

Senate Meeting December 2012.txt  
UNIVERSITY OF KENTUCKY

SENATE COUNCIL MEETING

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DECEMBER 10, 2012

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LEE X. BLONDER, CHAIR  
ROBERT GROSSMAN, VICE-CHAIR  
J. S. BUTLER, PARLIAMENTARIAN  
SHEILA BROTHERS, ADMINISTRATIVE COORDINATOR  
LISA E. HOINKE, COURT REPORTER

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CAPILOUTO: Lee, thank you. When I arrived 18 months ago or a little before that I knew and it occurred to me every day that we have a 21st faculty century doing remarkable things. I also recognized from the beginning that we have facilities that are at best a little tired. I shared with you before, did my best to secure the accumulation of what we thought were based on previous and a little dated studies where our facility needs. So when we started looking into our future there were a couple of components we thought we should pull together, and update in one case and bring in an outside objective reviewer in another, to test two components when you think about capital. What is your debt capacity and debt affordability?  
UNIDENTIFIED: Oh, my God.  
CAPILOUTO: We have had this.  
UNIDENTIFIED: Oh my God.  
CAPILOUTO: We have had -- are you giving me an

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OMG already?

UNIDENTIFIED: My apologies.

CAPILOUTO: We started a debt capacity study that Angie Martin is going to review with you. It's an outside group that came in and took a look and she'll review that. And then Bob Wiseman will follow.

We pulled a group together and looked at our facility needs in a more comprehensive way.

Before I introduce both of these people let me say since my arrival I have counted on them for herculean work. They are available 24/7.

It is because of their hard work and key work that we were able to pull off what I think is a miraculous leap in the progress we're making in our residence hall. I want to thank them before they come present to you today. Angie?

MARTIN: Good afternoon. Can you all hear me? Great.

We actually brought in Prager and Associates to give us this independent assessment of how much debt could the University borrow.

And it's actually an issue. It's two questions: It's debt affordability and debt capacity.

Debt affordability, how much of our budget does it make sense to contribute or to allocate to debt.

And then debt capacity looks at our balance sheet. How much can our physical or our physical assets handle at this point.

And as we did this with Prager, they looked at about five to six different internal and external factors that varied from the market position of the institution not only in terms of student demand, but also research award and patient care and faculty.

Then we looked at operations as an internal factor. We looked our revenue projections, the diversity of our revenue stream. We looked at financial reserves of the institution.

Of course we had to look at our balance sheet and the debt that we had already.

And external factors had to deal with the federal and the state, the national and the state economy.

Now Prager selected three ratios to really do some in-depth analysis on. And they went around and they did a lot of interviews with key senior leaders and finance folks to understand fully our financial statements.

But they focus on some ratios that Moody, the bond rating agency, really uses a lot of. It's extendable resources to debt. How much resources do you have divided by your debt. Debt to revenues, total debt

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outstanding divided by the revenues. And  
debt service to operations.

And that gets to a comparable ratio  
that the state uses. Many of you may be  
familiar with the state's, I guess, stated  
practice of wanting to limit their operating  
budget to no more than 6 percent of their  
revenue should be dedicated to debt service  
(inaudible) principal and interest.

Well, we looked at it from debt  
service to operations. How much of our  
operating budget could we devote to debt  
service.

And one of the first things that  
really came to light and struck Prager was  
our debt structure.

What we found is that the state,  
even though by law, by statute, they can  
issue debt over 40 years.

The state has had a long standing  
practice of only allowing entities to issue  
debt over 20 years which of course means that  
it's front-loaded and that you're going to  
have a much shorter period of time to pay off  
your debt.

And what they found is most other  
institutions have their debt amortization  
period is at least 30 years and here's ours  
at 20.

And they said that as we are going  
to have almost one third of our debt would be  
paid off over the next five years because we  
are amortizing it so quickly.

And of course as you pay off your  
debt that in essence creates more debt  
capacity.

So we also looked at where is UK in  
comparison to our peer institutions on those  
ratios. And this is just one where we took  
expendable resources divided by debt.

And UK is currently rated a double  
Aa2 by Moody's. And you see here that this  
is the median that Moody says Aa2  
institutions are at. We're right there at  
the median.

And here are a lot of our peers.  
Here the University of Michigan. So they  
clearly have a lot more expendable resources  
over their debt and they're rated Aaa.

Likewise, you can't look just only  
at this single ratio. You have to look at  
several.

For example, here's the University  
of Florida and they have the same rating as  
we do, a double A 2, but again their  
resources available to total debt is very  
different than ours.

So when you're doing these types of  
analyses you have to look at many factors in  
order to balance and put things into  
perspective.

Now this I know is probably too  
small to read, I'll provide it to Sheila to

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post if you'd like it.

But this is Moody's scorecard. They literally went to a scorecard. And they said these are the factors that Moody's is going to consider when rating an institution.

Now bond ratings aren't end all, be all things, but they are a sign of the overall future of the institution.

What a bond rating company is doing is saying what is the University capacity or capability of paying off the debt in the future.

It's not necessarily a picture of where you are right now, but they're saying what's the risk that a bond holder would have that they're going to be taking over if they buy your bond that you won't make your payment.

And it's interesting that what all Moody's looks at, they look at not only the typical things that you would consider from a financial perspective, operating performance and balance sheet and capital investment.

But they also do a third of theirs is based on market position. They are literally looking at what is your student selectivity. They're looking at what is your graduation rate, what is your net tuition per student. What is the amount of gifts you receive per student.

So they really try to look at overall the institution and where it's going in the future.

So in the end Prager, after looking at all these different factors, talking to a lot of different folks, came up with the opinion that as of right now and looking forward, looking through 2016 based on different, these different ratios, they estimated that there is an additional 450 to \$650 million worth of debt capacity at UK's current rating.

So all things being equal, and that is huge, all things being equal, assuming the state economy doesn't tank, assuming the federal situation doesn't go south. All that kind of issues, then they're saying that's how much capacity over the next few years out of the 2016 that the University could issue 450 to 650 million worth of debt and not slip in our bond rating, our Aa2.

And that was one of the factors that our Board of Trustees was really watching because it is an indication of the institution's reputation, is what is your bond rating.

So this was one part of an overall picture of capital. Of course it's not only identifying what is that we need to build or renovate, but how are we going to fund it. And so this is a key component to that how are we going to fund it.

Now you notice we didn't talk about

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fund source. There can be many variety of  
fund sources to pay for this debt, but this  
is just an overall study to put in  
perspective how much debt could the  
University assume.

And now Bob Wiseman is going to  
take over.

WI SEMAN: Okay. Thank you. Bob Wiseman of  
Facilities.

As Angie said, roughly on parallel  
tracks with the bonded debt study, the  
President appointed a committee to look at  
the overall campus.

All of the buildings at one time,  
what could be done, what could be done to  
transform the entire campus. And at a very  
high level cost out what those buildings  
improvements, renovations, demolitions and  
replacements would cost.

So over the life of the summer we  
had a committee that was charged as you can  
see here with creating a detailed financial  
and a physical blueprint for transforming the  
entire campus. And that would include  
specific proposals on the cost of  
construction, maintenance, and renovation.

Finally we were, along with Angie,  
got into how that would be allocated, what  
would be a request of the state, what might  
be bonded with our own money, and what might  
rely on private philanthropy.

And finally a look at did we have  
enough land for specific facilities and where  
we might put them. And then to have a very  
high level prioritization concept more based  
on what needed to come first in terms of  
replacement and then demolition and  
replacement, and things of that nature, as  
well as what were the key needs currently at  
the University in terms of facilities.

What the study was not -- what the  
study was, was a thoughtful approach over a  
six month period. It wasn't a detailed  
analysis on every building.

We took our own information we had.  
We took studies that we had that had been  
produced by departments or by building  
occupants and built on those.

But if you read the full report it  
has a number of disclaimers. That projects  
can change, projects could change as to cost.  
It depends on when they might get done. So  
it's really a 30,000 foot view of the campus.

It was broad-based. It had  
representatives of the faculty. It had the  
Provost's, both Subbaswamy and Tim Tracy,  
(inaudible). It had people from  
philanthropy, people from the Finance Office,  
people from Healthcare, people from Athletics  
and Student Affairs as well as the Staff  
Senate and Mike Adams.

Again we did a very broad brush  
manner of what it would take financially to

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do it over a period of six bienniums. We went beyond the chart Angie just showed you on the debt service.

As I mentioned, we used cost estimates for the existent (inaudible), high level ones where they did not.

We looked at a campus map setting out where we might do the new facilities and which ones we might tear down.

So of anything I would caution you on the preliminary nature of that. It's a test fit, it's not a here is where something is going to go.

And finally we came up with a financial model that Angie will finish up with to show how that broke into tracks over each two year biennial.

We produced a map over the ten to fifteen of which buildings as I mentioned. And we looked at some that should clearly be potentially scheduled for replacement and demolition.

My focus, the President and I, took a walk one of the first weeks he was here. We walked up Washington Avenue and I said of any place that I think is tired on campus, it tends to be Washington Avenue.

And that is where I see the potential to dramatically transform the campus. Some of our oldest buildings in those areas. Buildings like the Slone Building with window air conditioning units still. We are trying to put some research into that just does not function financially for us.

Finally we did the test fit financial model which Angie will go through.

On North Campus we've already begun to implement it. This is Memorial Coliseum. This was the former Blazer parking lot that is now under construction for the housing.

On the Kirwan Blanding side, which is the right slide, you can see that we've started building some of the housing within one of those boxes. And the second box is the Cooperstown site, the first two buildings across from the library.

I would call your attention to the top left hand building in this slide, which is currently Donovan Hall. That was the site that we believed would be the best site for a new Science building which needs to be defined.

And the Provost has been discussing what is the Science building. (Inaudible) it will be across the street from the Morgan Biology building.

Washington Avenue as you can see is shown in a conceptual, and that's an important word, demolition.

So we said, well, if you took all that existing building, what would it take to replace those buildings in just sheer square

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footage. So on the right-hand side you can see that we could take those buildings and replace them with two smaller build -- or two buildings on Washington Avenue.

What would go in those or how we didn't get into. It was really just a matter of if we took those down how would you replace it and where could it likely be.

We also looked at the need for a new Academic building. We looked at two places. The current one was Lafferty Hall. We have a new classroom building on that site.

We also looked at if we built a book depository for our special collections off campus, or in another place on campus, what we could do to take the Margaret I. King Library and renovate that as a modern classroom facility in that open area.

So as you see we made specific recommendations to the President that capital renewal funding in some of these buildings that might be demolished should be very seriously looked at in the near term before we proceeded.

We thought planning efforts ought to begin very soon on a new Science Hall which seems to be the greatest need at least as we've discussed it internally.

As I have said to some people, we take our best high school students out of modern classroom buildings that they have for their Science and we put them back in 1959.

We also need to look at the long term dining issues as we are taking down these existing residence halls that have our dining. We need to have a game plan for replacing those.

Student Center as to where it should be, cost and locations and strategy needed additional study.

And then we talked about the College of Fine Arts, particularly in the campus with the Singletary, the older Fine Arts building, a new Art museum has been talked about. And suggested that particular area needed fairly extensive planning and study along with the College of Education and Taylor and Vickie ?? Hall and other issues in that campus.

Parking, we clearly understand that we need replacement garages or new garages. When and how they would fit into the financing was important. And Angie will go through that. We show where we have parking garages in there.

The academic medical campus which was across Limestone where the Bio Pharmacy is now, and other areas nearby, we looked at that as the 2006 plan was a very expensive plan.

The buildings were large, they were probably more costly than we could afford in

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any two to four year period. So we're looking at ways on how we could phase or reduce some of the costs in that area.

Finally a Student Success Center, particularly on North Campus was discussed.

And then we should continue efforts to move our administrative functions off campus and (inaudible) areas of campus when possible.

Finally, as part of any major renovation, we will require certain space for temporary relocations and we need to get that done in the near term.

So what did it all boil down to when we took this high level approach? A billion and a half in today's dollars which seems like a huge figure and it is.

But when you consider over the past ten years we have built about a billion or better on this campus, it's not an outrageous figure to consider and logically plan for.

So as you can see, we have renovations in the Quadrangle, we had MIK in there, we had the Student Center, a College of Law expansion as opposed to a new building and a College of Gatton expansion as opposed to a new building. A new science hall, Taylor Education renovation.

And then we put a place-holder in as you can see of almost 212 million just for those buildings we did not do a detailed study on. So everybody is in the plan, you may not see it, but we put place holders in.

So there's a billion and a half and then the question became how do you take that billion and a half over six bienniums and make logical sense of it.

And this one you won't be able to see, but this is Angie's slide.

MARTIN:

Thank you. Based on this information that Bob went through and based on the debt capacity and based on working with some other groups, we tried to push it all together and say does this work. Do the numbers make sense.

We can sit here and talk about \$1.5 billion but how would you finance it. So we actually just worked through and built a model that includes a variety of fund sources.

It includes UK Healthcare, it includes general funds, tuition dollars. It includes Athletics, it includes Philanthropy.

And what we worked through was how could we over the next six years, is there a sequence of buildings that we could put in with a variety of fund sources and stay within the parameters that we've established.

And those parameters were our debt capacity that we just went through, but then we also wanted to put up the debt affordability parameter.

As you know our 2013-'14 budget



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does include some funds for education and  
general buildings on a debt service  
prospective. So how can we fit that in and  
make sure that it all works.

And basically we were able to go  
through and over actually it was six  
biennium, 12 years, to fit the vast majority  
of those buildings in with asking for some  
state dollars on every biennium. We wouldn't  
let the state (inaudible) with us, we were  
trying to make the request somewhat  
reasonable between 80 and \$100 million every  
biennium.

But this is just (inaudible) the  
model that we put together as far as a proof  
of concept. And again the committee did not  
prioritize necessarily any of the projects  
but more gave us a tool, figured out a tool  
that we can use in the future to make sure  
that the buildings make sense financially.

CAPILOUTO: Thank you, Angie and Bob.

And I hope you can understand that  
what we were trying to do is take a  
comprehensive look, look long term,  
understand our parameters that we should work  
within, the guides we should have.

And then knowing full well that as  
we moved along this journey we were going to  
have to adjust from time to time given the  
circumstance. This is what we tried to do.

We see now I think that two  
priorities that I want to take a serious step  
forward. One is the Gatton College of  
Business and then the Academic and Science  
Building. Really the Chem Phys replacement  
is what I would call it.

And let me tell you why I think  
these are important. First of all, these two  
buildings rank number 2 and number 3 in terms  
of the full student contact that we have  
here.

If we're trying to modernize our  
teaching, this is where we can make our  
greatest impact. It's where we had some of  
our deepest deficits.

We had the wrong configuration and  
size on many of our classrooms. And then  
retrofitting those classrooms with the new  
technology to make it ready for whatever  
we're all going to face together, it could be  
(inaudible) ready or whatever the future  
holds.

It's difficult in those two  
buildings.

(Inaudible) Gatton are priority as  
well.

When we looked at our financing  
model we saw that it had greater opportunity  
for philanthropic support. And that has been  
the case.

We have over \$20 million in hand of  
pledges and commitments and cash. And we  
have some -- a small handful of very

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significant big gift requests our there that we feel very positive about. We hope that those will materialize in the next 30 days and then we would see what we would finance in the remaining portion.

These dollars would be paid over a period of time so we're going to have to have finance capacity to do that. Angie can explain details if you want.

The Science Building, I hope I don't have to say much more about that building. It just doesn't work anymore and why it should be a priority. And it's going to be the case too that given Bob's recognition that we could locate that on another site, it gives us time to have a more, what I want to say, a smoother transition in relocating.

Shutting buildings down at the same time you want to occupy the same site, you wouldn't have to (inaudible) we really don't have swing space here to do something like that. So that's why those seem reasonable.

It will take cooperation and support from our General Assembly. I spent Friday in Frankfort and we'll camp out there probably in the next few months.

But I'm encouraged about the fact that people believe in us and believe in what we're doing and that we have an opportunity to get permission. We're not asking for any money.

Frankfort doesn't have any money right now. One General Assembly leader called me and said, you know there's an article in the paper today that said the challenges we face. We have a, the article said, a \$250 million hole in our pension plan. They were like, they missed it, it's 350 million. It's that kind of sort of daunting challenges that they face.

But until they get fully back on their feet, we want to use an opportunity to move forward, earning our way, making it possible for us to deliver the quality education that you all take such a terrific role in doing.

As Angie pointed out to you, as I've been pointing out (inaudible), your debt and your capacity and your risk rating is not built upon one factor. It's not built upon how much debt you have.

You saw how those factors counted in, it's clearly your competitiveness. It's students, it's graduation rates. And you know, I'll get a job, (inaudible) So we need some of these facilities to help us do a better job.

So with that, I'm happy, Lee, to open it up for questions for a few minutes.

BLONDER:

State your name and college, please.

BRI ON:

Gail Bri on, College of Engineering.

I was curious about the idea of moving administration off campus. Could you elaborate a little bit on the thought behind that?

CAPILOUTO: I'll let Bob --

WISEMAN: As I said, administration meaning support functions that are not critical to be located here. Certain accounting functions are already off campus, certain planning functions can go off campus.

I think the President will stay on campus though.

BRIAN: I was just trying to figure out --

WISEMAN: Yeah. It's more support type thing.

SWANSON: Hollie Swanson, College of Medicine.

I heard a rumor that -- don't the best questions start that way --

CAPILOUTO: It depends on the answer.

SWANSON: -- that the renovation money that was approved by the Board for the Student Center has been put on hold. Could you please clarify?

CAPILOUTO: Sure. That is the case. And it's for this reason: I think when we approved that money, all before I got here, we didn't really anticipate that we were going to redevelop campus life as we're doing now, especially with the residents hall. So it's part of a master plan update that we're going through now. One of the questions is where should it be located.

The other observation I had when I got here is most of the investment in the building was for things you didn't see, right, Bob, the roof and the air conditioning and the heating and so forth.

And I thought given some of the things that the variables in play, before you invested just in that, maybe you needed to be sure exactly where you wanted it. It needs to be -- it needs to be a destination for our students.

BUTLER: J. S. Butler, Graduate School.

I wish to comment on the bonding question. First a little background there. I taught Corporate Finance about a dozen times and also Not For Profit Finance and also (inaudible).

Many -- obviously I cannot evaluate all these numbers very quickly, I'm not trying to. There are several points that occur to me though. Universities in general borrow increasingly large amounts of money in recent years. And some ---- are borrowing too much. I hope that we do not copy our competitors in borrowing too much because they do.

A second, you cited repeatedly Moody's. First of all, bond rating agencies do not have such a stellar reputation at this point for accuracy for reasons that are

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perfectly clear.

Second: There are competing bond rating agencies, Moody's, S&P and Fisk, being the largest. And depending on one bond rating agency has been shown in the last crisis to be not a good plan. Although there is a high correlation between them, it is not perfect.

Further, dependency on one bond rating agency can lead to a dependency between the bond rating agency and the entity that is getting the rating which can lead to bad judgements on both sides.

These are all points that have been raised in finance literature and the finance publication world.

So I am really hoping that those consultants are not simply telling us to march down the same path everyone else does because they're doing it. Because it's not necessarily a good path.

CAPILOUTO: Angie, I'm not going to answer some of that, I've learned so much about it. ??? I'm going to let my expert here speak.

MARTIN: Thank you. You're exactly right. We cannot rely solely on one. The University actually also is rated by S&P and so our (inaudible) looked at what S&P does as well.

Moody's was the one that most recently published its scorecard which (inaudible) on higher education institutes which is why we went that way.

We stay in constant contact with Moody's and S&P on -- at least monthly, I would say that I've got a call into them. And it's been more their interest in us because of what has happened to them and really getting a black eye back in 2008 and 2009.

They really jumped on the band wagon. And if anything they really swung the other way. They are much more careful and much more interested in the institution.

But you're right. We are going to be very careful with how much debt we issue.

CAPILOUTO: And I think we've covered that in the entire study which is available online.

GROSSMAN: Bob Grossman, A and S.

I was -- this is a somewhat parochial question because I'm in the Department of Chemistry.

I was a little confused about the -- at one point you said the Academic and Science building would be near where the classroom building is now. In another point you said it would be --

WI SEMAN: Academic buildings. Kind of White Hall 2 would be located near White --

GROSSMAN: So that would be classrooms only?

And then you're wanting to put the (inaudible) building?

WI SEMAN: Would be classroom, research, student lab space.

GROSSMAN: Okay. And that would be where?  
WI SEMAN: Where Donovan Hall is right now.  
GROSSMAN: Which is on -- yeah, I see that --  
WI SEMAN: Rose.  
GROSSMAN: -- I'm not locating that.  
WI SEMAN: Oh. It's the far left-hand top  
corner, is the Morgan, Hunt Morgan Building.  
And then right across the street from that  
with the white massing would be the new  
Chemistry Phys Science Building.  
UNIDENTIFIED: These are the new residents  
(inaudible)  
UNIDENTIFIED: Those are the dorms.  
UNIDENTIFIED: Across Rose Street --  
UNIDENTIFIED: -- resident hall --  
GROSSMAN: -- from Biology.  
UNIDENTIFIED: -- would be  
GROSSMAN: All right, thank you. And that  
would still be a chem phys? You're still  
planning to call that a Chem Phys Building?  
Is that --  
CAPILOUTO: (Inaudible) new name.  
GROSSMAN: Philanthropist, yes.  
UNIDENTIFIED: Grossman Hall.  
EDWARDS: Eli Edwards, Education.  
I don't have a question so much as  
a comment. Just thank you for unveiling this  
to this Body and for bringing this to us  
first. So that way, I don't know, just  
(inaudible) that we got this (inaudible)....  
CAPILOUTO: Well, we've had the debt study out  
on the web for six months. It's not popular  
reading. (Inaudible) we thought we would  
come share it.  
CHRIST: Alice Christ, College of Fine Arts.  
I was reassured to hear that the  
master plan did influence a rethinking on at  
least one of the preexisting projects for the  
Student Center.  
And I wonder how some of these  
parts of the project fit into the unfinished  
master plan process.  
WI SEMAN: Probably the simplest answer to the  
question is we gave Sasaki, who is our master  
planning consultant, the entire report and  
said just use this as a preliminary concept,  
critique and analyze it and that's  
their involvement in that as well,  
ongoing right now.  
And you're on the committee  
overseeing the master plan so you'll be  
involved with some of those conversations  
(inaudible). It wasn't given to him as a  
gift other than we think that site is pretty  
well a gift.  
BLONDER: Other questions? Who hasn't yet  
asked a question?  
GROSSMAN: Bob Grossman, A and S again.  
In terms of the design of these  
buildings, I would just like to make a  
comment.  
It's been very, very difficult to  
get the faculty involved in design of the

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buildings from the beginning. And whenever we ask, hey, will the faculty be involved, oh yes, of course. And then all the decisions are made before we ever can get on the committee to make the decisions.

And so I would just ask you to please as soon as a planning process for actually what's going to be in the building and where things are going to go, as soon as that process starts, please get -- we have a set of academic facilities committee which would be a good place to go or to find faculty who would be interested in doing that would get right on the ground level.

The dorms, for example, you know, we heard about there might be some teaching facilities in the dorms. Well, we need (inaudible) faculty to decide what kind of teaching facilities the faculty (inaudible) in these dorms and what they would use.

And I haven't heard about anyone, any of the faculty being involved in deciding some of these (inaudible). So that's just one example.

WI SEMAN: We did have a faculty committee that was appointed to work on that.

I can't off the top of my head recall who they were. But we had a full committee of faculty that was appointed to work on the academic spaces in dorms (inaudible) on that. So we did follow that. And on specific buildings I think your -- the answer is yes.

GROSSMAN: Okay. The answer's been yes before.

WI SEMAN: Oh, we have. We have looked into it (inaudible).

BLONDER: Also the committee that Alice Chairs is now working with the Campus Master Plan Committee.

STEINER: Shelly Steiner,  
I just want to make a statement. First of all, (inaudible) I think your plan is transformative (inaudible) something that is going to bring massive change to the better for the University (inaudible).

This is of the scope that can turn that around, which is really remarkably good in my opinion. And I just applaud you for it.

People have not invested in undergraduate education in this institution for 20 years to any extent. It's been all different campuses. The Medical Center Campus has gotten some action.

Those parts of campus that were mostly involved was instruction and other related things. Instruction and research got nothing for 30 years.

The Chemistry Building could go -- has gone 65 years without a change with this plan (inaudible).

So I really applaud this. It's

very uplifting to see something like this.  
CAPILOUTO: Thank you for that.  
WATKINS: John Watkins, College of Public Health.  
Can you talk to the extent to which plan has involved the town gown concept and Urban County Government Comprehensive plan?  
CAPILOUTO: Bob Wiseman (inaudible) extensive on the master planning side. Not necessarily this.  
This was more internal. You can see some of our blocking. We're just trying to see does it fit.  
You know, if you took Washington and took down those buildings and replaced them, what kind of new footprint would you have. We weren't trying to design a building.  
But they've been extensive. I have met with City Council. I have attended Neighborhood Meetings. We've had constituent meetings that included landlords, neighbors, churches --  
WISEMAN: Churches.  
CAPILOUTO: -- churches, faith communities. It's been pretty -- it's been a very strong outreach.  
Anything else to add, Bob?  
WISEMAN: Just that I meet monthly with the City Commissioner of Planning and we go through all of this.  
FERRIER: Wally Ferrier, B and E. I just wanted to reassure Bob Grossman and his colleagues in Chem Phys that insofar as the renovation of the Gatton Buildings is concerned, we have already marked on various committees to furniture, public space, teaching space.  
I think there's even a committee on hinges and doorknobs. We're happy. We have a voice and we're happy with the way things are unfolding.  
BLONDER: Other questions?  
CHRIST: This is Alice Christ again, Fine Arts.  
It's not a question, but an answer. We did just get a call for participation in the dorm spaces. So if there's anyone who is interested in being recommended, see me.  
BLONDER: We have time for one more question.  
CAPILOUTO: All right. This gives me an opportunity to thank you all for what will continue to be a remarkable year. But most of all to wish you and your families a purposeful, delightful and safe holiday and look forward to seeing you in the new year. Thank you very much.  
BLONDER: Thank you. Okay. We'll move on with our regular business.  
This is (inaudible) please slide. Please remember to sign in when you arrive, give your name and affiliation when you speak, communicate with your

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constituency, attend meetings, respond to e-mails and web posting as appropriate, acknowledge and respect others, and silence your electronic devices.

Now we go to approval of the minutes from November 12, the Senate meeting. We didn't receive any changes. So having received no corrections the minutes stand approved as distributed by unanimous consent.

I have a series of announcements. The first one is we're entertaining the idea of using clickers in this Body to vote. The staff senate and the student senate both approved these clickers that allows us to give a more accurate count. And we can also be sure and make sure we're got a forum.

We're going to pilot this in Senate Council first. We can borrow the clickers, we don't have to pay for them. So we'll pilot it in Senate Council and assuming that that goes okay we might start that as a pilot in February at the next meeting.

The next announcement, the election for the Vice Chair position of the Senate Council will take place at our regular meeting of the Senate Council on December 17th.

I want to give you a reminder to the Elected Faculty Senators regarding the election of Senate Council members. We already have the nominating round, that ended on December 5th. The voting rounds for the nominees who are willing to serve will begin later this week. So please be sure to vote.

Tomorrow afternoon at 2:30 in Patterson Office Tower we're having the Annual Stakes Reception. This is an opportunity for the Staff Senate and University Senate members to mingle and meet with Board of Trustees members.

It occurs right after the Board meeting. It's casual and it would be wonderful if we had a good turnout. This will give you an opportunity to talk informally with the Board members.

This Friday we have the December commencement. The graduate professional commencement begins at 1:30 in Memorial Coliseum and the undergraduate commencement, also in Memorial Coliseum, begins at 6 p.m.

We have a variety of proposals sent to committee for deliberation by the Senate Council.

First we asked the UK Core Education Committee to create Senate Rule language to codify UK Core. That will be reviewed by the Senate sometime in the spring.

We also asked the UK Core Education Committee to deliberate on the foreign language requirement and its intersection with UK Core.

The Senate's Admissions and



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Academic Standards Committee was asked to investigate if there is a need to create an electronic form granting an incomplete. Senate Rule 5.1.3.2 refers to an I form, but the use of the form stopped when the process was digitized.

Also that committee is being asked to reconcile contradiction in the Senate Rule regarding the XE/XF grades and retroactive withdrawal appeals.

The Graduation Writing Requirement is in the process of being revised. And in the interim, the Senate Council passed a motion stating that all classes in APEX as satisfying the Graduate Writing Requirement will continue to satisfy it for undergrads matriculating since 2004.

Also the Foreign Language requirement, the Senate Council voted to affirm that the language in the Bulletin is official University college policy. The language in the Senate Rule is similar, but in the obsolete section talking about University studies.

So efforts are underway to draft Senate Rule language to codify the existing requirement.

Now I'd like to turn this over to Alan DeSantis who will present a memorial resolution for Professor Emeritus Robert Bostrom.

DESANTIS: Alan DeSantis, College of Information, Communication Information.

Twenty years ago this fall I was hired here at the University of Kentucky and I entered into this department with many senior statesmen and stateswomen, at the time what I called eccentric characters.

And no one was more eccentric or a character than my dear friend, Robert, who passed away.

So Robert Bostrom departed this life on September 27th of 2012. He is succeeded by two sons, one daughter, four grandchildren, and one sister.

Robert was born in Kearney, Nebraska in 1930. He served in Military Intelligence which of course he constantly reminded was his fair oxymoron.

And after serving in Korea went to Morningside College in Iowa for his undergraduate degree. He subsequently earned his Master's degree and his PhD at the University of Iowa.

In 1970, Robert joined the Department of Communication here at the University of Kentucky where he remained until he retired in 2000 as Professor Emeritus.

Along with serving as our Department Chair and the Director of Graduate Studies for our college, he also served as Chair of the University Senate Council at the

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University of Kentucky, was the President of Southern Communication Association, and was elected into the Hall of Fame in International Listening Association.

Robert's real passion though was in the Arts. He would often sing Fiddler on the Roof as he walked up and down the hallways of our department.

He was involved with the Lexington Singers, the Lexington Chamber Choral, the Lexington Musical Theater Association, and the Lexington Opera House as a sponsor.

I move that this resolution be made part of our minutes with the University Senate, and a copy be sent to Robert's family on behalf of us tonight.

Thank you.

BLONDER:

Is there a second?

O' HAIR:

I second the motion.

BROTHERS:

Name please.

BLONDER:

All in favor? Thank you. Your motion carries. Thank you all.

Next is my Chair's Report. I want to say that I'm very honored to be re-elected although I'm not sure re-elected is the correct word.

But I'm very honored to have the opportunity to serve as Senate Council Chair for a second term. And I want to thank my Senate Council colleagues and senators for making this possible.

Campus-wide committees, we have Hollie Swanson and five other people were appointed to the Provost Committee on Metrics. They include David Berry, Nancy Johnson, Katherine McCormick, Melinda Price and John Strang. They were appointed a couple of months ago.

And Hollie is going to give a brief report on the activities of the Council on Metrics. Hollie?

SWANSON:

Thank you, Lee.

Just briefly, an update on our meetings. We have our next meeting on Wednesday.

But what we've done so far is we've agreed on a values and what these metrics will be measuring.

And so for values we have collaboration, diversity, inclusivity, impact, innovation and entrepreneurship. And student success and that includes success for undergraduate, graduate and professional study students.

And so within each category of values then what we need is some kind of measurable outcome and so these are called the metrics.

And so each college then will develop their own metric. One can imagine then for each college they would be different.

So for example, College of Medicine

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will be completely different than College of  
Fine Arts, for example.

And so we're still in the process  
then of agreeing on a list of metrics. And  
that's where we are now.

And once we finish this proposal  
that will go to the deans and then it will go  
to the President and the Provost for  
approval.

So keep in mind then when we look  
at these metrics that's what they'll be used  
for in our decision-making processes about  
discretionary funding and strategic  
initiatives. And it will also be used to  
evaluate the success and improve (inaudible).

Any questions that I probably can't  
answer?

BLONDER: Okay. Thank you.  
Thank you, Hollie. Next we have  
the UK December 2012 degree list. We added  
two professional students to the degree list.  
And the recommendation is that the  
elected Faculty Senators approve the December  
2012 degree list for submission through the  
President to the Board of Trustees as  
recommended degrees to be conferred by the  
Board.

Is there discussion? This is  
elected Faculty Senators only. All in favor?  
Opposed? Abstained? Motion carries. Thank  
you.

Next we have the academic calendars  
which you got in your handout as opposed to  
-- we need to approve the academic calendars.

The recommendation coming from  
Senate Council is that the elected Faculty  
Senators approve the following calendars as  
listed.

Is there discussion? All in favor?  
Opposed? Abstained? Motion carries. Thank  
you.

Now we have committee reports. We  
have a report from Andrew Hippisley, Chair of  
the Senate Academic Programs Committee on the  
proposed reactivation of the BA/BS in Foreign  
Language and International Economics. Thank  
you.

HI PPI SLEY: This is a recommendation that the  
University Senate approve for submission to  
the Board of Trustees, the reactivation of a  
suspended BA program Foreign Language  
International Economics, or FLIE for short,  
in the College of Arts and Sciences.

I'll give you a little bit of  
background on this. FLIE was created in 1993  
to integrate knowledge of a world language  
with knowledge of the speech communities,  
economic and cultural situation.

And the idea was that this was to  
broaden and strengthen the international  
prospectus.

It was last done as a BA in 2006  
where it had just short of students and was

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deemed successful.

Then international studies of the BA was created and at that point this Masters and BA was discontinued and it was reclassified International Studies where it was not successful.

It's now been abandoned as a (inaudible) International Studies so the proposal it is to put it back to where it was before as a program that was then and would be now hosted directly by A and S.

The main goal of the program has not altered. It's to bring together foreign language competency with knowledge about international economics. Broadly speaking, students chose between five language tracts which is (inaudible) studies and they do a set of economic courses in the Gatton Economics College.

Along the way a few changes have taken place. There is a new course requirement called MCL SPA 300, it's a cultural communications. The language tracts are now uniform with respect to credits that they offer. It will allow -- offer 21 credits each and some of the language courses have become obsolete so it's a little bit degree perhaps don't realize themselves the course is that far out and (inaudible).

Other than that, nothing has changed.

So in essence this is a proposal that a prior established and successful program be reactivated.

BLONDER: Any questions? Jeannie?

BLACKWELL: This is just a point of information.

For reactivating this degree, does it have to go to University Senate for approval or could the actual University -- to the Board of Trustees or could the University Senate action suffice?

BLONDER: Davy?

JONES: Looking at the paper trail, it was done that in a messy way. But it seems as though the Board did eliminate this degree back when it happened so we're sending it to the Board.

In the future it won't be so unclear (inaudible) but Andrew is doing a good job now on making our recommendation very crisp and clear as to what's actually happening. So this will go to the Board.

BLONDER: Are there other questions?

FERRIER: Wally Ferrier, B and E.

I think it's a brilliant move to bring this degree program back. I think on the language side it's wonderful.

But at the risk of offending, perhaps, some of my colleagues in Economics, I think there's a few gaps on the Economics side that I think could easily be plugged by maybe cherry picking a few relevant courses

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from the B and E Business minor.

I speak from experience because I have what is in effect a FLIE degree program before the FLIE degree program was first conceived. I have an Undergraduate Economics and a Minor in German.

And having worked in Europe for a couple of years and here in Lexington in International banking, I struggled with problems and challenges associated with simple things like marketing or accounting.

So I would strongly urge that the faculty involved in Andrew's committees strongly consider adding just an accounting course, a marketing course, and maybe one other from the Business minor.

HIPPI SLEY: Thank you for that. This program was actually reviewed in 2006 externally. That didn't come up then.

The only thing that came up was a requirement for an inter-cultural course. So I think those questions were being examined quite thoroughly then.

But we do have Professor Rouhier here who might be able to (inaudible).

ROUHI ER: When we started taking the steps to return the program to the previous department unit the faculty consulted on what courses needed to be changed.

Economics was reasonably happy with what they had, but the major change is going to be added in Chinese and Arabic (inaudible) and so we will be happy to change (inaudible)

We didn't want to do anything significant (inaudible) at this point we learned what was necessary to make sure the courses were actually (inaudible) book program by January because it was removed from our control five years ago so that's where we are.

BLONDER: Other questions?

GROSSMAN: Bob Grossman, A and S.

Just a comment that there is a faculty body that is entrusted with overseeing the educational program, the courses, and the degree requirements. And so I'm sure you can communicate any suggestions to that faculty based on your experience and you can even ask if they would admit anyone to that faculty if you so desire.

So there's certainly avenues, after this is approved, there's certainly avenues to, you know, like any undergraduate program can be changed by the faculty who are in charge.

DEBSKI : Liz Debski, A and S.

I guess I just a question regarding what I just heard. So if the deadline is December 31st at the (inaudible), and the Board meeting is tomorrow, how is this going to work? Because I presume that isn't on the agenda for the Board meeting tomorrow.

HI PPI SLEY: What does the CPE (inaudible) on the 31st?

BLACKWELL: Jeannie Blackwell. Dean of Graduates Building and former Associate Provost.

We got the CPE to give us an extra semester past the original deadline and that's December 31st because we aren't going to make it.

What we will have to do is submit to the CPE as a new degree because they have a new five year sunset rule. So what we will have to do is after the Board action or the process of the Board action will have to treat it for them (inaudible) for the CPE as a new degree and so it just sort of slows the works down and it won't get done until February or later. Thank you.

BLONDER: Other questions? Okay we have a Motion on the floor, a recommendation from the SAPC as amended by the Senate Council, that the University Senate approve for submission to the Board of Trustees the reactivation of the BA/BS in Foreign Language and International Economics.

The Motion does not require a second. Is there discussion? All in favor? Opposed? Abstained? Motion carries. Thank you.

Next thing on our agenda is the discussion of the Honors Program Committee by Ben Withers, who is the Director, is the proposed addition to the Senate Rules regarding the Honors Program. It was in the handout and posted on the web. Ben?

WITHERS: Yes. I'm pleased to be here to provide some background and context to this proposed new Senate Rule.

The background is many of you in this room may well remember that last year there was discussion about changing the Honors curriculum and establishing a full-time directorship for the program.

As part of that process, the Senate Council and the Senate decided to create a new Senate Committee which we call the Honors Program Committee, colloquially known as the Faculty of Record.

This was the group that was charged with vetting the new curriculum and passing recommendations about that particular proposal for last year.

When I was selected to be the Honors Director in the spring of last year, when I started in July 1st, I found it very useful to have a group of faculty that I could go to and over the summer I was quite frequently in contact with this group.

They had two questions, though, as I was talking to them. What do you want me to do and for how long do you want me to do it? Because when the Senate created this

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committee it was not determined under what  
circumstances they would function.

And the Senate Rule that you have  
in front of you is an attempt to define that.

It's based upon other standing  
committees, in particular, I've used the  
stand (inaudible) University USP Committee as  
an example.

To put the language together I  
consulted with the faculty. I shared that  
faculty with the Provost Office through  
Richard Greissman, and with the Senate Rules  
Committee with Davy Jones.

They edited the language that I put  
together and the result is what you see in  
front of you. Essentially it is divided into  
two parts.

Part A defines the committee. It  
says it will be ten committees, that they  
will have (inaudible) rotation. That the  
members of the committee should be people who  
are associated with teaching in the Honors  
Program. And that they should be broadly  
representative of the campus.

Part B describes the actions of  
that committee. It says that they will  
function as a department, or sorry, campus-  
wide department in charge of selecting the  
curriculum, that is to schedule the classes,  
the listing of courses that appear on the  
schedule of classes, helping to vet faculty  
who teach in the program. And otherwise  
overseeing the educational policy that a  
department would oversee with the  
understanding that anything that normally  
would go through a Senate Committee would  
still go through a Senate Committee.

Are there any questions that I  
might answer?

BLONDER: Okay. We have a Motion from Senate  
Council that the Senate approve the language  
regarding the University Honors Program  
Committee and send it to the Senate Rules and  
Elections Committee for codification.

It doesn't require a second. Is  
there discussion? All in favor? Opposed?  
Abstained? Motion carries.

Thank you, Ben.

Next we have Davy Jones, Chair of  
the Senate Rules and Elections Committee,  
discussing clarification of Senate Rule on  
Duplicate Credit.

JONES: Okay. The situation I have here  
is, and I don't have it to show, but we have  
a Duplicate Credit Rule in the Senate Rules  
that we did in 1998. So I'll say (inaudible)  
this was our Duplicate Credit Rule.

2007, that policy was changed  
somewhat and some new language for Duplicate  
Credit was adopted and it was inserted into  
the Senate Rules a little further downstream.

There's been some confusion to some  
people in applying and interpreting this that

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well, you know, these are (inaudible) seem to have some contradiction, perhaps, with each other, which one is controlling.

So we want to resolve that, propose to resolve that by putting, replacing this one which still applies to people from before 2007, but with a cross-reference that the current policy is this one over here. So that was our first recommendation.

But there's a second problem that we want to try to solve here as well, and that is, when the Duplicate Credit Rule (inaudible) enforced now was inserted in the Senate Rules, it was inserted in a way underneath a heading that makes it look like it only applies to undergraduates but is also supposed to apply to graduate student taking courses in a Duplicate Credit situation.

So what we want we do then is actually -- well, so let's also then move this back upstream here in a way where it's not captured by a heading that says undergraduate and it will be under a separate heading at the very beginning meaning it applies to both graduate and undergraduate.

So this old rule here will refer to this one under the number that is going to be over here which is applying to both graduate and undergraduate. So that's the proposal you have in front of you is a little note in the old one saying please refer to the new one which is now right here referring to both graduates and undergraduates.

BLONDER: Are there questions for Davy? This is the Motion (inaudible).

Okay. So we have a Motion from the Senate Rules and Elections Committee through the Senate Council that the Senate replace the text of Senate Rule 5.1.9B with a reference to Senate Rule 5.3.1.2, and move the position of Senate Rule 5.3.1.2 to the location that would be numbered as Senate Rules 5.3.0.1 with a heading denoting both undergraduate and graduate programs so that the effect will be that the text of Senate Rule 5.3.0.1 will then come to expressly apply to both undergraduate and graduate programs.

So this is a Motion coming from Committee, it doesn't require a second. Is there discussion? All in favor? Opposed? Abstained? Motion carries. Thank you, Davy.

Next we have the proposed new standing committee called Senate Advisory Committee on Disability, Accommodation and Compliance.

And Connie Wood is going to be discussing this motion.

WOOD: The purpose of the Motion that's before you or will shortly be before you is to establish a standing committee of the University Senate that is going to act as an interface in between the ADA and the policy



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making authority of this body.

The composition of the Committee actually reflects the fact that this is supposed to be an interface between the two. There are voting (inaudible) voting members, one of which is the Director of the Center for the Enhancement of Learning and Technology, and four University faculty members. They will serve staggering three year terms.

Ex-officio and non-voting on this committee will be the Academic Ombud, the Director of the Disabilities Resource Center, a DRC Learning Specialist and the Associate Vice President for Institutional equity or his or her designee.

Now the charges to this committee are actually (inaudible). One is to recommend to the Senate Council educational policies and implementation practices that appropriately address the accommodation standards of the ADA.

Secondly, to hear and render decisions on issues from faculty members or the (inaudible) pertaining to the implementation of educational policy as they relate to practices or disability accommodation and regulatory compliance.

This is one of the major charges to this committee. In this regard this committee is supposed to act as both sounding board and advocate for faculty concerns and for student concerns, and the enhancement and the -- of their educational opportunity.

It is also to monitor the alignment between the University Senate's educational policies and federal compliance and accommodation regulation, and to recommend educational policy revisions as warranted.

The accommodations under ADA are only addressed currently in the Senate Rules in, I've forgotten, it's 5.1. something. (Inaudible) what is it? I'll think of it later. What is it? It is in the retroactive withdrawal policy which is in 5.1.8.5.

And this is the only place it is specifically addressed even though the Rules Committee has noted numerous times that in fact some of our policies may in fact not be in compliance with the ADA and we hope that this committee will actually monitor and to advise the Senate Council where we need to make changes.

Secondly, is to issue an annual report on the work of their committee for consideration by the Senate Council, the University Senate and the wider University communities thereby highlighting and serving as an advocate for issues concerning ADA and students rights and also faculty concerns where the accommodations are not perhaps in line with what faculty feel they should be.

In addition to their advisory role,

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they are expected to be advocacy advocates,  
to advocate for faculty concern and to  
advocate for students working through the DRC  
to ensure and enhance educational  
environment. This is not met to replace the  
current policies and regulations and  
(inaudible) for students with disability.  
Any questions?

BLONDER: Are there any questions for Connie?  
Okay. There's a Motion from Senate Council  
that the Senate approve the additional  
language regarding the Proposed New Standing  
Committee Senate Advisory Committee  
Disability Accommodation and Compliance,  
SACDAC, to the Senate Rules in a place to be  
determined by the Senate's Rules and  
Elections Committee.

Is there any discussion of the  
Motion? All in favor? Opposed? Abstained?  
Motion carries.

The next agenda item is a proposed  
name change of the Center for Health Services  
Management and Research to the Center for  
Health Services Research.

This is a multi-disciplinary  
research center that was approved by the  
Board of Trustees I think back in 1998. It  
was originally created to report to the  
Chancellor (inaudible).

Over the years with the change in  
the Chancellor system, units reporting to the  
Chancellor now report to the Provost.

So this unit reported to the  
Chancellor, now as a result of the change to  
the Provost model (inaudible) report to the  
Provost.

And it's been fairly inactive, but  
the unit want to rename it and make it more  
active.

So the proposal on the floor is a  
recommendation from Senate Council that the  
Senate endorse the proposed name change of  
the Center for Health Services Management and  
Research to the Center for Health Services  
Research and clarify that the center now  
reports to the Provost.

Is there any discussion? All in  
favor? Opposed? Abstained? Motion carries.

I think we've broken a record.  
May I have a motion to adjourn?  
So moved.

WOOD:  
BLONDER:

Have a happy holiday. Happy New  
Year. And the next meeting is not  
until February 11th. Remember,  
there's no January meeting.

C E R T I F I C A T E   O F   S E R V I C E

COMMONWEALTH OF KENTUCKY    )  
COUNTY OF FAYETTE            )

I, LISA E. HOINKE, the undersigned Notary Public in and for the State of Kentucky at Large, certify that the facts stated in the caption hereto are true; that I was not present at said proceedings; that said proceedings were transcribed from the digital file(s) in this matter by me or under my direction; and that the foregoing is a true record of the proceedings to the best of our ability to hear and transcribe same from the digital file(s).

My commission expires: January 27, 2015.

IN TESTIMONY WHEREOF, I have hereunto set my hand and seal of office on this the 2nd day of July, 2013.

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LISA E. HOINKE  
NOTARY PUBLIC, STATE-AT-LARGE  
K E N T U C K Y  
NOTARY ID 435798