

Minutes of the Meeting of the Board of Trustees  
University of Kentucky  
Friday, February 19, 2016

The Board of Trustees of the University of Kentucky met at 1:00 p.m. on Friday, February 19, 2016, in the Board Room on the 18<sup>th</sup> floor of Patterson Office Tower.

A. Meeting Opened

Dr. E. Britt Brockman, chair of the Board of Trustees, called the meeting to order at 1:00 p.m. Chair Brockman asked Trustee Kelly Holland, secretary of the Board, to call the roll.

B. Roll Call

The following members of the Board of Trustees answered the call of the roll: Claude A. “Skip” Berry, III, James H. Booth, William C. Britton, E. Britt Brockman, Sheila Brothers, Mark P. Bryant, Angela L. Edwards, William S. Farish, Jr., O. Keith Gannon, Cammie D. Grant, Robert Grossman, David V. Hawpe, Kelly Sullivan Holland, Terry Mobley, Austin Mullen, Robert Vance, John Wilson, and Barbara Young. C.B. Akins, Sr., C. Frank Shoop, and Honorary Trustee Carol Martin “Bill” Gatton were not in attendance. Secretary Holland announced that a quorum was present.

The University administration was represented by President Eli Capilouto, Provost Tim Tracy, Executive Vice President for Health Affairs Michael Karpf, Executive Vice President for Finance and Administration Eric Monday, and General Counsel William Thro.

The University faculty was represented by Chair of the University Senate Council Andrew Hippisley, and the University staff was represented by Chair of the Staff Senate Jann Burks.

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

C. Consent Items

Chair Brockman called attention to the consent items on the agenda. The items were as follows:

Minutes of the Board of Trustees meeting on December 15, 2015

PR 2 Personnel Actions

ASACR 1 Academic Degree Recommendation: College of Arts and Sciences

ASACR 2 Academic Degree Deletion: College of Arts and Sciences

ASACR 3 Change in Name of an Educational Unit: College of Communication and Information

FCR 1 Bill Gatton Gift

FCR 2 Stites and Harbison, PLLC Pledge

FCR 3 Howard L. Lewis Pledge

FCR 4 Gift from the Estate of Joann Longest

FCR 5 Carl F. Pollard Gift

- FCR 6 John M. Preston Pledge
- FCR 7 Approval to Declare as Surplus and Dispose of University Property Located at 300 Alexandria Drive, Lexington, Kentucky
- FCR 8 Authorization of Lease for Phase III-B Student Housing and Naming of University Building
- FCR 9 Construct/Replace/Upgrade Student Housing Capital Project (Scope Increase for Fit-Up Creative Arts Living Learning Program)
- FCR 10 Repair/Upgrade/Improve Civil Site Infrastructure Capital Project
- FCR 11 Renovate/Expand Clinical Services Capital Project – William R. Willard Medical Education Building (College of Medicine Support Space)
- FCR 12 Construct/Upgrade/Fit-Up Support Services UK HealthCare Capital Project (Good Samaritan Orthopaedic/Spine Services)
- FCR 13 Patient Care Facility Capital Project (Fit-Up Fifth Floor – Phase I-H)
- FCR 14 Capital Construction Report
- FCR 15 Approval of the 2014-15 Endowment Match Program Annual Report
- FCR 16 Patent Assignment Report

Chair Brockman asked for consent item removal. Hearing none, Chair Brockman asked for a motion for approval of consent items. Trustee Mobley moved approval, with a second by Trustee Farish. Trustee Brothers requested a friendly change to the minutes and Trustee Grossman noted that Trustee Wilson was appointed to the Dr. William R. Willard Professorship in Behavioral Science. The motion passed with one abstention, Trustee John Wilson. (See consent items on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

D. Chair’s Report

Chair Brockman reported that there had been no petitions to address the Board since the last Board of Trustees meeting.

E. Executive Committee Report

Chair Brockman reported that the Executive Committee had met that morning to discuss and review the 2015-16 process for the Presidential Evaluation.

F. Process for the 2015-16 Presidential Evaluation Process (ECR 1)

Chair Brockman introduced ECR 1, which recommends that the Board of Trustees approve the process, the timeline, and a preliminary list of survey questions as part of the 2015-16 Presidential Evaluation.

Chair Brockman continued that pursuant to Section E of President Capilouto's Employment Agreement, an annual performance evaluation shall be performed in accordance with Governing Regulation II.E.2(a). The Executive Committee serves as the performance review committee for the President and will involve the entire Board of Trustees in the evaluation. The Committee will also solicit input from the executive committees or executive councils of the University Senate, Staff Senate and Student Government Association.

The evaluation of the President's performance in 2015-16 will include input from various constituencies; and each member of the Board will be asked to provide an evaluation of the President. The Chair of the Board of Trustees and the Executive Committee, in consultation with the President, will agree on a set of interview questions. With the adoption of 2015-2020 Strategic Plan in October 2015, some of the measures from the plan will be used to assess the President's performance. The performance assessment document may contain both qualitative and quantitative components.

Chair Brockman reviewed the timeline and the proposed questionnaire with the Board. Trustee Grossman inquired about the constituents being interviewed versus surveyed. Chair Brockman stated that after the in-depth review in 2015, this evaluation would be an abbreviated version, similar to the President's evaluation in 2014. Constituents will be surveyed using the draft questionnaire.

Chair Brockman called for the vote on ECR 1 and it passed without dissent. (See ECR 1 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

G. President's Report (PR 1)

President Capilouto began by sharing his appreciation to the many employees and essential staff in UK HealthCare, Physical Plant Division (PPD), Facilities Management, Housing, Dining, Auxiliary Services, Police, Crisis Management and Preparedness, Parking and Transportation Services (PTS), and Campus Recreation during the recent weather-related closing of the University. He stated that their individual and collective efforts underscore the importance of the critical services that these teams provide. PPD crews arrived early to pre-treat campus before the heaviest snow fell. Facilities Management and PTS coordinated the removal of snow from campus parking lots. UK's housing staff worked to keep sidewalks and pathways clear, while continuing to provide programming that engaged students. UK Dining staff continued to serve the residential students throughout the harsh weather, keeping many locations open, including Blazer and The 90.

President Capilouto continued that on Saturday and Sunday, February 28-29, more than 900 students will take the floor of Memorial Coliseum for the eleventh annual DanceBlue dance marathon. Over the last 10 years more than \$8,200,000 has been raised for the DanceBlue Kentucky Children's Hospital Pediatric Hematology/Oncology Clinic.

President Capilouto welcomed and introduced Ms. Erica Shipley, DanceBlue 2016 Overall Chair, to update the Board on the upcoming fundraiser. Ms. Shipley reported that the mini-marathons held by high schools across the Commonwealth have increased this year. Some of these high school graduates are now participating in DanceBlue committees as UK students. Thirty-six corporate sponsors from across the state also contribute to the success of DanceBlue. Ms. Shipley thanked the Board for their support and encouraged them to attend.

President Capilouto welcomed and introduced Dr. Donna Arnett, the new Dean of the College of Public Health. Dr. Arnett joins UK as the former associate dean at the University of

Alabama-Birmingham (UAB) School of Public Health and former president of the American Heart Association.

A native of Kentucky, Dr. Arnett sees her new role as an opportunity to address health disparities relevant to the region, including cancer and drug abuse. She aims to strengthen the college's relationships with state and regional health agencies and expand the college's portfolio of National Institutes of Health-funded research. She believes the future of population health depends on successful interdisciplinary partnerships, and she hopes to facilitate such networks to grow research opportunities and educational capacity at UK.

Dean Arnett was grateful for the opportunity to visit with the Board. She stated that her single-minded goal as Dean was to expand upon the College's success by moving from a top 25 college to a top 15 college of public health in the next five years. While not an easy task, Dean Arnett believes the College can accomplish this through three concrete routes: engaging in strategic planning that invites all stakeholders to help map how the College can best realize its mission; leading in the creation of mechanisms that foster interdisciplinary, intercollege and university-wide collaborations in research; and, focusing energies on the public health needs of the Commonwealth, including development of a Center for Population Health.

Dean Arnett stated that as a land grant institution, the College "must be committed to both educating our citizens and finding practical and effective means to prevent disease and improve the health of all Kentuckians. Our colleges, with partnerships across the University and with the extension services outreach into all 120 counties of Kentucky, has the ability to develop novel and innovative solutions to Kentucky's public health needs, to bring health to the Commonwealth, and importantly, to fulfill UK's mission of being the University for Kentucky."

President Capilouto stated that UK is committed to promoting success among all members of the UK family. It is UK's responsibility to create an environment of opportunity, belonging, support, and wellness. As a part of fulfilling that commitment, the Office of Human Resources began the LiveWell initiative. As a component of that initiative, UK employees were eligible to purchase a Fitbit device for as low as \$19, if they committed to participate in the UK LiveWell Step Up physical activity challenge.

The response to the promotion was outstanding. More than 8,500 UK employees signed up for the challenge and purchased a Fitbit at a reduced price through a Health and Wellness subsidy. President Capilouto welcomed and introduced Jody Ensmann, manager of the UK Health and Wellness Program, to share the progress of the ongoing Step Up Challenge and other initiatives.

Ms. Ensmann thanked President Capilouto and the Board of Trustees for the opportunity to share information on UK Health and Wellness program. She stated that UK has been providing wellness to faculty, staff, retirees, and spouses for over 20 years. Over the past 18 months, UK Health and Wellness has been committed to improving the health and well-being of the University community by offering initiatives such as the LiveWell check-in health screenings, new employee-dedicated fitness facility on Export Street, and the Step Up Challenge with the opportunity to purchase Fitbits at a discounted rate. Over 8,000 employees purchased a device and over 6,200 joined the 42 day challenge to walk 6,000-10,000 steps per day. "Got to get my steps in" became the buzz phrase around the campus.

Ms. Ensman invited the Board of Trustees to join the next challenge beginning May 1 and extended to them the discounted Fitbit rate to encourage their participation.

President Capilouto updated the Board on his testimony before the Kentucky House of Representatives Budget Review Subcommittee on Higher Education. As the proposed state budget contemplates significant reductions in higher education, it was an opportunity for President Capilouto to tell a compelling story about the University *for* Kentucky.

In the coming weeks, President Capilouto will testify before the Senate Appropriations and Revenue Committee and the University will be unveiling a new website through which UK can direct its messaging. The new “UK for KY” website will catalogue the many different ways in which UK drives the state’s economy as educators, job creators, employers, researchers and patient care providers.

#### H. Report on Results of Alumni Trustee Election (PR 3)

President Capilouto stated that PR 3 was the recommendation that the report of the Secretary of the Board of Trustees on the results of the election, authorized by the Alumni Association, be received and put to record, and that the Secretary be authorized to certify to the Governor the names of the three persons receiving the largest number of votes, from which list a successor to Trustee Terry B. Mobley, whose term expires June 30, 2016, will be appointed.

Trustee Britton moved approval of PR 3. It was seconded by Trustee Grant and it passed without dissent. (See PR 3 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

#### I. Honorary Degree Recipients (PR 4)

President Capilouto stated that PR 4 was the recommendation that the Board of Trustees approve awarding an Honorary Doctor of Science to W. David Arnett; an Honorary Doctor of Laws to Thomas Patterson Maney; an Honorary Doctor of Science to Herbert W. Ockerman; and an Honorary Doctor of Humane Letters to Eileen Recktenwald as approved and recommended by the University Faculty.

Trustee Grossman moved approval of PR 4. It was seconded by Trustee Britton and it passed without dissent. (See PR 4 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

#### J. Appointment of Dean of the College of Medicine (PR 5)

President Capilouto stated that PR 5 was the recommendation that that Dr. Robert DiPaola be appointed Dean of the College of Medicine, effective March 31, 2016.

Trustee Wilson moved approval of PR 5. It was seconded by Trustee Vance and it passed without dissent. (See PR 5 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

K. Academic and Student Affairs Committee Report

Trustee Angela Edwards, chair of the Academic and Student Affairs Committee, stated that the committee met that morning.

In addition to the discussion and approval of three ASACR's, the Committee heard a report from Drew Smith, Director of the Office of Wellness Initiatives for Student Empowerment and Tiffany Jackson, financial wellness specialist, to discuss the new and evolving financial wellness initiatives. The Committee also heard from Dr. Phil Harling, Executive Director and John R. Gaines Chair in the Humanities, along with two Gaines Fellows, Kaylee Hicks and Jordan Keeton, about the Gaines Center for the Humanities and their offerings.

L. Audit and Compliance Committee Report

Trustee Mark Bryant, chair of the Audit and Compliance Committee, reported the Committee met yesterday, Thursday, February 18, 2016.

Trustee Bryant stated that the Committee heard a presentation from Internal Audit Senior Director Joe Reed regarding the cyber-security program at UK.

M. Finance Committee Report

Trustee William C. Britton, chair of the Finance Committee, reported that the Committee reviewed and considered 16 FCRs and all were unanimously approved. He also encouraged Trustees to "look out the windows while you are in this building and just see what the last four and one-half years have done to this campus."

N. Investment Committee Report

Trustee William S. Farish, Jr., chair of the Investment Committee, stated that the Committee met on Thursday, February 18, 2016, to review performance results and conduct other business. The Endowment pool had a market value of \$1.19 billion as of December 31, 2015. For the six month period ending December 31, the Endowment pool decreased by 3.59%, compared to a loss of 0.97% for the policy benchmark return. Diversified inflation strategies were the largest detractor from Endowment pool performance during the period.

In addition, the Committee met in closed session to interview finalists from the request for proposals for endowment investment consulting services. The Committee returned to open session and approved IC 1, authorizing investment staff to conduct further due diligence and enter into contract negotiations with the identified finalists in the consultant search.

O. University Health Care Committee Report

Trustee Robert Vance, chair of the University Health Care Committee, reported that the Committee met on Thursday, February 18, 2016.

Trustee Vance reported that Colleen Schwartz, UK HealthCare Chief Nursing Officer, informed the Committee that UK HealthCare had achieved Magnet status. It is the highest institutional honor award for nursing excellence from the American Nurses Credentialing Center Magnet Recognition Program. Achieving Magnet status involves a rigorous and lengthy review and is the gold standard for nursing excellence.

Trustee Vance reported that Murray Clark, UK HealthCare's Chief Financial Officer, presented the Committee with the hospital systems financials of the month and year to date, ending December 31, 2015. The first six months of the fiscal year have been positive. The volumes of inpatient care are slightly above budget, and revenue has been higher due to case mix of patients and outlier cases. Outpatient volume has exceeded budget primarily as a result of increased outpatient pharmacy sales. Activity has produced revenue in excess of budget, and expenses have been maintained within budget as adjusted for activity, producing a positive result for the fiscal year through December 31, 2015. The Committee reviewed and recommended three FCRs to the Finance Committee: FCR 11, Renovate Clinical Services Capital Project; FCR 12, Construct and Upgrade Fit-Up Support Services (Good Samaritan Orthopaedic Spine Services); and FCR 13, Patient Care Facility Capital Project (Fit-Up Fifth Floor – Phase I-H). The total scope of the three projects is \$43.5 million, will be funded with agency funds and are within the respective total legislative authorizations.

Trustee Vance reported that Dr. Stephen Strup, Professor and Chairman of Urology, gave a talk on the past, present, and future of the Department of Urology. The department is organized around nine subspecialties, has a well-established research component, and is an active participant in several Markey Cancer clinical trials.

The Committee reviewed and approved the HealthCare Medical Staff Bylaws as amended and restated. The bylaws govern the medical staff at the University of Kentucky Albert Chandler Medical Hospital and UK HealthCare Good Samaritan Hospital and were adopted and approved October 11, 2010, and last amended December 10, 2012. Dr. Bo Cofield, UK HealthCare's Chief Clinical Operations Officer, shared the bylaws revision process with the Committee which included review by medical staff, Medical Staff Executive Committee and the Organized Medical Staff. On February 12, 2016, the medical staff was notified that the Organized Medical Staff had adopted the resolution of amending the bylaws subject to the University HealthCare Committee approval. The Committee approved the amended bylaws as presented. The committee also approved the list of privileges and credentials brought before them.

Trustee Hawpe added his congratulations and high praise to Ms. Swartz and UK HealthCare for the Magnet status recognition and acknowledged the five year effort to earn the designation.

P. Item for Discussion: College of Medicine Partnerships

On Thursday, February 18, 2016 President Capilouto, Western Kentucky University President Gary Ransdell and Morehead State University President Wayne Andrews announced the UK College of Medicine's initiative to develop a satellite program in Bowling Green for

four-year medical education and to expand the Rural Physician Leadership Program (RPLP) in Morehead to a three-year (year-round) medical education program.

President Capilouto thanked Dr. Michael Karpf for his leadership in building partnerships in service with other providers throughout the state. He thanked Provost Tim Tracy and his team for their work with other provosts of the respective universities. He welcomed Provost Tracy to update the Board of Trustees on the initiative.

Provost Tim Tracy began with a review of the state rankings of specific illnesses and a profile of Kentucky physicians. The state of Kentucky ranks in the top 10 in the number of cases of heart disease, cancer, chronic lower respiratory disease, stroke, and diabetes. Coupled with the profile of physicians in the state, Kentucky needs to address its health disparities and needs more physicians and residents, especially in primary care and rural areas. It is also the case that physicians who train in satellite areas are more likely to stay in those areas to practice. Kentucky's greatest need is outside of the central Bluegrass Region, particularly in eastern and west-central Kentucky.

Provost Tracy continued that in order to help keep the physicians that UK trains, the College of Medicine needs to grow. There are physical facility constraints on the Lexington campus that prevent UK from growing its class size much beyond 140 students. To address this, both physical facilities for classes and clinical training facilities are needed.

Two areas identified as having the right mix as possible partners and programs are located in Bowling Green, Kentucky with Western Kentucky University (WKU) and The Medical Center and in the Morehead/ Ashland area with Morehead State University, St. Claire Regional Hospital (Morehead), and King's Daughters Medical Center (Ashland).

Provost Tracy detailed that the program in Bowling Green will be a four year medical training program, which will combine distance education and onsite didactic education. WKU and Gatton Academy (Bowling Green) would have potential students and the clinical training would be conducted at The Medical Center with participation by their staff, along with faculty and staff from UK and WKU. Assistance with subspecialty care training in the Bowling Green area would accompany the expansion of current graduate medical residencies and fellowships at the Medical Center.

The program at the Morehead/Ashland campus and hospitals would be a three year (year round) medical training program focused on primary care. This would be an expansion of the successful Rural Physician Leadership Program. Students from Morehead State University and the Craft Academy would be potential students and St. Claire Regional and King's Daughters would provide the clinical training. This primarily primary care training would help meet the health care needs of eastern Kentucky.

Chair Brockman asked about the structure of the three year program. Provost Tracy explained that the year round program would be accomplished by the elimination of summer breaks and the assistance of curriculum efficiencies. At 39 months, it is a combination of didactic and distance education.

Trustee Booth asked if a class size had been determined. Provost Tracy stated that the collaboration will probably start with approximately 20 students per class in each location. He hoped to increase this to 30 students per class per location.

Trustee Grossman asked about the accreditation of the program and credentialing of non-UK faculty and physicians. Provost Tracy stated that the accrediting bodies had been contacted and those issues had been resolved. The curriculum has changed to a disease-based curriculum rather than a discipline-based curriculum. Similar to preceptors or adjunct appointments, the instructors and/or physicians would be vetted by UK and given the appropriate appointment for the level of contribution.

Trustee Britton asked if this program would require a traditional undergraduate degree and would the program accept students other than WKU and Morehead. Provost Tracy stated that medical school does not require a bachelor's degree. There are some institutions that have a six-year MD degree, the European model. It is a trend that the United States is starting to adopt. The program will have a flexible number of slots for qualified students from WKU, Morehead, Gatton Academy, and Craft Academy.

Chair Brockman asked if there was a requirement to be an in-state or Kentucky resident to be a student. Provost Tracy stated there was no such requirement.

Q. Other Business

Trustee Brothers added that as a follow-up to the DanceBlue presentation by Ms. Erica Shipley, the Staff Senate held its first mini-marathon. It was a two-hour mini-marathon and it raised \$8,200 for DanceBlue.

Trustee Brothers shared a fact sheet about the statewide 4-H programs and summer camps. Approximately one-third of the children in Kentucky participate in 4-H programs through Kentucky State University or the University of Kentucky. A number of the summer camps are held on UK's campus, allowing young Kentuckians to experience the residence halls and facilities and interact with faculty and staff.

R. Meeting Adjourned

Hearing no further business, Chair Brockman asked for a motion to adjourn the meeting. The meeting was adjourned at 2:08 p.m.

Respectfully submitted,



Kelly Sullivan Holland  
Secretary, Board of Trustees

(PR 1, 2, 3, 4, and 5, ASACR 1, 2, and 3, FCR 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16 are official parts of the Minutes of the meeting)