

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, September 13, 2011.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, September 13, 2011 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. and asked Ms. Pam May, secretary of the Board, to call the roll.

B. Roll Call

The following members of the Board of Trustees answered the call of the roll: C. B. Akins, Sr., William C. Britton, E. Britt Brockman (chair), Sheila Brothers, Jo Hern Curriss, Micah Fielden, Oliver Keith Gannon, Carol Martin "Bill" Gatton, Pamela T. May, Billy Joe Miles, Terry Mobley, Sandy Bugie Patterson, Joe Peek, Erwin Roberts, Charles R. Sachatello, C. Frank Shoop, James W. Stuckert, Irina Voro, and Barbara Young. William S. Farish, Jr. was absent from the meeting. Ms. May announced that a quorum was present.

The university administration was represented by President Eli Capilouto, Provost Kumble Subbaswamy, Executive Vice President for Finance and Administration Frank Butler, Executive Vice President for Health Affairs Michael Karpf, and General Counsel Barbara W. Jones.

The university faculty was represented by Chair of the University Senate Council Hollie Swanson, and the university staff was represented by Chair of the Staff Senate Mike Adams.

Members of the various news media were also in attendance.

C. Chair's Report

Dr. Brockman called attention to the consent items on the agenda. They included the minutes for the regular meeting of the Board on June 14, 2011; PR 2 which is personnel actions; and FCR 1 which deals with multiple gifts to replace unfulfilled pledge to Research Challenge Trust Fund. It is the Board's tradition that these consent items be voted on at the beginning of the meeting. Mr. Stuckert moved approval. The motion was seconded by Mr. Mobley and carried without dissent. (See consent items listed below on the trustee website under agenda.)

Minutes – June 14, 2011

PR 2 Personnel Actions

FCR 1 Multiple Gifts to Replace Unfulfilled Pledge to Research Challenge Trust Fund

Dr. Brockman welcomed the following new Board members:

C. B. Akins, Sr., appointed by Governor Steven L. Beshear to replace Dermontti Dawson, for a term ending June 30, 2017.

William C. Britton, appointed by Governor Steven L. Beshear to replace Penelope Brown, for a term ending June 30, 2017.

Micah Fielden, student representative to replace Ryan Smith, for a term expiring June 30, 2012.

Irina Voro, faculty representative, to replace Everett McCorvey, for a term expiring June 30, 2014.

Dr. Brockman also welcomed Dr. Eli Capilouto, twelfth president of the University of Kentucky, to his first Board of Trustees meeting. He said Dr. Capilouto started his presidency on July 1, a little more than 60 days ago, but was on campus two weeks in June working tirelessly, meeting with various constituency groups, students, faculty, and others out in the state as well as doing interviews and numerous other things.

Dr. Capilouto kept this tireless schedule when he hit the ground running on July 1<sup>st</sup>. During the last two months, Dr. Capilouto has met 73 of the 138 state legislators in every region of the state, literally from Pikeville to Paducah. He has met with both United States Senators and four members of Congress from Kentucky. He has met with Mayor Jim Gray of Lexington and Mayor Greg Fischer of Louisville. He has held in-depth discussions with some 600 faculty and staff to engage in dialogue about our shared vision and agenda for the University. He has met with faculty and staff leaders for three-hour meetings each with ten of our 16 colleges with the intent to meet with the other six, as well as the graduate school and the libraries, in the near future.

By next week, Dr. Capilouto will have conducted more than 25 interviews and news conferences. His wife, Mary Lynne, has participated in many of these as well, including interviews with the Associated Press, the Lexington Herald Leader, the Kernel, Business First, Business Lexington, WKYT TV, and news conferences or interviews in Frankfort, Versailles, Prestonsburg, Lexington, Louisville, Paducah, Bowling Green, amongst others.

Dr. Capilouto has delivered remarks and speeches to some 50 groups, and the feedback from these constituency groups has been extraordinarily positive. Dr. Brockman welcomed Dr. Capilouto aboard and encouraged him to continue the good work.

Dr. Brockman announced that The Investiture of President Capilouto is Tuesday, October 18<sup>th</sup> at the Singletary Center for the Arts at 4:00 p.m.

Dr. Brockman recognized Ms. Brothers for an introduction of the Staff Senate Chair.

Ms. Brothers said it was her pleasure to introduce the new Staff Senate Chair for the 2011-12 year, who is Mike Adams from the Department of Biology in the College of Arts and Sciences. Mr. Adams is a facility manager and is chair of the body that represents staff on the

University of Kentucky campus. Mr. Adams was asked to stand and be recognized, following which he received a round of applause.

Dr. Brockman announced that the 2011 Governor's Conference on Postsecondary Education Trusteeship will be held on Thursday and Friday, September 22 and 23 in Lexington at the Marriott Griffin Gate. The Board is honored that the keynote speaker for the Friday luncheon will be President Capilouto. He encouraged the Board members to attend the conference.

Dr. Brockman reminded the Board of their strategic planning retreat set for Saturday, October 1<sup>st</sup> at Donamire Farm and Sunday, October 2<sup>nd</sup> at the Boone Center.

He concluded his report by announcing to the Board that forthcoming after election of officers, the chair will send out correspondence regarding 2011-12 committee assignments, basically asking the members for their committee preferences.

D. Nominating Committee Report

Mr. Shoop, Chair of the Nominating Committee reported that the Committee met September 6 and received three NCRs.

E. Appointment of Trustee to the University of Kentucky Gluck Equine Research Foundation, Inc. Board of Directors (NCR 1)

Mr. Shoop said that NCR 1 recommends that the Board approve the appointment of William S. Farish Jr. to the University of Kentucky Gluck Equine Research Foundation, Inc. Board of Directors for a four-year term ending September 30, 2015. The bylaws of the foundation require that the Board of Trustees approve appointments to the Board of Directors. On behalf of the Nominating Committee, Mr. Shoop moved approval of NCR 1. His motion was seconded by Mr. Gatton and carried without dissent. (See NCR 1 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

F. Appointment of Trustee to the University of Kentucky Research Foundation Board of Directors (NCR 2)

Mr. Shoop said that NCR 2 recommends that the Board approve the appointment of Dr. Joe Peek to the University of Kentucky Research Foundation Board of Directors for a three-year term ending September 30, 2014. The bylaws of the foundation require that the Board of Trustees approve appointments to the UKRF Board of Directors. On behalf of the Nominating Committee, Mr. Shoop moved approval of NCR 2. Dr. Sachatello seconded the motion, and it passed without dissent. (See NCR 2 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

G. Reappointment of Trustee to the University of Kentucky Mining Engineering Foundation, Inc. Board of Directors (NCR 3)

Mr. Shoop said that NCR 3 recommends that the Board approve the reappointment of Jo Hern Curriss to the University of Kentucky Mining Engineering Foundation, Inc. Board of Directors for a two-year term ending September 13, 2013. The bylaws of the foundation also require that the Board of Trustees approve appointments to the Mining Engineering Foundation Board of Directors. On behalf of the Nominating Committee, Mr. Shoop moved approval of NCR 3. Mr. Britton seconded the motion, and it passed without dissent. (See NCR 3 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

H. Election of Officers

On behalf of the Nominating Committee, Mr. Shoop presented the following slate for officers and made a motion for approval:

Chair	E. Britt Brockman
Vice Chair	Pamela T. May
Secretary	Sandy Bugie Patterson
Assistant Secretary	Barbara W. Jones

Dr. Brockman said that the Board would vote on the officers individually. He asked for a second for the slate presented. Ms. Curriss seconded the motion. Dr. Brockman then asked for any discussion on the slate and recognized Dr. Voro.

Dr. Voro read the following statement:

“Any real University, first and foremost, is a community of scholars. Faculty is its working core, ably supported by the staff employees. For more than a couple of years now the faculty is expressing their wishes to improve accountability and shared governance within the University.

An election within the Board of Trustees is an occasion to show that. For every elected official the period of election is a chance to reflect on accomplishments and to make plans for the future.

I am gratified to report to the faculty that, before this vote, on my request as faculty trustee, every officer nominee of the Board graciously shared with me his or her ideas as to what they would want to accomplish while in elected office. Therefore, I am prepared to vote “yes” on all of them.

I see this as a good step in elected officer accountability, and I look forward toward next year’s officer elections where, I hope, all officer candidate statements would be written and easily accessible. I am sure that all Board members understand that this is not personal – this is good governance. Our university deserves it.

Again, I want to thank everyone for sharing their ideas, and I am glad I had a chance to talk (and enjoy it) with every one of you. Thank you all.”

Dr. Brockman thanked Dr. Voro for her comments and then continued with the election.

For Board chair, Britt Brockman has been nominated by the Nominating Committee. He asked for any other nominations from the floor. There were no nominations from the floor, and the nominations closed. Ms. May seconded the motion, and it passed without dissent.

For vice chair, Pam May has been nominated by the Nominating Committee. He asked for any nominations from the floor. There were no further nominations from the floor, and the nominations closed. Mr. Britton seconded the motion, and it passed without dissent. Dr. Brockman congratulated Ms. May.

For secretary, Sandy Patterson has been nominated by the Nominating Committee. He asked for any nominations from the floor. There were no further nominations, and the nominations closed. Mr. Fielden seconded the motion, and it passed without dissent. Dr. Brockman congratulated Ms. Patterson.

For assistant secretary, Barbara Jones has been nominated by the Nominating Committee. He asked for any nominations from the floor. There were no further nominations, and the nominations closed. Ms. Patterson seconded the motion, and it carried without dissent.

#### I. Election of Executive Committee

Mr. Shoop said the next item is the nomination of members of the Executive Committee. On behalf of the Nominating Committee, he presented the following slate and made a motion for approval:

E. Britt Brockman, Chair  
Pamela T. May  
Terry Mobley  
James W. Stuckert  
Barbara Young

Dr. Brockman pointed out that the Governing Regulations stipulate that the Board chair automatically serves as chair of the Executive Committee. Therefore, no vote was necessary for the chair position. He then continued with the election process.

Pam May has been nominated to serve as a member of the Executive Committee by the Nominating Committee. He asked for any nominations from the floor. There were no further nominations, and the nominations closed. Ms. Curris seconded the motion by Mr. Shoop, and the motion carried without dissent.

Terry Mobley has been nominated to serve as a member of the Executive Committee by the Nominating Committee. He asked for any nominations from the floor. There were no

further nominations, and the nominations closed. Mr. Stuckert seconded the motion, and it passed without dissent.

Jim Stuckert has been nominated to serve as a member of the Executive Committee. He asked for any nominations from the floor. There were no further nominations, and the nominations closed. Mr. Shoop's motion was seconded by Mr. Mobley and passed without dissent.

Barbara Young has been nominated to serve as a member of the Executive Committee by the Nominating Committee. Dr. Brockman asked for any nominations from the floor. There were no further nominations, and the nominations closed. Mr. Britton seconded the motion for approval, and it passed without dissent.

Dr. Brockman made a motion to amend the effective date of the Executive Committee from September 13, 2011 to October 1, 2011 due to the pending appeal before the current Executive Committee that was scheduled to be heard in closed session that afternoon after the Board has concluded its business. The proposed delay is intended to give the current Executive Committee time to make its decision. Mr. Shoop seconded the motion, and it passed without dissent.

That concluded the Nominating Committee report, and Dr. Brockman called upon President Capilouto for his report.

#### J. President's Report

President Capilouto said it was an honor to stand before the Board at this meeting. He expressed appreciation to Dr. Brockman for his kind description of his activities over the past couple of months. He said he was not keeping score because he was pleased to do all of it. It has been a labor of love.

While this school year has just begun, the work leading up to this has been going on for a great deal of time. President Capilouto said that he was excited to be at UK, and it has reaffirmed everything his wife Mary Lynne and he first noticed on campus in May and all the days they have been on campus since that time. It has exceeded their expectations far above what they imagined.

President Capilouto said that the work of a university (education, research, and service) is 365 days a year. There is no down time. He introduced Student Government President Micah Fielden and asked him to give the Board a glimpse of what has happened at the beginning of school the year. He said it had been an honor and delight to get to know Micah. Micah represents the finest character and goodness you can see in a student leader. He has been a tremendous ambassador both on and off campus.

Mr. Fielden shared with the Board a little about K Week which included 10 days and over 400 events that were planned throughout the year by the staff, faculty, and two student K-week coordinators. He said that K Week is a special event and introduced a video prepared by

Public Relations and Marketing that showed some of this year's K Week events. A video presentation followed.

President Capilouto reported that hundreds of staff members came together to make this such a successful K Week. It helps new students adjust to a new life, and for many of them, it is the first time they have been away from home. The activities keep them busy and focused on constructive activities which are an important safety issue. He thanked the staff, administration, and faculty who devoted countless hours during K Week and continue with this same spirit of commitment day-by-day. The video showed a glimpse of what the students have done as they prepare for a new school year.

President Capilouto introduced the class of 2015 to the Board and the public. This is a little different group than in the past. For this group, there is a high expectation of graduation. One of the scenes in the video was an induction ceremony, which is a moving experience, especially at the time during the ceremony when Provost Subbaswamy asked each student to open a sealed envelope which contained their tassel for graduation in the year 2015. That is our expectation and commitment, not to just give these students access to the university but access to a degree. President Capilouto said he was proud to report that this class is the most academically prepared and accomplished in the university's nearly 150 year history. This is a diverse and very engaged class. They are involved in their communities, and they have a thirst for public service that is unprecedented. These students are very emerged in technology both in and outside of the classroom.

President Capilouto presented a PowerPoint presentation which showed an overview of enrollment trends. The University had a record number of applications this year (over 15,000), and it is up over 1,500 from last year. The number has increased approximately 5,000 since 2006. This year's class totals 4,140, slightly smaller than last years' class. With the new UK core, it was important to have the right size for everything being introduced this year. There is new advising and a new intergraded curriculum, and the University is doing a great job during the first few weeks. There has been great success, but it is recognized that some students have even more choices than just UK. It is necessary for everyone to work harder to bring them to UK in the future.

President Capilouto presented a chart and spoke about the diversity of this year's class. Fourteen percent of the students are from African American, Hispanic, or international populations. Four hundred and twenty-two of the students are African Americans, which is a slight increase from last year but up 65 percent from five years ago. African Americans make up 10 percent of the freshmen class. The numbers of Hispanic and international students have grown as well. Hispanic students have doubled since 2006. International students have smaller numbers, but the numbers have gone up three times in the period shown on the chart in the presentation.

Following a review of this year's freshman class, there is a record number of applications. Academically, it is an outstanding class. The preparedness of these students has gone up every year. Provost Subbaswamy and the deans say there is also room for those

students who may not do the best on achievement scores or have the highest grade point average. There is room for those students who have promise as well.

One-third of the incoming class was ranked in the top 10 percent of their high school class, which means the GPA is up. Twenty-five percent of this class has a GPA of 4.0 or higher. The ACT average is up to 25.5 compared to 25.2 last year and up from 23.9 since 2006. Nearly 450 students in this class have an ACT score of more than 30. More than 30 percent of this class has an ACT score of 28 or above, and to put this in context, only 8 percent of all high school students in Kentucky who take the ACT exam scored 30 or above. That is a remarkable statistic. Data like this show that UK is attracting the best and brightest, and everyone should take pride in that.

The enrollment is steady for graduate and professional students. There have been some shifts from some programs that were master levels and that is reflected in this data. Post doctoral students are included in the data, but the numbers are not final until October. While the admission standards have become more rigorous, the yield increases indicate that more and more students recognize UK's programs as being top notch.

President Capilouto concluded his report by talking about "preview night," which gives students an opportunity to meet UK representatives and learn about admission, financial aid, scholarships, housing, majors, and degree programs. He congratulated and thanked the enrollment management team led by Vice Provost Don Witt. He reported that there have already been ten preview nights in Western and Northern Kentucky with record turnouts at each event.

President Capilouto introduced five of the most outstanding first-year students: Bradley Bernard from Geneva, Illinois, Alex McCulla from Hagerhill, Kentucky, Roshan Palli from Lexington, KY, and Matthew Wilson from Simpsonville, Kentucky. These students exemplify the academic quality and leadership attributes that he has had the pleasure of experiencing in his first few months at the University. He noted that the students have perfect scores on their ACT and SAT exams. President Capilouto thanked the students for their many accomplishments and for their decision to join the University of Kentucky. The students received a round of applause.

President Capilouto said that there are outstanding faculty who teach, mentor, and prepare students for the future. He said he was pleased to introduce Dr. Nathan DeWall, who is an associate professor in the Department Psychology, and he recognized Dr. Richard Milich, who is the chair of the Department. The Department was recently recognized as being number one in a national study in clinical productivity of all departments across the nation.

President Capilouto gave some background information about Dr. DeWall. Dr. DeWall has been at UK for four years. He is co-director of the Arts & Sciences Wired Residential College. He was identified as a "Rising Star" by the Association for Psychological Science for "making significant contributions to the field of psychological science" early in his career.

In 2010, Dr. DeWall was awarded the Sage Young Scholars Award by the Foundation for Personality and Social Psychology. This is awarded to early-career faculty who have



demonstrated exceptional individual achievements in social and/or personality psychology, conducting research that places them at the forefront of their peers.

Over the past three years, Dr. DeWall has been featured in the *New York Times* six times; he has been in the *Harvard Business Review*, on Good Morning America, in the *LA Times*, *Atlantic Monthly*, *AARP*, *Time magazine*, and *Playboy* to name a few. He is approaching 100 publications.

Dr. DeWall has given talks in Greece, Hungary, England, China, Hong Kong, and Sweden, among others. Dr. Dewall believes that research and teaching are one in the same. A university professor does not have to choose between one or the other. He once said that “everyone is a teacher.” “We teach and we’re taught every day in all sorts of situations.” He further says that “students are more connected than they’ve ever been, and we’re going to lose them if education is trapped in a classroom. Life is a network.”

Dr. DeWall lives his philosophy regarding learning. His students, faculty, and community are all connected, like the residence hall where he serves as co-director, Arts and Sciences wired. His research on social relationships has greatly helped his development.

Dr. Dewall is the 2011 winner of the College of Arts and Sciences Outstanding Teaching Award. He oversees seven graduate students and 43 undergraduates in his labs.

President Capilouto said it was his pleasure to welcome Dr. DeWall to the podium to share a few words to the Board.

Dr. DeWall thanked President Capilouto and the Board for giving him a few minutes of their time and said it was an honor and privilege to speak to them. When people, family, friends, and colleagues from all over the country ask him about Kentucky, he tells them to imagine the best job they could ever have, multiply it by 10, and that is what we have.

Dr. DeWall told the Board about some of the research that he conducts at the University and some of his other activities. He said that he does four main things. His first line of research is on close relationships. He studies why some relationships flourish and others fail resulting in painful rejection. Pain of rejection isn’t only a metaphor: it actually hurts.

His second line of research is studying one of the most important predictors of success: self-control. He examines how and why people fail to control their impulses and how to design interventions to help them be better regulated in all aspects of their lives.

When people experience rejection, they are not very willing to control their impulses, but by offering people a small case of social inclusion and acceptance we can get rid of these difficulties.

The third line of research is on aggression and violence. He is curious why some people behave aggressively where others do not. He examines aggression between strangers, between dating students at the university, and between marriage partners. One reason people behave

aggressively both toward strangers and close relationship partners is that they feel disconnected and have poor self-control.

Dr. DeWall has also done some research on pop culture and personality. He studies how changes in pop culture reflect changes that we have seen in personalities over the past 30 or 40 years. For example, his lab has shown that just as narcissistic personalities have been increasing over time, narcissistic song lyrics have also shot up.

While Dr. DeWall's job is doing research, it is also connected to a lot of his other activities as a professor at UK. Dr. DeWall talked about his involvement with Arts & Sciences Wired, the new residential college that Dean Mark Kornbluh is starting with the mission of retaining students. His goal and vision for Arts & Sciences Wired is to connect students with each other, faculty, and with their communities both in Lexington and abroad. This is done through lots of different ways. Students are offered special classes in the dormitories that last eight weeks. The students are given iPads to teach them how to become more connected in terms of using technology both inside and outside the classroom. There are lots of extracurricular activities for the students such as each student will write novels during the month of November. They will not be great novels, but they will be things students can do together. In conclusion, Dr. DeWall said that he is conducting a lot of great research to provide quantitative data on what UK is doing at Arts & Sciences Wired over the year.

President Capilouto said that he wanted to close his report with one last statistic. The most recent NCAA graduation rate report shows that among entering freshmen, the University of Kentucky's scholarship student-athletes (as a whole) had a 67 percent graduation rate. Among that group, the entering football freshmen had a 75 percent graduation rate. In 2002, that graduation rate was just 25 percent.

The general graduation rate for campus is 60 percent. UK has two SEC Scholar-Athletes of the Year. This year 71 University of Kentucky student-athletes were named to the SEC First-Year Academic Honor Roll.

President Capilouto said that he attended UK's first football game in Nashville and had the honor of being presented the game ball in the locker room. It was a very touching experience for him, but more important to him was what every coach said to every player. It was made clear by Coach Joker Phillips and everyone else that the players were to be in class on Friday. President Capilouto reminded the Board that the team did not arrive back in Lexington until approximately 4:00 a.m. Friday morning. The coaches take this seriously, and it is reflected in the data. At a time when many think that Athletics has lost its focus, it is good to see that Athletics Director Mitch Barnhart and his staff make these student-athletes and their welfare in the classroom come first. He said Mr. Barnhart works 24-7, whether it is with donors, attending classes, or checking roll, he does it. He thanked Mr. Barnhart and his staff for all the work they do.

President Capilouto concluded his remarks by saying that this is only a fraction of the good work going on at the University of Kentucky. There are a number of other items in PR 1 that underscore the tremendous activity and success taking place at UK. He asked the Board to

look at the items in PR 1 carefully and said the Board should take great pride in this report. It took a collective effort, and he is proud to be the newest member of the team.

K. Personnel Action – Athletics Department (PR 3)

President Capilouto said that PR 3 relates to a graduate assistantship in the Athletics Department that has been awarded to Mrs. Kirby Willoughby. He said the information was contained in the booklet, and he would be happy to answer any questions.

Dr. Brockman asked for a motion, and Mr. Mobley moved approval of PR 3. Mr. Shoop seconded the motion. Dr. Brockman asked if there was any discussion and recognized Ms. Young for her comments.

Ms. Young said that she has trouble with this particular issue, and it is nothing personal at all. It seems to her that the Athletic Director's omission from the Governing Regulations is sort of an aberration. The Athletics Director really operates at the same level as the rest of those employees. This is his daughter, who she is sure is very able and very deserving of this position. However, there is some question as to whether she is an employee or not. Ms. Young said that it is her understanding that she will be receiving a stipend for room, board, and tuition as part of this assistantship. To Ms. Young, this says that she is an employee of the University, and it is really with great regret that she will vote against this. The Athletics Director should be included in the Governing Regulations, Part X, and that should be corrected because he operates at that level. This is a slippery slope, and once you start making exceptions, it sets a precedent.

Ms. Curris said that she must also with great regret agree with what Ms. Young said. It appears that there is some uncertainty in the various nepotism rules which need to be clarified. Ms. Curris said that she did not wish to cast any aspersion on this fine young lady, but it all has to do with process, and therefore, she must also choose not to vote for approval of PR 3.

Dr. Brockman asked for any other discussion, and there was none. He called for a vote and said that PR 3 passes. There was dissent among the vote. (See PR 3 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

L. Appointment of Dean of the College of Medicine (PR 4)

President Capilouto asked for the Board's consideration of PR 4, a matter relating to the appointment of the Dean of the College of Medicine and requiring action by the Board of Trustees. He said that Dr. Frederick de Beer could not attend the meeting because of a pressing travel commitment. He asked Provost Subbaswamy to comment on the recommendation.

Provost Subbaswamy reminded the Board that the vacancy came about due to Dr. Jay Perman's departure to become President of the University of Maryland in Baltimore. A national search was conducted and led by a search firm, and following all the processes, the search committee recommended four candidates to be interviewed on campus. In the final analysis, he and Dr. Karpf concluded that Dr. de Beer was the best fit for the University of Kentucky College of Medicine at this time.

On motion made by Mr. Stuckert, seconded by Mr. Shoop and carried, PR 4 passed without dissent. (See PR 4 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

M. Appointment/Reappointment to Board of Directors University of Kentucky Mining Engineering Foundation, Inc. (PR 5)

President Capilouto asked for the Board's consideration of PR 5 which relates to appointments to the Board of Directors of the UK Mining Engineering Foundation and requires an action by the Board of Trustees. Ms. Brothers moved approval. Ms. Patterson seconded the motion, and it carried without dissent. (See PR 5 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

N. Candidates for Degrees (AACR 1)

Dr. Gannon, interim chair of the Academic Affairs Committee, said the Committee met that morning and addressed two items of business. The first item relates to candidates for degrees in August 2011. The recommendation is that the President be authorized to confer upon each individual whose name appears on the attached list the degree to which he or she is entitled, upon certification by the University Registrar that the individual has satisfactorily completed all requirements for the degree for which the application has been made and as approved by the elected faculty of the University Senate and the Academic Affairs Committee of the Board of Trustees. On behalf of the Academic Affairs committee, he recommended approval of AACR 1. Mr. Britton seconded the motion, and it carried without dissent. (See AACR 1 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

O. Academic Degree Recommendation (AACR 2)

Dr. Gannon said that the second item of business related to the establishment of a new academic degree program. The recommendation is that the Board of Trustees approve the establishment of a Bachelor of Arts degree with a major in Chinese Language and Literature in the College of Arts and Sciences, effective in the fall of 2011. On behalf of the Academic Affairs Committee, he recommended that the Board adopt AACR 2. Mr. Stuckert seconded the motion, and it passed without dissent. (See AACR 2 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

Mr. Gatton suggested that Morton Holbrook, Jr. be invited to come and speak. He gave some background information about Mr. Holbrook, noting he has master degrees from at least three universities in different dialects of Chinese and has also served in the American Embassy in Beijing.

Dr. Gannon completed his report by stating that Dr. Michael Mullen, Associate Provost for Undergraduate Education, gave a very good overview of UK Core, the new general education curriculum that started this fall. He did an incredible job and encouraged all Board members to

become more aware of it. It is based on seven principles and puts emphasis on education. It is a 30-hour framework, and UK is basically the leading edge in the country related to its Core curriculum now.

P. Proposed Amendment to Governing Regulations: Technical Corrections (FCR 2)

Mr. Stuckert, chair of the Finance Committee, said FCR 1 was approved by consent earlier in the meeting and FCR 2 is a proposed amendment to the Governing Regulations. He referred to the proposed revisions in the background section.

- Paragraph 3 – In order to bring GR II into consistency with GR XIII, the Business Procedures manual is added to the types of University regulations and policies that the President is authorized by the Board of Trustees to promulgate.
- Section A.2(b) - The language defining the status of faculty in administrative positions was updated in the Human Resources Policy and Procedure #4.0 in 2009. The proposed revision to GR II makes the GR language consistent with the Human Resources policy with respect to faculty eligibility to vote for and serve as elected members of the Board of Trustees.
- Section A.6(g) - In June 2005, the Board of Trustees increased from \$100,000 to \$400,000, the threshold amount for gifts to the University that must be accepted by the Board. That language was inadvertently omitted from the GR during a later revision. The proposed revision adds the gift threshold amount back into the GR.

Dr. Brockman noted that this is the second reading of this recommendation. Mr. Stuckert moved the adoption of FCR 2. Ms. Curris seconded his motion, and it carried without dissent. (See FCR 2 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

Q. Approval of Ground Lease with Iota Nu House Corporation of Alpha Phi International Fraternity, Inc. for 415-417 Columbia Avenue, Lexington, Kentucky (FCR 3)

Mr. Stuckert said that FCR 3 involves the approval of ground lease with Iota Nu House Corporation of Alpha Phi International Fraternity, Inc. for 415-417 Columbia Avenue, Lexington, Kentucky. While it says fraternity, in actuality, this is a sorority. The land would be swapped from those addresses that used to house the Math Excel program to make way for this sorority. The Math Excel program, as was discussed earlier at the Finance Committee meeting, will have better facilities than what they currently occupy. On behalf of the Finance Committee, he moved adoption of FCR 3. Mr. Fielden seconded the motion. Dr. Brockman asked for any questions and recognized Ms. Brothers.

Ms. Brothers noted that the Board is giving the Executive Vice President for Finance and Administration the authority to negotiate and execute the lease. She asked that a report be given back to the Board. When this happened to University Lofts, there was no report back to the Board to let the Board know that the property had been acquired. In approving this

authorization, she would like a report back to the Board simply explaining the end result of the negotiation.

Dr. Brockman said it would be duly noted in the minutes, and the Board should have a report regarding the negotiation and execution of the ground lease. He called for a vote, and the motion carried without dissent. (See FCR 3 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

R. Patent Assignment Report (FCR 4)

Mr. Stuckert said FCR 4 is the Patent Assignment Report. The recommendation from the Finance Committee is that the Board of Trustees accept the patent assignment report for the period April 1 through June 30, 2011. He mentioned that there were four patents and a number of patent applications for the fiscal year that ended June 30. He reported that 22 patents were filed, and 26 patents were issued. The patent receipts for the full year were a little over \$2.5 million, which is up 11 percent. He moved the adoption of FCR 4. Ms. Brothers seconded the motion, and it passed without dissent. (See FCR 4 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

S. Capital Construction Report (FCR 5)

Mr. Stuckert said the final Finance Committee request is FCR 5, the Capital Construction Report, which Mr. Bob Wiseman discussed extensively at the Finance Committee. Mr. Shoop pointed out in the Committee meeting that the staff does a great job in presenting all of the information in the report. The report is extensive. It is very detailed to within a very few dollars as to what the changes were in the new contracts granted, and the ones that were completed. On behalf of the Finance Committee, he moved the adoption of FCR 5. Mr. Mobley seconded the motion. Dr. Brockman asked for any questions and recognized Mr. Fielden.

Mr. Fielden asked if the seven contracts completed this quarter meant that the projects are literally completed, and space is now usable.

Mr. Stuckert said he would suggest that is exactly what it means. He asked Mr. Wiseman to comment, and Mr. Wiseman confirmed that the projects are complete, and the space is usable.

Dr. Brockman called for a vote, and it passed without dissent. (See FCR 5 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

T. Investment Committee Report

Mr. Gatton, chair of the Investment Committee, reported that the Committee met that morning to review performance results and conduct other business. The Endowment had a net market value of \$881.9 million as of June 30, 2011. For the fiscal year that ended June 30, the Endowment pool returned 18.7 percent, underperforming the policy benchmark return of 19.3

percent. The policy benchmark is a weighted average of various market index returns that are representative of the University's target asset allocation. The fiscal year underperformance against the policy benchmark is due mainly to underperformance by the international equity managers during this period.

The Committee approved termination of one absolute return manager due to departure of four senior investment team members in the last few months. Investment staff and consultant, R. V. Kuhns & Associates, have issued a Request for Proposals for a new manager.

The Investment Committee went into closed session to hear presentations from finalists in the private equity and real estate manager searches. Subsequently, the Committee authorized the Executive Vice President for Finance and Administration, or his designee, to enter into contract negotiation with one new private equity manager and one new real estate manager. New managers are needed to reach the target allocations to private equity and real estate of 7 percent and 8 percent, respectively. All new managers are hired as a result of a Request for Proposals process under the supervision of the University's Purchasing Division.

#### U. Student Affairs Committee Report

Ms. Patterson, chair of the Student Affairs Committee, said that the Student Affairs Committee began its meeting with Mr. Fielden giving a Student Government report.

Mr. Fielden reported that the Cat's Cruiser program continues to be strong with over 20,000 students having used it already. It runs from 9:00 pm to 3:00 am, Thursday through Sunday. Students are picked up and dropped off in the surrounding areas, and the program is very successful.

Ms. Patterson reported that the Tally Cats program has approximately 2,200 students signed up. Students earn points for attending special events, athletic events, and student meetings. The student organizations' membership is up as a result of this program.

The Wildcat Interest Group is a new SGA initiative. It is a non-partisan lobby group of students to generate interest in the state legislature at the state-level. Students connect with state legislators on a variety of issues, which is the same thing UKAN is doing with alumni.

"Wildcats in Washington" is another new program. Students work with legislators at the national level and live in Washington, DC, for a semester while earning course credit.

K Week was extremely successful in August for new students. A large number of events for students took place during that week.

Ms. Curris brought up the play, Bringing it Home: Voices of Student Veterans, which is a collaboration between the Veteran's Resource Center, the Department of Theatre, and the UK Oral History Center. The play was recently selected by the New York International Fringe Festival as the number one play. The UK student actors get to spend three weeks in New York.

Ms. Patterson said the Committee discussed the Common Reading Program. The book this year is “No Impact Man” written by Colin Beaven. Over 4,000 freshmen read the book and met in small groups to debrief and discuss their thoughts on the book.

John Herbst gave the Committee an update on the Student Center. The repairs to the roof of the Student Center are underway, but that is not part of the big project. The coordination process is continuing, and there has been quite a bit of student input concerning this project as it moves along.

#### V. University Health Care Committee Report

Ms. Young, chair of the University Health Care Committee, reported that the University Health Care Committee met Monday afternoon. The Committee had one action item involving the bylaws for the University of Kentucky Center on Aging Foundation. The item recommends that the Board of Trustees approve the Second Amendment to the Articles of Incorporation of the Corporation, attached hereto as Exhibit A and the revised Bylaws of the Corporation attached as Exhibit B.

In 2006 the articles and bylaws were revised, allowing officers and directors to serve two consecutive terms, which meant six years. It was decided that Board members needed three terms, and this revision reflects that change.

On behalf of the Committee, Ms. Young moved approval of UHCCR 1. Mr. Stuckert seconded, and the motion carried without dissent. (See UHCCR 1 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

Dr. Richard Lofgren presented a comprehensive UK HealthCare Enterprise performance update explaining how data is compiled and coded. He reported that with few exceptions quality and outcome scores continue to be strong and in many cases show steady improvement. Ms. Young took a moment to compliment Dr. Lofgren for his hard work in putting together reports and other documents for the Committee’s meetings. The reports on Monday were very comprehensive and outstanding.

From there, Mr. Sergio Melgar presented the June 2011 financial report. There was an operating profit of \$3.4 million for the month of June and a strong-end of year operating income of \$32 million in spite of bad debt exposure. This is \$9.5 million above budget. Fiscal year 2011 increased full time equivalents by 500 compared to 2010, which was largely due to ramping up the new patient care facility that now employs 5,400 FTEs. Depending on volume, this will adjust over time.

The Emergency Department has shown a 10.8 percent uptick in growth. The value of board designated investment now totals \$210.3 million, which is a \$31.5 million increase from June of last year. Current investment loss is \$1.5 million and year-to-date investment income is \$35.6 million.



Accounts payable have decreased by \$10 million compared to last year. The balance sheet now reflects the remaining unpaid balance of University of Kentucky bonds as well as the internal loan from UK totaling \$361.1 million. This includes the bonds. Net assets have increased to \$625.1 million from 2010, and total assets are \$1.2 billion.

Mr. Melgar also presented the July financial report. Operating revenue for the month totaled \$79.7 million, which is \$6.3 million greater than the budget for the month. Operating expenses for the month were \$1.6 million below budget, and the UK HealthCare Hospital system reported an operating income of \$2 million for the month. Current month investment loss is \$950.3 thousand.

Dr. Michael Karpf presented a budget review for Pavilion A of the patient care facility, noting that project savings of \$4.4 million have been reallocated to Phase 1 C data center to cover design fees in \$1.3 million variation from the original bid. He also reviewed the \$35 million budget for Phase 1 B surgical services.

Dr. Kevin Nelson presented privileges and credentials from UK HealthCare Chandler Hospital and Good Samaritan. The Committee made a motion and all credentials and privileges were approved.

W. Alumni Association Report

Ms. Curris said that it was her pleasure as an Alumni Trustee to give the annual Alumni Association report. She began by reminding everyone of the important efforts of the Alumni Association staff, and particularly Director Stan Key, in assisting with the presidential search. It was their great work that made the University of Kentucky Presidential Tour of the Commonwealth successful. Within a very short period of time, over 600 broadcast e-mails were sent to more than 73,000 alumni. She asked Mr. Key to stand and be recognized, and he received a round of applause.

The Alumni Association has experienced an exciting and productive year. The Association funded \$2.5 million for alumni relations programs, events, services, and staff. In addition, the Association provided gifts of \$111,000 to the University of Kentucky and \$111,000 to UK Athletics from the University credit card royalty income.

A recognition and scholarship event was held in Lexington on September 9. The alumni scholarship students accepted approximately \$140,000 to assist in their academic endeavors.

The Association recognized six professors for their great teaching, and they received the Great Teacher Awards which include financial stipends.

A far reaching activity of the Alumni Association the last five to six years has been the expansion of both print and electronic communication. At this particular time, the Alumni office maintains an alumni records database that includes close to 290,000 records of living alumni of degrees from all levels. This information is of great help to the colleges in communicating to their various students. Also, the Alumni Association is now very much involved in blogging.

After one particular time of sending out lots of pictures about campus, one of the bloggers responded with thanks and appreciation and said, "For us far away and homesick for the big blue nation, it's nice to see." This is a wonderful service of the Alumni Association.

The Association ended the year with market values for the Credit Card Investment Fund of over \$7.5 million and for the Life Member Dues Fund of over \$8.5 million.

There are also great efforts to ensure diversity activities and diverse populations are being represented throughout.

One of the most exciting projects of the Association has been the approval of funding and selection of an artist for a Wildcat sculpture. There was a national search and Matthew Gray Palmer of Friday Harbor, Washington was unanimously selected by the committee which was comprised of alumni, students, and campus representatives. The sculpture will be located in a new Wildcat Alumni Plaza across Euclid Avenue/Avenue of Champions from Memorial Coliseum. The dedication is being planned for Alumni Weekend in April 2012.

X. Other Business


Ms. Brothers said that the Faculty Senate and Staff Senate traditionally hold a reception in October to bring Board members, staff members, faculty members, and students together. It is a reception where Board members can meet, talk, and interact very informally with faculty, staff, and students. She announced that the stakes reception will follow the October 25 Board meeting. The reception will be on the 18<sup>th</sup> floor of the office tower.

Dr. Brockman noted that the 2012 Board meeting schedule was in the back of the agenda booklet.

Y. Meeting Adjourned

Hearing no suggestions for additional matters, Dr. Brockman asked for a motion to adjourn, and the meeting ended at 2:12 p.m.

Respectfully submitted,



Sandy Bugie Patterson  
Secretary, Board of Trustees

(NCR 1, 2, and 3; PR 2, 3, 4, and 5; AACR 1 and 2; FCR 1, 2, 3, 4, and 5; and UHCCR 1 are official parts of the Minutes of the meeting.)