

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, June 12, 2007.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, June 12, 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, Penelope Brown, Dermonti Dawson, Ann Haney, James Hardymon (chair), Pamela May, Billy Joe Miles, Sandy Bugie Patterson, Phillip Patton, Erwin Roberts, Myra Leigh Tobin, JoEtta Wickliffe, Billy Wilcoxson, Russ Williams, Ernest Yanarella, and Barbara Young. Absent from the meeting were Jonah Brown, Jeff Dembo, and Frank Shoop. 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 Health Affairs Michael Karpf, and General Counsel Barbara W. Jones. The Executive Vice President for Finance and Administration Frank Butler was out of state but was teleconferenced with the meeting.

The university faculty was represented by Chair of the University Senate Council Kaveh Tagavi, and the university staff was represented by Chair-elect of the Staff Senate Kenneth Blair.

Members of the various news media were also in attendance.

C. Consent Items

Mr. Hardymon called attention to the consent items. The items include: approval of the Minutes of the April 24, 2007 meeting, personnel actions in PR 2, and FCRs 1 through 5. He noted that a revision to PR 2 had been distributed and asked for a motion for approval of the consent items. Ms. Haney moved approval. Ms. Patterson seconded her motion, and it carried without dissent. (See the consent items at the end of the Minutes.)

- FCR 1 Ashland Inc. Director's Charitable Award Program Gift in Memory of William L. Rouse, Jr. (Consent)
- FCR 2 C. Michael Garver Gift (Consent)
- FCR 3 James F. Hardymon Pledge (Consent)
- FCR 4 Owensboro Medical Health System Pledge and Gifts in Kind (Consent)
- FCR 5 Estate of James I. Stephens Gift and Establishment of the James I. Stephens Memorial Scholarship Quasi-Endowment Fund (Consent)

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

President Todd mentioned three particular items in PR 1 and encouraged the Board to read the other items because it is a great way to keep up with faculty, staff, and student activities

UK Presents Degrees to more than 6,300 at 2007 Commencement

President Todd noted that many Board members attended graduation. It was a record commencement with the largest number of degrees ever granted at a commencement. That is consistent with the increases that UK experienced with the incoming freshman class several years ago, taking the enrollment from 3,000 to 4,000 incoming freshmen.

UK Exceeds \$1 Billion Capital Campaign Goal; Campaign Continues

President Todd said that there had been many celebrations about the \$1,000,000,000 Capital Campaign goal being reached, but the campaign continues. It is at approximately \$1,029,000,000 now. The University of Kentucky is one of only 31 universities, both public and private, that has met a billion-dollar goal. He said that he is very thankful to Terry Mobley, Mike Richey, the provost, the deans, and everybody on the staff who worked in that regard. He pointed out that the "Bucks for Brains" money was critical to reaching the goal, and there are \$208 million directly from the state in the university's endowment. It is a spectacular campaign.

A Record Five UK Students Win Fulbright Scholarships for Study Abroad

President Todd reported that five UK students have won Fulbright Scholarships for study abroad. This is UK's largest class of Fulbright scholars for an academic year.

President Todd asked Provost Subbaswamy to give a Strategic Plan status report. He expressed pleasure in having Provost Subbaswamy back at the university. At a meeting in Washington recently, it was evident that many of the 75 presidents seemed to know that Kumble Subbaswamy was at the University of Kentucky. Provost Subbaswamy has taken the budgeting process to a new level as far as how to apply the available dollars to the strategic problems at the university.

Provost Subbaswamy reported that almost a year ago he presented a provisional Strategic Plan for 2006-2009 to the Board. Since he had not officially started as provost, he had hoped to have more time to select measures of progress and set goals. Both President Todd and Chairman Hardymon made it clear that the provost had plenty of time as long as it was before October 1, 2006. He said that he was grateful for that approach because UK was going through a Top 20 planning process and time was of the essence. It also allowed him to come to grips with some real challenges that needed immediate attention. Provost Subbaswamy made the following comments regarding his slide presentation about the Strategic Plan and the growth targets contained in the Top 20 Business Plan:

2006-09 Strategic Plan, Undergraduate Education

In the undergraduate area, we have several measures, including some input parameters of the quality of students. In other words, we want our students to be more capable of tackling the kind of courses that they will encounter at the University of Kentucky. We want to improve the ACT and SAT measures, but that will be in conjunction with what is going on in the school system. The actual ACT, SAT, and high school GPA measures of incoming freshmen for the first year of the plan will be available in September and will be reported to the Board at its October meeting.

Because we were not able to add any faculty while enrollment increased for several years, the student to faculty ratio moved from 17.6 to 17.9. We are aiming for 17.2 by the year 2009. I am

confident that when the faculty who are joining us are counted in the fall, we will in fact have a substantial reduction in that ratio.

I will spend a lot more time on six-year graduation rates. For the fall of 2006, the six-year graduation rate was 59.8 percent. In 2007, the six-year graduation rate was 59.1 percent. We are aiming for 62.0 percent in 2009. That will take up most of what I want to say in this report.

You have already heard the 2006-07 highlights for undergraduate education throughout the year. We welcomed the largest first-year class in university history (4,190), including a record number of first-year African American students (294). We created an aggressive 2020 Scholars Program to address affordability, access, and merit. We were accepted into the American Council on Education's International Education Laboratory.

2006-09 Strategic Plan, Graduate/Professional Education

The graduate/professional education measures of progress will be available in August. The item that I want to point out is that we recently granted an estimated 312 doctoral degrees. The previous record high was 276 in 2004-05. We piloted a Guaranteed Fixed Tuition Program in the College of Medicine to help students with financial planning. That is something that we will consider extending to other professional programs as well.

2006-09 Strategic Plan, Faculty Development

We have used internal funding in the first year of the biennium and substantial increases in state appropriations in the second year to accelerate faculty hiring. Combined with clinical faculty hiring in the College of Medicine, we expect to have 2,028 faculty in the fall 2007 compared to the 2006 baseline of 1,942. We will have, in fact, met the strategic plan milestone if that number holds.

There has been much written in the newspaper recently about the percent of minority full-time faculty at the university. I am very confident that in the fall when the faculty are here and counted, we will have a net increase in that number and an increase in the percentage of African-American faculty.

We created an associate provost for faculty affairs position to attend to all the issues related to recruitment, retention, and mentoring for faculty as we go through the faculty expansion program.

2006-09 Strategic Plan, Research

Total research expenditures went from \$307 million in Fiscal Year 2005 to \$324 million in Fiscal Year 2006. The 2009 milestone is \$350 million. One of the highlights is that federal research expenditures increased from \$142.8 million to \$151.2 million at a time when things are getting tighter at the federal level.

2006-09 Strategic Plan, Engagement

This is really the crux of President Todd's message to the Commonwealth: that we are engaged in the Top 20 enterprise because we want to serve the Commonwealth better. The question is how we actually measure how well we are serving the Commonwealth. This is, in fact, a national issue on how our research, clinical, and educational enterprise serves the state. There are several measures being developed, and we are introducing those measures so that we can concretely from year to year track how well we are doing in terms of engagement. The Commonwealth Collaboratives is one example where we can actually measure the impact on the Commonwealth.

2006-09 Strategic Plan, Staff Development

Many of these issues were talked about in the Human Resources Committee meeting. We have completed a compensation analysis that was one of the goals, and, based on that analysis, a salary adjustment catch-up pool has been created. We have dedicated two UK real properties, one off campus and one on south campus, for the construction of two childcare centers.

The extension of various benefits with a \$5 million staff enhancement pool is part of the Top 20 Business Plan. These funds will be used to expand benefits, including the employee education program.

Undergraduate Enrollment – Top 20 Growth Targets

In terms of the Top 20 Business Plan, you remember that for 2020 we have certain growth targets for undergraduate enrollment, graduate enrollment, faculty numbers, etc. We are quite ahead of the projected target for undergraduate enrollment because we had unexpected growth last year. For next fall, our target is only 4,000 students rather than an expanded class.

There has been a lot of concern about access. Between 2001 and 2006, the enrollment of Kentuckians increased 7 percent at UK while the number of Kentucky public high school graduates has remained flat. We captured an increasing percentage of Kentucky high school graduates in that time frame.

Enrollment from 29 Kentucky counties designated by the Council on Postsecondary Education as “underserved” increased 1 percent while the number of public high school graduates from those counties declined by 3 percent during the same period. We have captured a higher percentage there again.

Enrollment from Kentucky’s Appalachian counties increased 3 percent while the number of public high school graduates from those counties declined by 1 percent. Again, we continue to work on the access issue, but I don’t think we have fallen back.

Graduate/Professional Enrollment – Top 20 Growth Targets

In graduate and professional enrollment, a lot of factors go into those numbers. We are below our target for the immediate future, but we will be working on various aspects. Adding more faculty automatically helps with some of the graduate student recruitment, and we will be watching that carefully.

Full-time Faculty – Top 20 Growth Targets

On the growth targets again, the full-time faculty numbers show that we are ahead. This includes clinical faculty and teaching faculty that impact undergraduate students. We will be making even more progress if the Board approves the budget to be presented at this meeting.

Research Expenditures – Top 20 Growth Targets

We are slightly behind the Top 20 Business Plan targets. But again, the federal situation is changing considerably. Our overall grant and contract awards are down 6.7 percent through April 2007 from where they were a year ago. But research awards from the National Science Foundation and the National Institutes of Health, which is a competitive component of the federal funding, is up

6.9 percent. This is a tremendous tribute to the hard work and the competitiveness of our faculty. It is really in the congressional earmarks where we are behind, for understandable reasons.

Declaring “War” on Undergraduate Student Attrition

Our graduation rate is about 59.1 percent which is down from 59.8 percent in the previous year. We have, in fact, the highest graduation rate among Kentucky public universities, but that really does not speak to our Top 20 aspirations. The 20th ranked public institution last year was Clemson University. It has a six-year graduation rate of 75 percent. We are hoping to get to 62 percent in 2009. Those students who entered in 2003 are already on campus, and some attrition has already occurred. There is only so much that we can do for that class, but certainly for 2020 we will start working on that now. We are using the war metaphor because I think that indicates the kind of intensity and seriousness of the focus that we have for improving our undergraduate student attrition rate.

The Council on Postsecondary Education says the Commonwealth must double the number of Kentuckians with college degrees by 2020, and a significant part of that burden belongs to the University of Kentucky. The University of Kentucky will do it by doing two things: one is certainly increasing substantially this undergraduate enrollment going forward, but equally important our graduation rates must improve to a level that is competitive with that of Top 20 public universities.

The FY 2007-08 budget makes a significant investment in the people and infrastructure necessary for this success.

There are some basic messages here. Undergraduate success is not any one person’s responsibility. They take general education courses throughout the university, admission is done by one office, and the transition registration is done in one office. The Student Affairs Office has an important role to play, and the majors’ departments have a role to play. Because so many offices are involved, some students can fall through the cracks. Basically, this is now my responsibility, and I will make sure everyone is focused on turning this around. We will have intentionality in everything we do that is related to students’ success. We will have systematic communication and synergy among all academic and support units that touch undergraduates all the way from admissions, to advising, to student affairs, to the departments, and to the colleges. We will use the best in promising approaches from across the United States in everything we do, and we will be data-driven and evidence-based going forward.

This is the new “Systems Approach” for Recruitment-Retention-Graduation

We are undertaking a systems approach: Pre-college, Admission, Transition, First Semester, Second Semester, Second Year, Third Year, Fourth Year, and Fifth Year. We need to think about several things. What messages do we give to high school students? What are we doing to improve the performance of high school students? What feedback do we give to schools in terms of how well their students are doing when they come to the University of Kentucky? All of that is a part of our responsibility to improve the success of students at the University of Kentucky.

How do we recruit really able students? What are we doing by way of access? What are we doing by way of marketing and competing with other universities with which we want to compare ourselves?

From admission to transition, you have advising and various interventions such as learning communities and so forth.

Then there are some other important process issues during the first semester. For example, the first year is where we see most of the attrition. We lose about 22 to 23 percent of our students from the first year to the second year, and that is where a lot of the interventions have to be done. Some of them have to do with academics, and others do not. We really need, therefore, to stay in close contact with students. We are insisting that everyone report mid-term grades. There will be academic advisors who will flag those students who seem to be headed for trouble and contact them to ascertain what it is that we need to be doing. We need to know what is causing the trouble whether it is financial, psychological, or academic and try to intervene accordingly to help them succeed. That is one of the reasons we are asking to add a significant number of professional academic advisors in the FY 2007-08 budget. Increasing scholarships and adding faculty also will help. This is a systems approach in which all parts of the university will have to work together to make this happen.

Provost Subbaswamy concluded his report by saying that he hoped to give the Board some success stories in the future. (See provost's PowerPoint slides at the end of the Minutes.)

President Todd thanked Provost Subbaswamy. He said that he would continue with a summary of the budget for continuity sake, and Chairman Hardyman would ask for a motion to approve the budget following Ms. Wickliffe's presentation of FCR 7. He noted that many members of the Board saw the detailed presentation of the budget that was given in the Finance Committee meeting. President Todd then gave a PowerPoint presentation and made the following comments:

UK's Original Budget: From 1997 to 2008

I am fairly pleased to say that we are over \$2 billion now. Our budget has doubled in 10 years. HB 1 was passed in 1997 with a signal sent out to higher education and to the citizens of Kentucky that we needed to make higher education a stronger element of Kentucky's future and to strengthen its economy. We have had increases in many different areas. There are some concerns that tuition and fees have gone up significantly as a portion of what it costs to educate students.

2007-08 Budget

This year's budget is where we have begun to get state support for what we need to do. We kept the tuition request below 10 percent, at 9 percent. That is still fairly high, but from a competitive point of view, we think that we are alright. What we said in our Top 20 Business Plan (excluding the hospital) was that the university will provide 26 percent of the amount necessary to fund the Top 20 Business Plan. The state will provide 34 percent, and the students will provide 40 percent. Even though the state gave us the dollar amount we were asking for in the Business Plan, we have been able to find other resources to put into this next year for classroom improvements. We also have implemented some cost-cutting moves. The university has been able to provide 49.5 percent of the additional funds in this budget.

In our Top 20 Business Plan, we said that the price tag for Top 20 was too high for the state of Kentucky, and we were going to absorb 40 percent (including the hospital) of that increased cost. I think that we are doing our share.

2007-08 Operating Budget Overview

If you look at the revenues, state appropriation is up 6.3 percent over last year. The hospital income is continuing to ramp up. In non-government grants and contracts, \$200 million come from a variety of sources. A lot of that money is transferred to us from KMSF, but this also includes Pell grants and the CAP grants from the state government that the students receive. In the affiliated corporations, we have the research foundation (UKRF), which is budgeted at about a quarter of a billion dollars. UK athletics is \$63 million. The "Other" category, which is rather significant, is where we have sales and services from auxiliary operations like the University Press, housing and dining, and parking. But all of those revenue sources are what come forward to allow us to have the expenditures for this year's budget.

2007-08 Operating Budget Strategic Investments

If you look at some of the salient features of the budget, we are hiring 20 new faculty in this year's budget. We are putting \$23.5 million overall into faculty and staff salaries and benefits, including the \$5 million that we had committed for the staff enhancement pool. There is \$9.5 million for funding 47 faculty positions, which includes 20 new faculty positions this year and an additional 27 faculty positions that were allocated in 2006-07 but have not been put in place because of the hiring process. We will end up with 47 new faculty positions. The seven academic advisors that Provost Subbaswamy spoke about will be added to our base.

A total of \$8.7 million will be used to renovate classroom buildings so we can make better use of our space. This is some of the money that is over and above what we had expected to be able to put into this area, and we are very pleased with that.

Some of the \$6.2 million in increased student financial aid is a result of the scholarships that we give which are tuition-based. When we raise our tuition 9 percent, the cost of tuition scholarships goes up 9 percent. In addition to that, a couple of million dollars are required for the new 2020 Scholars Program that we announced, including funds for transfer students and for need-based students. It is an effort that we undergo each time we have a tuition increase to try to guarantee that we do not reduce access. I am pleased with the details that Provost Subbaswamy gave on the underserved counties because I do think that is something we need to track very carefully.

Our IRIS project, the massive ongoing project to replace the university's major computing system, has received an additional \$1.5 million of recurring funds. That adds to money we already have in there, which gives a total of \$8.5 million that we are spending each year to pay for the new system that we purchased to run the university.

When you look at Provost Subbaswamy's "war" on student attrition, we are putting \$35 million into that effort. I think this is something you can be very proud of. If we look all the way back to HB 1 in 1997, the challenge was to become a Top 20 public research university. As I said from this podium about 6 years ago, if all we did was count research dollars and try to do everything that people want us to do in research, we could fail the state. These investments show you that we are paying attention to student attrition. We are 47th in the nation with respect to the number of bachelor's degrees in the work force, and if Kentucky does not change that percentage, we are never going to have a per capita income that rivals even that of our bordering states. In order for us to be able to be successful, not only must we admit larger classes, but also must get them through the process. I think you can take a lot of pride and tell your friends and associates that we are really

focused on the retention and graduation rate. Those are some of the uses of funds that are very significant.

I would mention that in the faculty and staff category, there is a 3.5 percent raise that goes out to faculty and staff. It is a merit-based pool. There is a 1.5 percent catch-up for faculty in December 2007. There is \$2.3 million for adjustments in staff salaries that will be done in December. A lot of attention is being paid to benefits. The Board previously passed a very unique benefits package that was a result of our work-life efforts, and many people in this room contributed to that. That is in this budget as well.

2007-08 Capital Budget Highlights

When we look at capital, this is another area of significance. If you recall when the bio-pharmacy complex was authorized by the state, state authority provided \$120 million worth of bonding. That was very significant because previously the state required the university to pay 40 percent of the cost of some of our research buildings. Fortunately, two years ago we were able to get that requirement removed. However, you will notice that there is an additional \$15.3 million in the pharmacy building project. That is money that has come out of our hospital's budget to build onto the new pharmacy building. We are so desperate for research space that the cheapest way to build research space is to go ahead and shell out space as we build this pharmacy building, and then we can occupy it as we get grants. That is why that project has grown.

The new SAP computing system (IRIS) will cost \$60 million. Frank Butler went to a meeting with the other chief finance officers of the Southeastern Conference (SEC), and there are only two or three other SEC schools that have really taken on this computing situation. We still run a lot of stuff off of our mainframe computer, and I was surprised to find out that many other universities in the SEC do the same. We are being watched by several people as we begin this process. Dr. Phyllis Nash has been in charge of the IRIS project. It is moving along quite well, causing some bumps here and there, but it is something we had to do.

There is \$24 million in the budget for the Student Health Facility that is going up on Limestone Street.

There is \$8.5 million in the budget for an upgrade to the Livestock Disease Diagnostic Center. If the legislature meets in special session or in January, I am sure that we will get the other \$13 million that was targeted for the expansion of that facility, especially with the equestrian games coming up in the future.

President Todd said that he did not go through all of the exact details that Ms. Angie Martin gave previously in the Finance Committee meeting. The budget is, as she said in the committee meeting, a historic budget. It is over \$2 billion, but it does the things that we need to do to advance this institution in the direction that the citizens, the legislature, and the governor have requested. (See Budget PowerPoint slides at the end of the Minutes.)

President Todd thanked Ms. Martin and Mr. Butler for their work on the budget. The budget has been a tremendous process, receiving input from the Medical Center and deans across the campus. He asked for a round of applause for Mr. Butler, Ms. Martin, and Dr. Connie Ray. He noted that Dr. Ray provides a tremendous amount of statistical information. He asked Ms. Martin to stand

and recognize her staff that worked so diligently on the process. Ms. Martin recognized her staff, and they received a round of applause.

E. Appointment of Vice President for Research (PR 3)

President Todd said that PR 3 is recommending the appointment of Dr. James Tracy as vice president for research, effective October 1, 2007. Dr. Tracy is from the University of Wisconsin, which is probably a Top 5 research institution. His research work is on human parasites, and he has had a tremendous record of National Institutes of Health-funded research.

President Todd said that he was impressed with Dr. Tracy's passion for getting out around the state and taking research out to the people of the state. Wisconsin was the university that made the "Wisconsin Way" a hallmark for engagement and outreach.

Mr. Branscum moved that PR 3 be approved. Ms. Ball seconded his motion, and it carried without dissent. (See PR 3 at the end of the Minutes.)

F. Reappointment to Board of Directors of the Fund for Advancement of Education and Research in the University of Kentucky Medical Center (PR 4)

President Todd said that PR 4 is the recommendation that the Board approve the reappointment of Carol Farmer to the Board of Directors of The Fund for Advancement of Education and Research in the University of Kentucky Medical Center for a two-year term ending June 30, 2009. He noted that her biography followed PR 4. Mr. Wilcoxson moved that PR 4 be approved. Mr. Dawson seconded the motion, and it carried without dissent. (See PR 4 at the end of the Minutes.)

G. Appointment/Reappointment of Board of Directors University of Kentucky Research Foundation (PR 5)

President Todd said that PR 5 is the recommendation that the Board approve the appointment of Martha Peterson, a faculty member, for a three-year term ending June 30, 2010 and the reappointment of Judge Phillip Patton, a trustee member, for a three-year term ending June 30, 2010 to the Board of Directors of the University of Kentucky Research Foundation. Ms. Haney moved the approval of PR 5. Dr. Yanarella seconded the motion, and it carried without dissent. (See PR 5 at the end of the Minutes.)

H. Proposed Revision to Administrative Regulation: Policy on Deadly Weapons (PR 6)

President Todd said that PR 6 is in regard to the policy on deadly weapons and involves an Administrative Regulation. The criminal statute that defines what constitutes a deadly weapon was amended in 2001 to include weapons of mass destruction. The university's Administrative Regulation (AR II-1.2-7) is being amended to conform to the statutory change. He noted that this change excludes the university's rifle team. He pointed out that this change does not require a second reading by the Board. On motion made by Mr. Dawson and seconded by Mr. Williams, PR 6 was approved without dissent. (See PR 6 at the end of the Minutes.)

I. Proposed Revision to Governing Regulation: Financial Advantage, Solicitation of Funds, and Campus Sales (PR 7)

President Todd said that PR 7 is a first reading of proposed revisions to Part I of the Governing Regulations. There are three changes, as follows: (1) faculty and staff employee interest in contracts between the university and a business; (2) charitable organizations that seek approval for conducting on-campus solicitations from faculty and staff; and (3) solicitations for subscriptions, sales of merchandise, publications, and services on university property.

He reported that the university was fortunate to get support through the governor and legislature during the last session to permit UK employees to have an interest in a business that they start. He told the story of a pharmacy professor who started a company. The company was successful and won a contract to provide services to the state. Unfortunately, doing so required him to resign his position at the university. Because UK encourages the faculty to participate in start-up businesses, the university asked for an amendment to the statute, and it was granted. He asked the Board for its support of the proposed revision.

President Todd said that in addition to the change to the Financial Advantage section of GR Part I (page I-9) described in PR 7, there are also two other proposed revisions: the Solicitation of Funds and the Campus Sales sections in Part I of the Governing Regulations. He asked Ms. Jones to address the proposed change.

Ms. Jones reminded the Board of their action in 2005 changing the Governing Regulations. The changes to the Governing Regulations at that time brought everything in line with the provost system, and these two sections of GR Part I were inadvertently left out. The Board's approval is necessary to put them back in the GRs. Essentially, these are policies the university is following and has been following. There are only two changes that need to be made. The criteria for the charitable organizations should be amended to say that the charity maintains a diversity plan. These are the only changes recommended at this time. She noted that this is the first reading for the proposed revisions.

Ms. Ball moved that the three changes be approved. Ms. Haney seconded the motion, and it carried without dissent. (See PR 7 at the end of the Minutes.)

J. Resolution of the University of Kentucky Alumni Association Amending the Alumni Trustees Election Resolution (PR 8)

President Todd said the PR 8 is a resolution of the University of Kentucky Alumni Association amending the rules and regulations for the election of alumni trustee members of the Board of Trustees. This resolution changes the voting process to an electronic method. If an alumni member chooses not to vote electronically, he or she can request a printed ballot. This is a change to try to increase the number of votes received in their elections. Ms. Patterson moved approval of PR 8. Ms. Haney seconded her motion, and it carried without dissent. (See PR 8 at the end of the Minutes.)

K. Candidates for Degree – University System (AACR 1)

Ms. Tobin, chair of the Academic Affairs Committee, reported that six action items came out of the Academic Affairs Committee meeting. The first has to do with candidates for degrees. The committee recommends that the president be authorized to confer upon each individual whose name appears on the attached list the degree to which he or she is entitled, upon certification 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.

The background for AACR 1 is that the Kentucky Department of Education requires that the degree be posted to the transcript of education students in August in order for the students to be certified and eligible for jobs or promotion prior to the beginning of the school year. Each individual whose name appears on the attached list is scheduled to complete the work leading toward the degree for which application is being made at the close of the 2007 Summer Session.

Ms. Tobin moved that AACR 1 be approved. Her motion was seconded by Mr. Branscum and carried without dissent. (See AACR 1 at the end of the Minutes.)

L. Change of Organizational Structure of the Graduate Center for Nutritional Sciences (AACR 2)

Ms. Tobin said that AACR 2 has to do with a change of organizational structure of the Graduate Center for Nutritional Sciences. The Academic Affairs Committee recommends that the Board of Trustees approve the transfer of administrative oversight for the Graduate Center for Nutritional Sciences from the Graduate School to the College of Medicine, effective July 1, 2007.

The background for AACR 2 is that the Graduate Center for Nutritional Sciences was officially established by the Board of Trustees in April 2000 as a multidisciplinary, degree-granting graduate center to augment the University of Kentucky's research and graduate education missions in the area of nutrition.

The Graduate Center for Nutritional Sciences seeks to preserve and expand its collaboration with units in the College of Medicine, including the Clinical Enterprise. The close alignment of research interests between core faculty in the Graduate Center for Nutritional Sciences and basic and clinical researchers in the College of Medicine is a primary rationale for locating the Graduate Center for Nutritional Sciences in the College of Medicine.

The proposal has been reviewed and recommended for approval by the Senate Committee on Academic Organization and Structure, the Senate Council, and the University Senate. The provost of the university supports the recommendation.

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

M. Establishment of the Institute of Research for Technology Development (AACR 3)

Ms. Tobin said that AACR 3 regards the establishment of the Institute of Research for Technology Development. The Academic Affairs Committee recommends that the Board of Trustees approve the establishment of the Institute of Research for Technology Development in the College of Engineering.

The background for this recommendation is as follows. The Institute of Research for Technology Development will address industry problems by conducting multidisciplinary research, drawing on a wide variety of technical and scientific fields. It is an outgrowth of more than a decade of industrial support for Dr. Kozo Saito and his research team in the area of coatings technology through the Painting Technology Consortium. The new institute will facilitate expanded opportunities for faculty, research and technical support staff, and students beyond the fields of vehicle and coating equipment manufactures, which have historically provided the bulk of the support.

This proposal has been reviewed and recommended for approval by the Senate Committee on Academic Organization and Structure, the Senate Council, and the University Senate. The provost of the university supports this recommendation.

Ms. Tobin moved approval of AACR 3. Ms. Ball seconded her motion, and it carried without dissent. (See AACR 3 at the end of the Minutes.)

N. Academic Degree Recommendations (AACR 4)

Ms. Tobin said that AACR 4 is an academic degree recommendation. The Academic Affairs Committee recommends that the Board of Trustees approve the establishment of a Bachelor of Arts degree with a major in International Studies in the College of Arts and Sciences, effective in the fall 2007 semester.

The proposed new degree is designed to imbue students with the knowledge and the ability to interact in a variety of international economic, political, and social settings so that they are prepared for careers in globally oriented institutions.

Preparing a generation of Kentucky citizens and workers for the new global environment is particularly important to the Commonwealth and the nation. The proposed new program will allow the University of Kentucky to bring together its international curricular strengths into a coherent and well-developed program of study.

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

Ms. Tobin moved approval of AACR 4. Mr. Roberts seconded the motion, and it carried without dissent. (See AACR 4 at the end of the Minutes.)

O. Proposed Revision to Governing Regulation: Automatic Extension of Probationary Periods (AACR 5)

Ms. Tobin said that AACR 5 is a proposed revision to the Governing Regulations. It has to do with an automatic extension of probationary periods. The Academic Affairs Committee recommends that the Board of Trustees receive for preliminary consideration the attached revision of Governing Regulation X (GR X) relating to employment and that it be included on the agenda for action at the next regular meeting of the Board of Trustees. The revision implements an automatic one-year extension of the probationary period for regular, special, extension, and librarian title series faculty who become the parent of a child or children by birth, adoption, or guardianship, or who assume significant responsibilities for the care of a relative or domestic partner.

The background for this revision grew out of a 2005 Sloan Foundation report on family-friendly policies in higher education. The report found that 86 percent of Research I institutions offer a formal policy extending the probationary period upon the birth or adoption of a child.

Providing competitive benefits to faculty is key to accomplishing the university's goals. Implementing a policy to extend automatically the probationary period, not only for the birth or adoption of a child, but also for assuming significant care responsibilities for a relative or domestic partner, will provide the university with a competitive advantage among Research I institutions.

Ms. Tobin moved that the Board approve this first reading. Ms. Young seconded the motion, and it carried without dissent. (See AACR 5 at the end of the Minutes.)

P. Proposed Revision to Administrative Regulation: Clinical Title Series (AACR 6)

Ms. Tobin said that AACR 6 has to do with a proposed revision to the Administrative Regulations regarding the clinical title series. It is recommended that the Board of Trustees approve the attached revision of AR II-1.0-1, page IX, which has to do with appointment and promotion in the clinical title series. The proposed revision consists of clarifying the procedure, criteria, and conditions for the Clinical Title Series and a general reformatting of the regulation.

The background for this recommendation is that the university's mission involves three primary functions: instruction, research, and service. The revisions in this clinical title series are intended to clarify that no college shall have more than 25 percent of its faculty in the Clinical Title Series, except upon approval of the provost. Other intentions are enumerated, but the changes are primarily being recommended to update the language to conform to that of the current university administrative organization, which is our provost model, and to update the formatting to make the regulation consistent with other university regulations.

Ms. Tobin moved approval of AACR 6. Ms. Brown seconded her motion, and it carried without dissent. (See AACR 6 at the end of the Minutes.)

Ms. Tobin reported that in addition to the action items, the committee had a report from the Chair of the University Senate Kaveh Tagavi and a presentation from Jay Blanton, executive director of public relations and marketing, on the branding of UK.

Q. Finance Committee Report

Ms. Wickliffe, chair of the Finance Committee, reported that FCR 1 through 5 are consent items. The five gifts and pledges total \$5.16 million. She called attention to the Ashland Inc. Gift to create the Will Rouse Scholarship Fund in Athletics and also to Chairman Hardymon's pledge of \$2 million to support the construction of the Computer Engineering building. She said that Chairman Hardymon has been very generous with his money, and the Board certainly appreciates that. She noted that Mr. Miles had helped with the Owensboro Medical Health Systems pledge.

R. Request to Merge the Lucille Caudill Little Endowed Research Fund in Opera Studies and the Endowed Enrichment Fund for Research in Vocal Studies (FCR 6)

Ms. Wickliffe said that FCR 6 is a Request to Merge the Lucille Caudill Little Endowed Research Fund in Opera Studies and the Endowed Enrichment Fund for Research in Vocal Studies. The trustees for the Lucille Caudill Little Trust have requested that the two endowments be combined to recognize Mrs. Little's contributions. On behalf of the Finance Committee, she moved the adoption of FCR 6. Mr. Dawson seconded her motion, and it carried without dissent. (See FCR 6 at the end of the Minutes.)

S. 2007-2008 Operating and Capital Budget (FCR 7)

Ms. Wickliffe said that FCR 7 is the 2007-2008 Operating and Capital Budget, and the Board knows the budget very well. She said that a lot of praise needed to go to a lot of people and she could not do her job without Ms. Martin, Mr. Butler, Mr. Wiseman, and Ms. Jones. She expressed appreciation to them for their assistance. In the event that the Board did not read the pages at the beginning of the budget document, Ms. Wickliffe read the following paragraphs:

"The 2007-08 Operating and Capital Budget of the University of Kentucky is a promise kept. When we presented our Business Plan to the people of Kentucky and to their policy-makers, we asked for the investments necessary to accelerate our progress toward becoming a Top 20 public research university. We promised we would use these resources to educate more students, hire more faculty, become even more efficient, raise more private dollars, and hold the increase in tuition to single digits. Kentuckians responded by giving us the funds we need in 2007-08. And with this budget, we will fulfill the promises we made. We believe the future of this University and the future of Kentucky are one and the same. "

On behalf of the Finance Committee, she moved the adoption of FCR 7. Mr. Williams seconded her motion, and it passed without dissent. (See FCR 7 at the end of the Minutes.)

Mr. Hardymon agreed that the Board understands the budget. He expressed appreciation for the communications that the Board received from the administration about the budget.

Ms. Wickliffe said that she forgot to mention Henry Clay Owen and Marc Mathews in her comment of appreciation, and she wanted to include them.

T. Capital Projects (FCR 8)

Ms. Wickliffe said that FCR 8 is the Capital Projects. She provided a summary of the three projects.

1. Fit-up Education Space in Health Science Building: This \$1 million project will fit-up about 4,000 square feet of shelled space in the lower level of the Wethington Building to create a large classroom.
2. Renovate M. I. King Library: This project will renovate existing spaces to expand student computer areas, provide additional reading and group study areas, and accommodate the relocation of the Chemistry-Physics libraries and a student computer lab from the Chemistry-Physics Building. This renovation is expected to cost \$2.25 million. The 2006 General Assembly authorized two separate projects for this work with a combined scope of \$2.83 million. The university will request the Council on Postsecondary Education and the Capital Projects and Bond Oversight Committee to allow the university to consolidate the two projects.
3. Renovate the Chemistry-Physics Building: This project will include renovating about 2,300 square feet on the third floor to a teaching lab with 20 student work areas. The 2006 General Assembly authorized the university to expend up to \$5 million to initiate the design phase of an expansion of the Chemistry-Physics Building. The university will request the Council on Postsecondary Education and the Capital Projects and Bond Oversight Committee to allow the university to use the existing design authority for renovation.

These projects will be paid for with available university fund balances. On behalf of the Finance Committee, she moved the adoption of FCR 8. Mr. Branscum seconded her motion, and it carried without dissent. (See FCR 8 at the end of the Minutes.)

U. Renovate Hospital Nursing Unit (FCR 9)

Ms. Wickliffe said that FCR 9 is to Renovate the Hospital Nursing Unit. Mr. Wiseman presented a summary of the hospital project to renovate the nursing unit in the Nursery and Special Care Neonatal area in anticipation of providing expanded patient services. The renovation is expected to cost \$1.4 million, well within the \$2 million scope authorized by the 2006 General Assembly. This project will be paid for with hospital funds. On behalf of the Finance Committee, she moved the adoption of FCR 9. Ms. Ball seconded the motion, and it carried without dissent. (See FCR 9 at the end of the Minutes.)

V. Approval of Lease (FCR 10)

Ms. Wickliffe reported that FCR 10 has been pulled at this time because additional information needed.

W. Report on the 2008-2014 Capital Plan and 2008-2010 Capital Request (FCR 11)

Ms. Wickliffe said that FCR 11 is the Report on the 2008-2014 Capital Plan and the 2008-2010 Capital Request. Ms. Angie Martin presented a summary of the 2008-14 Capital Plan and the 2008-10 Capital Request to the Finance Committee.

The university is required to submit a six-year capital plan by April 15 of each odd-numbered year. The plan must include all needed capital projects which cost \$600,000 or more, equipment estimated to cost \$200,000 or more, and leases with an annual value of \$200,000 or more.

The 269 projects included in the 2008-14 plan are presented on pages 1 through 9 of the attachment.

The 2008-2010 Capital Request to the General Assembly will evolve from this list of projects. The 2008-2010 Capital Request includes 152 capital projects with an estimated scope of \$1.68 billion.

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

X. Authorization for Disposal of Surplus Personal Property, Fiscal Year 2007-08 (FCR 12)

Ms. Wickliffe said that FCR 12 is the Authorization for Disposal of Surplus Personal Property, Fiscal Year 2007-08. This is a routine matter that is submitted to the Board each June prior to the beginning of the new fiscal year. This will allow for the timely disposal of surplus personal property having a value greater than \$10,000 per item. The surplus personal property may include minor equipment, vehicles, livestock, and other materials no longer needed by the university.

Ms. Wickliffe noted that the vice president for facilities and the treasurer have oversight responsibility for disposal of property under the Administrative Regulation. On behalf of the Finance Committee, she moved the adoption of FCR 12. Ms. Patterson seconded her motion, and it carried without dissent. (See FCR 12 at the end of the Minutes.)

Y. 2006-07 Budget Revisions (FCR 13)

Ms. Wickliffe said that FCR 13 is the 2006-07 Budget Revisions. Ms. Martin presented the 2006-07 Budget Revisions which increase the University of Kentucky's total budget by \$12.8 million or about .5 percent from \$1.894 billion to \$1.907 billion. The budget revisions include:

- \$250,000 from the Council on Postsecondary Education for the statewide joint engineering programs,
- \$50,000 from the state to support the Arboretum and another \$50,000 from the state to employ a Music/Arts Extension Agent in Greenup County and,
- The University Hospital anticipates earning an additional \$10 million as a result of increased patient activity and volume. The funds will be used for increased personnel costs and two additional nursing locations.

On behalf of the Finance Committee, she moved the adoption of FCR 13. Mr. Williams seconded the motion, and it carried without dissent. (See FCR 13 at the end of the Minutes.)

Z. Capital Construction Report (FCR 14)

Ms. Wickliffe said that FCR 14 is the Capital Construction Report. Mr. Bob Wiseman presented the Capital Construction Report which covers the period from January 1, 2007 through March 31, 2007 to the Finance Committee. During this period, one contract was completed, two contracts were amended, and there were two change orders over \$25,000. There were also three new contracts.

The three new contracts include:

- A \$294,318 contract with Nexus Corporation for the Horticultural Research and Education Facility project.
- A \$27.3 million contract with Turner Construction Company for the Patient Care Facility project.
- A \$4.5 million contract with Jarboe Construction for the renovation and expansion of the Boone Faculty Center project.

The \$4.7 million contract with Gilbane Construction Company for the Patient Care Facility project, the Huguelet Avenue Extension, was completed.

The two contract amendments include:

- (+) \$68,000 to the Fit-up 4th Floor in BBSRB Project for design services for the addition of a laboratory and provision for vibration testing services.
- (+) \$4.8 million to the Patient Care Facility project for additional design services.

The 2 change orders that were greater than \$25,000 include:

- (+) \$65,296 to the Patient Care Facility – Huguelet Avenue Extension Project to intercept and re-route the duct bank.
- (+) 25,295 to the Patient Care Facility – Cooling Plant #1 to provide for delivery of four chillers from storage to the jobsite.

On behalf of the Finance Committee, she moved the adoption of FCR 14. Mr. Dawson seconded her motion, and it carried without dissent. (See FCR 14 at the end of the Minutes.)

AA. Proposed Revision to Administrative Regulation: Phased Retirement Policy and Program (HRCR 1)

Judge Patton, chair of the Human Resources Committee, reported that the committee met that morning and considered three items. He reminded the Board that at the last meeting, the Board adopted a work-life package which included making phased retirement a possible option for staff members as well as for faculty members as it previously was. HRCR 1 amends the Administrative Regulation to make phased retirement available to both faculty and staff. On behalf of the Human

Resources Committee, he moved the adoption of HRCR 1. Mr. Williams seconded the motion, and it carried without dissent. (See HRCR 1 at the end of the Minutes.)

BB. Changes to the University of Kentucky Retirement Plan Administrative Regulation (HRCR 2)

Judge Patton said that HRCR 2 also amends an Administrative Regulation, and it is related to retirement plans. It allows the university to avail itself of an IRS section 415(m) plan where the university can establish individual deferred compensation plans to use them as incentives for faculty and staff retention. On behalf of the committee, he moved the adoption of HRCR 2. Ms. Patterson seconded his motion, and it carried without dissent. (See HRCR 2 at the end of the Minutes.)

CC: Proposed Revision to Governing Regulation: Group Insurance (HRCR 3)

Judge Patton said that HRCR 3 amends a Governing Regulation. Presently, employees can purchase from the group life insurance plan life insurance benefits at their own costs up to three times the employees' annual salary. This amendment permits employees to purchase with their own funds up to five times their annual salary. On behalf of the Human Resources Committee, he moved the adoption of HRCR 3 for the first reading. Mr. Williams seconded the motion, and it carried without dissent. (See HRCR 3 at the end of the Minutes.)

Ms. May asked for clarification about the way the policy is written regarding the necessity to rewrite the policy if the insurance company changes the option for the employees, and Judge Patton clarified that the policy would not have to be rewritten.

DD. Investment Committee Report

Mr. Wilcoxson, chair of the Investment Committee, reported that the endowment had a market value at March 31, 2007 of \$837.6 million, which is an increase of \$91.5 million for the fiscal year. At the end of May 31, 2007, the endowment had a market value of \$926.6 million, and that included \$50 million that was added to the hospital quasi-endowment. At the end of April 2007 and for the 11 months through that May 31, 2007, the university had a return of 17.35 percent. He said that UK is getting close to a billion dollars.

EE. Student Affairs Committee Report

Mr. Williams reported that the Student Affairs Committee met that morning at 8:30 a.m. The committee received a report from Nancy Stephens, assistant director of New Student and Parent Programs. She was joined by Jared Tippetts, Director of New Student and Parent Programs.

The Ambassador Program has been around since the late 1980s or early 1990s. Five students are selected every year to serve the university as ambassadors at a variety of events throughout the school year on and off campus. They travel quite a bit and work closely with the Alumni Association at their events.

The Parents Association started about the same time. It is a communication vehicle as much as anything. They have an electronic newsletter called Cat Chats that goes out, and it is a way to connect the parents of students with the university. Ms. Stephens and Mr. Tippetts serve on an

advisory board that works with the Parents Association to coordinate a family weekend each fall as well as other events. This is a way to bring the university and parents of students closer together.

The committee met Nick Phelps, the new president of the Student Government Association. Mr. Phelps will join the Board of Trustees July 1. Mr. Williams introduced Mr. Phelps, and he received a round of applause.

Because the chairs of the Board committees are appointed for a year at a time, Mr. Williams took this opportunity to thank Dr. Pat Terrell, vice president for student affairs, and her staff for the year's worth of support. The members of the Student Affairs Committee have learned a lot and have certainly brought some issues before the board about the students. He said that he felt good about the success of the committee this year.

Mr. Hardymon said that he also felt very good about it. He congratulated Mr. Phelps and welcomed him. He informed Mr. Phelps that it is a good board and said that he would enjoy serving on the Board. Mr. Hardymon also mentioned that Dr. Yanarella and Mr. Williams had been re-elected and would be returning to the Board.

FF. University Hospital Committee Report

Ms. Young, chair of the University Hospital Committee, reported that there was an excellent all day hospital retreat on Monday. The retreat began with an outside speaker who looked at the hospital's recent strategic growth, looked at the progress compared to that of benchmarks, which is very helpful, and talked about risk and opportunities. The hospital administration took a lot of information and distilled it down in a way that was understandable. The information involved areas that the Board needs to pay attention to.

The committee then heard an overview of healthcare at the university, starting with the budget, which is over \$600 million. This overview included Samaritan Hospital, which is scheduled to be acquired by the end of the month. The hospital is 33 percent of the university's total budget and has pushed the university budget over \$2 billion.

The committee received reports from the College of Medicine, College of Pharmacy, and College of Dentistry, which were very informative to everyone.

Several events regarding the hospital had happened during the past two weeks: a groundbreaking ceremony, a symposium, and a gala for the new Albert B. Chandler Hospital; a hospital retreat; and an employee appreciation luncheon where Dr. Karpf shook over 3,000 hands. It has been an exciting time at the university. Ms. Young reported that the committee had received an enormous amount of information and congratulated Dr. Karpf and his staff for orchestrating all the events.

She continued her report by stating that there are a lot of risks along with this excitement. The committee is going to have to pay very close attention to the hospital. Mr. Wilcoxson says often that the hospital is going to take the university up, but it can also bring it down. While she does not like to say that, she thinks that the Board has to be very cognizant and pay close attention to the budget. She said that Mr. Hardymon had made a very good request that the Board receive timely

updates about the ongoing budget of the hospital because things are going to change probably from month to month.

Ms. Young said that this is an amazing time at the university, and she thanked Dr. Karpf for nurturing the members of the Board along and never in a condescending way. He is to be commended.

GG. Executive Committee Report

Mr. Hardymon said that it is his duty as chair of the Executive Committee to follow the KRS requirement in reporting the proceedings of the Executive Committee meetings. He reported that the committee met on Friday, June 8, and all but two Board members attended the meeting. The committee approved the minutes of the special called meeting on February 9, discussed the assessment of the 2006-07 Institutional Goals and Strategic Objectives for President Todd, and arrived at a bonus amount to recommend to the Board. He reminded the Board that the committee had been given the task of recommending the exact value each year.

Mr. Hardymon reported that the process went very well. He expressed appreciation to Dr. Tagavi for the work from the Faculty Senate and said that it was quite good work. He noted that he had seen Mr. Dippery and talked to him about the Staff Senate's evaluation.

Mr. Hardymon reported that he received 20 responses from the 22 that were sent out. The mailing included a letter from the chair, another copy of the goals, and a detailed letter from President Todd about his comments on the accomplishments and shortfalls with respect to those goals. He noted that the Board was given two and a half weeks to return the evaluation form to him. He reported that he took the material, went through it alone, and destroyed it after he prepared his draft report. Since the Board had spent an hour and a half on the topic at the recent Executive Committee meeting, he said he would not spend that much time on it at this meeting. He said that the university received excellent media coverage about the meeting.

Mr. Hardymon said that it was a fine year, and that is how the evaluation came out. When looking at the evaluation, you must remember the positive part of it. Because of the task of assigning the percentage amount for President Todd's bonus opportunity, the committee seemed to talk more about the negative part. There were, however, 95 solid good points, and there was no attempt to revise or try to scrutinize the data beyond just taking it, adding up the totals, and dividing the number by 20. It came out to something like 94.6. He noted that he did use the opportunity to round the number up to 95 before he presented it to the committee, and the committee agreed.

Mr. Hardymon reported that there were five points that the committee spent some time discussing because the committee's job is not only to evaluate in a credible way but also to encourage a higher standard all the time. That is what the committee tried to do.

There was some discussion that diversity needs more work. There were favorable comments on the student part of diversity because of the success in 2006-07. It was pointed out in the provost's report that the administration needs to continue to emphasize work in the faculty and staff area.

The quality of life that the provost also pointed out in his report is very hard to measure. There are some who thought they did not have enough data to give 100 percent marks on the area of elevating Kentuckians' quality of life.

The student-faculty ratio is very hard data. With the addition of a number of students, the university could not hire enough faculty quickly enough to make that ratio go down. In fact, the number Provost Subbaswamy reported went up.

The item concerning communication is very hard to evaluate completely. What might be good for one, does not come across the same way for others. There is no doubt that some of the constituents wanted more two-way communication, and President Todd is going to work on that.

Mr. Hardymon said that the Executive Committee recommends that President Todd receive 95 percent on his evaluation. The Board's task is to receive the recommendation, approve it, and understand how that calculates in the bonus. In accordance with President Todd's contract, the maximum bonus for 2006-07 is \$150,000, and 95 percent of \$150,000 is \$142,500. Mr. Hardymon made the motion that the Board accept the committee's recommendation of 95 percent and that the bonus be \$142,500 for the past school year. Ms. Tobin seconded his motion, and it passed without dissent.

HH. Athletic Association Board of Directors Report

Since the trustees who serve on the Athletic Association Board of Directors were unable to attend the last meeting, Mr. Hardymon called upon President Todd to give the report.

President Todd reported that the Board of Directors met on April 27, 2007. The Board approved the hiring of Matthew Mitchell as Women's Head Basketball Coach. The university was very fortunate to bring Coach Mitchell back to the university, and it has been a positive for the Women's Basketball program.

The Board adopted some minor amendments to the Articles of Incorporation and Bylaws of the association, approved the operating budget of approximately \$63 million for 2007-08, and received a report from the Director of Athletics Mitch Barnhart.

President Todd reported that he and Mr. Barnhart attended the annual SEC meeting in Destin, Florida for presidents, athletics directors, and coaches. One thing that came out of that meeting was that the SEC won 8 national championships this year, and baseball is still in process. The SEC could possibly win 9. UK competes in a conference where there are 8 national championships. This shows you how difficult the conference is. He said that Mr. Barnhart and his staff have done a tremendous job.

The Board of Directors had a discussion about student-athlete welfare, especially the gender equity plan. The focus on that plan showed numerous improvements to female sports as well as the university's progress on gender equity issues since Mr. Barnhart arrived.

Mr. Barnhart provided an update on the NCAA legislation which included the banning of text messaging and the elimination of the one-time transfer rule for baseball.

President Todd said that athletics is still doing very well, and he is extremely pleased with the reception that the fan base has had to the recent hires. He announced that the next Athletic Association Board of Directors meeting will be October 26, 2007 at 2:00 pm.

II. Business Partnership Foundation Report

Ms. Patterson reported that the Business Partnership Foundation Board of Directors met two times during the past academic year. The September 29, 2006 meeting included the announcement of a pledge to support a newly initiated honors program within the Gatton College of Business and Economics for freshmen and a presentation on the new office of Undergraduate Resources that combines advising, programming, and career development in one suite. The February 9, 2007 meeting included reports by the Undergraduate Affairs, Development, and Image Committees with an extensive discussion focused on increasing internship opportunities for 500 undergraduate students a year. The board approved \$989,856 in spending from the foundation for next year.

JJ. The Fund for Advancement of Education and Research in the University of Kentucky Medical Center Report

Since Mr. Hardymon's schedule did not allow him to attend The Fund meeting, he called upon Provost Subbaswamy to give the report.

Provost Subbaswamy said The Fund, which was established in 1959, is the corporate entity that accepts and ensures accountability for the unrestricted revenues associated with the professional services provided by faculty who are members of the practice plans in the Colleges of Dentistry, Health Sciences, Nursing, and Pharmacy and by the physicians in the University Health Service. These professional faculty practice plan earnings are used for programmatic purposes within the Health Service and in the colleges where the faculty members hold their primary appointments.

The 2007-08 unrestricted Fund budget, as approved by The Fund Board at its annual meeting on May 24, 2007, is \$15.4 million. Of this amount, \$12.1 million, or 79 percent, is generated by clinical programs in the College of Dentistry, with the remaining amounts generated by the remaining colleges. The 2007-08 restricted Fund budget is \$3.2 million, and 97 percent of it is donated from KMSF to the College of Medicine for enhancing programs in that college.

KK. University of Kentucky Research Foundation Board Report

Ms. May reported that the Board met only once during the 2006-07 academic year. She noted that neither she nor Judge Patton could attend that meeting. Those present were given an update on how the entire research area is being reorganized under the provost and were told that a search for a new vice president for research was in progress. That is now obsolete news because the Board approved at this meeting the appointment of Dr. James Tracy as the new vice president for research.

Ms. May said that when she gave the report last year, she talked about the tremendous amount of money that goes through the organization, the strict requirements on the management of the money, the accounting of the money, and assuring everything goes where it is supposed to go. The most important thing that came out of this year's report is that once again Deloitte & Touche has completed their audit, and it is a clean audit. The funds are being handled appropriately, and there is no issue about the handling of the federal and private dollars. There is no question that everything

has been categorized and put in the proper account. It is important for the Board of Trustees to understand that those dollars are being handled well.

As to the research dollars, last year Dr. Wendy Baldwin was concerned because National Institutes of Health (NIH) funding was going down, and she thought the research dollars would be down for 2006. The Board of Directors was informed at their meeting that UK had a record high in terms of awards totaling over \$290,000,000 for 2006.

Ms. May reported that the awards are down a little for 2007. This decrease is due to loss of congressional appropriations and the continued flattening of the NIH budget. That decrease is expected to turn around. The faculty and staff have been amazing in the efforts they have put forth. Ms. May concluded her comments by saying that it is a very encouraging report.

LL. Resolution Honoring Jonah Keith Brown

Mr. Williams read the following resolution of the University of Kentucky Board of Trustees honoring Jonah Keith Brown:

WHEREAS, Jonah Keith Brown, an exceptional student and a spring 2007 University of Kentucky College of Arts and Sciences graduate in political science with minors in Spanish and African American studies, was inducted into the National Society of Collegiate Scholars, and

WHEREAS, throughout his tenure at UK, Jonah has placed a premium on campus involvement and leadership, excelling in his service as a UK Ambassador, as an ambassador for the College of Arts and Sciences, as a delegate for three years to the National Panhellenic Council, as an active participant in the Black Student Union, and in various student leadership positions in Residence Life, and

WHEREAS, Jonah was elected by fellow students to be senator at large in Student Government, subsequently was elected by an overwhelming majority of voters to serve as Student Government President, and was selected as the student speaker for the Class of 2007 for the University of Kentucky's 140th Annual Commencement, and

WHEREAS, Jonah Brown has served admirably as the elected student representative on the UK Board of Trustees for the 2006-07 academic year, including being a member of the student affairs committee and the university relations committee,

NOW THEREFORE BE IT RESOLVED that the University of Kentucky Board of Trustees extends its heartfelt thanks and congratulations to Jonah Keith Brown and wishes him continued success in all of his future endeavors.

James F. Hardymon, Chair

Mr. Williams moved the acceptance of the resolution. Ms. Wickliffe seconded the motion, and it passed without dissent.

MM. Comments from President Lee T. Todd, Jr.

President Todd expressed appreciation to the Board for the time devoted to his evaluation and for the support they have given to the institution during the past year. A tremendous amount of work has taken place. He thanked Chairman Hardymon for the amount of time that he put into the evaluation process. President Todd said that it is a significant process and is the most thorough process that he knows of in the United States. Some people have contacted Chairman Hardymon regarding UK's approach.

President Todd asked the Board to look around the room at the staff members surrounding the table. The university has the strongest, hardest working, and most imaginative group of people that anyone could ask for. They are very committed to doing what is right, doing it in the right way, and continuing to add value to all the thoughts in figuring out how to pull them off. The type of talent that the university has been able to retain and attract in the past few years is what will make the state a different place.

President Todd thanked the staff for their efforts and his family for their support.

Ms. Wickliffe said the Board needs to show its appreciation to the president, his staff, and the entire UK family for the good year that the university has had and for the many things that have been happening under President Todd's leadership. The Board applauded Ms. Wickliffe's comments.

NN. Meeting Adjourned

With no further business, Mr. Hardymon adjourned the meeting at 2:45 p.m.

Respectfully submitted,

Pamela R. May
Secretary, Board of Trustees

(PR 2, 3, 4, 5, 6, 7, and 8; AACR 1, 2, 3, 4, 5, and 6; and FCR 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, and 14; and HRCR 1, 2, and 3 which follow are official parts of the Minutes of the meeting. PowerPoint slides are also included with the Minutes.)