

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, October 26, 2004.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, October 26, 2004, in the Board Room on the 18<sup>th</sup> Floor of Patterson Office Tower.

A. Meeting Opened

Mr. James F. Hardymon, Chair, called the meeting to order at 1:07 p.m., and Mr. Stephen Branscum gave the invocation.

B. Roll Call

The following members of the Board of Trustees answered the call of the roll: Mira S. Ball, Stephen P. Branscum, Ann Brand Haney, James F. Hardymon (Chair), Michael Kennedy, Pamela May, Billy Joe Miles, Roy Moore, Frank Shoop, Alice Sparks, Myra Leigh Tobin, Rachel Watts, JoEtta Y. Wickliffe (Vice Chair), Billy B. Wilcoxson, Russ Williams, Elaine A. Wilson (Secretary), and Barbara S. Young. Absent from the meeting were Marianne Smith Edge, Phillip Patton, and Steven S. Reed. The University administration was represented by President Lee T. Todd, Jr., Provost Michael Nietzel, Acting Executive Vice President for Finance and Administration Frank Butler, Executive Vice President for Health Affairs Michael Karpf, Executive Vice President for Research Wendy Baldwin, and General Counsel Barbara W. Jones.

C. Consent Agenda

Mr. Hardymon called attention to the items on the consent agenda; approval of Minutes, Personnel Actions, and FCRs 1 through 8. He asked if anyone had any comments, corrections, or changes to the Minutes. He entertained a motion of approval of the consent agenda. Ms. Sparks moved approval. Her motion, seconded by Ms. Tobin, carried without dissent. The items on the consent agenda follow:

- Minutes – September 21, 2004
- PR 2 Personnel Actions
- FCR 1 Robert and Nellie Ellis Foundation Gift
- FCR 2 Estate of Betty Jo Heick
- FCR 3 Greg Wells Pledge
- FCR 4 Kentucky Medical Services Foundation, Inc. Gift to Replace Unfulfilled Pledges to Chair in Neurorehabilitation Fund and Professorship in Traumatic Brain Injury
- FCR 5 Dr. Charles E. Pritchett and Dr. Robert Sims Gifts and Pledges
- FCR 6 Estate of Regina J. Drury Gift and Children's Miracle Network Pledge
- FCR 7 Kentucky Medical Services Foundation, Inc. and Children's Miracle Network Council Pledges
- FCR 8 Dr. Helen Thacker Hill Gift

D. President's Report

President Todd called attention to the *Kaleidoscope* publication in the Board packets. He said that the publication contains some interesting material. It focuses on UK's top students and undergraduate scholarships. He noted that the publication has grown and said that he is very proud of it. He encouraged the Board to review it.

President Todd mentioned the following items in PR 1:

UK has awarded Host Communications Inc. and Gray Television Inc. the university's expanded athletic multimedia marketing rights. It is an \$80.5 million contract. The Athletics Department and Purchasing Department were very effective in negotiating the contract and did a tremendous job. He said, in his opinion, they maximized the benefit for the University.

Mitch Barnhart has been willing to help invest in five new Singletary scholarships. The Singletary Scholarships have not increased in approximately 20 years. This money, in addition to the \$1 million a year Athletics has already pledged for scholarships, will help the scholarship program.

The UK College of Dentistry has been awarded a Center of Biomedical Research Excellence (COBRE) grant totaling more than \$10.9 million for research in oral health. He noted that this is the University's second \$10 million COBRE grant in the past month.

The National Science Foundation has renewed the Appalachian Mathematics and Science Grant for \$5.7 million to continue the University's program. This is part of the \$22 million grant received a few years ago. It is the biggest in the University's history.

The University recently announced 8 new initiatives to improve the safety of women on campus.

A National Science Foundation grant of nearly \$2 million will enable UK to evaluate the science skills of more than 10,000 seventh and eighth grade Appalachian students during the next five years. He noted that this will be \$2 million well spent.

The National Science Foundation has chosen UK to lead a \$3 million project to facilitate improved computational research in chemistry. This is \$3 million for a multi-university project with the University of Illinois, Louisiana State University, Ohio State University, and the University of Texas. This is impressive because it has to do with UK's Hewlett-Packard SuperDome computer which is capable of more than a trillion calculations per second. UK has already chosen the contract. The UK proposal was one of only 14 proposals funded out of 141 submitted. UK's Computational Science group continues to bring in money to make the University look good.

UK and Cardinal Hill have announced a joint research appointment. A \$2 million grant from Cardinal Hill to UK in 1999, along with \$2 million in matching funds from the state's Research Challenge Trust Fund, has made possible the appointment of three shared faculty positions in Neurorehabilitation Research. A press conference was held last week to announce that UK professor Joe Springer has accepted the Cardinal Hill Endowed Chair in Neurorehabilitation Research. It will be a \$4 million chair, and it will allow UK to work very closely with Cardinal Hill in its area of Neurorehabilitation Research.

A press conference was recently held to announce a Lethal Cancer Project in Kentucky's 5<sup>th</sup> Congressional District. This is a \$1 million earmark the University received with the help of Congressman Hal Rogers for the Marty Driesler Lethal Cancer Project. Dr. Al Cohen, who heads the Markey Cancer Center, and other UK physicians will be involved with this project. They will be working with the community physicians in the 5<sup>th</sup> Congressional District to try to profile that population to understand why they lead the nation in lethal cancer. He said that he is very proud of the outreach of the Markey Cancer Center.

A \$4 million grant from the U.S. Department of Energy was recently awarded to Secat Inc., a Kentucky aluminum research and testing firm to improve energy efficiency in the aluminum industry. There are 142 facilities that will benefit from this grant with more than \$5 billion in shipments of aluminum.

UK had a two-day coal conference that was very well attended. It was a joint effort with Cinergy when Cinergy was celebrating its 10-year anniversary. Jim Rogers, who is a UK graduate, and Dr. Baldwin were involved in putting together a plan for a Coal 2020 Conference. Leaders from across the nation attended and talked about the future of coal from an environmental perspective and a production perspective. Governor Ernie Fletcher was there to kick off the Conference.

The National Institutes of Health presented a \$3.7 million grant to UK to complete the neuroscience research space on the fourth floor of the Biomedical/Biological Sciences Research Building (BBSRB). Dr. Baldwin and Dr. Del Collins are to be congratulated for bringing this \$3.7 million grant to UK to complete the BBSRB open space.

The Sloan Foundation has established a UK Center for a Sustainable Aluminum Industry. Secat, a consortium aluminum company, applied for a Sloan Foundation Center grant. The Sloan Foundation selects Centers of Excellence around the country to try to keep the country in the manufacturing business. The new center joins 23 other Sloan Centers for Industry housed at 15 universities across the country, including MIT, Harvard University, Carnegie Mellon University, and the Georgia Institute of Technology. The Sloan Foundation initially provided \$300,000, the State of Kentucky and the Governor himself provided \$150,000, and \$360,000 was provided by the aluminum industry to establish this Center.

President Todd asked the Board to review the other great announcements and achievements of the faculty, staff, and students in PR 1.

President Todd called upon Dean David Mohny, College of Design, to speak about his College.

E. College of Design Report

Dean Mohny said that it was a pleasure to be at the meeting. He said that it was approximately this date 11 years ago that the Board of Trustees confirmed his appointment as Dean of the College of Architecture. The Board also approved the design of the William T. Young Library that day. Architecture matters on UK's campus. The William T. Young Library and the Main Building are two very worthy projects that have done a lot to make the case that design of buildings, interior design, and architecture can matter to a university and can really work to improve it. A summary of Dean Mohny's presentation follows:

Since the mid-1990s, design education has undergone a significant transformation at the University of Kentucky. Professional schools in architecture and interior design, along with the Department of Historic Preservation, have joined in the creation of a new College of Design. This new College replaced the College of Architecture in January 2003. Thus, the College now encompasses five degree programs, three of which are graduate degrees, for its 550 students. Developing a research culture within the College which supports the university's goals for research is the primary objective at this time.

The College of Design has a significant outreach presence across Kentucky. Utilizing community design centers in Lexington and Louisville, along with project-based work in smaller communities across the state, the design programs have developed and worked closely to advance public knowledge about design through a variety of projects. From zoning analyses of Old Louisville to new housing in Morehead to participation in Lexington's downtown master plan, both faculty and students have engaged real-world issues of design to improve Kentucky.

The College continues a longstanding tradition of significant international travel programs with students in Germany and Italy this fall and recently in Chile, Japan, India, and France. A number of awards, for integration of design education with professional objectives, for innovative housing projects in rural Kentucky that respect the traditions of rural Kentucky, and for furniture design, have further increased the visibility of the college's programs at a national, and even international, level.

The faculty has received a number of different fellowships and awards. Architecture and Interior Design projects are often judged in design competition by a group of peers. The College has done very well in the past few years with a number of different projects based in Kentucky having been recognized at a national and international level. The students who finish as undergraduates have gone on to very prominent programs with fellowships around the country and with very prominent firms located all around the world. Some of the leading architects are very pleased with the quality of students who graduate from UK and work for them.

The program has been recognized with a number of other awards as well, most prominently a major national prize from the National Organization of Architecture Registration Board (NCARB). UK won a prize as well as an honorable mention, being the first school to win two of

these awards out of all the 120 architecture schools around the country. This summer 24 schools submitted projects to a national furniture competition in Atlanta where they gave 50 awards, and UK received 5 of those awards. Two weeks ago in Beirut, Lebanon at an international furniture competition, UK students walked away with second and third prizes overall.

Following his presentation, Dean Mohney received a round of applause from the Board. He asked for any questions or comments from the Board.

Mr. Hardymon asked him to expand a little on the international information he had provided. He said that he was intrigued with the international exposure of students.

Dean Mohney said that Architecture has had longstanding international programs based in Venice for the past 25 years, but there are temporary programs in Africa, in Asia, and throughout Europe as well as in this country. Interior Design, since joining architecture, has been able to participate in those programs. They are looking at a long-term program that will have both architecture and interior design students in Berlin, Germany.

Mr. Hardymon asked about the size of the facility and the number of people there.

Dean Mohney reported that Venice can handle about 16 or 17 students, which is the normal studio size, and there are 14 students in Berlin right now.

President Todd said that Dean Mohney has done an outstanding job with the outreach addition. He gets his hands dirty with everything from deplorable houses, to sustainability issues, to urban development. He puts a good face on the University of Kentucky. He thanked Dean Mohney for his report and called upon Dean Allan Vestal, College of Law, for his report.

#### F. College of Law Report

Dean Vestal said that he was pleased to be at the meeting. A summary of Dean Vestal's presentation follows:

The College was initiated in 1908 as part of the general transition from Kentucky State College to Kentucky State University. It has always been a standalone college with no departments, and for accreditation reasons, this is really the model nationwide. The College's three-year, full-time program, leads to the Juris Doctor Degree.

The College of Law is poised to make a quantum leap in the excellence of its program and in the contribution it makes to Top 20 status for the University. The College of Law already has a student body equivalent to those of some of the top public law schools. The entering class is approximately 145 students every year, and people who come to the College of Law tend to graduate in three years. The College is getting applications from the majority of well-qualified students in Kentucky who want to attend law school. The number of nonresident applications is increasing, and it is very difficult to get into UK law school as a nonresident.

The College could try to become a national law school or a nationally regarded school. The profitable model for UK is to become a nationally regarded law school, and the examples in this type of scenario are schools like Iowa, North Carolina, Illinois, and Wisconsin, that tend to be a little bit larger than UK now, that tend to have a concentration of residents that is about where UK is right now, but that are nationally regarded in the sense that graduates from these schools can go anywhere in the country and have their law degree be a source of strength for them when they get there.

The College has a strong, nationally regarded faculty, which is known for its teaching, scholarship, and service. Recent faculty hires have added strength in new areas. The College now has five assistant professors. The College has a good mix of permanent faculty members teaching the vast majority of courses in the curriculum, but it is also using adjunct professors in substantive areas where it is appropriate.

The College has four elected members to the American Law Institute. It also has a strong publication performance. During the past year, 23 faculty members published 26 books or chapters in books and 41 journal articles. The placement of the journal articles is strong.

The College has a diverse group of faculty members who have individual accomplishments of note: a member inducted into the Civil Rights Hall of Fame last year, a member who argued a case before the Supreme Court, faculty member Bob Lawson who won the Acorn Award, and a variety of people who over the years have been named Great Teachers within the University. It is a strong and diverse faculty that is highly accomplished.

The College has some challenges. Reductions in funding have hurt the College of Law. Progress that might have been made has been deferred. Because of the leadership of the Board, the President, and the Provost, responses of the University to budget cuts have been well-conceived and fair. The burden of these cuts has been equitably spread across the University, and the departments and colleges of the University now are poised to make a lot of progress moving forward.

The total budget for the College is about \$7.4 million, and 73 percent of that is salaries and other compensation. The College spends about 10.9 percent of its resources on scholarships. The fellowship in memory of Paul Van Booven should add about 10 percent to the total budget. It will bring between \$800,000 and \$1 million when it is completed. That has been a very successful program in Paul's memory. The operating expenses are around 9.8 percent. Continuing legal education program produces about 6 percent of the total budget although it operates as an independent entity and really is not a part of the law school for most of its purposes.

Tuition has increased 43 percent in two years. Law school tuition remains competitive, but it is not the bargain it once was. In-state tuition is about \$10,000 a year, and non-resident tuition is about \$20,000 a year.

Federally funded renovations of the existing law building have bought some time, but the key to the advance of the College of Law is its projected new building. The existing building is qualitatively and quantitatively inadequate for the law school. This has been noted in accreditation visits. The American Bar Association (ABA) evaluated the College in 1999, and they will be

coming back next year. The University has made this capital project a high priority. It is now number three on the building list. The President and Provost have been very supportive in terms of the College getting out there, doing the planning necessary for new buildings, and raising the private funds that will be required for it.

The College is poised to launch a \$15 million capital campaign which will be part of the \$1 billion University campaign. This goal has been tested by an outside consultant who found it ambitious but achievable. The people are in place with a new communications director and a new development director. The College is now using an institutional advancement model where development, communications, and alumni all work together pushing the project.

The College is going to have to continue to recruit strong faculty members, secure adequate faculty and scholarship resources, and attract the best students to make the quantum leap forward, and it is on track to do all of those things. The reputation, program, and competitive opportunities for the law school depend upon the new building. The College has plans for the new building across the street from Taylor Education Building on Scott Street. The architectural style will compliment the University and will be a gem on campus for years to come.

Mr. Hardymon said that the reports about the colleges are good sessions, and the Board will continue having them as they can be put into the agenda. He called on Ms. Sparks for the Academic Affairs Committee report.

G. Creation of the Department of Orthopedics (AACR 1)

Ms. Sparks, Chair of the Academic Affairs Committee, reported that the Committee met that morning and had one item on its agenda. It is the Creation of the Department of Orthopedics. The recommendation is that the Board of Trustees approve the creation of the Department of Orthopedics by separating the current Division of Orthopedics from the Department of Surgery effective November 1.

Dr. Karpf appointed an ad hoc committee to examine the status of the Division, and it has gone through all the necessary steps of the University, including the Board's Academic Affairs Committee. This separation should accomplish several things. The development of such subspecialties in orthopedics would be a productive strategy to expand the clinical operation at UK and provide needed service to an aging population. It would allow the recruitment of more faculty in orthopedics, ideally at the middle level or senior level with national reputations in critical areas such as joint replacement. Orthopedics at the University of Kentucky will best reach its clinical and scholarly potential if granted departmental status. The department should be the cornerstone of development of a musculoskeletal center of excellence. This has become commonplace in other universities, and Michigan has just recently separated orthopedics from surgery. It will involve 14 orthopedic faculty members moving out of surgery, but 78 faculty members will remain in the Department of Surgery. On behalf of the Committee, she moved approval of AACR 1. Professor Kennedy seconded the motion, and it carried without dissent. (See AACR 1 at the end of the Minutes.)

Ms. Sparks announced that the Committee is continuing its quest for information in Academic Affairs. The Committee has a meeting tentatively scheduled for December 2 at 9:30 a.m. The Committee has several items to look at and then bring to the Board's attention. She noted that it could be a two-hour or possibly a three-hour meeting. She invited all Trustees to attend the meeting. The Committee will be receiving information about the Direct Federal Loan Program that UK uses for financial aid and the effects of enrollment growth on classroom size which has gotten some publicity lately.

Mr. Hardyman said that it is good that the Committee is taking the time to separate from normal administrative duties and look into these things. He said he thinks that this is the way for it to work. The committees should look hard at these items and then bring them to the Board after a number of people have researched them. He called upon Ms. Wickliffe for the Finance Committee report.

Ms. Wickliffe, Chair of the Finance Committee, thanked the staff for all the background materials they supplied the Committee prior to the meeting. It is helpful to understand the items before the Committee meeting.

H. Gifts and Pledges (FCRs 1 through 8)

She reported that FCRs 1 through 8 were on the consent agenda. The gifts and pledges in those items total \$3,342, 500. Of that amount, \$1,757,500 was cash gifts, and \$1,585,000 was pledges. She noted that FCRs 5, 6, 7, and 8 are eligible for matching by the state's Research Challenge Trust Fund (RCTF), and they total \$1,750,000. (See FCRs 1 through 8 at the end of the Minutes.)

I. Fit-Up 4<sup>th</sup> Floor of the Biomedical/Biological Sciences Research Building (FCR 9)

Ms. Wickliffe said that FCR 9 is the Fit-up of the 4<sup>th</sup> floor of the Biomedical/Biological Sciences Research Building (BBSRB). On behalf of the Committee, she asked for approval of \$7,963,250 for the fit-up of the 4<sup>th</sup> floor of the BBSRB building. Of this amount, \$3,685,000 will be in the form of a federal grant from the National Center for Research Resources Extramural Research Facilities Improvement Program. The University of Kentucky Research Foundation will fund the remaining amount. On behalf of the Finance Committee, she recommended the approval of FCR 9. Ms. Tobin seconded her motion, and it carried without dissent. (See FCR 9 at the end of the Minutes.)

Mr. Hardyman noted that this is a big project on top of a big project. The project is going as planned, and researchers are ready to use the new building as soon as it is finished, which is always good when you put a facility together.

J. Renovate Football Practice Fields (FCR 10) and Renovate Commonwealth Stadium Locker Room (FCR 11)

Ms. Wickliffe requested that she be allowed to present FCR 10 and FCR 11 as one item. FCR 10 is to renovate the football practice fields, and FCR 11 is to renovate the Commonwealth

Stadium locker room. She called upon Mitch Barnhart, Athletics Director, to give a brief synopsis of his presentation at the Finance Committee meeting to the Board.

Mr. Barnhart said that these are two items relating to football facilities that the Athletics Department needs to do in order to continue moving the facility program forward. The Athletics Department will take the funds out of the quasi-endowment for both items and replace the funds with pledges that are made to the program.

He said that the first item is a safety practice issue for athletes on the football fields. All the water comes off of Cooper Drive and makes the fields almost unplayable because of a drainage problem. Athletes must go indoors to practice under minimal precipitation. The coaches want to practice outside and would also like to have an artificial surface to be able to practice on in case of inclement weather.

Mr. Barnhart explained that the other project involves a locker room. UK is probably one of the few programs in Division I football that has two locker rooms separated by a hallway. The offense team is on one end, and the defense team is at the other end. The coach has to give two separate talks to the teams, and having two separate locker rooms does not create a team atmosphere. The space was originally planned to accommodate about 60 people and is not conducive to having 105 to 120 people. The time line is to be able to get the safety issue taken care of on the practice fields, to be able to practice outside, and to get the ability to be one team in one locker room for the next season.

On behalf of the Finance Committee, Ms. Wickliffe moved that FCR 10 and FCR 11 be approved by the Board. Mr. Branscum seconded the motion, and it carried without dissent. (See FCR 10 and 11 at the end of the Minutes.)

K. Acceptance of Interim Financial Report for the University of Kentucky for Three Months Ended September 30, 2004 (FCR 12)

Ms. Wickliffe said that FCR 12 is the acceptance of the Interim Financial Report for the University for the three months that ended September 30, 2004. As of September 30, 2004 the University had realized income of \$458,191,000. That represents 31 percent of the 2004-05 estimate of \$1,471,304,000. The expenditures and the commitments total \$369,315,000 or 25 percent of the approved budget. She referred to the detailed report that shows that the cash flow is very good at this time. On behalf of the Committee, she recommended the acceptance of FCR 12.

Mr. Hardymon asked if all Board members received the two-page summary report that the Committee received. He said that he was not trying to make the members financial geniuses, but it is a language just like other languages. The summary report provides highlights so the Board can come back with questions or comments. He noted that the assets are strong, and the liabilities are growing slower than the assets. This is very important. He asked if there were any comments or questions on FCR 12. Ms. Watts seconded Ms. Wickliffe's motion, and it carried without dissent. (See FCR 12 at the end of the Minutes.)

L. Approval of 2003-04 Endowment Match Program Annual Report (FCR 13)

Ms. Wickliffe said that FCR 13 is a very detailed report that also includes a CD. It is the annual report of the Endowment Match Program. She pointed out the executive summary of the report. She said that the report is very thorough. It shows that the University had 437 endowed activities created or enhanced through the Research Challenge Trust Fund (RCTF) endowment match program better known as the Bucks for Brains. She encouraged the Board to review the report in detail because the University has done a great job with that program. On behalf of the Committee, she recommended the adoption of FCR 13. Ms. Tobin seconded her motion, and it carried without dissent. (See FCR 13 at the end of the Minutes.)

M. Other Business

Professor Kennedy said that he would like to make a short statement. He read the following statement:

Most of the people sitting around this table have heard me say this in individual conversations or in formal discussions. I want to say it to all of you together because it speaks to the current financial strain that we are under, and because it relates to a goal I believe we can endorse, and one that almost all faculty would support wholeheartedly.

Somewhat more than 30 percent of those who contribute to the UK athletic program also contribute to the academic program. It would be wonderful for UK's principle mission if fundraising procedures could be instituted that would make that number 100 percent.

Coming close to reaching such a goal might not be hard. Fundraising for the academic program could be piggybacked onto athletic department fundraising. For example, after a commitment for a donation to athletics was secured, the fundraiser could suggest that an additional 5 to 10 percent would really help UK out on the teaching side, especially given the tough times. Wouldn't most donors respond positively?

I understand that in many cases the additional money contributed would be a token amount. We'll take it. We need it. I understand that in many cases the funds would be nonrecurring. We'll take them. We need them.

I very much appreciate the previous efforts at de-silo-fication that have been made by the administration so far, and I believe this proposal could be a major step toward extending those efforts.

If next year we could say that all those who supported the UK athletics program also supported the teaching mission of the University, we would have accomplished much, and benefits would accrue to both programs.

Thank you.

Mr. Hardymon said that everyone had a copy of Professor Kennedy's statement, and it would be in the Minutes. He thanked Professor Kennedy for bringing this up and letting the Board have a chance to review it before it comes to the meeting. He said, in his opinion, that is the way to control it. He said that they were not going to stop things coming in, but he believes it is better coming through a formal process.

President Todd asked Mr. Miles to come forward and receive a plaque. He said that he realized that people who spend their time, energy, and intellect serving as Chairman of the Board were not receiving a token of appreciation from this institution. While this token is small, it is something that Mr. Miles earned and deserves for his service as Chairman of the Board from 1999 to 2002. He said that he appreciated the time that Mr. Miles was Chairman, the mentoring, and the discussions. He presented Mr. Miles with a plaque.

Mr. Miles said that he was surprised. When he was elected Chairman of the Board, he promised that he would be one of 20 members, and everybody would get the same. He said that the other 19 members have a plaque coming.

President Todd said that he had a plaque to present to Mr. Reed at the next Board meeting.

N. Meeting adjourned

With no further business to come before the Board, Mr. Hardymon adjourned the meeting at 2:07 p.m.

Respectfully submitted,

Elaine Wilson  
Secretary, Board of Trustees

(PR 2; AACR 1; and FCR 1, 2, 3, 4, 5, 6, 7, 8, 9,10, 11, 12, and 13 which follow are official parts of the Minutes of the meeting.)