

Minutes of the University Athletics Committee
University of Kentucky
Tuesday, December 13, 2016

Meeting Opened and Roll Call

Dr. C.B. Akins, Sr., chair of the University Athletics Committee, called the meeting to order at 9:14 a.m.

The following members of the University Athletics Committee were present: C.B. Akins, Sr. (chair), Jennifer Barber, Skip Berry, Kelly Holland, David Melanson, Community Advisory Members Vickie Bell, Wilbur Hackett, Jr., Paula Hanson, and Faculty Representative Joe Fink.

Approval of Minutes

Chair Akins welcomed the Committee and stated the minutes from June 24, 2016 had been distributed and asked for any corrections or comments. Seeing none, Trustee Holland moved for the approval of the minutes. Trustee Barber seconded the motion, and it carried without dissent.

President's Remark

President Capilouto mentioned the remarkable season that led the football program to a bowl invitation. He praised the academic achievements sustained by the student-athletes since 2005. He commended the Department of Intercollegiate Athletics for being committed to the program to make student success possible.

Departmental Report

DeWayne Peavy, Deputy Director of Athletics, provided some highlights from the fall 2016 season. The volleyball team progressed to the NCAA tournament for the 12th consecutive season. The men's soccer team earned a national seed in the NCAA tournament, the first time in the program's history. Winter sports are underway.

Mr. Peavy continued that the Department hired a new women's soccer coach this fall, Ian Carry, who will be pertinent to the revitalization of the overall program. The new Joe Craft Football Training Facility opened as a full-service facility including academic, dining, and football spaces available in the facility. He stated that the final plans for the new baseball stadium are nearly complete and construction is scheduled to begin in early 2017. Completion of the new facility is scheduled for fall 2018. In addition, the Department hired a new baseball coach, Nick Mingione.

Mr. Peavy reported that UK student-athletes broke the UK record for graduation rates in the annual NCAA report from November. He continued that UK student-athletes have shown remarkable consistency by improving upon or equaling the record graduation rate since the NCAA tracking began in 2005.

In November, the Department unveiled and dedicated a statue in honor of the four Kentucky students who broke the color barrier in the SEC in 1967: William Hackett, Jr., Houston Hogg, Nate Northington, and Greg Page. This was a special moment and accomplishment not only for the campus, but also for the SEC Conference.

Mr. Peevy reported the football program will participate in its first post-season bowl game since 2010, and the team was invited to the TaxSlayer Bowl in Jacksonville, Florida. With the University of Kentucky's appearance on New Year's Eve, this specific bowl has now hosted all 14 SEC schools. In conclusion, he reported both tennis and golf had very good fall seasons.

Trustee Holland, Trustee Hawpe, and Trustee Christian inquired about the financial impacts of the bowl game. Mr. Peevy explained that the Southeastern Conference shares bowl revenues among its 14 members and provides additional stipend to participating institutions. He further stated that the athletics department budgets for post-season football beyond the stipend provided by the SEC.

Trustee Christian asked about the effect a bowl win might have on ticket sales for the upcoming season. Mr. Peevy indicated he would not have this information until early 2017 when ticket sales begin. He continued that going to a bowl game has a positive impact on season ticket sales. Chair Akins, Trustee Christian, Trustee Holland, and Mr. Hackett commented on intangible positives for attending a bowl game and Mr. Hackett noted the SEC splits revenues equally to assist participating schools going to bowl games.

During her tenure with the UK Admissions Office, Trustee Holland offered that the goodwill and excitement created among prospective students as another intangible positive in conjunction with a bowl or championship appearance.

President Capilouto concluded by reiterating the intangible positives outlined by many of the Trustees on the Committee and shared his excitement for the students on the football team, coaching staff, and athletics administration.

Business Items:

Chair Akins introduced Susan Krauss, Treasurer, who presented for the Committee's consideration the 2015-16 Audited Financial Statement and the Independent Auditors' Report on Financial Statement and Supplemental Information for the Department of Intercollegiate Athletics.

Ms. Krauss stated the Department of Intercollegiate Athletics audited statements for the year ended June 30, 2016 will be included in the consolidated financial statements recommended for approval to the Finance Committee as a part FCR 3. BKD performed the audit and provided a full report on the results, and attended the Audit and Compliance Committee meeting earlier.

The Statement of Net Position, or balance sheet, indicated a strong financial condition for the end of the year with total assets and total deferred outflows of \$571 million offset by total liabilities and deferred inflows of \$352 million resulting in a net position of \$219 million at the end of June. Net position increased by \$11.5 million, representing a 6% increase for the year.

Assets and liabilities were noted as a significant decrease for the year, with a \$28.7 million decrease in assets and a \$40.2 million decrease in liabilities. These decreases related to cash used for the new Football Training Facility, the renovation of Commonwealth Stadium, and a decrease in the multimedia rights for the JMI partnership due to current year amortization. Ms. Krauss also reported on the statement of revenues, expenses, and changes in net position. She provided an update on agreed-upon procedures performed by BKD for the Fiscal Year 2016 financial data submitted to the NCAA, and no exceptions were noted.

Trustee Melanson moved acceptance of the 2015-16 Audited Financial Statement and the Independent Auditors' Report on Financial Statement and Supplemental Information for the Department of Intercollegiate Athletics as presented. It was seconded by Trustee Berry and it passed without dissent.

Chair Akins introduced Melissa Gleason, Executive Associate Athletic Director/Chief Financial Officer, who presented for the Committee's consideration, the Interim Financial Report for the Three Months Ended September 30, 2016 for the Department of Intercollegiate Athletics. The information included the statement of net position, the statement of revenues and expenses, and changes in net position. Trustee Barber moved acceptance of the Interim Financial Report for the Three Months Ended September 30, 2016 for the Department of Intercollegiate Athletics as presented. Trustee Melanson seconded the motion and it passed without dissent.

Other Business

Trustee Hawpe shared his concern regarding the issue of concussions with student-athletes. President Capilouto replied the NCAA takes this issue of concussions and medical advisory with great seriousness and carefully reviews the data and shares with the league and Board of Governors. The University follows the protocol and policy that the NCAA requires for student-athletes. Mr. Hackett added that the SEC has a medical advisor at every game who observes players, and identifies or removes players from the game if needed.

Chair Akins recognized Dr. Joe Fink as the recipient of the Hal Rogers Difference Maker Award. Congressman Hal Rogers presented the award at the 20th anniversary ceremony of the Center for Rural Development in Somerset. The award citation reads, "In recognition of your exemplary leadership at the Center for Rural Development and your commitment to improve southern and eastern Kentucky, including your investment in our youth." Chair Akins noted that Dr. Fink served on the Center's Board of Directors from 2002-2013, and was the Chair of the Board from 2008-2010.

Chair Akins added that Mr. Wilbur Hackett would be participating in the Heart of Dallas Bowl this year as a SEC football game official.

With no further business, the meeting was adjourned at 9:50 a.m.