

Minutes of the Meeting of the Board of Trustees
University of Kentucky
Friday, May 9, 2014

The Board of Trustees of the University of Kentucky met on Friday, May 9, 2014 in the Board Room on the 18th floor of Patterson Office Tower, Lexington, Kentucky.

A. Meeting Opened

Dr. E. Britt Brockman, chair of the Board of Trustees, called the meeting to order at 1:03 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., James H. Booth, William C. Britton, E. Britt Brockman, Sheila Brothers, Mark P. Bryant, Jo Hern Curris, Angela L. Edwards, William S. Farish, Jr., Oliver Keith Gannon, Carol Martin (Bill) Gatton, David Hawpe, Kelly Sullivan Holland, Terry Mobley, Roshan Palli, C. Frank Shoop, James W. Stuckert, Irina Voro, John Wilson and Barbara Young. Secretary Brothers announced that a quorum was present.

The University administration was represented by President Eli Capilouto, Provost Christine Riordan, 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 the Chair of the University Senate Council Lee Blonder, and the University staff was represented by the Chair of the Staff Senate Jeff Spradling.

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

C. Consent Items

Chair Brockman called attention to the two consent items on the agenda. The items were the minutes for the Board of Trustees meeting on April 1, 2014 and PR 2, Personnel Actions. Trustee Stuckert moved approval of the consent items and Trustee Mobley seconded the motion. Chair Brockman called for the vote and it passed without dissent. (See consent items listed below on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

Minutes, Board of Trustees Meeting, April 1, 2014
PR 2 Personnel Actions

D. Chairman's Report

Chair Brockman reported that there was one petition to appear before the Board of Trustees. Mr. Brock Meade, representing the UK – United Students Against Sweatshops was

granted permission to address the Finance Committee.

Chair Brockman announced that Dr. Robert Grossman, professor in the Department of Chemistry was elected by the University faculty as the next Faculty Trustee to the Board of Trustees. Dr. Grossman was elected to the position currently held by Dr. Irina Voro, whose term ends on June 30, 2014.

Chair Brockman recognized University Senate Council chair-elect Dr. Andrew Hippisley, a professor of Linguistics from the Department of English. Dr. Hippisley assumes the chairship of the Senate Council on June 1, 2014.

E. Executive Committee Report

Chair Brockman reported that the Executive Committee met to discuss the 2013-14 Presidential Evaluation process. The Committee discussed the feedback from the University Senate, Staff Senate and Student Government Association regarding the questionnaire used in the evaluation. The Committee approved the questionnaire and also authorized Chair Brockman to approach representatives of each constituency group to participate in the process.

G. President's Report

President Capilouto began by announcing that Dr. Lisa Cassis, Professor and Chair of the Department of Molecular and Biomedical Pharmacology, had agreed to serve as the Interim Vice President for Research. President Capilouto continued that Dr. Cassis has an extensive research portfolio that focuses on metabolic, vascular and obesity-associated diseases. She currently serves as the principal investigator on several multi-million dollar National Institutes of Health grants and is an affiliated faculty member in the Saha Cardiovascular Research Center. She earned her B.S. and Ph.D. in Pharmacology from West Virginia University and held post-doc positions at the University of Wurzburg and the University of Virginia. She has received several professional and academic honors, is a noted leader in her field, and is an exceptional colleague and mentor at UK. She will begin her term on June 2, 2014.

Dr. Cassis thanked President Capilouto and the Board for the opportunity to serve as Interim Vice President for Research. She stated that as a pharmacist and pharmacologist, she studies drug design, development and the action in the body. Her research on different types of cardiovascular metabolic diseases invites collaboration with other units, most prominently nutritional sciences. One area of her current research is in environmental toxins in Kentucky and how they promote Type 2 diabetes. She looked forward to her role as Interim Vice President to encourage collaboration and move the University's research interests forward.

President Capilouto stated that the University Research Professorships were established by the University of Kentucky in 1976. Their purpose is to enhance and encourage scholarly research productivity, provide an opportunity for concentrated research effort, recognize outstanding research achievement, emphasize the function of research and discovery, and publicize research accomplishments and the impact thereof. Nominations are made by UK faculty members, screened by a faculty committee appointed by the Vice President for Research

and approved by the Board of Trustees. The honor carries an award of \$40,000 to enable professors to devote time to their research or continue to teach and use the award to support research activities.

The first recipient was Dr. Richard J. Charnigo, Jr., a tenured full professor in the Departments of Biostatistics, and holds a joint appointment in the Department of Statistics in the College of Arts and Sciences. Dr. Charnigo received his Ph.D. in Statistics from Case Western Reserve University in 2003 and joined UK in August 2003. His research interests include theory and methods for mixture modeling and microarray data analysis, theory and methods for nonparametric regression and nanoparticle characterization and applications in cardiology, psychology, organizational behavior and public health. He has published more than 100 articles in peer-review journals, is currently an editor-in-chief of the Journal of Biometrics and Biostatistics, and has been principal investigator on grants from the National Science Foundation and the Army Research Office. He also currently is serving as President of the Kentucky Chapter of the American Statistical Association.

The second recipient was Dr. Francie Chassen-López, a tenured full professor in the Department of History. Dr. Chassen-López was also recently named a Provost's Distinguished Service Professor. She received her M.A. and Ph.D. from the National Autonomous University of Mexico, and her B.A. from Vassar College. She taught in Mexico City for ten years, first at the National University and later at the Autonomous Metropolitan University, where she attained the rank of Associate Professor with tenure. In 1988 she returned to the United States, where she joined the faculty at UK. She continues to work closely with colleagues in Mexico City and Oaxaca. She has been visiting researcher at both the Institute for Sociological Research and also at the Humanities Institute of the University of Oaxaca. She has twice served as Director of Latin American Studies and was the first woman to chair the UK Department of History. She has produced two single-authored books; two co-authored books; two short books; three edited short anthologies, and 37 journal articles and book chapters. She writes fluently in both Spanish and English, and several of her articles in English have been translated into Spanish. For her work, she has received the Tibesar Article Prize from the Council on Latin American History and also the Hallam Article Prize awarded by the UK Department of History.

The third recipient was Dr. Debra Moser, Professor and holder of the first endowed chair in nursing at the University of Kentucky. Her research concentrates on improving morbidity, mortality and quality of life outcomes in patients with heart failure and acute myocardial infarction. She has studied the interaction of psychosocial and clinical variables in heart failure and acute myocardial infarction. Her research program includes more than \$30,000,000 in funding. Dr. Moser's work has been recognized with more than 23 awards, including the Lembright and Heart Failure Research Awards from the American Heart Association Council on Cardiovascular Nursing. She is a fellow of the American Academy of Nursing and the American Heart Association. In addition to her academic position, she is the co-editor of the Journal of Cardiovascular Nursing, the co-director of the Research and Interventions for Cardiovascular Health (RICH) Heart Program, and the Director of the Center for Biobehavioral Research in Self-Management of Cardiopulmonary Disease. Known for expertise in heart failure and acute myocardial infarction patient care, she has published more than 290 journal articles, 25 chapters, and three books, and lectures extensively in these areas.

The final recipient, Dr. Mark A. Prendergast, received his doctoral degree in Developmental Psychobiology from the Department of Psychology at the University of Nebraska in 1994, with an emphasis on animal behavioral pharmacology. After completing his graduate training, Dr. Prendergast completed a three-year post-doctoral fellowship in the Department of Pharmacology and Toxicology at the Medical College of Georgia in Augusta, Georgia, working with Dr. Jerry Buccafusco, Director of the Alzheimer's Research Center. In 1997, Dr. Prendergast started a second post-doctoral fellowship in the Department of Pharmacology at the University of Kentucky. In 1999, he joined UK's Department of Psychology with direct responsibility for both undergraduate and graduate education. After three years of appointment as a tenure-track Assistant Professor, he was promoted to Associate Professor with tenure in 2005. In 2010, he was appointed to the rank of Full Professor and is also an Associate Member of the Spinal Cord and Brain Injury Research Center, a unit of the College of Medicine. Dr. Prendergast has maintained an externally funded research program since 1999, almost entirely based on awards from the National Institute on Alcohol Abuse and Alcoholism. In addition, as Principal Investigator, he is a training faculty member on two National Institutes on Drug Abuse (NIDA) funded T32 programs at the University of Kentucky and has been since 2000. To date, Dr. Prendergast's vitae shows 81 publications of refereed scientific manuscripts and four book chapters. Importantly, nine of these publications include one or more undergraduate students as co-authors. Since 2005, Dr. Prendergast has been the Area Coordinator for the Behavioral Neuroscience and Psychopharmacology Area of the Department of Psychology. This area is comprised of nine faculty members, with a graduate student population ranging from 20-25 students at all levels of progress annually. As Area Coordinator, Dr. Prendergast is the primary point of contact and interaction for undergraduate students interested in gaining research experience and for those applying to the graduate program.

Professors Charnigo, Chassen-López, and Prendergast were grateful for their award and the opportunity to share with the Board of Trustees the nature of their current research projects. Due to travel-related delays, Professor Moser was unable to attend.

President Capilouto continued that as Kentucky's flagship university, UK is home to the Commonwealth and region's best and brightest; students who compete and succeed alongside top talent from the world's top colleges and universities. This year, UK named its 15th and 16th Astronaut Scholars and 13th Truman Scholar. Additionally, UK has had 18 Goldwater Scholars since 1990 and two Gates Cambridge Scholars in the past six years.

President Capilouto was delighted to introduce two of these outstanding students. The first, computer science, mathematics and physics junior Samuel Saarinen, of Shelbyville, KY, was awarded the Barry M. Goldwater Scholarship worth up to \$7,500 per year. He was one of 283 students nationwide awarded the 2014 Goldwater Scholarship, which was selected on the basis of academic merit from a field of 1,166 mathematics, science and engineering students who were nominated by the faculties of colleges and universities.

Mr. Saarinen thanked President Capilouto and the Board of Trustees. He stated that his dream is to conduct world-class research in artificial intelligence and this scholarship will help him achieve this goal. He also thanked Dr. Pat Whitlow, Director of External Scholarships, for

her assistance with his application and Dr. Judy Goldsmith, professor in the Department of Computer Science, who is guiding his undergraduate research.

The second student, a political science junior and UK Women's Tennis Team member was Grace Trimble, of Winchester, KY. She has been named a 2014 Truman Scholar and will receive \$30,000 to conduct graduate work in areas of public service. Ms. Trimble is the only Truman recipient this year from a Kentucky college or university and is the 13th UK student to receive the honor from the Harry S. Truman Scholarship Foundation. Upon completion of her graduate degree, Ms. Trimble agrees to work in public service at least three years.

Ms. Trimble thanked President Capilouto and the Board of Trustees. She gave a brief history of her nonprofit tennis and education program for underprivileged youth, named "Smart Shots." The Truman Scholarship will allow her the chance to pursue her dream of helping others through athletics and education. An afterschool program, she hopes to expand Smart Shots across the state and eventually throughout southeast.

President Capilouto recognized and thanked Dr. Pat Whitlow, Director of UK's Office of External Scholarships for her help. He stated that her office provides students with individual preparation for some of the most challenging application processes. She coordinates the work of faculty mentors, helps fine-tune resumes and essays, and is a constant source of encouragement for these students.

President Capilouto stated that over the past year, the University has been considering dining options. Recently, the Dining Request for Proposal (RFP) Negotiating Team recommended that the University move forward to consider contract negotiations with a particular vendor, Aramark. President Capilouto stated that he had accepted that recommendation and invited Executive Vice President for Finance and Administration Eric Monday to provide a brief summary and update.

Executive Vice President Monday began by reviewing the goals set forth as the University set out to "build the best environment for student success." He stated that the dining experience is an essential piece for a successful residential university. Throughout the review and discussion, UK was committed to the following standards: providing for current UK Dining employees and their well-being, benefits and long-term employment security; opportunities for students and student employees; the focus on "Kentucky Proud," local food sources and sustainability; the University's land-grant mission, academic representation and expression; and the nutrition and wellness of UK students, faculty, staff and the community.

During the course of the 18-month discussion, certain opportunities became apparent. A public-private partnership, similar to the successful on-going housing transformation, was identified as a process that could provide enhanced meal plans and meal plan value and was a vehicle for facility investments in both new and current dining areas to accommodate the increase in students living on campus. A public-private partnership could also provide opportunities for growth in on-campus food brands and/or restaurant chains, quick-service options and a larger selection of fresh and nutritional menu options.

Executive Vice President Monday reviewed with the Board of Trustees the list of faculty, staff and students who were committee participants in the discussions leading up to a recommendation. Since January 2013, 23 different individuals took part in the Dining Project Revitalization Committee, Dining Request for Information (RFI) Taskforce and the Dining Request for Proposal (RFP) Committee. He continued that with President Capilouto's acceptance of the RFP Negotiating Team recommendation, UK would begin contract negotiations with the preferred partner. If the negotiations of this public-private partnership (P3) proved optimal, capital construction components could be recommended for Board of Trustees approval as early as June 2014. If approved, the transition of the dining program with several facility, menu and service enhancements would occur over the summer in time for the arrival of students in the fall.

In closing, Executive Vice President Monday reiterated some of the compelling and timely opportunities regarding UK's dining services. The opportunity can improve the quality of the dining experience at a lower cost, improve employment opportunities for staff and students, create an unprecedented educational and research enterprise/institute to focus on sustainability of food and local production, and continue the momentum of the campus transformation.

G. University Research Professorships (PR 3)

President Capilouto stated that PR 3 was the recommendation that the Board of Trustees approve the naming of Professors Richard J. Charnigo, Francie R. Chassen-López, Debra K. Moser and Mark A. Prendergast as University Research Professors for 2014-15.

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

H. Candidates for Degrees: May 2014 (ASACR 1)

Trustee Gannon, chair of the Academic and Student Affairs Committee, stated that ASACR 1 was the recommendation that the President be authorized to confer upon each individual whose name appears on the attached list the degree to which he or she is entitled upon certification by the University Registrar that the individual has satisfactorily completed all requirements for the degree for which application has been made and as approved by the elected faculty of the University Senate and the Academic and Student Affairs Committee of the Board of Trustees.

On behalf of the Academic and Student Affairs Committee, Trustee Gannon asked for approval of ASACR 1 and it passed without dissent. (See ASACR 1 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

I. Candidate for Degree: December 2013 (ASACR 2)

Trustee Gannon stated that ASACR 2 was the recommendation that the President be authorized to confer upon the individual whose name appears on the attached list the degree to

which she is entitled upon certification by the University Registrar that she has satisfactorily completed all requirements for the degree for which application has been made and as approved by the elected faculty of the University Senate and the Academic and Student Affairs Committee of the Board of Trustees. Due to an administrative error, the name was not previously submitted.

On behalf of the Academic and Student Affairs Committee, Trustee Gannon moved approval of ASACR 2 and it passed without dissent. (See ASACR 2 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

J. Finance Committee Report

Trustee James Stuckert, chair of the Finance Committee, stated that the Committee heard a presentation by Mr. Brock Meade and Ms. Autumn Murphy, representing the UK chapter of the United Students Against Sweatshops regarding the current discussion on UK Dining Services. Trustee Stuckert was impressed with their respect for the Board of Trustees, their passion for the concerns raised and the professionalism of their presentation.

K. Authorization of Lease between the University of Kentucky College of Dentistry and Kentucky Medical Service Foundation, Inc. (FCR 1)

Trustee Stuckert stated that FCR 1 was the recommendation 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 College of Dentistry and Kentucky Medical Services Foundation, Inc. (KMSF) for space located at 2195 Harrodsburg Road, Lexington.

Due to space limitations in the University of Kentucky College of Dentistry's (UKCD) current building, UKCD is seeking to expand Oral & Maxillofacial Services, Orthodontic Services and the General Practice Dentistry faculty practice currently located at Kentucky Clinic South to this new space. KMSF also intends to close the facility that is "Kentucky Clinic South" and relocate its faculty practice. By partnering with UK HealthCare in the expansion of their clinics in the same location, UKCD will be able to better serve its patient base. The majority of the patients served will be UK employees participating in the UK Dental Care Plans.

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

L. Establishment of Coldstream Research Campus Quasi-Endowment Fund (FCR 2)

Trustee Stuckert stated that FCR 2 is the recommendation that the Board of Trustees approve the establishment of the Coldstream Research Campus Quasi-Endowment Fund to provide for future capital projects and infrastructure improvements; and authorize the executive director of the Coldstream Research Campus, in consultation with the Executive Vice President for Finance and Administration to reinvest distributions, invest future positive cash flow and have the option to withdraw funds if needed to fund unforeseen capital projects.

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.)

M. Expansion of Purpose of Central Kentucky Management Services, Inc. (FCR 3)

Trustee Stuckert stated that FCR 3 was the recommendation that the Board of Trustees approve an expansion of the purpose of affiliated corporation Central Kentucky Management Services, Inc. (CKMS).

As the University's health care programs expand and become more diverse and widespread, there is a need to have a University affiliated corporation provide management, staffing and other support services to health care facilities, entities or enterprises (either University-owned or non-University owned) located beyond the boundaries of the University's main campus. CKMS has the ability to provide these services but requires an expansion of the purpose set forth in its Articles of Incorporation in order to do so.

On behalf of the Finance Committee, Trustee Stuckert moved approval of FCR 3. Chair Brockman opened the floor for discussion. Trustee Brothers asked for further clarification about the expanded duties of CKMS. Executive Vice President for Finance and Administration Eric Monday stated that the expansion of purpose would allow CKMS to be involved in the management or staffing of the management for facilities outside the Lexington campus. Chair Brockman called for the vote and it passed without dissent. (See FCR 3 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

N. Proposed 2014-15 Tuition and Mandatory Fees Schedule (FCR 4)

Trustee Stuckert stated that FCR 4 was the recommendation that the Board of Trustees approve the attached 2014-15 tuition and mandatory fees schedule and authorize the President to submit the schedule to the Council on Postsecondary Education. The tuition and mandatory fees schedule reflects a five percent increase for most resident students and an eight percent increase for most non-resident students.

Trustee Stuckert stated that background on the recommendation included information from the April 29, 2014 Council on Postsecondary Education meeting that established tuition and mandatory fee parameters, including the maximum amount that can be charged. The Council is expected to approve each institution's proposed tuition and mandatory fee rates on June 20, 2014. The Council is transitioning to a two-year tuition setting cycle to facilitate strategic planning and budgeting processes at Kentucky institutions and make college costs more predictable for students and families. For the research and comprehensive universities the Council approved resident undergraduate tuition and mandatory fee ceilings for academic years 2014-15 and 2015-16 that do not exceed five percent in any one year and do not exceed eight percent over two years. The Council's actions also included maintaining the current floor for nonresident undergraduate tuition and mandatory fees of two times the resident undergraduate rate and allowing the public universities to submit market competitive resident and nonresident tuition and mandatory fee rates for graduate and online courses.

On behalf of the Finance Committee, Trustee Stuckert moved approval of FCR 4. Chair Brockman opened the floor for discussion. Student Government President Roshan Palli offered that though no student likes tuition increases, “we do recognize the difficult higher education climate in this Commonwealth currently.” President Palli thanked President Capilouto, Eric Monday and the entire finance team for “working so diligently to mitigate the effects of our appropriations decrease” and ensuring that any student fee increases go to maintaining a high quality of education.

Trustee Curriss inquired about the “class fees” and how these fees might impact the cost of programs. Provost Riordan explained that colleges were instructed to hold course fee increases to three percent. The course fee requests were currently being reviewed by the Provost Budget Office for submission as part of the 2014-15 Capital and Operating Budget proposal, which would be brought to the June 2014 meeting for the Board’s consideration. Trustee Curriss requested a 2013-14 and 2014-15 report comparing in-state student costs of the top five most costly programs. This report would include tuition, mandatory fees and class fees.

Trustee Hawpe stated that the vote on 2014-15 tuition and mandatory fee is preceded by thorough discussions, briefings and deep consideration by both the Board of Trustees and the University administration.

Trustee Shoop inquired about the student fee included in the five percent tuition increase. Executive Vice President Monday explained that the new Student Center renovation fee (\$30 per semester) was provided for within the five percent tuition and fee increase.

Trustee Voro offered the following remarks and asked they be included in the minutes of the meeting.

“It seems to be the norm that, every time the university goes through the budget process, the administration tries to increase the tuition and fees. I guess it is just an easy thing to do. However, after three years on the board, I haven’t seen any credible numbers on our administrative costs and our overhead costs. It appears that our administrative costs are higher than our instructional costs. I wonder why... What is our administrator-to-faculty ratio? What is our administrator-to-student ratio? What is our “professional and para-professional” staff-to-student ratio? These are the ratios that are essential to understanding the actual spending we do at the University. Yet, I see that this essential information is not furnished to us while we consider increasing the tuition.

After years of only gentle protests, let me put it bluntly today: I doubt the administration’s explanation of the necessity of the tuition raise. I seriously doubt their numbers, and I am not convinced by the rest of their claims. As a university employee, I see every day how, because of the administrative inaptitude or, at times, outright malice, the university resources are wasted and the employee morale – another essential resource - is quashed. Most depressingly, I also see how students who come to UK with so much expectation, start to speak of their alma mater with open disappointment...

I don't buy the usual moans that our state is short-changing our University and that we have to raise tuition. The claims of the allegedly massive state "cuts" are not revealing the fact that, comparing to the year 2000, the state cuts of subsidies to UK have amounted only to about \$25 million a year, yet, compared to the same year 2000, the additional monies collected from students in tuition, amount to over \$200 million annually. This means that we are recouping from students nearly ten times as much as we lose in the form of state subvention cuts... Since the year 2000, our tuition has increased three-fold. What is presented today as a "moderate" tuition increase of 5% percent for in-state students would equal a draconian 15%, if the same dollar amount were asked from students in 2000.

Just think about this: the job-placement value of our diplomas is no better than it was in 2000. (In fact, it is likely worse, since today UK is only Top 59 among publics while it was Top 50 before former president Lee Todd took the helm in 2002.) However, to students the sticker price of our diplomas has tripled! We clearly have failed to fulfill the state charge to become a Top 20 public research university, and the administration is clearly down-shifting our research and graduate education as too expensive... Still, our administration keeps presenting the relatively small state cuts as a "valid" excuse for us to charge students more and more...

I believe that, it is by improving employee morale and using money smartly, other state research universities, like, the University of Vermont, for example, have left us in the dust in the rankings race. And the University of Vermont has much less state funding than we get... In 2002 we were poised to overtake UVM. Today, we are 20 spots behind them... Our employee morale is in the dumps and it is hard to understand how our administration manages to spend so much money with so little to show for it, really...

As a university employee, unfortunately, I have seen too few cases of wise and proper investment of the money that we collect from students, parents, taxpayers and donors. Yet, I routinely see how this money is being wasted on harmful administrative bloat, on vanity projects and bureaucratic games. I also see how the lack of real accountability, ethics and overall good governance destroy our ability to give our students and taxpayers the outcomes they deserve.

In particular, I see how the money is spent on embellishing personal credentials of an army of bureaucrats that grows by leaps and bounds. In the last four years, at my own college, the number of "executives" (associate deans and such), has tripled. Their salaries have virtually doubled. Meanwhile, as a teacher and researcher, I see no help from their work - only inconvenience, if not outright harm. Isn't it perplexing that the dean, his "executives", and various directors at my college spend more of the college money on their travel (some of which is of dubious benefit), than the dean allocates for research travel grants for

70+ faculty members working at my college... Is this a “research university” or a “bureaucracy university”?

I see that, at times, by administrative caprice of our administrators, the taxpayer and student money is spent on funding inconsequential research of fly-by foreign professors, while path-breaking research of UK’s own professors is not supported by a single cent. I see that the exploding applied music fees (that our students are forced to pay in addition to tuition) are not being used to alleviate the disastrous environment that the students are studying in nor on the maintenance of instruments they have to practice on... By not providing the services that the University charges them for, our administration is essentially defrauding our students. Yet, complaints about all of this – even at the president level - are met with stonewalling, bureaucratic taunting or retaliation. This is unethical, if not unlawful.

Behind the glib PR, I see that many of our students are robbed of not only the little money they have now, but also of their future - since some of them finish the University with mortgage-size debt... In exchange for the tripled tuition, they receive virtually the same instruction they would get here 15 years ago... The teachers who try to make the best of the diminishing to them resources are only “incentivized” by once-in-a-few-year’s salary inflation adjustments, yet crushed by ever-increasing class sizes, bureaucratic bloat, interference, empty slogans and retaliation against whistle-blowers. The latter naively believe that if the administration talks about high ethics and administrative accountability, it is actually interested in it, even during the official “Ethics and Compliance week” which the president announced this week. Personally, I see the never-ending string of waste, neglect and even cover-ups, including cover-ups of felonious acts, of which I informed our chair of the board and the administration three years ago and recently.

The things that I see and live through as UK employee, are supported by literally hundreds of complaints and comments that, as faculty-elected trustee, I have received during my term on this board. I have periodically been furnishing those faculty comments and complaints to you, and you all can either look back or request them from me again.

As some of you have noticed, it is virtually impossible to get a straight and timely answer from the administration on inconvenient questions. Some answers that are furnished are issued in such a manner as to confuse the trustee, to waste his or her time. Imagine what the “lesser mortals” are put through when they dare to put forward their requests for information.

To finish my statement: In view of such misuse of the university resources; in view of the utter unwillingness of our administration to be straightforward with us, and to use creative, inexpensive yet effective ways to improve the student and teacher experience, I will vote against the proposed

tuition raise. I urge all trustees to do the same, and I also urge you to try to learn more of what the faculty, staff and students know about the mismanagement taking place at our university.

Thank you. I respectfully request this statement be made part of the official minutes of the today's meeting.

Hearing no further discussion, Chair Brockman called the vote and it passed with 19 affirmative votes and one opposing vote from Trustee Voro. (See FCR 4 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

O. Proposed 2014-15 Room and Board Rates (FCR 5)

Trustee Stuckert stated that FCR 5 was the recommendation that the Board of Trustees adopt the proposed 2014-15 room and board rates. The proposed housing rates reflect no increase for traditional double room residence halls, a decrease of 19 percent in the single rate for the traditional residence halls, and a three percent increase for graduate and family apartments. The proposed housing rates for the premium residence halls and Greek housing reflect increases of three percent and no change, respectively.

The proposed dining rates reflect an increase of 3.9 percent for the minimum seven-meal per week plan, no change for the 21-meal per week plan, and a three percent increase for all other dining plans. Negotiations with potential private dining partners are ongoing and may result in lower dining rates. The President will report any reduction in rates to the Board of Trustees. The recommended room and board rates are necessary to generate sufficient revenue to cover anticipated operating costs.

On behalf of the Finance Committee, Trustee Stuckert moved approval of FCR 5 and it passed with 19 affirmative votes and one abstention from Trustee Voro. (See FCR 5 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

P. 2013-14 Budget Revisions (FCR 6)

Trustee Stuckert stated that FCR 6 was the recommendation that the Board of Trustees authorize and approve the revisions to the 2013-14 budget. The budget revisions outlined will increase the University of Kentucky's total budget by \$44,616,600, or 1.6 percent from \$2,728,069,400 to \$2,772,686,000.

On behalf of the Finance Committee, Trustee Stuckert moved approval of FCR 6 and it passed with 19 affirmative votes and one abstention from Trustee Voro. (See FCR 6 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

Q. Capital Construction Report (FCR 7)

Trustee Stuckert stated that FCR 7 was the recommendation that the Board of Trustees approve the Capital Construction report for the three months ending March 31, 2014. Bob

Wiseman, Vice President of Facilities Management, gave a comprehensive report at the Finance Committee meeting.

On behalf of the Finance Committee, Trustee Stuckert moved approval of FCR 7 and it passed without dissent. (See FCR 7 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

R. Patent Assignment Report (FCR 8)

Trustee Stuckert stated that FCR 8 was the recommendation that the Board of Trustees accept the patent assignment report for the period October 1, 2013 through March 31, 2014.

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

S. Investment Committee Report

Trustee Bill Gatton, chair of the Investment Committee, reported that the Committee met on May 8, 2014 to review performance results and conduct other business. He reported that the Endowment Pool had a market value of \$1,170,000,000 as of March 31, 2014. For the nine months ended March 31st, the Endowment Pool returned 11.7 percent due to strong equity market returns during the period. The Endowment Pool outperformed the policy benchmark during the nine-month period by 162 basis points due to strong relative performance by the US and non-US equity asset classes, and the absolute return and real estate asset classes.

T. University Health Care Committee Report

Trustee Barbara Young, chair of the University Health Care Committee, reported that Dr. Peter J. Giannone reported on Neonatology and Pediatric Research at Kentucky Children's Hospital. Presently, UK has a 66-bed, Level IV Neonatal Intensive Care Unit (NICU) which is only one of two in the state of Kentucky. Through evidence-based patient care complimented by excellence in translational clinical and outcomes research, the UK Division of Neonatology is striving to become a regional and national leader. Currently, a National Institutes of Health (NIH) funded grant has provided funds for research at the UK Children's Hospital that focuses on the possible effects of delayed clamping of the umbilical cord in preventing brain hemorrhage in preterm infants. Preliminary results indicate that a delay of just 45 seconds increased blood volume by approximately 22% at birth. This result could have far reaching positive effects on low weight preterm infants that are susceptible to brain hemorrhage. In the future neonatal and pediatric research will aggressively pursue extramural funding that focuses attention on selected medical problems that emphasize innovations in treatment and care.

Murray Clark, chief financial officer, presented the March financial and statistical review. He reported that the trend of the first eight months continued into March. Inpatient discharges remain below budget expectations. However, adult and neonatal discharges remain above the prior year. Additionally, case mix has increased, pushing patient days higher. Continuing the

trend of the past months, this level of activity has created capacity constraints which have kept total admissions down. Outpatient activity is above budget and FTEs are greater but in line with activity. However, FTEs will increase some in preparation for new bed openings throughout the year. Payor mix continues to shift as compared to budget and the prior year as a result of the Medicaid Expansion program. The income statement shows the net revenues for the year have significantly exceeded expectations. This is driven by the case mix and outliers as well as the Medicaid expansion program. Expenses exceeded net revenues for the month contributing to a slightly lower margin than budgeted. The margin reflects the decision to transfer additional dollars within the system to the College of Medicine. The month's results brought the year-to-date operating income to \$68,300,000, \$14,100,000 above budget and \$7,900,000 above the prior year. Income from operations coupled with strong non-operating revenues has exceeded budget for the year. A strong investment income of \$26,900,000 for the year exceeds budget and prior year and puts non-operating revenues above budget by \$9,600,000 year-to-date. On the balance sheet, cash and cash equivalents for the month total \$58,600,000. The total includes \$50,600,000 in unrestricted funds, \$5,200,000 in restricted funds, and \$2,600,000 in the plant fund set aside to carry out projects currently under way. The unrestricted fund includes \$8,200,000 in funds advanced for Eastern State Hospital, which will be used for operations in May and June. Current liabilities in total are lower than year end reflecting the elimination of third party liabilities which have now become a third party receivable, unearned income from the Eastern State contract and Disproportionate Share Hospital (DSH) payment and the reduction of long term debt and capital leases through payment to debt holders. The financial median analysis indicates that total days cash on hand has declined since year end by 3.3 days due to the increase in operating expenses per day. However, total cash on hand has increased. Operating margin and earnings before interest, depreciation and amortization (EBIDA) exceed target, debt to capitalization has improved slightly since year end, and cash to debt has improved.

Trustee Young continued that Mr. Clark also presented a financial and statistical overview of Eastern State Hospital. The Eastern State Hospital and Central Kentucky Recovery Center management contracts are expense reimbursement arrangements plus an eight percent management fee. Year-to-date March revenues include \$188,500 in expense reimbursement for hospital transition. The total transition contract of \$1,000,000 was primarily utilized in FY 2013. Revenues also include \$1,800,000 in operating expense reimbursement, \$1,800,000 in operating management fees and \$223,100 in Central Kentucky Recovery Center rental revenues. Year-to-date March revenues are under budget primarily due to reimbursable expense running below budget. Personnel has been the primary driver of reimbursable expense, running below budget due to high vacancy rates in high full time equivalent (FTE) positions, including physicians.

Trustee Young reported that the Committee had two action items including FCR 1, for the authorization of a lease between the University of Kentucky College of Dentistry and Kentucky Medical Services Foundation and FCR 3, for the expansion of Purpose of Central Kentucky Management Services, Inc. FCR 1 and FCR 3 were approved by the Health Care Committee and sent on to the Finance Committee and Board of Trustees for approval.

Dr. Bernard Boulanger, chief medical officer, presented the Quality update with a focus on Operating Room (OR) efficiency. He stressed that its current goals are to ensure access to high quality, safe and efficient surgical care. Currently, however, high OR volume at Chandler

Hospital coupled with lack of patient beds to receive these patients has put severe constraints on efficient outflow from the operating room arena with many patients waiting for an appropriate bed following surgery.

Dr. Michael Dobbs 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.

Trustee Young stated that she met with Chief Compliance Officer Brett Short and reviewed the Executive Compliance Committee FY 2014 third quarter report. As always she was amazed by the breadth of detail required by federal and state rules and regulations. Under the leadership of Brett Short and his staff, the Office of Corporate Compliance works hard to ensure that UK HealthCare maintains a culture of integrity at all times.

U. University of Kentucky Mining Engineering Foundation, Inc. Report

Trustee Jo Hern Curriss, along with Trustee Jim Stuckert are the two Trustee members that serve on the Mining Engineering Foundation Board of Directors. Trustee Curriss reported that the Foundation is comprised primarily of private individuals who have interests in the coal industry. This last year the Foundation has provided financial support towards a full-time recruitment position, undergraduate scholarships, undergraduate field trips, start-up and summer salary support for faculty and equipment purchases.

Highlights of the last year include the largest undergraduate mining engineering program enrollment in the nation with 227 undergraduates and 28 graduate students. This year the Department had the largest graduating class in program history. Student contributions included presentations at primary and secondary schools, hosts of UK tours, participation at the Boy Scout Camporee, and provided prizes to students at the Engineering Day competition.

Student prizes this year included first place in the 2013 Carlson Software National Senior Mine Competition and two national scholarships were awarded from the Society for Mining, Metallurgy & Exploration (SME).

Trustee Curriss also reported that the faculty of the Department of Mining Engineering had the highest number of research dollars (\$270,000) per full-time faculty in the College of Engineering and Professor Braden Lusk had received the Dean's Award for Excellence in Research.

Trustee Curriss concluded her report by referencing her Harlan County roots and she thanked Chair Brockman for giving her the honor and privilege of serving on the Foundation, as a part of her Board of Trustees responsibilities.

V. Item for Discussion – Campus and Student Safety

President Capilouto stated that in August, UK will welcome approximately 4,500 freshmen to campus. In addition to nearly 2,000 returning students, there will be another 24,000

students who will reside off campus. Along with 13,000 employees and thousands of visitors, all should expect a safe environment on campus and this is our responsibility.

President Capilouto stated he especially feels this responsibility when parents drop off students who, for the first time, will know a much higher level of independence. He said “it is at that moment the community of administrators, student affairs leaders, residence assistants, police officers and nearly all UK employees put students first and become – collectively – the parents for tens of thousands of students, whether they live on or off campus.”

In June 2012, the Board of Trustees approved the investment of over \$4,000,000 to enhance safety on campus through a more comprehensive use of new technology; one that can better monitor and control access to certain facilities on campus. The investment augments programs like SafeCats, Cats Cab, the Communities of Concern, and the Violence Intervention and Prevention Center (VIP).

President Capilouto continued that last May, he charged a workgroup on Student Health and Safety, focusing on prevention of alcohol abuse on and off campus, to reduce its associated harms on and off campus. Misuse of alcohol can be harmful to the individual user and innocent bystanders. The workgroup revealed data that our practices to strictly limit the use of alcohol on campus only changed where students used, but not rates of use and misuse compared to peers. The data reported sixty-seven percent of UK students do the majority of drinking off campus compared to thirty-nine percent in the SEC. Surveys showed UK is above the national average on such issues as:

- Quantity and frequency of drinking;
- Driving under the influence,;
- Alcohol-related sexual assault; and
- Blackout or binge drinking.

President Capilouto reported that this week President Obama shined greater light on student safety with new guidelines on ways to handle and prevent sexual misconduct and assault. Of note, the majority of students who have been sexually assaulted say they were under the influence of alcohol and often their assailants were as well. It is important to note that, “use of alcohol by the victim is no reason to blame the victim.” While UK was cited for certain best practices by the Obama administration in preventing sexual assault, President Capilouto stated there is more work to do. Effective solutions aren’t readily apparent and easily implemented. He stated that “we must start what will be never ending work to assess, intervene, assess the intervention and then improve. Our approach must be data-driven and evidence-based.”

President Capilouto welcomed Dr. Robert Mock, Vice President of Student Affairs, who will lead UK’s efforts to address these issues on campus related to student health and safety.

Dr. Mock began his presentation by reviewing the charge to the “President’s Workgroup on Student Health and Safety.” The committee was charged with the following:

- Assess individual and environmental factors that contribute to the misuse of alcohol policy by UK students on and off campus;
- Assess current campus practices and policies designed to promote responsible use of alcohol and prevention of alcohol abuse with reduction of associated harms;
- Review and evaluate new evidence and best practices available to the University and community to prevent alcohol abuse and reduce its associated harm on and off campus; and
- Provide summary evaluations and alternative strategies at the individual, campus, and community level designed to prevent alcohol abuse and its associated harms on and off campus as mechanisms for assessing the effectiveness of such strategies for the purpose of continuous quality improvement

Co-chaired by EVPFA Eric Monday, the workgroup had student, faculty, staff, professional and local government and community representation; and utilized resources from not only from the Office of Substance, Education and Responsibility, but national higher education experts as well.

Dr. Mock continued that during the coming months, the implementation phase will begin. It will include:

- Expanding the Code of Student Conduct beyond campus boundaries;
- Revising the University’s alcohol policy to allow consumption on campus under predetermined guidelines and conditions;
- Improving and increasing student-focused prevention and education programs throughout campus and the surrounding community; and
- Ensuring compliance with the 2013 Campus Sexual Violence Elimination (SaVE) Act.

Part of UK’s resources include the Violence and Prevention (VIP) Center, which recently made national news by being recognized as a model program by the White House and the Department of Justice. Along with the Green Dot Strategies (a comprehensive prevention strategy that focuses on the power of the bystander to make individual and social change) and Alcohol EDU (an education and early warning system for retention-related issues), Dr. Mock and the team will continue the work already underway.

Another strategy and partner for campus safety is the use of technology. UK Police Chief Joe Monroe updated the Board of Trustees on the installation of the Video Management System (VMS). In addition to an extensive network of camera surveillance, the system also incorporates access control into buildings, consolidates ID badge operations, and implements an early warning notification system. These improvements have increased awareness, safety and have helped solve crimes on campus.

W. Other Business

Trustee Voro asked to be recognized and began by pointing out that this week (May 4-10) was designated as “Corporate Compliance and Ethics Week.” In the spirit of transparency, she began to retell her opinion/story regarding the condition of the pianos in the School of Music

in the College of Fine Arts. Chair Brockman interrupted and stated the story was “predicated on hearsay” and would not allow it to be repeated. Trustee Voro continued speaking from emails she sent to President Capilouto and Provost Riordan. At the conclusion of her statement, Trustee Stuckert opined that as the Board of Trustees sets policy, the Board of Trustees formal meeting was not the appropriate place for discussion of difficulties with her Department. Trustee Curris asked that if a faculty member felt dissatisfied with the results of a particular issue, what avenue would be appropriate. Chair Brockman responded that as Chairman of the Board of Trustees, he would refer it to a Board committee. For this particular instance, he would refer Dr. Voro’s issue to Human Resources/University Relations.

Chair Brockman invited Board members to the unveiling of a historical marker on the Main Plaza at the conclusion of the Board meeting. The marker exhibits the University Creed on one side and the UK Fight Song on the other side. The Creed, written by a Committee led by former Student Government President and Board member Stephen Bilas and included Trustee Kelly Holland, was adopted by the Board in May 2013.

X. Meeting Adjourned

Hearing no further business, Chair Brockman declared the meeting adjourned at 3:23 p.m.

Respectfully submitted,



Sheila Brothers
Secretary, Board of Trustees

(PR 1, PR 2, PR 3, ASACR 1, ASACR 2, FCR 1, FCR 2, FCR 3, FCR 4, FCR 5, FCR 6, FCR 7 and FCR 8 are part of the minutes of the meeting.)