

Minutes of the Board of Trustees of the University of Kentucky, Tuesday, March 27, 2012.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, March 27, 2012 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 1:10 p.m. 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: C.B. Akins, Sr., William C. Britton, E. Britt Brockman (chair), Sheila Brothers, Jo Hern Curriss, 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, James W. Stuckert, John Wilson, Irina Voro, and Barbara Young. . 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 two consent items on the agenda. They included the minutes for the regular meeting of the Board on February 21, 2012 and PR 2 which deals with personnel actions. Dr. Brockman asked Secretary Patterson for amendments or additions to the February 21, 2012 minutes.

Ms. Patterson noted that there was an amendment to page 14. There should be an addition of a second paragraph which reads “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.”

Dr. Voro also asked that a correction be made on page 10, paragraph 5. The line “Provost Subbaswamy and General Counsel Barbara Jones explained that the proposed changes in the GR’s were cosmetic and not substantial” should be added.

Dr. Brockman asked if there were questions relative to Dr. Voro’s suggested addition to the minutes. Having none, Dr. Brockman moved 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. 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](http://www.uky.edu/Trustees), under agenda.)

Minutes – February 21, 2012  
PR 2 Personnel Actions

D. Chairman's Report (CR1)

Dr. Brockman began by reporting that there had been no requests since the last meeting to speak or appear before the Board. He noted however of one prior request that was sent to the Finance Committee and they appeared today.

Dr. Brockman then asked to read aloud CR 1 and have a discussion as to why this action item was being brought before the Board. The recommendation of CR 1 is “that The Board of Trustees receives, review, and approve the attached example outline process for the President’s annual evaluation.” As background, “pursuant to Section E, which is titled (Evaluation), of President Eli Capilouto’s Employment Agreement with the University of Kentucky Board of Trustees, an annual performance evaluation shall be performed in accordance with what was at one time Governing Regulation, Part II.A.6(a), which dealt with the Executive Committee being in charge of the Presidential Evaluation and that has since been amended to GR II. E.2(a).”

Dr. Brockman continued that “the proposed outline of this evaluation process would replace the previous evaluation procedure. In addition to the University and Staff Senates and the Student Government Association, the proposed process also would include an identified number of individuals. Input from the various constituencies would be conducted by a Human Resources professional.” He stated that the next line is being amended and it will read as follows: “ the Chair of the Board of Trustees and the Executive Committee, in consultation with the President, will establish a set of interview questions. The performance assessment document will contain both qualitative and quantitative components.”

He continued, “in addition to the interview process, the President will prepare and submit an annual self-evaluation to the Board. Each member of the Board also will be asked to provide an evaluation of the President. The Executive committee will review the President’s self-evaluation, a summary of the interviews, and reports from the respective groups listed by GR II and Board members and will meet with the President to provide feedback. The Executive Committee will share the information with the full Board of Trustees and make a recommendation to the Board.”

“This process would be used to assess the President’s performance and provide feedback on his accomplishments and challenges. It would also be used to determine any changes to the President’s compensation, including merit increases and performance payments per his Employment Agreement.”

Dr. Brockman continued that attached to CR 1 and referenced in CR 1 as a working document in progress are three (3) pages labeled Draft and that there was also a change under Section 1A. The sixth (6<sup>th</sup>) line down, will read as follows: “The Board Chair and the Executive Committee, in consultation with the President, shall select the choice of the professional based on experience”. Dr. Brockman asked for a motion for approval of CR1. Mr. Mobley moved for the approval of CR1, with a second by Ms. Patterson.

Dr. Brockman, as a point of discussion, explained that for the last eight years, the Board has used the attached draft document as the entire evaluation process for the President. It is a list of ten (10) questions or metrics, which were used to grade the President. He stated that primarily with some input from the Senate Councils (Faculty Senate Council and Staff Senate Council), and Student Government, this was the process by which the Board of Trustees evaluated the President at the University of Kentucky. He noted that it may have had usefulness in the past, but felt it is time to change the process by which we evaluate the President. The new process, proposed before the Board today, would encompass many more constituency groups, in addition to those, that by the General Regulations, are required to give input. It would, in addition to the Faculty Senate Council, the Staff Senate Council, Student Government and this Board, encompass 20 to 30 other constituency groups. This would include members from the community, from government relations, from the administration, from alumni and other constituency groups that might be felt appropriate. Dr. Brockman remarked that this will allow not only the Board, to evaluate the president, but will allow the individuals that work with the president to also be involved in the process.

Dr. Brockman stated that a professional evaluator would be used, along with both subjective and objective metrics. This would be done on an annual basis and every 3 to 4 years, the Board would substantially increase the process from 20 to 30 to 40 interviewees. He commented that he thought this would not only allow the Board to look back on what the president's past performance has been, but will give it an opportunity to look forward. As times change, the questions and metrics may change. It will allow the Board an opportunity to help the President going forward as new issues and challenges face the University of Kentucky.

Dr. Brockman opened the floor for comments. Dr. Voro asked how the faculty was going to be involved in the process. Would they be given an opportunity to complete a questionnaire to rate the President? Dr. Brockman replied that the faculty will be represented by various constituency groups as well as the Faculty Senate Council, which is the faculty representative body. He continued that the Faculty Senate Council will have an opportunity to suggest questions through this process. He continued that the questions that we ask this year might not necessarily be the questions that are relevant and pertinent three or four years from now.

Ms. Brothers commended the individuals that worked on the document and felt it was a positive improvement for evaluation and a wonderful step forward.

Ms. May noted how each new version of the evaluation process had improved over the previous versions. She complimented the Chair and those that worked on this iteration. She requested that if the second document was going to be attached or in some way maintained as an

official document, then it should be notated that these are “sample or example” questions to be revised annually.

Chair Brockman agreed that the word “example questions” would be inserted. With no further comments, the question was called and passed by a vote of 19 in favor and 1 opposed. (See CR 1 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda)

E. President’s Report (PR 1)

Before beginning PR 1, President Capilouto took a moment to say a special word about Provost Kumble Subbaswamy. He reported that the Provost was formally offered the position of chancellor at the University of Massachusetts, Amherst -- the flagship, land-grant institution for another Commonwealth. He expressed no surprise that another exemplary institution of higher learning would be interested in having someone of Swamy's caliber and quality as a leader.

President Capilouto continued that as Provost, Swamy has been the leader and driving force behind many of this institution's most pressing challenges and unquestioned successes. From the “War on Attrition”, he had helped foster historic gains in the University’s retention rates to significant and meaningful growth in the levels of diversity and inclusion among faculty and students, and the internationalization of the campus. With over a 30 year history with this institution, he knows Swamy and his family will always consider this place their home. He offered that the University will always consider Swamy to be part of our family as well.

At a date in the near future, working with Provost Subbaswamy, the University will find an appropriate venue and time in which to celebrate his time and his family’s time at UK and also this next, important chapter in his professional journey. Dr. Capilouto offered that his hope for Swamy was that he receive as warm a welcome as he extended to me and that he has received at this campus.

As a point of interest, President Capilouto pointed out that for those who keep up with higher education and athletics, must realize that our current men’s basketball coach started his career at the University of Massachusetts at Amherst. Provost Subbaswamy interjected “and I promise to bring him back.” There was laughter by all. The President continued that when the University of Massachusetts let Coach Calipari go, they got as part of the deal, a future number one draft choice. “You are their number one draft choice. We wish you the very best and thanks.” There was a warm round of applause.

President Capilouto explained that he would be conferring with the Deans and other academic leaders, as well as Provost Subbaswamy, regarding the transition. He hoped to have details about that process in the coming days.

President Capilouto also wanted to draw the Board’s attention to the copy of this month's Lane Report. A statewide business and economic development publication, its cover story this month is about Trustee Bill Gatton. The excellent article talks not only about his business success, but also his devotion and generosity to education. President Capilouto stated that Mr. Gatton sets a wonderful example for us and our students. He makes his alma mater most proud

and he commended this reading to the Board, so they too could learn more about one of their own, as it says in the article, "Wild Bill Gatton."

President Capilouto pointed out that as the Board reviewed PR 1, to please note how this campus always seems to find ways to give back to those in need throughout the Commonwealth. He wanted to draw attention to a few items in particular. The first, being the reminder of how the state was hit by horrific storms earlier this month. In some cases, communities were literally ripped apart. He continued that not surprisingly, several University of Kentucky groups responded with an outpouring of concern and aid to Kentucky tornado victims.

A few examples included Greek organizations, which initiated donation drives or used their Spring Break to go to devastated areas and volunteer. Groups such as the Robinson Scholars, the Appalachian Center, Student National Pharmacy Association, UK Staff Senate and College of Agriculture Ambassadors held donation drives. UK Student Services' Alternative Spring Break plans were altered to include disaster relief and the Center for Community Outreach made plans to provide relief as well.

President Capilouto noted how the University health system geared up to take in victims who were seriously injured by the storm. He also had the opportunity, once again, to learn about the remarkable work performed by our extension centers. Morgan County and the town of West Liberty were particularly hard hit by these storms. West Liberty was virtually destroyed. He told how the University's extension service, led by Agent Sarah Fannin, never stopped working. President Capilouto recalled the day he reached Agent Fannin on the phone. She was establishing a makeshift extension office in her home. The permanent office had been destroyed. Agent Fannin and her colleagues were making calls to ensure that equipment and supplies were being delivered to farmers and others in need. "Whatever needs to happen ... it doesn't matter," she said. "We are a community. Extension is a community. There's not much difference between opening up an office in my home and coming up with an office somewhere else. That's how we operate in extension."

President Capilouto also wanted to thank those among the University leadership team in emergency preparedness. The University prepared for the worst. It was decided to close the University, to ensure faculty, staff, students, and everyone that is a part of the UK family would be safe. Equally important, was the debriefing after that storm. This meeting will allow the University to be even better the next time we face a situation as critical.

President Capilouto also noted that due to the threat of tornadoes on March 2<sup>nd</sup>, DanceBlue, UK's 24-hour dance marathon, was reduced to a 12-hour event. As he visited with the students at Memorial Coliseum on the morning of March 3<sup>rd</sup>, it was clear to him that the spirit of the dancers and the generosity of the community could not be dampened. At 8:00pm that evening, the DanceBlue Committee members revealed a grand fundraising total of \$834,424.57, a record amount. All monies go to the Golden Matrix Fund benefiting children with cancer and their families at the UK Pediatric Oncology Clinic.

President Capilouto also noted another first that happened on the University campus in past few months. UK surgeons Dr. Charles Hoopes and Dr. Mark Plunkett led a surgical team on

February 10 in the state's first implantation of the SynCardia Total Artificial Heart. He commented that this remarkable device may serve as a critical bridge to transplant for patients who are simply too sick to wait. Remarkably, UK is one of only 29 medical centers in the country certified to perform this procedure.

The recipient, Mr. Zack Poe, a 20 year old native of Maysville, became the state's first recipient to receive this device. It contains the same components as a human heart. The surgery took about four hours and was extremely successful, with the patient up and walking around in just a few days. President Capilouto had the opportunity to meet Zack and his family prior to a news conference with Dr. Karpf and the surgical team.

President Capilouto moved on to spotlight the four professors being recognized as University Research Professors. He explained that this is the 36th year of the University Research Professors program at UK. The purpose is to enhance and encourage scholarly research productivity, provide an opportunity for concentrated research effort for selected faculty members, and to recognize outstanding research achievement by members of the faculty. The University Research Professorships carry an award of \$40,000 to enable professors to devote full time to their research or continue to teach and use the award to support research activities. Funds for these annual awards are provided by the Office of the Vice President for Research.

President Capilouto introduced Vice President for Research, Dr. Jim Tracy, to announce and introduce this year's distinguished scholars. Dr. Tracy explained that in 1976, the University Research Professorships were established and it was recommended that they be permanent. While the University was still at the point of only providing a one year financial award, the Professors do have the right now to use the term "University Research Professor" as long as they are at UK.

Dr. Tracy introduced this year's recipients as follows:

The first recipient was Professor Douglas Andres, Professor and Vice Chair in the Department of Molecular and Cellular Biochemistry. Dr. Andres received his PhD in Biochemistry from Purdue University in 1990. After completing his postdoctoral training at the University of Texas Southwest Medical Center in Dallas, he joined the faculty at the University of Kentucky in 1993. His research focuses on Ras-related GTPases. These are enzymes that have their roles in both normal and pathological processes and potential therapeutic development for controlling a number of human diseases.

The second recipient was Professor Mark Dignan, from the Department of Internal Medicine and is the director of the Prevention Research Center in the College of Medicine. Dr. Dignan received his PhD in Public Health Education from the University of Tennessee in 1977. He held several other faculty positions and joined the UK faculty in 2001. His research is focused on cancer prevention, particularly in Appalachian Kentucky.

The third recipient was Professor Mark T. Fillmore of the Department of Psychology in the College of Arts and Sciences. Dr. Fillmore received his PhD in Psychology from the University of Waterloo in Canada in 1993 and joined the University of Kentucky faculty in

1999. His research is focused on understanding the role that cognitive processes have in promoting risk taking behavior with an emphasis on recreational drug use including alcohol dependence and abuse.

The final recipient was Professor Christopher Pool of the Department of Anthropology. Dr. Pool received his PhD in Anthropology from Tulane University in 1990. He has been on the faculty at the University here since 1996. His research focuses on the evolution of complex societies, political and economic archeology, ethnicity, cultural ecology, ceramic analysis, archeometry, and geoarcheology in meso-America and the eastern United States.

President Capilouto asked each recipient to come forward to briefly tell the audience about their research and themselves. Each recipient was grateful for their award and the opportunity to share with the Board of Trustees their past and current research projects.

President Capilouto then introduced Mr. Reginald Smith, Jr., a vocal performance and choral music education senior from Atlanta, Ga. In January, Mr. Smith took first place in the scholarship division (undergraduate level) of the 2012 National Opera Association Vocal Competition. While at UK, the baritone has performed in every season of the sold out performances of "It's a Grand Night for Singing!" and several UK Opera Theatre productions -- including his most recent turn in the title role of "Falstaff." Mr. Smith's previous honors and awards include an invitation to do summer studies at the Seagle Music Colony and the Brevard Music Center, as well as first place honors in the undergraduate division of the 2007 Alltech Vocal Scholarship Competition. Last fall, he took third place in the regionals of the 2011 Metropolitan (Met) Opera National Council Auditions. Mr. Smith plans to pursue a singing and teaching career after he graduates.

Mr. Smith came forward and thanked the audience for the opportunity to be a part of the Opera Program at the University, pointing out that it is one of the top twenty training programs in America. He shared his future plans of being a part of the COST program, the Consortium on Overseas Student Teaching, through the College of Education, that allows him to do his student teaching abroad. He plans to audition both in Berlin and in America. After graduation, his goal is to sing, hopefully have a wonderful long career, then return to teach in the public schools.

President Capilouto extended on behalf of the board and himself, heartfelt congratulations to both the University's men's and women's basketball teams on their stellar seasons. He commented that their competitive zeal, talent and success have been remarkable. Their stories join several others this year in athletics, from the historic win against Tennessee in football to another incredible season by the cheerleading squad, the rifle team, and the baseball team, which has been ranked as high as second in the country this year. He related that our student athletes are poised and dedicated young men and women and commented that our sports programs attract and bring outstanding students to our campus.

On behalf of Athletics Director Mitch Barnhart, President Capilouto presented the Board of Trustee members with a NCAA Final Four baseball cap as a memento to wear throughout the championship weekend.

F. Appointment of the Executive Director of the University of Kentucky Research Foundation (PR 3)

President Capilouto explained that PR 3 asked for the approval of the appointment of Dr. James Tracy as the Executive Director of the University of Kentucky Research Foundation, effective March 27, 2012.

Dr. Brockman asked for a motion for approval of PR 3. Ms. May so moved. It was seconded by Mr. Stuckert and the motion passed without dissent. (See PR 3 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

G. Honorary Degree Recipients (PR 4)

President Capilouto introduced PR 4, the recommendation for Honorary Degree Recipients. It asked that the Board of Trustees approve the awarding of the Honorary Doctor of Engineering to Vijay K. Dhir and Honorary Doctor of Science to Sally Mason as approved and recommended by the University Faculty.

Dr. Brockman asked for a motion for approval of PR 4. Mr. Shoop so moved. It was seconded by Ms. Curris and the motion passed without dissent. (See PR 4 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

H. University Research Professorships (PR 5)

President Capilouto explained that PR 5 approved the naming of the Professors introduced earlier as our University Research Professors for 2012-2013.

Dr. Brockman asked for a motion for approval of PR 5. Dr. Sachatello so moved. It was seconded by Dr. Akins and the motion passed without dissent. (See PR 5 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

I. Proposed Revisions to the Governing Regulations (PR 6)

Chair Brockman reminded the Board that the contents of PR 6 were introduced at the February 21<sup>st</sup> Board Meeting as PR 4. The motion was made for PR 4 to be sent to the Academic Affairs Committee. Dr. Brockman asked Dr. Gannon, chair of the Academic Affairs Committee for a report.

Dr. Gannon explained that PR 6 relates to revisions of the University Governing Regulations and reminded the Board that the revisions were brought before the full Board during the last meeting on February 21, 2012 as PR 4. He reminded the Board that some questions were raised about the process by which revisions in PR 4 had been vetted through the University. Dr. Brockman referred PR 4 to the Academic Affairs Committee and the committee was asked to review and make recommendations.



Dr. Gannon continued that as a bit of background, the last complete review of the Governing Regulations occurred in 2005. The 2005 review was used to 1) accommodate the reorganization of the University from the Chancellor model to the Provost Model, and 2) to address statutory changes in the relationship between the University of Kentucky and Lexington Community College. Since 2005, only some governing regulations had received revision on specific topics. The current set of proposed revisions to the governing regulations is necessary to ensure compliance with SACs accreditation standards, as the next audit is set to begin in September of this year. Dr. Gannon noted that the Draft Agenda book contains behind PR6, a complete set of the revisions that are being made. Those General Regulations being revised in PR 6 are GR 1, 3, 4, 7, 8, 9, 12, and 13, and generally these revisions are general updates and housekeeping.

The current PR 6 proposed today has differences in two places, from the original proposed changes in PR 4. Dr. Gannon stated that they were as follows: 1) GR1, section C and D on page 4, two values which were removed from PR4 are now retained. These are “personal and institutional responsibility and accountability” and “a sense of community.” These values were eliminated in the 2009-2014 Strategic Plan, which was approved by the Board of Trustees. As such, during preparation for SACs reaccreditation, it was presumed that these GR’s would be adjusted to reflect the Strategic Plan. However, questions were raised about the vetting process used during the Strategic Development process to approve and revise core values. Dr. Gannon explained that since the February 21<sup>st</sup> meeting, there has been an incredible amount of work on this issue and all the appropriate campus constituencies have reviewed and approved the core values that are PR 6. This final set of values was supported by the University Senate, Staff Senate, SGA, Provost, and the President. With the approval of these GR’s, the 2009-2014 Strategic Plan will be necessarily changed to reflect these changes.

Dr. Gannon went on to explain that the second change was in GR 4, item 2 on page 3. This had been revised in such a way that it more clearly defines and explains the approval process used to establish and close a degree granting program. Dr. Gannon also added that there was an amendment made on the floor earlier in the day, in section D of GR1, to change the date. Under Ethical Principles and Code of Conduct, it should read that these ethical principles were adopted “January 27, 2004 and modified on March 27, 2012.”

Dr. Gannon, on behalf of the Academic Affairs Committee, expressed his appreciation and respect for the diligence and professionalism shown throughout this process. He commented on the unbelievable amount of work by the many different constituency groups. Dr. Gannon moved the acceptance of PR 6. Mr. Farish, seconded the motion, as amended.

Ms. Brothers asked a question regarding GR 4 on behalf of faculty member Davy Jones, regarding a possible footnote. Mr. Miles responded that the footnote pertained to another GR.

Ms. Young commended Dr. Gannon on the professional and collegial handling of this Governing Regulations matter.

Dr. Brockman asked for the vote on PR 6 and it passed without dissent. (See PR 6 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

J. Approval of Patent License Agreement (PR 7)

President Capilouto explained that PR 7 was the recommendation that the Board of Trustees approve the purchase of sensor products from Signal Solutions, LLC by the University per a subcontract for upgrading a health science center's sleep-wake system and for purchases of the Signal Solution's products for research at the University in the sleep-wake area through June 30, 2015. He noted the extensive background provided to the Board.

Dr. Brockman asked for a motion of approval for PR 7. Mr. Shoop moved approval. Mr. Britton seconded and it passed without dissent. (See PR 7 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

K. Candidate for Degree (AACR 1)

Dr. Gannon, chair of the Academic Affairs Committee, thanked Dr. Heidi Anderson for her presentation to the Committee on the processes for establishing tenure for faculty members.

Dr. Gannon continued that the first item of business was AACR 1, Candidate for Degree. The recommendation was that the president be authorized to confer upon the individual whose name is listed the behind AACR1, the attached degree which she is entitled, upon certification by the university registrar and she has satisfactorily completed all requirements for the degree for which 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, Dr. Gannon moved for approval of AACR 1 and it passed without dissent. (See AACR 1 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

L. Change in Degree – College of Agriculture (AACR 2)

AACR 2 was related to a change in degree in the College of Agriculture. It is the recommendation that the Board of Trustees approve a change in the name of the Bachelor of Science in Community Communications and Leadership Development with a major in Community Communications and Leadership Development, to Bachelor of Science in Community and Leadership Development with a major in Community and Leadership Development. Dr. Gannon continued that the background for this change consolidates the previous separate majors of Public Service and Leadership and Agricultural Communications. The new curriculum allows students to take advantage of all areas of faculty expertise in Community Communications, Leadership, Community and Community Development, and Non-formal Education and consolidates core courses into one set of requirements instead of two.

On behalf of the Academic Affairs Committee, Dr. Gannon asked for approval of AACR 2 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.)

M. Establishment of the Institute of Sustainable Manufacturing (AACR 3)

AACR 3 is the recommendation that the Board of Trustees approve the establishment of the Institute for Sustainable Manufacturing in the College of Engineering, effective April 1, 2012. Dr. Eric Grulke, Associate Dean for Research and Graduate Studies in the College of Engineering, explained that this institute is being established to take advantage of the new opportunities and needs in the manufacturing, specifically the advanced manufacturing areas. It will do so by employing new research approaches in the manufacturing scheme, link into our educational programs and will also conduct outreach. It is seen as a way to help the state and the nation move to the next generation of manufacturing systems.

On behalf of the Academic Affairs Committee, Dr. Gannon asked for approval of AACR 3 and it passed without dissent. (See AACR 3 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

N. Audit Subcommittee Report

Mr. Stuckert reported that the Audit Subcommittee of the Finance committee met this morning and the first item for discussion was a report from BKD by Ms. Mary McKinley, the partner in charge. A number of different items were reviewed, including risk areas and what they will do to investigate certain areas.

He continued that Joe Reed (Internal Audit) presented and the committee approved the fiscal year 2012 work plan, which is already in progress. The Committee was given a fiscal year 2011-2012 internal audit update, and then discussed the internal audit staffing benchmark data.

The next subcommittee items were the approval of the audit subcommittee chart of revisions and the approval of the internal audit charter revision. Ms. Angie Martin gave an update regarding the work being done to expedite travel reimbursements, Department Authorization Vouchers (DAV) processing, and more time efficient payroll transactions.

O. Patent Assignment Report (FCR 1)

Dr. James Tracy, Vice President for Research, gave the report on the Patent Assignment Report, noting that three patents have been filed. He reported the number of patents applications, nine (9), through the first six months of the fiscal year ending in December. The number of patents issued, ten (10), and the patent gross revenue through the first six months was a little under \$592,000.

Mr. Stuckert moved for the approval of FCR 1 and the motion carried without dissent. (See FCR 1 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

Mr. Stuckert updated the Board on the presentation of Ms. Elaine Alvey, a student who petitioned the Board and appeared before the committee. She, along with 15-20 additional supporters, spoke to the Finance Committee regarding renewable energy and she encouraged the

use of geothermal energy to coal-fired plants.

P. Appointment of Trustee to the University of Kentucky Research Foundation Board of Directors (NCR 1)

Mr. Shoop reported that the nominating committee met this morning and received one item for discussion. NCR 1 recommends that the Board approve the appointment of Mr. William C. Britton as a trustee member to the University Of Kentucky Research Foundation Board Of Directors for a term ending September 30 2014. The bylaws of the foundation require that the Board of Trustees approve appointments to the Board of Directors. Mr. Shoop moved for approval of NCR 1 and it passed without dissent. (See NCR 1 on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

Q. Student Affairs Committee Report

Ms. Patterson, chair of the Student Affairs Committee, reported that the committee welcomed Ms. Britney Begley, a graduate student in the Student Center, who presented an overview of the Student Center Professional Enhancement Program. A program for student employees, Ms. Begley has created a national model for training and assisting student employees with the refinement of skills in professional resume and cover letter writing, interview skills, and public speaking.

The second presentation was from the Center on Community Outreach. The CCO's mission is to serve, volunteer, and advocate. Last fall, they had a weekend trip, in October, to the Center for Courageous Kids, a center in Scottsville, Kentucky that is for children with Dravet Syndrome, a form of autism. Ms. Patterson continued that this spring, they visited a school in Appalachia and also focused on tornado relief efforts to that area. They have been to Atlanta, to Biloxi rebuilding after Katrina, to Washington DC, Santo Domingo, and to the Dominican Republic. They had 72 participants, 15 site leaders, 10 faculty and staff and 47 students.

Ms. Patterson reported that Student Government President Micah Fielden reported to the committee about the Wildcat Interest Group, WIG. He explained there are six US congressional offices that have positions for UK students at this time. He also reported that the student fee group, voted to increase student fees to support the Student Center and the Center for Community Outreach.

R. University Health Care Committee Report

Ms. Young, chair of the University Health Care Committee, reported that the committee met yesterday afternoon. Dr. Paul Depriest presented an update of the Enterprise Quality and Safety Goals scorecard for the UHC, the University Health Consortium. This is the scorecard that provides a comparison of UK Healthcare's performance with that of other academic medical centers in terms of mortality, effectiveness, safety, equity, patient centeredness, and efficiency. He also presented a review of UK Healthcare's core measures. The reports indicate a steady improvement in meeting goals regarding quality and safety.

Ms. Young reported that Colleen Schwartz, chief nurse executive, presented an update of operation service goals. Included in her report, was a broad and detailed compilation of patient satisfaction data. While the University Healthcare System is making progress, it still has a number of issues that must be addressed before the UK system can be considered a top performer in terms of patient satisfaction, among academic medical centers. UK Healthcare is taking a number of steps to improve services in clinical and nonclinical service and physician excellence. Patient satisfaction will be added to criteria to determine reimbursement. Ms. Schwartz also reviewed plans to develop an employee engagement survey.

Sergio Melgar presented the February and January financials. Discharges for the month of January were 2791 or 90 per day which is .2 discharges per day less than the budget of 90.2. Operating revenue net of bad debt for the month totaled \$68.2 million, which is \$4.6 million less than the budget for the month. Overall operating expenses for the month were \$2.6 million above budget. UK Healthcare Hospital System posted an operating loss of \$6.0 million this month reflecting higher personnel expenses due to growing pains related to the opening of Pavilion A. He reported that the way the CMI or case mix index shook out for the month was due to the extended patient length of stay and also lower outpatient activity. In comparing the balance sheet of January fiscal year 2012 and fiscal year 2011, cash has decreased \$51.3 million. Cash remains the same as the December 31, 2011 balance. Cash continues to be used to fund the remainder of phase 1A of the patient care facility. The February financials indicate that the January trend of high-volume extended length of stay reversed itself. Discharges for the month of February were 2886 or 99.5 per day or 1098 higher than in the past year. Operating revenue for the month totaled \$74.7 million which is \$3.4 million greater than the budget for the month. Overall operating expenses for the month were \$3.4 million above budget. UK Healthcare Hospital system posted an operating income of \$1.6 million for the month of February. Comparing the balance sheet of February fiscal year 2012 and fiscal year 2011, cash has decreased \$ 28.1 million.

Mr. Melgar continued that the next few months will indicate if the growing volume of patients is a trend or if UK Healthcare will need to reassess its ongoing assumption about volumes and revenue. The committee plans to meet late April or early May to evaluate budget and long range strategy.

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

S. University Relations Committee Report

Ms. Curris, chair of the University Relations Committee, began her report by asking the Board to review the University of Kentucky Alumni Association packet provided for them. She reported that Stan Key, Director of Alumni Affairs, provided an excellent presentation about the Alumni Association to the committee that morning. She stated he mentioned the primary mission of the Alumni Association is to support the University's goals and mission. The Alumni Association was founded in 1889 by a professor who was also a University of Kentucky alumna. Another purpose of the Alumni Association was to be an associate of "friend raising not

fundraising.” It was established as a 501(c)(3), however, its first fundraising initiative was in the development of the W.T. Young Library. It was the University of Kentucky Alumni Association that actually held the deed until the fundraising portion of the campaign was completed.

The group is managed by a 130 member Board of Directors and is currently housed at the Helen G. King Alumni House. King Alumni House provides staff offices and meeting places for the Alumni Association. In support of its mission and goals, the Alumni Association has approximately \$2.5 million in annual funding for alumni related programs and events, services and staff. Since 1992, there have been more than \$1.5 million in gifts given to the University of Kentucky by the Alumni Association. The UK Athletic Association has been the beneficiary of \$7 million, which has been generated from the official University Credit Card royalty income. Additionally, there has been annual funding of over \$64,000 for academic college alumni relations and activities.

In support of its mission and goals, the Alumni Association maintains a database of over 260,000 living alumni. This particular database is used to benefit the entire University. Ms. Curris reminded the Board that if it had not been for the Alumni Association, the University of Kentucky Presidential Tour of the Commonwealth would not have been possible. In the database, over 183,000 are graduates with graduate or undergraduate degrees received from the University in the last 18 years.

Ms. Curris went on to report that the Alumni Association communicates with its alumni through the Wildcat Connection, an email newsletter, the Kentucky Alumni Magazine, and through its website and social media presence. The Alumni Association also holds recruitment fairs. There were over 246 activities last year using over 40 clubs in those efforts. For a club to remain in good standing, it has to actually perform works in support of the University in order to maintain its status as a club. The Alumni Association also is responsible for The Great Teacher Award and career services counseling. They are very proud of the fact that this year they have developed a student program coordinator. The purpose is to help students understand what they need to do to be a good alumnus. There is a \$3 million budget in terms of membership with \$1 million paid by dues. \$2 million comes from endowments for scholarships.

Ms. Curris reported that alumni who are members of an alumni association are 4.8 times more likely than non-members to be donors. Life members are 5.7 times more likely than non-members to be current donors. Members are 11.5 times more likely than non-members to have donated at least \$10,000.

Ms. Curris stated that there has been a great effort within the last five years to promote diversity and inclusion which is also part of the Strategic Plan and purpose and mission of the University. To that effect, the Board of Directors, as compared to 9% diversity within the student body, now has a representation of 14.5%.

Ms. Curris also mentioned the flyer announcing the Wildcat Alumni Plaza. A bronze sculpture will be unveiled on April 20 at 3:30 pm. For \$250, alumni can purchase a paver. Also included was a booklet on UK Legacy, a program for children of out-of-state University of

Kentucky alumni.

T. Other Business:

President Capilouto reminded the Board that it was important to get updates and provide time for discussion regarding the University's strategic initiatives. Providing updates on their workgroups, which ranged from the housing program, to the University budgeting system, to the processes by which we can maximize the growth and development of our faculty, were Vice President and Treasurer Angie Martin, College of Pharmacy Dean Tim Tracy, and Faculty Senate Chair, Dr. Hollie Swanson.

Ms. Martin updated the Board on the Phase 1 Ground Lease, and the New Central Residence Hall. Additional work is being done on the affiliation agreement and the demolition and abatement agreement. EdR will provide the funding for the full cost of the demolition and abatement of Haggin Hall, which will occur right before the opening of New Central Housing. The University will perform these services.

Also currently being discussed are property taxes for what is now being called Phase 2A. We are also looking at an evaluation of our outstanding debt. She explained that the University issues tax exempt bonds for the housing enterprise and that we currently have about \$47 million dollars outstanding. The committee has also been working through the build-out and demolition schedule. 2013 is going to reflect the addition of the 601 beds for the Haggin field building. In 2014, one year later, the University may realize an addition of over 2100 beds, hopefully closer to 2500 beds. The Committee has two studies underway to help with the build-out and construction schedule. One is a traffic/parking study and the other, being conducted by Facilities Management, is looking at a campus master plan update. This will assist with the decision on the location of the facilities.

April 17<sup>th</sup> is the groundbreaking for New Central Residence Hall and July 2012 hopefully will be the effective date for the authorization from the General Assembly for our Phase 2A. Currently, we have in the bill, a \$175 million authorization to move forward. Ms. Martin reported that in September, she hopes to bring to the Board a recommendation for another ground lease or two, possibly graduate and undergraduate housing. In spring 2013, we would have the groundbreaking for fall 2014 and then in August 2013 we would have our first move-in in New Central.

Dean Tim Tracy, College of Pharmacy and chair of the Budget Model Development workgroup, explained that the committee, as charged by President Capilouto, has been working on a new financial model for the University. He explained that the committee began with a Current State Assessment; a where we are, in terms of a financial model here at the University of Kentucky. Over 100 stakeholder interviews have been conducted to date. Information regarding their perspectives on the current challenges and the desired benefits of a new financial model was collected. Challenges reported were 1) an absence of an assessment culture, 2) an undefined and complicated process for budgeting and finances, 3) a separation of responsibility and authority (those with responsibility didn't always have authority to make decisions that they needed to make), 4) insufficient incentives to promote revenue growth and 5) the current process

does not facilitate the mission and it makes it very difficult to fund strategic initiatives.

Dean Tracy explained that the desired characteristics or benefits to come out of this workgroup would be 1) improved ties to our mission, 2) increase planning effectiveness, and 3) to increase unit responsibility. A set of guiding principles was formulated. The first principle being mission; the University is committed to its mission of instruction, research and creative work, service, and healthcare. The budget model is a tool for facilitating that mission. Secondly with regard to strategy, resource allocation should promote long-term planning and support the evolving institutional strategy with the strategic plan as an articulation of University goals. Thirdly, we matched authority with responsibility. To ensure the alignment of authority for financial management decisions and responsibility for those decisions, for example, if you have feedback loops, that is responsiveness. Additionally, we need to determine the right balance between centralization and decentralization and the balance between units. We have a number of diverse units on campus. Fourth is rewards and entrepreneurship. The budget should support a culture that responsibly rewards performance, collaboration and entrepreneurial behavior. Finally, the budget model should have transparency and simplicity. The budget process in its decision-making practices should be clearly communicated to all stakeholders and simple to understand, explain, and maintain.

Dean Tracy continued that in order to carry out those principles, the committee identified enablers that will help with the implementation of the new financial model. The first is planning documents, or common templates, by which we can evaluate a new program, calculate a response estimate, and figure out if it is the right investment to make for a strategic priority. Secondly, adequate personnel and adequate training for personnel and resources, so they can carry out a model in which there is probably more local unit control. Third, is the current use of tools. SAP, is a robust system, but we need good queries and reporting mechanisms to pull good data, from which to make decisions. We are also advocating for a monthly close. This will generate monthly reports and allow us to match our variances according to our budget. The last three principles are coordination across units, flexibility, and data.

Dean Tracy explained the Current Funds Flow and how different sources of revenue to the University (tuition, appropriations, research, other revenues and clinical revenues) flow to divisions of the University. Basically, money comes in first to centralized units and then goes out to colleges or other places and then expenses. In the case of rewards, which is one of our principles, it is apparent that tuition funds are not distributed to the college where it is earned. As a result, colleges do not realize the tuition dollars that they are bringing in.

A proposed funds flow was illustrated. As an example, tuition revenue comes directly to colleges, clinical revenue to the enterprise, and research revenue comes to UKRF. Fundamentally, the revenues go to the units that generate the revenue and then you have the service units below who are supporting those academic units to carry out their mission. This possible model matches authority where there can be a feedback loop in terms of services that are provided. It allows a central fund for strategic priorities. It allows transparency as the colleges know the rules by which they will receive their allocations and they can begin to make appropriate adjustments to that. There are also reward systems and there is a strategy to allocation. In summary, Dean Tracy reported that the workgroup was creating the framework



for the model.

Dr. Hollie Swanson, Chair of the Faculty Senate, reported on the Committee on Faculty Review, Rewards, and Retention. The objectives are 1) to review the policies and procedures relating to faculty evaluation, promotion and tenure and 2) to define the opportunities and incentives, aligned with the University priorities, which hold the greatest possibility to improve faculty satisfaction and overall outcomes for the University.

The committee will be eventually be broken into three sub-components. The first will look at criteria and to make sure they align with our priorities. Also the task is to look at the promotion and tenure processes and to look at the way we report innovative effort. Are we currently doing that and how could we do that better? We want to look at the process, and how that occurs within each unit. Are they aligned with the faculty rewards and then what are professional development opportunities that we could be discovering? The third sub-component is the development and accountability of the process. What are the opportunities currently available? What could we develop or do we need formal mentoring? How do we handle those with less than satisfactory performance and then how do we handle accountability?

Dr. Swanson continued that the committee wanted to develop both quantitative and qualitative data. The committee is also in the process of identifying those faculty members to be interviewed, asking the elected faculty groups of each college for the names of individuals to interview. Dr. Swanson is also working on how to interact with the Deans and obtain strong feedback from them. The committee will also be looking at external views, such as peer institutions and their policies. Also the committee wants an exploration of what are the trends, where we want to be, and how to get out in front. What do we look like with respect to our peers?

The committee is large to provide inclusiveness of not only faculty title series, but different colleges and different disciplines.

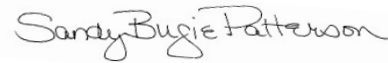
Ms. Curris reminded the Board that the installation of the wildcat sculpture would be Monday, April 2, 2012.

Ms. Brothers passed out the 2011 Work-Life report, information about the University's Work-Life Office activities during the 2011 year. They include an elder care office, supervisor of the year, various new initiatives through Work-Life, a new social worker that is one-on-one counseling with employees, as well as information regarding education and outreach. She reminded the Board members there will be a presentation to the full Board from Robyn Pease in May about the Work-Life survey results.

U. Meeting Adjourned

Hearing no suggestions for additional matters, Dr. Brockman asked for a motion to adjourn and the meeting ended at 3:05 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sandy Bugie Patterson". The signature is written in black ink on a light-colored background.

Sandy Bugie Patterson  
Secretary, Board of Trustees

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

PATENT ASSIGNMENT  
QUARTERLY FOR THE PERIOD THROUGH December 31, 2011

Patents

The following assignments on behalf of the Board of Trustees of the University of Kentucky Research Foundation have been executed:

1. **U.S. Patent Application Serial Number: 13/274,049**

**Filed:** October 14, 2011

**Title:** Compositions and Methods for Selectively Targeting Cancer Cells Using a Thiaminase Compound

**Inventors:** Jeffrey A. Moscow, Shuqian Liu (Pediatrics), and Younsoo Bae (Pharmaceutical Sciences)

**Technical Description:** A method, kit, and compositions useful for treating cancer by administering a thiaminase compound and a thiamine-dependent enzyme (TDE) inhibitor.

**Summary:** This invention describes variations of a thiaminase compound and a thiamine-dependent enzyme (TDE) inhibitor useful in the treatment of cancer and a kit containing both. The thiaminase compound can be a thiaminase enzyme alone, modified with a lipophilic moiety, encapsulated in a lipophilic carrier, or modified with a lipophilic moiety and encapsulated in a lipophilic carrier. The thiaminase compound can be administered subcutaneously, intramuscularly or intravenously and is administered prior to the administration of the TDE inhibitor. Use of the thiaminase compound and the TDE inhibitor produces a synergistic effect. Traditional treatments such as anti-cancer agents and/or radiation can be administered to patients along with this invention.

2. **PCT Application Serial Number: PCT/US10/36202**

**Filed:** November 22, 2011

**Title:** CCR3 and its Ligands are Therapeutic and Diagnostic Targets for Neovascular Age-Related Macular Degeneration

**Inventor:** Jayakrishna Ambati (Ophthalmology and Visual Science)

**Technical Description:** CCR3 activation is essential for *in vivo* angiogenesis in the most widely used preclinical mode of neovascular age-related macular degeneration.

**Summary:** Age-related macular degeneration (AMD) affects 30-50 million people globally. Most blindness in AMD results from invasion of the retina by choroidal neovascularization (CNV), and CNV is the cause of approximately 90 percent of severe vision loss. Treating CNV patients with vascular endothelial growth factor (VEGF)-A, a pro-angiogenic cytokine, results in substantial improvement only one-third of the time, and continual treatment poses safety concerns. Thus, treatment strategies based on more specific targeting of CNV are desirable, but no molecular marker for human CNV has been reported. This invention reveals a highly specific expression pattern of CCR3, a chemokine receptor also known as CD193, in human

choroidal endothelial cells (CECs) in neovascular AMD. This invention also determined the expression pattern of the CCR3 ligands eotaxin-1, -2, and -3 in surgically excised CNV tissue from patients with AMD. CNV was induced in a mouse model using laser injury, and a single intraocular administration of either CCR3 neutralizing antibodies or a small molecule CCR3 reception antagonist both suppressed laser injury-induced CNV in a dose-dependent fashion.

3. **U.S. Patent Application Serial Number: 13/290,752**

**Filed:** November 7, 2011

**Title:** Compounds and Methods for Reducing Oxidative Stress

**Inventors:** Thomas D. Dziubla, J. Zach Hilt, Dipti Biswal, David B. Cochran, and Paritosh P. Wattamwar (Chemical and Materials Engineering)

**Technical Description:** The invention relates to compounds and methods for reducing oxidative stress, which is a key mechanism in the pathogenesis of a multitude of diseases and disorders.

**Summary:** This technology includes compounds and methods for reducing oxidative stress, wherein biodegradable, antioxidant polymeric compounds are configured to degrade over a time period and provide sustained release of an antioxidant molecule. The antioxidant polymeric compound is comprised of multiple monomeric portions. Each monomeric portion includes an antioxidant molecule interposed between at least two acrylate molecules. One or more acrylate molecules in adjacent monomeric portions are linked by a diamine molecule.

Patent Activities  
Fiscal year to date as of December 31, 2011

Number of Patent Applications	9
Number of Patents Issued	10
Patent Gross Revenue	\$591,540.39