

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, April 24, 2007.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, April 24, 2007, 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 1:05 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, Penelope Brown, Dermontti Dawson, Jeff Dembo, Ann Haney, James Hardymon (chair), Pamela May, Sandy Bugie Patterson, Phillip Patton, Frank Shoop, Myra Leigh Tobin, JoEtta Wickliffe, Russ Williams, Ernie Yanarella, and Barbara Young. Absent from the meeting were Jonah Brown, Billy Joe Miles, Erwin Roberts, and Billy Wilcoxson. Ms. May reported that a quorum was 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 Health Affairs Michael Karpf, and General Counsel Barbara W. Jones.

The University Faculty was represented by Chair of the University Senate Council Kaveh Tagavi, and the University Staff was represented by Chair of the Staff Senate Kyle Dippery.

Members of the various news media were also in attendance.

C. Consent Items

Mr. Hardymon said that the consent items include two sets of minutes because of the Special Called meeting, personnel actions in PR 2, and gifts and pledges in FCRs 1 through 19. He noted that the chair of the Finance Committee would comment on some of the gifts and pledges in her committee report. He asked for a motion for approval of the consent items. Mr. Branscum moved approval. His motion, seconded by Ms. Patterson, carried without dissent. (See the consent items listed below at the end of the Minutes.)

Minutes - March 6, 2007

Minutes - Special Called Meeting March 23, 2007

FCR 1 Elizabeth Clements Abell Pledge (Consent)

FCR 2 Gifts and Pledges to the Bell Alcohol and Addictions Chair (Consent)

- FCR 3 Gifts and Pledges to the Scott D. Breckinridge Endowed Professorship in Intelligence (Consent)
- FCR 4 The Rich Brooks Foundation, Inc. and Karen Brooks Gifts and Pledge (Consent)
- FCR 5 George A. Bush, Jr. Gift (Consent)
- FCR 6 Gifts and Pledges to the Ernst and Young Professorship (Consent)
- FCR 7 Gifts to the Gordon L. Hyde, M.D. Chair in Vascular Surgery (Consent)
- FCR 8 Kentucky Medical Services Foundation Pledge (Consent)
- FCR 9 Kentucky Medical Services Foundation Pledge to the Patient Quality, Safety, and Rights Research Endowment (Consent)
- FCR 10 Kentucky Medical Services Foundation Gift to the Professorship in Otolaryngology and Replacement of Unfulfilled Pledge to the Dr. Charles R. Combs Scholarship Fund (Consent)
- FCR 11 John R. Leininger and Florence A. Leininger Pledge (Consent)
- FCR 12 Thomas B. Logan, M.D. Pledge (Consent)
- FCR 13 Gifts and Pledges to the William H. Otis and Marquita Sivilis Otis Professorship in Gerontology and Intergenerational Social Work (Consent)
- FCR 14 Jeffrey N. and Jennifer S. Quinn Pledge to the Jeffrey N. and Jennifer S. Quinn Graduate Fellowship in the College of Engineering (Consent)
- FCR 15 Jennifer S. Quinn, M.D. and Jeffrey N. Quinn Pledge to the Jennifer S. Quinn, M.D. and Jeffrey N. Quinn Professorship in Pediatric Oncology (Consent)
- FCR 16 Gifts and Pledges to the Sanders-Brown Center on Aging Foundation Endowed Research Fund (Consent)
- FCR 17 Howard A. Settle Gift and Pledge (Consent)
- FCR 18 Pledges to the William H. Ray Professorship (Consent)
- FCR 19 Telford Foundation Gifts and Pledge (Consent)

D. Moment of Silence

Mr. Hardymon asked the Board to have a moment of silence for colleagues and families at Virginia Tech who are in so much anguish because of the shooting incident. Following the moment of silence, Mr. Hardymon called upon President Todd for his comments.

E. Comments Regarding Virginia Tech

President Todd said that the University of Kentucky family was struck last week by the unspeakable tragedy at Virginia Tech on April 16, 2007. Bryan Cloyd, a 1983 graduate of the Carol Martin Gatton College of Business and Economics and a professor at Virginia Tech, had an 18-year-old daughter, Austin Michelle Cloyd, killed in the campus shooting. At least two Gatton College business professors went to Blacksburg, Virginia to attend her funeral.

Lindell Ormsbee, a UK faculty member and director of the Kentucky Water Resources Research Institute in the College of Engineering, shared office space with

G. V. Loganathan, a professor of civil and environmental engineering at Virginia Tech, who was also killed in the shooting. Professors Ormsbee and Loganathan were doctoral students at Purdue and went through the doctoral experience together. President Todd asked the Board to remember Professor Ormsbee, also.

President Todd said that he immediately thought of T. Marshall Hahn, a proud graduate of the University of Kentucky and former president of Virginia Polytechnic Institute prior to it becoming Virginia Tech. Dr. Hahn led the institution in changing the name and allowing women to enroll at Virginia Tech. President Todd said his thoughts are with Dr. Hahn because he still lives on a farm in that small community.

President Todd said that Blacksburg is a sweet, little place with a wonderful institution. It is a place you would never think that a tragedy like this would happen. He said that he does not personally know President Charles Steger; however, President Steger has done an outstanding job under the pressures that he has had to endure. President Todd informed the Board that he had sent a letter of condolence to President Steger, along with the thousands of others that have probably been received in the Virginia Tech President's Office.

President Todd said that he is proud of the people at the University of Kentucky. Our counseling office does try to seek out and give support to students who are emotionally disturbed and to the depressed. UK's emergency preparedness people are looking at possible ways to improve UK's security. He reiterated that the university community's thoughts and prayers are with the families, faculty, students, and administrators at Virginia Tech.

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

President Todd reported that the short legislative session in January was completed, and UK did receive approval for the Samaritan project. He thanked Steve Byars, UK's Government Relations Director, for his wonderful work on the last day of the session and the leadership in both the House and the Senate in finalizing the approval before the Kentucky General Assembly adjourned.

President Todd reported that the Livestock Disease Diagnostic Center did not get funded, but with the support of the Governor's Office and the legislature, he expects it to get funded in the next January session.

President Todd mentioned that he was personally interested in the STEM initiative for science, technology, engineering, and math. He said that he was quite disappointed that UK did not make some headway with that initiative, but it is a continuing effort.

An announcement has been made about UK acquiring a new IBM supercomputer that will put the university's research capability among those of the nation's leaders for

public and private academic institutions. Dr. John Connolly is the director of the UK Center for Computational Science and is staying abreast of the supercomputing world.

Two of UK's colleges have advanced in rankings. The College of Nursing climbed three places to 26th place in the latest round of graduate school rankings by *U.S. News & World Report*. The College of Law went up five positions to 60th.

The UK Chandler Hospital is ranked among the nation's top 100 hospitals. The ranking organization looks at patient volume, clinical outcomes, and financial performance. It does a very detailed analysis of the performance of hospitals. Only 15 academic institutions were in that ranking. President Todd said that Dr. Karpf and his staff are to be congratulated for that achievement.

Two Guggenheim Fellowships have been awarded in one year to UK professors. Peter Little and Lisa Zunshine, both in the College of Arts and Sciences, have received those prestigious awards. Less than 200 of those awards are given across the country. Guggenheim Fellowships are extremely prestigious, and everyone can be very proud of Professors Little and Zunshine.

UK officials broke ground for the new pharmacy building, which will have 280,000-square-feet. This authorization is one of the university's major successes during the past few legislative sessions. The new building is paid 100 percent by the state of Kentucky. He reminded the Board that the university had to pay 40 percent of the BBSRB Building, leaving the university with a payment of about \$2.5 million every year for 20 years which comes out of the research fund. The fact that this does not happen with the pharmacy building is a real positive.

President Todd encouraged the Board to review the other good information in PR 1. He then called upon Mr. Bob Wiseman, Vice President for Facilities Management, for the sustainability report.

G. Sustainability Report

Mr. Wiseman said that he is pleased to be able to present on behalf of the UK Sustainability Task Force the first of what he hopes will become an annual university report on the university's environmental and sustainability activities. He said that everybody is becoming very acquainted with the issue of global warming as well as other serious environmental concerns that are rising to the top of our perspective. The Board will see in the report the increasing level of activity and interest on the part of faculty, students, and staff. This is now a 13-year-old declaration, which upon review looks visionary in its scope and completeness.

When you look at UK and talk about sustainability activities, you have to remember that UK is a multifaceted organization and in many ways a decentralized entity. And as such, the full scope and breadth of what we do is often difficult to

assemble and convey in a simple fashion. But, we think we fall into roughly three general categories.

Business operations include all the day to day aspects of consuming utility services: buying goods and services, generating waste products, etc.

Academic/research and outreach and community engagement are the other two categories.

Mr. Wiseman said that he would highlight activities in each area to give the Board a sense of how much UK is doing in various aspects.

Business Operations (Electrical Energy Conservation)

At the center of the campus's environmental profile is the issue of electric consumption. Currently, the university spends about \$38 million per year on utility services. These include both purchased utilities as well as manufactured services of central steam and chilled water. Of this total, UK spends over \$14 million alone on electricity, making it one of six largest customers of electricity in the state. Currently, UK has a 24/7 operation of a central energy management system that lowers temperatures in buildings at night when they are not in use. For example, the boardroom temperature would be lowered when meetings are not held in the room. We can document annual savings from this central management system of about \$2 million per year currently.

In addition to night setbacks and other centralized functions, we also have been aggressive in changing out older inefficient lighting. We are putting in place more energy efficient motors and establishing energy efficiency standards in new construction. More work remains to be done in this area.

Business Operations (Recycling)

Recycling is probably one of the strongest efforts on campus. We currently recycle approximately a third of all waste. It currently costs about \$500,000 per year to run the recycling programs. We recycle paper, cardboard, metals, plastic, wood, packing peanuts, toner cartridges, hazardous materials, electronic equipment, leaves and grounds waste, fluorescent bulbs, lab chemicals, batteries, paint, oil, and anti freeze. This past year university apartment housing was included in the Lexington-Fayette Urban County Government (LFUCG) Rosie program. This is a good example of town and gown cooperation as well.

Business Operations (New Construction Standards)

UK has not yet sought to build a fully certified LEED building, which stands for Leadership in Environmental and Energy Design. We nevertheless have required our designers on both the pharmacy building and the hospital building to incorporate as many LEED concepts in their designs as possible. Those include: laboratory environmental performance criteria, water efficient building systems, recycled content in building materials, efforts to maximize daylight in the buildings, use of low VOC-emitting materials, and something that probably has gone unnoticed, the use of natural gas in our

new central campus boiler system with ultralow NOX burners. The latter is one of UK's strong efforts.

In the future, the university should consider LEED certification on perhaps the next academic building. It is something that should be considered seriously.

Business Operations (Other Efforts)

Many of these items are fairly well-known and understood across campus, but the Bicycle Program should be highlighted. UK recently applied for and received a \$100,000 grant to work with the city on improving bicycle planning and bike lanes. Sixty percent of faculty and staff live over 4 miles from campus and commute over 4 miles per day. On the other hand, the majority of students live within that range. We would like to see more bike lanes and make roads adjacent to campus safer for bicycle travel. Bike lanes have been added on the Avenue of Champions as well as on the new Hugulette Extended Project. There are other aspects of what we have done in terms of green activities, particularly in the cleaning of buildings with certified products.

Academic Efforts

On the academic side, we were currently able to document 44 courses offered in the academic year 2006-07 that met a generally accepted definition of sustainability. Over 1,851 students enrolled in these courses this past year. Course offerings included Environmental Law; Plant and Animal Environment; Sustainable Agriculture; Heating, Venting, and Air Conditioning; Energy Modeling; Forest Ecology; Environmental Sociology; Food and Food Security in a Changing World; Biogeography; Environmental Chemistry; and Global Environmental Change. UK has a broad set of academic offerings.

The College of Arts and Sciences has now established an interdisciplinary minor in Environmental Studies.

Board member Dr. Yanarella recently received a grant from the state for further development of environmental and sustainable education in the undergraduate curriculum.

UK has one living/learning community on campus on sustainability in one of the residence halls.

Research Activities

On the research side of the university, this is where we do not have an obtainable database, but by working with information from the deans, it seems obvious that there is a widespread area of activities taking place in the area of sustainability as well.

Campus Outreach and Community Engagement

In terms of campus outreach and community engagement, some important community activities have taken place over the recent academic year. The Partnership for a Green Community is a very active group covered under a partnership agreement

between UK, Fayette County Public Schools, and the Lexington-Fayette Urban County Government. In this group, 18,000 employees and 58,000 students are directly impacted. President Todd, Superintendent Stu Silberman, and then-Mayor Teresa Isaac entered into the written agreement on this partnership. Various committees are active in education, transportation, water, waste, and other areas.

The UK Earth Day press release and web page currently lists over 46 events and activities taking place in April. Many of those are student run and student organized.

Mr. Wiseman noted that he recently represented President Todd at a roundtable of presidents and senior officials from universities across the state hosted by Eastern Kentucky University President Joanne Glasser. This event was an effort to tighten and increase involvement across institutions in sustainability activities.

The task force that did this report is now “going out of business,” to be replaced by a formal ongoing committee established by President Todd. This is an important step in institutional recognition of the importance of the issue. Prior to going out of business, the task force also drafted a statement of sustainability principles, and this draft is currently before senior UK administrators for review.

This summer we plan to hire a full-time sustainability coordinator, an act which will put a face on the effort and further institutionalize the concept of campus sustainability.

The task force wanted to provide the new presidential committee with an immediate action plan so as not to lose momentum, and the group recognizes if we try to do all things we may not accomplish much of anything. There is a listing of tangible work items suggested for the upcoming year. Accomplishments within these areas will be presented to the Board next year at this time.

In closing, Mr. Wiseman presented a slide containing one paragraph from the draft UK Statement on Sustainability. It sums up all UK as an institution must be and do in the area of sustainability. He noted that the last sentence about “establishing an institutional culture of sustainability” is well stated. He thanked the Board for their time and pointed out that many members of the task force were in attendance to lend their support as well. He also noted that a number of students were involved in drafting the report.

President Todd asked the task force members to stand and be recognized, and they received a round of applause.

Mr. Hardymon asked for any comments or questions. This is obviously an on-going project, and it always helps to have a few wins along the way. He then commented about the recycle process at his place in Florida, noting that the first year they reduced by 50 percent the poundage going into the landfill from the trash.

Ms. May pointed out that this is an issue that was brought to the Board primarily by the students. They brought it to the Board's attention, and this caused the Board to ask for this focus. It is a nice reflection that students sometimes keep the Board in the loop of current concerns. She said that she appreciates the efforts the administration had in following up on the students' concern.

H. Candidates for Degrees (AACR 1)

Ms. Tobin reported that AACR 1 deals with the candidates for degrees in May. The recommendation is 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 by the university registrar that the individual has satisfactorily completed all requirements for the degree for which application has been made and as approved by the elected faculty of the University Senate and the Academic Affairs Committee of the Board of Trustees. She noted that there will be approximately 4,019 graduates in May. She moved the adoption of AACR 1. Ms. Haney seconded her motion, and it carried without dissent. (See AACR 1 at the end of the Minutes.)

I. Candidates for Degrees – Bluegrass Community and Technical College (AACR 2)

Ms. Tobin said that AACR 2 involves candidates for degrees at the Bluegrass Community and Technical College. The recommendation is that the president be authorized to confer upon each individual whose names appears on the attached list the degree to which he or she is entitled upon certification by 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 and as approved by the elected faculty of the University Senate and the Academic Affairs Committee of the Board of Trustees. The two candidates listed are ones to whom degrees will be presented.

The background for authorizing these candidates from Bluegrass Community and Technical College is on the basis of a Memorandum of Agreement that was written in July 2004. The agreement states that Lexington Community College students, who were or are officially enrolled on or before September 2004 in associate degree programs approved by the UK Board of Trustees and who complete the associate degree program on or before August 31, 2010, shall have their degrees conferred by the UK Board of Trustees.

Subsequent to this agreement, the Lexington Community College name was changed to the Bluegrass Community and Technical College.

Ms. Tobin moved that AACR 2 be accepted. Ms. Brown seconded her motion, and it carried without dissent. (See AACR 2 at the end of the Minutes.)

J. Conditions of Merit for Honorary Degrees (AACR 3)

Ms. Tobin said that AACR 3 details the conditions of merit for honorary degrees, and it is recommended that the Board of Trustees approve the attached Conditions of Merit for Honorary Degrees as approved and recommended by the University Faculty.

The background for this recommendation is that, pursuant to Kentucky Revised Statutes 164.240 and Governing Regulation IV.A, the elected Faculty Senators approved a statement of policy on the conditions of merit for the awarding of honorary degrees and are recommending Board approval of the Conditions of Merit for Honorary Degrees. The document is attached to the recommendation, and in essence it sets forth the principles and conditions in which exemplary people are awarded these degrees. She noted that the principles and conditions have been vetted by the faculty.

Ms. Tobin moved that AACR 3 be accepted. Dr. Yanarella seconded the motion, and it carried without dissent. (See AACR 3 at the end of the Minutes.)

Ms. Ball asked a question concerning the appointment of the committee.

President Todd said the appointment of the committee was going to be revisited because it became apparent the last time the Administrative Regulation was changed that there was no Board member on the committee. That is something that needs attention and needs to be put back in front of the Academic Affairs Committee.

K. Audit Subcommittee Report

Ms. Wickliffe reported that the Audit Subcommittee met that morning with the external auditors, Deloitte and Touche, and discussed the audit scope for the fiscal year ending June 30, 2007. The subcommittee reviewed and approved the engagement letter discussing services to be performed and any non-audit services that were performed for calendar year 2006. A discussion was held regarding concerns and recommendations by the Audit Subcommittee. The subcommittee heard a report from UK's internal auditor Joe Reed on the progress of the 2006-07 internal audit. The next subcommittee meeting is scheduled for October 16, 2007. With the new audit director Mr. Thomas Moore having been hired, this puts the university in compliance with the Sarbanes Oxley Act even though UK is not required to comply with it.

Mr. Hardymon said that it was a good meeting. The Board is getting much more thorough in the audit work and reaching out more.

L. Finance Committee Report

Ms. Wickliffe reported that FCRs 1 through 19 are consent items. She did, however, want to bring to the attention of the Board that the gifts and pledges total \$2,681,311 of which \$2,481,311 is eligible to be matched by the state. With these funds,

UK has now fully matched the \$66.67 million of the state funds from the Endowment Match Program. The Endowment Match Program has been completed, and President Todd, the development staff, and all those that have been involved in this achievement are to be commended for reaching such a goal. She thanked them for their good work, and they received a round of applause.

M. Gifts and Pledges to the Antonides-Williams Lectureship and Approval of Name Change to the Antonides-Williams Visiting Professorship (FCR 20)

Ms. Wickliffe said that FCR 20 recommends that the Board accept \$58,812 in gifts and pledges to add to the existing lectureship in the College of Nursing and recommends renaming the fund the Antonides-Williams Visiting Professorship. These gifts and pledges are eligible for matching funds, and they were included in the previous figures. She moved the adoption of FCR 20. Ms. Ball seconded her motion, and it passed without dissent. (See FCR 20 at the end of the Minutes.)

N. Gifts and Pledges to the Professorship in General Surgery and Approval of Name Change to the Patrick F. Hagihara, M.D. Professorship/Chair in General Surgery (FCR 21)

Ms. Wickliffe said that FCR 21 recommends that the Board accept \$252,500 in gifts and pledges to add to the existing Professorship in General Surgery and to rename it the Patrick F. Hagihara, M.D. Professorship/Chair in General Surgery. These gifts and pledges are eligible for matching funds. On behalf of the Finance Committee, she moved the adoption of FCR 21. Mr. Dawson seconded her motion, and it carried without dissent. (See FCR 21 at the end of the Minutes.)

O. Request to Rename the Endowment for Support of Urologic Research to the Randall G. Rowland, M.D. Endowment for Urologic Research (FCR 22)

Ms. Wickliffe said that FCR 22 recommends that the Board approve the request to rename the Endowment for Support of Urologic Research to the Randall G. Rowland, M.D. Endowment for Urologic Research. On behalf of the Finance Committee, she moved the adoption of FCR 22. Mr. Shoop seconded her motion, and it carried without dissent. (See FCR 22 at the end of the Minutes.)

P. Request to Combine the UKCUP Endowment for Urological Research with the Endowed Professorship for Neuro-Urologic Research (FCR 23)

Ms. Wickliffe said that FCR 23 recommends that the Board approve the request to combine the UKCUP Endowment for Urological Research with the Endowed Professorship for Neuro-Urologic Research in the College of Medicine's Division of Urology. On behalf of the Finance Committee, she moved the adoption of FCR 23. Ms. Ball seconded her motion, and it carried without dissent. (See FCR 23 at the end of the Minutes.)

Q. Establishment of Quasi-endowment for the Carlisle Moore Academic Excellence Scholarship Fund (FCR 24)

Ms. Wickliffe said that FCR 24 recommends that the Board approve the creation of a quasi-endowment for the Carlisle Moore Academic Scholarship Fund, which will allow the university to maximize the scholarship awards from his gift. On behalf of the Finance Committee, she moved the adoption of FCR 24. Ms. Shoop seconded the motion, and it carried without dissent. (See FCR 24 at the end of the Minutes.)

R. Transfer of Additional Funds to the Chandler Medical Center University Hospital Quasi-Endowment Fund (FCR 25)

Ms. Wickliffe said that FCR 25 recommends that the Board of Trustees approve an additional transfer from University Hospital reserve funds to the University Hospital Quasi-Endowment Fund within the university endowment pool. Strong financial operations at the university hospital and the sale of CHA have generated additional reserves that can be transferred to the quasi-endowment.

In March 2006, the Board established the hospital quasi-endowment fund and approved the transfer of up to \$150 million from university hospital reserve funds. The full \$150 million was transferred in the 2005-06 fiscal year.

Investments in the quasi-endowment account permit a longer-term investment objective and greater diversification of investment, the result of which is expected higher returns. Following Board approval, it is anticipated that \$50 million would be moved immediately.

On behalf of the Finance Committee, she moved the adoption of FCR 25. Ms. Tobin seconded her motion, and it carried without dissent. (See FCR 25 at the end of the Minutes.)

Mr. Hardymon commented that this has really been a good move, and you can see the results. He pointed out that the stock market is doing very well. It is important that the Board approve this transfer of funds, and the rewards will show up on the financials of the hospital.

S. Acceptance of Interim Financial Report for the University of Kentucky for the Nine Months Ended March 31, 2007

Ms. Wickliffe said that FCR 26 is the Acceptance of Interim Financial Report for the University of Kentucky for the Nine Months Ended March 31, 2007. Through March 31, the university has realized 81 percent of its revenue estimate and expended 70 percent of its approved budget. The Balance Sheet is strong with assets of \$3 billion and liabilities of \$693 million. Fund balances of over \$2 billion represent a 70 percent equity position in the total assets. Revenues of \$1.4 billion and appropriated fund balances of \$85.4 million have exceeded expenditures to date by \$200.4 million, creating

a strong cash position and balance sheet as of March 31, 2007. At the end of the first nine months of the 2006-07 fiscal year, financial operations are consistent with the budget plan, and the university's financial condition is wonderful.

On behalf of the Finance Committee, she moved the adoption of FCR 26. Mr. Williams seconded the motion, and it carried without dissent. (See FCR 26 at the end of the Minutes.)

T. Construct Carol Martin Gatton Building Complex – Design Phase (FCR 27)

Ms. Wickliffe said that FCR 27 involves the university's 2008-2014 Capital Plan, which will be presented to the Board for review and approval at the June 12, 2007 meeting. Included in the Capital Plan is a request to the 2008 Kentucky General Assembly for state bonds for the construction of the Carol Martin Gatton Building Complex.

FCR 27 is recommended so that the initial design and preliminary study phases will be substantially completed by mid-fall 2007. This design phase will be funded with private gifts, and the design work will proceed in limited phases as the request for state and private funding progresses. The initial work will be limited to preliminary programming, program-to-budget reconciliation, and site and design concepts. Only about 10 percent of the overall design services will be given a "notice to proceed" prior to full project funding authorization by the General Assembly.

On behalf of the Finance Committee, she moved the adoption of FCR 27. Mr. Branscum seconded the motion, and it carried without dissent. (See FCR 27 at the end of the Minutes.)

Mr. Hardymon asked Mr. Wiseman to explain the process to the Board so the members will understand what is being done.

Mr. Wiseman explained that when they approach the General Assembly in January with the capital priorities, they want to make sure that they have detailed engineering and architectural analysis rather than a preliminary estimate on the building. They want to be able to go to the General Assembly with confidence.

He said that they are actually going to do the preliminary work on the College of Business and Economics building, a similar smaller-scale study on the College of Law building, and a similar smaller scale study on the top research building. Of the top priorities, they will have a sophisticated set of information to be able to present to the General Assembly. That is what the Board was asked to approve.

Mr. Hardymon said that he liked that process because to go back and make changes takes time and seems inefficient. It is a good way to do this, especially on big projects.

U. Authorization to Sell L. R. Cooke Property, Lexington, Kentucky (FCR 28)

Ms. Wickliffe said that FCR 28 is the Authorization to Sell L. R. Cooke Property, Lexington, Kentucky. It is approximately 1.56 acres and was a gift to the university in July 2002 from C. M. and Leigh Gatton. The property is now surplus to the needs of the university. The university will obtain two appraisals to determine the market value, and the sale will be by sealed bid or public auction, pursuant to laws on disposition of real property. The proceeds will be earmarked for the Gatton Building Complex.

On behalf of the Finance Committee, she moved the adoption of FCR 28. Ms. Young asked for the exact location of the property, and Ms. Wickliffe said it is at the corner of High Street and Martin Luther King Boulevard. Ms. Young then seconded the motion, and it carried without dissent. (See FCR 28 at the end of the Minutes.)

V. Approval of Leases (FCR 29)

Ms. Wickliffe said that FCR 29 is the Approval of Leases. The university will lease about 10,000 square feet of office space at 1080 Export Street, Lexington, Kentucky for the College of Pharmacy from the University of Kentucky Federal Credit Union. The term of the lease is May 1, 2007 through June 30, 2012 at an annual rate of \$137,106. When the pharmacy building is complete, the staff will move into the pharmacy building.

Mr. Branscum pointed out that this is a five-year lease. He said he thought the university was not going to have leases for more than one year. Mr. Butler said that he thought it was a series of renewable one-year leases, and he would check on it.

Mr. Hardymon said that the specific wording should be included in future requests such as this. He commented Mr. Branscum for catching the five-year lease.

Ms. Wickliffe said the second lease is a renewal of a lease for the Department of Injury Prevention with B&C Investments for 9,176 square feet of office space at 333 Waller Avenue in Lexington, Kentucky. The term of the renewal is from July 1, 2007 through June 30, 2008 at an annual rate of \$116,994, and that is no increase from the rental price the year before.

On behalf of the Finance Committee, she moved the adoption of FCR 29.

Ms. May asked for clarification of the motion.

Mr. Hardymon said that the motion is for approval of leases over \$100,000, which the Board has to approve.

Ms. May asked if the motion was to approve it for a one-year term subject to extension.

Mr. Hardymon confirmed that it is for a one-year term subject to extension. He called for a second to the motion. Mr. Branscum seconded the motion, and it carried without dissent. (See FCR 29 at the end of the Minutes.)

W. Patent Assignment Report (FCR 30)

Ms. Wickliffe said that FCR 30 is the patent report. Dr. Martha Peterson, special assistant in the office of the vice president for research and a professor in the Department of Microbiology, did a great job briefing the committee on the report. To date, the university has had 25 patent applications. There have been 16 approved, and patent income to date has been \$791,086.

On behalf of the Finance Committee, she moved the adoption of FCR 30. Ms. Ball seconded the motion, and it carried without dissent. (See FCR 30 at the end of the Minutes.)

X. Human Resources Committee Report

Mr. Patton reported that the Human Resources Committee met that morning and most Board members were present. The committee heard a very detailed presentation about the work-life initiative that has been ongoing for more than 18 months. Following that, the committee had a very informative discussion and question-and-answer period with most of the trustees participating. All questions asked were answered by persons having the knowledge relevant to the questions.

Following the presentation and the discussion, the committee approved HRCR 1 and recommended it to the Board for passage. This work-life strategy provides for

construction of two childcare centers,
enhances the Employee Assistance Program,
extends the availability of health coverage to domestic partners,
enhances and expands the Employee Education Program,
offers new initiatives for career advancement,
provides for phased retirement for staff, and
establishes a shared leave pool for staff.

On behalf of the Human Resources Committee, he moved the adoption of HRCR 1. Dr. Yanarella seconded the motion.

Mr. Hardymon pointed out that the committee met for an hour and fifteen minutes that morning on the subject. Most of the trustees were present because it is an important subject and the end of a rather lengthy project. Advance publicity was also given to make sure the press and other interested persons were at the meeting.

Mr. Hardymon said those who worked on the project were invited to the meeting and were complimented for doing a good job. It was a great presentation, and the enthusiasm made the attendees feel good, too. He asked if anyone had questions.

Mr. Hardymon thanked the Board for their open communications at the meeting. It was very good. He then called for a vote, and HRCR 1 was approved. There were two opposing votes.

Y. Student Affairs Committee Report

Mr. Hardymon compared Mr. Williams to Matt Lauer of “The Today Show” who travels around the world. He asked Mr. Williams where he held the Student Affairs Committee this time.

Mr. Williams, chair of the committee, reported that the committee met at Memorial Coliseum in the Center for Academic and Tutorial Services (CATS). Bob Bradley hosted the committee, and the committee learned about the Center for Academic and Tutorial Services that supports student-athletes who go to school, compete, and do what they need to do. After 30 plus years at the university, Mr. Bradley is still enthusiastic about the services that the center offers. He is a phenomenal staff member of the institution. Mitch Barnhart and Sandy Bell also joined the committee at the end of the meeting and had some nice comments about the university’s efforts in making sure the athletes finish their academic careers.

Dr. Greg Moore, director of University Health Services, gave the committee an overview of the new mandatory student immunization program that will go into effect this fall. It will be for incoming first-year students or transfer students. Those who are here now will be exempt from the program.

Since the last committee meeting, the students have elected a new Student Government president. His name is Nick Phelps. He will become the student trustee representative July 1. He is a very incredible young man and will be a good addition to the Board.

Student Affairs opened a new resource center for gay and lesbian students on campus. That office is across the hallway from the Student Government Office. The ribbon cutting was last week.

Mr. Williams concluded his report by saying that this is dead week for students, next week is finals, and another semester comes to an end.

Z. University Hospital Committee Report

Ms. Young, chair of the committee, reported that the committee had a very short meeting on Monday. The hospital continues to be in a strong financial position as

reported by Ms. Wickliffe in her Finance Committee report. The committee voted to recommend FCR 25, authority to transfer up to \$100 million to the University Hospital Quasi-Endowment Fund.

She called attention to the hospital's annual report and said that Courtney Higdon worked long and hard on the report. The report is a wonderful testimony of what is happening at the hospital. She encouraged the members of the Board to review the report. She commended Dr. Karpf for having the report prepared. The report is very professional and impressive.

Dr. Karpf gave Ms. Higdon and her staff credit for doing all the work.

AA. Athletic Association Board of Directors Report

Mr. Shoop, trustee representative on the Athletic Association Board of Directors, reported that the Board met in a special called meeting on April 6. The purpose of the meeting was to authorize President Todd and Mitch Barnhart to engage the services of Billy Clyde Gillispie as the University of Kentucky's next Men's Head Basketball Coach. The Board reviewed the highlights of the contract and unanimously approved the appointment of Coach Gillispie.

He announced that the next meeting is Friday, April 27. He said that he feels that the Board of Trustees, the university, and the Commonwealth owe President Todd, Athletic Director Mitch Barnhart, and Executive Associate Athletics Director Rob Mullens a personal debt of gratitude for the manner in which the search and the hiring of Coach Gillispie was handled. He said, in his opinion, the university could not have hired a better coach, and the process could not have gone any better. Everybody wants to talk about the new coach, and Coach Gillispie has been received extremely well in the community.

Mr. Hardymon commented that some trustees and some people outside the Board had an opportunity to have dinner with Mr. Barnhart on Monday evening. He said that he was impressed with the numerous compliments that Mr. Barnhart gave about Mr. Mullens. Mr. Mullens is richly deserving of the remarks, and Mr. Barnhart made them with such conviction. Sometimes we think of people working and think they are getting paid to do a good job, but it does not hurt to recognize outstanding work. He then asked Mr. Mullens to tell the Board about the CATSPY event.

Mr. Mullens said that it is great to be able to represent the Kentucky basketball program, and the process of hiring the new coach was fun. He and Mr. Barnhart had a lot to start with and did it the right way.

He announced that CATSPY, the annual celebration of 500 student-athletes, would be held that evening at Rupp Arena. This is the fifth annual celebration, and CATSPY has become a tradition. You see young people go from flip flops, tee shirts, and shorts to formal wear as they are honored for all that they do in the classroom, on the

court, and in the community. People are always surprised at some of things the students accomplish each year, as well as some of the things they have done for the university and the community over the past years. He said that it is a fun night, and he encouraged the Board to attend. The reception begins at 6:30 p.m., and the awards ceremony begins at 8:30 p.m.

BB. Closed Session

Mr. Hardymon announced that the Board of Trustees needed to go into closed session in order to discuss pending litigation against or on behalf of the university. He, as the chair, moved that the Board go into closed session pursuant to KRS 61.810 (1) (c). This statutory citation is the exception in the open meetings law that permits the Board to go into closed session to discuss pending litigation against or/and on behalf of the university. He asked for a second to his motion. Ms. Wickliffe seconded the motion, and it carried without dissent. The Board adjourned to the conference room F and G at 1:57 p.m.

CC. Meeting Reconvened

Mr. Hardymon announced that the closed meeting of the Board of Trustees had concluded at 3:20 p.m. He said that the Board meeting was back in session and called upon Ms. May to call the roll since some trustees had to leave.

Ms. May called the roll, and the following members answered: Mira Ball, Steve Branscum, Penelope Brown, Jeff Dembo, Ann Haney, James Hardymon, Pam May, Sandy Patterson, Frank Shoop, Myra Leigh Tobin, Russ Williams, Ernie Yanarella, and Barbara Young. Absent were Jonah Brown, Dermontti Dawson, Billy Joe Miles, Phillip Patton, Erwin Roberts, JoEtta Wickliffe, and Billy Wilcoxson.

Mr. Hardymon said that no matters other than the pending litigation were discussed during the closed session, and no final action was taken.

Before adjourning the meeting, Mr. Hardymon said that he wanted to remind the Board that this is the time of year when the Board moves toward the president's review of his 2006-07 goals and objectives. He announced that an Executive Committee meeting is tentatively scheduled for June 8 which is the Friday before the June 12 Board meeting.

He reminded the Board that the procedure requires an Executive Committee meeting. He will be sending a letter to the Board reminding them of the process. Hopefully, the letter will be sent out much earlier than last year. The way the objectives are written allows the Board to comment on them much earlier. He said that he would probably ask for the forms to be returned to him around the first of June. That should allow him time to prepare his report for the committee.

Dr. Dembo asked for confirmation that all trustees are invited to the Executive Committee meeting.

Mr. Hardymon said that he would not have one without inviting all of the members. He said that he would conduct the Executive Committee meeting in the same manner that Mr. Patton conducted the Human Resources Committee. He would run the meeting and open it up. He noted that a large group attended the meeting last year, and that makes it good.

DD. Meeting Adjourned

With no further business, Mr. Hardymon adjourned the meeting at 3:25 p.m.

Respectfully submitted,

Pamela R. May
Secretary, Board of Trustees

(PR 2; AACR 1, 2, and 3; and 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, and 30; and HRCR 1 which follow are official parts of the Minutes of the meeting.)