

Minutes of the Meeting of the Board of Trustees
University of Kentucky
Saturday, October 24, 2015

The Board of Trustees of the University of Kentucky met on Saturday, October 24, 2015, in the Board Room on the 18th floor of Patterson Office Tower.

A. Meeting Opened

E. Britt Brockman, chair of the Board of Trustees, called the meeting to order at 9:30 a.m. Chair Brockman asked Trustee Kelly Holland, 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., Claude “Skip” Berry, III, James H. Booth, William C. Britton, E. Britt Brockman, Sheila Brothers, Mark P. Bryant, Angela L Edwards, Cammie Grant, Robert Grossman, David V. Hawpe, Kelly Sullivan Holland, Terry Mobley, Austin Mullen, Frank Shoop, Robert Vance, John Wilson, and Barbara Young. William S. Farish, Jr., O. Keith Gannon, and Bill Gatton were absent from the meeting. Secretary Holland announced that a quorum was present.

The University administration was represented by President Eli Capilouto, 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 Andrew Hippisley, and the University staff was represented by Chair of the Staff Senate Jann Burks.

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

C. Approval of the Minutes

Chair Brockman called attention to the minutes from the meeting on September 11, 2015. Trustee Bryant moved approval of the minutes and Trustee Shoop seconded the motion. Chair Brockman called for the vote and it passed without dissent. (See Minutes on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

D. Chairs Report

Chair Brockman reported that there were no petitions to address the Board since the last meeting. He also presented and explained a more robust usage of the Consent Agenda. To decrease redundancy and facilitate more extensive and more thoughtful discussion of issues confronting the University, all recommendations of the Committees will be considered part of the Consent Agenda. Items can be removed from the Consent Agenda in any one of three ways:

- The President may remove any item before the actual vote on the Consent Agenda.
- The Chair of the Committee, in consultation with the appropriate President's Direct Report, may remove an item from Consent Agenda before the Committee Meeting that will consider the action.
- Any Board Member may request the removal of an item from the Consent Agenda when consent items are being considered during the Chairman of the Board's report (Chairs Report).

E. 2015-2020 Strategic Plan (PR 1)

President Capilouto stated that PR 1 was the recommendation that the Board of Trustees adopt the attached 2015-2020 Strategic Plan for the University of Kentucky. Suggestions related to the Diversity and Inclusivity area were made and the terms "promotion" and "administrators" were added to the Strategic Objective.

Trustee Grossman moved approval of PR 1. It was seconded by Trustee Brothers and it passed without dissent. (See PR 1 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

F. Honorary Degree Recipient (PR 2)

President Capilouto stated that PR 2 was the recommendation that the Board of Trustees approve awarding an Honorary Doctor of Engineering to Matthew D. Cutts as approved and recommended by the University Faculty.

Trustee Grant moved approval of PR 2. It was seconded by Trustee Shoop and it passed without dissent. (See PR 2 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

G. Design Phase of the Expand/Renovate/Upgrade Law Building Capital Project (PR 3)

President Capilouto stated that PR 3 was the recommendation that the Board of Trustees approve the initiation of the Design Phase of the Expand/Renovate/Upgrade Law Building Capital Project and declare official intent to reimburse the capital expenditures from a future debt obligation.

Trustee Bryant moved approval of PR 3. Trustee Vance seconded the motion and it passed without dissent. (See PR 3 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

Trustee Bryant expressed his gratitude to the President for his assistance in advancing the project. He believed that the new building will raise the profile of the College and continue to attract quality students to the profession.

H. Appointment of General Counsel (PR 4)

President Capilouto stated that PR 4 was the recommendation that the Board of Trustees approve the appointment of Mr. William E. Thro as General Counsel effective October 15, 2012. President Capilouto apologized for the oversight of this appointment.

Trustee Berry moved approval of PR 4 and it was seconded by Trustee Hawpe. Chair Brockman opened the floor for discussion. Trustee Grossman asked if there were any additional appointments that needed the Board's approval. President Capilouto replied there were none to his knowledge. Trustee Hawpe expressed that Mr. Thro had been extremely helpful in explaining to and discussing with him pertinent issues affecting the University.

Chair Brockman asked for the vote and it passed without dissent. (See PR 4 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

I. University Updates

Dr. Michel Karpf, Executive Vice President for Health Affairs, updated the Board of Trustees on the discussions with Cincinnati Children's Hospital regarding complex pediatric heart care. Dr. Karpf shared that the discussion revolved around one program, two sites. The single program, essentially supervised by Cincinnati Children's Hospital, would have a site in Lexington with a full-time surgeon. The program would adhere to Cincinnati Children's Hospital's standards of excellence and standards of patient engagement.

Dr. Karpf related that negotiations were still underway; he was pleased with the proposal and was optimistic regarding its outcome.

J. Capital Project Process

Mr. Eric Monday, Executive Vice President for Finance and Administration, explained that capital projects for the 2016-18 biennium will be under consideration at the 2016 legislative session. Every two years, the University submits a list of capital projects to the Council on Postsecondary Education (CPE). CPE reviews and makes a recommendation to the Governor. One of the projects for consideration is a modernization pool.

Mr. Monday introduced Mary Vosevich, Vice President for Facilities Management to update the Board regarding campus modernization.

Ms. Vosevich began that modernization begins with the discussion of which University facilities will most benefit UK's students and academic and scholarly excellence. In December, 2006 the Kentucky Council on Postsecondary Education and the public institutions commissioned a firm, VFA, Inc., to assess the condition and space of all public university and college campuses in Kentucky. UK participated in this assessment. Each building's physical condition was reviewed in general terms and a facility condition index (FCI) was calculated. Facility Condition Index (FCI) is an industry benchmark that is the ratio of renewal and deferred maintenance dollars to replacement dollars and provides a straightforward comparison of an organization's key facility assets.

To calculate the FCI for a building, the total estimated cost to complete the renewal needs for a building is divided by its estimated current replacement value (CRV). As the FCI increases, there is a greater need for modernization and renewal funding relative to the facility's value. An FCI under 10% is considered good to fair.

UK's plan is to rehabilitate, renovate and modernize buildings in order to accomplish the following key objectives:

- Utilize space better by allowing for more flexibility for a wide array of class needs
- Modernize the core of campus to help create a unified sense of place for students and to create better synergies among departments and faculty
- Preserve several historic structures to commemorate their contribution to UK's 150-year history
- Manage escalating costs
- Provide improved energy efficient systems that reduce operating costs and lower future maintenance expenses

Ms. Vosevich continued that UK has core campus academic and student services buildings, with an average FCI of 49.45% that need modernizing. Buildings under consideration were built from 1907 to 1974. The FCI range is between 33% and 65%. There are 31 buildings and these will be evaluated using one or more of the following criteria:

- Buildings impacting Student Success
- Buildings located within physical core of campus
- Buildings with potential for consolidation of department space
- Buildings having historical or architectural significance
- Buildings having FCI (Facility Condition Index) ≥ 20 (10 and below is considered fair to good)

Using these capital budget criteria, 19 buildings have been identified and will be the basis for the capital project request. UK's request for the 2016-18 biennium is to partner with the Commonwealth and propose a Facilities Renewal and Modernization project to create a \$250 million pool of funds, \$125 million in state bonds and \$125 million in agency bonds (philanthropy, fund balances, and other funds.) Work will include the following categories:

- Exterior and Interior Improvements
- Life Safety Upgrades
- ADA (Americans with Disabilities Act)
- Energy Conservation

Ms. Vosevich stated that the next steps would include working with deans, faculty, staff, and other members of the UK community to program buildings. Work would also be performed with a consultant to determine the scope of projects based on identified criteria. The list of buildings would be further narrowed in "Phase One" to those meeting the initial criteria and for projects that can be completed within the proposed \$250 million budget.

Ms. Vosevich shared with the Board some of the restorative projects and modernizations that will be performed on Patterson Hall, a similar structure built in 1904. Exterior projects include replacing windows, cornices, brick and masonry, and making entrances ADA compliant. Interior projects include creating classrooms, study lounges, offices, refinishing doors, wood trim, floors, porches and restoring tin ceilings, to name a few.

Trustee Brothers asked about the process and which 19 buildings had been identified. Ms. Vosevich reviewed the criteria and the next steps.

Trustee Hawpe asked about the ability to convince the Kentucky General Assembly of this project's importance. President Capilouto offered that he has been asked about modernization projects and capital renewal projects and he was encouraged that this type of project request to preserve and modernize will be received favorably.

Trustee Grossman asked at what point is a decision made that a building is past its useful life and demolition and rebuilding is preferable. Ms. Vosevich stated that the question and the calculation is sometimes a difficult one, when a building is being evaluated on whether there is value in keeping it or value in replacing it. With these specific buildings being in the central core and being of historical significance, adding that an existing building contributes to sustainability, she believed these buildings would stay and be modernized.

Trustee Young asked about the cost of the restoration/modernization of Patterson Hall. Ms. Vosevich stated the cost is approximately \$15 million. President Capilouto reminded the Board that the monies were provided by UK dining partner Aramark.

Should all events happen to allow the project to go forward, Trustee Britton asked about the approximate time frame for completion of this project. Ms. Vosevich could not give a definitive date. Buildings will have to be vacated and occupants relocated. As those decisions are made, the Board will be continually informed.

Trustee Brothers asked about accessible entrances and signage for other facilities. Ms. Vosevich stated that those were under review as well and a sizeable signage project is currently underway.

For more information, Ms. Vosevich's presentation can be viewed at: http://www.uky.edu/Trustees/agenda/retreats/oct2015/Capital_Project_Pool_Concept_rev.pdf

K. Other Business

Chair Brockman recognized and thanked Amy Hisel for her work related to the planning and organization of the October Board Retreat and meetings. The Board gave Ms. Hisel a round of applause.

Trustee Hawpe wanted to express that after consulting with Provost Tracy, he was pleased that there was a commitment in the Strategic Plan to the maintenance of the liberal arts

core. He feels strongly that the intent for the experience on the University's campus is one that not only "prepares people for the world but prepares them for a full, rich, life and citizenship and exposes them to the culture and all the things that the liberal arts core does."

L. Meeting Adjourned

Hearing no further business, the meeting was adjourned at 10:18 a.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Kelly S. Holland".

Kelly Sullivan Holland
Secretary, Board of Trustees

(PR 1, PR 2, PR 3 and PR 4 are official part of the Minutes of the meeting)