

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, April 22, 2008.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, April 22, 2008, in the Board Room on the 18th Floor of Patterson Office Tower.

A. Meeting Opened

Ms. Mira Ball, 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 (chair), Stephen Branscum, Penelope Brown, Dermonti Dawson, Jeff Dembo, Ann Haney, James Hardyman, Pamela May, Billy Joe Miles, Sandy Bugie Patterson, Nick Phelps, Charles Sachatello, Frank Shoop, Myra Leigh Tobin, JoEtta Wickliffe, Russ Williams, and Ernie Yanarella. Absent from the meeting were Phillip Patton, Erwin Roberts, and Billy Wilcoxson. Ms. May reported that a quorum was present.

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

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

Members of the various news media were also in attendance.

C. Consent Items

Ms. Ball called attention to the items on the consent agenda and asked if there were any questions about the items. Ms. Haney moved that the consent items be approved. Mr. Branscum seconded the motion, and it carried without dissent. (See consent items listed below at the end of the agenda.)

Minutes – March 4, 2008
PR 2 Personnel Actions
FCR 1 Douglas J. Von Allmen Pledge
FCR 2 James E. Geisler Pledge
FCR 3 Sarah Scaife Foundation Pledge
FCR 4 Curry Stone Foundation Gift and Pledge

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

President Todd began his report by commenting about the 2008 session of the Kentucky General Assembly. He reported that the university's base budget was reduced by \$20 million in 2008-09 and \$17 million in 2009-10. He said that he thought it was significant that higher education was discussed to the very last minute of the conference committee meeting. They were looking for ways to find resources to help reduce the cut that was proposed. He said that he was very pleased with the attention the committee gave the university and talked about the following highlights of the session:

- The budget funds the Robinson Scholars program with \$1 million from coal severance money. Robert Stivers and Rocky Adkins were very helpful in getting that money for the university. Over \$1 million of the university's proceeds were put into the Robinson Scholars program last year. It was not possible to do that again this year. It is important to protect the university's quasi-endowment.
- The Mining Engineering program received \$300,000 a year from coal severance tax revenues for mining scholarships. Several years ago the number of freshmen in Mining Engineering was small. There was a record amount last year. He noted that the mining companies have created some scholarships and also helped buy digital microscopes for the elementary schools in that area.
- The university received \$250,000 in each year from the tobacco settlement to fund the College of Agriculture's viticulture efforts.
- The Center for Applied Energy Research received \$1 million in each year. That money will be very useful because the center has not had a budget increase for a long time.
- The university received one of only two state-funded university capital projects in the entire budget when they provided \$20 million in state bond funds to finish the Livestock Disease Diagnostic Laboratory at Coldstream. This was a tremendous effort. The university received a lot of help from several legislators as well as the thoroughbred industry in getting this approved. These funds will help the university take care of some issues at the facility and have a first-class diagnostic laboratory.
- The university received agency bond approval for three projects on campus: Blazer Hall cafeteria, Student Center food court, and a sanitary sewer expansion and utility expansion.
- The 4-H program, which is administered on campus, received \$2 million in state bond funds to renovate the camps. This was not requested by the university; however, it does help.

- The Bucks for Brains program for the University of Kentucky and the University of Louisville was provided \$50 million. UK will receive \$33 million of that amount which must be matched. New language was incorporated to authorize the university to use that money for endowed positions and renovations. Previously, the money could not be used for laboratory renovations. The funds have to be matched, but it is a source of funds that the university did not have access to before.

President Todd expressed appreciation to Steve Byars, Tom Harris, Jay Blanton, and everyone else that helped work the session.

President Todd continued his report by referring to PR 1. He called attention to the first item in the report regarding UK's graduate program being listed among the best in the nation according to newly released rankings in the *U.S. News and World Report's* 2009 edition of *American's Best Graduate Schools*. UK's College of Pharmacy ranked highest on the list as the fifth best pharmacy school in the nation.

UK will help spearhead a statewide effort to unite business, industry, government, and education leaders in an initiative to encourage elementary, middle, and high-school girls to study science, technology, engineering, and math.

Former Indian President A.P.J. Abdul Kalam's visit to UK's campus resulted in a \$1 million endowment gift to the university. This is a very strong commitment for the Indian community.

There is a dramatic new study published in the March issue of *Nature* by Dr. Jayakrishna Ambati, a University of Kentucky researcher in the Department of Ophthalmology and the paper's senior author.

UK HealthCare's Albert B. Chandler Hospital is named among the nation's top 100 hospitals by Thomson Healthcare.

The Arnold and Mabel Beckman Foundation chose UK for the third time as an awarding institution for a Beckman Scholarship to support undergraduate research. Other institutions receiving a scholarship this year include Boston University, Georgia Tech, Indiana University, North Carolina at Chapel Hill, and Vanderbilt University, which are all top 20 institutions.

Andrew Lynch, a chemical engineering senior, has now won five national scholarships in one year. He is the first person in the country to receive five national scholarships during one year. His latest scholarship is the Gates Cambridge Scholarship to pursue his graduate studies at Cambridge University in England. He will pursue his doctorate in chemical engineering.

The Scientist magazine lists UK as the best place for postdocs. The magazine cited "training and mentoring" as the reason UK ranked as high as it did.

Six UK professors were honored for excellence in the classroom as the UK Alumni Association's recipients of the 2008 Great Teacher Awards. The Alumni Association does a

tremendous job in recognizing the excellent teachers. The award is the oldest continuous award that recognizes teaching at UK.

Members of the Sustainability Advisory Committee were announced recently, and Dr. Yanarella is a member of the committee. The vice president for finance and administration and the president will work closely with the committee and UK Greenthumb regarding their thoughts for the committee.

UK employees gave generously to United Way and experienced a record year. The UK Campaign raised \$501,474, a 56 percent increase in dollars given in 2006. Campaign Chair Kim Wilson and Treasurer Marc Mathews received awards from United Way for the university's success in being the third largest fundraiser for United Way of The Bluegrass.

E. Proposed Amendment to Governing Regulations: Tobacco Policy (PR 3)

President Todd said that this is the second reading of the proposed amendment to the Governing Regulations regarding the university's tobacco policy for the Medical Center. A number of hospitals in central Kentucky have formed a tobacco-free coalition, and UK certainly wants to be a part of that. PR 3 expands the president's authority to promulgate an AR that will define and regulate the tobacco-free areas of the campus. He asked the Board to approve PR 3 for the second reading.

On motion made by Dr. Sachatello and seconded by Ms. Patterson, PR 3 was approved without dissent. (See PR 3 at the end of the Minutes.)

F. Proposed Amendment to Governing Regulation: The Staff Senate (PR 4)

President Todd said that this is a second reading for the proposed amendment to the Governing Regulation dealing with the Staff Senate. It waives the requirement of one year of continuous employment for senator elections. It also eliminates the Staff Senate Development Task Force, which was an advisory group that no longer exists. He asked for passage of PR 4.

Ms. Ball reiterated that this is the second reading for the amendment to the Governing Regulation involving the Staff Senate. Mr. Williams moved approval. Ms. Tobin seconded his motion, and it carried without dissent. (See PR 4 at the end of the Minutes.)

G. Establishment of Engineering Alumni Association Professorship (PR 5)

President Todd said that PR 5 establishes the second Engineering Alumni Association Professorship in the College of Engineering. This professorship will be funded by the dean of the College of Engineering using discretionary funds that are available on a yearly basis within the college. Typically, the named professorships are endowed, but this gives the dean some flexibility to do some things with the engineering college that have proven satisfactory. The selection of the recipient will be governed by the rules of the College of Engineering. He asked the Board to approve PR 5. Mr. Hardyman moved approval. Mr. Branscum seconded the motion, and it carried without dissent. (See PR 5 at the end of the Minutes.)

H. Proposed Amendment to Governing Regulations: Investment Committee (PR 6)

President Todd said that PR 6 is the proposed amendment to the Governing Regulations for the Investment Committee. This recommendation allows the appointment of no more than three community advisory members to the Investment Committee. The appointments shall be for three years and may be reappointed for an unlimited number of three-year terms. He pointed out that this is very similar to the University Health Care Committee. Given the importance of the size of the university's endowment, this will allow the flexibility to add some people in the community with expertise that could serve the university well. He recommended approval of PR 6.

Mr. Hardymon agreed that the recommendation is a good move. There are people who spend every day looking at these type things, and the Investment Committee does not have anyone that does that. Fortunately, the endowment number continues to get larger. He moved approval of PR 6. Ms. Wickliffe seconded the motion, and it carried without dissent. (See PR 6 at the end of the Minutes.)

I. Candidates for Degrees – University System (AACR 1)

Ms. Tobin, chair of the Academic Affairs Committee, said that AACR 1 is the candidates for degree in the university system. She noted that a revised copy of AACR 1 was distributed because there were six additional applications made, two for graduate degrees and four for undergraduate degrees, from the original AACR 1 in the agenda book.

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 Academic Affairs Committee of the Board of Trustees.

Since commencement is held immediately following completion of examinations, it is not possible for the university registrar to certify satisfactory completion of requirements prior to commencement exercises for those candidates who complete their degrees in May. AACR 1 is a list of graduate, professional, and undergraduate degrees. There are 1,042 graduate degrees, 441 professional degrees, and 2,716 undergraduate degrees for a total of 4,199. She moved acceptance of AACR 1. Her motion, seconded by Mr. Phelps, carried without dissent. (See AACR 1 at the end of the Minutes.)

J. Change in Name of a Degree – College of Communications and Information Studies (AACR 2)

Ms. Tobin said that AACR 2 has to do with the change in the name of a degree in the College of Communications and Information Studies. It is recommended that the Board of Trustees approve a change in the name of the Bachelor of Arts/Bachelor of Science degree with a

major in Journalism – General Editorial to Bachelor of Arts/Bachelor of Science with a major in Journalism, effective in the spring 2008 semester.

The proposed change is more appropriate as a descriptor of Journalism majors in this field of study. The proposal has the approval of the Undergraduate Council, Senate Council, and University Senate, along with the provost. Ms. Tobin moved approval of AACR 2. Mr. Dawson seconded her motion, and it carried without dissent. (See AACR 2 at the end of the Minutes.)

K. Change in Name of a Degree – College of Education (AACR 3)

Ms. Tobin said that AACR 3 is a change in the name of a degree in the College of Education. It is recommended that the Board of Trustees approve a change in the name of the Doctor of Education degree with a major in Special Education to a Doctor of Philosophy with a major in Special Education, effective in the spring 2008 semester.

The background for this name change is that there is a need to strengthen the research requirements within the Special Education and Rehabilitation Counseling doctoral program and to reflect the program's emphasis on research. The proposal is designed to improve the abilities of doctoral program graduates to apply scientifically rigorous research designs. It aligns with UK's new Strategic Plan and the emphases placed on increasing the number of doctorates awarded and increasing research productivity among graduate students.

The proposal has the approval of the Graduate Council, Senate Council, the University Senate, and the provost. Ms. Tobin moved approval of AACR 3. Ms. Patterson seconded the motion, and it carried without dissent. (See AACR 3 at the end of the Minutes.)

Ms. Tobin concluded her report by saying that the committee was honored to have Bob Wiseman, vice president for facilities management, give an update on the facilities and talk about how to do a lot on a very small budget. The committee appreciated his presentation.

L. Finance Committee Report

Mr. Branscum, chair of the Finance Committee, reported that the committee had a lengthy meeting and had 15 action items to report to the Board. Since approximately 90 percent of the full Board attended the committee meeting, he said that he would summarize the committee's report.

Although FCRs 1, 2, 3, and 4 were consent items, he noted that they include gifts and pledges totaling \$12 million and said he would like to highlight FCRs 3 and 4.

The university has received a \$5 million pledge from the Sarah Scaife Foundation of Pittsburgh in FCR 3. Richard Scaife and the Sarah Scaife Foundation Board are funding an auditorium in the new Albert B. Chandler Hospital to be named the Karpf Auditorium at the appropriate time in the future. He congratulated Dr. Karpf, and Dr. Karpf received a round of applause.

In FCR 4, the university received a \$5.5 million commitment from the Curry Stone Foundation to create and support the Curry Stone Chair in Design and the Curry Stone Design Prize. In addition to an endowed position, the gift will fund an annual \$100,000 international prize that rewards great design. The Curry Stone Foundation was established by UK alumnus Clifford Curry and his wife H. Delight Stone of Oregon.

President Todd asked former dean of the College of Design David Mohny to stand and be recognized because he had worked on this commitment from the Curry Stone Foundation and would be assuming the endowed position. He thanked Professor Mohny for his great work, and the Board gave Professor Mohny a round of applause.

Mr. Branscum reported that the Lexington Herald-Leader had a nice article earlier in the week regarding the gift and pledge.

M. College of Medicine Internal Transfer for Spinal Cord and Brain Injury Chair No. 6 and 7 (FCR 5 and FCR 6)

Mr. Branscum said that he would refer to FCRs 5 and 6 together as they address the same topic. They are for the College of Medicine Internal Transfer for Spinal Cord and Brain Injury Chairs No. 6 and No. 7. Both FCRs relate to an internal transfer of \$500,000 each from the College of Medicine to create and endow Spinal Cord and Brain Injury Chairs No. 6 and No. 7 Quasi-Endowments for the Spinal Cord and Brain Injury Research Center. These internal transfers will match two \$500,000 gifts from the Kentucky Spinal Cord and Head Injury Research Trust established by the Kentucky General Assembly in 1994.

On behalf of the Finance Committee, he moved approval of FCRs 5 and 6. Dr. Sachatello seconded his motion, and it carried without dissent. (See FCR 5 and FCR 6 at the end of the Minutes.)

N. Acceptance of Interim Financial Report for the University of Kentucky for the Nine Months Ended March 31, 2008 (FCR 7)

Mr. Branscum said that FCR 7 is a review of the interim financial report for the university for the nine months ending March 31, 2008. As of March 31, the university has realized 80 percent of the revenue estimate and expended 70 percent of the approved budget. The balance sheet is strong with assets of \$3.3 billion and liabilities of \$975 million. Fund balances of \$2.1 billion represent a nearly 65 percent equity position in the total assets. Revenues and appropriated fund balances have exceeded expenditures to date by \$205.8 million, creating a very strong cash position as of March 31, 2008.

Mr. Branscum said that the university's financial condition is excellent for the nine months ending March 31. On behalf of the Finance Committee, he moved acceptance of FCR 7. Mr. Dawson seconded the motion, and it carried without dissent. (See FCR 7 at the end of the Minutes.)

O. 2007-08 Budget Revisions (FCR 8)

Mr. Branscum said that FCR 8 is the 2007-08 Budget Revisions. The budget revisions will decrease the university's total budget by a net \$5.7 million, including revisions to the General Fund, Restricted Fund, and University of Kentucky Athletic Association (UKAA).

It is important to note that in response to the budget shortfall, the Governor issued an executive order in December 2007 reducing the state appropriations by 3 percent or \$10 million. Additionally, student enrollment in 2007-08 was lower than expected, resulting in a projected tuition revenue shortfall of \$5.9 million. The enrollment decline is primarily due to fewer transfer students and a smaller than expected number of first-time freshmen. The loss in state appropriations and tuition revenue will be offset with accumulated fund balances, excess budgeted funds for the Family Education Program, and a one-time transfer of \$3 million from UK HealthCare.

With regard to the restricted fund, the federal government appropriated an additional \$3.56 million for the Multi-State and Hatch research programs at the Agricultural Experiment station which must be expended by the end of the federal fiscal year, September 30, 2008.

With regard to UKAA, revenue is expected to increase by \$3.67 million from the Southeastern Conference participation allowance, the Music City Bowl, and other sources. These funds will be used to support the football and men's basketball programs, facilities, and operations costs, and other administrative responsibilities. On behalf of the Finance Committee, Mr. Branscum recommended approval of FCR 8. Ms. Haney seconded the motion, and it carried without dissent. (See FCR 8 at the end of the Minutes.)

P. Proposed 2008-09 Tuition and Mandatory Fees Schedule (FCR 9) and Proposed 2008-09 Room and Board Rates (FCR 10)

Mr. Branscum said that he would address FCRs 9 and 10 together. He noted that FCR 9 had been revised and distributed to the Board. Angie Martin, vice president for planning, budget, and policy, along with the assistance of Pat Terrell, vice president for student affairs, gave a PowerPoint presentation to the committee.

He said that FCRs 9 and 10 recommend that the Board approve the proposed 2008-09 tuition and mandatory fees schedule and the 2008-09 housing and dining rates. The tuition and mandatory fee rates reflect a 9 percent increase for resident students and a 6.6 percent increase for non-resident students. Undergraduate resident tuition and mandatory fees will increase by \$320 and will now be \$3,868 per semester for incoming freshmen.

In October and November 2007, the Council on Postsecondary Education discussed a possible 9 percent tuition rate increase for UK, but that was assuming an \$18 million increase in state funds. Given the market pressures and affordability issues, the administration recommends staying with the original business plan model of a 9 percent increase even though state funds will

be cut \$20 million. With this increase, the university expects the resident undergraduate rates to remain below the median rate of the benchmark institutions.

Following approval by the Board, President Todd will present the UK 2008-09 tuition and mandatory fees to the Council on Postsecondary Education on May 1. The Council is expected to take action on the proposed rates May 9, 2008.

Ms. Martin's presentation included the recommended housing and dining rates. The proposed rates reflect no increase in room rates for 2008-09. The 2008-09 housing rate will continue to be \$1,892.50 per semester for traditional residence halls with air conditioning.

The 2007-09 dining rates will include a minimum dining plan of \$1,026 per semester, which is an increase of 4 percent or \$39. The minimum plan will provide an average of 5 meals per week and \$300 Flex dollars. Flex dollars may be used as "cash" at dining venues. Four optional plans with more meals and flex dollars will also be offered.

On behalf of the Finance Committee, Mr. Branscum moved approval of the revised FCR 9 and FCR 10.

Ms. Ball noted that there was a lengthy discussion about FCRs 9 and 10 in a couple of committee meetings.

Mr. Williams said that if you read the newspapers and observed what went on in Frankfort with the General Assembly session the past few months, you know that these are tough times. During tough times, it is natural for everyone to doubt themselves and sometimes think that you cannot do what needs to be done because you do not have the resources to do it.

He said that he wanted to echo the president's comments earlier that we are still working. The faculty is still teaching, and the staff is still supporting the university. At some point, everyone will know the Top 20 Plan is still here. It is still how we do business, and nothing has changed on our end. We are holding up our end of the bargain, and we intend to do that. At some point, the Board might want to reaffirm its commitment to that plan just to let the people of the Commonwealth know that nothing has changed, and we are still going to do the best we can. Improving lives of Kentuckians is the thing that is most on our minds. When the Board passed the tuition increase and fees, it all goes into how the university does business. That has got to be something that we continue to let drive us and the decisions that we make.

Ms. Ball called for a vote. Mr. Dawson seconded the motion made by Mr. Branscum, and the motion carried. Mr. Phelps voted against approval of FCRs 9 and 10.

Q. Approval of Lease for Eastern State Hospital Site at Coldstream Research Campus (FCR 11)

Mr. Branscum said that FCR 11 is the approval of the lease for the Eastern State Hospital site at Coldstream Research Campus. The recommendation is that the Board authorize the executive vice president for finance and administration to negotiate and execute a lease with the

Kentucky Cabinet of Health and Family Services for approximately 29 acres in the Coldstream Research Campus for the new Eastern State Hospital.

This lease is part of an agreement between the State, the Kentucky Community and Technical College System, the Lexington-Fayette Urban County Government, and the University of Kentucky. He noted that the new facilities for Bluegrass Community and Technical College will be constructed on the current Eastern State Hospital site. UK and KCTCS will collaborate to designate and reallocate the existing KCTCS buildings on UK's campus. This agreement has been approved by the 2008 Kentucky General Assembly. It is a 99-year lease, and the lease will include annual rent of one dollar (\$1.00) to the university. On behalf of the Finance Committee, he moved approval of FCR 11. Mr. Dawson seconded the motion, and it carried without dissent. (See FCR 11 at the end of the Minutes.)

R. A Resolution Providing for the Authorization, Issuance and Sale of Approximately \$36,685,000 General Receipts Obligations (Commonwealth Library) of the University of Kentucky, pursuant to the Trust agreement Dated as of November 1, 2005 (FCR 12)

Mr. Branscum said that FCR 12 recommends that the Board approve a resolution authorizing the issuance of bonds to refund bonds issued in 1998 for the William T. Young Library. The 1998 bonds that mature on or after November 1, 2008 are eligible for refunding. It is anticipated that the refunding will reduce the annual debt service on the library bonds by \$400,000 per year. On behalf of the Finance Committee, he moved approval of FCR 12. Ms. May seconded the motion, and it carried without dissent. (See FCR 12 at the end of the Minutes.)

S. Authorization to Convey the Community College Properties to KCTCS (FCR 13)

Mr. Branscum said that FCR 13 authorizes the conveyance of community college properties to the Kentucky Community and Technical College System (KCTCS). He reminded the Board that several properties have been transferred in the past to KCTCS. The recommendation is that the Board authorize the executive vice president for finance and administration to convey title to the community college properties to the Kentucky Community and Technical College System, except for the property which comprises the Bluegrass Community and Technical College System. These properties were not transferred to KCTCS at the time of the passage of the Postsecondary Education Reform Act in 1997 because of the restrictions of the outstanding UK Community College System revenue bonds. These bonds have now been satisfied or defused.

These properties are now surplus to the needs of the university. The proposed conveyances will facilitate KCTCS management responsibilities and are in the best interest of the Commonwealth. On behalf of the Finance Committee, he moved approval of FCR 13. Mr. Williams seconded the motion, and it carried without dissent. (See FCR 13 at the end of the Minutes.)

T. Disposal of Personal Property (FCR 14)

Mr. Branscum said that FCR 14 recommends that the Board approve the disposal of lab ware equipment purchased by the Department of Agriculture in the 1920's. The surplus property includes 30 pieces of platinum lab ware weighing approximately 50.99 troy ounces and six silver pieces weighing 9.24 troy ounces both with a value in excess of \$110,000. An RFP will be issued to accept sealed bids from jewelers and brokers. On behalf of the Finance Committee, he moved approval of FCR 14. Ms. Patterson seconded the motion, and it passed without dissent. (See FCR 14 at the end of the Minutes.)

Mr. Shoop commended Dean Scott Smith and his college for keeping up with these items for 80 plus years.

U. Patent Assignment Report (FCR 15)

Mr. Branscum said that FCR 15 is a recommendation that the Board accept the patent assignment report for February 1, 2008 through March 31, 2008 which includes three patent applications. As of March 31, the university's patent activities include: 9 patent applications, 9 patents issued, and over \$1.1 million of patent income. This far exceeds year-to-date activities with roughly \$400,000 last year. On behalf of the Finance Committee, he moved acceptance of FCR 15. Ms. Wickliffe seconded the motion, and it passed without dissent. (See FCR 15 at the end of the Minutes.)

Mr. Hardymon said that the Finance Committee report was a good report and was very well done, especially with the many different things involved with the items on the agenda.

V. Introduction of Incoming Student Government President Tyler Montell

Before beginning the Student Affairs Committee report, Ms. Ball introduced the newly elected Student Government Association President Tyler Montell. She noted that he will be replacing Mr. Phelps as the student representative on the Board July 1 and welcomed him. She asked Mr. Montell to stand and be recognized, and he received a round of applause from the Board.

W. Student Affairs Committee Report

Ms. Haney, chair of the Student Affairs Committee, reported that the committee was unable to tour the Health Services facility because the facility is not ready for tours. The committee hopes to tour the facility in the near future, possibly the next committee meeting.

Ms. Haney said that everything the committee discussed was also covered in the Finance Committee meeting. The committee did have a lively discussion about the student mandatory fees, and after much discussion, there was a new fee request that was not funded this year, partially because these are tough economic times. Perhaps, that particular organization can

submit the request again next year, and if times are better, the committee will be able to give further consideration to the request. There are always more requests than dollars to go around.

The committee also received a presentation on the dining and housing rates, and no revisions were made to those rates.

Ms. Haney said the Board would be remiss not to remember Connie Blount, a freshman from Park City, Utah, and Brian Hardin, a graduate student from Lexington, who tragically died from accidents the past month. She said it might be appropriate for the Board to take a moment to honor them, their memories, and their families. The Board had a moment of silence. Ms. Haney pointed out that the university is indeed a caring community. The outpouring of sympathy to the students' families and friends was truly heartening to see from the outside. The Board's thoughts and prayers are with those families.

X. University Health Care Committee Report

Mr. Hardymon, chair of the University Health Care Committee, reported that the committee met Monday afternoon. The meeting was timely because the financials for February were presented, and February was a very good month. The committee had some preliminary discussion about March, and it also looks like March could be another good month when it closes.

Mr. Hardymon said that UK HealthCare continues to grow. The hospitals' total operating revenues for the month of February approached \$60 million dollars. He talked about bar graphs that have been developed and pointed out that the Albert B. Chandler Hospital (Chandler) is full. He stated that the Good Samaritan Hospital (Samaritan) acquisition came at the right time because Chandler is growing. The bar graphs show the portion of the volume from both facilities and illustrate that the growth is coming because of the addition of Samaritan.

Mr. Hardymon noted that the growth of the full-time equivalent employees has leveled off, which means that the hospitals are staffed to handle the present volume and hopefully more volume without adding additional staff. That translates into margin. Chandler and Samaritan are up to 5.8 percent year-to-date and will turn around at the operating profit line. Last year, it was around 3 percent.

Mr. Hardymon talked about the acquisition of Samaritan and said that things had gone well. The committee recently held a meeting there and toured the facility. It seemed that people were accepting things and feel pretty good about the acquisition, which is very rewarding.

The previous concern about the receivables has worked out well. The Samaritan volume of billing for the month of February was \$6 million. The receivable collection was \$9 million. The days outstanding, which had been 30 to 35 for Chandler, jumped to 42 to 43 when the receivables at Samaritan were added. That total figure is back down to 39 now. Mr. Sergio Melgar and Dr. Karpf are trying to get that number back down closer to 35.

Mr. Hardymon said that the hospitals are ahead of budget for the year, and he could not be more pleased with the financials. He is almost pleased to where he worries about them. He noted that sometimes you worry when they get good, too.

Mr. Hardymon reported that the second item discussed in the meeting was quality. The committee has taken quite an interest in this subject because it can participate. The committee can see these numbers, which are UK's versus the national numbers, and can see the improvement. The difficulty is always to be sure that what you are comparing is up-to-date because the national figures tend to lag a lot of time. The committee is watching that closely, and the staff is putting it at the top of their agenda, too, which is very necessary.

He reported that the committee had a construction update. There are some revisions and negotiations taking place, but that had been predicted. Things are running on schedule. He pointed out that there is also a lot of work going on in the Chandler Hospital that includes a lot of updating and operational initiatives to try to get more efficiency out of that facility as the new hospital is being built.

He concluded his remarks by saying that the committee received the medical staff report, and that report does not require Board approval.

Ms. Ball thanked him for his report and continued with other business on the agenda. She called upon Mr. Shoop to give the Gluck Equine Research Foundation report.

Y. Gluck Equine Research Foundation Report

Mr. Shoop said that it was his pleasure to represent the Board of Trustees on the Gluck Equine Research Foundation Board of Directors. Since his last report, the foundation's board had two meetings. He presented the highlights of those meetings.

The winter meeting was held November 1, 2007. One of the highlights of that meeting was to assist in marketing. The Executive Committee was authorized to proceed with negotiations to secure the services of Mr. Dan Rosenberg under his new business Rosenberg Thoroughbred Consulting for marketing and fund-raising efforts. Mr. Rosenberg was hired and has gotten off to a real good start in that effort.

The major fund-raising project includes containment facilities for disease research on the Maine Chance Campus Equine Health Cluster. The entire project is valued at \$10 million and is considered critical for research on disease prevention and vaccine development.

The board voted to expand its membership to 30 members in order to have a greater representation from the various equine breeds in Kentucky. Mr. Garrett O'Rourke was elected to serve as Vice Chair of the board.

A report was provided on the UK College of Agriculture Equine Initiative, including the very successful new undergraduate major and plans for the Maine Chance Equine Campus.

The spring meeting was held April 7, 2008. The board discussed the creation of a Director of Industry Relations/Executive Director position that was recommended by the Executive Committee. This will be a permanent position that will work on advocacy and fund-raising efforts on behalf of the Gluck Center.

Dr. Jamie MacLeod, a faculty member on the board, was announced as the new director of the UK College of Agriculture Equine Initiative.

The first containment building on the Maine Chance Campus Health Cluster was announced as nearly complete.

It was reported that approximately 250 prospective students have inquired about enrolling as majors in the Equine Science and Management major.

Mr. Shoop introduced Dean Scott Smith and Dr. Nancy Cox from the College of Agriculture whom he had invited to give an equine presentation to the Board.

Dean Smith expressed appreciation to Mr. Shoop for his service on the Gluck Equine Research Foundation Board. He also thanked the Board of Trustees for the opportunity to speak at the meeting.

He reported that when he arrived in Kentucky in 1978 the agricultural economy was dominated by tobacco and relatively low value commodity crops. In the intervening time, the agricultural economy, the rural economy, has been transformed. It has moved to a higher technology, higher value, and globally competitive structure in the agriculture systems. This move towards higher technology and the importance of agricultural economic development in Kentucky is typified by two recent announcements regarding multimillion dollar investments by Alltech and Agricultural Biotechnology, both of which UK are partners.

When he arrived in 1978, they did not keep meaningful statistics on horses and their effect on the economy. Now, three of the agricultural enterprises are animal based, and number one is horses. This is without even measuring the full impact of the agricultural equine economy.

In 2001 when he became dean and soon after joined by Dr. Nancy Cox, they made a very deliberate intention to expand significantly the role of the College of Agriculture in service, support of, and research upon equine enterprises in Kentucky. They felt that this was and should be an important part of their opportunity but also a way for them to serve the development of agriculture in this state.

Dean Smith informed the Board that Dr. Cox is currently serving as Director of the Agricultural Experiment Station. She is an animal scientist and really knows her horses. He called upon her to make their PowerPoint presentation on the Equine Initiative.

Dr. Cox gave the following report:

The UK Equine Initiative represents a new commitment of Kentucky's Land-grant University to the equine industry. Despite being the Horse Capital of the World, the College of Agriculture programs have undertaken new efforts to support the signature industry of Kentucky.

The mission of the Equine Initiative is to discover, share, and apply new knowledge that will enhance the health, performance, and management of horses commensurate with the signature status of Kentucky's equine industry.

The occurrence of Mare Reproductive Loss Syndrome in 2001 provided a distressing example of how the pasture environment, not an infectious disease, affected reproduction in an unprecedented way. Studies at UK showed that the larvae of the eastern tent caterpillar could induce pregnancy loss in horses. This event pointed out the need to go beyond the Gluck Center focus on infectious disease to a comprehensive, integrated program.

After a state-wide series of stakeholder listening sessions, the College has created an undergraduate major, Equine Science and Management, that has attracted a first class of 46 students, with 65 percent of those from outside of Kentucky. The College has also re-oriented other programs, such as pasture management, to focus aggressively on horses. In two years, the program has assessed pastures on 3500 acres of Thoroughbred Farms. The College continues excellent programs in 4-H horsemanship, equine genetics, and horse health and well-being.

To support the programs, seven new faculty have been hired in the following departments: Animal and Food Sciences, Agricultural Economics, Plant and Soil Sciences, and Veterinary Sciences (including the Livestock Disease Diagnostic Center). Major fund-raising drives to support new facilities at the Maine Chance Campus are underway to support a transformation of the campus for teaching and infectious disease research. A major effort to enhance the aesthetics of the campus includes new fencing and infrastructure improvements.

Following her report, Dr. Cox received a round of applause.

Z. Announcements and Other Comments

On behalf of the Alumni Association, Ms. Haney announced that the Alumni Association was having a Big Blue Auction which began Sunday afternoon and goes through May 12. The purpose of the auction is to benefit the UK Alumni Association Scholarship Fund. It is an online auction, and there are over 170 different items. The items have been donated, and all of the proceeds go to the scholarship fund for students.

The Scholarship Committee of the Alumni Association Board of Directors voted to award approximately 40 different scholarships in the amount of approximately \$80,000 to continuing and incoming UK students. UK is the fourth or fifth Alumni Association to do this concept. Ms. Haney encouraged the members of the Board to take a flyer and bid on the items.

Mr. Williams announced that the annual Staff Appreciation Day is May 21. It will be held at the Student Center again this year. He invited the Board to come and mingle with the

staff of the university. It is a grand event that allows you to learn a lot about departments that rarely get exposure.

Mr. Branscum thanked Angie Martin, Frank Butler, Pat Terrell, Provost Subbaswamy, and President Todd for their assistance with the financial items on the agenda. They obviously had to get very creative and put a lot of work and time into it. He commended them for all the work they have done in keeping the cost for students as economical and affordable as possible.

Ms. Ball encouraged the Board to take the equine brochures home and read them. They are very attractive and quite interesting. She also thanked the members of the Board who came early to attend the committee meetings.

AA. Meeting Adjourned

With no further business, Ms. Ball asked for a motion of adjournment, and the meeting adjourned at 2:13 p.m.

Respectfully submitted,

Pamela R. May
Secretary, Board of Trustees

(PR 2, 3, 4, 5, and 6; AACR 1, 2, and 3; and FCR 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15 which follow are official parts of the Minutes of the meeting.)