

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, October 10, 2006.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, October 10, 2006, in the Board Room on the 18th Floor of Patterson Office Tower.

A. Meeting Opened

Mr. James Hardymon, chair, called the meeting to order at 1:07 p.m. and asked Ms. Pam May, secretary of the Board, to call the roll.

B. Roll Call

The following members of the Board of Trustees answered the call of the roll: Mira Ball, Stephen Branscum, Jonah Brown, Penelope Brown, Dermontti Dawson, Jeff Dembo, Ann Haney, James Hardymon (chair), Pamela May, Billy Joe Miles, Sandy Patterson, Phillip Patton, Erwin Roberts, Frank Shoop, Myra Leigh Tobin, JoEtta Wickliffe, Billy Wilcoxson, Russ Williams, Ernie Yanarella, and Barbara Young. Ms. May reported that everyone was in attendance.

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

Members of the various news media were also in attendance.

C. Minutes – September 12, 2006

Mr. Hardymon said that the Minutes were removed from the consent agenda because Ms. Tobin had a comment to make about them. She also had comments about another action item on the agenda.

Ms. Tobin asked that the Minutes be amended with an added statement to reflect that Dr. Baldwin had accepted the position of Program Director of Poverty, Gender, and Youth at The Population Council, an internationally renowned New York-based non-profit organization, and that Dr. Baldwin will begin her new position October 1, 2006.

Ms. Tobin said the other thing involved a word left out of a couple of sentences in an action item, and she would address that later.

Mr. Hardymon asked for a motion to approve the Minutes as amended. Ms. Haney moved approval, and her motion, seconded by Mr. Roberts, passed without dissent.

D. Consent Items

Mr. Hardymon said that the consent items consist of PR 2 – Personnel Actions and FCRs 1 through 10. He asked for a motion of approval. Ms. Tobin moved approval. Her motion, seconded by Mr. Williams, passed without dissent. The consent items are as follows:

- PR 2 Personnel Actions
- FCR 1 Barnstable-Brown Party Diamond Derby, Inc. Pledge (Consent)
- FCR 2 CompEd, Inc. Pledge (Consent)
- FCR 3 Kentucky Medical Services Foundation Pledge (Consent)
- FCR 4 Estate of Janet H. Koller Gift to Equine Bioinformatics (Consent)
- FCR 5 Estate of Janet H. Koller to Equine Infectious Disease Endowment (Consent)
- FCR 6 Estate of Ruth J. Southam Gift (Consent)
- FCR 7 Gifts to the William T. Young Library Endowment (Consent)
- FCR 8 Joseph W. Craft III Gift and Pledge (Consent)
- FCR 9 Anonymous Gift and Pledge of \$1 million to the UK Athletic Association (Consent)
- FCR 10 Anonymous Gift and Pledge of \$425,000 to the UK Athletic Association (Consent)

E. President's Report to the Trustees (PR 1)

Record First-Year Enrollment Attends UK in 2006-07 Academic Year. President Todd reported that the fall class is the largest and most diverse class ever at UK. In regard to diversity, UK is up 96 percent. While this is an improvement, it is not to be considered a huge victory because there was a drop last year. This increase gets UK back on track.

President Todd said that he does not intend to back off the diversity effort. He talked about the structural changes made this year and said those changes will be kept in place. Although diversity scholarships were enhanced, some of the other changes were just as important.

President Todd mentioned Dr. Bill Turner's speaking engagements and noted that those appearances make a difference. They market UK and open the university to a broader population of students, which is something that had not been done before. President Todd praised Don Witt for his ability to take on additional responsibility, absorb it, and never complain. He congratulated Dr. Turner, Mr. Witt, and their staff for their accomplishments in regard to diversity.

President Todd said that the change in UK's yield rate from 80 to 85 percent is a very positive thing this year. It is a positive indication that people want to attend UK at a

higher volume. UK is getting a better acceptance rate than in the past, and this is a testament to the good work of the faculty and staff as well.

UK College of Medicine Climbs in National Institutes of Health (NIH) Ranking for Research Funding. The College of Medicine, ranked 35th among public medical colleges in NIH funding two years ago and 31st last year, has moved up one more notch. More personnel have been added, and more people are aiming at the NIH targets, even though the targets have flattened out.

In a recent meeting with the head of NIH, it was noted that NIH's budget had doubled over a several-year period. The head of NIH also said that they had 24,000 requests for funding before the increase took place. Following that increase, they began receiving 48,000 a year.

Their buying power is down 40 percent from what it was because of inflation. Research funding is very competitive right now. A lot of UK's people get very high rankings on their proposals, but their proposals get rejected. It is very positive that the College of Medicine is moving up in those rankings.

Appalachian Math, Science Program Issues Third Round of Grants to Schools (AMSP). The AMSP program received another \$2 million in funding, allowing West Virginia to be added to the Appalachian groups that UK oversees. UK's higher education partners are Morehead State University, Eastern Kentucky University, Pikeville College, Kentucky State University, Union College, Somerset Community College, University of Virginia's College at Wise, and University of Tennessee at Knoxville. It is important for the Board to know that a lot of the research grants are now reaching out to the other universities across the state.

Tragic Crash of Comair 5191 Touches UK Community. The UK community suffered a number of losses in the recent crash of Comair Flight 5191 at Lexington's Blue Grass Airport. President Todd mentioned a conference sponsored by the University of Wisconsin, Ohio State University, University of Georgia, and Pennsylvania State University that he recently attended. There were a large number of people at the conference who expressed their sympathy for the loss of Dr. Larry Turner. Dr. Turner was highly thought of by many people.

Work-life Survey: Employees Satisfied but Concerned about Wages, Burnout. President Todd reported that the Work-life Survey had been presented to the Human Resources Committee. The full summary of that study is available for anyone who wants to see it.

One thing mentioned in the headlines is that the employees are satisfied but concerned about wages and burnout. President Todd said his response to the number of people who said they were really tired when they went home is, "So, it's just the way life is now days." With the legislative funding that UK received last year, some of the

resources will help some employees who have been in stressful situations the past few years.

President Todd asked the Board to read the other information in PR 1 at their leisure.

F. 2006-09 Strategic Plan (PR 3)

President Todd asked Provost Kumble Subbaswamy to present the 2006-09 Strategic Plan.

Provost Subbaswamy thanked President Todd and the members of the Board for the opportunity to make the presentation. He reported that he had good news and bad news. The good news is that this is the last time that the Board will have to hear about the 2006-09 Strategic Plan, and the bad news is that in two and a half years, the Board will have to hear about the next Strategic Plan.

Provost Subbaswamy began his presentation by talking about the process. He explained that the process involved building on the 2003-06 Strategic Plan, incorporating the Top 20 Business Plan, and having university-wide involvement in the plan's development. The President appointed a broad-based university-wide committee called the University Committee for Academic Planning and Priorities (UCAPP), and that committee has worked very hard in developing the plan. The provisional version was presented to the Board of Trustees at its June meeting.

Faculty and staff vetting was done during August and September through open forums, web postings, and discussions with various groups. Based on that input, the committee revised some portions of the Strategic Plan. The revisions were minor, and there were not any major issues that came up during this discussion period. The final version with indicators of progress has now been submitted for the Board's consideration.

The goals are university-wide goals that are broad-based and general in nature.

Goal I is to enhance the university's stature among its peers. That is really the statement of the Top 20 goal from House Bill 1.

Goal II is to prepare students for leadership in the knowledge economy and global society. The key words here are leadership, knowledge economy, and global society.

Goal III is to enhance the intellectual and economic capital of Kentucky through growth in research. This states the purpose for such research in terms of both intellectual capital and economic capital.

Goal IV is to embrace and nurture diversity. We understand the importance of diversity and preparing our students as well as making our institution a model for advancing diversity.

Goal V is to engage Kentuckians through partnerships to elevate quality of life.

Provost Subbaswamy said that this is really a statement about the 21st Century version of a land-grant mission, and it is what President Todd has talked about in terms of the Top 20 Business Plan. Building Top 20-caliber human resources will benefit the Commonwealth. This is going to be an explicit part of the university's planning process to make sure that we make good on that promise.

Provost Subbaswamy talked about the overarching themes and referred to them as the four E's and four I's.

Excellence is basically going to be a habit in everything that UK does. That means processes used for getting approval for academic programs, financial processes, etc. Everything has to be done with excellence. UK must begin thinking and acting like a Top 20 university. Provost Subbaswamy noted that he has challenged a lot of the existing Administrative Regulations and University Senate processes. He has also challenged a lot of the things that go on in the Provost's Office.

Expansion is a part of the Business Plan. More faculty, students, and support staff will be added as a result of the plan. Improvements are expected in terms of higher attainment of excellence as well as an increase in research and creative work.

Engagement is increasing collaboration with the communities that UK serves. UK is leading the way in terms of collaborations that are being formed with different hospitals and different communities. The College of Agriculture has been at the leading edge of engagement and is now trying to take that concept to the whole university, bringing UK research to bear on improving quality of life for Kentuckians through partnerships.

Entrepreneurship is something that President Todd has emphasized. He wants to instill an entrepreneurial spirit in the UK community. In particular, he wants to increase private and federal support for university missions.

Provost Subbaswamy then reviewed the four I's.

Innovation is increasing experimentation and encouraging risk taking. That is what it will take for UK to make rapid progress toward its Top 20 goals.

Integration is increasing collaborations among all UK academic and support units as well as supporting interdisciplinary studies and inter-professional training. UK has enormous resources with its health centers, colleges, and on-campus teaching hospital.

Making use of all of those resources is necessary to help advance UK and the Commonwealth.

Inclusivity speaks to UK's diversity goals. It means to place responsibility and accountability at every level of the university and in every process.

Internationalization is increasing international exposure for students through curricular and co-curricular experiences, including education abroad, and increasing UK's international presence and visibility through partnerships and recruitment activities and collaborations.

Provost Subbaswamy said the measures of progress with 2008-09 milestones have been added, and they were derived in part from the Top 20 Business Plan, which has indicators in different areas. Obviously, attention must be given to Council on Postsecondary Education measures and UK's own affirmative action plan goals. The most recent available data to measure annual progress will be used. In the case of engagement, there are several assessment tools being developed to measure a university's success in engagement. UK is at the leading edge of this discussion and has a university-wide commitment to engagement.

In undergraduate education, the measures of progress are partly from the Business Plan. Some have been added, and some are based on the CPE indexes.

Input measures include ACT and SAT scores. The ACT score should be in the middle 50 percent range, from 22 to 28. That is a move up, and some of those indicators are not really easy to move in a two-year time frame.

The six-year graduation rate is quite ambitious. The goal can be achieved, but it will not be easy.

Goals have been set for African American students. It is not only the number of students brought to the campus that counts. It also is how well they do and how well they receive help to achieve their goals in succeeding in higher education. The ultimate goal is to have that be the same for all students. This is a step in that direction.

Internationalization will begin right away. The goal is to increase the number of education-abroad participants from the current number of 450 to 600 within two years.

Graduate and professional education will be addressed. The Business Plan indicators suggest that the institution needs to increase the number of doctorate and professional degrees, as well as improve undergraduate student success, to help achieve the diversity goals.

Faculty development involves adding faculty based on the Business Plan funding. UK also wants to achieve its diversity goals in this area. Some numbers are directly derived from the UK affirmative action plan goals because these numbers are based on

Department of Labor statistics. The numbers provided come from UK's affirmative action goals. Nothing prevents the university from exceeding the goals, but the university cannot assess the goals higher.

In research, there are the total research expenditures, and \$350 million is a very ambitious number in light of all that goes on at the federal and state levels. In order to achieve the Top 20 goals, some of these things need to be pushed hard. Citations of publications is one of the other indicators.

UK is at the leading edge of engagement activities, and the goal is to develop and pilot a university-wide assessment strategy to inventory engagement activities and provide information on outcomes and impacts. These reports will come to the Board as the indicators are developed.

The plan is to undertake and evaluate at least three major engagement projects designed to have significant impact on economic development. The Board will be hearing more about this.

Staff development is a critically important piece. This plan involves completing a compensation analysis and implementing an enhancement plan. The compensation analysis is currently under way. President Todd has set aside funds in the biennial budget for the enhancement plan. The work-life survey is one element of the same analysis.

The university has affirmative action goals in terms of executive, administrative, and managerial positions.

Following the Board's approval of the 2006-09 Strategic Plan, the next steps would be to develop action plans at the college, department, and center levels, to support administrative unit plan updates, to set priorities for the FY'08 budget, and to set a time line for completing this by mid-March of this academic year.

President Todd said that several Board members had attended individual meetings on the Strategic Plan, and the staff has done a very good job of involving a lot of people in discussions. He asked the Board if there were any questions. He then recommended that the Board adopt the 2006-09 Strategic Plan for the University of Kentucky and the amended version of the mission, vision, and values statements.

Mr. Hardymon asked for a motion of approval of PR 3. Mr. Branscum moved approval. Mr. Shoop seconded the motion, and it passed without dissent. (See PR 3 at the end of the Minutes.)

G. College of Communications and Information Studies Report

President Todd said it was his pleasure to ask Dean David Johnson to give a report on the College of Communications and Information Studies. The college reports

are an effort to make the Board more aware of things happening in the colleges under the deans' excellent leadership.

Dean J. David Johnson thanked the Board for the opportunity to talk about the many accomplishments of the faculty, staff, and students of the college. The College of Communications and Information Studies seeks to prepare students for leadership roles in a rapidly changing professional world, within the context of a liberal arts education. It seeks to understand communication from its roots in oral communication, to the current multiplicity of electronically mediated communication technologies.

College units each focus on different aspects of how we construct, process, store, and share effective messages, contributing to a unique synergistic blending at the college level. The Department of Communication focuses on the interpretation, preparation, and effects of communication messages. The accredited School of Journalism and Telecommunications focuses on guaranteeing the free flow of information through its traditional focus on the First Amendment. Its members also focus on disseminating and synthesizing information from a variety of sources for a mass audience. The School of Library and Information Science is the only such accredited program in the Commonwealth and has traditionally dealt with issues of information storage (e.g., quality and management of information resources), access and retrieval systems, and the information-seeking skills of individuals. This type of college configuration is becoming more common throughout the country, reflecting the unique strategic advantages inherent in blending these programs.

There are many outstanding teachers within the college, including six Alumni Great Professors and three Provost Award Winners. The college has a rapidly growing student body, and its students participate in national competitions and have won many awards. They go on to be outstanding alumni; to date, graduates have won seven Pulitzer Prizes, and they serve as faculty members at many outstanding universities.

The college has the only doctoral program in communication in Kentucky which is shared among all of its units. While UK as a whole is confronted with the challenge of achieving Top 20 status by the year 2020, Communications and Information Studies graduate programs in health communication are already there. Nationally UK is the leader in sponsored health communication research.

The college is engaged both internationally (Edward R. Murrow Journalism Fellows Program) and locally through its centers (Institute for Rural Journalism and Community Issues, Scripps Howard First Amendment Center, and McConnell Center for Children's Literature). It hosts many outstanding events, including the Kentucky Conference on Health Communication, the Joe Creason Lecture, and the James C. Bowling Lecture Series.

The college is proud of its diverse student body which has increased 59 percent in the last five years. Ten percent of its Ph.D.s in the last decade have been African

American and, partly as a result of the Dow Jones Minority Workshops, it has many prominent African American alums.

The college pays its own way. It is one of three colleges that generates a “profit,” and it has the most productive faculty at UK based on performance measures provided by the Provost’s College Profiles. It graduates 10 percent of UK undergraduates and 8 percent of masters degree students, while it receives less than 1 percent of the university’s resources.

Dean Johnson thanked the Board for the opportunity to talk about the many accomplishments of the college’s faculty, staff, and students, following which he received a round of applause.

H. Administrative Reorganization (PR 4)

President Todd said that he was seeking the Board’s approval for three items in PR 4. The first item is to create the position of vice president for research in place of the position of executive vice president for research. President Todd reminded the Board that the university went to a provost model when he became president. This change was a major step for the institution. The provost model designates the medical colleges to report to the same academic leader as the rest of the campus.

He explained that he wanted to see how the provost model worked before putting the research program under that type model. With the acceptance of the provost model by the deans and other academic leaders on campus, he now feels that it is time to move research and align it under the provost. He reported that he had talked to the Senate Council, the deans, and many others about doing this and noted that about 60 percent of the benchmarks are aligned this way. This change will help the university align the funding for both the executive vice presidents and the provost to initiate research projects to help with start-up packages for new faculty. It also helps with space decisions by putting them under one line.

President Todd said that this change will not in any way diminish his interest in research. If the Board approves this reorganization, there will be a national search for the vice president for research position. He intends fully to get someone of a stature such as Dr. Wendy Baldwin.

The second recommendation is the establishment of an Office of Economic Development. Dr. Baldwin had taken on the responsibility of several of the economic development efforts. UK has a lot of good things going on with a lot of good people, but the people are not in one setting. The establishment of this office will put them in one setting. The office will be headed by a vice president that will report directly to the president of the university.

President Todd said that economic development is one of his passions, and he has not spent enough time in that area. He said that he has been very impressed with the

work that is being done by John Parks at Coldstream and by Dean Harvey at the Von Allmen Center on campus. The university has many things going on now, but it can do even more by coalescing those into one administrative structure.

The third recommendation is to establish a position of vice president for institutional diversity that will report to the provost. This recommendation has been endorsed by the Task Force on Racial Equality and Diversity. It is one that has been talked about on campus quite a bit. President Todd noted that one of the things that he has learned and thought about is that the president really does not hire very many people. The provost oversees the deans, who hire most of the people, and the recruiting office that recruits most of the students. This change will allow a chief diversity officer within the university. A lot of the university's benchmarks have gone to this organization. This recommendation has been endorsed on campus.

President Todd recommended that the three changes in the administrative organization be approved.

Mr. Hardymon asked for a motion, and Mr. Williams moved approval. Ms. Patterson seconded the motion, and it carried without dissent. (See PR 4 at the end of the Minutes.)

I. Appointment to Board of Directors of the University of Kentucky Mining Engineering Foundation, Inc. (PR 5)

President Todd said that PR 5 is a recommendation that the Board approve the appointment of Robert Addington, Nick Carter, Chauncey Curtz, Catherine Thompson, and Paul Vining to the Board of Directors of the University of Kentucky Mining Engineering Foundation for two-year terms ending June 30, 2008. This foundation board, under the leadership of Richard Sweigard, has done a spectacular job in the last couple of years. Governor Ernie Fletcher helped by putting \$200,000 (recurring) into his budget for mining scholarships. A lot of students from eastern Kentucky were being lured away to West Virginia and other adjacent states because of scholarships. This recurring money will allow UK to be competitive. Mr. Sweigard has also been able to leverage more money out of the mining industry in order to try to keep the students in Kentucky so they can take advantage of the presence of coal industry. President Todd recommended that PR 5 be approved.

Mr. Hardymon pointed out that biographical sketches for each of the individuals were included in the agenda book. He asked for a motion of approval. Ms. Haney moved approval. Mr. Shoop seconded her motion, and it carried without dissent. (See PR 5 at the end of the Minutes.)

Dr. Dembo said that he was happy to see the number of non-white males being added to the foundation board, and he hopes that trend will continue.

J. Waiver of Part X of the Governing Regulations Pertaining to the Employment of Relatives in the Case of Mala Subbaswamy (PR 6)

President Todd recommended that the Board authorize the part-time employment of Mala Subbaswamy, wife of Provost Subbaswamy, pursuant to provisions that are contained in the Governing Regulations which allow the Board to do this. There is a provision in the Governing Regulations that states “no relatives of the provost or any vice president, or any associate provost or associate vice president shall be employed in a position in that officer’s administrative area.” The Board, however, may permit a waiver of this regulation for a period of two years.

Ms. Subbaswamy was previously employed at UK before leaving Kentucky with her husband, Provost Subbaswamy, who assumed a deanship at the University of Miami. She would be hired back for a very similar occupation on a part-time basis as a web specialist. Decisions relative to her position would be made by the executive vice president for finance and administration and not the provost. This position is several layers removed from the provost’s responsibilities.

On motion made by Mr. Shoop and seconded by Ms. Ball, PR 6 was approved without dissent. (See PR 6 at the end of the meetings.)

K. Committee Reports

Mr. Hardymon reported that the committees started meeting at 4:00 p.m. on Monday, took a break, and continued at 8:30 a.m. that morning. He said that he was very impressed by the agendas and complimented the Board on how the committee process is working. He called upon Ms. Tobin, chair of the Academic Affairs Committee, for her report.

L. Academic Affairs Committee Report

Ms. Tobin reported that there were no action items on the committee’s agenda. The meeting was a bringing of information of what is going on in the academic area.

The committee had an opportunity to meet Ambassador Carey Cavanaugh, who is the new head of the Patterson School of Diplomacy and International Commerce. He shared his thoughts about what he would like to see the Patterson School become under his leadership.

The committee also heard from Dr. Philipp Kraemer, associate provost for undergraduate education. He gave a status report on the general education reform and assessment process that is under way.

M. Human Resource Committee Report – Proposed Amendment to Governing Regulations: Smoke-Free Policy (HRCR 1)

Mr. Patton, chair of the Human Resources Committee, reported that the committee considered the second reading of HRCR 1, which deals with the university's smoking policy. The 2006 General Assembly required that all postsecondary education institutions enact a written policy regarding smoking. The framework of the legislation required that the institutions either establish smoking areas indoors with adequate ventilation and air exchange, or prohibit indoor smoking. The committee recommends that the university prohibit indoor smoking. He reiterated that this is the second reading of HRCR 1 and moved its adoption. Mr. Branscum seconded the motion, and it passed without dissent. (See HRCR 1 at the end of the Minutes.)

Ms. May asked if the words "smoking is generally prohibited" means that there are certain areas in which it is not prohibited. Ms. Jones replied that the university has to provide for outdoor smoking; therefore, there is smoking outdoors.

N. Changes to the UK Retirement Administrative Regulation (HRCR 2)

Mr. Patton said that HRCR 2 is an amendment to the UK retirement administrative regulations. It is to repeal the mandatory retirement age of 65 for executive officers. The executive officers are president, provost, executive vice presidents, vice presidents, deans of academic colleges, director of athletics, and general counsel. This involves approximately 30 people university-wide.

The initial recommendation to repeal this mandatory retirement age of 65 came from the President's Commission on Women. They expressed concern that many female executives start their careers later in life and often have interruptions due to family responsibilities. Just when they are hitting their stride, they come up against this mandatory retirement age.

A review of the university's benchmarks found that while mandatory retirement ages were previously common, they are virtually non-existent anymore. Age 65 now is the new age 35. This proposal was aired before the faculty senate and received input from a number of groups. The committee passed the recommendation.

Ms. Tobin pointed out that there was a word left out in two places in the Administrative Regulation on page 8 and page 24. At the bottom of page 8, it should beemployees who "have" elected to retire and who "have" been.... The word "have" was left out on pages 8 and 24.

Mr. Patton moved the adoption of HRCR 2 as amended. Dr. Yanarella seconded his motion.

Dr. Yanarella reported that this proposal has been around for a year or two. It has gone through the Senate Council several times, and the major concerns were raised by the faculty initially when it was brought forth in the spring of 2005. The concerns have been well addressed by Provost Subbaswamy over the past summer. In some ways, the sense among the faculty was that perhaps the faculty were losing control over administrators who may have overstayed their usefulness within a particular administrative context.

As a result, there was an interest on the part of individuals within the Senate Council to link together a more stringent evaluation policy. That was developed through interaction between the Senate Council and the Provost's Office on the development of a memorandum of understanding about this, and the agreement within the Senate Council and the sense within the Senate. Dr. Yanarella said that this recommendation should go forward. The concerns have been addressed. The faculty, through their representative bodies, are prepared to support the proposal that emerged from the Commission on Women.

Mr. Wilcoxson said that he did not hear Dr. Yanarella's comments and asked him to repeat them. Dr. Yanarella repeated his basic points.

Dr. Dembo said that when the issue initially came up, the faculty indicated to then Provost Scott Smith and to President Todd that they would like the opportunity to talk more about the issue. As a result of a very good decision on the part of President Todd, the subject was allowed to be discussed further, and the result is a much richer outcome. He expressed appreciation for the opportunity to have further discussions.

Mr. Hardymon asked for any additional comments. On motion previously made by Mr. Patton and seconded by Dr. Yanarella, he called for a vote. The motion passed without dissent. (See HRCR 2 at the end of the Minutes.)

O. Finance Committee Report

Ms. Wickliffe, chair of the Finance Committee, reported that FCRs 1 through 10 were consent items. These are gifts and pledges that total \$9.4 million, of which \$2.3 million is eligible to be matched by the state. With these funds, UK will have matched \$51.2 million of the state funds from the Endowment Match Program. There are \$15.4 million of state funds left to match. The remaining \$7 million in the consent items is funding to be used for the construction of the basketball practice facility.

P. Proposed Amendments to Governing Regulation and Administrative Regulation: Capital Project Approval (FCR 11)

Ms. Wickliffe said that this is the second reading of the proposed amendments to the Governing Regulation and Administrative Regulation. The 2006 Kentucky General Assembly enacted Senate Bill 84, increasing the thresholds of capital-related activities that do not require legislative authorization. These proposed revisions update an

Administrative Regulation and a Governing Regulation to reflect the increased thresholds. The threshold changes include:

- Capital projects increased from \$400,000 to \$600,000.
- Leases increased from \$100,000 to \$200,000 per year.

On behalf of the Finance Committee, Ms. Wickliffe moved the adoption of FCR 11. Ms. Tobin seconded her motion, and it carried without dissent. (See FCR 11 at the end of the Minutes.)

Q. Authorization to Convey 1.7 Acres to the Center for Rural Development, Inc. (FCR 12)

Ms. Wickliffe said that FCR 12 is the transfer of property to the Center for Rural Development. The Center for Rural Development in Somerset, Kentucky has requested that the university transfer 1.7 of its 16.59 acres to the center for construction of a hotel. The land is not needed by the university, and the hotel will enhance the economic development of the area. Ms. Wickliffe reported that representatives from the Center for Rural Development spoke at the committee meeting and answered questions. On behalf of the Finance Committee, she moved the adoption of FCR 12. Ms. Haney seconded the motion, and it carried without dissent. (See FCR 12 at the end of the meeting.)

R. Renovate Third Floor of the Little Library (FCR 13)

Ms. Wickliffe said that FCR 13 is to renovate the third floor of the Little Library. This project will renovate and fit-up 7,178 square feet of the third floor of the Little Library for the College of Communications and Information Studies. Upon completion, the college will move from the fifth floor of the M. I. King Library. The vacated M. I. King Library space will be used to address other needs related to the expanding faculty, increasing enrollment, and growing research programs. The renovation is expected to cost \$1.9 million with the completed project not to exceed the authorized scope of \$2.5 million. The project will be paid for with unrestricted fund balances. On behalf of the Finance committee, she moved the adoption of FCR 13. Ms. Ball seconded her motion, and it carried without dissent. (See FCR 13 at the end of the Minutes.)

S. Information Items

Ms. Wickliffe said that there were two information items discussed during the committee meeting. The first information item related to the bond sale which was approved at the September Board meeting. Clay Owen, Treasurer, reported on a successful bond sale that was held October 5. He informed the committee that Tom Howard, the Executive Director of the Commonwealth's Office of Financial Management, coordinated the sale of bonds and did a masterful job.

There were \$68.5 million of bonds sold to fully refund all of the outstanding Housing and Dining System Bonds and to retire a portion of the State Buildings and

Property Commissions' Project 70 Notes, at a net present value savings to the university of \$646,000. More important, this refunding closed out the 1965 Housing and Dining trust indenture, which greatly limited the university's flexibility with regard to the financing of housing- and dining-related projects.

There were \$77.9 million of bonds sold for the next phase of the Hospital Patient Care facility project at an "all in" total interest cost of 4.42 percent. Mr. Owen informed the committee that this was an excellent rate and even better by three basis points than the rate achieved at the initial sale of the hospital bonds just one year ago.

The next item discussed was the preliminary Financial Statements for the period that ended June 30, 2006. This item related to the status of the audit of the university's consolidated financial statements for the year ended June 30, 2006. Marc Mathews, Controller, indicated that the audit was very close to completion. As soon as the audit is complete, management will meet with the Audit Subcommittee and review the financial statements. The meeting will be October 31 at 10 a.m. She announced that everyone is invited to attend the meeting; however, if Board members cannot attend the meeting, there will be an in-depth review of the audited financial statements at the December Board meeting.

Draft financial statements show that this was a very strong year financially for the university. The university ended the 2006 fiscal year with assets of \$2.81 billion, liabilities of \$710 million, and net assets or equity of \$2.1 billion, or 75 percent of the total assets. Net assets increased by \$235 million or 12.6 percent this year.

She concluded her remarks by saying that the university had an excellent year and is in a strong financial position.

Mr. Hardymon said the finances are very impressive, and the management of cost is very impressive.

T. Student Affairs Committee Report

Mr. Williams, chair of the Student Affairs Committee, thanked Mr. Hardymon for his appointment as chair of the committee. He said he was looking forward to working with the Board and the Student Affairs staff.

Mr. Hardymon noted that during the committee meeting he observed that Mr. Williams was very comfortable and very enthused about serving as chair, and that was a good thing.

Mr. Williams reported that the hottest ticket in town at 8:30 a.m. that morning was the Student Affairs Committee meeting with ten trustees in attendance. He applauded the Board members who arrived early for the meeting. He then named the 2006-07 committee members: Student Government President Jonah Brown, faculty trustee Jeff Dembo, and alumni trustees, Sandy Patterson and Ann Haney.

Mr. Williams reported that there were no action items on the agenda; however, the committee had a very rich report from Vice President Pat Terrell and her colleagues in Student Affairs on some of the activities that have gone on since school started and some back in the spring.

Dr. Terrell invited two shining stars in the student body to come and talk to the committee. Meredith Marcum is a senior in Animal Science. She is applying to veterinary school and is president of the Genesis group that is looking at some alcohol-free programming on campus. She has been active for the last few years and was a very impressive young woman.

The committee also met Ross Ewing, a second-year law student. He has been actively involved in gay and lesbian issues throughout his undergraduate and graduate careers and was a key founder of the new Gay and Lesbian Resource Center.

Mr. Williams expressed appreciation to Vice President Pat Terrell for inviting the students to the meeting.

The Kentucky Leadership Academy was convened by UK's student affairs staff, bringing in student leaders from all of the public institutions. They went on a three-day retreat at Lake Barkley State Park to talk about what they had in common, to do leadership kinds of development, and to talk about ethics and other issues.

The committee received a report on the Kentucky Welcome Activities that took place at the beginning of the fall semester. There were various kinds of events for students to get to know each other. The biggest UK project of the year, UK FUSION, had approximately 950 faculty, staff, and students participate in service projects across the Lexington community. This much person power will make a difference and an impact.

There was a discussion about the Living Learning Communities in the Residence Halls. This is something that President Todd started when he became president. These are clusters of students who have something in common that live together in the residence halls. There are two new groups this year. One group is called green, an environmentally sensitive group that works with the College of Agriculture. Another one is called Rave, a group that focuses on violence prevention, particularly violence against women. There is a new living community for undeclared majors and a pre-journalism living community. The groups are starting to grow and are incredibly popular.

A new program called House Calls put 70 faculty and staff into the residence halls knocking on doors of freshmen offering their services and information. The vast majority of people who participated in this program saw this as a very positive experience and would do it again.

Jim Wims, Assistant Vice President for Residence Life, gave a report on some of the follow-up surveys.

The committee received an update on Dining Services. There are three new venues in food service at the Student Center and a fourth one in the Food Court. The fourth Starbucks opened in Ovid's, which is located in the William T. Young Library. Blazer Dining Hall is in its next phase of renovation. There is a new French style restaurant called Café du Chat located on the first floor of the Student Center. Bringing new branded concepts to campus is being considered, particularly having a Subway on campus.

The Dining Services staff will be taking a group of 25 students to the University of Georgia to look at their dining services and bring back some ideas.

Dr. Betances, an excellent speaker, visited campus and met with students, faculty, staff, and administrators. He challenged segments of the university community to start to think differently about what diversity is and what UK's role is.

Dr. Todd combined a couple of Task Forces: the President's Task Force on Alcohol Abuse and a President's Commission on Women's Safety. They have been combined into a Task Force on Campus Safety. There have been some major upgrades around campus to make the campus safer.

The Women's Place received a \$200,000 renewal grant from the Department of Justice. They have tried to engage male students, staff, and faculty in their programming, and this grant will allow them to hire a men's programming coordinator.

The Gay Lesbian Bisexual Transgender Queer Questioning Resource Center will be opening next month. Space was found on the first floor of the Student Center across from the Student Government Association Office. This resource center has been discussed for quite a while. Ross Ewing had a fairly tragic experience with one of his friends committing suicide. This will be a resource center where students can have a safe place to go ask questions. It will be resourced with books, DVD's, etc. This is one more step toward making UK's campus even more welcoming for groups of students, staff, and faculty.

The groundbreaking for the new University Health Service building will be November 15. The University Health Service has been bursting at the seams for quite a while, and this new \$24 million addition is going to be a real highlight to improving the university's ability to serve students as well as some employee health issues.

Jonah Brown gave an update about the first few months of his administration. He and President Todd shared the podium with the state-of-the-campus address. They addressed about 250 people on the university plaza in July. It was very well attended, and there was a good reaction to it.

The Student Government Association has just ended a voter education week, registering 300 students. They are focusing on their own elections and trying to put the Student Government election on line to vote, hoping to increase the number of students that participate in those elections.

Mr. Brown highlighted the budget for the Student Government Association. There are some new tutoring programs. They are partnered with the Women's Place for some women's safety initiatives. There are some new special projects that some of the senators and student government have brought forward. He and his administration are working with Dining Services on the task force. There is an SEC exchange among leaders from SEC schools. There will be a large group of students involved in DanceBlue. This was one of the most successful charity events last year. The event raised approximately \$120,000 with a dance marathon that had students on their feet for 24 hours.

Mr. Williams said that it is going to be a good year. This is just the tip of the iceberg about what the student affairs division and the student government is doing to enhance the student experience at UK.

U. University Hospital Committee Report

Ms. Young, chair of the University Hospital Committee, reported that the committee met Monday afternoon. The hospital is still in very strong financial shape with continued strong in-patient admissions and is operating at near full capacity levels.

The first quarter has come in at over \$2 million above budget. Cash reserves are in good shape and look to have the ability to support the building project at this point in time.

The exciting news was that the hospital recently underwent an accreditation review by the Joint Commission of Accreditation for Healthcare Organizations. The hospital did extremely well and had only two recommendations for improvement. That is about as close as you can get to a clean review. There are some very distinguished hospitals that get conditional accreditation, meaning they received 15 or more recommendations.

The review team was very impressed with UK's hospital. It was almost a love fest. Nobody had seen anything like this, and it shows that all of the hard work has paid off. Not only is the hospital operating at full capacity, it is doing it in a method that insures safety, quality, and efficiency within the hospital. The Board should be proud of the things going on at the hospital. Dr. Karpf and his team received a round applause.

Ms. Young noted that the Joint Commission on Accreditation made comments that they were going to tell other hospitals what the hospital is doing at Kentucky. From what she understands, that just does not happen. She reiterated that the Board should be really proud about what is going on the hospital.

Ms. Young reminded the Board of Ms. Wickliffe's comments about the sale of bonds for the hospital project, and that it went extremely well.

Mr. Hardymon referred to the two recommendations for improvement that the hospital received from the accreditation team. He explained that when something is deleted on a report, one line is to be drawn through it, it is to be initialed, and the date should be put on it. In some cases, the staff was drawing two lines or just scribbling through it. The other recommendation had to do with labeling and sorting medicines. The hospital was keeping the items properly labeled, but one of the shelves or dividers had slipped, causing items to not be together.

Ms. Young asked Dr. Karpf to comment about the number of things the commission reviews.

Dr. Karpf said there are approximately 500 standards and thousands of things that the team looks at. It is an intense four days of multiple people coming to observe what the hospital is doing. He said their goal the next time is to receive a blank sheet of paper.

Mr. Hardymon pointed out that the hospital does not know when the commission is coming. It is always a surprise visit.

Ms. Young said that although the review is over, the hospital will be operating at exactly the same level.

V. Athletic Association Board of Directors Report

Mr. Dawson, trustee representative on the Athletic Association Board, reported that the Board met on September 15, 2006. The meeting was led by Frank Butler in President Todd's absence. Mr. Butler recognized the newest members of the Board: Dermontti Dawson (Board of Trustees), Bobby Perry (student-athlete), Taryn Ignacio (student-athlete), Dr. Sandford Goldberg (faculty), and Steve Hricenak (letter winner). The minutes from the May 1, 2006 meeting were approved.

Following Mr. Butler's remarks, Athletic Director Mitch Barnhart introduced the 2006 Athletics Annual Report. It is a very nice booklet providing a synopsis of what was in the publication that the Board received. Mr. Barnhart briefly reviewed the report and highlighted a few of the many accomplishments of UKAA during the 2005-06 year.

Mr. Barnhart talked about broad-based competitive excellence (team success and individual success) and mentioned the following successes:

- The baseball team finished with UK's first-ever SEC title and an NCAA Tournament appearance.
- Women's tennis advanced to the NCAA round of 16 for the fifth consecutive season.

- Women's basketball posted its first 20-win season and first NCAA appearance since 1998-99.
- Volleyball returned to the NCAA Tournament for the first time since 1993.
- Men's golf recorded its highest NCAA finish (5th) in school history and its third consecutive Top 10 NCAA Tournament finish.
- Diver Taryn Ignacio won the National Championship in platform diving.
- The cheerleading squad won a record 15th National Championship.

Mr. Barnhart also spoke about the importance of attracting and retaining outstanding coaches at UK. UK had four coaches of the year: Mickie DeMoss (women's basketball), Craig Skinner (volleyball), John Cohen (baseball), and Mike Lyden (diving).

He mentioned several memorable moments for the UK Athletic Association for 2005-06:

- A record crowd of 23,174 watched the first Big Blue Madness held at Rupp Arena.
- A record crowd of 13,689 at Rupp Arena watch UK Hoops knock off number one ranked Tennessee.
- The inaugural University of Kentucky Athletics Hall of Fame class was inducted.
- UK baseball hosted the school's first ever NCAA Regional Tournament.
- Athletes from Kentucky's 22 varsity teams volunteered nearly 1,800 hours of community service time in 2005-06.

Rob Mullens reported the tremendous progress on financing of the basketball practice facility. The success of the fundraising campaign for the practice facility has reduced the impact on athletics reserves as anticipated in the original financing plan approved by the Board of Trustees. Specifically, Athletics has reduced the draw from the Athletics Quasi-Endowment by \$3 million. In addition, the Athletics fund balance is \$3.2 million greater than expected as of June 30, 2006. Mr. Butler commended the administration for their accomplishments.

Jim Madaleno, Director of Sports Medicine, presented the services offered by his department. He briefly touched on the topics of structure, physician coverage, and athlete care. UK student-athletes have outstanding medical care.

John Cohen, Head Coach for Baseball, spoke briefly on the year's record accomplishments for his team. He also thanked the administration for their support, explained his unique recruiting process, and stressed the importance teamwork had in the success of the baseball program.

The next meeting of the Athletic Association Board of Directors will be April 27, 2007.

Mr. Hardymon thanked Mr. Dawson for his good report and asked Mr. Barnhart if he had any comments.

Mr. Barnhart commented about the gift to Athletics from the Joseph Craft family of Tulsa, Oklahoma. UK is very fortunate to have the gift involved in the basketball practice facility. He said that Mr. Mullens assures him that the project is on schedule and on budget for completion. Mr. Mullens does a great job with the finances and internal operations of Athletics.

Mr. Barnhart said he was proud and very pleased with UK's progress in athletics. There has been improvement in almost every sport. The Athletics program is doing very well competitively, academically, and financially.

Mr. Dawson asked Mr. Barnhart if the donations had gone up for the practice facility.

Mr. Barnhart stated that the pledges were about \$30 million, which was in the financing plan approved by the Athletic Association Board and the Trustees. Athletics hopes to be in the building in January. He said that some people have been through the facility, and it is a spectacular facility. The facility is turning out better than he had hoped at this point. The facility will make a huge impact on the department as a whole, but specifically about six or eight programs will be directly impacted by its use.

Mr. Hardymon said that the Board of Trustees would like to see the facility when it is complete. Sometime in February or maybe even after would be fine.

Mr. Wilcoxson commented about the Board's previous approval for money for the football field. It was unbelievable that the football team could play on the field following the heavy rain prior to one game. Mr. Barnhart and his staff need to be complimented on spending the money wisely.

Mr. Hardymon asked Mr. Owen about UK's bond rating.

Mr. Owen said the recent sale was rated AAA.

W. Meeting Adjourned

Mr. Hardymon announced that the next Board meeting will be in December. On motion made by Mr. Wilcoxson, seconded by Mr. Shoop and carried, the meeting adjourned at 2:30 p.m.

Respectfully submitted,

Pamela R. May
Secretary, Board of Trustees

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