

Minutes of the Board of Trustees of the University of Kentucky, Tuesday, February 21, 2012.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, February 21, 2012 in the Board Room on the 18th 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 announced the swearing in of the newest faculty trustee, Dr. John Wilson. He acknowledged and thanked Dr. Hollie Swanson and the faculty senate council for an outstanding job of organizing an election with the departure of Dr. Peek in December. Dr. Brockman stated that Dr. Wilson came to UK in 1977 with a PhD from the University of Michigan. He is a professor in the Department of Behavior Science in the College of Medicine. He served four terms in his college's faculty council and he chaired it on two occasions.

Dr. Brockman invited General Counsel Barbara Jones to administer the Oath of Office to Dr. John Wilson. The Oath was administered. At the conclusion of the Oath, there were congratulations offered and applause.

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

The University administration was represented by President Eli Capilouto, Provost Kumble Subbaswamy, 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. Consent Items

Dr. Brockman called attention to the three consent items on the agenda. They included the minutes for the regular meeting of the Board on December 13, 2011, PR 2 which deals with personnel actions and FCR1 which is the extinguishment of the Dale Edward Albers and Doris McNeal Seeley Research endowment. Dr. Brockman asked for a motion to accept the consent items. Mr. Mobley, moved approval and his motion was seconded by Ms. May. Dr. Brockman asked if there was any discussion on the consent items.

Ms. Patterson noted that there is an amendment to page 13 of the December 13, 2011 minutes in section 0. "It passed without dissent" was inadvertently left out and is now added.

Dr. Brockman stated that the record should reflect that the change will be enacted on the minutes. There being no further discussion, a vote was taken and the motion in favor of the consent items carried without dissent. (See consent items listed below on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

Minutes – December 13, 2011

PR 2 Personnel Actions

FCR 1 Extinguishment of the Dale Edward Albers and Doris McNeal Seeley Research Endowment

D. Resolution Honoring Ms. Peggy Way

Dr. Brockman then asked for Ms. Peggy Way to stand and be recognized. Ms. Way is the senior administrative staff officer for the President's office who has been the liaison to the Board of Trustees since 1981- 1982. She has served the University for 41 ½ years. Dr. Brockman noted that in 1981-1982, the year Ms. Way began working in the President' Office, it also happened to be the year that he served on the Board of Trustees as a student, as the student body president. Dr. Brockman asked Ms. Way and Board of Trustees member Ms. Shelia Brothers to come forward for a special presentation.

Ms. Brothers read the following resolution:

WHEREAS, for more than 41 years, Peggy Way has ably served the University of Kentucky in its mission to provide quality education, service, and outreach to the Commonwealth of Kentucky; and

WHEREAS, Mrs. Way, graduate of the former UK Community College System, received several certificates from the former Lexington Community College's Cooperative Education Program; and

WHEREAS, throughout her career at the University of Kentucky, she has served many departments, including the College of Education and the former College of Journalism, as well as the Office of Human Resources; and

WHEREAS, in 1982, she began her tenure in the Office of the President and continued there until her retirement, admirably executing her role with great diligence, intellect, and unrivaled loyalty; serving several members of the University's Board of Trustees and five university presidents: Otis A. Singletary, David P. Roselle, Charles T. Wethington, Lee T. Todd, Jr., and Eli I. Capilouto; and

WHEREAS, having gone above the call of duty, she quietly served numerous individuals and causes across the University, most notably, her unmatched effort and time devoted to the recent Presidential Search process; and

WHEREAS, she continues to support the University as a UK Fellow; and

WHEREAS, because of her skilled support to Vice President Albert A. Gore, Jr. during his visit to the University of Kentucky in 1996, she received a commendation from the White House Communications Agency; and

WHEREAS, Mrs. Way has voluntarily served the Lexington community and Bluegrass Region as a past Chairperson of the Lexington's Annual American Heart Walk and UK's liaison for the United Way.

NOW, THEREFORE, BE IT RESOLVED, that the University Of Kentucky Board Of Trustees does hereby adopt this resolution on February 21, 2012 and express, on behalf of the University community, our individual and collective gratitude to Mrs. Peggy Way for her exemplary service to the University of Kentucky, the city of Lexington, and the Bluegrass Region.

On behalf of the Board of Trustees, Ms. Brothers also presented a Wildcat Alumni Plaza paver noting that its dedication and unveiling would occur on April 20th. There was a long round of appreciative applause and a standing ovation for Ms. Way.

Ms. Way stated that it had been an honor and a privilege to work with everyone. She will cherish the memories of her work at the University and wished the Board well as they make the important decisions for the future of the University.

E. President's Report (PR 1)

Before beginning PR 1, President Capilouto wanted to join everyone in saying hello and saying goodbye. He welcomed Dr. Wilson and commented that though he has now heard the Oath of Office on several occasions, he has never heard "dueling" mentioned so many times in just a few sentences. He extended his thanks to Ms. Way and credited her for him being a quick study. She had taught him quickly and well so that she could then leave the university. He thanked her for everything she had done.

President Capilouto was pleased to again spotlight some of the tremendous work by the faculty and students and wanted to draw everyone's attention to the lists in PR 1. He noted the range of terrific staff members to alums that have been singled out for well deserved recognition. He stated that he would like to introduce a few people today that are remarkable assets to this University.

President Capilouto recognized Mr. Vince Kellen, the Chief Information Officer at the University. Mr. Kellen has been selected as a Dell Transformational CIO. He was one of four CIOs selected globally to receive this honor by the leading computer manufacturer. Mr. Kellen was recognized at Dell's Field Readiness Seminar in Las Vegas on February 9th, where he met with senior Dell executives and other IT professionals to discuss emerging trends and challenges facing the world of higher education.

President Capilouto commented that technology is an increasingly critical part of virtually everything we do at the University. Most critically, is the important part technology plays in learning and classroom instruction. He acknowledged that Mr. Kellen has been one of the true leaders in the University's efforts in this regard. President Capilouto thanked him for his great

work and for bringing pride and recognition to our University. The Board gave Mr. Kellen a round of applause.

President Capilouto next stated that the University of Kentucky's Martin School of Public Policy and Administration had presented its inaugural Distinguished Alumni Award last month to a familiar face, Mr. Bob Wiseman. Mr. Wiseman is the UK Vice President for Facilities Management, who earned his Master's in Public Administration degree from the Martin School in 1984. President Capilouto explained that Mr. Wiseman oversees the University's entire physical plant and capital projects management, another very critical component of what we do at UK. He noted that Mr. Wiseman had a distinguished public policy career before he joined the University nearly 10 years ago, working in both city and federal governments in key leadership positions. President Capilouto acknowledged Mr. Wiseman's tireless work on facilities throughout the campus and also in his work with the housing initiative. He thanked Mr. Wiseman for his wonderful efforts on behalf of his alma mater. The Board gave Mr. Wiseman a round of applause.

President Capilouto next noted that today marked the last board meeting for Mr. Len Heller, the Vice President for Commercialization and Economic Development. Mr. Heller is retiring. President Capilouto commended him as being a stalwart the last several years in helping cement relationships with local businesses in our community and in advocating successfully for the increased commercialization of the intellectual property being developed on this campus and at Coldstream. He asked the Board to join him in thanking Mr. Heller for his service. President Capilouto offered that he had told Mr. Heller that the University was going to celebrate his retirement in the future in a more fun way. He recounted that over the Christmas holidays, Mr. Heller was a guest at Maxwell Place. There was a pianist and Mr. Heller decided to sing and accompany the pianist. President Capilouto asked him if he would do the same at his retirement celebration. Mr. Heller said "yes, he had already picked out his song, I did it 'My Way'". President Capilouto thanked Mr. Heller for doing it "your way". It was "our way" too. The Board gave Mr. Heller a round of applause.

President Capilouto next formally noted that one of our former board members and proud alums, Mr. Dermontti Dawson, was recently named to the Pro Football Hall of Fame. Mr. Dawson is a graduate of the College of Education and a former UK Wildcat stand-out. Mr. Dawson is widely acknowledged as one of the greatest centers to ever play the game. President Capilouto went on to say that after his long and distinguished career with the Pittsburgh Steelers, the Hall of Fame induction is a greatly deserved honor and that the University is very proud that he is a member of our family. He stated that the University will be inviting Mr. Dawson to join us at a Board meeting sometime soon so that we can properly recognize such an important achievement by one of our own.

President Capilouto updated the Board on the search for the replacement for Mr. Frank Butler, the recently retired Executive Vice President for Financial Affairs. A search committee has been appointed and is ably chaired by Dr. Scott Smith, Dean of our College of Agriculture. He also advised the Board that the University has retained the national search consultancy, Witt/Keiffer, to assist the committee. He invited those with suggestions of people who would be good candidates to contact Dean Smith, as we move forward in filling this critically important position.

President Capilouto was also pleased to announce that April 24, 2012 will be a special day in

the life of the University of Kentucky. The University will be officially naming one of the new residence halls on the north end of campus for our ninth president, Dr. David Roselle. He stated that Dr. Roselle proudly and forcefully led the University of Kentucky during a tumultuous period in our institution's history. President Capilouto stated he was so proud to be here as we move forward with this appropriate recognition. He recalled that about three years ago, he had the opportunity to talk with Dr. Roselle. Dr. Roselle was given as a reference for two faculty that he was trying to recruit and the two had a delightful conversation. President Capilouto recounted that it was indeed a joy for him to call Dr. Roselle back to share with him the news of the Board's decision to name this residence hall and he is very much looking forward to meeting him. Dr. Roselle will be here on April 24th and the Board will be receiving an invitation shortly and it will include a luncheon.

President Capilouto moved on to introduce Dr. Margaret Szabunio, who is a relatively new member of the team at UK HealthCare. He stated that she is another exciting addition to the team being assembled by Dr. Mark Evers at the renowned Markey Cancer Center. She is the associate medical director for its Comprehensive Breast Care Center and Division chief of Women's Radiology. Her area of focus is the early detection of breast cancer using Elastography and Tomosynthesis. Tomosynthesis is a 3-D mammogram technology that can find cancers earlier and help prevent false positives. Dr. Szabunio was recruited to the University because of her experience and expertise and is playing a big part in getting this type of technology to the campus. He noted that we will be the first in the state to have this technology.

President Capilouto asked Dr. Szabunio to come forward and tell The Board a little bit about her work on this critically important health area.

Dr. Szabunio thanked the Board for inviting her and expressed her excitement to speak about this exciting technology. She noted that the CBCC, Comprehensive Breast Care Center does actually have the technology and that it has been used with multiple patients. Dr. Szabunio stated that one of the advantages of this technology is that it will be able to decrease the number of recall appointments for additional imaging. Many women who have a mammogram often have to return for additional views because the Radiologist sees something that requires further study. This recall visit causes anxiety to women. Dr. Szabunio also noted that as breast tissue is extremely dense, Tomosynthesis is able to produce 15 projections of images, and then a computer reconstructs it at one millimeter sequences. This allows the physician to see the breast as a ball with the ability to peel back layers of the breast individually. This gives the physician the ability to detect cancers early. She stated that these are the two main reasons why Tomosynthesis is the future of mammography. Because this is the best tool currently, she is hoping that this will make a difference. Dr. Szabunio also praised the team of breast experts in oncology, radiation oncology, surgery, pathology and radiology at the CBCC. She praised the team approach to treating patients. She also shared her big hope to one day be able to bring this technology to eastern Kentucky. Though she is just learning about Kentucky, she feels that eastern Kentucky is an area that is under represented and she hopes one day to have a mobile Tomosynthesis unit.

Dr. Szabunio reiterated that currently Tomosynthesis is used as more of a diagnostic tool. She advised that employees of University of Kentucky are given the option of tomosynthesis, should they have dense breast tissue. The current units are located at Kentucky Clinic South, which is on Harrodsburg Road. Dr. Szabunio is hoping to add another tomosynthesis unit to the Lexington

campus. She was graciously unapologetic for having a wish list and thanked the Board for inviting her. The Board gave Dr. Szabunio a round of applause.

President Capilouto thanked Dr. Szabunio. He commented that one of the delightful things he discovered in Kentucky when he arrived, was the commitment made years ago to make sure everyone could have high tech, high touch care in their own back yard. He acknowledged that Dr. Szabunio's comments and plans is another testament to that commitment.

President Capilouto reported that he had the privilege of hosting the leadership team for the seventh annual DanceBlue dance marathon. Through the efforts of thousands of dancers and countless student volunteers, DanceBlue had successfully raised nearly \$2.7 million for the Kentucky Children's Hospital Pediatric Oncology Clinic over the last six years. He stated that it is the largest student-run philanthropy in Kentucky and across the Southeastern Conference. He remarked that these students have tremendous passion and commitment to a cause larger than themselves. They understand that service to others is an important part of leadership. He said the Board will be very proud to know that they are part of this precious UK family.

President Capilouto asked Student Government President and Board of Trustee Member Micah Fielden come forward and introduce the DanceBlue leadership and the video about this tremendous initiative.

Mr. Fielden thanked the Board and stated it was his honor to introduce to the Board and guests, Mr. Clay Stanley, the overall chair for DanceBlue and a senior Kinesiology major from Louisville, KY. After graduation, Mr. Stanley will be a core member with Teach for America where he will be working and teaching Biology in New Orleans, LA. Mr. Fielden also introduced Ms. Logan Sparks, the public relations chair for DanceBlue and a junior integrated strategic communications major from Mayfield, KY. In addition to her responsibilities with DanceBlue, she is the president of Alpha Delta Pi sorority. Mr. Fielden stated that it was truly his honor to call them both friends and he believes that they are the epitome of servant leadership and the University is lucky to have both of them at the University. The Board gave them a round of applause.

Mr. Fielden then introduced the DanceBlue video to provide a history on DanceBlue. The video of DanceBlue was shown. At its completion, there was an appreciative round of applause.

Mr. Clay Stanley thanked the Board for the opportunity to share something that he feels both the students and the University are very passionate about. He explained that the video is the promotional video that is shown to new students as well as high school students. He believes it epitomizes how the students feel about DanceBlue and the cause that it supports. He noted that it is something that every student at this University has an opportunity to participate in and it is something that Ms. Sparks and he, as well as the rest of the leadership committee, feel strongly it is a crucial part of the experience at the University of Kentucky. He announced that the DanceBlue marathon in will be held in Memorial Coliseum on March 2nd and 3rd, starting at 8:00pm on March 2nd and until 8:00pm on March 3rd. He wanted to personally invite each and every one to come and experience this wonderful event. Mr. Stanley called the Board's attention to a informational sheet that he and Ms. Sparks would leave with the Board that gives an overview and a history to help answer any questions. President Capilouto thanked Mr. Stanley and Ms. Sparks.

The Board gave Ms. Sparks and Mr. Stanley a round of applause.

President Capilouto invited the UK Cheerleaders to make their way up front for recognition and a photo. Calling them a very special group of student-athletes, he related that they recently won the national championship. President Capilouto noted that this was not the first time that particular statement had been associated with these incredible athletes. This year was their 19th national championship. He opined that a common occurrence should not undermine what is an uncommon and extraordinary display of excellence on a sustained basis. President Capilouto acknowledged that the University is known for having the greatest program in all of college basketball. But, clearly, we also are known for having the most significant program in all of cheerleading.

President Capilouto introduced the coach, Mr. Jomo Thompson and their sponsor, Mr. T. Lynn Williamson. He asked the Board to join him in recognizing these student athletes, their coach and sponsor, for their commitment to excellence. He continued that when you are around this group, you realize that, yes, they are here for their activities regarding cheerleading, but they are here for each other. They are part of that support network that builds student success. President Capilouto commended them and thanked them for their tremendous effort. The Board gave the group a round of applause.

President Capilouto shared that he had the delight of being with the team when they were recognized on the floor of the House and Senate earlier in the week in Frankfort. He commented that he had never gotten so much attention in Frankfort and vowed to take them with him often.

In closing, President Capilouto reminded the Board of that on Wednesday afternoon, February 22, 2012, the University would celebrate its continued excellence during the Founder's Day Awards Ceremony. Held in Worsham Theater, this ceremony is a special opportunity to honor our colleagues and the heritage of this great land grant university.

F. Report on the Results of Alumni Member Election (PR3)

President Capilouto asked Secretary of the Board of Trustees Sandy Bugie Patterson to report on the election.

Ms. Patterson reported that the recommendation is 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 name of three persons receiving the largest number of votes, from which list a successor to Sandy Bugie Patterson, whose term expires June 30, 2012, will be appointed.

Ms. Patterson stated that the background of her term as alumna member of the Board of Trustees expires June 30th. An election has been held among the graduates of the University of Kentucky as prescribed by statute and in accordance with the rules and regulations of the Board of Trustees. The attached letter from the Secretary of the Board of Trustees to the President of the University reports the results of the election.

The three candidates are Kelly Sullivan Holland, Frank Harris, and Tim Skinner.

Ms. Curris moved for the adoption of PR3, with a second by Mr. Mobley. It passed without dissent.

G. Proposed Revisions to the Governing Regulations (PR4)

President Capilouto began by stating that as part of the SACS review, the accreditation review, there were going to be recommendations for some stylistic changes in our Governing Regulations. He asked Provost Subbaswamy and Vice President for Institutional Research Heidi Anderson to make a presentation first regarding SACS, before the formal motion and action.

Provost Subbaswamy yielded to Vice President Heidi Anderson.

Vice President for Institutional Research Heidi Anderson thanked President Capilouto, the Board of Trustees, Provost Subbaswamy, and guests for the invitation. She explained that she would like to try to do two things: 1) give a refresher on accreditation and SACS, and 2) roles and responsibilities of the individuals here at the University.

She explained that the goal of accreditation is to make sure institutions assure quality along all areas of the accrediting body. It is done to ensure that students and parents are aware of the standards that the institutions have met. There are four different types of accrediting bodies in the United States. The University of Kentucky complies with standards by the regional accreditor, Southern Association of Colleges and Schools (SACS), as well as, over 80 different programmatic accreditors. These are individuals who look at specialty groups such as Pharmacy, Engineering, Business, etc. Another role that accreditation does is to make sure that the University is able to receive federal funds and our students can receive federal financial aid. In addition, as our students graduate, it allows employers to have the confidence that the graduates have come from a quality program. It also smoothes the transition process of individual students who transfer from different universities.

Vice President Anderson then reviewed some of the mandates that SACS expects of the University. The first being a commitment to key areas such as student learning, thus we have student learning outcomes. SACS also wants to ensure that the University is enhancing quality throughout all of our programs and that we engage in a continuous improvement system. Finally, SACS reviews the University by having us prepare what is called the Compliance Certification Report. This report has three categories: Core Requirements, Comprehensive Standards, and Federal Requirements. There are over eighty (80) of these particular standards and the University must supply, not only a written narrative of how we comply with those, but documentation.

SACS uses a multi-phase process. The first step is the University's preparation of the Compliance Certification Report. The University is in the middle of that preparation and it will be submitted on September 10, 2012. After SACS receives our report, they will give it to an off-site committee in November of 2012. That committee will review the report, where it may find certain areas not compliant or compliant.

The second committee, the on-site committee will visit our campus on April 9-10, 2013 and their duties are to examine our second report, which is called the QEP, the Quality Enhancement Plan. While the committee is reviewing the Compliance Certification Report in November, the University will be polishing the Quality Enhancement Plan and submitting that report in January 2013. Dr. Anderson emphasized to the Board that principle 1.1 is very critical, and that is the principal of integrity. When the Board approves this document in December, President Capilouto and the SACS liaison (Heidi Anderson), also have to sign off that is a truthful document.

SACS also wants the Board of Trustees to be aware of approximately eleven (11) standards that impact the Board directly. SACS wants every Board to understand the difference between governance and administration. The Board's governance roll includes the oversight of establishing and evaluating the policies of the mission, hiring someone to manage the University, the evaluation of that individual, and approving policies and monitoring the University toward success. It is the responsibility of the President and the President's team of individuals, to ensure that he or she fulfills these activities.

More specifically, in Core Requirement (CR) 2.2, SACS requires that the Board have a governing body, a certain number of individuals, and that this particular body is an active policy making body. Dr. Anderson pointed out that the Board of Trustees is an active policy making body, as is evidenced by the review of the Governing Regulations at this meeting.

In Comprehensive Standard (CS) 3.1.1, SACS requires that the Board is aware of the mission, that the mission should guide the University, and that the mission is reviewed periodically and approved by the Board.

In CS 3.2.1, SACS requires the Board to hire one individual who is responsible for all of these particular activities.

CS 3.2.2 covers a host of areas over which the Board has control. Dr. Anderson noted three in particular, being the institution mission, fiscal responsibility and institutional policy.

CS 3.2.3, 3.2.4, and 3.2.5 state that the Board must adopt certain policies. First is a policy that discusses conflict of interest. In 2004, the Board adopted an ethical and principal code of conduct. That was an example of how the Board is adhering to CS 3.2.3. CS 3.2.4, states that the Board cannot have external influence and 3.2.5 requires the Board to have a policy whereby members can be dismissed for appropriate reasons in a fair process. CS 3.2.6 refers to the Board's responsibility to have a clear written distinction between the Board governing responsibilities and the University administrator responsibilities.

Dr. Anderson provided the example of Governing Regulations and Administrative Regulations oversight that is reviewed and approved. Another example she provided of the separate responsibilities from Administration and Faculty, was in 2006, the Kentucky Legislature House Bill 55 passed the smoking cessation policy and asked all Boards in the state of Kentucky to add that particular policy on the campus.

Finally, in CS 3.2.7, SACS requires that the Board has the responsibility for the organizational structure. An example of this was in 2005, the Board approved the move from the Chancellor system to the Provost system. Another example is in the Governing Regulations that the Board reviewed today and will approve at the next meeting.

Dr. Anderson reviewed the time table of the SACS Accreditation process, emphasizing the September 10, 2012 report deadline, the off-site review during November 6-9th, the January 2013 final QEP report submission, and the on-site SACS visit on April 9-11, 2013. Dr. Anderson offered that SACS prefers and the University prefers, that during that visit they focus only on the QEP and not on anything non-compliant. The team is working very hard to make sure that doesn't happen. However, if there is something that is non-compliant, they give the University a second chance when the team visits in April 2013. Then we have a chance before they make a final decision, December of 2013, to clarify or to correct anything that might have been mistaken as non-compliant.

Dr. Anderson thanked Dr. Jen Skaggs and Dr. Mia Alexander- Snow for their assistance with the presentation. The Board gave a round of applause.

Drs. Voro and Wilson expressed concerns regarding the process of the governing regulations and its presentation to the Board.

Provost Subbaswamy, General Counsel Barbara Jones, and Senate Chair Hollie Swanson explained the vetting process for these changes. Provost Subbaswamy and General Counsel Barbara Jones explained that proposed changes in the GR's were cosmetic and not substantive.

Ms. May asked that the issue be referred to a committee that could meet to discuss the issues and answer any questions before the next Board meeting.

Dr. Brockman motioned that the Board accept PR4 as the first reading and stated that before the next Board meeting on March 27, 2012, which will be the 2nd reading and the vote, the Academic Affairs Committee of the Board of Trustees would review these GR changes. The motion was approved and passed without dissent.

H. Petition to Address the Board of Trustees

Dr. Brockman reported that one petition to address the Board was received. Under the Governing Regulations, part II, the petition was found to be relevant and was referred to the Finance Committee for the March 27th meeting. The subject matter of the petition is a follow up regarding a presentation at the October Board meeting on renewable energy on campus.

I. Candidate for Degree (AACR 1)

Dr. Gannon, chair of the Academic Affairs Committee, reported that the committee welcomed Provost Subbaswamy, who presented an overview of scholarship and recruitment efforts and also Dr. Heidi Anderson, who gave an assessment of programs and their effectiveness and relevance.

The committee had one item of business, which was AACR1, related to two Candidates for Degrees that were left off of the previous request due to administrative errors. On behalf of the Academic Affairs Committee, Dr. Gannon moved approval AACR1, and it passed without dissent. (See AACR 1 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

J. Extinguishment of the Dale Edward Albers and Doris McNeal Seeley Research Endowment and Transfer to the Kay Seeley Hoffman Research Endowment (FCR 1)

As Mr. Stuckert, Chairman of the Finance Committee could not attend the meeting, Dr. Gannon provided the report. The first item, which was FCR1, was a consent item and had been approved. (See FCR 1 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

K. Authorization to Renew the Lease with the Episcopal Diocese of Lexington for St. Agnes House (FCR 2)

Dr. Gannon said that FCR2 is related to the authorization to renew the lease with the Episcopal Diocese of Lexington for St. Agnes House. FCR 2 will give the Vice President for Financial Operations the authorization to negotiate and execute a lease renewal of University property located at 635 Maxwelton Court in Lexington. The University has leased the property to the Episcopal Diocese of Lexington since 1977 and it is currently used as a hospitality house for out-patients and patient's families using Lexington hospitals. The lease renewal will be for three years, with a three year renewal option at an annual rate of \$1. On behalf of the Finance Committee, he moved for the approval of FCR2 and it passed without dissent. (See FCR 2 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

L. Authorization of Expansion of Lease for Information Technology (FCR 3)

Dr. Gannon said the next item for adoption by the Board is FCR3 which is related to the Authorization of Expansion of Lease for Information Technology. FCR 3 will authorize the Vice President for Financial Operations and Treasurer to negotiate and execute a lease between the University and Windstream Communications for space located at 150 North Martin Luther King, in Lexington. Pursuant to the governing regulations, the Board of Trustees must approve all leases in excess of \$200,000.

The University currently has a lease with Windstream for 250 square feet; however due to increased demand for UK HealthCare's Information Systems, additional floor space is needed. This action will expand the current lease to include an additional 2,000 square feet of data center floor space. The lease will be effective March 1, 2012 to June 30, 2017 at an annual rate is \$300,000 which will be funded from clinical revenues. On behalf of the Finance Committee, he moved for the approval of FCR3 and it passed without dissent. (See FCR 3 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

M. Acceptance of Interim Financial Report for the University of Kentucky for the Six Months ended December 31, 2011 (FCR 4)

Dr. Gannon stated that FCR 4 is related to Acceptance of Interim Financial Report for the University of Kentucky for the Six Months Ending December 31, 2011. FCR 4 requests the Board to accept the consolidated financial reports for the six months ending December 31, 2011. He stated that Angie Martin, Vice President for Financial Operations provided a brief report to the Committee. As of December 31, 2011, net assets have decreased slightly from \$2.57 billion to \$2.56 billion primarily as a result of the decline in the value of the endowment. On behalf of the Finance Committee, he moved for the acceptance of FCR 4 and it passed without dissent. (See FCR 4 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

N. Approval of the 2010-2011 Endowment Match Program Annual Report (FCR 5)

Dr. Gannon said that FCR5 is related to the Approval of the 2010-11 Endowment Match Program Annual Report. This FCR requests that the Board of Trustees accept the 2010-11 Endowment Match Program Annual Report. The report has been provided separately and is available online. The Endowment Match Program, also known as ‘Bucks for Brains’, is one of several programs created as part of the trust fund. Pursuant to the Council on Postsecondary Education’s procedures, the Board of Trustees is to review and accept the annual report on UK’s participation in the program. On behalf of the Finance Committee, Dr. Gannon moved for the approval of FCR 5 and it passed without dissent. (See FCR 5 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

O. Patent Assignment Report (FCR 6)

Dr. Gannon said that FCR6 relates to the Patent Assignment Report. The committee welcomed Dr. Jim Tracy, Vice President for Research, who presented the patent assignment report for the period July 1 through September 30, 2011. The University has filed two patent applications during this period and five patents have been issued. On behalf of the Finance Committee, Dr. Gannon moved for the approval of FCR 6 and it passed without dissent. (See FCR 6 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

P. Capital Construction Report (FCR 7)

Dr. Gannon stated that FCR 7 is related to Capital Construction Reports. The capital Construction reports for the three months ending September 30, 2011 and the three months ending December 31, 2011 were presented by Bob Wiseman, VP for Facilities. Two quarterly reports were presented as the Board had an abbreviated December meeting. The reports included six new contracts, four contracts were completed, four contracts were amended, and there were 30 change orders greater than \$25,000. On behalf of the Finance Committee, Dr. Gannon moved for the approval of FCR 7 and it passed without dissent. (See FCR 7 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

Q. Authorization of Ground Lease for Student Housing (FCR 8)

Dr. Gannon said that FCR 8 is related to the Authorization of Ground Lease for Student Housing. This recommendation is for the Board of Trustees to authorize the President, or his designee, to enter into a long-term ground lease with Education Realty Trust, Inc. or “EdR” for

purposes of development and potential management of a student housing project. This ground lease is only one project which consists of two buildings with 601 beds on Haggin Field. The committee welcomed Angie Martin, Vice President of Finance, to the meeting and she provided an overview of the project. On behalf of the Finance Committee, Dr. Gannon moved for the approval of FCR 8.

There was discussion by Board members regarding FCR 8. Questions were posed as to the scope of the project in FCR 8, the cost to the student, the fees to EdR, the environmental footprint that the new dorm(s) will create, and what plans have been made for University of Kentucky staff assigned to Haggin Hall.

There being no further discussion, Dr. Brockman called for a vote and it passed without dissent. (See FCR 8 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

R. Human Resources Committee Report

Mr. Roberts, chair of the Human Resources Committee, reported that the committee welcomed Kimberly Wilson, Associate Vice President for Human Resources, Robyn Pease, Work/Life Director and former member of the Board, and Chair of the Staff Senate, Mike Adams to the meeting. They presented an overview of the results from the most recent Work/Life Survey. The survey results showed progress and improvement from the 2005 survey. The response rate for the survey from the Faculty was 55% and 58% from the staff.

The faculty reported satisfaction with their faculty positions, would accept the position with UK again, are committed to UK's strategic mission, and are content with their workloads in terms of teaching, service, and advising. The faculty believes they are respected. They are satisfied with their quality of life, and they believe that their chairs and colleagues are supportive of their personal and family responsibilities. Faculty, the survey also revealed, agree that multi-culturalism is part of UK's mission and that intolerance and bigotry are not accepted at UK.

With regard to the staff, the survey revealed again, that staff members are satisfied with their jobs. They are committed to UK and intend to stay at UK until retirement. The staff is committed to UK's strategic mission. They are satisfied with many aspects of their jobs, i.e. hours, challenges, benefits, job security, supervisors. They feel respected by their co-workers, supervisors and students. They are satisfied with their quality of life and they also agree that multi-culturalism is a big part of UK's mission and that intolerance and bigotry are not accepted at UK. Finally, they feel that their personal and family lives are supported at UK and they are satisfied with their ability to balance work life with personal and family life. These results show great progress compared to 2005.

Mr. Roberts reported that the survey did show some areas of opportunity for improvement that were noted for both faculty and staff. For both, there was high burn out reported. For faculty, there was a low perception of trust at UK. There was, the survey revealed, little confidence that leaders understood faculty concerns. There were concerns about compensation related to peers. And also concerns about staff resources. With regard to staff, there was concern about compensation and also how they were valued by UK.

Mr. Roberts wanted to emphasize, that the work life survey, provided a progress report that the work environment and culture, work life effectiveness and employee engagement at UK are all improving or have improved since 2005. He wanted to thank Ms. Pease and Ms. Wilson for their hard work and the progress that has been made since 2005.

Mr. Roberts reported that a motion was made at the committee meeting to request that the full report be presented to the full Board of Trustees later this spring. He also wanted to mention that the report and presentation are available from Ms. Pease at any time.

S. 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 an estimated net market value of \$860.2 million as of January 31, 2012. For the seven months ending January 31st, the Endowment pool lost 2.4%, as compared to the policy benchmark return of -1.4%.

The Committee voted to extend the contract for investment consultant services of R. V. Kuhns & Associates, for the period April 1, 2012 through June 30, 2013. The purpose was to align it with the fiscal year. The University hired R.V. Kuhns & Associates, or RVK, in early 2008 as a result of an RFP process. The Investment Committee interviewed four finalists and selected RVK to provide consulting and performance measurement services for the UK Endowment beginning April 1, 2008. The contract with RVK was structured with a fixed term of four years expiring March 31st and allowed up to four one-year extensions at the option of both parties. The fifteen month extension at this time simply aligns the contractual term with UK's fiscal year. RVK has assisted the University with diversification of the Endowment investments over the last four years. Since hiring RVK, the University has implemented an absolute return and expanded the private equity and real estate allocations. This diversification effort is expected to enhance investment returns and lower the volatility of returns over the long term, defined as ten or more years. RVK consultants attend the quarterly Investment Committee meetings to review performance results and advise on asset allocation issues.

The Investment Committee reviewed results of the 2011 NACUBO-Commonfund Study of Endowments released in late January. NACUBO, the National Association of College and University Business Officers, is an organization of 839 public and independent institutions. The report of endowment values as of June 30, 2011 showed UK's endowment size ranked 81st, in the top 10 percent. The average return of participating institutions was 19.3% for the year ending June 30, 2011, however UK earned 18.7% . UK has gradually reduced its equity exposure over the last three years, increasing the allocation to absolute return and other alternative strategies in an effort to reduce the volatility of returns, as mentioned previously. The Committee reviewed a benchmarking summary of 2011 return and asset allocation data for the new benchmark institutions selected by the University Review Committee. The University's target asset allocation is in line with the average allocation of the eleven benchmark institutions.

T. Student Affairs Committee Report

Ms. Patterson, chair of the Student Affairs Committee, reported that the committee welcomed some members of UK's Greek leadership this morning. They were Nolan Jackson, Jessica Usery, Tierra Harper, Drake Staples, and Brad Bishop .

Ms. Jessica Usery spoke about academics reporting that the first year retention rates are 15-26% higher for Greek students compared to non-Greeks. The cumulative GPA's are also higher. They are three (3) times more likely to graduate than non-Greeks. This data was provided by Dr. Roger Sugarman, Director of Planning and Assessment with Institutional Research.

Ms. Tierra Harper spoke about Philanthropy. The Greek community donated over \$403,000 to the University of Kentucky by hosting the Step Show, Greek Sing, and Stompapalooza. They provided more than 51,000 hours of service in the last year. Additionally, 33 out of 35 Dance Blue coordinators are Greek.

Mr. Drake Staples spoke about leadership. There are 500 leadership positions within the Greek organizations for students to become involved throughout the campus. The Greeks are involved in many organizations and Greeks are presidents or leaders of 65% of all 450 registered organizations on campus.

Other information provided was that UK's Panhellenic Council has won more national awards than any other Council in the nation. The Interfraternity and Panhellenic Council are recognized yearly in the Southeastern Conference for excellence.

Mr. Nolan Jackson reported that Greeks overwhelmingly agree with the new housing plan and are eager to begin a discussion of plans to build a Greek community. The Hazing Institute Conference will be at the University of Kentucky for the second year in a row this summer.

Mr. Drake Staples gave an update on the Cats Cruisers program. There were no risk management problems and they had over 15,000 riders last year.

And lastly, Mr. Brad Bishop gave a report on the academic committee and shared that tomorrow night there will be an open forum for students to ask questions of President Capilouto, Dr. Mock and Dean Victor Hazard.

U. University Health Care Committee Report

Ms. Young, chair of the University Health Care Committee, reported the committee met yesterday afternoon. Dr. Richard Lofgren presented the Enterprise Quality and Operations Update, introducing Leslie Prellwitz, from the University Healthsystems Consortium or UHC, who presented an audit of core measures of the 2011 UK Healthcare Quality and Accountability report. The audit validated UK 's mortality and patients safety indicators and indicated that the disparities between UHC report figures and UK monitored figures, and other areas, were largely the result of problems in coding, tracking, patient acuity identification, and reporting. These problems are being addressed by UK Healthcare.

Ms. Young said that Dr. Lofgren gave a brief update of UK Healthcare signature metrics and reported that the scorecard is holding steady with no alarms.

Dr. Paul DePriest presented a Mid Year Quality and Safety Report noting that the current core measures indicate continued improvement. In fact, the report marks the best performance ever. Both UK and UHC continue to raise the bar on quality and safety and hold UK Healthcare to ever more exacting standards.

Dr. Bernard Boulanger, presented a virtual tour of the newly opened Operating and Waiting Rooms in the patient care facility. There are now eight (8) new operating rooms and one state of the art hybrid operating room open in the new patient care facility. Four OR's have been closed and the remaining OR's have been reorganized.

Ms. Young said that Sergio Melgar presented the preliminary January statistics and December financials. Discharges for the month of December were 2856, or 92.1 per day which is 11.7 discharges per day greater than in the budget of 80.4. Operating revenue for the month totaled 84.6 million, which is \$8.8 million greater than the budget for the month. Overall, operating expenses for the month were \$6.3 million above budget. UK Healthcare operating systems posted an operating income of \$1.6 million for December. Comparing the balance sheet at December fiscal year 2012 and the fiscal year 2011, cash has decreased \$81.3 million. Cash continues to be used to fund the remainder of phase 1A of the patient care facility. January showed a daily census that was weaker than the previous months and revenue due to expenses in length of stay appears to be trending to the soft side.

Mr. Melgar reported that conversely, February appears thus far to be very busy with a high volume of discharges.

Dr. Kevin Nelson presented for approval the current list of privileges and credentials for Chandler and Good Samaritan Hospitals. The Committee made a motion. All privileges and credentials were approved.

V. University Relations Committee Report

Ms. Curris, chair of the University Relations Committee, reported that the committee met this morning and had a quorum. In addition there were six (6) other Board members in attendance. This was the first of several in which there will be a focus on public relations and marketing by the various parts of the University. The Committee welcomed Tom Harris, Vice President for University Relations. Before the presentation moved to Governmental Relations, Mr. Harris reported the University had been featured in several national media markets over the past and in the coming weeks. The University has been featured in Chronicle of Higher Education, the New York Times, and the Wall Street Journal. The American Public Radio would be on campus this week, USA Today will interview President Capilouto, and the Dylan Ratigan Show from MSNBC was on campus today, doing a feature on our Pharmacy program. The University of Kentucky is only one of three that have been chosen for this interview for this year.

Dr. Jim Tracy, Vice President for Research, presented to the committee the following information. He related that Bill Schweri is the Director of Federal Relations and explained he is our lobbyist in Washington, DC. There are no state funds whatsoever involved in the work that Bill Schweri performs as a lobbyist. He noted that there has been a division between the federal and state responsibilities in terms of governmental relations. The state work is conducted by Steve Byars in Governmental Relations under the University Relations Vice President. The federal relations reports to Vice President for Research area. It is presumed that the reason that that is the case is because the federal issues are predominantly dealing with grants and research. As opposed to the legislation that would be coming from Frankfort per se. Vice President Tracy indicated that the majority of the time federal relations is focused on monitoring and lobbying the legislative issues that are important to higher education as well as to UK specifically. Examples given were the advocacy for the expansion of research and development programs and the ensuring congressional support for student financial aid, such as Pell Grants and various student loan activities and programs. Vice President Tracy also indicated that their role, one of their primary roles, is to make certain that the University speaks with only one voice. Also he noted that he was a member of the Council on Government Relations, where the University is involved with the federal demonstration project and that he also works with the American Council on Education. These councils concern land grant students and land grant schools.

Mr. Steve Byars, Assistant Vice President for Governmental Relations, then presented the committee a report regarding Government Relations. Mr. Byars informed the committee about the work that is done with the Legislature when they are in session, but interestingly and additionally when they are not in session. He noted that there is always an attempt to maintain contact with the legislators. Also discussed were state appropriations. A handout of a national map was presented that showed how each state had been affected in terms of a drop in the state appropriations. Kentucky has been fortunate.

The committee discussed the importance of this particular presentation and suggested having the same team report to the full Board. Another discussion was to familiarize the Board with position statements, at the state level particularly. It was recommended by the committee that Ms. Curris as Chair meet with President Capilouto to discuss specific requests for the University Relations Committee.

Ms. Curris advised that Stan Key, UK Alumni Associate Director will be the next presenter at the March committee meeting.

W. Other Business

President Capilouto thanked the Board for its serious and rigorous review of the business of the University of Kentucky. He thanked Angie Martin and her team for the incredible amount of time and effort they had devoted to the housing initiative. He shared that he is astounded by the work that happens every day by our faculty and staff. He continues to be deeply moved by the stories of our students, in terms of the difference they are going to make in their communities when they leave the University.

President Capilouto thanked the Board for supporting this housing initiative. He is pleased to begin a journey; one that he hopes is a sprint and not a marathon, to provide 21st century learning and

living space. He expressed his gratitude for the wonderful team we have here, as they always put students first.

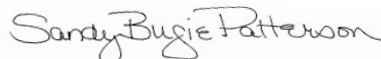
Ms. Patterson updated the Board regarding Wildcat Alumni Plaza. She explained that the Alumni Association is responsible for the Wildcat Alumni Plaza across from Memorial Coliseum. The Association has commissioned a bronze wildcat statue. It is their hope to create more tradition here on the campus. To raise money, they are offering pavers. The cost of the pavers for the members of the Alumni Association is \$250. For non-members the cost is \$295, but that includes a membership to the Alumni Association. The cost of the paver is 100% deductible and she encouraged the Board to consider supporting this project.

President Capilouto reported that the Athletics Association Board met and passed a resolution to dissolve the organization. That resolution was unanimously adopted by the Board of Directors of the UK Athletics Association. He thanked the many people who have served on that Board, those who were present at the meeting and those who came before them for their remarkable contributions to our University and its Athletic programs.

X. Meeting Adjourned

Hearing no suggestions for additional matters, Dr. Brockman asked for a motion to adjourn and the meeting ended at 2:20 p.m.

Respectfully submitted,



Sandy Bugie Patterson
Secretary, Board of Trustees

(PR 2, 3 and 4; AACR 1; FCR 1, 2, 3, 4, 5, 6, 7 and 8 are official parts of the Minutes of the meeting.)