship opportunities in government for his fellow UK students in both Frankfort and Washington, D.C.; and,

**WHEREAS**, he himself has represented the University of Kentucky in exemplary fashion during a pair of internships with General Electric; and,

**WHEREAS**, this Dean's List student recently graduated with a double major in Finance and Management and will soon begin working full time for Whirlpool Corporation; and,

**WHEREAS**, he constantly demonstrates a passion for making UK a better place;

**NOW THEREFORE BE IT RESOLVED**, that the University of Kentucky Board of Trustees does hereby adopt this resolution on June 11, 2013 and

expresses, on behalf of the University community, our individual and collective gratitude to Stephen A. Bilas 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.

Trustee Bilas' service was recognized with a round of applause. Trustee Bilas stated it had been a pleasure and privilege to serve on the Board and he will enjoy visiting the campus in the years ahead to see the changes to the University.

Trustee Curris read the resolution honoring and commending

**PAMELA T. MAY**

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

**WHEREAS**, Pamela T. May, a proud alumnus of the UK College of Law and member of the Board of Trustees, has served the University of Kentucky with dedication and zeal; and,

**WHEREAS**, she currently serving her second term as Vice Chair of the Board and previously served as Secretary from 2005 - 2011; and,

**WHEREAS**, she chairs the Student Affairs Committee, and is a member of the Finance and Human Resources committees; and,

**WHEREAS**, she previously served on the Board's Executive Committee, Investment Committee, Nominating Committee, and is a former member and chair of the University Relations Committee; and,

**WHEREAS**, she earned state champion honors in debate as well as extemporaneous speaking while a student at Madisonville North Hopkins High School; and,

**WHEREAS**, she has practiced law since 1978 and for the past 20 years has had her own law firm in Pikeville; and,

**WHEREAS**, she is admitted to practice before the U.S. Supreme Court, the U.S. Court of Appeals Sixth Circuit, and the U.S. District Court, Eastern and Western Districts of Kentucky; and,

**WHEREAS**, she is past president of the Pike County Bar Association and is a member of the Kentucky Bar Association and the American Bar Association; and,

**WHEREAS**, she has been a member of the Physician/Attorney Liaison Committee of the Kentucky Medical Society and the Steering Committee for the Healthcare section of the Kentucky Bar Association; and,



**WHEREAS**, she has served as president of the Big Sandy Area Child Advocacy Center; and,

**WHEREAS**, for the last 35 years she has worked tirelessly in her community and across the Commonwealth to improve the quality of life in Pikeville, Eastern Kentucky, and throughout the state;

**NOW THEREFORE BE IT RESOLVED**, that the University of Kentucky Board of Trustees does hereby adopt this resolution on June 11, 2013 and expresses, on behalf of the University community, our individual and collective gratitude to Pamela T. May 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.

Trustee May's service was recognized with a round of applause. Trustee May thanked current and past members of the Board and the administration for their patience and tutelage of the inner workings of higher education. She was proud to represent Kentucky for the last twelve years and thanked the Board for their friendship, encouragement, and the opportunities to "agree and disagree." She hoped the University had benefitted from her service.

Trustee C. Frank Shoop read the resolution honoring and commending

**BILLY JOE MILES**

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

**WHEREAS**, Billy Joe Miles, member of the Board of Trustees, has served the University of Kentucky with a strong commitment and dedicated spirit; and,

**WHEREAS**, he currently is a member of the Board's Audit Subcommittee, Nominating Committee, and Student Affairs Committee; and,

**WHEREAS**, he previously served as Chairman of the Board and Executive Committee from 1999-2002, and later as Chair Pro Tem from July to September 2010; and,

**WHEREAS**, he also has been a member of the Board's Academic Affairs Committee, Finance Committee, Human Resources Committee, Investment Committee, and University Relations Committee; and,

**WHEREAS**, he has long been recognized as a state and national leader in agriculture; and,

**WHEREAS**, he is chair of the National Fertilizer Retailers Council and a member of the National Fertilizer Association Executive Committee; and,

**WHEREAS**, he is a member of the Governor's Task Force on Agriculture, the Governor's Task Force on Efficiency, and the Kentucky Environmental Protective Association in the Classroom; and,

**WHEREAS**, he has served as president of the Kentucky Fertilizer and Agricultural Chemical Association and the Kentucky Soil Conservation District; and,

**WHEREAS**, he is president of Miles Farm Supply Inc. and Marathon Fuels, is the owner of Miles LP Gas Inc., and serves as an officer for Miles Farms Inc.; and,

**WHEREAS**, he is a past president of the Daviess County Farm Bureau and served for 20 years on the Owensboro-Daviess County Planning and Zoning Commission; and,

**WHEREAS**, he is a board member and past president of Central Bank and Trust Company; and,

**WHEREAS**, he is a former owner of the cable television network, TNT Inc.;

**NOW THEREFORE BE IT RESOLVED**, that the University of Kentucky Board of Trustees does hereby adopt this resolution on June 11, 2013 and expresses, on behalf of the University community, our individual and collective gratitude to Billy Joe Miles 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.

Trustee Miles' service was recognized with a round of applause. Trustee Miles shared a brief history regarding his appointment(s) to the Board. He was amazed that eighteen years had "passed in a minute" and he thanked his fellow Board members for making it such an enjoyable journey.

Trustee Gannon read the resolution honoring and commending

**CHARLES R. SACHATELLO, M.D.**

for his service to the UK Board of Trustees, his University, and the medical community.

**WHEREAS**, Charles R. Sachatello, M.D., member of the Board of Trustees, has served the University of Kentucky with enthusiasm and devotion; and,

**WHEREAS**, he currently is a member of the University Health Care Committee and the Student Affairs Committee, and also has served on the Academic Affairs and University Relations committees; and,

**WHEREAS**, he previously was a professor of surgery at the UK Chandler Medical Center as a general and vascular surgeon for 15 years; and,

**WHEREAS**, during his tenure as a UK faculty member he established the Groves Memorial Research and Education Fund, which sponsors an annual medical student lecture series; and,

**WHEREAS**, he also established the Charles R. Sachatello Medical Library Endowment; and,

**WHEREAS**, he is a Phi Beta Kappa graduate of Yale University and Yale Medical School; and,

**WHEREAS**, he took his surgical training in general, vascular, and thoracic surgery at Vanderbilt University, and holds board certification in both general and thoracic surgery; and,

**WHEREAS**, he holds membership in numerous surgical societies and is a Fellow of the American College of Surgeons; and,

**WHEREAS**, he is the founder and former president of the Bluegrass Surgical Group, PSC, which later merged with other groups to form the United Surgical Group PSC, one of the largest private practice surgical groups in America; and,

**WHEREAS**, he developed the Arrow Diagnostic Peritoneal Kit designed to diagnose intra-abdominal bleeding prior to the invention of the CAT scan, and which is still used worldwide today; and,

**WHEREAS**, he received a patent on a SutureCut Needle Holder™ designed to facilitate suturing wounds and incisions;

**NOW THEREFORE BE IT RESOLVED**, that the University of Kentucky Board of Trustees does hereby adopt this resolution on June 11, 2013 and expresses, on behalf of the University community, our individual and collective gratitude to Dr. Charles R. Sachatello for his exemplary service and wishes him well in his future endeavors, and orders that this resolution be made part of the minutes of the meeting.

Trustee Sachatello's service was recognized with a round of applause. Trustee Sachatello stated it had been a distinct pleasure to serve on the Board. He shared a few memories of Governor Chandler, Coach Rupp and Coach Hall. He was proud of the

medical education provided by the College of Medicine and of the medical care rendered by the University.

KK. Meeting Adjourned

Hearing no further business, Chair Brockman declared the meeting adjourned at 3:08 p.m.

Respectfully submitted,



Sheila Brothers  
Secretary, Board of Trustees

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