

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, September 11, 2007.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, September 11, 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. Barbara Jones, General Counsel, to administer the oath of office to the newly appointed Trustees who had not taken the oath of office at a public meeting.

B. Oath of Office

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

Pamela R. May, reappointed by Governor Ernie Fletcher for another term ending June 30, 2013.

Billy Joe Miles, reappointed by Governor Ernie Fletcher for another term ending June 30, 2013.

Nick Phelps, who will serve as Student Trustee for the 2007-08 academic year.

Charles R. Sachatello, appointed by Governor Ernie Fletcher to replace Barbara Young, for a term ending June 30, 2013.

Russ Williams, re-elected staff Trustee for a term ending June 30, 2010.

Ernest Yanarella, re-elected faculty Trustee for a term ending June 30, 2010.

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

Mr. Hardymon asked Ms. Pam May, secretary of the Board, to call the roll.

C. Roll Call

The following members of the Board of Trustees answered the call of the roll: Mira Ball, Stephen Branscum, Penelope Brown, Dermontti Dawson, Jeff Dembo, Ann Haney, James Hardymon (chair), Pamela May, Billy Joe Miles, Sandy Bugie Patterson, Phillip Patton, Nick Phelps, Charles R. Sachatello, Frank Shoop, Myra Leigh Tobin, JoEtta Wickliffe, Billy Wilcoxson, Russ Williams, and Ernest Yanarella. Absent from the meeting was Erwin Roberts. Ms. May reported that a quorum was present.

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

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

Members of the various news media were also in attendance.

D. Moment of Silence

Mr. Hardymon informed the Board of the memorial activities happening in memory of 9/11 on the lawn in front of the Main Building. The activities began at 7 a.m. and would continue until 7 p.m. A 21 gun salute was scheduled for 4 p.m. He said that it is a very solemn time and asked the Board for a moment of silence in memory of those who were killed on September 11, 2001.

E. Board Dates, Institutional Goals and Objectives for President Lee T. Todd, Jr. for Academic Year 2007-08, Minutes, and Resolution

Mr. Hardymon noted that the Board is going through the process of changing chairs, and there would be a time during the meeting when the new chair would take over the meeting. He said that he had some items that he had been working on with the Board, and he would like to address those items.

The first item is the schedule for meetings of the Board of Trustees for 2008. The members of the Board were polled about proposed dates, and a very wide approval, almost unanimous, was given for the proposed dates. He noted that a couple of people had a problem with a couple of dates; however, they said they will work with their schedules. Mr. Hardymon asked for approval of the 2008 dates which were in the agenda book. Mr. Shoop moved approval. Ms. Haney seconded his motion, and the motion carried without dissent. (See Schedule for Meetings of Board of Trustees – 2008 at the end of the Minutes.)

Mr. Hardymon said that the next item he wanted to address was the goals and objectives for President Todd which the Board instructed him to start working on after the June meeting. He believes the Board is getting more pleased with the process all the time. He noted that he had sent a draft of the goals and objectives that he and President Todd had worked on together to the Board. Some of the administrative staff were involved because it takes the whole group to support these goals.

Mr. Hardymon reported that he received a couple of comments from the Board, but the comments were resolved. He said that he personally thinks these are the best goals. It shows that in the third year, the Board is maturing in the process, and it will only get better as it goes along. The Board has covered not only the important points for the university but also the points that the administration really wants to work hard on. He asked for approval of the institutional goals for President Todd for 2007-08. Ms. Patterson moved approval. Ms. Ball seconded her motion, and it carried unanimously.

Mr. Hardymon said there were a few consent items on the agenda, but the Minutes actually took place with the present chair. He asked for a motion of approval of the June 12, 2007 Minutes. Ms. Haney moved approval. Mr. Dawson seconded her motion, and it carried without dissent.

Mr. Hardymon said that some resolutions are read at the end of the meetings, such as the resolution read for Jonah Brown at the last meeting. He said that there was another Board member who finished her term under his chairmanship, and he asked Ms. Ball to read a resolution for Barbara Young. Ms. Ball read the following resolution:

WHEREAS, Barbara Smith Young, a member of the University of Kentucky Board of Trustees from 2001 to 2007, has demonstrated dedication and commitment to the University of Kentucky, to her community, and to the Commonwealth of Kentucky through her service as a member of advisory boards for numerous volunteer organizations, and

WHEREAS, she worked energetically and effectively as chair of the University Hospital Committee during an exciting, challenging, and promising time in the history of the UK HealthCare enterprise, including the planning and groundbreaking for the new University of Kentucky Albert B. Chandler Hospital, and

WHEREAS, during her tenure on the UK Board of Trustees, Barbara Young also served on the Academic Affairs Committee, Nominating Committee, Human Resources Committee, University Relations Committee, Student Affairs Committee, and as a board representative to the University of Kentucky NCAA Self-Study Committee,

NOW THEREFORE BE IT RESOLVED that the University of Kentucky Board of Trustees extends its heartfelt thanks and appreciation to Barbara Smith Young and wishes her continued success in all of her future endeavors.

Ms. Ball moved that the Board approve the resolution for Barbara Young. Mr. Branscum seconded the motion, and it carried without dissent.

Mr. Hardymon said that he is pleased to be able to sign the resolution. Ms. Young worked very hard in a lot of different places. Fortunately, the Board has advisory groups to work with because it takes a lot of people to support all of the committees. He hopes the Board can keep her involved because of the vast knowledge that she has.

F. Nominating Committee Report

Mr. Hardymon called upon Mr. Shoop, Chair of the Nominating Committee, for his report.

Mr. Shoop reported that the Nominating Committee met September 4 to discuss the nomination of the officers of the Board and members of the Executive Committee. On behalf of the Nominating Committee, he submitted the nomination of Steve Branscum for chair and moved approval of the nomination. Mr. Dawson seconded the motion.

Mr. Hardymon asked if the nominee was willing to accept the nomination.

Mr. Branscum said that he would like to decline the nomination and nominate an individual that is a big supporter of the university and a big contributor to the state and Commonwealth. It is also someone that he would be honored to work with as chair of the Board. He said he was honored to nominate Mira Ball as the next chair of the Board.

Mr. Hardymon asked if there was a second to the motion, and Dr. Sacatello seconded the motion. Mr. Hardymon then asked if Ms. Ball would accept the nomination, and she did. Mr. Hardymon asked if there were further nominations.

Mr. Williams said that he was honored to nominate Myra Leigh Tobin for the position of Board chair.

Mr. Hardymon asked for a second to the motion, and Dr. Dembo seconded the motion. He then asked Ms. Tobin if she would accept the nomination, and she did.

Mr. Hardymon said that there were two nominations on the floor. He opened the floor for discussion and asked the Board to be sure and get their full discussion out and say what they wanted to say.

Mr. Wilcoxson made a motion that the nominations cease, and Mr. Hardymon asked for a second to Mr. Wilcoxson's motion. His motion was seconded, and it was unanimous that the nominations cease.

Ms. May said that there had been a lot of newspaper coverage, and it sometimes makes everyone nervous to see newspaper coverage. The Board should be very pleased that the citizens of Kentucky care as much as they do about the Board and its actions.

She said that the Board needed to thank Mr. Shoop for the job that he has done. He has run the Nominating Committee for quite some time and has done it in accordance with the way the Board has requested him to do it. The process was no different this year than it has been in the past years. If anybody has been remiss or the process is not what the Board wants it to be, shame on the Board not shame on Mr. Shoop and his committee

for doing what the Board asked them to do in the past. The process, in her opinion, has worked very well. The Board has had some exceptional chairs, including the present chair that came out of the process. The Board owes Mr. Shoop and the committee a thank you for what they did. If the process needs to be changed, that responsibility lies with the Board and not with those individuals asked to serve. They have taken some personal heat, and she appreciates very much what they have done.

Ms. May said that there has been a sense of trouble among the Board in that the Board has had a difference of opinion or a difference of feeling. The Board members come from many walks of life with many different backgrounds. The Board is composed of members from a democratic society which is based on differences, on individuals being able to articulate those differences and to come to the table and hopefully, because of those discussions, reach a decision, and go forward.

She said that when she made her first trip to the university in 1971 to participate in a debate institute, J. W. Patterson taught the students that there was nothing wrong with disagreeing with each other. That is fine, and in fact, that is how you get better, by disagreeing and sharing thoughts and ideas. There seems to be some perception that if there is a difference of opinions that somehow the Board is not working together or the Board does not care about the institution. Without exception, she thinks that everybody on the Board cares deeply about the institution and what it means to the state of Kentucky. She urged everyone not to take what is happening at this meeting as a negative but as a positive. She asked that the Board take what is happening, grow with that, and really push the institution this next year. She encouraged the Board to look at things, to ask questions, and to differ. Differences of opinions are not a problem, but are the sign of a healthy organization.

Mr. Hardymon said her comments were well said, and it speaks well for the Board that in this process, three members' names came up that are very capable of being Board chair. That speaks highly for what the Board is doing, and probably some can learn by being here.

Dr. Dembo said that he has voiced strongly his issues and his opinions on the issue of Board chair. In part, Mr. Hardymon is the one who has made it extremely difficult for him because, in his opinion, it will take a very big person to fill shoes that Mr. Hardymon is vacating. His position has always been that, all things being equal and being able to find equally qualified candidates, his preference would be to do something that the Board has not done before. This is actually a momentous day for the University of Kentucky because this is only the second time in the history of the university that any nomination for chair of the Board has come up from the floor, and it is the first time the Board has had *one* woman nominated, much less *two*. Regardless of the outcome, this is a wonderful day and a big step forward for the University of Kentucky.

Dr. Dembo said that he would have to say that he agrees with Counselor May that he deeply respects the efforts of everyone on behalf of the university, and that is the first thing that struck him when he first became part of the Board. He said that he has no

question about anybody's motives, and from a personal point of view, he just wanted to explain his vote. Despite the fact that he initially put in a nomination for Ms. Ball and was led to believe that she was not willing to serve, he committed his vote to Ms. Tobin, and that is the way that he would be voting.

Dr. Yanarella said that he would like to thank the earlier candidate Steve Branscum for giving the Board an opportunity to do what has not been the case at this university in its history, and that is the opportunity to break through a glass ceiling that has up to this point not allowed a woman to stand as chair of this august body. He said that he had a conversation the last evening at the Board dinner with Mr. Branscum about his feeling and his attitude about the university and about where he thought he could take the university. It was an extremely cordial conversation. It gave him an opportunity not only to look into his mind but also to look into his heart, and it struck him that they had two very fine candidates that were going to be considered for the chair position. By stepping aside, Mr. Branscum is providing the Board with an extraordinary opportunity to move on in the university's history and on to demonstrate the Board's commitment to the values of the university. He thanked Mr. Branscum for that.

Ms. Wickliffe said that having two female nominees was quite unexpected. She learned about this as she was walking in the door. She said that she would be abstaining from the vote and explained the reason. She said that she has never been afraid to make a decision or to take a risk. She now, however, has two very good friends who have been put in a position to run against each other. There is no way that she will make that decision. Even though she has made tough decisions all her life, she will not vote against either one of these most capable women. Therefore, she wanted the rest of the Board to know that she will be abstaining from the vote.

Mr. Shoop said as chair of the Nominating Committee, it has been a tough job this year. He feels that he has taken this role as the representative of the Board possibly too seriously this year. He commended Mr. Branscum for stepping aside and creating a great occasion for the university to have two ladies of this caliber be nominated for chair. The university and the Commonwealth cannot lose regardless of who is elected. He said that he did not vote before because he felt that his role was to gather the information and present it. He said that he would vote at this meeting because he feels that he is voting as a representative of the Nominating Committee. He said that he has no better friends than these two ladies.

Mr. Hardymon said that he thinks everyone feels the same way about the friendships and contributions. Although nobody asked for it, he felt the Board should have a roll call. He asked Ms. May to read the Trustee's name and the Trustees to reply with the nominees name they are voting for or to abstain. It would be a simple majority

vote. Ms. May called the roll.

Mira Ball	Ms. Ball
Steve Branscum	Ms. Ball
Penny Brown	Abstain
Dermontti Dawson	Ms. Ball
Jeff Dembo	Ms. Tobin
Ann Haney	Ms. Ball
James Hardymon	Ms. Ball
Pam May	Ms. Ball
Billy Joe Miles	Ms. Ball
Sandy Patterson	Ms. Tobin
Phillip Patton	Ms. Tobin
Nick Phelps	Ms. Ball
Charles Sachatello	Ms. Ball
Frank Shoop	Ms. Ball
Myra Leigh Tobin	Ms. Tobin
JoEtta Wickliffe	Abstain
Billy Wilcoxson	Ms. Ball
Russ Williams	Ms. Tobin
Ernie Yanarella	Ms. Tobin

Ms. May confirmed that Ms. Ball received 11 votes. Ms. Tobin received 6, and there were 2 abstentions.

Dr. Yanarella said that he just heard the thunderous sound of glass breaking. His comment was followed by applause.

Mr. Hardymon asked Mr. Shoop to continue his committee's report.

On behalf of the Nominating Committee, Mr. Shoop submitted the nomination of Mira Ball to be vice chair, and Ms. Ball declined the nomination because of her election as chair.

Mr. Hardymon said the floor was open for nominees for vice chair.

Mr. Miles nominated Steve Branscum, and Ms. Brown seconded the motion.

Mr. Hardymon asked for further nominations. Dr. Yanarella nominated Ms. Tobin, and Dr. Dembo seconded his motion.

Mr. Wilcoxson made a motion that the nominations cease, and the motion was seconded.

Mr. Hardymon asked for any discussion on the vice chair position, and there was no discussion.

He said that there were two capable candidates for vice chair, which is an important position. It is a position that supports the chair, and it is someone to be able to call on if the chair is absent. He asked the Board to think their way through this process as they did in the past. He asked for a roll call vote, and Ms. May called the roll.

Mira Ball	Mr. Branscum
Steve Branscum	Mr. Branscum
Penny Brown	Mr. Branscum
Dermontti Dawson	Mr. Branscum
Jeff Dembo	Ms. Tobin
Ann Haney	Mr. Branscum
James Hardymon	Mr. Branscum
Pam May	Mr. Branscum
Billy Joe Miles	Mr. Branscum
Sandy Patterson	Mr. Branscum
Phillip Patton	Ms. Tobin
Nick Phelps	Mr. Branscum
Charles Sachatello	Mr. Branscum
Frank Shoop	Ms. Tobin
Myra Leigh Tobin	Ms. Tobin
JoEtta Wickliffe	Ms. Tobin
Billy Wilcoxson	Mr. Branscum
Russ Williams	Ms. Tobin
Ernie Yanarella	Ms. Tobin

Ms. May reported that the vote was 12 to 7 for Mr. Branscum.

Mr. Hardymon asked Mr. Shoop to present the committee's nominations for secretary and assistant secretary.

On behalf of the Nominating Committee, Mr. Shoop submitted the nomination of Pam May for Secretary, and Mr. Patton seconded the motion.

Mr. Hardymon asked if there were further nominees. Mr. Wilcoxson moved that the nominations cease, and his motion was seconded by Ms. Wickliffe. Mr. Hardymon called for a voice vote for the secretary position for Ms. May, and it passed without dissent.

Mr. Shoop said that it has been the practice of the Board to appoint the General Counsel of the university assistant secretary of the board. On behalf of the Nominating Committee, he submitted the nomination of Barbara Jones as assistant secretary, and Ms. Wickliffe seconded her motion. The motion passed without dissent.

Mr. Hardymon announced that the Board would take a brief break to congratulate the new officers, behind whom he knows the Board will unite. He said that the meeting

would continue with the election of the Executive Committee following the break. He noted that the chair is a required member of the Executive Committee. He said that he would step aside, and Ms. Ball would take the chair's seat.

Ms. Ball called the meeting back to order. She said that she was at first a little reticent about accepting the chair's position; however, she wanted the Board to know that she was going to try to do the very best job she could. She said that she certainly appreciated the Board's support and thanked them very much. She called on Mr. Shoop to proceed with the election of the Executive Committee.

On behalf of the Nominating Committee, Mr. Shoop submitted the following nominations for members of the Executive Committee:

Mira Ball, Chair
Steve Branscum
James Hardymon
Myra Tobin
Billy Wilcoxson
Pam May, Ex Officio

He moved approval of the slate of nominations for the Executive Committee, and Dr. Yanarella seconded the motion.

Ms. Ball asked if there were nominations from the floor. Mr. Shoop made a motion that the nominations cease, and his motion was seconded by Mr. Wilcoxson.

Ms. Ball called for a vote. A vote was taken on the nominations submitted for the Executive Committee and passed without dissent.

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

President Todd said that there were some advertisements for Limestone Crossing, a retirement community that the university will market, on the table for the Board and others to pick up. He reported that the announcement about the retirement community project was held earlier, and a 90-acre lot off of Nicholasville Road is reserved for the site. He announced that former Board member Alice Sparks and her brother David Stephens were the first to submit the \$1,000 requirement to tie down their reservations.

He thanked Dr. Jack Blanton, Alice Sparks, and the committee for their patience and perseverance as well as the Praxis company that is putting up the money for the project.

Students Return to Campus as UK's 2007-08 Academic Year Begins

President Todd reported that the university is expecting to reach its target of 4,000 freshmen this fall, and it is an impressive class. An additional 200 faculty have been

brought to campus this year, which is a gain of 60 new positions. Provost Subbaswamy is doing a booklet on the new faculty. You will be able to see where they are coming from and how proud we are to get them. It has been reported that 10 African American faculty are in this group of new faculty; seven of those are women; and three of those are in tenured positions, which is very impressive because they are here as long as they want to be here given their seniority in the hiring. We lost four African Americans and had a net increase of six which give us 81, the largest number in the university's history.

UK FUSION'S Volunteer Day Shows Students' Commitment to Service

UK FUSION is one of the university's attempts to get students involved. It is the day after their parents go home. There were 1,300 students and staff to participate this year, and this is 300 more than last year. The students and staff provided services to 63 Lexington neighborhood organizations.

UK Chandler Hospital Wins High Rankings from Two Organizations

The UK Albert B. Chandler Hospital has had several across-the-board rankings, and there are more to come with the *U.S. News & World Report's* designation of it being one of "America's Best Hospitals." There were three departments specifically ranked for the first time by that magazine.

Officials Open \$7 Million, 10,000-square-foot Cancer Center in Hazard

The opening of a 10,000-square-foot cancer center in Hazard has been announced. This is a continuing effort to make the university's services more available to those communities that want the services. President Todd expressed appreciation to Dr. Karpf and Dr. Jay Perman for their initiatives in reaching out to rural Kentucky.

Thirty-eight High School Seniors Named 2007 Singletary Scholars

President Todd said that he is extremely pleased with the Singletary Scholars selection this year. There were 400 plus applications for those scholarships, which is the university's very best scholarship. The university has 25 of those scholarships to offer. Normally the university has to offer the award to 50 students in order to get 25 to accept because the students are recruited by everybody in the country. This year 50 offers were made, and 38 accepted. That is a wonderful problem to have, and it is an extremely impressive group. There are 37 Kentuckians in the group. Of the 400 plus applications, 80 were from out-of-state applicants. This shows how competitive Kentucky students were in seeking these scholarships.

National Media Cites UK HealthCare in Several Stories in July

UK HealthCare made *The New York Times*, *The New Yorker*, *The Washington Post*, and *O, The Oprah Magazine* with various stories.

After Three Years' Evaluation, UK Wins AAHRPP Accreditation

This evaluation is where the university volunteered to go through an accreditation process with the Association for the Accreditation of Human Research Protection Programs, Inc. The university has a lot of human research subjects that are volunteers. There are certain rules and regulations that the university must follow, and the university was able to get its procedures approved. He reported that he and Provost Subbaswamy met with the committee, and it is one of the earliest programs to be fully accredited. President Todd said that he had to mention Ada Sue Selwitz, who heads up that effort. She basically sold the group before he and Provost Subbaswamy ever saw them. She did an outstanding job, and he applauded her for that.

He noted that many people are mentioned under the awards and achievements sections and encouraged the board to read them.

H. Personnel Actions (PR 2)

President Todd recommended that PR 2 be approved. Mr. Phelps moved approval, and Ms. Tobin seconded his motion. The motion passed without dissent. (See PR 2 at the end of the Minutes.)

I. Proposed Revision to Governing Regulation: Financial Advantage, Solicitation of Funds, and Campus Sales (PR 3)

President Todd said that this was the second reading for PR 3, which is a revision of the Governing Regulations. There are two issues. One is under the heading of financial advantage. He explained that there was previously a regulation that did not allow the faculty to be involved in contracts. The university lost a pharmacy faculty member because he had a start-up company that was going to do a contract with state government. In working with the legislators and governor, that has now been changed.

President Todd said the second part involves the solicitation of funds in campus sales. This is something that was simply left out when the Governing Regulation were previously revised. He recommended approval of PR 3.

On motion made by Mr. Wilcoxson, seconded by Ms. Haney and carried, PR 3 was approved.

J. Proposed Revision to Governing Regulation: University Hospital Committee (PR 4)

President Todd said that PR 4 is also a revision in the Governing Regulation regarding the University Hospital Committee. The committee was established about a year and a half ago, and this action will expand the scope of the committee. The present regulation refers to hospital, and the university now has two hospitals.

PR 4 also expands the oversight of all clinical operations in the university health care area; therefore, the recommendation includes a recommendation that the name of the committee be changed to the University Health Care Committee. He noted that the Board of Trustees still has final approval over this committee's recommendations, and it does not give up any control. President Todd recommended that PR 4 be received for the first reading.

Ms. Ball pointed out that the proposed additions are underlined, and the proposed deletions are lined through. She noted that it did include some additional committee members on the hospital side. She reiterated that this is a first reading and called for a vote. Mr. Hardymon moved approval. His motion, seconded by Judge Patton, carried without dissent. (See PR 4 at the end of the Minutes.)

K. Appointment of Board of Directors, University of Kentucky Gluck Equine Research Foundation, Inc. (PR 5)

President Todd said that PR 5 is a recommendation for approval of appointments to the Board of Directors of the Gluck Equine Research Foundation. He said he was pleased to bring forth the names of Sam Bowie and Naoya Yoshida who both are in the thoroughbred industry. These two candidates would be outstanding additions to the Gluck Equine Research Foundation. He recommended approval of PR 5.

On motion made by Mr. Wilcoxson, seconded by Mr. Shoop, and carried, PR 5 was approved without dissent. (See PR 5 at the end of the Minutes.)

L. Standing Ovation for Mr. James F. Hardymon

Before receiving the committee reports, Ms. Ball said that she wanted to express appreciation to Mr. Hardymon in the public meeting. She asked the Board to give him a standing ovation because the Board owes him so much. The Board applauded and gave Mr. Hardymon a standing ovation.

President Todd said that he appreciated Ms. Ball's gesture. He presented Mr. Hardymon with a memento from the institution for his service as Chairman of the Board. He said that he had admired Mr. Hardymon for many years because he was a fellow engineer and graduate. He had always heard about Jim Hardymon from Maysville because he was doing such outstanding things, and that always gave him hope. He reported that he had 66 or 67 meetings with Mr. Hardymon during Mr. Hardymon's term as Chair. They have gotten to know each other extremely well, and it is one of those cases that the more you know somebody the more you learn. He thanked Mr. Hardymon for all of his service to the university. Mr. Hardymon received another round of applause.

Ms. Ball recognized Mr. Hardymon's wife, Gay, in the audience and asked her to stand and be recognized. Mrs. Hardymon received a round of applause.

M. Candidates for Degree (AACR 1)

Ms. Tobin, Chair of the Academic Affairs Committee, said that AACR 1 recommends that the university be authorized to confer upon each individual whose name appears on the attached list the degree to which he or she is entitled, upon certification by the university registrar that the individual has satisfactorily completed all requirements for the degree for which application has been made and as approved by the elected faculty of the University Senate and the Academic Affairs Committee of the Board of Trustees. She noted that the list of candidates for degrees was attached and moved approval of AACR 1. Ms. Haney seconded the motion, and it passed without dissent. (See AACR 1 at the end of the Minutes.)

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

Ms. Tobin said that AACR 2 is a recommendation 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 Kentucky Community and Technical College System (KCTCS) Board and the University of Kentucky Registrar that the individual has satisfactorily completed all requirements for the degree for which application has been made and as approved by the elected faculty of the University Senate and the Academic Affairs Committee of the Board of Trustees.

The background for this action item is that there was a Memorandum of Agreement on July 1, 2004 stating that LLC students who were or are officially enrolled on or before September 2004 in an associate degree program approved by the UK Board of Trustees and who complete the associate degree program on or before August 31, 2010 shall have their degrees conferred by the UK Board of Trustees. She moved approval of AACR 2. Mr. Phelps seconded her motion, and it passed without dissent. (See AACR 2 at the end of the Minutes.)

O. Proposed Revision to Governing Regulation: Automatic Extension of Probationary Periods (AACR 3)

Ms. Tobin said that AACR 3 is the recommendation that the attached revision of Governing Regulation X (GR X) relating to employment, which was received for preliminary consideration as AACR 5 by the Board of Trustees on June 12, 2007, be approved. 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. She moved approval of AACR 3. Mr. Williams seconded her motion, and it carried without dissent. (See AACR 3 at the end of the Minutes.)

P. Establishment of the Center for the Study of Violence Against Children (AACR 4)

Ms. Tobin said that AACR 4 is the recommendation that the Board of Trustees approve the establishment of the Center for the Study of Violence Against Children in the College of Social Work, effective immediately. The Center for the Study of Violence Against Children is dedicated to the enhancement of health and well-being of children and their families through research, service, and dissemination of information about child abuse and trauma. The proposal has been endorsed by the faculty and administrators participating in the units, and the provost supports this recommendation. She moved approval of AACR 4. Ms. Haney seconded her motion, and it carried without dissent. (See AACR 4 at the end of the Minutes.)

Q. Establishment of the Center for Clinical and Translational Science (AACR 5)

Ms. Tobin said that AACR 5 is the recommendation that the Board of Trustees approve the establishment of the Center for Clinical and Translational Science that will report to the provost, effective immediately. Clinical and translational science is essential to progress in the translation of basic biomedical science to clinical practice and also to the development of new basic science hypotheses from clinical observations. The proposal has been endorsed by administrators, faculty, and staff across the university. The provost of the university supports this recommendation. She moved approval of AACR 5. Dr. Yanarella seconded her motion, and it passed without dissent. (See AACR 5 at the end of the Minutes.)

R. Anonymous Gift to the Virginia T. Barrow Chair in Brain Disease Research (FCR 1)

Ms. Wickliffe, Chair of the Finance Committee, said that FCR 1 is a recommendation to accept a gift that totals \$1.1 million. She said the Board is very thankful for the anonymous donor. Mr. Shoop moved approval. His motion was seconded by Mr. Branscum and carried without dissent. (See FCR 1 at the end of the Minutes.)

S. Approval of Lease and Related Transactions (FCR 2)

Ms. Wickliffe said that FCR 2 is the Approval of Lease and Related Transactions. Mr. Butler presented a summary of the lease which authorizes the Executive Vice President for Finance and Administration to negotiate and to execute a lease between the UK College of Pharmacy and Coldstream Laboratories, Inc. (CLI) for the use of the 21,249 square foot CPST building on the Coldstream campus. The annual lease rate will be \$509,340.

UKRF is the sole shareholder of CLI, which is a for-profit corporation. CLI was formed to expand and commercialize pharmaceutical manufacturing, research, and development at Coldstream. FCR 2 also authorizes a transfer of up to \$6.5 million to UKRF to be used as paid-in capital in CLI. CLI will use the capital for start-up and operational expenses. She moved the adoption of FCR 2. Mr. Shoop seconded her motion, and it carried without dissent. (See FCR 2 at the end of the Minutes.)

T. Approval of Lease (FCR 3)

Ms. Wickliffe said that FCR 3 is for approval of a lease which authorizes the executive vice president for finance and administration to negotiate and to execute a revision of the lease between the university and Lexington-Fayette Urban County Government for Lot 31 on the Coldstream campus. The original lease was approved by the Board on September 12, 2006. The Lot 31 acreage will be increased from 11.5 acres to approximately 12.97 acres to accommodate the addition of a cul-de-sac. The Lexington-Fayette Urban County Government is proposing to lease the lot as the site for the new 50,000 square foot Lexington Regional Public Safety Complex. The term of the lease is expected to be 100 years with a one-time payment up front of \$815,850. Basically, it is a revised lease increasing the amount of square footage and a few more dollars. On behalf of the Finance Committee, she moved the adoption of FCR 3. Ms. Tobin seconded her motion, and it carried without dissent. (See FCR 3 at the end of the Minutes.)

U. Approval of Lease (FCR 4)

Ms. Wickliffe said that FCR 4 authorizes the executive vice president for finance and administration to negotiate and execute an operating lease between the university and Lexington Holding Two, LLC, for the use of approximately 70,500 square feet of space in the Lexhold International Center for Technological Innovation Building B on the Coldstream Research Campus. The annual lease rate will not exceed \$2 million.

The university will be leasing about 30 percent of the facility for a consolidated university data center serving research, administrative, and health care operations. Relocating the campus data center will free up approximately 33,000 square feet in McVey Hall, which is in the core of campus, for classrooms and faculty. The lease would be funded by the university and UK HealthCare. On behalf of the Finance Committee, she moved the adoption of FCR 4. Mr. Williams seconded the motion, and it carried without dissent. (See FCR 4 at the end of the Minutes.)

President Todd pointed out that the last three actions have been largely the result of Dr. Len Heller, Vice President for Commercialization and Economic Development, who reports directly to him. He asked Dr. Heller to stand and be recognized. Dr. Heller was with the university for a number of years, was secretary of health and human resources under Governor Brereton Jones, and was involved with several start-up companies. Dr. Heller knows how to make deals and how to see tasks through to

completion. President Todd said that he gave Dr. Heller a lot of credit for the movement in some of these facilities happening in the Coldstream Research Campus. He said that he would like for Dr. Heller to give the Board a report on the activity at Coldstream sometime in the future. He thanked Dr. Heller for the great job he has done in a short period of time. Dr. Heller received a round of applause.

V. Consent to Modification of Listed External Trusts (FCR 5)

Ms. Wickliffe said that FCR 5 is a recommendation to authorize the treasurer to execute necessary “consents” to allow modification of four external trusts of which the university is an income beneficiary. The Trustees will petition District Courts to allow the Trusts to be managed on a “total return” investment and distribution strategy as permitted by the Kentucky Principal and Income Act enacted by the 2004 General Assembly. This action will allow the external trusts to be invested with a long-term strategy to maximize total returns and distributions to the beneficiaries.

As beneficiary of the Trusts, the University of Kentucky must consent to the Trustees’ petition to modify the trusts. The university is a beneficiary of 19 external trusts with a market value of \$45 million on June 30, 2007. FCR 5 will complete the conversion of all external trusts to the “total return” strategy. The “total return” strategy means that the university would get the capital appreciation along with the stock list plus the income which the university has not been able to get in the past. On behalf of the Finance Committee, she moved that FCR 5 be approved. Mr. Hardymon seconded her motion, and it carried without dissent. (See FCR 5 at the end of the Minutes.)

W. Patient Care Facility Project Expansion (FCR 6)

Ms. Wickliffe said that FCR 6 is the Patient Care Facility Project Expansion. Dr. Karpf gave the Finance Committee a most interesting explanation of this along with a video. Ms. Wickliffe praised Dr. Karpf for the great job he is doing with the expansion. Dr. Karpf presented a summary of FCR 6 to the committee to approve the initiation of the design and other actions necessary to expand the Patient Care Facility project by adding two shelled patient bed floors. Initially shelling the two additional floors will allow UK HealthCare to later fit-up the floors to meet changing conditions and needs as he described in the video.

The university currently has legislative expenditure authorization up to \$450 million for the new facility, which is Phase 1A. At the June 2007 meeting, the Board approved the 2008-2014 Capital Plan, which requests an additional \$250 million in authority from the 2008 General Assembly for Phase 1B. The university will not issue or accept any bids prior to July 1, 2008 which would exceed the current \$450 million authorization. The additional two-floor decision just increases the initial amount of shelled space to be constructed in the first phase of the project. On behalf of the Finance Committee, she moved approval of FCR 6. Mr. Branscum seconded the motion, and it carried without dissent. (See FCR 6 at the end of the Minutes.)

Dr. Karpf said that he appreciated the confidence the Board has shown in the hospital administration. The administration is committed to making this project work exceptionally well. Kentucky will have the finest facility.

X. Renovation of the Thomas Hunt Morgan Biological Sciences Building (FCR 7)

Ms. Wickliffe said that FCR 7 is the Renovation of the Thomas Hunt Morgan Biological Sciences Building. Mr. Wiseman gave the committee a summary of the renovation of this particular building. The project will include an upgrade of the fume hood exhaust and air supply systems within the building. The renovation will also include renovations and upgrades of teaching and research labs to accommodate eight new biology faculty members.

Contingent upon the Board's approval, the university will request that the Council on Postsecondary Education and the Capital Projects and Bond Oversight Committee allow the university to use existing legislative authority for renovation of the fume hood system to include the general teaching and research lab renovations. The cost will not exceed the authorized scope of \$3.18 million and will be funded with university reserves. On behalf of the Finance Committee, Ms. Wickliffe moved the adoption of FCR 7. Mr. Dawson seconded her motion, and it carried without dissent. (See FCR 7 at the end of the Minutes.)

Y. Lease/Purchase of Equipment and Information Technology Items (FCR 8)

Ms. Wickliffe said that FCR 8 is the Lease/Purchase of Equipment and Information Technology Items, and Mr. Butler presented a summary of FCR 8 at the Finance Committee meeting.

At the September 2005 meeting, the Board adopted the University of Kentucky Debt Policy, which provides that debt in the form of capitalized lease obligations must be submitted to the Board for approval. This FCR will delegate to the executive vice president for finance and administration the responsibility for managing university debt related to the lease/purchase of equipment and information technology items costing less than \$200,000. Debt in the form of capitalized lease obligations for items costing \$200,000 or more shall be submitted to the Board for approval. On behalf of the Finance Committee, she moved the adoption of FCR 8. Dr. Sachatello seconded the motion, and it carried without dissent. (See FCR 8 at the end of the Minutes.)

Z. Patent Assignment Report (FCR 9)

Ms. Wickliffe said that FCR 9 is the Patent Assignment Report. She thanked Dr. Martha Peterson for coming and doing an excellent job of summarizing all of these patents for the committee. This report is for the period of March 19, 2007 through August 1, 2007 and includes 13 patent applications. The university filed 36 patent

applications; 21 patents were issued; and the university received \$1,802,905 of patent income.

During the first month of the 2007-08 fiscal year, the university filed 2 patent applications, 1 patent was issued, and the university received \$87,481 of patent income through that time frame. On behalf of the Finance Committee, she moved the adoption of FCR 9. Ms. Tobin seconded her motion, and it carried without dissent. (See FCR 9 at the end of the Minutes.)

President Todd commented that Professor Audra Stinchcomb has received many public accolades recently because she was able to get \$1.2 million for a start-up company. This is significant because it is the first time that the Kentucky Venture Fund has invested, as well as the Angel Fund and the university fund to back the proposal. Her special area is drug delivery through patches, and it has a lot of potential. Dr. Heller was also active in this accomplishment.

AA. Capital Construction Report (FCR 10)

Ms. Wickliffe said that FCR 10 is the Capital Construction Report. Mr. Bob Wiseman gave the committee the complete report; therefore, she would summarize the report for the Board. There were 6 new contracts, 4 contract amendments, and 6 change orders that were greater than \$25,000. On behalf of the Finance Committee, she moved that FCR 10 be approved. Judge Patton seconded her motion, and it carried without dissent. (See FCR 10 at the end of the Minutes.)

BB. Authorization to Acquire Properties to Facilitate Utility Relocation Associated with the UK HealthCare Patient Care Facility Project (FCR 11)

Ms. Wickliffe said that FCR 11 is the Authorization to Acquire Properties to Facilitate Utility Relocation Associated with the UK HealthCare Patient Care Facility Project. It is the authorization which the university would give the executive vice president for finance and administration or his designee to negotiate the acquisition of several real properties fronting the west side of Limestone Street between Waller Avenue and Conn Terrace as well as Woodland Avenue at Euclid Avenue, for a purchase price not to exceed the properties' fair market values based on independent appraisals or through condemnation proceedings.

Electrical work associated with the new Patient Care Facility Project requires the elimination of existing distribution routes and the creation of new distribution and transmission routes. The new electrical service requires easements from the owners of each individual property. University officials, on behalf of Kentucky Utilities, are acting in good faith to acquire these easements from the owners. Should university officials be unable to resolve the issues and contract for the easements of the affected properties, it is in the university's best interest to proceed with condemnation. On behalf of the Finance Committee, she moved the adoption of FCR 11. Judge Patton seconded her motion, and it carried without dissent. (See FCR 11 at the end of the Minutes.)

CC. Proposed Revision to Governing Regulation: Group Insurance (HRCR 1)

Judge Patton reported that the Human Resources Committee met that morning and had one action item to present to the Board. The committee also received an update from Kim Wilson about how the work-life reforms enacted are progressing, and the committee was very encouraged by the report. He noted that he is going to ask her for a more detailed report, which he will share with the Board, that will have actual numbers of people who are availing themselves of the new benefits, i.e. reduced tuition and other programs made available to faculty and staff.

The action item is the second reading of HRCR 1. This has already had its first reading by the Board at the last meeting. This amends the Governing Regulation (GR) with regard to group insurance. Under the old regulation, every full-time employee up until July had \$10,000 worth of life insurance. That amount has been increased to \$100,000. This amendment will allow employees to purchase at their own expense up to 5 times their annual salary in the form of group life insurance. It is a more general regulation. If there are expansions in the future of the amount of insurance that may be purchased by employees at their own cost, it will not be necessary to come back to the Board to amend the GR. On behalf of the Human Resources Committee, he moved the adoption of HRCR 1. Mr. Williams seconded his motion, and it carried without dissent. (See HRCR 1 at the end of the Minutes.)

DD. Investment Committee Report

Mr. Wilcoxson reported that the endowment had a market value on June 30, 2007 of \$916.6 million, which is an increase of \$170.5 million for the fiscal year. This increase of \$170.5 million is the result of a \$50 million addition from the hospital quasi-endowment, plus gifts and matching Research Challenge Trust Funds (RCTF) of \$28.6 million. Additionally, the university had earnings off of its investments of \$125.5 million and withdrew spending distributions totaling \$33.6 million to support the university's programs.

For the fiscal year ending June 30, 2007, the endowment produced a favorable absolute return of 16.8 percent. At the end of August, the endowment had an estimated market value of \$920.5 million. The endowment continues to meet the primary objective of generating returns that are equal to or greater than the sum of our spending distributions, inflation, and the cost of managing the investments. He said that the committee is working very hard towards the endowment reaching one billion dollars.

EE. Student Affairs Committee Report

Mr. Williams reported that the committee met that morning and had 100 percent attendance. Trustee Penny Brown attended the meeting as well. The committee had a lengthy set of presentations because it is the beginning of the school year. There are lots of good things happening in the student affairs division and all over campus.

The committee heard a nice review of the Office of Residence Life from Vice President Jim Wimms. He provided a lot of details and statistics. About 5,500 students live on campus in housing and the residence halls. He noted that there are no longer dormitories on campus. They are now referred to as residence halls. These residence halls are state-of-the-art, and their programming is top-notch. He described some of the programs the residence halls have run, particularly the recycling program. Last year, the residence halls diverted 188,000 pounds of recyclable materials from landfills. Just over the move-in period, they diverted 20,000 pounds of cardboard. It is an active program that is clearly helping the university move toward its goal of making the campus as sustainable as it possibly can be. They are to be applauded for that effort.

Mr. Williams reported that there is a lot of academic work going on in the residence halls now, and they try to attract faculty there. There are classes taught in the residence halls, and there are a lot of good things going on.

Mr. Williams said that Dr. Dembo asked at the end of the committee's meeting about the relationship between residence life and housing. He explained that those are two related departments that are in two different areas of the campus. There is a lot of discussion going on between the two areas about how to work better together.

Amanda Schroeder, who is a student and 2007 chair of FUSION, and Laura Hatfield, who is director for the Center for Community Outreach that used to be the Volunteer Center, gave the committee a report. As President Todd reported, there were over 1,300 people who participated, giving hours of community service and making a real difference. There was a tremendous amount of organization that went into that event. People were helping others throughout the county. TIAA/CREF was a major sponsor this year of UK FUSION, and the organization paid some expenses that normally would have been taken out of the Student Affairs budget.

Mr. Williams asked Mr. Phelps to comment about some of his intentions and plans for the school year that he presented to the committee.

Mr. Phelps said that he looked forward to working with the trustees this year. It has been an extremely busy summer. He mentioned a couple of milestones in the Student Government Association's (SGA) history, one of which was hiring an advisor, Todd Cox, who is a UK alumnus. A lot of the organizations across campus, such as the Student Activities Board, have this type of position, which is really going to help in the transitional stage. The advisor will help with some of the effectiveness of the legislation that SGA has passed and with communication with administrative staff and faculty across campus. He will be a wonderful addition to SGA.

Mr. Phelps reported that he and his staff have been across campus meeting with the provost, senate council chair, vice president for student affairs, and many other administrators. They have been trying to work with as many people as possible to help achieve their goals.

This year, SGA has a budget that is about \$140,000 less than last year, which is a little less than a third. Provost Subbaswamy and Vice President Pat Terrell were both more than supportive of requests for financial help. Provost Subbaswamy picked up additional funding for tutoring in the Commons so the students do not lose any tutoring support. Mr. Phelps thanked the provost for that and for other efforts he has shown in leading the way to assist with student needs. He said that Dr. Terrell has done the same in helping with DanceBlue in their funding cuts and the different things. He expressed appreciation for their support.

Mr. Williams said that K Week was not your K Week of old. K Week is the first week when the freshmen are on campus. From the time they set foot on campus until classes started, there were numerous activities held for the students. He said that he hopes the new class of 4,000 freshmen feels embraced by the university because of the many things the university did to make them feel welcome and a little closer to home. This was incredibly consistent with the provost's war on attrition. He thanked President and Mrs. Todd for their engagement during that week in greeting groups of students. That makes a difference to the people who come to the university who are scared and afraid.

Mr. Williams reported that Dean Susan West gave an update on Greek new members. Dean West is the Director of the Greek Life Office, and there are 666 new members in the Greek system for the sororities and the fraternities. About 1,000 men went through rush this year, probably the largest number the university has ever had. He also talked about an article that had been in the *Kernel* regarding some segregation between sororities and fraternities that had to do with a different goal and different purpose that two types of fraternities have.

Mr. Williams pointed out that if you look at a fraternity chapter or a sorority chapter, it is not a fraternity or sorority chapter of old. There is more diversity in the Greek houses now than before. This is something that we always have to keep aware of. He said if he went around the table and found out how many Board members were in a fraternity or sorority when they were in college, the numbers would probably surprise people because it is known that Greek graduates tend to give back to the universities in greater numbers than others. He said that this is an area that he has been interested in since chairing the Student Affairs Committee, and the committee received a really good report.

FF. University Hospital Committee Report

Judge Patton said that Dr. Karpf gave an excellent, impressive report and video in the University Hospital Committee and Finance Committee meetings. The committee received a report that the operation of Good Samaritan is going quite well. Patient numbers are actually ahead of what was projected. The University Hospital continues to be financially sound.

He reported that UHCR 1 recommends that the Board approve the newly revised Operating Rules for the University Hospital Committee and the name of the committee be changed to the University Health Care Committee. This would also expand the number of advisory committee members of the committee so as to represent both hospitals. On behalf of the committee, he moved the adoption of UHCR 1. Ms. Tobin seconded the motion, and it carried without dissent. (See UHCR 1 at the end of the Minutes.)

GG. University Relations Committee Report

Ms. May said that everything we do in this organization is to learn things. She reported that PMS color 286 is UK Blue. One of the reasons for the committee's meeting was to see a kickoff on the new theme for the university. There have been consultants on campus trying to figure out the university's new promotion. They saw that a lot of the students wear blue because many feel a unity with the university in blue. She noted that none of the surrounding states have blue among all the college teams around the university. There is a big blue nation, and we all tie ourselves to the color blue. The new theme is going to be See Blue, and everything will come out with that blue. The website will be changed, and there are amazing banners that everyone will be seeing. She provided a description of the banners indicating some would be bright blue with halos and said they would be promoting different people and different students. There will be billboards throughout the state that will be promoting See Blue, and there will pictures of students on them representing the various regions. There will also be beautiful banners of some of the football players with lightening strikes around them.

Ms. May reported that the big blue bus is back, and the president is getting ready to hit the road again. See Blue is the new thing, and the announcements will be released next Thursday when the big blue bus begins its trip around the state.

There are going to be new television ads that are geared toward students trying to get them to come to the university. We are in a different generation. What appeals to adults does not appeal to the 15 and 16 year olds. The ads will be a little different, but we have to remember our audience. The Public Relations staff has done an excellent job, and everyone will be excited with See Blue.

HH. Gluck Equine Research Foundation Report

Mr. Shoop reported that the Gluck Equine Research Foundation had two board meetings during 2006-07. At the November 29, 2006 meeting, Ernest Bailey, Interim Director of the Gluck Equine Research Center, reported on the center's needs and activities. Much of the discussion at that meeting addressed the great need for Biosecurity Level 2 and Level 3 research facilities necessary to continue infectious disease research in the horse. That need becomes particularly intense as international movement of horses increases and the corresponding potential for exotic disease exposure to local horse populations increases.

At the April 16, 2007 meeting, the Board heard research program status reports from two Gluck Equine Research Center faculty and an overview of a monthly seminar series directed specifically to practicing veterinarians. In President Todd's address to the board, he provided more specifics of the university's Equine Initiative program further enhancing the industry/university relationship. Dean Scott Smith provided further information about the Equine Initiative, recruitment success filling two faculty positions, and significant college advancements. Additional information on the critical need and cost of the Biosecurity Level 2 and Level 3 research facilities was presented. The Gluck Equine Research Center Board approved the plan of expenditure of funds for the next fiscal year as presented by Dean Nancy Cox.

II. Other Comments

Mr. Wilcoxson said that it is quite an honor for an athlete coming out of a university to end up being a professional basketball player. The University of Kentucky is very fortunate to have a number of those athletes that go on and play professional basketball and football. Dermontti Dawson, a member of the Board, has carried forth many honors for the university.

He announced that the university has one young man who became a professional basketball player and just recently was a member of the winning USA Team. There is a possibility that he might be an Olympian. That young athlete is Tayshun Prince.

Ms. Haney said the Board would be remiss not to thank JoEtta Wickliffe for her leadership and service as vice chair of the Board. Ms. Wickliffe received a round of applause.

Mr. Phelps invited everybody to the state of the campus address Thursday. There will be remarks by President Todd and him as well as plenty of food and Dippin' Dots.

Ms. Ball said that information would be forthcoming about committee assignments for 2007-08. She noted that some committee chairs and members will be replaced, and she encouraged their quick replies upon receipt of the material.

JJ. Meeting Adjourned

With no further business, Ms. Ball adjourned the meeting at 2:45 p.m.

Respectfully submitted,

Pamela R. May
Secretary, Board of Trustees

(Schedule for Meetings of the Board of Trustees – 2008; PR 2, 3, 4, and 5; AACR 1, 2, 3, 4, and 5; and FCR 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, and 11; HRCR 1, and UHCR1 which follow are official parts of the Minutes of the meeting.)