

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, March 4, 2008.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, March 4, 2008, in the Board Room on the 18<sup>th</sup> Floor of Patterson Office Tower.

A. Meeting Opened

Ms. Mira Ball, chair, called the meeting to order at 1:08 p.m. and asked Pam May, secretary of the Board, to call the roll.

B. Roll Call

The following members of the Board of Trustees answered the call of the roll: Mira Ball, Stephen Branscum, Penelope Brown, Dermontti Dawson, Jeff Dembo, Ann Haney, Pamela May, Sandy Bugie Patterson, Phillip Patton, Nick Phelps, Erwin Roberts, Charles Sachatello, Frank Shoop, Myra Leigh Tobin, JoEtta Wickliffe, Billy Wilcoxson, Russ Williams, and Ernie Yanarella. Absent from the meeting was James Hardymon and Billy Joe Miles. 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, 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 following consent items on the agenda and asked for any questions or corrections:

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PR 2 Personnel Actions

Ms. Haney moved that the consent items be approved. Ms. Wickliffe seconded the motion, and it carried without dissent. (See consent items at the end of the agenda.)

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

President Todd began his report by asking Mr. Phelps to introduce the student leaders of DanceBlue. He said that DanceBlue has been a 12-month experience, but the 24-hour dance marathon was probably the most trying. He mentioned Men's Basketball Coach Billy Gillispie's appearance at DanceBlue and informed the Board of Coach Gillispie's \$10,000 donation to the successful event. He said that he and Mrs. Todd had a reception at Maxwell Place to honor this fine group of student leaders and their faculty and staff advisors for having one of the most positive student driven activities on campus.

Mr. Phelps asked the student leaders and the faculty and staff supporters to come forward and be recognized. He informed the Trustees that he served on the Executive Board of DanceBlue last year, had a great experience, and had stayed close to this group of dear friends. He recognized Mr. David Ritchie, chair of DanceBlue, Nathan Simon, corporate relations chair, Britt Pennington, dance programming chair, Joey Wright, operations chair, Erin Priddy, special events chair, Chris Crumrine, key member of the Executive Board and chief of staff for the Student Government Association, and Megan Tolley, vice chair of DanceBlue this year. He recognized others in the audience who keep the students motivated: Ms. Laura Hatfield, assistant director of student involvement, and Ms. Jennifer Mynear, the DanceBlue advisor and chair of the Jarrett Mynear Foundation. He also recognized Mr. Mark Denomme, DanceBlue's technology advisor, Mr. Denomme's wife Susannah from the Office of Development, and Heather Yattaw, an incredible person and programming advisor to DanceBlue.

Mr. Phelps said that it was not a surprise that the group of leaders succeeded this year, but the level of success was unexpected. The DanceBlue event received approximately \$450,000 in contributions, bringing the 3-year total to over \$800,000 for the Pediatric Oncology Clinic at the Children's Hospital. The student leaders and advisors received a round of applause and standing ovation. Mr. Phelps said this group's personal sacrifice, along with approximately 500 dancers, was spectacular. It was a fabulous event capped off by Coach Billy Gillispie's appearance and pledge of \$10,000.

Mr. Phelps reminded the Board that Mr. Ritchie has been accepted to the College of Medicine, and Mr. Simon has been accepted to the College of Law. With their busy schedules, they found time to give back to the university and build this tradition.

President Todd said that he and Mrs. Todd were there at the beginning of the event, and Mr. Williams was there at the closing of the event because he called to tell him about Coach Gillispie's pledge. He congratulated the students and advisors on their success and said it was a phenomenal event.

President Todd continued his report and called attention to certain items in PR 1.

President Todd Unveils 13 New Commonwealth Collaborative Projects

President Todd reported that he announced 13 more Commonwealth collaborative projects. The university had 23 projects and has added 13 additional projects. The projects aim is to improve health care, education, economic development, the environment, and exposure to cultural events. The projects are accomplishing phenomenal results.

Thirty-two High-tech Startups with UK Ties Win Venture Club Recognition

President Todd said that the Lexington Venture Club was formed several years ago. There are 32 companies with direct ties to UK. Each year the university celebrates new investments in early-stage companies in the Lexington area. Bluegrass early-stage companies attracted a record \$64.5 million in funding during 2007 with more than half of that coming from venture capital. Venture capital investment has grown from zero dollars in 2003 to over \$37 million in 2007. The average salary for the 341 full-time employees is \$61,000.

Reader's Digest Calls UK the Nation's Fourth Safest Campus

*Reader's Digest* recognized the University of Kentucky as the nation's fourth safest campus. Safety has been a priority at the university.

UK is Chosen as Participant in Energy Department's Solar Decathlon

UK is one of only 20 university-led teams from around the world selected to compete in the United States Decathlon of Energy 2009 Solar Decathlon. There were only 12 universities in the United States chosen to participate. The Solar Decathlon brings together teams in a competition to design, build, and operate the most attractive and energy-efficient solar-powered house. The collaborative effort will be led by three principal investigators from the College of Design, College of Agriculture, and College of Engineering. It will involve students, faculty, and staff from six collaborating colleges and 16 centers and departments on the UK campus. The group is working on a house that will be solar driven. They will have to disassemble the house and take it to a mall in Washington D.C. to compete in the international competition.

UK-developed Lung Cancer Blood Test is Licensed to Companies

A lung cancer blood test developed by UK faculty members has moved closer to the marketplace. This lung cancer blood test has been able to detect the possibility of lung cancer in patients years before being detected by a CT scan. No other test has been able to successfully detect lung cancer.

UK Hosts Metropolitan Opera's Regional Auditions; Student Advances

Everett McCorvey has positioned UK's opera program so well that the university is now hosting the Tri-State Regional Finals for the Metropolitan (Met) Opera National Council Auditions. Afton Battle won this region and got to perform on the stage of the Met with a few other people in the nation. This is a tremendous honor for her and the university. It is a great recruiting tool for the School of Music.

Exstream Software World Headquarters Opens at Coldstream

Exstream Software, one of the world's fastest growing technology companies, has opened its international headquarters at UK's Coldstream Research Campus. They have approximately 150 employees. It was recently announced that the 10-year-old Lexington company will become part of Hewlett-Packard. Hewlett-Packard is committed to keeping the company in Kentucky and possibly growing that division. The two founders have had three other start-up companies.

Kentucky Begins Celebrating Lincoln Bicentennial with Program at UK

Lincoln enthusiasts began celebrations in anticipation of the bicentennial of U. S. President Abraham Lincoln.

UK Events Will Celebrate Culture of India

UK is presenting four events focusing on the culture of India during February and March 2008. The former president of India will be on campus March 24 for a presentation, and the Board is invited to the event.

Jacqueline Noonan to Receive Lifetime Achievement Award

Dr. Jacqueline A. Noonan has won a Lifetime Achievement Award which will be presented to her at the National Physician of the Year Awards on March 18. Dr. Noonan is one of the real pioneers in pediatric medicine.

President Todd asked the Board to read the other items in the report at their leisure.

E. Gatton College of Business and Economics Report

Dean Devanathan Sudharshan said it was with tremendous enthusiasm and humility that he presents the report on the Gatton College of Business and Economics. He thanked the Board for the opportunity to present the report and gave praise to President Todd for his tremendous inspiration to him and his colleagues. He presented a PowerPoint presentation providing a brief overview of the college.

Dean Sudharshan began his remarks by saying that the college is fully engaged in the Commonwealth and President Todd's vision for the University of Kentucky to become a Top 20 public research institution by 2020. A metaphor to think about this vision is that of building the international space station. It needs a big vision and then an enormous amount of planning and collaboration. Dean Sudharshan said that he thinks of the four Ps as instrumental to the pursuit of such a goal. The four P's are: People, Programs, Physical Facilities, and Performance Platforms. People, refers to faculty, staff, students, and alumni. Programs refer to research, pedagogical, and engagement programs. Physical Facilities refers to the building and technology. Performance Platforms refers to communications infrastructure, development infrastructure, advising, placement (or career services) and incentive systems, and other organizational processes.

He pointed out that the Gatton College has developed a plan for improvement of all the four Ps. For example, it has proposed a new building concept, is offering innovative programs of study, and continues to recruit and retain faculty of high caliber. Dean Sudharshan pointed out that by innovation and improvements in the four Ps, the Gatton College will help create more jobs and foster more entrepreneurial activity in the Commonwealth.

He stressed that strong academic programs and innovative research are what set top-ranked business schools apart from other schools. Dean Sudharshan then highlighted some specific ways in which the Gatton College is working towards becoming a Top 20 Business School:

- More than 500 books and articles have been published by the college's faculty over the past five years.
- The Gatton College of Business and Economics has 10 Endowed Chairs and 39 Endowed Professorships.
- The Gatton College of Business and Economics has nine research centers. The most recent of these are the Center for Poverty Research and LINKS: International Center for Research on Social Networks in Business.
  - **The Center for Poverty Research** is one of only three federally designated Area Poverty Research Centers in the nation. The center's research mission is a multidisciplinary approach to the causes, consequences, and correlates of poverty and inequality in the United States, with a special emphasis on the residents of the south.
  - **LINKS: The International Center for Research on Social Networks in Business** is designed to bring together scholars from different academic disciplines who share a common interest in social network research and application.
- The Gatton College of Business and Economics provides a classroom experience that combines solid research with hands-on learning opportunities. It offers innovative degree programs and enrichment opportunities to its students.
  - **Gatton's 11-Month MBA program** combines first-rate teaching with three hands-on modules. These modules provide students the opportunity to work side-by-side with corporate firms through new product development, supply chain management, and mergers and acquisitions. It has grown in size from 51 students in its first year to 74 in its third year. The class has been capped at 78 for the fourth class due to constraints on faculty availability and physical facilities. Companies hiring to date include Deloitte, PWC, KPMG, Crowe Chizek, Humana, as well as several new companies, including Cummins and Eastman. The MBA program faces some challenges in becoming a top-rated program, but it also presents nice opportunities.

One major challenge is the salary and bonus packages for its graduating MBA students.

- Undergraduate students at the Gattton College have many enrichment opportunities to further hone their skills. They range from the professionalism series to the Project Connect programs. The faculty strives to prepare the students for today's business world. Dean Sudharshan briefly introduced two signature undergraduate programs recently launched by the Gattton College.
  - **Global Scholars**  
Gattton's Global Scholar program is designed for high-achieving incoming students. Global Scholars are required to spend a semester abroad. This year's Global Scholar class consists of 26 students. Across the freshmen and sophomore classes, the college has a total of 42 Global Scholars. Dean Sudharshan introduced Sean Cockrell, a student in the Global Scholars Program. Sean described his experience in the Global Scholars program and told why he thought it was a valuable program.
  - **Scholars in Engineering and Management (SEAM)**  
A joint program between the Gattton College of Business and Economics and the College of Engineering, the SEAM program is open to exceptional first-year business and engineering students. At the core of the program lies an internship program that partners students with major corporations and allows the students to help bring a product to market. Currently, there are 18 SEAM participants.

Dean Sudharshan stated that, above all else, the Gattton College of Business and Economics exists to educate and prepare men and women for world-wide business leadership. Over the past three years, the Gattton College has enrolled an average of 2,600 students. Enrollments are managed by setting GPA requirements for admission as upper division students in the college due to constraints on physical facilities and faculty. For accreditation purposes, the Gattton College is compared with benchmark institutions' student-faculty ratio of 24:1. The comparable Gattton College ratio is 29.5:1.

UK's Top 20 Business Plan calls for an increase in the undergraduate student body of 30 percent. To meet this need while attaining student-faculty ratios comparable to its benchmark institutions, the Gattton College needs to have new facilities and additional faculty and staff.

Dean Sudharshan also pointed out that the college recognizes that in order for the university to achieve Top 20 status, it must achieve a top ranked business school. Among the university's benchmark schools, 19 of the 20 schools have ranked business schools.

Many of Gattton College's benchmark schools have buildings that facilitate learning and meet the needs of today's learning styles and student demand. They are

attractive, high-tech facilities. In many cases, a new building helps improve a school's ranking status as was the case with Purdue University and Northern Illinois University.

He emphasized that armed with new facilities, the Gatton College of Business and Economics will be well equipped to continue preparing students for years to come, even with the nearly 30 percent student increase predicted. This will only prove to strengthen our ties with the state and to help improve the quality of life in Kentucky. He said that he is confident that the college's success translates into success for the Commonwealth.

In closing, Dean Sudharshan said that the Gatton College of Business and Economics is committed to making its students world-ready. Upon graduation, the students will be ready to enter today's business world and lead it with vision and innovation.

Dean Sudharshan thanked the Board for their attention and their efforts in helping the university achieve its goals. He received a round of applause from the Board.

President Todd thanked Dean Sudharshan and asked for questions. He pointed out that a new building for the college would be a two-for-one deal; getting a new building next to Memorial Coliseum and opening up its current building for badly needed space for faculty. It would be a very good investment for the state.

F. Appointment of Vice President for Institutional Diversity (PR 3)

President Todd said that PR 3 is a recommendation that the Board approve the appointment of Dr. Judy Jackson as vice president for institutional diversity, effective July 1, 2008. Dr. Jackson is presently a dean at Vassar College in New York. She worked with the provost at Massachusetts Institute of Technology (MIT) for ten years. President Todd noted that Dr. Jackson worked for Professor Arthur Smith, who was his favorite professor while he was there, and Dr. Smith recommends Dr. Jackson highly.

Dr. Jackson is known throughout the country for her work in diversity. Her parents were sharecroppers, and she has several sisters who are college graduates. She worked at MIT while obtaining her Ph.D. at Harvard. The University of Kentucky will be her first totally public institution where she will have a community that she can work with to achieve her goals.

President Todd said that the search took a long time, but the university ended up with one of the best in the nation. He gave Provost Subbaswamy and the search committee credit for the successful search.

On motion made by Ms. May and seconded by Dr. Sachatello, PR 3 was approved. (See PR 3 at the end of the Minutes.)

Mr. Phelps noted that some of the student leaders met with Dr. Jackson, and she is very excited about the position. He said that she is a very honest person, and he expects to see some change very quickly.

G. University Research Professorships (PR 4)

President Todd said that PR 4 recognizes some of the university's top research professors who are helping the university meet the goals that the state has set. They have done a spectacular job, and it is a credit to them to be selected for this recognition. He asked Provost Subbaswamy to introduce the professors.

Provost Subbaswamy said he was pleased to recognize the winners of the University Research Professorships for the next year. They are outstanding researchers and faculty members. They are teachers and good citizens of the university. He recommended that Professor John Anthony of the Department of Chemistry, Professor Jonathan Glixon of the School of Music, Professor James Griffioen of the Department of Computer Science in the College of Engineering, and Professor Craig Rush of the Department of Behavioral Science be named University Research Professors for 2008-09. He recognized Dr. Rush's wife Barbara who was in the audience. The professors received a round of applause from the Board.

Provost Subbaswamy also recognized Dr. Michael Speaks, dean of the College of Design, who was unable to attend the last Board meeting. He asked Dr. Speaks to stand and be recognized. Dr. Speaks received a round of applause.

Ms. Ball asked for a motion of approval for PR 4. Mr. Branscum moved approval. His motion was seconded by Mr. Williams and carried without dissent. (See PR 4 at the end of the Minutes.)

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

President Todd said that PR 5 recommends the appointment of Lucy Young Hamilton to the Board of Directors of the University of Kentucky Gluck Equine Research Foundation for a four-year term ending in December 2012. He noted that Ms. Hamilton previously served on the Board of Directors of the Gluck Equine Research Foundation. Mr. Shoop moved approval. Mr. Dawson seconded the motion, and it carried without dissent. (See PR 5 at the end of the Minutes.)



I. Honorary Degree Recipients (PR 6)

President Todd said that he was pleased to present the following names for consideration of honorary degrees:

Gifford Blyton	Doctor of Letters
Paul Patton	Doctor of Humanities
Orlando "Tubby" Smith	Doctor of Humanities
Avul Pakir Jainulabdeen Abdul Kalam	Doctor of Science

He gave brief comments about each candidate and asked for a passage of PR 6. Mr. Phelps moved approval. Mr. Shoop seconded the motion, and it carried without dissent. (See PR 6 at the end of the Minutes.)

J. Naming of University Building – Polk-Dalton Clinic (PR 7)

President Todd said that PR 7 is a naming opportunity that has been approved by the Committee on Naming University Buildings. The recommendation is for the Board to approve the renaming of UK HealthCare's Kentucky Clinic North to the Polk-Dalton Clinic. He gave full credit to Don Ball for bringing this naming opportunity to the university's attention.

Dr. John Polk of Midway, Kentucky started this clinic in 1918, shortly after graduating from Howard University Medical School. He operated the clinic until his death in 1936. In 1940 Dr. Rufus Dalton of Georgetown, Kentucky reopened Polk's clinic and served there until his death in 1953. Their practice was in the historic building that is presently the headquarters for the Lexington-Fayette County Urban League.

On motion made by Dr. Sachatello, seconded by Mr. Roberts and carried, PR 7 was approved without dissent. (See PR 7 at the end of the Minutes.)

K. Proposed Amendment to Governing Regulations: Tobacco Policy (PR 8)

President Todd said that PR 8 is a proposed revision to the Governing Regulations. The proposed revision relates to the university's intention to make its Medical Center campus, the immediate vicinities, and other related offices tobacco-free in November 2008. In order to accomplish this mission, the proposed revision to the Governing Regulations will expand the president's authority to promulgate an Administrative Regulation that will define and regulate the tobacco-free areas of the university. Mr. Wilcoxson moved approval of PR 8. His motion was seconded by Judge Patton and carried without dissent. (See PR 8 at the end of the Minutes.)

L. Proposed Revision to Governing Regulation: The Staff Senate (PR 9)

President Todd said that PR 9 is a proposed revision to the Governing Regulation regarding the Staff Senate. The proposed revision gives the authority to the Staff Senate to create procedures that provide an exception to the requirement of one year of continuous employment for senator elections. This arose because of the Good Samaritan hospital purchase and the need to have representation for the population of the staff. The proposed revision also eliminates the Staff Senate Development Task Force, which was an advisory group that was needed for the initial start-up activities. The task force is no longer needed.

Mr. Williams moved approval of PR 9. Dr. Yanarella seconded the motion, and it carried without dissent. (See PR 9 at the end of the Minutes.)

M. Candidates for Degrees – Bluegrass Community and Technical College (AACR 1)

Ms. Tobin, chair of the Academic Affairs Committee, said that AACR 1 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 KCTCS Board and the University of Kentucky registrar that the individual has satisfactorily completed all the requirements for the degree for which application has been made and as approved by the elected faculty of the University Senate and the Academic Affairs Committee of the Board of Trustees. She noted that there are 78 candidates on the list for degrees and moved approval of AACR 1. Ms. Patterson seconded her motion, and it carried without dissent. (See AACR 1 at the end of the Minutes.)

N. Approval of Leases (FCR 1)

Mr. Branscum, chair of the Finance Committee, said the committee reviewed six FCRs at the committee meeting that morning. FCR 1 is the renewal of a lease between the University of Kentucky and Kentucky Utilities for space located at One Quality Street, Lexington, Kentucky. This is 49,026 square feet at an annual rate of \$308,864. That is \$6.30 per square foot. The lease will be effective March 1, 2008 and includes space on the 6<sup>th</sup>, 7<sup>th</sup>, and 8<sup>th</sup> floors of the KU Building, which is being used for classrooms and offices. The original lease was executed on August 1, 2002.

FCR 1 recommends that the Board authorize the executive vice president for finance and administration to negotiate and execute the renewal of this lease. On behalf of the Finance Committee, he recommended approval of FCR 1. Mr. Dawson seconded the motion, and it carried without dissent. (See FCR 1 at the end of the Minutes.)

O. Renovate/Expand the Center for Applied Energy Research (FCR 2)

Mr. Branscum reported that Dr. James Tracy, vice president for research, presented FCR 2 to the committee. It recommends that the Board approve the initiation of the renovation and expansion of the Center for Applied Energy Research. During the 2007 Special Session of the Kentucky General Assembly, the legislature appropriated \$2 million for this project. It will be used to renovate and upgrade the existing facility to create additional space for research and the processing of minerals. This project is expected to cost \$2 million. On behalf of the Finance Committee, he recommended approval of FCR 2. Ms. Tobin seconded his motion, and it carried without dissent. (See FCR 2 at the end of the Minutes.)

P. Acceptance of Interim Financial Report for the University of Kentucky for the Six Months Ended December 31, 2007 (FCR 3)

Mr. Branscum said that FCR 3 is a recommendation that the Board accept the Interim Financial Report for the university for the six months ended December 31, 2007. He reminded the Board that the report was presented at the January committee meeting by Controller Marc Mathews for informational purposes and discussions. It is being presented at this meeting for official approval.

Through December 31, 2007, the university realized 54 percent of the revenue estimate and expended 45 percent of the approved budget. The balance sheet is strong with assets of \$3.3 billion and liabilities of \$950 million. The fund balances of \$2.2 billion represent a 67 percent equity position in the total assets. The revenues and appropriated fund balances have exceeded expenditures to date by \$176.2 million, creating a very strong cash position and balance sheet as of December 31, 2007. At the end of the first six months, financial operations are consistent with the budget plan, and the university's financial condition is excellent.

On behalf of the Finance Committee, he recommended acceptance of FCR 3. Dr. Yanarella seconded the motion, and it carried without dissent. (See FCR 3 at the end of the Minutes.)

Q. Capital Construction Report (FCR 4)

Mr. Branscum said that FCR 4 is the Capital Construction Report for the three months ending December 31, 2007. Mr. Bob Wiseman, vice president for facilities management, presented the lengthy report to the Finance Committee. There were 7 new contracts, 2 contracts completed, 4 contracts amended, and 13 change orders greater than \$25,000. He noted that none of the change orders had any extension of time and commended the university's staff for keeping the projects in control financially and on time, which is always important for needs and operation of the university.

Mr. Branscum called attention to 3 of the new contracts: expand Chemistry Physics building, renovate M. I. King Library, and upgrade fume hoods in the T. H. Morgan – Life Safety facility. The two contracts completed were the Memorial Coliseum expansion and the fit-up on the fourth floor of the BBSRB building. A couple of the major amendments included the expansion and upgrade of the Livestock Disease Diagnostic Laboratory and construction of the Law School building. He reviewed two of the change orders involving the Student Health facility and the Hilary J. Boone Center.

On behalf of the Finance Committee, he recommended acceptance of FCR 4. Ms. Haney seconded his motion, and it carried without dissent. (See FCR 4 at the end of the Minutes.)

R. Patent Assignment Report (FCR 5)

Mr. Branscum said that Dr. Tracy, vice president for research, also presented the Patent Assignment Report to the committee. As of January 31, 2008, the university filed 6 patent applications, 7 patents were issued, and the university received \$752,203 of patent income. On behalf of the Finance Committee, he recommended the acceptance of FCR 5. Ms. Wickliffe seconded the motion, and it carried without dissent. (See FCR 5 at the end of the Minutes.)

S. UK/Vulcan Exchange of Properties (FCR 6)

Mr. Branscum said that FCR 6 is the UK/Vulcan Exchange of Properties that involves a new bike trail. This is a community project with the university, the city, Vulcan, and the Kentucky Transportation Cabinet. FCR 6 is to authorize the president or his designee to execute exchange deeds with Vulcan Lands, Inc. for properties at and adjacent to Maine Chance Farm to create an easement for the Maine Chance Trail.

At the request of Mayor Jim Newbery, the university is working with the Lexington-Fayette Urban County Government to develop a bike trail which will extend through the university's Maine Chance Farm and Spindletop properties. The committee reviewed a map of the proposed land exchange. This is a community project approved for federal funding by the Kentucky Transportation Cabinet. In exchange for ownership of a portion of the surface area of the Vulcan property, the university will transfer ownership of subsurface mineral and mining rights under a portion of the Maine Chance Farm. This exchange will be contingent upon appraised values satisfactory to both UK and Vulcan.

On behalf of the Finance Committee, Mr. Branscum recommended approval of FCR 6. Mr. Phelps seconded the motion. Ms. May asked if anyone was looking at what the environmental impact will be of the mining under that property, and she was informed that the environmental impact will be part of the process. The motion carried without dissent. (See FCR 6 at the end of the Minutes.)

T. Investment Committee Report

Mr. Wilcoxson, chair of the Investment Committee, reported that the endowment had a market value on December 31, 2007 of \$944 million, which is an increase of \$27.4 million for the fiscal year. That increase of \$27.4 million is a result of an addition to the hospital quasi endowment of \$15 million, gifts and matching RCTF funds of \$31.5 million, less an investment loss of \$2.5 million, and spending withdrawals of \$16.6 million to support UK programs.

For the seven months ending January 31, 2008, the endowment loss was 4.8 percent, which was an under performance of the policy benchmark return by 130 basis points due to the under performance of the U.S. equity asset class. The majority of that 4.8 percent fiscal year loss occurred in the month of January, which lost 4.3 percent. The endowment had a market value of \$905 million at the end of January.

The Investment Committee met in closed session on January 23 to interview finalists in the endowment investment consultant search. The Investment Committee unanimously elected R. V. Kuhns & Associates of Portland, Oregon to provide consulting services to the committee. Mr. Kuhns and his team attended the Investment Committee meeting and discussed the work plan for the committee, which will involve several special sessions in the upcoming months.

The committee will be conducting an in-depth review of the endowment investment policy and asset allocation and consider changes that will enhance diversification and increase returns. Mr. Wilcoxson said that someday in the near future, he hopes that UK can reach one billion dollars and start working further from that figure.

U. Student Affairs Committee Report

Ms. Haney, chair of the Student Affairs Committee, reported that the committee had a long meeting that morning. Student leaders Patrick Nally and Wesley Robinson presented an overview of the newly formed student organization called SUCCESS, Students United for Campus Climate Enhancement and Student Success. The organization aims to help UK reach Top 20 status with student involvement. They are willing to work with admissions and recruitment of minority students. Diversity is their main area of focus, and they hope to become a central organization for diversity needs. When student organizations have diverse needs or interests, they will know the appropriate area for referral. SUCCESS will be available to offer sensitivity and diversity training to student organizations throughout campus and will represent all students. They have a philosophy that student diversity starts from within as opposed from without. Their presentation was very interesting and informative.

Ms. Haney said that the committee also received an overview of the program study for a renovated and new Student Center. This is an issue that has been around for a

few years. John Herbst, director of the Student Center, and graduate student Bonnie Wassam gave a very informative presentation and tour of the center.

The program study suggests a new facility that might include projects such as hotel suites, naming opportunities, upscale restaurants, a beautiful three-story atrium, various food venues for students, and lots of inside seating areas. Students, faculty, and staff were a large part of the planning for the program study. Perkins and Will were the consultants on the project.

Ms. Haney provided some past history of the Student Center. She reported that the original Student Center was built in 1937 and opened to students in 1938. The iron work in the original building was actually forged by University of Kentucky engineering students. There was a major addition added in 1963, and a new addition was built in 1982.

Currently, 7,800 events are booked annually in the Student Center. That is using about 24 to 26 bookable rooms or areas. Over 1.3 million people cross the doors of the Student Center on an annual basis.

During this planning process, the consultants looked at the benchmarks institutions and the geographic region. About 55 percent of the reservations for this building come from academic and non-academic units. About 45 percent comes from student organizations. The Student Center supplies a lot of needs for all aspects of the campus community.

Ms. Haney noted that some current issues such as roof repairs, rewiring the lighting system and thermostats throughout the building, and replacing carpet and asbestos tile in the 1938 and 1963 sections need to be addressed to make the building more sustainable and manageable to reduce operational expenses.

The Student Center is the hub of the university community, and when prospective students and others visit campus, they often come to the Student Center first. Many people come there looking for the Visitor Center. The Student Center is a very important part of campus, and eventually with the new business school and north campus renovations, it will be an important part of the university's town and gown initiative. It will be an important part of making campus completely well-rounded once again.

Funding is an issue for the center. It is a well used structure, and it has the potential for a lot more use. It is amazing how well the facility has been kept, but it is a tired building.

Ms. Haney concluded her remarks by saying that it is a wonderful new vision for the Student Center, and the committee hopes to be able to work with administrators, the legislature, and others to make this an ongoing project.

V. University Health Care Committee

Ms. Ball said that Mr. Hardymon attended the University Health Care Committee meeting on Monday; however, he had to leave the meeting early in order to get a flight. She asked Judge Patton to give the committee's report.

Judge Patton reported that the University Health Care Committee met Monday at the Good Samaritan hospital boardroom. Members of the committee were given a tour of the hospital before the meeting, and it was very informative.

Rick Lofgren, chief medical officer for UK HealthCare, reported on the Clark Regional Medical Center relationship. Four work groups have been established. They are comprised of UK Health Care and Clark Regional Medical Center administrators and physicians. These work groups are expected to report to the coordinating committee in late March or early April.

Murray Clark, associate vice president for the hospital, reported on the progress toward a tobacco-free medical center and mentioned that the Board would be considering an amendment to the Governing Regulations at this Board meeting. Mr. Clark also gave an update on the construction. The first footers for the new building will be poured that week, and bids on the core and shell will be issued in April. He said that feedback on the new garage and shuttle service has been very positive.

Peter Gilbert, associate dean for finance and administration, and Sergio Melgar, vice president for health affairs and senior chief financial officer for UK HealthCare, reviewed the College of Medicine's financials through the first six months of the fiscal year. They also reviewed the progress of research activity and faculty recruitment. The committee discussed the impact on the cut and phased funding that is going to adversely impact recruitment and retention in the College of Medicine as well as other aspects.

Mr. Melgar also reviewed the hospital system financials for January. He reported that the investments have suffered during the last couple of months as might be expected due to the general decline in the stock market; however, operating income remains strong and is on a track to exceed the target for the year. The positive operating income is a result of the acquisition of Good Samaritan and continued growth. The university would not have enjoyed this continued growth had it not purchased Good Samaritan. This would not have occurred if the Chandler Hospital was standing alone.

Dr. Sachatello noted the importance of the committee being informed of quality outcomes for the hospital. Judge Patton said that Dr. Lofgren will prepare a quality report update and will furnish it to committee members.

W. Athletic Association Board of Directors Report

Mr. Shoop reported that an Athletic Association Board meeting was held on February 13. The minutes from the December 2007 meeting were approved, and Dr. Todd commended the football team on their Music City Bowl win in addition to their success in the classroom. He also commended the decision of Mitch Barnhart to name Joker Phillips as the head coach in waiting.

Mitch Barnhart congratulated the football team on their excellence in the classroom as well and reported that 26 football student-athletes made the SEC Academic Honor Roll, second only to Vanderbilt.

Rob Mullens presented the Board with detailed FY08 Financial Projections. Since the budget was approved in April 2007, several adjustments were required. UKAA requested the spending authority on the bowl allowance and use of excess athletics revenues to fund additional expenses. The recommendation was approved by the Board.

Under other business, emeritus board member S.T. Roach congratulated the Athletic Department on the decision to name Joker Phillips as Rich Brooks' successor. It seemed that everybody at the meeting was excited about Joker Phillips getting the position.

X. Other Business

Mr. Phelps mentioned that Danny Ruberg was recognized on Rupp Arena's court recently for winning a national contest concerning the design of a Pediatric Outpatient Rehabilitation Center and family support facility. He was one out of 80 contestants that won \$2,500 and \$500 for his student group.

He also thanked the Board again for recognizing the DanceBlue leaders for their successful event.

Y. Meeting Adjourned

With no further business, Ms. Ball asked for a motion of adjournment, and the meeting adjourned at 2:15 p.m.

Respectfully submitted,

Pamela R. May  
Secretary, Board of Trustees

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