

**MINUTES
OF THE BOARD OF REGENTS
WESTERN KENTUCKY UNIVERSITY**

August 19, 2016

• CALL TO ORDER

Required statutory notice having been given, a special called meeting of the Board of Regents of Western Kentucky University was held in the *Potter College Room* at Van Meter Hall on the Western Kentucky University campus. The meeting was called to order by Chair, Mr. Frederick A. Higdon, at approximately 10:00 a.m., (CDT).

• OATH OF OFFICE AND PRESENTATION

The Constitutional Oath of Office was administered by Chair Frederick A. Higdon to Ms. Julie A. Hinson from Prospect, Kentucky; and to Mr. Jason L. McKinney from Scottsville, Kentucky. President Gary A. Ransdell presented Ms. Hinson and Mr. McKinney with the official Regent's pin which was designed specifically for members of the Board.

• ROLL CALL

The following Regents were present, representing a quorum of the Board:

Mr. Frederick A. Higdon, Chair	Mr. Jason L. McKinney
Dr. Phillip W. Bale	Mr. J. David Porter
Dr. Barbara G. Burch, Faculty Regent	Mr. Jay Todd Richey, Student Regent
Ms. Cynthia Harris, Secretary	Mr. John W. Ridley
Ms. Julie A. Hinson	Dr. Tamela W. Smith, Staff Regent
Mr. Gillard B. Johnson III	

Others in attendance included the following:

Dr. Gary A. Ransdell, President
Dr. David D. Lee, Provost and Vice President for Academic Affairs
Mr. Marc Archambault, Vice President for Development and Alumni Relations
Mr. Gordon Johnson, Vice President and Chief Information Technology Officer
Mr. Brian Kuster, Vice President for Student Affairs
Ms. Ann Mead, Senior Vice President for Finance & Administration
Dr. Brian Meredith, Chief Enrollment and Graduation Officer

Mr. Bryan Russell, Chief Facilities Officer
Mr. Todd Stewart, Director of Athletics
Ms. Robbin Taylor, Vice President for Public Affairs
Ms. Deborah T. Wilkins, General Counsel
Dr. Randy Capps, Parliamentarian
Ms. Julia J. McDonald, Assistant to the President for Board and Executive Relations

In keeping with the policy of the Board, the agenda for the meeting and information and materials pertinent to items thereon had been mailed in advance of the meeting to members of the Board.

PRESENTATION AND DISCUSSION

President Ransdell provided the Board with a presentation regarding lease of WKU property and long-term partnership with health care provider related to health services, Doctor of Physical Therapy program and sports medicine.

MOTION

Regent Gil Johnson made a motion for the Board of Regents to authorize the President:

- To establish a long-term partnership with The Medical Center for health care related services for faculty, staff, and students, and on site access to sports medicine and orthopedic services for students in WKU's Doctor of Physical Therapy program; and,
- To negotiate a long-term lease with The Medical Center of Bowling Green for approximately 2.52 acres of land on Avenue of Champions, on which The Medical Center will build, at its expense, a multipurpose sports medicine and training facility for the purposes stated above.

Motion was seconded by Regent David Porter.

STATEMENT

Chair Higdon reminded Regents that he will follow Robert's Rules of Orders for parliamentary procedure by allowing each member to speak twice, with a ten minute limit. The Chair will acknowledge who speaks and the discussion shall rotate between "in favor" and "opposed" comments.

Regent Burch: I disagree with that since we have never followed this procedure in the past –especially for something of this magnitude.

Regent Ridley: I agree with Regent Burch.

Chair Higdon: Is there a motion to change the parliamentary procedure order we will follow for this meeting? There was no motion.

DISCUSSION

Chair Higdon: The person who made the motion has the opportunity to speak first, or they can defer. Regent Johnson, since you made the motion, would you like to speak first?

Regent Johnson: I will defer at this time.

Chair Higdon: Do we have someone wishing to make opposing comments?

Regent Bale:

I will start. While my unique circumstance will require me to abstain from the vote concerning this matter, I have nonetheless given great thought to our subject at hand and feel that my fiduciary duties compel me to express my opinions. Since my life for the last 44 years has been consumed in the science, art, and business of medicine, my perspective would understandably and necessarily be different from most others on this board. After intense introspection, I believe that expressing my thoughts is congruent with my fiduciary duties to WKU which include being prudent and well informed while acting both independently and in good faith. I have no doubt that others who may disagree with my thoughts are likewise being true to those same principals and to what they think is best for WKU. With that being said, my concerns include a wide spectrum of issues.

In my judgment, there will be significant fallout involving many constituents of the university if the decision to proceed is made. Important bridges may be burned. Some of the criticism will be swift and loud. Much more, I'm afraid, will be prolonged and beneath the surface. I have little doubt that it will create a storm of negative controversy that will linger over our campus for years, if not decades, to come.

A decision to move forward with this project will most certainly sever relationships, both old and new, with individuals and groups that have given generously to our university. I fear it will further fracture the medical community in Bowling Green which will in turn seriously jeopardize the Ability to adequately train medical students during the critical clinical years. Third and fourth year rotations are in essence apprenticeships and will require EVERY physician and EVERY healthcare entity in Bowling Green to work in harmony while embracing the ambitious venture of a new medical school in southcentral Kentucky. I am very much in favor of creating this opportunity but, having founded a family medicine training program in rural Kentucky with the University of Louisville in the mid-1990's, I understand the complexities and difficulties involved in medical education. I also know firsthand the absolute essential cooperation between all medical entities which must exist for this venture to be successful. Those hands-on experiences provided by an army of local physicians will in large measure determine the competency of those soon-to-be physicians. One might argue that that will be the University of Kentucky's problem. I would more strongly argue that it will be everyone's problem and will reflect directly on WKU and the Bowling Green community. It will most certainly be a problem for the public that is ultimately exposed to clinicians who may have less than optimum training.

By co-branding with a large hospital system, we are partnering with an entity that is among the highest cost providers in our area and represents an industry that is the number one cause of personal bankruptcies in America. The biggest problem with healthcare in America, and the one that the Affordable Care Act failed to address, is that it costs too much. Hospital services, both in-patient and out-patient, are the most expensive that exist, and I have serious reservations concerning what impact this alliance will have on WKU's total healthcare costs. With reference to

the promised reduced co-payments and co-insurance for WKU employees, I would ask attorneys for both parties to provide assurances that no federal or state anti-kickback statutes are being violated. These statutes generally require extreme financial hardship to be demonstrated before allowing such discounts. An even if these concessions are allowable, they may be considered as inducements for some of the much more expensive fees as outlined in our packet of materials.

The designation of non-profit status by many American hospitals is simply a misnomer and I do not believe that there will be any true bargains in this arrangement. Let us also remember that the cost of healthcare is a major driver in the upward spiraling price of tuition.

While quality of care is more difficult to measure, this board will need to be prepared for the accusations that some sacrifices are being made in that realm as well. This may especially be true from our student athletes who will in effect have no choice of provider.

I'm not sure what price can or should be attached to matters of trust and loyalty, but some, including myself, will surely shed a tear for those virtues if this deal is consummated.

While others around this room can speak more directly to matters of on-campus morale, I too have worries about the effect this decision will have on faculty, staff, and students. Rightly or wrongly, it will likely be viewed as more emphasis on athletics over academics.

As to what effect this will have on our current presidential search, I am less certain but do worry that any negative controversy could carry over to negative consequences in that arena as well. I do believe that it will have a chilling effect on the next capital campaign which that individual will be expected to launch soon after taking over the presidency. In that respect, the long-term consequences and costs of this deal may not be evident until well into the future.

In closing, I do absolutely believe that governing boards such as ours should and will be held accountable for whatever decision is made. I think that the public at large, as well as the many special WKU stakeholders, expect us to be deliberative and well informed on issues of this magnitude while exercising our fiduciary duties of care, loyalty, and obedience. I also recognize the importance of collective decision making and will abide by whatever decision is made here today with the steadfast belief that we all strive to uphold the high ideals and purpose of this great institution of higher learning.

Chair Higdon: Thank you, Regent Bale. Next in the rotation, is there someone wishing to speak in favor of the motion?

Regent Johnson:

Like everyone at this table, when this proposal was first presented several weeks ago, it caused me to take another look at what my obligations and responsibilities sitting here are. And like everybody else at this table, I believe that I came to the conclusion that it is Western Kentucky University that is first and foremost in my thought process as I analyzed what we need to do to go forward.

Before I go further, I want to make one comment that there has been a lot of conversation lively among us, and I am proud to be a part of this Board and to associate with each individual on this Board regardless if I agree or disagree with your opinion. Without that debate, without that insight, without that conversation, and without listening, we have no chance of moving forward. That's been the hallmark since I've been here and it will be the hallmark going forward. I

appreciate what you say, I listen to what you say, and I do have a difference of opinion.

My opinion is based on what I like to say is accentuating the positives of this proposal. And what are they? There are some obvious positives to start out. One is a \$22 million gift. That's not something that we can turn a blind eye to. Certainly there are costs, not necessarily significant financial costs, but other costs that have to be taken into consideration, as Dr. Bale has put forward.

We have a facility proposed that will expand to our student population. Currently, the facility that we have there—or lack of facility, since it's just a field—is used for only one thing (as I understand it), and that is for the football team to practice when they are playing a team with a grass field as opposed to a turf field. So, it has limited use. It's not used for intramurals, not used for band practice, not used for baseball. I don't think it's getting the utilization that that property can secure. If The Medical Center builds this facility, we will end up in a multi-use facility that can provide expanded use to ALL students, not just to athletics, and I think that makes it attractive to students.

Let's stop for a second and reflect back on the President's Convocation speech this morning. The charge that the Board gave to Dr. Ransdell 19 years ago was to expand and build this university. As each step was taken within the vision and development of this campus, what occurred was we didn't stand still. We have moved forward. If we stop expanding, then we stop existing as an institution because we won't attract students, we won't keep students, and we won't develop new programs. That's what this university has done for the past 19 years and that's what we are going to do for the next 190 years. We can't stop now. I think this puts us out in front of the whole community, the Commonwealth, and the entire region by showing that we are moving forward, that we are standing for the students, faculty, and staff. We have an opportunity to develop a partnership that will enhance our commitment to the faculty, staff, and students, and I think that partnership is crucial and important. I urge support for this motion.

Chair Higdon: Thank you, Regent Johnson. Next in the rotation is someone to speak in opposition to the motion.

Regent Ridley:

Since we have been requested to be in confidential matters over this, it's been very difficult to share and discuss ideas and possibilities. So from that regard, I don't think we've had adequate time to understand this procedure and proposal; particularly when we throw a number out like 99 years. Dr. Ransdell even said that the speed of transactions is happening at a rapid pace, and yet we're taking a major decision and tying it to 99 years.

The reference that Dr. Ransdell made in his presentation about the Ogden College Foundation and the contract of 1960, well that was 56 years ago. What takes place today is not what took place 56 years ago. The U.S. Fed does not even use a 30-year treasury as a benchmark any longer. They use the 10-year treasury. We are making a major decision and tying future generations to a situation which I think is totally inappropriate in that regard.

Since we've been in this confidential situation, the only conversations I've been able to have are with me, myself, and I. And so I have had to play many different roles as I asked myself the questions of exactly what type of deal are we talking about.

I would like to compliment and to thank, actually, all the individuals and particularly the WKU departments that have worked very hard in a very short period of time. If you look at the calendar, we were only presented this on July 19th. Once again, in trying to draw a time, that is 30 days ago

or thereabouts, and we're discussing a 99-year commitment. So, let's use that as a reference. I would also like to thank the medical community, particularly The Medical Center, for their support in a project that would benefit the students. Sometimes when you oppose something, immediately there is an us-versus-them type mentality, and that is what I would like to avoid. Because this is a visionary approach to solving a problem—not a problem—an advancement in a visionary concept that includes the entire Medical Center community. So, my comments and concerns have nothing to do with the entity itself. It's with the concept of what we're trying to do, and that is where I have spent the majority of my time.

Thank you, Dr. Bale, for communicating very eloquently about this issue of community. Most of you know that in any competitive environment, there can become parties that become polarized on issues when it is either created by actual events, or its perception. The issue in the Bowling Green community around the medical community has existed for way over 60 years. And for anyone that isn't aware of that to blindly say it won't happen because you're not familiar with it, is not doing the due diligence that a fiduciary should do.

So we have been unable to communicate with the medical community on the pros or cons of whether this is a good thing for us; again, talking about polarization and the advancement of a medical school. How we could have done that, it would have been difficult. Again, confidence is confidence. But I understand that we exist in an environment where perception meets reality quicker than we think. If this deal was to go through, we should create harmony, not discord. We are not in a fray between two groups. And why we would ever put ourselves in that position is amazing to me.

Let's move to costs for a moment. There has been no study that has been made on best use of the property that we're talking about leasing. It's my understanding that when someone wants to put their name on a building—and Marc Archambault could make this very clear—the tradition has been 25 percent of the cost to put a name a building in the form of a charitable gift. So when we talk about a \$22 million building, if it was coming from another private source, a corporation that was outside of the health care industry, and we were going to build a building, we would ask them to make a contribution in excess of \$5 million. But in this deal, there are two buildings that are being branded. So, therefore, you should take both of the buildings and put them together and find out what 25 percent of that number is. And, quite frankly, if you'd do it on the back of a napkin, it could be somewhere in the neighborhood of \$10-12 million. So when we talk about a \$22 million building, you can take \$12 million right off the top which means this gift is not a \$22 million building, it's a \$12 million building and that's the gift.

Now, couple that with branding. If you believe that we are going to continually excel at WKU, then that brand should mirror image the success of the academic and athletic program. There is no escalation clause in this for using this branding. There is no lift if they get the branding entity, whatever corporation it is, if they get advantage in their ability to use this brand. That is left out of this arrangement.

This deal is not a bad deal from the standpoint of the vision. This is a bad deal because the timing is wrong; we have not done enough due diligence. The concept I cannot say is bad. But the timing and the involvement of the situation in the community is very, very bad. This opportunity didn't exist in February. That wasn't discussed when we announced the Medical Center, so why all of the sudden do we have to do it right this minute? The timing is not appropriate.

Dr. Bale mentioned something about the presidential search. We will do a poor job in a presidential search if the fallout of this is anything like I think it will be with negative press and personal relationships strained in the community. If I were on the outside looking in and I was

thinking about coming to a wonderful university with all the possibilities, why would I start my career at a place where I'm going to spend time defending actions that were taken before my presence, knowing that within six to nine months that's going to happen? If we lose one presidential candidate, just one that could have been "the one" because they wouldn't want to

come with any volatile issues that they did not create or that they would have to defend, then we've done a poor job in our fiduciary responsibilities. And that is a very high risk.

With that, I think I'll pause on my comments for now. Thank you very much.

Chair Higdon: Thank you, Regent Ridley. Do we have someone wishing to speak in favor?

Regent Porter:

I look at this a little bit differently because I am a WKU undergraduate, a graduate of UK Law School, and I live outside of this community. I appreciate what others have to say but my focus is on the positives of what this partnership will provide to our university. If you look around at other universities, it's very common for both private and sector universities to have joint ventures rather than cash laid out for a project. I'm not real concerned about whether The Medical Center merges with another company in the future or not – that's out of our control. I look at the positive points on this and I think we have an opportunity here to effectively have a building that we need for expansion and growth. I think this gift is before us and it is something that can benefit both our university and the community. I have the faith in WKU and in this Board and I think this would be a great move for the future of WKU.

Chair Higdon: Thank you, Regent Porter. Next up for comments is someone against.

Regent Richey:

I would like to preface my written remarks with saying that I respect President Ransdell's vision for this University, greatly. And, in the end, I will respect what this Board decides so we can all move forward together.

When this information was first presented to most of us, I leaned towards supporting it simply because, ostensibly, this is about an indoor practice facility and a partnership with an influential company. While I believe the indoor practice facility and student use of the new building would be great for student athletes and students, after much research, reading the additional information on this project, and listening to fellow Board members concerns, I cannot in good conscience vote in favor of this project. I have prepared a bulleted list of concerns.

1. First and foremost, it appears to me that approving this project demonstrates that we are just a pawn in a decades-long game between health care providers and it could badly damage long-standing relationships with many key groups (such as other health care providers and donors to the university) in Bowling Green. The Medical Center would not be doing this unless they knew it was going to bring a profit to their company, and by accepting their offer we are immediately terminating healthy partnerships with other medical providers in Bowling Green.
2. The M&O cost we will be paying could have gone to reduce the massive cuts to Track and Field, but instead we will be creating a new building. This is very bad optics during budget cuts. We should at least require the athletics department to pay for M&O.

3. Graves Gilbert Clinic has been dedicated to us, and now we would be turning our backs on them before our contract with them over Health Services expires.
4. While this is certainly acceptable for the Medical Center in terms of it aligning with their business model, we simply cannot condone a situation where it is perceived that WKU is selling itself out for a building for athletics.
5. We have in no way shape or form gauged the student, faculty, or staff response to this to see what those most affected by this decision would want.
6. Most importantly, I believe that this is very poorly-timed when we are selecting a new president. We can very easily turn away highly-qualified candidates with a toxic decision such as this.

There are some positives, but the negatives in the long-term are overwhelming. A far more prudent solution would be to build on to the Health Sciences Complex as is and raise private funding for a WKU-owned indoor practice facility. It seems as though we could do a whole lot more inside such a building without being beholden to the Medical Center.

Chair Higdon: Thank you, Regent Richey. Is there someone wishing to speak in favor?

Regent Hinson:

I find this fascinating. I think everybody has good pros and cons but I will tell you strictly that I look at this as a business decision. The fact is that The Medical Center is going to give us \$22 million and we won't get that money unless we build this building. All this other is conjecture about what will happen with the community and people being against each other and not work together. That's all conjecture, we don't have that by fact. I think this is something needed and I think we need to look at this as a business decision. I live in Louisville and I'm used to all the hospitals not getting along with each other, so that doesn't bother me. Each one has their own niche.

Chair Higdon: Thank you, Regent Hinson. Is there another opposed?

Regent Burch:

I am in complete agreement with the opposing comments made thus far by my colleagues on this Board. I have listed many of the same points that they have already clearly articulated, and I strongly endorse their statements. In the interest of time, I will touch lightly on some of their points and focus more on additional comments that have not been made.

I have the utmost respect for The Medical Center and its programs, and I am very pleased that UK will be bringing its medical school program to our community. I have studied at great length all of the nuances of this proposed partnership, and it is my conclusion that it is not in the best interests of WKU or our community for it to be approved.

In terms of Regent Hinson's comment, and I respect your knowledge as a business woman, I do think this is about a business deal and I think it is a good business deal for The Medical Center or any other partner we would have. I think the question is whether or not this is a good business deal for WKU.

In terms of the cost, I think there is another cost. That is the loss of our independence and the potential for sustaining existing partnerships and creating new ones across campus and I think that's a big price to pay.

While we learned about what in this, some of the things that didn't enter into the discussion had to do with exclusivity. For instance, no advertising will be allowed on campus by any other health care provider. It will allow The Medical Center unlimited use of the WKU logo and tag line to any Medical Center affiliated entity. It would allow dedicated and designated parking in the Keen Hall parking lot for 99 years – after we just assessed our students an additional fee just a year ago to pay for a parking garage because we are short on parking for our own students.

I think there's a big issue with breaking of trust. When we were looking for partners to help us in a very serious time when we were trying to create an on-campus medical facility, we had a partner who came forward. Every health provider in this community had that opportunity. I don't think it's the Western way to say to our partner, hey we just found a better cash deal and now we are going to break our contract with you. Make no mistake, this agreement says that contract will be broken.

The other piece of this is cost-effectiveness. We have been given a limited amount of data. We don't have a lot of information. There is nothing in this to suggest that the medical costs are going to be less. While I'm pleased that there would be incentives for faculty and staff for using this provider (and I note that The Medical Center is a superb health care provider), those incentives will go to staff and faculty and will not necessarily come to the university's bottom line for what we pay for health insurance costs.

I think the M&O savings is deceptive. It is unrealistic to think we are only going to pay a little more for utilities to get into a new building. It raises the question of what other things are a greater priority for WKU than spending it on M&O for a new building.

The lack of inclusion of our campus and constituents is huge for me. I appreciate that this has been a marvelous opportunity to allow the Board to have this time for discussion, and I appreciate that Chair Higdon. I understand that the President's motive has always been about what's best for this campus. But in this instance, finding out what's best means that you also have to ask those who are affected. There are more people affected by this than just athletics, DPT, orthopedics and The Medical Center. No one else has been involved. The process on all of this makes it appear secretive and like something to be pushed through in a hurry, without due diligence.

This is not a gift. This is a business deal. This is most definitely an exclusive deal with The Medical Center. I applaud them and I admire what they do, they provide quality care. But I do not support creating exclusivity with a single healthcare provider. There is no guarantee that UK will vacate the third floor of that building and we are stuck with that lease.

Switching gears to athletics. Is this the highest priority for athletics to get an indoor practice facility? I concur with Regent Richey's comments about cuts in Track and Field. Could the M&O monies be better used to reduce the cuts in that budget? We are losing the outdoor practice space and giving up autonomy on other partnerships with other health care providers, including some that have had relationships with athletics for decades.

I ask if this is really the goal we are trying to attain. The goal we are trying to attain is to facilitate the location and operation of the UK Medical School program in Bowling Green and enhance the opportunities for WKU faculty and students and add value to the community. If athletics wishes to do so, they can create opportunities for The Medical Center orthopedics and physicians to work

with our teams. DPT is already well located, and can access WKU athletes readily as needed, in addition to all of the patients in The Medical Center hospital setting. A DPT is about a lot more than sports medicine. DPT programs do not typically require an open gymnasium type facility for rehab work and treatment – nor do orthopedic doctors/clinics. And for The Medical Center, they have the capacity and talent and they will develop their orthopedic unit for sure, whether it is located on the WKU campus or elsewhere.

It is possible to provide excellent space for the UK Medical School program with the addition of another floor (or two) onto the MC-WKU Health Complex. It was designed for this. It can be done in time for meeting UK's needs (two years before fall of 2018). And, it would mean that UK would commit to this space through the signing of a long term lease agreement for it, thereby assuring no added liability for lease payments by WKU.

The recent situation at UK bears similarities to this situation before the Board. In a recent memorandum to the Board, President Ransdell noted that “the private sector is willing to invest serious money to gain access to business that marketing and access in a campus community provides.” We need to give serious consideration to the ramifications of appearing to give that access to our campus community ‘for the right price’. It is critically important to preserve institutional autonomy. We all strive to make judgments on basis of what is best for the institution as a whole and the advancement of higher education. A decision on this proposal, with its many complexities and implications and consequences, should be made based on full consideration of its policy implications. We should be intentional on our decisions relative to the issue of giving marketing and access to our campus.

I know we are all going to strive to make judgments on what's best for the institution, but I cannot find any way that this is not going to create fractionation, chaos, and distrust from our on-campus constituents and within our community. I strongly encourage we not approve this.

Chair Higdon: Thank you, Regent Burch. Is there another comment in favor?

Regent McKinney:

I would like to point out that not only would we give up a \$22 million gift, but we would be also be required to spend at least \$15 more million on a new building and if UK decided not to renew the lease at some point, then we would be on the hook for that. If we turn down a gift, would we not possibly be making a significant portion of our community angry? That's all I have.

Chair Higdon: Thank you, Regent McKinney. We are now back to anyone who would like to speak against.

Regent Smith:

First, I do want to express my sincere appreciation for everyone's hard work on this and for President Ransdell's vision. While there are many positive aspects and merit to this, there are many unknowns and those unknowns concern me. I have learned more about the contingencies in the medical community and I don't think it is in our best interest to place ourselves in the middle of some of those. I don't believe The Medical Center would be doing this if they weren't planning to make some significant profits.

I think the biggest issue for me on this matter is the environment and the timing. The environment and timing are not right for this. I believe it's very telling if you look at those who have spoken against, many of us are here on campus on a daily basis have seen firsthand the negative impacts of the most recent budget cuts. We lost faculty lines and we've outsourced over 200 staff because

of budget cuts. To turn around and say we are going to build a new building after we've just struggled to reduce our fixed costs by over \$6 million, the timing is not right.

I absolutely support President Ransdell's work on behalf of WKU and I cannot speak highly enough for him. No matter what the outcome is, I support the Board and we will move forward no matter what the outcome of the vote may be. But, I strongly encourage you to consider the impact this will have on the WKU community that's here on this campus.

Chair Higdon: Thank you, Regent Smith. We are now back to a spokesperson in favor. Hearing none, we will move on to the second round of comments. Is there someone against the motion who wishes to make any other comments?

Regent Bale:

Let me just shift gears a little bit then, and I think by going around the table, it's clear on which way this vote is going. Going forward, I think it's absolutely incumbent on our President and all of us to facilitate whatever can be done to build the relationships that will make this program successful. This whole venture has really come out of the fact that they are going to establish a medical school here, which I think is a great thing and I'm all for it. For this whole thing to be successful this medical community and this region are going to have to work in harmony and they will need to learn how to get along better than they ever have. This is not about The Medical Center specifically; I'm talking about health care system in general. I have nothing but good things to say about The Medical Center, I spent a week in their intensive care unit three years ago and received good care. As a physician, I send patients there regularly. But if we are going forward with this, we owe it to WKU and to our employees to add as much transparency to the health care costs that will be incurred.

Chair Higdon: Thank you, Regent Bale. We are now back to a comment in favor of the motion.

As Chair, I deliberately passed on my first ten minutes but I would like to speak at this time. I'm so proud of this Board and how we have engaged in conversations and deliberations that have transpired. I think we are all fully engaged, we are asking the right questions, we can agree to disagree and I appreciate the comments that are made by others. No matter what the outcome is today, I know we will all fall in line and support the decision.

I am for this proposal. You may remember at our last Board meeting, I talked about some people having the vision. I was reminded this morning during President Ransdell's Convocation speech of that vision, and I saw it. I felt the burden on my shoulder of the obligation of those Regents who sat in our seats in 1997 and all the years up to now, charged this man with a mandate of transformation and philanthropic endeavors. He's done that every day for 19 years. Then I thought back about the tough decisions that our former Board members have made throughout the years. Those were not easy decisions. They represented change, they represented challenges, and they represented opportunities that our President took.

So I was challenging myself as I sat there this morning and realized that we did not go looking for this opportunity, it found us. It is a fleeting opportunity and timelines are restricted because of building requirements. We know that other players were offered the opportunity and we had one step up. Will there be black clouds in the future? Absolutely. I've never seen the perfect deal and I've never seen the perfect opportunity. But what I do know is that I trust this Board to handle it, and I especially trust this President to navigate through the challenges. I believe in the marketplace. Medical costs - the market will cure those problems. It always happens and it will

happen again. I look at the opportunity that we have with this President for the next ten months to manage this opportunity and to manage any black clouds that appear.

I look at this Board and over a year ago we were challenged with a real need to address the compensation of our faculty and staff and this Board stepped up and we made it a priority. We reached out to our faculty, we reached out to our staff, we engaged them in conversations and discussions, and we provided them information in a forum. So, I challenge our faculty and staff to realize that we are here for the best interest of the university. Change is hard. It would be so easy not to accept change. It would be easy for President Ransdell to say that he's not up to the challenge, and just this for the next President. He has a great track record, I believe in him and I trust his vision and insights. I think this is a very fortuitous situation and I think we should grab this opportunity.

Regent Ridley:

I mentioned in earlier remarks, where perception meets reality. And I don't want and I'm not trying to correct fellow Board members. But this in no stretch of the imagination is a gift. If we leave this place and we let the press spin this as a gift, that is the wrong way that this deal has come down. I just want you to know that.

Secondly, I agree with Julie. This is a business transaction. It is a transaction for The Medical Center. That is what this is. If in any way you think that we went and approached them and said, would you give us \$22 million, that didn't happen. That's what happened with The Gatton Academy. That's what happened with a lot of things. That's what happened with the Augenstein Alumni Center. That does happen. But this is strictly a business transaction with no chance to review it on a frequent basis. None. They are in total control.

Let's go back to the business transaction. When you do a business transaction, it's not just the advantage and disadvantage. It is how you are going to control the risks that you expose yourself to. And we are going to an unrealized risk control. We will not be able to control the risk; whether it's conjured, gossip, or whatever.

I understand business, and I understand this. And when you interview folks and ask them if another hospital would come in Bowling Green – this has been going on since the early 1970s when health care providers did not want us to have SKy Rehab on Campbell Lane. When the Certificate of Need went to Frankfort, it was not to be there. So the vision was not to broaden the services; it was to control them.

This is not a gift. You cannot give a gift under the IRS regulations and expect a benefit from it. This is a profit center. And it will continue to be a profit center. We do not have any profit that will be paid back to us. We're not sharing in the revenue. All we're doing is saying, here's a \$22 million carrot on a stick, and we're avoiding any type of profitability that could be coming back.

Now, we have a whole department at WKU that works on intellectual property. You invent something, you sell it, and we get a revenue stream for it. None of that has been discussed in any of this dialogue, a revenue sharing. And there's nothing wrong with that. And the reason is because it wasn't put on the table.

My point is that this is a good business deal for The Medical Center. And if I was over there, I'd be waving the flag and say let's go for it; this is a great thing. But I'm a fiduciary for this Board. And this is a bad business deal for this university, and I oppose it in its current form.

Chair Higdon: Thank you, Regent Ridley. Anyone else want to speak in favor of the motion?

Regent Johnson:

One of the things I have heard throughout this debate is that this transaction (or proposal) has changed from mid-July to today. What has been developed and negotiated since mid-July with President Ransdell's leadership is that it is more proactive and favorable toward the university. I don't doubt Regent Ridley's comment that there is a benefit for The Medical Center. I also believe there is a tremendous benefit for the university. As Chair Higdon stated, it's vision, it's the future, and we need to keep moving forward.

Regent Porter: If there are no comments, I call the question.

Regent Johnson: Second.

Chair Higdon: I have a motion and a second on the floor to end discussion and call for the vote. Secretary Harris, can you please take individual votes by roll call?

VOTE / ACTION TAKEN

Approved Not Approved Other _____

5 – YES (Higdon, Hinson, Johnson, McKinney, Porter)

6 – NO (Bale, Burch, Harris, Richey, Ridley, Smith)

Chair Higdon: The motion to end discussion has failed. We will continue with comments. Next up for comment is someone wishing to speak against the motion.

Regent Smith:

We do need to continue growing and moving forward, I absolutely agree with that. But one of the things that came up during the campus forums we held for the presidential search was that every single group wants a stronger focus on academics and what our core values are. We will continue to move forward, but we need to make sure we stay focused on that core of academics and what we are here for. We've kind of lost that at this point. Given the current environment, I don't believe that people are going to view this as a positive at this time. No matter what the outcome, we will continue to move forward and be a stronger university.

Chair Higdon: Thank you, Regent Smith. Next up is someone to speak in favor of the motion.

Regent Harris:

I'd just like to say that I like the idea of having a medical school attached to WKU is nothing but positive. With Dr. Ransdell's leadership over the past 19 years, there is nothing but positive outcomes. He's taken chances, he's gambled, and he's won—I would bet on him! There's nothing he's done that has gone "belly-up" that I'm aware of. We voted him in as our leader 19 years ago and he will continue leading this university for the next ten months. I know he's done his homework and I trust him. I am voting for this.

Chair Higdon: Thank you, Regent Harris. Back to opposing comments.

Regent Burch:

Regent Harris, I agree with you completely about the benefits of a medical school and it's obvious we are going to have that. I think we should do everything we can to make sure WKU is a partner with that program. I simply think this is not the way to get there. I agree with Regent Ridley, this is a good plan for The Medical Center, but not for WKU.

With a search underway for a new President, making such a partnership work would fall to the new president to make it work, and this may or may not be a priority for him/her. He/she also does not need to come into university with fractured community relations. This is a time of transitions and solidifying relationships, not fracturing or straining them. In some ways this tends to lock in the agenda priorities for the next president of WKU, whether he/she wants this to be a priority or not.

The only one extensively consulted from the beginning was the athletic director and The Medical Center President. Facilities head was brought in later. No one on campus or any of our community partners has had an opportunity to weigh in on this. The decisions were made by just the President working with the athletic director on campus. DPT is hugely affected, as are the many folks in athletic programs. This conversation has been going on for almost eight months, but only in the last month has the BOR known about it. A partnership is successful to the extent that faculty, staff and partners are mutually committed to make it so. Is it fair to The Medical Center to enter into this agreement awareness of the issues it may raise and the reactions that may ensue.

Regent Hinson: Chair Higdon, we are starting to repeat ourselves. Is it time for the question?

Regent Johnson: I call the question.

Regent Porter: I second.

Chair Higdon: We have a motion and a second to end discussion and call for the vote.

VOTE / ACTION TAKEN

Approved **Not Approved** **Other** _____

9 – YES (Bale, Harris, Higdon, Hinson, Johnson, McKinney, Porter, Ridley, Smith)

2 – NO (Burch, Richey)

Chair Higdon: Motion to end discussion has passed with the majority of votes. I will call on Regent Johnson to repeat the original motion, please.

MOTION BY REGENT JOHNSON AND SECONDED BY REGENT PORTER

- To establish a long-term partnership with The Medical Center for health care related services for faculty, staff, and students, and on site access to sports medicine and orthopedic services for students in WKU's Doctor of Physical Therapy program; and,
- To negotiate a long-term lease with The Medical Center of Bowling Green for approximately 2.52 acres of land on Avenue of Champions, on which The Medical Center will build, at its expense, a multipurpose sports medicine and training facility for the purposes stated above.

VOTE / ACTION TAKEN

Approved **Not Approved** **Other**

6 – YES (Harris, Higdon, Hinson, Johnson, McKinney, Porter)

4 – NO (Burch, Richey, Ridley, Smith)


1 – ABSTENTION (Bale)

ADJOURNMENT

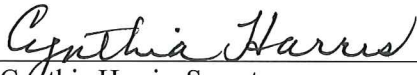
With no further business, Chair Higdon adjourned the meeting at approximately 11:45 a.m. (CDT).

CERTIFICATION OF SECRETARY

I hereby certify that the minutes herein above set forth an accurate record of votes and actions taken by the Board of Regents of Western Kentucky University in the special called meeting held August 19, 2016, in the *Potter College Room* at Van Meter Hall on the Western Kentucky University campus, and further certify that the meeting was held in compliance with KRS 61.810, 61.815, 61.820, and 61.825 (enacted as Sections 2, 3, 4 and 5 of House Bill 100, 1974 Regular Session, General Assembly).



Mr. Frederick A. Higdon, Chair
WKU Board of Regents
Approved on October 28, 2016



Ms. Cynthia Harris, Secretary
WKU Board of Regents
Approved on October 28, 2016