

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, January 23, 2007.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, January 23, 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 1:00 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, Jeff Dembo, Ann Haney, James Hardymon (chair), Pamela May, Sandy Bugie Patterson, Phillip Patton, Erwin Roberts, Myra Leigh Tobin, JoEtta Wickliffe, Russ Williams, Ernie Yanarella, and Barbara Young. Absent from the meeting were Jonah Brown, Penelope Brown, Dermontti Dawson, Billy Joe Miles, Frank Shoop, and Billy Wilcoxson. Ms. May reported that a quorum was present. Since several people were absent, Mr. Hardymon asked Ms. May to give the numbers for those present and absent. Ms. May reported that there were fourteen members present and six members absent.

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

Members of the various news media were also in attendance.

C. Consent Items

Mr. Hardymon reported that the consent agenda consisted of the minutes, the personnel actions in PR 2, and the first seven items of the Finance Committee report. He mentioned that Dr. Dembo had a comment to make about PR 2. He called for a motion of approval. Mr. Branscum moved approval of the consent agenda. Dr. Yanarella seconded the motion.

Dr. Dembo reported that there was a typographical error that the Board needed to address in PR 2. On the first page of the Provost section, there are two entries for Professor Charlotte Peterson, and both entries should be with tenure.

Mr. Hardymon called for a vote, and the consent agenda passed with the one correction. (See consent items at the end of the Minutes.)

Minutes – December 12, 2006

PR 2 Personnel Actions (Consent)

FCR 1 R. Bruce Bacon Pledge (Consent)

FCR 2 Gift and Pledges to the Virginia T. Barrow Professorship in Brain Disease Research (Consent)

FCR 3 Williams Stamps Farish Fund Gift and Pledge (Consent)

FCR 4 Gifts and Pledges to the John R. Gaines Endowed Chair in the Humanities Fund (Consent)

FCR 5 Gifts and Pledges to the Endowed Professorship for Neuro-Urologic Research (Consent)

FCR 6 James and Diane Stuckert Pledge (Consent)

FCR 7 Gifts and Pledges to the Women's Circle Endowment (Consent)

D. 2020 Scholars Program

President Todd said that he was going to deviate slightly from the agenda because of guests attending the meeting. He began his report by talking about a new 2020 Scholars program. One of the key things mandated by House Bill 1 was to provide a program for the students of Kentucky that would allow the students to begin their college career in a community college and transfer to a four-year college. The transfer numbers are not where they need to be, and this new program may be a good way to improve the numbers by working closely with the Kentucky Community and Technical College System (KCTCS). The program will include Trustees Scholars, Provost Scholars, Flagship Scholars, and Catalyst Scholars.

The name Trustees Scholars is the first category of scholarships. This name was selected because many Trustees live in the areas where community colleges are located. There are three components for this group of scholars:

100 KCTCS students who earned an Associate Degree and a 3.5 cumulative GPA and enroll at UK full-time in fall 2007. The students will continue to pay KCTCS tuition rates for up to two years. The requirement for renewal for the second year is a 3.3 cumulative GPA.

150 KCTCS students who earned at least 48 hours of credit (with at least 24 at a KCTCS institution) and a 3.3 cumulative GPA and enroll at UK full-time in fall 2007. The students can receive up to \$2,000 per year for up to two years. The requirement for renewal for the second year is also a 3.3 cumulative GPA.

275 students who have earned at least 24 hours at an accredited institution and a 3.3 cumulative GPA and transfer to UK full-time in fall 2007. They can receive up to \$1,000 in their first year.

President Todd said that these scholarships are very important because UK is doing what the state asked the university to do in 1997. He said that UK will be working closely with KCTCS. Dr. Michael McCall, President of KCTCS, will provide comments

about enhancing the transfer program and getting more bachelor's degree recipients in the work force.

Provost Scholars is the second category under the 2020 Scholars Program banner. These scholarships are for full-time, first-year UK students in fall 2007 who earned a 28 ACT and a 3.3 cumulative GPA in high school. They will receive up to \$1,500 per year for four years. A 3.3 cumulative GPA is required for renewal. This is a four-year scholarship versus some that have been given in the past for only one year.

Flagship Scholars is the third category of the 2020 Scholars Program. These scholarships are for full-time, first year students in fall 2007 who receive a 26 or 27 on the ACT and a 3.3 cumulative GPA in high school. The students will receive a one-year award of up to \$1,500. Depending on their academic performance, they may be eligible for scholarships in later years.

The 26 or 27 on the ACT is important because there are a lot of schools who have students who receive a 26 or 27, and those may be the highest ACT scores for that school. UK, however, starts giving scholarships at 28 and above. This category is a way for UK to try to open a window of opportunity for those students financially. UK's average ACT score now is 22.5 for the entering class. If students have a 26 or 27 ACT score, UK should be trying to get those students to come and complete their education, which would enhance UK's ACT performance.

Catalyst Scholars is the last category of the program. This is a new area that is need-based. This is for full-time, first-year Kentucky-resident students in fall 2007 who are eligible for a federal Pell Grant and whose family income is at or below 150 percent of the federal poverty level, which is around \$30,000 for a family of four. The students will receive up to \$2,020 per year for four years if they maintain satisfactory academic performance. This is a way for UK to try to help low-income students complete their education. These students will receive KEES money, Pell Grant money, and other monies. UK would add \$2,020 per year to try to get them to complete their education.

One of the unique things about the Catalyst Scholars category is the math and science challenge. The students will be required to make a commitment to take math and science courses their last two years in high school. There is a national problem with students taking their senior year off in many cases. By not taking a math course during the senior year, students come to college and do not do well, or they have to take remedial courses, which represents a double cost to the educational system overall. It is too late to start this requirement now, but for 2008 the Catalyst Scholars will be required to have successfully completed math and science courses in the senior year. In 2009, that will be extended to the junior year as well.

Don Witt, Registrar and Admissions Director, and his organization will be working with high school counselors to define exactly what UK means by taking math and science courses. This challenge is also being considered for many other scholarship programs, if not all of them.

President Todd said that he is proud of the 2020 Scholars Program because it is going to help UK with transfers, and it is going to allow UK to get the students to consider taking tougher courses. He noted that Senator Dan Kelly is in Frankfort meeting with his education committee to propose some AP credit enhancements to increase teacher compensation, and they are also proposing some enhancements to the KEES program.

Many have complained for some time that one of the challenges with the KEES program is that it is targeted to the quality of grades that a student makes; the better grades you make, the more money you receive in your KEES account. As a result, students are taking the easiest classes they can so they can get better grades. That is a short-term solution, but it is a long-term failure. There is going to be some enhancement that Senator Kelly will come out with for those students who do take the tougher classes. They will not be penalized with the KEES program. There is going to be a movement in this legislative session both on the House and Senate side, both Democrats and Republicans, to do something to address the shortage of math and science teachers in America.

There was only one new physics teacher in education graduating from Kentucky's universities last year. There were four overall. Three of them came through non-traditional routes, and one of them came through a four-year degree program. This is not only a Kentucky problem.

If the legislature can find a way to enhance teacher compensation for math and science teachers in Kentucky, we will be the only state that has taken a state-wide approach. We should applaud Senator Kelly, Senator David Williams, and Representative Harry Moberly. These three legislators are intensely interested in getting this done.

President Todd displayed a chart showing the number of scholars that UK will target. The numbers were set using Vice President Angie Martin's exquisite budgeting. Some limits were set on the targets so UK will not go broke at this point and time. There can be up to 1,500 new scholars under this program, and in the fourth year, that would be increased to almost 3,000. This is an innovative approach to allow UK to help a lot of students.

President Todd said it was his pleasure to introduce President Mike McCall to make some comments about the relationship that UK and KCTCS are furthering.

E. President Mike McCall's Comments

President McCall thanked President Todd for the invitation to come and speak to the Board. He said that the 2020 Scholars program is one of the most far-reaching and exciting opportunities that he has seen since he has been in Kentucky. KCTCS has had a strong working relationship with the University of Kentucky since it has been in

existence. One of the things that both have in common is their statewide mission: UK as a land-grant institution clearly reaching out throughout the state and KCTCS has a mandate as well in reaching across the state to provide the accessibility to higher education.

As President Todd indicated in his comments, access to higher education for all of Kentuckians is needed throughout the state. That is one of the things that this program will enable KCTCS to do by providing that access in a different way, and that access enables KCTCS students to be able to transfer from institutions throughout the state to the University of Kentucky and stay in Kentucky. One of the things that KCTCS has clearly found is that affordability and the lack of financial resources are major barriers for their students.

This program will enable KCTCS students to maintain the same tuition. To be able to continue education at the University of Kentucky is one of the most rewarding recruiting tools for KCTCS. This not only recruits the academically talented, but it also recruits the students in the area of science, technology, engineering, and math (STEM) that are so desperately needed. This will encourage more students in those areas to continue at the University of Kentucky the education that they received at KCTCS.

President McCall said that KCTCS is indeed excited about the 2020 Scholars program. This is what he considers another red letter day for KCTCS and its continued relationship with the University of Kentucky. He applauded President Todd for this initiative. On behalf of the students, he thanked President Todd for reaching throughout the state. KCTCS is looking forward to being able to provide access to higher education but particularly access to the University of Kentucky, which the students so desperately need.

President McCall received a round of applause from the Board.

President Todd thanked President McCall for the great job he is doing at KCTCS. He said that the growth numbers at KCTCS are incredible, and UK appreciates that very much.

President Todd thanked Angie Martin, Don Witt, Bill Swinford, Provost Kumble Subbaswamy, Frank Butler, and everyone involved in trying to think this through so that UK can make a broad-based change in its scholarship initiatives. This is probably the biggest thing UK has done since beginning the Governor's Scholars and Governor's School for the Arts scholarship program. With all of these programs, UK is trying to say to the people of Kentucky that we want you here, we want to keep education affordable, and we want to do our part.

F. College of Social Work Report

President Todd introduced the Dean of the College of Social Work, Kay Hoffman. He said that the various college reports have added a lot of substance to the Board meetings by giving the Board an awareness of their activities.

Dean Hoffman has done an exemplary job in her performance, and he has had the pleasure of working with her and her staff in trying to get some donations and contributions for the university. Dean Hoffman had a really excellent happening this last December which she will mention in her report, and she deserves it because she has worked hard in trying to bring up the endowment for that college and the programs that continue their great outreach.

Dean Hoffman thanked President Todd and said that it was lovely to be at the meeting because of the gift presented and the new institute. She said her remarks would try to give a picture of the college from within to help the members understand what social work is not only at the University of Kentucky but also throughout the state.

Dean Hoffman reported that the College of Social Work is the smallest academic unit at the University of Kentucky, but its reach is statewide, and it is gaining a national reputation, having moved in ranking from 59th in 2000 to 37th in 2004. The college hopes to continue its rise in *US News and World Report* rankings. The faculty consists of 26 full-time faculty and 6 faculty from other units, having joint appointments in social work. With 3 off-campus programs, over 500 students, 40 part-time faculty, and more than 300 students in internships throughout the Commonwealth, the mission is essential to the well-being of individuals, families, and communities.

The college provides three degree programs: the Bachelor of Arts in Social Work, the Master of Social Work, and the Doctor of Philosophy in Social Work. Social Work is among the most diverse units on campus with nearly 19 percent African American students in the undergraduate program.

The BA in Social Work is the largest undergraduate program in social work in Kentucky, and many students are transfer students from community colleges or other universities. In addition, many students transfer to social work once they discover this small college in a large university. A peer mentorship program, student ambassadors, two student organizations, groups advising, and active participation in the Civic Engagement Living Learning Community give the students the experience of community. An Honors program has been approved and is moving forward.

The MSW program contains two advanced concentrations: mental health or family and community practice. By the second year of this 60-credit-hour program, students must choose one of the concentrations. This is the only clinical social work program in Kentucky, and its emphasis on ethics, evidence-based interventions, and individualized learning make it unique.

The Ph.D. program in social work is in its ninth year, and its 18 graduates have academic appointments in regional schools in Kentucky as well as at universities and colleges in Michigan and Iowa. Most students are somewhat older than doctoral students in other areas, and most are part-time because the college continues to struggle with means by which support for full-time students can be obtained. The doctoral program is a joint program with the University of Louisville.

The college has increased its external funding significantly. In 1998, only \$110,000 were awarded the college from research and contracts. In 2006, the numbers exceeded \$5 million. Federal, state, and foundation support includes the Children's Bureau (HHS), HRSA, SAMSHA, the Ford Foundation, the Sloan Foundation, the New York Academy of Medicine, and the Cabinet for Health and Family Services.

All research in the college could be characterized as engaged because we do research that makes a difference in the lives of clients, communities, and the nation. Affecting the economic well-being of families and communities, addressing violence in families and communities and especially against children, influencing public systems of care, and testing interventions that social work use to carry out their professional responsibilities are among the many aspects of the research. The college faculty is particularly committed to collaborative research, and our work with other units in the College of Medicine and the College of Public Health speaks to our willingness to become partners with other faculty.

The College of Social Work established in 1999 the CSW Training Resource Center that is staffed by clinical faculty and staff. State and federal contracts that provide cutting-edge services and evaluation research in child welfare in Kentucky and across the United States are the grounding for the work. A \$5 million five-year grant studying and evaluating privatization of child welfare and another \$2.5 million three-year grant that tested child welfare supervision models are two of the largest projects. Others are family court evaluations, support for adoptive and foster parents, programs for medically fragile children and their caregivers, the Public Child Welfare Certification Project, and the Credit for Learning programs.

The Board approved the Institute for Workplace Innovations. We are the first land-grant university in the United States to respond to its state's economic and workforce development concerns by engaging employers in adopting, implementing, and utilizing innovative workplace options. The iWin Institute will assist Kentucky-based organizations in developing quality work environments that are both high performing and meet the needs of employee's lives on and off the job in a changing world economy. In February, the institute will publish "Making Workplaces Work: Employer Best Practices in Kentucky." This report provides an in-depth look at how small, medium, and large companies from a variety of industry sectors stay competitive and productive through implementation of practices that motivate and assist employees in being more effective on and off the job. iWin is under the direction of Dr. Jennifer Swanberg, a national

expert in the study of the intersection of work, family, and workplace development strategies.

The Comprehensive Assessment and Training Project (CATS) began in 1999 with a grant from the Cabinet for Families and Children. With approximately \$1.5 million yearly in external funding, four principal investigators, no general fund dollars, and a multidisciplinary staff, this clinic serves maltreated children and their families and conducts cutting-edge intervention research. It is a true “living laboratory” that provides fertile ground for refining and testing clinical and research innovations. An important partnership with the Department of Psychiatry and other units in medicine has constructed multiple pathways for the dissemination and application of new knowledge and techniques to clinical practice on the front lines with maltreated, traumatized, and neglected children and their families.

The college is beginning a new center, the Center for the Study on Violence against Children. Through this study, our newly endowed chair, the Otto Kaak Chair in Early Childhood Mental Health Intervention will be implemented. Many of the activities currently found in CATS will be under the umbrella of the center. Moving projects into CSVAC will enhance opportunities for team building, development, and federal funding. The center will be designated and a member of the National Child Traumatic Stress Network and faculty will continue to contribute to the Clinical and Translational Science Awards development. A diversity of funding has been obtained through innovative alliances, another example of the college’s interest in collaboration. Two social work faculty lead this exciting and important development: Dr. Jim Clark and Dr. Ginny Sprang, clinical researchers known throughout the United States.

The College of Social Work is committed to diversity in all of its work. Diversity permeates the curriculum, and the student body is among the most diverse at UK. Its annual event, International Social Work: Peace, Social Justice, and Reconciliation exemplifies its commitment to diversity and to engaging in work on the most difficult and intractable of human problems. At the same time, there is great optimism in the college’s work. It collaborates with Lexington-Fayette Urban County Government and other universities. Speakers from Ghana, Kenya, Canada, and Puerto Rico will be present during March 5-9. A Reconciliation Breakfast that hosts 300 people takes place where the International Humanitarian Award is presented. The college’s international students, its student organizations, faculty, and community partners all make this event one of the highlights of the year.

Social work is a profession with a moral obligation to enhance and protect the personhood and dignity of all whom we serve and to build just and good communities. Dean Hoffman said that it is an honor to be part of this wonderful college and university.

Dean Hoffman received a round of applause.

President Todd informed the Board that the deans go to Washington to meet with the staff members of the Kentucky delegation in December. He said that nobody works

that crowd of legislators better than Dean Hoffman. It is no surprise to him to see the level of endowment growth under her leadership as well as the research growth. It is research that truly does affect people's lives of this state.

President Todd told the Board that he would get them information about the Institute for Workplace Innovation (iWin) because he has committed to help with recruiting membership. Dean Hoffman has gotten the institute off to a great start.

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

President Todd reported that the new ranking for faculty productivity is out, and he is very proud of the UK faculty. UK ranked 19th in the country among public and private institutions. There is a new way to measure things, and it has quite a bit of credibility. It was underwritten by the State University of New York at Stony Brook.

The doctoral programs in the departments of Hispanic Studies and Plant Pathology were both ranked number 1 among doctoral-granting programs in their fields. The Department of Anatomy and Neurobiology was ranked number 3, Nursing, as well as Counseling Psychology at number 9, and Educational Psychology and Entomology at number 10 among their peer groups. The University of Kentucky received nice coverage about these rankings in the *Chronicle of Higher Education*.

President Todd reported that he is chairing a new statewide committee on Science, Technology, Engineering, and Mathematics (STEM). This is an area of shortfall in the state, and people will be hearing this mentioned. The committee will have two more meetings and then make recommendations to the legislative session about some changes.

Dr. Edward Hirschowitz and Dr. Li Zhong were recognized on the football field during the football season for research on a blood test that can detect lung cancer. This is effective on people who have already had lung cancer to prohibit them from having it again.

The Gatton College has won a "Worldwide First Place" for its innovative MBA program that started last year. This is a new 11-month Immersive MBA Program which is quite unique, and those students performed extremely well.

Kim Edwards's novel *The Memory Keeper's Daughter* has been named the "Book of the Year" by *USA Today*. The book has 2.5 million paperback copies in print. That is Dr. Edwards's first novel.

The School of Management in the Gatton College of Business and Economics ranks fifth in the nation in an information systems research productivity measure. This measure ranked output per researcher published in leading information systems journals in the period 2001-05. The department also ranked high among its benchmarks in other measures.

President Todd mentioned that there were other items in PR 1 for the Board to review.

H. Proposed Revision of University of Kentucky Governing Regulation (PR 3)

President Todd reported that the first reading of PR 3 was at the December meeting. This is the second reading of the proposed revision to Governing Regulation I. This will put the University Vision, Mission, and Values statement in line with the Strategic Plan change. He recommended the adoption of the change. On motion made by Mr. Williams and seconded by Ms. Haney, PR 3 was approved without dissent. (See PR 3 at the end of the Minutes.)

I. Academic Degree Recommendation (AACR 1)

Ms. Tobin, chair of the Academic Affairs Committee, reported that the committee met that morning. AACR 1 is the recommendation to the Board of Trustees that the Board approve the establishment of a Doctor of Philosophy degree with a major in Education Sciences, effective in the spring 2007 semester.

The background is that the Ph.D. in Education Sciences is an interdisciplinary degree representing collaboration and participation across five of the six departments within the College of Education to better prepare students to meet the growing statewide and national need for educators who are well trained in methodological issues in education research.

With the formation of the Institute for Education Sciences in the U.S. Department of Education, there has been tremendous growth in the demand for field-based clinical trials in education research. In addition, given the impact of the No Child Left Behind Act on state-level policies, it is imperative to prepare individuals of the highest caliber to assist educators in the Commonwealth of Kentucky with meeting the requirements of the legislation.

This program has the approval of the appropriate councils and University Senate, and it has completed the 45 day review by the Council on Postsecondary Education. The Provost of the university supports this recommendation.

Ms. Tobin moved that the Board of Trustees adopt AACR 1. Ms. Patterson seconded her motion, and it carried without dissent. (See AACR 1 at the end of the Minutes.)

J. Establishment of the Institute for Workplace Innovation (AACR 2)

Ms. Tobin reported that the committee also discussed AACR 2. This is a proposal to establish the Institute for Workplace Innovation in the College of Social Work, about which Dean Hoffman has provided some background and comments about.

Over the past three decades, the United States has witnessed major shifts in the demographic landscape of the labor force. As a result, a growing number of workers report strain integrating the often competing demands of life on and off the job, while a growing number of employers report difficulty in recruiting and retaining quality employees.

The proposed institute will enhance workplace productivity in the changing economy. It will provide employees with knowledge and opportunities related to innovative practices that enable the creation of quality work environments while ensuring a balance between employee commitment to work and family. The University of Kentucky will be the first land-grant university in the United States to establish such an institute that responds to its state's current economic and workforce development concerns by engaging employers in adopting, implanting, and utilizing innovative workplace options.

The proposal has been reviewed and recommended by the Senate Committee on Academic Organization and Structure and the Senate Council. It has been approved by the University Senate, and the Provost of the university supports this recommendation.

Ms. Tobin moved the adoption of AACR 2. Ms. Ball seconded the motion, and it carried without dissent. (See AACR 2 at the end of the Minutes.)

K. Finance Committee Report

Ms. Wickliffe, chair of the Finance committee, reported that FCRs 1 through 7 were on the consent agenda.

L. Renaming of Paul A. Thornton Graduate Fellowship in Clinical Nutrition and Acceptance of Michael P. Thornton Pledge (FCR 8)

Ms. Wickliffe said that FCR 8 is the Renaming of Paul A. Thornton Graduate Fellowship in Clinical Nutrition and Acceptance of Michael P. Thornton Pledge. She moved the adoption of FCR 8. Ms. Haney seconded the motion, and it carried without dissent. (See FCR 8 at the end of the Minutes.)

With the adoption of FCR 8 and FCRs 1 through 7, the gifts and pledges total \$9,671,253, all of which are eligible to be matched by the state. With these funds, UK will have matched \$61.18 million of state funds from the Endowment Match Program. UK has \$5.49 million of state funds left to match.

M. Proposed 2007-08 Room and Board Rates (FCR 9)

Ms. Wickliffe said that FCR 9 is the Proposed 2007-08 Room and Board Rates. She asked Mr. Ben Crutcher, Associate Vice President for Auxiliary Services, to make a presentation to the Board.

Mr. Crutcher referred to the handout regarding housing rates. He called attention to the photos of new housing recently constructed. This is traditional housing with air conditioning. The proposed housing rates are tiered. The traditional housing with air conditioning has a proposed rate increase of 5 percent for next year. Housing without air conditioning has a proposed rate increase of 1 percent. The new housing, as well as the top floor of both towers, will be considered premium housing and has a proposed 6 percent increase. Mr. Crutcher reviewed the rate increases for other housing as follows:

Greg Page 4 BR Apartments	5 percent increase
German House (which only houses 8 students)	1 percent increase
Family and Graduate Apartments	2 percent increase
Summer School Rates	5 percent increase
Conference Housing	average of 5 percent increase

Mr. Crutcher said that operating costs are the basis for the increases. Some of the rate increase will go toward renovation. Some of the built-in furniture currently in some rooms will be removed, and single resident rooms will be created on some floors. The university will also have two new learning communities next fall, and some renovation will be needed for those.

Life Safety is always an issue for UK. There will be an increase in cameras in facilities as well as door access controls.

He reported that there is some work to do in Keeneland Hall. The work is mainly in the bathrooms, but there will be an upgrade in furniture as well as some mechanical upgrades.

Mr. Crutcher referenced UK's benchmark institutions and presented a chart showing that UK's rates are in the lower 33rd percentile. With the state institutions, UK has the highest housing rates, slightly above those at the University of Louisville.

Mr. Crutcher presented a chart comparing UK housing to some of the local apartment complexes. He pointed out that it is hard to compare a traditional residence hall room to a four-person private suite, but generally UK's rates are below all of the area apartments. Some of UK's returning students who are sophomores or above go to non-UK area apartments. There are very few freshmen who live in off-campus apartments.

Mr. Crutcher presented the 2007-08 proposed housing budget and talked about Auxiliary Services' proposed 4 percent increase in revenues. At a previous Board

meeting, housing and dining debt was restructured. That resulted in lower debt service to housing, and Auxiliary Services intends to use those savings for housing upgrades, maintenance, and improvements.

Mr. Crutcher said that he was available for any questions, and Mr. Williams asked him about housing without air-conditioning. He asked if there was a plan to remedy the situation. He said that air conditioning in these days does not seem like an amenity but more of a necessity.

Mr. Crutcher said the long-term housing plan could explain the situation, and he would be pleased to discuss the long-term housing plan at another meeting. For example, one plan is to tear down some existing housing and rebuild new housing. The cost of air conditioning per resident bed is roughly \$25,000. The cost to build four new housing units is approximately \$56,000. The economics for the most part dictate that it might be better to look at building new housing rather than going in older housing and doing an expensive air-conditioning project. The long-term plan is to look at that approach rather than try to spend money on air conditioning for older facilities.

Ms. Wickliffe then asked Mr. James Wims, Assistant Vice President for Residence Life, to make a presentation on the proposed dining rates.

Mr. Wims said that he would highlight some of the activities and initiatives that have occurred in dining over the past semester. He began by pointing out that five new retail venues in the Student Center were created, and it was no easy task. He complimented and applauded his colleagues and the Physical Plant Division for helping get this accomplished in such a short period of time.

He reported that the hours have been extended in many of the dining units based on responses from students. The dining units are now open until 11 p.m.

Dining Services is very proud that it was a partner with the College of Agriculture in creating a pilot program to purchase locally grown food. They have persuaded the prime vendors to join UK in this effort.

Mr. Wims mentioned that Dining Services has a Living Learning Community. The Living Learning Community is called GREEN, Gaining Real and Environmental Experiences Now. GREEN focuses on sustainability, and one of the things the group does is go out to one of the local farms, harvest produce, and bring it back. A group in Dining Services prepares that produce. They have a community meal and talk about issues related to sustainability. He said that he is proud of what they have been able to do in terms of giving back to the local economy.

Mr. Wims mentioned some of the future initiatives and partnerships being considered. They are looking to open a Subway restaurant on campus next to K-Lair, and this is very exciting. The idea came directly from student feedback. He said that he is also excited about engaging in partnerships with the Office of University Health Services

and the College of Pharmacy to open new food venues in those facilities when they come on line.

Mr. Wims said that Dining Services had been approached by colleagues in the Singletary Center about the possibility of opening a fifth Starbucks there. That is another exciting initiative.

Mr. Wims said that there is a 4 percent increase proposed in the cost of the meal plan for 2007-08. He called attention to the minimum meal plan, which is the plan that the university requires students to purchase. The other plans are optional. He explained the proposal to increase the amount of flex dollars from \$100 to \$125. This will give students an additional opportunity to use flex dollars. The flex dollars are used to purchase a quick snack or for students who do not want to use their meal plan card.

Mr. Wims displayed a chart showing increases over the past 14 years. The increases are relatively level for the most part. The increases on the chart are reflected in investments back into the Dining Services program.

He also displayed a chart showing the comparison to benchmark institutions, and UK is 7th among these institutions. He pointed out that two schools charge an additional facilities use fee. They are Ohio State University and the University of Maryland. He noted that the figures are for 2006-07 because UK does not have information from other institutions about what they plan to do next year.

Mr. Wims displayed a chart showing UK's comparison to colleges within the state. UK is not the most expensive, but it is not the least expensive.

Mr. Wims concluded his report by saying that the proposed budget for 2007-08 reflects a budget of \$15,461,000. The \$406,191 shown as income reflects the 4 percent proposed increase. Other changes are reflected in the renewal, replacement, and debt retirement.

Mr. Hardymon thanked Mr. Crutcher and Mr. Wims for attending the Board meeting and said the Board enjoyed having them. He asked Ms. Wickliffe to continue with her Finance Committee report.

Ms. Wickliffe said that the proposed housing rate is \$1,893.50 per semester for traditional residence halls with air conditioning. This is an increase of \$86.50 per semester. Housing rates will continue to vary by facility from traditional residence halls to premium residence halls.

She mentioned the proposed dining rates, including the "unlimited choice plans." Students may select whatever they choose to eat as one meal in this plan. The minimum dining plan as proposed would be \$987 per semester, an increase of 4 percent or \$38. The minimum dining plan will provide an average of 7 meals per week and includes \$125

of flex dollars. There are six other optional plans which include more meals and \$125 of flex dollars per semester.

Ms. Wickliffe moved the adoption of FCR 9. Mr. Branscum seconded her motion, and it carried without dissent. (See FCR 9 at the end of the Minutes.)

N. Proposed 2007-08 Tuition and Mandatory Registration Fee Schedules (FCR 10)

Ms. Wickliffe reported that Ms. Martin made a presentation regarding the Proposed 2007-08 Tuition and Mandatory Registration Fee Schedules at the Finance Committee meeting. She reminded the Board of its approval of the Top 20 Business Plan at their December 13, 2005 meeting. The Plan is designed to provide the financial and capital framework for moving UK toward its goal of attaining the Top 20 status by 2020. In 2006, the Kentucky General Assembly fully funded the Top 20 Business Plan beginning with fiscal year 2007-08.

The Board of Trustees is being asked to approve a tuition and mandatory fee increase of 9 percent for resident students. This increase is included in the Top 20 Business Plan. The 9 percent increase is also in compliance with the parameters set by the Council on Postsecondary Education in November.

Undergraduate resident tuition and mandatory fees will increase by \$293 to a total of \$3,548 per semester for freshmen and sophomores. The rates will increase by \$302 to \$3,651 for juniors and seniors. Resident graduate and professional tuition rates will also increase by 9 percent. However, as a pilot program, beginning in fall 2007, the College of Medicine tuition and mandatory fees are “locked in” for each entering-class cohort. The rates will not change while students are enrolled in the program.

Provided that the Trustees approve the tuition and fees, President Todd will present UK’s 2007-08 tuition and mandatory fees to the Council on January 29, 2007.

Ms. Wickliffe moved the adoption of FCR 10.

Mr. Hardymon complimented the Board on taking a lot of their own time to get involved in the process. He asked for any questions.

Dr. Yanarella pointed out that the Finance Committee had a very healthy discussion with regard to the UK GREEN Thumb Club request. There was a student referendum that took place this past spring that led to a positive vote for a green energy fee to be incorporated into the mandatory fees. Out of the discussion about the dominant concern on the part of the GREEN Thumb Club, the committee came to an understanding that sustainability really begins at home, in this particular case, our institutional home, the University of Kentucky.

Dr. Yanarella said that there were a number of issues raised about this particular fee and about the sentiments behind it. There was a strong feeling on the part of the Board members who were at this meeting that Mr. Wiseman should provide the Board, at some future meeting, with an account of the activities that the university has undertaken with regard to energy saving and with regard to sustainability practices. There was also a sentiment that President Todd should look into the possibility of a vehicle that would involve student representation that would permit the university to redouble its efforts, to carry sustainability to a higher profile at the university. Dr. Yanarella said that he hoped the Board would agree to those two specific requests.

Mr. Hardymon called for a second to Ms. Wickliffe's motion before the discussion continued. Ms. Ball seconded the motion.

President Todd said that one of his fundamental feelings is that sustainability should be an organizational issue, as Dr. Yanarella had expressed. The university should be working at that all the time with input from the students and from other members from the campus community. He said that he intended to appoint a campus-wide committee with two student members to make sure that this is kept in front of everyone. He is proud of what Mr. Wiseman and his team have done on sustainability and the way it is being considered in future buildings. He expressed appreciation for the list of activities that was provided to the Board. He feels the university can only do better as it goes forward.

Ms. May said that she thinks she speaks for the entire Board in expressing appreciation for the information they received. The Board struggles with the fact that it wants to get the best and brightest at the university. It wants to open the doors to everyone that can possibly come, and each year as tuition increases the Board has been somewhat worried that it may be closing the doors of UK to those that cannot afford it.

She thanked President Todd for addressing the 2020 scholarship issue because that has put their minds at ease, knowing that UK is reaching out to people that need the assistance to come and in part help alleviate some of the additional stress that is put on people. She expressed appreciation for this program and for its initiation happening at the time of tuition increases.

Mr. Williams said that he had a statement to read on behalf of student body President Jonah Brown. He read the following statement:

"Fellow Board members, I would like to begin by apologizing for my absence from today's Board of Trustees meeting. I have been kept from our meeting this afternoon by circumstances out of my control. Having said that, I would be a poor student representative if I did not make the voice of the students heard at today's meeting: Kentucky's former motto was "Education Pays," and unfortunately, the students have been paying too much for too long. Though I am pleased to see an increase cap placed on 9 percent for the upcoming years, I strongly oppose such an increase. I commend Dr. Todd on his scholarship proposal giving the ability to those least fortunate in our Commonwealth to

receive an education from Kentucky's flagship institution. While we are moving in the right direction, we have not come far enough.

Whether or not some believe that the students are not taking an active role in this measure, I firmly believe that they cannot continue to bear the responsibility for an inactive legislature. While there was low attendance at the most recent tuition forum, it is not due to a lack of interest in the imposing increase, but since it was held at the peak of class schedules, a lack of opportunity to learn more about their new financial burden. I understand that to have a proper budget, the money must be allocated accordingly. Unfortunately, critical student programs are not allocated the necessary funding to provide the best service to the students. These concerns have been voiced with Student Affairs, the Provost, and the President's administration prior to today.

As parents and grandparents, you understand the unwritten rule to provide your sons and daughters with more opportunity than you had received. The college degree is an incredible gift, one that the majority of the world's population will never see. To withhold such an opportunity for financial reasons is without conscience. Every student in Kentucky should have the opportunity to prosper in today's society and continued tuition increases is a step in the wrong direction.

Respectfully, Jonah K. Brown.”

Mr. Hardymon thanked Russ for bringing Mr. Brown's statement to the Board. He called for a vote, and the motion carried without dissent. (See FCR 10 at the end of the Minutes.)

President Todd thanked Provost Subbaswamy, Mr. Butler, Ms. Martin, and their staff who spent untold hours in trying to put the budget together in a comprehensible way so that the university can be in a position to answer questions that the Board might have. The staff added a value beyond just the financial fees, that is, by looking at ways that the university can relieve some of the strains on some of the students who cannot stand much more strain. Registrar Don Witt and his group were actively involved in these discussions as well. He asked that the minutes reflect how much he appreciates the diligence that these individuals have shown, as well as their professionalism.

O. Student Affairs Committee Report

Mr. Williams reported that the Student Affairs Committee met that morning at 10:00 a.m. There were four committee members in attendance, making a quorum. He expressed appreciation to the other eight trustees that attended the meeting.

The committee met Tara Bonistall, a student leader, during the meeting. Ms. Bonistall is a senior psychology major from Ohio, and she is the student director of the Student Volunteer Center. She coordinates nine volunteer programs from basic needs, to environmental issues, to civic engagement, to outreach. Two of the big programs that the

center coordinates are UK Fusion, where over 800 student volunteers as well as faculty and staff go into the community for a half a day and make a tremendous difference in a very short period of time, and Dance Blue, a 24-hour dance marathon. Last year was Dance Blue's first year, and the event raised over \$124,000 for pediatric oncology. Mr. Williams felt that amount was phenomenal.

The committee also heard from Dr. Mary Boling-Reece, director of the Counseling and Testing Center, which takes care of the psychological needs of students. Ms. Reece briefly reviewed a range of services that the center provides. They have 11.5 positions, all Ph.D. psychologists. They deal with mental health issues, developmental issues, depression, eating disorders, and relationship issues as well as career exploration and academic success issues. They provide outreach and prevention programming through training, diversity, grief intervention, and mental health awareness screenings. They mediate conflicts and work primarily to make sure that the students receive services.

There is an emergency and walk-in crisis center. For example, if there was a death on campus or some other kind of a trauma, their team goes in to make sure that those who are involved are well taken care of.

The Center sees 1,253 students as on-going clients. One of the programs is called QPR: question, persuade, and refer. It is a suicide prevention program that Ms. Reece has been very involved in. She is a master trainer. UK has over 1,500 students, faculty, staff, and community members who have been trained to spot signs and symptoms of suicide and to intervene if necessary. It is an incredible service that UK offers the students through Student Affairs. This is an area that provides direct service to students. These services are all about retention. If UK can help students get through some of the life struggles that everyone has at that age and finish college, it is time and money well spent.

Mr. Williams provided a copy of the annual report for Student Affairs that contained 2005-06 statistics. He also mentioned that there were brochures about the Counseling and Testing Center and Ms. Reece's handout from her PowerPoint presentation at the Finance Committee meeting available.

P. University Hospital Committee Report

Ms. Young reported that the hospital committee met Monday, January 22. Since Dr. Karpf was making a lengthy presentation, she would report that the hospital continues to be strong, and the building project is moving along pretty much on schedule. She noted that the committee had one action item that would be addressed following Dr. Karpf's presentation.

Dr. Karpf thanked the Board for the opportunity to update them on activities of the building project. In December 2004, the Board of Trustees approved an integrated cohesive financial planning, facilities planning, and strategic planning process to help

move the hospital forward. It addressed the issues of trying to achieve Top 20 status and the issues of a bit of a slippage in the market place. Subsequent to that, the hospital went through an academic planning process.

From the strategic planning process, they realized that there are a couple of conditions that must be accommodated by the medical marketplace of Kentucky. First and foremost, UK is the only academic medical center in this part of the state, and it must be able to provide specialty care to the citizens of Kentucky. Dr. Karpf said that he would know that he is successful if individuals of Kentucky can wake up in the morning and say to themselves, no matter how complex a problem I have, no matter how unusual problem I have, I can be taken care of in the state of Kentucky and don't have to worry about whether my insurance will allow me to go to Vanderbilt, the Cleveland Clinic, or the Mayo Clinic. This is a very important goal for the hospital and a goal that the hospital has made substantial progress in achieving.

Dr. Karpf said they also came to realize that they have to build nationally recognized programs in areas such as cardiology, orthopedics, neurosciences, pediatrics, and transplantation. They have recruited on a national level in those areas and have brought in some exceptionally strong clinician scientists.

They also realized that they have to be able to support the rural providers in the state. Many of these communities that are sole providers are important economic engines. They have worked very hard with a number of providers. Dr. Karpf displayed a chart showing the number of outreach programs and said that they have to achieve the set goal. They started by developing secondary level relationships. The Markey Cancer affiliates are at Harrison, St. Claire, and Rockcastle. In these areas, they help the communities make sure that a high level of cancer care is available and is similar to the level of cancer care available in Lexington. The patients get the very same treatment they would get on the UK campus. When those patients require the services of a higher level facility, they come to campus in a very seamless kind of fashion. This has been a major benefit to the communities.

Dr. Karpf talked about the facilities. Everyone realizes that the main hospital, Chandler Medical Center, needed to be replaced. The plan is to replace it in two stages, and everyone has seen the image of the new patient care facility. The first part of a two-phased process is to replace the hospital garage, build 1.1 million square feet of new patient care facility and fit out 550,000 square feet roughly of that building. The second phase is the fit out of the other 550,000 square feet. He mentioned that the crane on Limestone is testimony to the fact that the process has really started. The garage should be completed sometime between October and December.

Dr. Karpf presented some updated sketches of the new facility. He reported that the patients who visit the hospital range from individuals who fly into Lexington on their private jets to individuals that come from parts of rural Kentucky where coming to Lexington is a very big experience. This new facility will be comfortable to serve that broad range of people. The architects have captured a sense of a warm facility, a facility

that people can walk into and say this is really nice. People will be able to sit and relax while waiting for a loved one or while contemplating important decisions.

Dr. Karpf provided an updated image of patient rooms. The rooms will be the best patient rooms of any place in the country when they are completed. They will be very large. They will provide amenities for the patients and their families, and more important, they will provide a tremendous amount of flexibility in terms of being able to elevate the level of medical gear that UK will be able to provide at the bedside.

Dr. Karpf said that they want to make sure that the facility has a sense of Kentucky to it. He presented a landscape rendition that has a semicircle in front of the new hospital. The landscape consultant went around the bluegrass and looked at distinctive things about the Bluegrass that she could bring to the hospital site that will really give it a special feel. The architect loved the stone walls and some of the trees and plants that are indigenous to the Bluegrass. She created a series of stone walls. He noted that the walls may not be dry stacked, but they will be stone walls. He said that they were discussing a limestone creek with water trickling through it. As people drive down Limestone, they will see this as a Kentucky facility.

Dr. Karpf said that a lot of energy has been put into thinking about landscaping throughout the entire project. He displayed a chart showing a row of trees along Limestone and along the emergency room area. The opportunity exists not only to make a statement about the Medical Center but also to improve the appearance of the entire campus at that end and improve the appearance as people drive into the city. The goal is to develop a boulevard feel.

Several months ago, Dr. Perman presented the academic plan to the Board. The plan may be one of the most exciting, if not the most exciting, component of what he and his colleagues are trying to generate. An environment will be provided for training the medical practioners of the future for the state of Kentucky in a collaborative kind of way where physicians, pharmacists, nurses, and public health officials learn together and work together right from the beginning. It will also provide an environment where multidisciplinary research can be coordinated.

Dr. Karpf presented a chart showing FY 2004 Strategic Plan Discharge Projections. He said that they anticipated or programmed about 5 percent growth for multiple years, and a 5 percent growth in hospital business is very substantial growth. When they did the analysis of what they must do to grow, to be able to support the project financially, to make sure that the Board felt comfortable with the project, and to make sure they are not overextending the project, some play was introduced into the chart to try to allow some comfort that if they did not hit on all cylinders and have maximal potential growth, the hospital would still be able to afford the project.

Dr. Karpf pointed out that the hospital has exceeded its projected growth by a substantial amount. Rather than growing at 5 percent, the hospital has been growing by more than 10 percent a year. That is very substantial progress, and it speaks to the

recruitments that have been brought to the hospital, the people that have been generated from UK's faculty in terms of the services they provide, and the need for additional services.

Dr. Karpf said that some people ask if the growth is sustainable. He displayed a graph showing discharges per month. The low point for the hospital was in December 2003 with 1,425 admissions. The high point for the hospital was December 2006 with 2,356 admissions. For 39 consecutive months each, month has been stronger than during the previous year. That means December 2006 was stronger than December 2005, December 2005 was stronger than December 2004, December 2004 was stronger than December 2003, and for 14 consecutive quarters, each quarter has been stronger than the previous quarter. He said that he thinks there is sustainability and a track record that shows that this is not a one-time phenomenon. This is really sustained, mature growth, a secondary effect from strengthening programs and effective recruitments.

Dr. Karpf reviewed a chart showing that the hospital has done very well financially. In a 2004 presentation to the Board, cash on hand projected in 2007 was roughly \$216.5 million. At the close of December 2006, cash on hand was \$375 million. He explained that the reason for doing so much better than projected is because of the growth and because of the sale of CHA, which created substantial amounts of cash to enable the hospital to do things that needed to be done.

Dr. Karpf reminded the Board of their original statement that the hospital would finance the first phase of the building project. Hospital administration projected that it would cost approximately \$450 million to build a new patient care facility in fitting out 550,000 square feet. By borrowing \$250 million and using \$200 million of cash, they are now starting to rapidly approach the \$200 million in cash that they are committed to. He said they also were committed to maintaining \$200 million of cash on hand on the balance sheet so that the creditors on Wall Street would feel very confident with the hospital and would be comfortable in knowing that the hospital is good in paying its debts.

Dr. Karpf displayed an occupancy chart showing percentage of occupancy beginning in 2002. He noted that the percentage of occupancy in 2003 dropped a little below 75 percent. At that point, all of the beds were not open. As volumes have gone up, the number of beds open has increased. At the present time, all 473 of the licensed beds are in operation. In 2007, the hospital is approaching 85 percent occupancy.

On the medical-surgical side, if you do not count psychiatry, pediatrics, and ob/gyn, the hospital has over 87 percent occupancy. You cannot run a hospital at a higher level than that. The hospital is maxed out, especially for a building that is 60 years old. The new building may give a little more flexibility, with all private rooms. People who need the hospital's services are now being turned away because the hospital is maxed out.

Dr. Karpf said that he thinks they are the victims of their own success, and success requires continued success and readjustment of plans. Because of that, UHCR 2 is being presented to seek Board of Trustee approval to submit an application for a certificate of need (CON) for up to an additional 192 beds. These beds will ensure the hospital's ability to continue to accept and treat the sickest patients in the Commonwealth, who depend on the hospital for its unique specialty services unavailable from any other provider in the region. Given the current status of the hospital, with an average daily census of 400 and just modest growth, the hospital will need the 192 beds in a very substantial way.

Dr. Karpf presented a computer rendition of what is ultimately proposed with the new facility. The flexibility of adding two floors to each of the bed towers, going from six floors to eight floors, was originally planned. Should the hospital get the CON that it needs, ultimately he would be proposing to add the two floors while the hospital is under construction, thus gaining two advantages. It will save money because the cranes will already be there, and it will be a lot easier to add those floors when patients have not occupied any beds. He explained that he was not asking for approval to add the two floors at this time. He wants to make sure that the hospital can do it financially and in a responsible way. In approximately six months, the finances and projections will be revised for the Board's review so the hospital administration can very comfortably convince the Board to add the two floors and believe that it is a fiscally prudent thing to do.

As the hospital has grown clinically, it has also grown academically. There is a very strong correlation between the improvement in clinical performance and the improvement in academic performance.

Although National Institutes of Health (NIH) dollars are very tight, the hospital is still growing in its NIH support currently. As the hospital grows clinically and academically, it does in fact generate additional jobs. FTE jobs of the College of Medicine and the hospital combined from 2004 to 2007 projected have gone from slightly over 5,100 to almost 6,400. The hospital has created approximately 1,300 jobs since 2004. Looking back to 2003, the numbers are not quite as clean as those of 2004. The hospital probably created upwards of 1,500 jobs. These are very good jobs, and these are important economic drivers for this region and for the state.

The growth of UK HealthCare helps the university achieve its goal of becoming a Top 20 public research university. This growth will improve health care in the entire Commonwealth, and it is also a major economic driver for the state of Kentucky. Dr. Karpf concluded his remarks by saying that he hoped the Board would endorse and improve their intent of going forward with a certificate of need for up to 192 beds.

Ms. Young thanked Dr. Karpf for his good report. She said that UHCR 2 is the recommendation that the Board of Trustees approve the submission of an application for a certificate of need (CON) for up to 192 additional beds for the UK Albert B. Chandler

Hospital to the Cabinet for Health and Family Services Division of Certificate of Need. She said that Dr. Karpf had given a very good background to the proposition.

Ms. Young called attention to the final paragraph in UHCR 2. Legislative authority for additional fit-up of the new facility will be sought as part of the university's capital request to the 2008 Kentucky General Assembly. An analysis to estimate the authority needed to complete additional fit-up of the facility is under way. From the initiation of the project, the university has anticipated and advised the Board, state officials, and the legislature that additional authority would be required in 2008 to allow for further completion of the shelled space in a Phase 1 B.

Ms. Young reported that the hospital committee reviewed and approved the submission of the application for the certificate of need, and she moved the adoption of UHCR 2. Mr. Patton seconded her motion, and it carried without dissent. (See UHCR 2 at the end of the Minutes.)

Dr. Karpf expressed appreciation to the Board for their support.

Q. Other Business

President Todd said that he thought the Board should acknowledge Athletic Director Mitch Barnhart's accomplishments not only for the bowl victory but for some of the achievements since he has been at UK: women's tennis, golf, volleyball, women's basketball, and on down the line. The accomplishment in turning the football program around, getting UK to a bowl game, and through a bowl game successfully is something that he certainly appreciates and the people of the Commonwealth appreciate. He said that the Board wants to acknowledge Mr. Barnhart, the coaches, and Rob Mullens, who keeps athletics financially healthy, for their accomplishments. The Board gave them a round of applause.

R. Meeting Adjourned

Mr. Hardymon adjourned the meeting at 2:35 p.m.

Respectfully submitted,

Pamela R. May
Secretary, Board of Trustees

(PR 2 and 3; AACR 1 and 2; and FCR 1, 2, 3, 4, 5, 6, 7, 8, 9, and 10; and UHCR 2 which follow are official parts of the Minutes of the meeting. UHCR 1 was withdrawn at the University Hospital Committee meeting.)