

Minutes of the Executive Committee
of the Board of Trustees
University of Kentucky
Tuesday, September 10, 2013

The Executive Committee of the Board of Trustees of the University of Kentucky met on Tuesday, September 10, 2013 in the Board Room, 18th Floor of the Patterson Office Tower.

A. Meeting Opened

Dr. E. Britt Brockman, chair of the Executive Committee, called the meeting to order at 8:00 a.m. and asked Secretary Sheila Brothers to call the roll.

B. Roll Call

The following members of the Executive Committee were present: E. Britt Brockman (chair), Oliver Keith Gannon, Terry Mobley, James W. Stuckert, and Barbara Young. Secretary Brothers reported that a quorum was present.

Trustees C.B. Akins, Sr., Mark Bryant, Kelly Holland, Bill Gatton, and Frank Shoop, were in attendance. General Counsel Bill Thro was also in attendance.

C. Approval of Minutes

Chair Brockman said that the minutes of the August 13, 2013 Executive Committee meeting had been distributed and asked for any comments. Trustee Stuckert moved approval and Trustee Mobley seconded the motion. It carried without dissent.

D. Proposed Revision to Governing Regulations: Executive Committee (ECR 1) (First Reading)

Chair Brockman stated the ECR 1 was the recommendation that the Board of Trustees receive and vote to accept for the first reading the revision of Governing Regulation (GR) II, relating to the composition of the Board of Trustees Executive Committee. The proposed revision adds the Vice Chair of the Board of Trustees as a member of the Executive Committee.

Chair Brockman recognized Trustee Shoop, chair of the Nominating Committee to provide the background. Trustee Shoop stated that at the August 2013 meeting, the Nominating Committee of the Board of Trustees had a lengthy discussion and recognized the importance of having the elected Vice Chair of the Board serve on the Executive Committee.

Chair Brockman added that because this change would take effect only after a second reading at the October 26 meeting of the Board, it is the intent of the Board that this change will not affect the term of any member of the Executive Committee who was elected at the September 10, 2013 Board meeting.

Trustee Mobley moved to recommend approval of ECR 1. It was seconded by Trustee Stuckert and it passed without dissent.

E. President's Evaluation

Chair Brockman stated that at the August 13, 2013 meeting, the Executive Committee received Dr. David Hardesty's report regarding the President's Evaluation. With the results from this report, members of the Board of Trustees submitted additional feedback in the form of an open response questionnaire. Chair Brockman received responses from 16 Trustee members. Three of the new Board of Trustees members recused themselves because they did not feel they were in a position to evaluate the President.

In response to the first question "What were the President's major accomplishments in 2012-13?" Chair Brockman reported that all responses were positive and his accomplishments included infrastructure and campus revitalization, administrative hires, budget planning and accountability with the new financial model and leveraging relationships with the Legislature and the Governor.

The second question was "What are the President's major strengths?" Chair Brockman reported that respondents cited vision, intelligence, focus, energy and the President's ability to implement. Other strengths reported were integrity, ethics, a passion for the student experience and an understanding of the entire University. Finally, it was noted that President Capilouto has surrounded himself with a strong team and has worked hard to establish relationships with major stakeholders.

The third question dealt with future areas of improvement for the President. Chair Brockman reported that "although one third of the respondents stated that it would be hard to find an area he needed to improve upon, the responses from the remaining Trustees dealt with three themes, although none were mentioned by a majority of the respondents."

The first area recommended more fully communicating concepts and plans. This observation was respondent dependent (appointed member, staff or faculty Trustee.) Chair Brockman reminded the Committee that this area was mentioned in the President's last evaluation. Chair Brockman stated that in his opinion, President Capilouto had worked hard in this area over the last year and had demonstrated improvement. He noted that due to rapid change both inside and outside the University, it is understandable that additional focused communication is a request.

The second area of improvement dealt with emphasizing diversity and inclusivity, either through top-down hires or campus training.

The third area of improvement that was noted dealt with public relations. Many respondents' felt there is a "great story here at the University of Kentucky" and we need to share it often with constituents on campus and throughout the Commonwealth.

Chair Brockman reported that the last question basically asked for the Board's overall assessment of the President's performance during 2012-13. All respondents gave the President their highest praise for the job he has performed. One respondent expressed a concern that we need to keep an eye on graduate education for 2013-14 and one respondent noted "he is achieving most of our broad goals in record time and working tirelessly to make things happen."

Chair Brockman opened the floor for any comments or questions regarding the survey. Trustee Gannon stated that the evaluation process the Board is now using has improved dramatically and he is quite proud of the process. The improved process has allowed the Board to gather evaluation information in a more coherent manner.

In regards to the communications area of improvement, Trustee Stuckert suggested that UK Public Relations and Marketing educate and update the Board on their methodologies, practices and strategies.

Trustee Mobley was complimentary of both UK Public Relations and President Capilouto's efforts to disseminate information to the campus and community. He felt that there is a great desire to continually keep the campus and community informed, but realizes there are communication channel challenges in reaching all faculty, staff, students and the community at large.

F. Closed Session

Chair Brockman stated that having concluded the discussion of the President's Performance Evaluation, the Executive Committee needed to go into closed session in order to discuss President's Capilouto's appointment pursuant to his contract. He moved that the Executive Committee go into closed session pursuant K.R.S. 61.810 (1) (j). This statutory citation is the exception in the open meetings law that permits the Committee to go into closed session to discuss the appointment of President Capilouto, specifically the discussion of possible changes to his contract. Trustee Mobley seconded the motion and it carried without dissent. The Committee went into closed session at 8:12 a.m.

G. Open Session

The Executive Committee reconvened at 8:46 a.m. Chair Brockman stated that the closed session had concluded and the Committee was back in open session. He stated that no final action was taken during the closed session and President Capilouto's appointment contract currently remains unchanged.

Chair Brockman stated that during closed session the following recommendation, ECR 2 Presidential Evaluation and Compensation was made. The recommendation is:

"That the Board of Trustees 1) extend President Eli Capilouto's Employment Agreement to June 30, 2018; 2) increase President Capilouto's base salary by five percent (5%) (or \$25,000) to \$525,000; 3) award a one-time bonus of ten percent (10%) of President Capilouto's original base salary (or \$50,000); and 4) establish a longevity incentive equal to his 2017-2018 base

salary if he serves until June 30, 2018. The exact structure of the longevity incentive is to be determined.”

Chair Brockman continued that consistent with the President’s Employment Agreement, the Board would sincerely like to discuss “an additional performance incentive payment based upon extraordinary performance,” in appreciation for the President’s visionary and effective leadership during 2012-13. However, based on discussions with the President, the Board has decided to postpone discussions because of the uncertain budgetary environment.

Chair Brockman asked for a motion to recommend approval of ECR 2. Mr. Stuckert moved approval and it was seconded by Trustee Mobley. Chair Brockman opened the floor for discussion. Trustee Brothers offered that to be consistent with faculty and staff salary adjustments for the 2013-14 fiscal year, the recommendation for President Capilouto’s five-percent base salary adjustment should be retroactive to July 1, 2013. Chair Brockman concurred and the language will be inserted.

Hearing no further discussion, Chair Brockman called the vote and the recommendation passed without dissent.

H. Meeting Adjourned

With no further business, the meeting was adjourned 8:50 a.m.

Respectfully submitted,



Sheila Brothers, Secretary