

Minutes of the Meeting of the Board of Trustees
University of Kentucky
Tuesday, May 14, 2013

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, May 14, 2013 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. 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, Jo Hern Curris, Williams S. Farish, Jr., Oliver Keith Gannon, Kelly Sullivan Holland, Billy Joe Miles, Terry Mobley, Charles Sachatello, C. Frank Shoop, James W. Stuckert, Irina Voro, John Wilson, and Barbara Young. Mark Bryant, Carol Martin (“Bill”) Gatton and Pamela T. May were 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, Vice President for Finance and Administration Eric Monday 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.

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

C. Consent Items

Chair Brockman called attention to the four consent items on the agenda. The items were the minutes for the Board of Trustees meeting on March 19, 2013; PR 2, Personnel Actions; AACR 1, a candidate for degree for December 2012; and FCR 1, Bequests from the Estate of Dr. E. Vernon Smith.

Trustee Stuckert moved approval of the consent items. Trustee Farish seconded the motion and it passed without dissent. (See consent items listed below on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

Minutes, March 19, 2013

PR 2 Personnel Actions

AACR 1 Candidate for Degree: December 2012

FCR 1 Bequests from the Estate of Dr. E. Vernon Smith.

Chair Brockman reported that there had been no requests since the last meeting to speak or appear before the Board.

Chair Brockman also congratulated Trustee John Wilson, who was elected by the University faculty to a three-year term as a faculty trustee.

D. Executive Committee Report

Chair Brockman reported that the Executive Committee met and approved the questions for the presidential evaluation. The questions incorporated the suggestions from the University Senate, Staff Senate, and Student Government Association.

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

Chair Brockman reported that ECR 1 is the proposed revision to the Governing Regulations relating to the duties of the Board of Trustees Executive Committee. The proposed addition to the duties of the Executive Committee 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 II reads 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 with 16 affirmative votes and one abstention from Trustee Voro. (See ECR 1 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

F. President's Report (PR 1)

President Capilouto began his report by pointing out item seven in PR 1. He detailed that over the last two years the Board and the University community have discussed at great length the facility needs on campus. In a planned, innovative way the University has begun addressing these challenges. An independent report shared with the Board previously concluded that the University of Kentucky has considerable accessibility issues that must be confronted in order to better serve UK students, employees, and the many visitors we have on campus. At the end of March, President Capilouto joined a group of UK administrators, student leaders, faculty, staff, and interested constituents on an accessibility walk to tour campus. It began at the front door of the University, at the Visitor's Center, and surveyed facilities with the highest utilization across the campus. Leading the tour was Disability Resource Center Director Jacob Karnes. His expertise pointed out often what is unnoticed by many, the obstacles that confront the permanently and temporarily disabled as they navigate our campus. The findings of the walk and the research compiled will help direct infrastructure investments as UK continues to renew its physical plant. What was discovered on the tour will be part of an action plan that will be

shared with the Board in terms of the progress that is made as we go forward.

President Capilouto pointed out AACR 2, the Candidates for Degree, May 2013. On May 5, 2013, the spring semester concluded with the 146th Commencement of the University of Kentucky. Of the 4,300 who received their degrees over the past year, 2,700 chose to participate in the commencement ceremonies. President Capilouto thanked John Herbst, chair of the Commencement Committee and the Board members, deans, faculty, staff, administrators and student volunteers that made the day memorable for the graduates and their families.

President Capilouto introduced and welcomed Dr. Christine Riordan, who recently accepted his offer to serve as Provost for the University of Kentucky. Dr. Riordan is currently Dean of the Daniels College of Business at the University of Denver. After an extensive search process that included a deep and rich pool of candidates, President Capilouto stated that Dr. Riordan's candidacy stood out for a number of reasons: her compelling communication skills, her deep understanding of higher education's future, how she has led the Daniels College to prominence, and the sense of excitement her candidacy generated while she was on campus. President Capilouto commented that Dr. Riordan has the experience as both a leading scholar in her discipline and as an administrator who has excelled in creating innovative programs, not only domestically but internationally, as well. At the same time, Dr. Riordan has a record of sustained excellence in fundraising. Under her direction, the Daniels College now raises over \$14 million annually in private and corporate funds. Additionally, the University of Denver's Daniels endowment has increased over 50 percent from \$70 million to over \$106 million under her leadership, and they're now completing a \$100 million dollar campaign for the college.

President Capilouto continued that Dr. Riordan is a frequent commentator on leadership development and workplace diversity and was recently elected to the board of the Association to Advance Collegiate Schools of Business (AACSB), which is the international accrediting body for business schools. Her articles and interviews have appeared in Forbes, CNBC, Wall Street Journal, MarketWatch, CareerBuilder, Huffington Post, Politico, and the Harvard Business Review. Dr. Riordan received a round of applause.

President Capilouto thanked the Provost Search Committee, co-chaired by Professors Mike Reid and Charles Carlson. He commented that the committee labored for over ten months, and brought forth a talented and highly qualified pool of candidates. He also thanked those members of the Board of Trustees, deans and senior administration, the University Senate Council, the leadership of the Staff Senate, the Student Government Association, and those who participated in the campus forums.

President Capilouto conveyed his sincerest appreciation for College of Pharmacy Dean Tim Tracy, who for the last year served as interim provost. He was grateful for his steady hand and exceptional leadership that helped guide many important initiatives. His wise and trusted counsel on many important issues confronting the campus was greatly valued. Interim Provost Tracy received a warm round of applause.

Named one of the most creative professors in the south by a leading literary and cultural magazine, President Capilouto stated it was his honor to introduce Kentucky's Poet Laureate,

Frank X Walker. Professor Walker is a graduate of the University of Kentucky and received his Masters of Fine Arts in Writing at Spalding University. A native of Danville, Kentucky, he is Director of the African American and Africana Studies program and an Associate Professor in the Department of English. As the fourth professor from the University of Kentucky Department of English to earn the accolade of Kentucky Poet Laureate, he is also the youngest and the first African American. Professor Walker is the originator of the word "Affrilachia," which revolves around a passion for bringing more attention to prominent African American writers in Appalachia, both past and present. He and a group of his writing friends founded the Affrilachian Poets, a literary movement that gives voice to previously silenced people, while promoting excellence in teaching, writing, art, and activism. As the 2013-14 Kentucky Poet Laureate, Professor Walker will promote the arts and lead the state in literary endeavors through readings and public presentations at meetings, seminars, conferences, and events.

President Capilouto invited Professor Walker to say a few words. Professor Walker thanked President Capilouto and the Board of Trustees. He shared that as a Kentuckian, he felt he was an example of the Kentucky Promise. After several opportunities outside the state, he was excited to return to Kentucky and the University of Kentucky and to be a part of the team of leaders and educators with amazing vision, energy and growth.

President Capilouto recognized UK College of Medicine's Dean Frederick de Beer, Associate Dean for Student Affairs, Dr. Chipper Griffith, new medical school graduate Dr. Fiyin Sokoya, and fourth-year student Jerome Mason. Dr. Sokoya, a native of Sagamu, Nigera, served as president of the Class of 2013. Mr. Mason is currently president of the Medical School Student Government. They thanked President Capilouto and the Board of Trustees and praised the College of Medicine. From instructors to clinical directors, the admissions office to student affairs, both commended the College for its pursuit of excellence and the warm and welcoming environment.

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

President Capilouto stated that PR 3 was the recommendation that the Board of Trustees receive and vote to accept for the first reading the attached revisions to the Governing Regulations I and X relating to the employment of relatives and nepotism. The revisions are intended to strengthen and clarify the University's policies relating to the employment of relatives and nepotism. The regulations also provide for the appropriate disclosure and management of situations where nepotism may occur.

Chair Brockman asked for a motion for approval of PR 3. Trustee Curris so moved and it was seconded by Trustee Akins. Chair Brockman opened the floor for discussion. Trustee Voro stated she would like to continue the dialogue with General Counsel Bill Thro regarding the issue of nepotism and the faculty trustee election.

Chair Brockman called the question and it passed without dissent. (See PR 3 on the Board of Trustees website, 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 recommendation that the Board of Trustees receive and vote to accept for the first reading the revisions to GR I and create a new GR, GR XIV, "Ethical Principles and Code of Conduct." These revisions are intended to clarify and strengthen the university's commitment to ethical behavior.

The proposed revision is the result of recommendations made by a work group appointed by President Capilouto soon after his arrival in July 2011. The work group was charged with reviewing University policies and processes regarding legal and ethical conduct. These proposed revisions have been reviewed and are supported by the President, University Senate, Staff Senate, and Student Government Association.

Chair Brockman asked for a motion for approval of PR 4. Trustee Shoop so moved and it was seconded by Trustee Stuckert. Trustee Voro stated that she was pleased to see new sections added to ethical principles, and that the work group did a fine job. With no further discussion, Chair Brockman called the question and it passed without dissent. (See PR 4 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

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

President Capilouto stated PR 5 is a recommendation that the Board of Trustees accept for the first reading the attached revision of the Governing Regulation V related to the Staff Senate. This revision would strengthen staff representation and participation and is supported by the President and Staff Senate.

Chair Brockman asked for a motion for approval of PR 5. Secretary Brothers so moved and it was seconded by Trustee Farish. The motion passed without dissent. (See PR 5 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

J. Naming of University Facility: Softball Stadium (PR 6)

President Capilouto stated that PR 6 is a recommendation that the Board of Trustees approve the official naming of the University of Kentucky softball stadium as the "John Cropp Stadium." President Capilouto reported that Trustee Akins, among others, had commented at the University Athletics Committee meeting about Mr. Cropp's many contributions to the Department of Intercollegiate Athletics and the University over his long and distinguished service.

Chair Brockman asked for a motion for approval of PR 6. Trustee Akins so moved and it was seconded by Trustee Gannon. The motion passed without dissent. (See PR 6 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

K. Naming of University Facility: Maine Chance Equine Campus (PR 7)

President Capilouto stated that PR 7 is a recommendation asking for approval of the official naming of the mare facility at the Maine Chance Equine Campus, Barn 26, Spindletop Way, Lexington, Kentucky, as the “Walter W. Zent Mare Reproductive Health Facility.”

The Committee on Naming University Buildings received the request from the University of Kentucky Gluck Equine Research Board and it was endorsed by Dean M. Scott Smith, College of Agriculture. Dr. Zent, a former chair of the Gluck Equine Research Foundation Board, is a long-time advocate, key fundraiser, and philanthropist to the Equine Research Center.

Chair Brockman asked for a motion for approval of PR 7. Trustee Farish so moved and it was seconded by Trustee Mobley. The motion passed without dissent. (See PR 7 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

L. Academic Affairs Committee Report

Trustee O. Keith Gannon, chair of the Academic Affairs Committee, reported that the committee met that morning and had three business items. The Committee was honored to have incoming provost Dr. Christine Riordan as a guest.

Trustee Gannon stated that AACR 1 was part of the Consent agenda, a Candidate for Degree, December 2012.

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

Trustee Gannon stated AACR 2 was related to the candidates for degrees in May 2013. There were 4,334 graduates, which includes undergraduate, graduate and professional students. On behalf of the Academic Affairs Committee, Trustee Gannon asked for approval of AACR 2 and it passed without dissent. (See AACR 2 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

N. Academic Degree Recommendation: College of Arts and Sciences (AACR 3)

Trustee Gannon stated that AACR 3 is a recommendation for the establishment of a Master of Arts degree with a major in Teaching English as a Second Language (TESL) in the Department of Modern and Classical Languages, Literature and Cultures within the College of Arts and Sciences effective in the fall of 2013. The TESL program is designed to support pre-service and in-service teachers who would like to specialize in teaching English as a second language. The program has been approved by the appropriate councils and University Senate and has completed a 45-day review by the Council on Postsecondary Education (CPE.) The Interim Provost of the University supports this recommendation.

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, under agenda.)

O. Joint Meeting of the University Relations and University Athletics Committee

Trustee Jo Hern Curris, chair of the University Relations Committee, reported that DeWayne Peevy, Deputy Athletics Director, presented a report on the processes/procedures by which the Department of Intercollegiate Athletics develops and plans its public relations, marketing and media strategies. Mr. Peevy described Athletics as being the “front porch of the university.” It is often the first impression of the University for a prospective student. The role of Media Relations is to promote and train students, coaches, and staff in areas that range from, but are not limited to, media presentations and protocol, crisis management and social media oversight.

Trustee C.B. Akins, Sr., chair of the University Athletics Committee, reported that in the University Athletics portion of meeting this morning, in addition to the department report from Athletics Director Mitch Barnhart, the committee was delighted to recognize two superb student athletes and their coaches. Chelsea Oswald, from the track team and coached by Edrick Floreal, was named the SEC Female Scholar Athlete of the Year, and Megan Moire of women's golf, coached by Golda Borst, was chosen as the SEC Female Community Service Leader of the Year.

Trustee Akins stated that AD Barnhart reported on the spring semester GPA. Sixteen of 20 teams had a 3.0 GPA or better. Two hundred fifty-six out of 371 scholarship student athletes had a 3.0 or better, and 47 student athletes had a perfect 4.0. The overall department GPA was 3.14. The six-year federal graduation rate increased to 59 percent. The department has seen steady GPA growth each year, and over 57 student athletes were named to the SEC Winter Academic Honor Roll. The graduate success rate continues to remain at a high rate of 78 percent for all students. The exhausted eligibility rate (an internal UK Athletics measure that determines if the department is being academically responsible to the student athletes who remain at UK until their athletic eligibility is exhausted) is at 91.3 percent.

AD Barnhart continued with a wrap-up of winter sports, including women's basketball which for the third time in the last four years advanced to the final eight of the NCAA. Men's basketball finished with a 21-12 record. The gymnastics team qualified for a NCAA regional and posted its highest regional score ever with a 195.575 mark. The men's swimming team finished 22nd at the NCAA championship meet. The report gave a status on spring sports, highlighting baseball, softball, men's tennis, women's tennis, men's and women's track, women's and men's golf. The Blue/White Spring game, the spring football practice, that had an attendance of 50,831, was the sixth largest spring practice attendance in the nation.

Chair Akins stated that in business items, the committee reviewed and endorsed PR 6, naming of the softball stadium the “John Cropp Stadium.”

P. Audit Subcommittee Report

Trustee Bill Britton, chair of the Audit Subcommittee, stated that the committee had met

that morning and received an update from Senior Auditor Joe Reed on the internal audit progress for the year. Due to the loss of two staff auditors, four audits will be continued into the next work plan. There was continued discussion regarding the Audit Subcommittee charter revision. Its proposed revision(s) and reading was postponed to the June meeting.

Q. Financial Committee Report

Trustee Stuckert reviewed the consent item pledge (FCR 1, Bequests from the Estate of Dr. E. Vernon Smith) and offered additional thanks to individuals like Dr. Smith and his wife Eloise, for the provision in their estate.

R. Resolution for the Designation of an Agent for the Application of FEMA Assistance (FCR 2)

Trustee Stuckert stated that FCR 2 recommends that the Board of Trustees approve a resolution designating the Executive Vice President for Finance and Administration, to be the authorized agent for the University to execute an application(s) with the appropriate Commonwealth of Kentucky office for the purpose of obtaining federal financial assistance under the Disaster Relief Act or otherwise available from the President's Disaster Relief Fund. The document shall be retained on file in the Office of Legal Counsel and is updated by the Board of Trustees on an annual basis.

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, under agenda.)

S. Authorization of Lease for Phase II-B Student Housing and to Submit an Increase in Scope for Phase II of the Capital Projects and Bond Oversight Committee (FCR 3)

Trustee Stuckert stated that FCR 3 is the resolution that recommends the Board of Trustees authorize the President, or his designee to: 1) enter into a long-term lease with an affiliate of the Education Realty Trust, Inc. (EDR) guaranteed by Education Realty Operating Partnership, LP, for the purpose of development and management of Phase II-B of the student housing project; and 2) submit an increase in scope for Phase II to the Capital Projects and Bond Oversight Committee. Trustee Stuckert stated that FCR 3 was fully vetted at the Finance Committee meeting earlier in the day and on behalf of the Finance Committee, moved approval of FCR 3. Chair Brockman opened the floor for discussion. Trustee Voro asked what the rate of return was for EdR and eventually to UK. Executive Vice President Eric Monday stated it was 7.25% and ideally a return to UK would be in a few decades.

Hearing no further discussion, Chair Brockman moved the question and it passed with 16 affirmative votes and one abstention by Trustee Voro. (See FCR 3 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

T. Approval of Lease (FCR 4)

Trustee Stuckert stated that FCR 4 requests that the Board of Trustees authorize the Executive Vice President for Finance and Administration to negotiate and execute a lease between the University of Kentucky and Courtyards University of Kentucky, LLC, for space located at 845 Red Mile Road, Lexington, Kentucky. Funded by housing auxiliary revenues, the mix of 196 beds in two- and four-bedroom apartments will provide housing for graduate students displaced from the demolition of Cooperstown Apartments, part of the Phase II-A and II-B Housing Projects.

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

U. Repair/Upgrade/Improve Mechanical Infrastructure (Replace Woodland Sanitary Sewer) (FCR 5)

Trustee Stuckert stated that FCR 5 is the repair/upgrade/improve the mechanical infrastructure, more specifically, the replacement of portions of the Woodland Avenue sanitary sewer. With the increase of undergraduate beds detailed in the Phase II-A and II-B Housing Projects, the sanitary sewer capacity must be increased to handle the increase in occupants.

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, under agenda.)

V. Repair/Upgrade/Improve Civil/Site Infrastructure (Construct Cooperstown Loop Road) (FCR 6)

Trustee Stuckert stated that FCR 6 involves the relocation of Cooperstown Drive. As part of the Phase II-A and II-B Housing Project, the relocation is necessary to provide sufficient usable land for the proposed layout and improvement of traffic flow. On behalf of the Finance Committee, Trustee Stuckert moved the adoption of FCR 6 and it passed with 16 affirmative votes and one abstention from Trustee Voro. (See FCR 6 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

W. Repair/Upgrade/Improve Electrical Infrastructure Central Campus (South Central Electrical Infrastructure) (FCR 7)

Trustee Stuckert stated that FCR 7 is an upgrade of the electrical infrastructure in central campus. Current projects under construction and in various stages of planning will require expanded electrical capacity. On behalf of the Finance Committee, Trustee 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.)

X. Renovate Robotics Building (FCR 8)

Trustee Stuckert stated that FCR 8 asks the Board of Trustees to approve the increase in funding for the Renovate Robotics Building capital project. The Board approved initiation of the project on December 11, 2012 using \$1.8 million of accumulated fund balances. At the completion of the programming phase, the construction estimate exceeded the available construction dollars by \$575,000. This request is to increase the current project scope to \$2.375 million using non-recurring funds.

Trustee Stuckert, on behalf of the Finance Committee, moved adoption of FCR 8. Trustee Voro asked about the construction estimate and its higher cost. Vice President for Facilities Bob Wiseman explained that as the University began to design to the \$1.8 million previously approved by the Board, additional funds were located that could fund the project as originally proposed. Knowing that the scope of the project would require additional funds, legislative authority was procured for \$3.8 million.

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, under agenda.)

Y. Easement Authorization for Lexington Fayette Urban County Government (FCR 9)

Trustee Stuckert stated that FCR 9 would authorize the Executive Vice President for Finance and Administration to convey approximately .10 acre for a bike lane easement to the Lexington Fayette Urban County Government. The University of Kentucky and the Lexington Fayette Urban County Government are coordinating the construction of a bike lane with an associated eight foot wide easement by 440 feet long along the east side of Rose Street between Euclid Avenue and Rose Lane. The easement terminates and reverts to the University should the bike lane be removed.

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, under agenda.)

Z. Repair/Upgrade/Improve Building Shell Systems Parking Garage Maintenance and Restoration (FCR 10)

Trustee Stuckert stated that FCR 10 requests that the Board of Trustees approve the initiation of the Parking Garage Maintenance and Restoration capital project. This project pertains to the preventative maintenance and repair schedule for the University's parking structures over the next ten years.

On behalf of the Finance Committee, Trustee Stuckert moved adoption of FCR 10 and it passed without dissent. (See FCR 10 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

AA. Repair/Upgrade/Expand Central Plants (Replace Cooling Tower at Medical Center Cooling Plant) (FCR 11)

Trustee Stuckert stated that FCR 11 requests that the Board of Trustees approve an increase in scope for the Repair/Upgrade/Expand Central Plants (Replace Cooling Tower at Medical Center Cooling Plant) capital project.

Trustee Stuckert explained that the project was submitted to the Board of Trustees on December 11, 2012 with an estimated scope of \$870,000. The project has since been designed and competitive bids for the work were received on February 6, 2013. Accepting the lowest of five responsive bids will put the project \$440,000 over the original estimated amount. The revised scope totals \$1,310,000. The costs of operating and maintaining both of the University's power plants are paid for with general, hospital, and auxiliary funds based upon usage. The project will be financed with such agency funds.

On behalf of the Finance Committee, Trustee Stuckert moved adoption of FCR 11. Chair Brockman opened the floor for discussion. Trustee Voro voiced concerns similar to those she raised in December 2012. Vice President for Facilities Bob Wiseman reiterated that as both cooling plants are tied together and serve the entire campus, the costs of repairs/upgrades are apportioned across all users. Chair Brockman called the question and it passed without dissent. (See FCR 11 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

BB. Capital Construction Report (FCR 12)

Trustee Stuckert stated that FCR 12 requests that the Board of Trustees approve the capital construction report for the three months ending March 31, 2012. On behalf of the Finance Committee, Trustee Stuckert moved adoption of FCR 12 and it passed without dissent. (See FCR 12 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

CC. Authorization to Acquire the Lexington Theological Seminary (FCR 13)

Trustee Stuckert stated that FCR 13 recommends that the Board of Trustees authorize the Executive Vice President for Finance and Administration to enter into a purchase agreement to acquire the Lexington Theological Seminary located at 631 South Limestone, Lexington, Kentucky, for the price of \$13,500,000. The proposed purchase price is "turnkey" and includes all of the Seminary's fixtures and furnishings except items of historical or religious significance and certain administrative office equipment.

The Lexington Theological Seminary sits on approximately 7.1 acres and the campus includes 131,589 gross square feet of building space, including four institutional buildings, forty-four apartments, sixteen townhomes, a maintenance building and a shell building. The property has been developed in stages beginning in 1949. Additionally, the property includes a .08 acre parking lot.

As a graduate of the Lexington Theological Seminary, Trustee Akins moved approval of FCR 13. As chair of the Finance Committee, Trustee Stuckert seconded the motion and it passed

without dissent. (See FCR 13 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

DD. University Health Care Committee

Trustee Barbara Young, chair of the University Health Care Committee, reported that the committee met on Monday, May 13. Murray Clark, Interim Chief Financial Officer, reviewed the March financials, and in summary March was a positive month. Activity as indicated by discharges, emergency department cases and outpatient cases continue to be ahead of the prior year. Efficiency indicators, such as length of stay and CMI adjusted length of stay, are below budget and prior year, and the payor mix is generally positive. As a result of these factors UK HealthCare continues to have a positive income from operations, amounting to over \$60 million YTD or an 8.5% operating margin. One thing to note is that Emergency Department (ED) cases are below budget in March perhaps indicating that ED visits at Chandler are being affected by the lack of available beds in Chandler.

Trustee Young continued that regarding the balance sheet, cash and cash equivalents represent operating plant fund and cash from gifts. March ended with a total of \$36.3 million in cash and for the second month in the year, avoided the need for a University cash advance. Diligence has been applied to collecting cash from all sources. The effect has been significant and can be seen on the balance sheet, where third party receivables have now been reduced to zero. Non-operating revenues for the period are strong as a result of an investment income of \$19.6 million this year. Current liabilities are down in total. Accrued expenses are up primarily due to accrued payroll and vacation expense. The cash advance to the University is at zero and the third-party settlements are now a payable.

Preliminary April statistics indicate that discharges, average daily census, ED and outpatient cases remain strong. Length of stay and CMI adjusted length of stay are either at or slightly below budget. Inpatient and outpatient Operating Room cases remain above budget while ED cases continue to lag the budget. In general, all indicators point to a strong performance in April.

Brett Short, compliance officer, presented the Corporate Compliance report and update for the period reviewing the 2013 compliance work plan, new areas of focus and trending issues.

Dr. Charles Hoopes and Dr. Roberto Gedaly presented an update on the UK Organ Transplant Program. Dr. Gedaly reviewed abdominal transplants, including kidney and liver transplants and Dr. Hoopes, director of the UK Comprehensive Transplant Center, reported on mechanical circulatory support and heart and lung transplants.

Dr. Steven Strup presented for approval the current list of privileges and credentials. The committee made a motion to accept the privileges and credentials brought before them. The motion carried and was approved by the committee.

In conclusion, Trustee Young reminded the Board that the University Health Care Committee's annual retreat will be held on June 10th at Keene Barn at Keeneland. Continental breakfast will be served at 7:30 am and the meeting will start at 8:00 am.

EE. Human Resources Committee

Trustee Terry Mobley, chair of the Human Resources Committee stated that the Human Resources Committee met this morning and heard the annual Staff report from Staff Senate Chair Mike Adams and Senator Terry Olson. The committee also had one business item.

FF. Proposed Revision to Administrative Regulation: University of Kentucky Retirement Plan (HRCR 1)

Trustee Mobley stated that HRCR 1 recommends that that the Board of Trustees approve changes to the University of Kentucky's Retirement Plan as defined in Administrative Regulation (AR) 3:1. Changes to this AR include: 1) authorizing the Executive Vice President for Finance and Administration to execute and amend a Retirement Plan Investment Policy Statement; and, 2) to utilize an appropriate committee(s) and/or consultants to assist with the execution of the Policy Statement.

On behalf of the Human Resources Committee, Trustee Mobley moved approval of HRCR 1 and it passed without dissent. (See HRCR 1 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

GG. Investment Committee Report

As Trustee Bill Gatton could not attend the Board of Trustees meeting, Trustee Jim Stuckert, chaired the Investment Committee. He stated that the Investment Committee met yesterday to review performance results and conduct other business. The endowment had a net market value of \$970.5 million as of March 31, 2013. For the nine months ended March 31, 2013 the endowment pool has returned 11.7% due to strong equity market returns during the period. The endowment pool outperformed the policy benchmark during the nine-month period by 173 basis points due to strong performance by the international equity, fixed income, and absolute return managers.

Trustee Stuckert continued that UK's investment consultant, R.V. Kuhns & Associates, presented the annual asset allocation study and portfolio risk review. The Investment Committee hired RVK in early 2008 and has implemented a broadly diversified asset allocation with the objective of reducing the volatility of returns and achieving an average annual return of 7.5% over the longterm, defined as 10 or more years. The consultant advised that additional changes to the asset allocation are necessary to achieve the 7.5% return target due to the lower return environment. The possible changes 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. The Investment Committee will vote on a formal asset allocation recommendation in June.

HH. Student Affairs Committee

Trustee John Wilson, filling in for Trustee Pamela T. May, chair of the Student Affairs Committee, reported that the Committee heard three informational reports.

UK's Residence Hall contract process was discussed by Jim Wims, Associate Vice President of Student Affairs, Tony Ralph, Director of Residence Life and Clay Sturgeon, Associate Director for Housing Assignments. It is a good way that students can interact to select Living Learning Communities and is a way to get priority for housing by selecting those Living Learning Communities.

Dr. Larry Crouch, Development/Assistant to the Vice President, discussed the student complaint process, which recently received very good reviews from the Commission on Colleges of the Southern Association of College and Schools (SACSCOC). It is an online process, a triage system, in which students are guaranteed a response in ten business days.

Trustee Bilas shared some details about Student Government. This year SGA closed the year with a \$20,000 - \$40,000 surplus that will go to the Student Scholarship Fund. Over the year \$130,000 was allocated to student organizations locally, nationally and internationally for those activities. Also mentioned was that the Wildcats in Washington and Frankfort have guaranteed placement of students in legislative offices.

Trustee Wilson reported that Trustee Holland informed the Committee that Mary Katherine Kington received the Otis A. Singletary Outstanding Senior Award for females, and Steven Bilas received the Otis A. Singletary Outstanding Senior Award for males.

Trustee Wilson called the Board's attention to the copy provided of the Common Reading Experience book, "Where Am I Wearing" by Kelsey Timmerman. This book is part of the freshman orientation and students will be reviewing the book during classes of UK 101 this fall. Board members are welcome to attend as well.

II. Item for Board Discussion – Master Plan Update

President Capilouto began the discussion with two videos from a group of 30 students, part of a National Science Foundation-funded program called "Systems Thinking for Sustainability." As part of the course experience students had to create a short video, focusing on creative ideas for sustainable living on our campus and how it would complement the Master Plan. Vice President for Facilities Bob Wiseman presented to this class and worked with them on an important issue of their day. Students from the Colleges of Business, Education, Engineering, and Design worked in collaborative learning teams throughout the course.

Mr. Wiseman updated the Board on the status of the Master Plan. To date, over 50 public meetings and work sessions have been held. These charettes, open houses, and neighborhood meetings have informed and invited discussions with neighborhood associations and citizens,

Lexington Fayette Urban County Government officials and members, University of Kentucky administration and departments, faculty, staff, and students. This transparent and open process has allowed the dialogue to continue. Current issues moving forward include: preservation of existing buildings on campus versus renewal; pedestrian versus vehicular mobility on campus; future of surface parking lots and recommendations for “greening”; student life and academic environment components, “what should we create and where;” and stabilization and buffering along the edges of campus with respect to the surrounding neighborhoods and community. Mr. Wiseman detailed challenges and presented possible solutions for each of these areas.

Working with UK, Education Realty Trust (EdR), Sherman Carter Barnhart Architects and Ross Tarrant Architects, Sasaki, a planning firm that specializes in campus master planning, is currently on track to submit a draft plan in June 2013. During July and August, the plan will be vetted with University leadership and discussed with the community. In the fall, a full draft plan with goals and objectives will be submitted for the Board’s approval.

Mr. Wiseman concluded with a reminder that a comprehensive overview of the progress to date and the Master Plan can be found at <http://www.uky.edu/EVPFA/Facilities/MasterPlan>.

Chair Brockman praised the master plan process, the countless hours of hard work, and more importantly, the sense of collaboration and investment that neighbors, businesses, the faith community, and our partners in city government have contributed to the process. He pointed out the importance of the balance between a rich legacy reflected in campus architecture and design and the belief that revitalization of our campus core is critical, if we are to create the kind of modern learning, living, research and service environment we want and need for our students, faculty, staff, and the Commonwealth.

Chair Brockman continued that this day also marks an important milestone in the history of the University. On May 14, 1938, the Student Union Building, now the UK Student Center, celebrated its formal opening with the ODK and Engineers Ball. In its 75th year, the Student Center is more than just “brick and mortar...it is a living, breathing organization that has touched the lives of many people, and so many students, past and present, have contributed to make the university experience so wonderful through our Student Center.” Chair Brockman recognized Vice President for Student Affairs Robert Mock and Student Center Director John Herbst for their dedication to the institution and its students.

Chair Brockman concluded that as “we honor the legacy and history of this place, we should do so with an eye toward the future; and a commitment to redouble our efforts as we move forward in thinking about how we will grow and develop as an institution to ensure that we give our students the kind of facilities that will maximize their ability to grow and develop as people.”

JJ. University of Kentucky Mining Engineering Foundation Report

Trustee Jo Hern Curriss reported on the April 18 meeting of the University of Kentucky Mining Engineering Foundation. Highlights from the Department of Mining Engineering included:

- 37 total graduates in 2012-2013, largest in the history of the department
- 90% placement into full positions
- Scholarships awarded in 2012-13 = \$689,000
- Fall 2013: 68 accepted into Mining Engineering, 44 accepted scholarship offers
- Over \$1.4 million received in new research funding
- Undergraduate GPA for graduates was 3.10

KK. Meeting Adjourned

Hearing no further business, Chair Brockman declared the meeting adjourned at 2:42 p.m.

Respectfully submitted,



Sheila Brothers
Secretary, Board of Trustees

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