

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, September 12, 2006.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, September 12, 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 1:00 p.m. and asked Ms. Barbara Jones, General Counsel, to administer the oath of office to the newly appointed Trustees who had not taken the oath of office at a public hearing.

B. Oath of Office

Barbara Jones, General Counsel, administered the Oath of Office to the following members:

Jonah Brown, who will serve as Student Trustee for the 2006-07 academic year.

Sandy Patterson, appointed by Governor Ernie Fletcher to replace Marianne Smith Edge, for a term ending June 30, 2012.

Erwin Roberts, appointed by Governor Ernie Fletcher to replace Steven S. Reed, for a term ending June 30, 2012.

Ernest Yanarella, elected faculty Trustee to fulfill the unexpired term of Roy Moore, who resigned from the University of Kentucky, for a term ending June 30, 2007.

The new members were congratulated and received a round of applause.

C. 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 all members were present.

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 Research Wendy Baldwin, and General Counsel Barbara W. Jones.

Members of the various news media were also in attendance.

Mr. Hardymon commented that there was a full house for the meeting and thanked the members for their attendance. He declared the meeting officially open for the conduct of business at 1:10 p.m. He then asked Ms. Tobin to take the chair's seat and receive the report from the Nominating Committee.

D. Nominating Committee Report

Ms. Tobin called on Mr. Frank Shoop, Chair of the Nominating Committee, to give his report.

Mr. Shoop reported that the Nominating Committee held two meetings to discuss the nomination of officers of the Board and the members of the Executive Committee. On behalf of the Nominating Committee, he submitted the following nominations for officers:

Chair	James Hardymon
Vice Chair	JoEtta Wickliffe
Secretary	Pamela May
Assistant Secretary	Barbara Jones

Mr. Shoop moved that the slate of officers be approved.

Ms. Tobin stated that there was a motion and asked for a second. Dr. Yanarella seconded the motion. She asked if there were any nominations from the floor, and there were no nominations from the floor. Mr. Branscum moved that the nominations cease, and Ms. Haney seconded the motion. The motion carried without dissent. Ms. Tobin repeated the slate of nominations from the Nominating Committee and called for a vote. The motion carried unanimously.

Ms. Tobin congratulated Mr. Hardymon and asked him to take the chair's seat. Mr. Hardymon received a round of applause.

Mr. Hardymon said that he liked working with the members of the Board. He feels that things are going well now with the work of the committees and the committees' involvement with the real issues. He noted that the university has always had real issues. He said that he is pleased that the members have asked him to try to do things 100 percent correctly, but he probably will never make that. He thanked them for their support and then asked Mr. Shoop to continue with his Nominating Committee report.

Mr. Shoop said that the Nominating Committee submits the following nominations for members of the Executive Committee:

James Hardymon, Chair
Steve Branscum
Myra Tobin
JoEtta Wickliffe
Billy Wilcoxson
Pam May, ex officio

He moved approval of the slate of nominations for the Executive Committee.

Mr. Hardymon asked for a second to the motion. Mr. Dawson seconded Mr. Shoop's motion. Mr. Hardymon asked if there were any nominations from the floor, and there were no nominations from the floor. Ms. Haney moved that the nominations cease, and Ms. Ball seconded her motion. Mr. Hardymon repeated the slate of nominations and called for a vote on the nominations presented by the Nominating Committee. The motion carried unanimously.

E. Consent Items

Mr. Hardymon said that there were a number of consent items in the packet that the Board received prior to the meeting: the Minutes of the June 13, 2006 Board meeting, the Minutes of the August 17, 2006 retreat, PR 2 - Personnel Actions, and FCRs 1 through 28. He asked for a motion for approval of the consent items. Mr. Shoop moved approval. Mr. Branscum seconded his motion, and it carried without dissent.

F. Schedule of Meetings for the Board of Trustees for 2007

Mr. Hardymon called attention to the schedule of meetings for the Board of Trustees for 2007 that had been distributed. The schedule was not in the agenda book because the 2007 retreat date could not be confirmed in sufficient time to include it in the book. The retreat date will be announced later. He noted that the members had reviewed the other dates, and he did not receive any objections to them. He asked for a motion of approval for the meeting dates. Ms. Tobin moved approval. Ms. Ball seconded the motion, and it carried without dissent. (See Schedule of Meetings for the Board of Trustees – 2007 at the end of the Minutes.)

President Todd thanked the Nominating Committee for the excellent slate and said he looked forward to working with the chair and other members of the team.

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

Fall Semester Opens. President Todd began his report with exciting fall enrollment information. He said that he had been told by Don Witt, Registrar, that the

Top 20 Plan and the legislative support during the 2006 session are reasons for this record enrollment at the university. This is the largest, most diverse class that the university has had in its history.

The budget passed by the Board was based on a fall enrollment of 3,700 students, with the expectation of having 3,800 students. The fall enrollment figure ended up being 4,192, which is an increase of 348 students over last year. The total enrollment for this year is about 27,000 students.

The university has experienced a 96 percent increase in first-year African-American students. Last year the university fell short after having two record years. In 2005, there were 151 African-American freshman students enrolled. That number has almost doubled this year, reaching 296. In 2004-05, there were 256 African-American freshman enrolled, so we exceeded that by 40. In addition, we had a 57 percent increase in Hispanic first-year students. It moved from 37 to 54, which is still not a large number but is moving in the right direction.

President Todd reported that the university continues to enroll strong classes. He said that he is very pleased that the number of freshman students has gone from 3,000 to 4,200 since he returned to campus in 2001. UK has been able to hold the ACT scores in the middle range. He explained that the top 25 percent of the scores are dropped, and the lower 25 percent are dropped when figuring averages. You look at the middle 50 percent. Even though enrollment has been substantially increased, ACT scores have been 22 to 27 for some time now. This year we passed Arizona and stayed there with Iowa; these are two of our benchmarks.

We set another record for the number of Governor's Scholars and Governor's School for the Arts. Previously the high was 318. This year we have 354.

President Todd said that he could not say enough good things about the enrollment team. We made some major changes in order to respond to the shortfall last year, particularly in the diversity area. Phil Kraemer, Don Witt, Bill Turner, and the multicultural affairs group worked extremely hard last year. We created a diversity enrollment team and merged our recruiting operations. Previously, we recruited African-Americans students primarily from the multi-cultural office. We merged that group with Don Witt's organization and became much more synchronized. We hired seven additional students of color to work in our Visitor Center. We added eight new positions for recruiting in the Admissions Office because we changed the way we reviewed applications. Instead of just looking for ACT and GPA scores, we looked at the whole application. That was a very significant change; therefore, we needed additional personnel, and we made that commitment.

President Todd mentioned several other efforts, including the new diversity recruitment coordinator Cindy LaRue, who was previously employed by IBM. She is focusing on junior and senior students of color and has been very keen in that role.

President Todd said that UK is back on track. Four years ago we had a 30 percent increase. Three years ago we had a 20 percent increase. Last year we had a 40 percent shortfall. Now we have a 96 percent increase over that number. The intent was always there, but we had some mechanics and other issues.

We did add half a million dollars, which certainly helped through the diversity scholarship program because we went through an analysis. Drs. Connie Ray and Roger Sugarman did an extremely good analysis of our diversity students and the types of things we now need to be doing. We are working with a marketing firm called Stamats to analyze our future recruiting efforts so that we can continue to maximize the quality of this class as we increase size and diversity.

President Todd talked about the significance of the summer advising conference and explained the process. We had a 96 percent show rate this year of those who said they were coming. In many cases we maxed out at 100 percent. We had a 5 percent increase in that yield. We went from 80 to 85 percent, both for overall students and for out-of-state students. We had a significant increase in out-of-state students as well.

President Todd commented about merit weekends. Merit students and their parents are invited to come and spend a weekend on campus. He said that he and Mrs. Todd heard a number of phenomenal comments about merit weekend when the students moved in this fall. Merit weekends make a difference to the students and employees. There were 86 percent of the students who came to Merit Weekend to enroll this year compared to 80 percent last year. We are operating extremely well with recruiting.

President Todd said that *U.S. News & World Report* is the magazine that most parents look to for some guidance. UK moved up 5 slots from 59th to 54th among public schools, and up 8 slots among all universities from 120th to 112th. He pointed out that this report does not count research. It looks at a variety of measurers that are different from some of the others that people use to measure, but it is significant when a university is moving in the right direction.

UK breaks the research funding record again. This is the third year to achieve over \$200 million. The university received \$290 million in research dollars during fiscal year 2006. Even though the federal markets are going down, UK had a 6 percent increase. This speaks well of Dr. Baldwin, her team, and the faculty and staff.

World Media Focus on UK's Research on Lung Cancer Blood Test. UK's research efforts on a blood test to help identify lung cancer in high-risk people at an early stage have received attention in *The Wall Street Journal* and the global radio broadcaster The Voice of America. In addition to *The Wall Street Journal's* article, the *New York Times* had an editorial that mentioned a UK law professor and her research. These types of articles will help UK move toward Top 20 status.

The University Hospital was ranked as one of the nation's top 50 hospitals by U.S. News & World Report in the specialty of ear, nose, and throat care. Out of 5,189 hospitals evaluated, only 176 were even scored.

Dr. William Markesbery and his team received a renewal grant of \$6.5 million to continue to move forward in the Alzheimer's area. UK is internationally known for its work in this area.

UK received a \$2.4 million grant, which is the third or maybe fourth significant grant, to help minority populations improve math and science scores in grades K through 12. This is an alliance grant from the National Science Foundation where the state of Kentucky is aligned with the state of West Virginia to improve math and science scores. President Todd reported that he is the principal investigator on this grant.

UK professor Kim Edwards's first novel, *The Memory Keeper's Daughter* is on the bestseller lists. This is the second book she has written. Dr. Edwards and her husband teach in the English Department. She teaches Creative Writing 101 this year. Her hardback book sold 30,000 copies last year, but when it came out in paperback, she reached *The New York Times* bestseller list, first on the Barnes & Noble's bestselling paperback list, second on the *USA Today* top 150. Editions are forthcoming in Great Britain, France, Germany, Norway, Denmark, Brazil, China, Taiwan, Spain, Israel, and Italy. It is expected to go forward with more recognition. President Todd applauded Dr. Edwards for her accomplishments.

UK outstanding student Ryan Fischer has won an Astronaut Scholarship. There are only 18 of those scholarships given in the nation. Ryan is in the Agricultural Biotechnology and Biology program. That program is extremely successful at generating Goldwater Scholars and Truman Scholars. It is one of UK's top programs, particularly for the undergraduates.

Exstream Software will move to the Coldstream Research Campus. This is a company Davis Markesbery founded. He is a UK graduate and a Lexingtonian. He will be moving 150 people to Coldstream, building a new building out there. John Parks and Dr. Baldwin are to be congratulated for negotiating that lease arrangement.

UK graduate Yuriy Bronshteyn received one of the 77 prestigious Jack Kent Cooke Scholarships. This is only the second one that has ever been received by a UK student. Cooke scholarships cover tuition, room, board, fees, and books, up to \$50,000 annually, for up to six years. There are not many scholarships better than that, and Yuriy is quite a young man. UK is extremely proud of him.

President Todd encouraged the Board to read the other items in his report.

Mr. Harydmon interrupted President Todd for a change in the agenda. Because of some people attending the meeting that were aiding the university in a very professional way, he asked the Board to go to FCR 29. He asked Ms. Wickliffe, chair of the Finance

Committee, to present this item. He explained that Ms. Wickliffe will continue with the Finance Committee report in the proper order on the agenda.

H. Resolution of the Board of Trustees of the University of Kentucky (“State Agency”) Approving a Financing/Lease Agreement Among the State Agency, the Kentucky Asset/Liability Commission, and the Finance and Administration Cabinet of the Commonwealth of Kentucky for the Purpose of Providing Financing for an Authorized Project and Authorizing and Directing the Application of the Existing System Repair and Maintenance Reserve to the Defeasance and Redemption of Certain Outstanding Bonds of the University (FCR 29)

Ms. Wickliffe, chair of the Finance Committee, said that FCR 29 is a resolution of the Board approving a financing agreement with the Kentucky Asset/Liability Commission. This action approves the issuance of bonds:

- To refund all of the university’s existing Housing and Dining Bonds previously issued under the original 1965 Trust Indenture.
- To refund a portion of a series of university bonds previously issued on its behalf by the State Properties and Building Commission; and
- To provide for the issuance of the additional \$150 million of Hospital bonds approved by the 2006 General Assembly at the time necessary to meet the cash flow needs of the hospital project.

Additionally, this resolution approves the use of the existing Housing and Dining Repair and Maintenance reserve to reduce the amount of refunding bonds which are required to be sold.

It is anticipated that the total amount of bonds that will be issued under this resolution is \$219 million. Of this amount, \$150 million will be new debt for the hospital project, and the remaining \$69 million will be used to fully defease the Housing and Dining Bonds totaling \$80.4 million currently outstanding. The difference between those two figures is the reserves that had to be held on those bonds. Ms. Wickliffe asked Mr. Henry Clay Owen, Treasurer, if it represented a year of principal and interest.

Mr. Owen replied that under provisions of the 1965 Trust Indenture the university was required to maintain a debt service reserve fund and a maintenance and repairs reserve fund. The debt service reserve fund has a balance of \$6.2 million, and the maintenance and repair fund has a balance of \$2 million. The use of these reserves in the refunding, plus available balances in the annual debt service budget in the Housing and Dining System, enabled UK to reduce the total amount of outstanding Housing and Dining System bonds.

Ms. Wickliffe said that this is a big plus for UK. Of the \$219 million in bonds authorized, \$150 million will be used to support the Hospital’s Patient Care Facility Project.

Ms. Wickliffe said that representatives of Morgan Stanley Financial Advisors, Kutak Rock, Bond Counsel, and Mr. Tom Howard, Executive Director, Commonwealth of Kentucky's Office of Financial Management were in attendance at the Finance Committee meeting, and they provided information, giving a very thorough description of this resolution.

Mr. Hardymon explained that he changed the agenda because he wanted the Board to have a chance to ask any questions while the representatives were present in case they needed to leave. This FCR cleans up some old regulations because the 1965 issues were a little outdated.

On behalf of the Finance Committee, Ms. Wickliffe moved the adoption of FCR 29. Mr. Wilcoxson seconded her motion. Mr. Hardymon asked Mr. Henry Clay Owen for any comments he would like to add.

Mr. Owen said that the plan would be to sell \$144 million of the total authorization of \$219 million this October. As discussed in the Finance Committee, \$75 million of that amount is in support of the patient care facility. That will have a forward delivery date of one year, which allows UK to lock in great favorable interest rates in support of that project.

Mr. Hardymon called for a vote, and the motion passed without dissent. (See FCR 29 at the end of the Minutes.) Mr. Hardymon apologized for the interruption in the President's report and asked President Todd to continue.

I. Appointment to Board of Directors of the Fund for Advancement of Education and Research in the University of Kentucky Medical Center (PR 3)

President Todd said he had one other PR item to present. That is the appointment to the Board of Directors of The Fund for Advancement of Education and Research in the University of Kentucky Medical Center. The recommendation is the approval of the appointment of Henry Jackson for a two-year term ending June 30, 2008 to that Board. Many Board members know Mr. Jackson from his prior service on the Board of Trustees. He has also served in other capacities at the university. He was the Chief Financial Officer for Clark Equipment. He has had at least two companies of his own, including Jackson Plastics. Mr. Jackson has been very faithful to the university. President Todd recommended approval of Mr. Jackson's appointment to the The Fund Board.

Mr. Hardymon said that he would like to second the motion. Mr. Jackson is quite a fellow. He said that he had worked with Mr. Jackson in business as well as when he was on the Board of Trustees. He will be a great addition to the board. Mr. Jackson will do right with anything the university can get him to do. He called for a vote and the motion passed without dissent. (See PR 3 at the end of the Minutes.)

J. College of Health Sciences Report

President Todd said that Dean Lori Gonzalez, College of Health Sciences, is a dean that was promoted from within the university. He called upon her to give a report about the college.

Dean Gonzalez thanked the staff who assisted with setting up her equipment for the presentation. She also thanked the Board for the opportunity to present information about the College of Health Sciences.

Before beginning her presentation, Dean Gonzalez referred to three separate handouts that had been distributed to the Board: a copy of the slides, a copy of everything you could possibly want to know about the College of Health Sciences, and a paragraph summary of the nine disciplines that are in the college.

Dean Gonzalez reported that the college was founded in 1966 under the name of the College of Allied Health Professions. The Allied Health Investment Act was passed that same year, and the UK college was one of the first 12 colleges of allied health that formed in the United States. Since 1966, there have been three deans. The first, Dr. Joe Hamburg, served from 1966 to 1984. Dr. Thomas Robinson served as dean from 1984 through 2004. Dr. Lori Gonzalez assumed the role of dean in January 2005.

The college will be celebrating its 40th anniversary during this academic year, and there are a series of special events planned. The Dean and Director of Advancement are traveling the state meeting with alumni and community-based faculty to connect and learn about new issues in practice from the graduates perspectives. The year will end with a 40th Anniversary Gala. Friends, donors, faculty, and staff will come together to celebrate the college's achievements over the past four decades.

Demographic Data

The College of Health Sciences has over 5,000 alumni, and 63 percent of those remain in Kentucky after graduation. The college has alumni in all but 6 of Kentucky's counties. In fall 2006, the college reported 851 students, with 394 of those being pre-professional students who have not yet applied for acceptance into a college program. There are also 95 upper-level undergraduate majors in the college's three undergraduate programs and 362 graduate students. There are 54 faculty in the college, and there are ongoing searches for vacancies in three programs. The college also has 406 community-based voluntary faculty who provide clinical education to the students in the college. These faculty can be found across Kentucky and across the United States. There are 32 staff.

Academic Information

The college structure consists of two departments, the Department of Clinical Sciences and the Department of Rehabilitation Sciences. Within those two departments are nine academic programs. The college deals with six separate accrediting agencies for programs within these departments.

Athletic Training. The AT program is the only master's level program in Kentucky. Currently, it is a cooperative degree with the College of Education, but plans are under way for the program to become a freestanding degree in the College of Health Sciences.

Communication Disorders. This program offers both bachelor's and master's degrees. It currently contracts with UK HealthCare to provide inpatient and outpatient speech-language pathology services, and it has a graduate clinic where master's students provide assessment and treatment services to the public.

Physical Therapy. The PT program offers a clinical doctorate and is the only public program in Kentucky. The program has a longstanding relationship with the Center for Rural Health, and about 16 students matriculate there each year.

Rehabilitation Sciences Doctoral Program. This is one of the newest programs in the college. It is an interdisciplinary program that came about through collaboration with three regional institutions in the state. It is the only one of its kind in Kentucky. There have been four graduates since the start of the program in 2000, but the program now has 36 students with 8 at the dissertation stage. The goal of the program is to educate the next generation of academicians in the rehabilitation sciences.

Clinical Leadership and Management. This is a revised bachelor's degree program that targets individuals who hold an associate degree in a clinical area. It serves as a career ladder for allied health professionals and has received very positive feedback from hospitals, clinics, and other health systems. Courses are offered on the Lexington campus, in Elizabethtown and Hazard.

Clinical Laboratory Sciences. The bachelor's degree program plans to add a satellite campus in Morehead, and there are plans to expand to other areas of the state. We are the only program to offer master's and doctoral education in this area. The faculty are making plans to establish the Center for Reproductive Health which will be a multidisciplinary center that will focus on research, education, clinical services, and outreach.

Clinical Nutrition. This program is at the master's level and is a collaborative program with the Center for Nutritional Sciences. The degree is housed in the center, and College of Health Sciences faculty work with center faculty to deliver the master's curriculum.

Physician Assistant Studies. The PAS program is the only one in Kentucky, and this master's level program emphasizes primary care. The program has a satellite campus at Morehead, and approximately 14 students are accepted into that program each year.

Radiation Sciences. This program, also known as medical physics, is the only program of its kind in Kentucky. It is also only one of nine accredited programs in the United States. The program is small, but its graduates are recruited nationally. It is considered very strong.

Research

In 2003-04, the last year rankings were listed on the National Institutes of Health (NIH) website. The College of Health Sciences was ranked 45th of 48 among those colleges of allied health that received NIH funding. Research in the college has grown considerably since this period. In 2003-04, the college had a total of about \$570,000 with about half of it from NIH. There was a significant shift in 2005-06 with \$663,000 in NIH funds.

However, the exciting news is that in 2006, the college increased extramural funding by 61 percent, and NIH funding jumped to \$1.8 million. If the 2006-07 numbers for the college are plotted on the 2003-04 summary from NIH, our ranking would move from 45th place to 7th. Of course, this is based on the assumption that other colleges in the U.S. remain static, and that is not likely to occur.

The College of Health Sciences is dedicated to the education of high-quality entry-level practitioners and the academic leaders of tomorrow. The college will continue to focus on growth of research and will improve its outreach and engagement activities throughout Kentucky. The faculty and staff are committed to doing their part to move the University of Kentucky forward.

Dean Gonzalez concluded her remarks by saying that she appreciated the opportunity to make a presentation about the accomplishments of the college, following which she received a round of applause.

Dr. Baldwin said that she had analyzed the NIH ranking data as well, and this is a case where she would say the projection is very sound. She has analyzed all of the other schools, and none of them have the kind of broad, diverse, and strong pipeline program that UK has.

Mr. Hardymon said that the Board would continue the process of trying to become educated about the university by hearing from a variety of people and various schools, colleges, and departments. This process is taking a little longer than originally thought because the agenda is often full with action items.

L. Candidates for Degrees (AACR 1)

Ms. Tobin, Chair of the Academic Affairs Committee, recommended that the President be authorized to confer upon each individual whose name appears on the Board members' attached list the degree to which he or she is entitled, upon certification by the University Registrar that the individual has satisfactorily completed all requirements for the degree for which application has been made. These were applications made at the close of the 2006 summer session. Ms. Tobin pointed out that the Board would be taking action on the revised copy of AACR 1 that had been approved by the elected faculty of the University Senate and the Academic Affairs Committee of the Board of Trustees. She moved that the Board grant these degrees and approve AACR 1. Mr. Shoop seconded her motion, and it carried without dissent. (See AACR 1 at the end of the Minutes.)

M. Candidates for Degrees (AACR 2)

Ms. Tobin said that AACR 2 is also candidates for degrees, and it is for the Bluegrass Community and Technical College. The committee recommends that the President be authorized to confer upon each individual whose name appears on the attached list the degree to which he or she is entitled, upon certification of the Kentucky Community and Technical College System Board and the University of Kentucky Registrar that the individual has satisfactorily completed all requirements for the degree for which application has been made. This recommendation has been approved by the elected faculty of the University Senate and the Academic Affairs Committee of the Board of Trustees.

Ms. Tobin provided some background information on AACR 2. She noted that the Lexington Community College was separated from the university and later became the Bluegrass Community and Technical College. Students entering the Bluegrass Community and Technical College on July 1, 2004 and who will complete their associate degree on or before August 31, 2010 shall have their degrees conferred by the UK Board of Trustees.

Ms. Tobin made a motion that the Board approve AACR 2. Ann Haney seconded the motion, and it passed without dissent. (See AACR 2 at the end of the Minutes.)

N. Academic Degree Recommendations (AACR 3)

Ms. Tobin said that AACR 3 recommends that the Board of Trustees approve the establishment of a Bachelor of Science degree in Career and Technical Education with a major in Career and Technical Education, effective in the fall 2006 semester. This degree is a reconfiguration of two other bachelor's degree programs, and the proposed new degree offering is designed to provide a more coherent, unified curriculum to serve students pursuing a teaching career in agriculture or family and consumer sciences. This proposal has the approval of the Undergraduate Council, the Senate Council, and the University Senate. The Provost of the university also supports this recommendation. Ms. Tobin moved approval of AACR 3. Her motion, seconded by Mr. Brown, carried without dissent. (See AACR 3 at the end of the Minutes.)

O. Correction to PR 3 Motion

Mr. Hardymon said that there was an error in the motion made for PR 3. He explained that the President makes the recommendation, and the Board has to make the motion for approval and second the motion. He seconded the President's recommendation; therefore, it needed to be voted on the correct way.

Mr. Hardymon then referred to PR 3, the appointment of Henry Jackson to The Fund Board. He asked for a motion for approval from the Board. Ms. Ball made a motion for approval. Pam May seconded her motion, and it carried without dissent.

P. Finance Committee Report

Ms. Wickliffe continued with her Finance Committee report. She reported that FCRs 1 through 28 were consent items. The gifts and pledges total \$8,158,410, of which \$7,908,410 is eligible to be matched by the state. With these gifts and pledges, UK will have matched \$48.7 million of state funds from the Endowment Match Program. There are \$17.9 million of state funds left to match.

Ms. Wickliffe called particular attention to FCR 27 because it involves money that was given by all females. Of those females, there is Board member Mira Ball. Others include Sue Badgett, Mickie DeMoss, Carol Jordan, Ann McBrayer, Judi Patton, Margaret Scanlon, Alice Sparks, Kathy Stein, Patsy Todd, and Lucy B. VanMeter. She said that she is very proud of these ladies.

Q. 2006-08 Budget Revisions (FCR 30)

Ms. Wickliffe said that FCR 30 is the budget revisions to the 2006-07 budget. The recommended budget revisions increase the University of Kentucky's annual budget by \$1.4 million, less than one-tenth of 1 percent.

The majority of the increase is a \$1.2 million grant from the Kentucky Department of Education to support the Collaborative Center for Literacy Development. This grant will fund additional work in the areas of early intervention, research, and adult literacy education.

On behalf of the Finance Committee, Ms. Wickliffe moved the adoption of FCR 30. Ms. Haney seconded her motion, and it carried without dissent.

R. Proposed Amendments to Governing Regulation and Administrative Regulation: Capital Project Approval (FCR 31)

Ms. Wickliffe said that FCR 31 recommends proposed amendments to a Governing Regulation and an Administrative Regulation. The Finance Committee is recommending this to the Board for the first reading.

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

- Capital construction and renovation projects increased from \$400,000 to \$600,000;
- Purchase or lease of movable equipment increased from \$100,000 to \$200,000;
- and,

Acquisition, upgrade, or replacement of information technology systems increased from \$400,000 to \$600,000.

On behalf of the Finance Committee, she moved the adoption of FCR 31. Mr. Shoop seconded the motion, and it carried without dissent. (See FCR 31 at the end of the meeting.)

S. Patent Assignment Report (FCR 32)

Ms. Wickliffe said that FCR 32 is the Patent Assignment Report. This report includes 14 patent assignments and a financial report for the fiscal year ending June 30, 2006. There were 23 applications. Out of those 23, 20 patents were issued. Income through June 30, 2006 was \$905,895.35. She mentioned that Dr. Baldwin gave a very extensive report to the committee on these patents. On behalf of the Finance Committee, she moved the adoption of FCR 32. Mr. Dawson seconded the motion, and it passed without dissent. (See FCR 32 at the end of the Minutes.)

T. Capital Construction Report (FCR 33)

Ms. Wickliffe said that FCR 33 is the Capital Construction Report. This is the quarterly report that covers the period April 1, 2006 through June 30, 2006. There were three new contracts during this quarter:

A \$774,000 contract with Woodford Builders for the Renovation in the Central DLAR Facility project.

A \$3.6 million contract with Eubank & Steele Construction to Expand Emergency Services at the hospital.

A \$1.4 million contract with RAM Building Restoration and Waterproofing for the Commonwealth Stadium Waterproofing/Concrete Sealing project.

Ms. Wickliffe reported that two projects were completed this quarter:

Construction of the Parking Structure (PS #6 and #7).
Expansion of the Outpatient Radiology at the Kentucky Clinic Building.

There were four contract amendments:

- The development of the Organic Synthesis Laboratory space in the BBSRB 4th floor fit-up project. (+) \$24,000.
- The addition of a high-pressure steam line and additional survey and geotechnical reports for the upcoming Student Health Facility. (+) \$77,203.
- Addition of flashing beacon, lighting, and landscaping, on the Huguelet Avenue Extension. (+) \$30,000.

- A redesign of utilities and development of a staging plan for the closure of Rose Street for the Patient Care Facility.

There were four change orders in excess of \$25,000 during the quarter, which totaled \$425,414. These were:

Parking Structure (PS #6 & #7)

Rerouting of sanitary sewer line
Installation of after-hours depository safe

Memorial Coliseum Expansion

Deletion of finish hardware
Addition of security system

Ms. Wickliffe said that Mr. Wiseman told the committee that some key construction highlights and activities were taking place either now or in the immediate future. These include:

- The anticipated bidding of aspects of the Student Health Building in
- Completion of the new roadway (Huguelet Avenue Extended) in October. This roadway is a piece of the Rose Street rerouting for the hospital project.
- The completion of the 4th Floor of the BBSRB fit-out in November.

Mr. Wiseman informed the Board about the continued progress on the design of the Bio Pharmacy Building, with some new packages ready for bidding late next spring.

He said that the Memorial Coliseum Basketball Training Facility is moving forward with the practice gyms scheduled to be available around the first of the year.

On behalf of the Finance Committee, Ms. Wickliffe moved the adoption of FCR 33. Mr. Branscum seconded the motion, and it passed without dissent. (See FCR 33 at the end of the Minutes.)

President Todd asked Terry Mobley, Vice President for Institutional Advancement, if the one billion dollar campaign was now \$950 million with recognition of the \$15 million for this Board meeting.

Mr. Mobley said it was a moving target, and it is actually a little bit ahead of that amount.

U. Approval of Lease (FCR 34)

Ms. Wickliffe said that FCR 34 is the approval of a lease whereby the university will lease 11.5 acres at the Coldstream Research Campus to the Lexington-Fayette Urban County Government as the site of the new Lexington Regional Public Safety Complex.

This complex will serve as the incident command post during events of community-wide impact, whether related to disasters or major events such as the 2010 World Equestrian Games. The proposed complex will be a two-story structure of approximately 50,000 square feet. The term of the lease is expected to be 100 years with a one-time payment of \$735,000.

On behalf of the Finance Committee, she moved the adoption of FCR 34. Ms. Tobin seconded her motion, and it carried without dissent. (See FCR 34 at the end of the Minutes.)

V. Proposed Amendment to the Governing Regulations (HRCR 1)

Mr. Patton, chair of the Human Resources Committee, said that HRCR 1 represents a second reading. He noted that the first reading was passed at the June Board meeting. This amends the Long-term Disability plan. An analysis of that plan found that it was much more generous than typically offered by benchmarks. This revised plan still exceeds industry standards. Disability benefits will be 100 percent of salary for the first six months followed by 60 percent of salary during the duration of disability. Social Security benefits once received will act as an offset. This will result in savings of three-quarters of a million dollars a year for the university, which will be used to help fund retiree health benefits. The amendment is to be effective October 1, 2006. People currently receiving benefits will not be affected by this amendment. On behalf of the Human Resources Committee, he moved the adoption of the second reading of HRCR 1. Dr. Dembo seconded the motion, and it carried without dissent. (See HRCR 1 at the end of the Minutes.)

W. Proposed Amendment to Governing Regulation: Smoke-Free Policy (HRCR 2)

Mr. Patton said that HRCR 2 is recommended by the committee as a result of legislation at the 2006 General Assembly, which required all postsecondary education institutions to adopt a written policy relating to smoking. The options in the legislation were that we either provide designated indoor smoking areas where those rooms have adequate ventilation and air exchange so that none of the air from that room enters any other part of the building, or that we prohibit indoor smoking. On behalf of the Human Resources Committee, Mr. Patton moved the adoption of HRCR 2 for the first reading. Mr. Dawson seconded the motion, and it carried without dissent. (See HRCR 2 at the end of the Minutes.)

X. Investment Committee Report

Mr. Wilcoxson reported that the university endowment had a market value at the end of June 30, 2006, of \$746.1 million compared to \$538.4 million at June 30, 2005. This is an increase of \$207.7 million for the fiscal year. That increase of \$207.7 is a result of the establishment of the hospital quasi-endowment of \$150 million, \$31.5

million from gifts and matching RCTF funds, and \$54.1 million in earnings that were received from the investments, less a spending of \$27.9 million in support of UK programs. For the fiscal year ending June 2006, the endowment had a favorable absolute return of 10.3 percent.

Mr. Hardymon commented that it was a good number for that year and asked for any comments about the report.

Y. University of Kentucky Center on Aging Foundation, Inc. ("Corporation")
(UHCR 1)

Ms. Young said that UHCR 1 concerns the appointment of new board members to the University of Kentucky Center on Aging Foundation. The recommendation is that the Board of Trustees appoint the persons listed in exhibit A as new members of the Board of Directors of the corporation.

The corporation is a not-for-profit support organization of the university established to support the university's Center on Aging and related programs. Under the Articles of Incorporation, the Board of Trustees of the university formally appoints members of the corporation Board of Directors.

The Articles of Incorporation recently were amended to expand the number of directors. The new directors listed in exhibit A now have been nominated subject to approval of and formal appointment by the Board of Trustees. The University Hospital Committee voted their acceptance at its September 11 meeting. On behalf of the University Hospital Committee, Ms. Young moved the adoption of UHCR 1. Mr. Patton seconded her motion, and it carried without dissent. (See UHCR 1 at the end of the Minutes.)

Ms. Young reported that the University Hospital Committee had a good meeting. The hospital continues to be operated at a very high level, has continued revenue growth, and is expanding patient base. Operating margins continue above 5 percent, and cash reserves are strong. The hospital is in good shape to carry on with the construction project, which is moving along on schedule.

Z. Other Business

Athletic Association Board of Directors Meeting

Before going into other business on the agenda, Mr. Hardymon asked Mr. Rob Mullens, Executive Associate Director of Athletics, if an Athletic Association Board of Directors meeting was scheduled later in the week.

Mr. Mullens replied that there was a meeting scheduled on Friday at 2:00 p.m. in the boardroom on the 18th floor of Patterson Office Tower.

AA. 2006-07 Institutional Goals and Strategic Objectives for President Lee T. Todd, Jr.

Mr. Hardymon called attention to the finalized goals and strategic objectives for President Todd for 2006-07. The document in the agenda book is very similar to the one that was presented at the retreat with some minor revisions that involved changing some words. Ms. Jones, General Counsel, took one more look at the document, but it is basically the same general nine goals, which included the topical items for the year, that were updated.

There are some that go from year to year, but the first one is about the Strategic Plan and how the Board will analyze that. The second is about the Top 20 Business Plan, for which the Board is very interested in keeping the momentum going. The third is about the capital and operating budgets, which are the same as last year. The next item is about communications, which is one on which we continue to work for approval among all Board members and which was discussed at the retreat. There is the development goal of one billion dollars which we are trying to reach by mid-point of 2007.

Mr. Hardymon said that President Todd has certain things that he wants to work on, and the Board has certain things that it wants him to work on. President Todd wants to enhance the institution's national visibility. That is very important to the university and, therefore, it was put on the list.

President Todd chairs the Athletic Association Board of Directors, and the oversight of athletics is on the list.

Another goal is to continue developing relationships with the federal and state government segments. This goal is important because of some of the research items and other items come out of state government. The key role of the Coldstream research campus was added this year because this seems to have increased activity, and we do not want to lose that momentum.

Mr. Hardymon said that he did not like the term work in progress because it seems like you should go and get it done instead of working on it. This is a plan that will keep evolving, and it is difficult to come up with meaningful things. He wants to add as much creditability as possible to this plan. He said that he believes this is a good set of goals and objectives to work with during the coming year. He asked if there were any comments or corrections. He then called for a motion of approval. Mr. Shoop made a motion that the goals and objectives be approved. Mr. Wilcoxson seconded the motion, and it carried without dissent.

BB. Alumni Association Report

Ms. Haney said that it was an honor to give the following Alumni Association report to the Board:

The UK Alumni Association aspires to strengthen its association's international distinction as the umbrella organization for all UK alumni and to enhance the mission of the University of Kentucky. As an association, we attempt to represent all UK alumni in contributing to the University of Kentucky's stature as one of the nation's great universities.

Our mission includes efforts to provide ongoing connections between the alumni and the university community while developing positive goodwill, support, and loyalty for our university.

Among our values, we include commitment, excellence, fellowship, and diversity.

We do have strategic plan goals, and we organize these goals in concert with the Strategic Plan of the University of Kentucky, including programming, services, and strengthening and enhancing communications with alumni and university stakeholders.

We aspire to increase retention of our membership and to enhance the reasons to join us as a membership experience. We have been charged, and we intend to keep up with new technology and enhancing alumni database services.

We are increasing efforts each year to nurture diversity in leadership and in our membership, our staffing, and our programming.

As all of the university goes, we always attempt to increase resources.

Some of the highlights this past year include the completion of over 3 million communication contacts with alumni and friends of the university.

We have exceeded over 1 million hits a year on our Alumni Association website, www.ukalumni.net.

We are continuing alumni and development database reports that we produce for academic colleges and other campus units to support the university's efforts to communicate with all of our alumni.

We update information frequently and at this point we maintain an alumni and development database of 162,750 degreed living graduates and 234,000 total alumni or donor records.

In an effort to nurture the bond between the alumni and the university to keep them in contact with our university, we help maintain the Stuckert Career Center. Last year we conducted 594 alumni career counseling sessions.

In enhancing our membership, this past year we had 35,530 dues-paying members. That represents 24 percent of our addressable alumni, and compared to our benchmark universities, we are in good shape. Our benchmarks have an association percentage of 18 percent. For the past 16 consecutive years, our association has grown

by an average of 3 percent annually, compared to .56 percent for our benchmark universities.

We have established the Wildcat Society, and this past year we received gifts from 572 lifetime members, for a total of \$105,665. The Wildcat Society is a sustaining organization for previously enrolled life members of the association as a continuation and support of the association activities.

We supply association and university representatives to speak at alumni events throughout the United States. This past year we conducted over 300 alumni events and programs.

We actively support and are involved with UKAN, the University of Kentucky Advocacy Network. We like to feel that we were very helpful in some of our successes with the legislature this past session.

The King Alumni House is also open for events. Last year 157 events were held there and attended by almost 7,000 alumni and friends.

We want to maintain an active relationship with our students as well because they are our future alumni. This past year we awarded 61 student scholarships in the amount of \$93,858. Many of our individual alumni clubs have their own endowments, and the total of those endowments is now more than \$800,000.

Last year, we participated in 156 student recruitment college fairs, senior receptions, book awards, and student send-off parties, and we engaged more than 2,100 prospective students, parents, and alumni throughout the country. These events were staffed by the association's alumni club volunteers in cooperation with the University of Kentucky Office of Admissions.

We also are working with the Office of Admissions in the legacy initiative. This past year we identified almost 1,600 legacy students and pre-college legacy children of graduates who have earned at least an undergraduate degree from the university. We hope this translates to improved student recruitment throughout the United States as well.

We are continuing to focus on our student alumni association (Students Today Alumni Tomorrow). This past year we had 2,266 dues-paying members of this association. The association is approximately four years old. This has made quite an impact, and we hope to have many future leaders, perhaps some who will be sitting at this table in the future.

We work with support to the various colleges of the university through our database reports. Last year, we generated 923 reports for program implementation and communications with alumni by academic colleges, other campus units, and the association's alumni clubs.

We have focused on diversity to help the university become a more multi-cultural community. To that extent, we have worked with 10 new Lyman T. Johnson African American constituent groups in helping them with events and communications with other members, and we did this in cooperation with the UK Office of Multi-cultural Affairs. We have had displays throughout the alumni house to recognize distinguished African American alumni. Also, we are working with more new alumni events, here again to have our alumni for the future.

The University of Kentucky supports approximately 25 percent of the Alumni Association budget. We also have to be guarded with our own fiscal responsibility. We maintained the market value of our association's credit card Investment Fund at \$4.8 million and our Life Member Fund at \$8.1 million.

Our membership dues this year surpassed \$800,000. We receive about \$600,000 annually from our affinity partnerships and sponsorships, and we are devoting about \$80,000 to renovation and upgrades to the King Alumni House.

Ms. Haney said that none of this would be possible without a completely dynamic and thoroughly dedicated Alumni Association staff. She said that she would put the UK staff up against any alumni association staff in the United States of America for all that they accomplish and the time in which they do it. The association's accomplishments could not be achieved without dedicated alumni association board members, club members, and volunteers.

CC. Resolution

Mr. Hardymon called upon Mr. Williams to present a resolution.

Mr. Williams presented the following resolution of the University of Kentucky Board of Trustees honoring Steven S. Reed.

WHEREAS, Steven S. Reed, a University of Kentucky College of Law graduate who continues to bring great honor and distinction to his alma mater through his service activities and outstanding professional career, and

WHEREAS, Mr. Reed, a native of Hart County, is the first African-American to be elected as chair of the University of Kentucky Board of Trustees, working effectively and with excellence in that role from 2002 through 2004, and

WHEREAS, Mr. Reed has been a valued member of the UK Board of Trustees continuously since 1994, serving as a member of the executive committee, the student affairs committee, the human resources committee, and the university relations committee, and

WHEREAS, Mr. Reed earned national distinction in his appointment as United States Attorney for the Western District of Kentucky, and

WHEREAS, Mr. Reed is Managing member, Reed Wicker PLLC, and

WHEREAS, Mr. Reed's dedication to the betterment of this Commonwealth includes membership on the Prichard Committee for Academic Excellence,

NOW, THEREFORE, BE IT RESOLVED that the University of Kentucky Board of Trustees extends its heartfelt thanks and appreciation to Steven S. Reed for his faithful service to his alma mater, the University of Kentucky, and to the citizens of the Commonwealth of Kentucky through his many commitments, and wishes him continued success in all of his future endeavors.

The resolution is over the signature of James F. Hardymon, chairman.

Mr. Williams moved approval of the resolution, and a number of trustees seconded his motion of approval. The resolution passed without dissent.

DD. Comments about Dr. Wendy Baldwin

President Todd thanked Dr. Baldwin for her service to the institution, which is her institution because she is an alumna of the university. Dr. Baldwin came back to the university at a time when she was at the peak of her career at the NIH office in Washington. She brought to the research effort responsiveness and a structure that helped UK become more competitive. That is attested to by UK's research funding having been over \$200 million for three years in row. She tried her best to get UK into the 300 category this year. The federal budget did not agree, but UK had an increase, unlike a lot of other institutions.

For July and August this year, UK has already topped \$100 million in new grants and contracts received, and that is a record 35 percent ahead of last year's total. It may be hard to maintain that pace, but it is something that the university can be extremely pleased with. Dr. Baldwin had provided a breakdown of how many colleges were doubling their awards this year and how many colleges were \$4 million ahead of their awards.

In addition to these things, Dr. Baldwin obviously brought the university a lot of national recognition. Whenever attending a meeting of ACE or NASULGC, people knew that Wendy Baldwin is a member of the University of Kentucky's executive team.

She mentored a lot of the research personnel, helping them understand the ins and outs of the federal funding and getting them initiated in their grants.

Dr. Baldwin has a real passion for economic development. She knew what the SBIR grants were and helped the state of Kentucky move forward in those categories.

She took personal responsibility for a lot of the university's efforts in homeland security and a treasury project which she knows a lot about. She brought local businesses into that particular activity.

Coldstream was moved under her leadership. The Exstream location at Coldstream is an example of her leadership, the deal with the city's emergency efforts, and the two towers that will be going up soon.

Dr. Baldwin worked her way through with KTI and with the research foundation budget to help invest in the local Angel Venture Fund to help spur on outside investment in the types of things that the university does.

She has been an outstanding representative for UK and for the legislature with things like stem cell discussions and places where there are a lot of opinions and what you need to do to put in front of professionals that can carry their intellectual weight in those discussions.

President Todd announced that there would be a reception for Dr. Baldwin given by her staff.

President Todd said that he wanted the appreciation of Dr. Baldwin's service to the institution recorded in the Minutes of this Board meeting. He said that he hoped that she feels that she has helped UK turn the knee in the curve as it moves forward in its research quests. Dr. Baldwin has been responsible for probably the most visible measure that UK has in its Top 20 goal, which is the research number. He asked the Board to join him in a round of applause to thank Dr. Baldwin for her service and wish her the very best as she goes to the city. Dr. Baldwin received a round of applause.

Dr. Baldwin thanked President Todd, the Board, and the university. She said that it had been almost four years since she returned to the university. This has been a wonderful opportunity to come back to her alma mater and to be able to bring back the skills that she has at a time when there is really so much excitement and growth potential and to be able to see things really having moved in the right direction. She said that she feels confident that if the numbers are looking really good today they are going to continue to look good. The Board can be very pleased with the institution as she is. She said that she is going back to a field that is really close to her heart. It is a once in a lifetime opportunity. She really feels very strong and very warm with the university. She thanked the Board and President Todd for the time she had at the university. Dr. Baldwin received another round of applause.

Ms. Baldwin accepted the position of Program Director of Poverty, Gender, and Youth at The Population Council, an internationally renowned New York-based non-profit organization. Ms. Baldwin will begin her new position October 1, 2006.

EE. Meeting Adjourned

Mr. Hardymon reminded the Board that the next meeting is scheduled for October 10. On motion made by Mr. Shoop, seconded by Mr. Branscum and carried, the meeting adjourned at 2:28 p.m.

Respectfully submitted,

Pamela R. May
Secretary, Board of Trustees

(Schedule of Meetings for the Board of Trustees – 2007, PR 2 and 3; AACR 1, 2, and 3; FCR 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, and 34; HRCR 1 and HRCR 2; and UHCR 1 which follow are official parts of the Minutes of the meeting.)