

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, April 21, 2009.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, April 21, 2009 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 1:00 p.m. and asked Ms. Pamela 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, E. Britt Brockman, Penelope Brown, Jo Hern Curris, Dermontti Dawson, Ann Haney, James Hardymon, Pamela May, Everett McCorvey, Billy Joe Miles, W. Tyler Montell, Sandy Bugie Patterson, Phillip Patton, Erwin Roberts, Charles R. Sachatello, Frank Shoop, JoEtta Wickliffe, and Ernest Yanarella. 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 David Randall, and the university staff was represented by Chair of the Staff Senate Bart Miller.

Members of the various news media were also in attendance.

C. Resolution

Ms. Ball called upon Ms. Wickliffe to read a resolution in memory of Trustee Russell Glenwood Williams who passed away on April 8. Ms. Wickliffe read the following resolution:

WHEREAS, Russell Glenwood Williams, II, staff representative of the University of Kentucky Board of Trustees since Senate Bill 295 was enacted by the 1998 regular session of the Kentucky General Assembly adding a non-teaching personnel member to the Board of Trustees, died April 8, 2009, and

WHEREAS, he was elected to four consecutive terms on the Board of Trustees by his fellow staff members, and over the years held the posts of secretary of the Board, chair and member of the Student Affairs Committee, member of the Human Resources Committee, member of the Ad Hoc Committee on Board Structure, and member of the University of Kentucky Mining Engineering Foundation Board of Directors, and

WHEREAS, he truly cherished his role as the voice of the university staff, continually seeking input from fellow staff members in order to earnestly represent their interests before the Board, and

WHEREAS, he played an instrumental role in creating the Staff Senate, and

WHEREAS, he was a valued member of the campus community, working as Senior Training Specialist for Human Resources, along with serving in such roles as interim director of REFER, the university's Employee Assistance Program, instructor in the Humanity Academy, and, adviser to Phi Gamma Delta fraternity, being named to the UK Greek Alumni Hall of Fame, and

WHEREAS, he facilitated the new employee orientation and was involved in the development and facilitation of UKadvance, a leadership training program for UK staff, and SuperVision, a training program for supervisors, and

WHEREAS, he was a UK alumnus, earning his bachelor's and master's degrees in social work; received the Zumwinkle Student Rights Award; and was chair of the AIDS Volunteers Walk for Life,

NOW THEREFORE BE IT RESOLVED, that the Board of Trustees of the University of Kentucky mourns the passing of this colleague and friend, offers its condolences to members of his family, and orders that this resolution be made a part of the Minutes of the meeting.

On motion made by Ms. Wickliffe and seconded by Mr. Shoop, the resolution was adopted.

Ms. Ball called attention to a pamphlet in memory of Mr. Williams that had been distributed to Board and asked for a moment of silence in his name.

D. Consent Items

Ms. Ball said that the consent items included approval of the minutes, personnel actions, and three FCRs. She asked if there were any questions about the consent items. Mr. Branscum moved approval. Ms. Patterson seconded the motion, and it carried without dissent. (See consent items listed below at the end of the Minutes.)

Minutes – March 10, 2009

PR 2 Personnel Actions

FCR 1 The Bernard Osher Foundation Gift

FCR 2 Markey Cancer Foundation Gift

FCR 3 Anonymous Donor Pledge

E. President's Report to the Trustees

President Todd began his report by making a comment about Mr. Williams. He said that he and his wife Patsy grew to know Mr. Williams well. During the interview process for the presidency position, nobody grilled them as much as Russ Williams as far as what they believe about the staff, what they thought about the staff, and what they would be willing to do about the staff. President Todd gave Mr. Williams total credit for the formation of the Staff Senate because that was one of the hallmarks Mr. Williams really wanted to get done. He thanked JoEtta Wickliffe for all she did for fellow Board member Mr. Williams and said he would be missed.

President Todd commented on the following items in PR 1:

College of Law Trial Team Places Second in National Championship Tournament

The College of Law Trial Team placed second in the National Championship Tournament, and a Kentucky student was named the best advocate in the nation. Regan Merkel and Christopher Schaefer took second place in the American College of Trial Lawyers National Trial Competition. There were 300 teams with 1,000 students representing 150 law schools. Mr. Schaefer received the George A. Spiegelberg Award which is given to the student that served as the best advocate in the nation for legal competition.

UK Patterson School Makes William and Mary List of Top 25 Programs

The Patterson School of Diplomacy and International Commerce ranked among the world's best 25 master's degree programs in international affairs during a world competition.

UK, UofL, Centre, Berea Presidents Hold Third 'Energizing Kentucky' Confab

The third Energizing Kentucky meeting was held April 16. Pulitzer Prize-winning author Jared Diamond was a keynote speaker. There were over 400 people in attendance. The group talked about everything from nuclear energy to the Governor's energy policy and a wide variety of other subjects. This is an effort by the presidents of Centre College, Berea College, University of Louisville, and UK to think about what the private and public institutions can do together to help the state focus on some problems that are a general interest to the entire population. Energy was the topic chosen, and this was the third conference. It was an extremely beneficial conference to attend, and there will be future conferences.

Permit Issued to KGS for Carbon Storage Research Project

The federal Environmental Protection Agency office in Atlanta has issued a permit for the Kentucky Geological Survey and its private partners to inject carbon dioxide more than 8,300 feet underground in a test well to be drilled in Hancock County. This is the first effort to see if carbon can truly be sequestered carbon dioxide in order to get it out of the atmosphere and keep greenhouse gases down. The state gave \$5 million to the Kentucky Geological Survey to do several projects, and \$1.35 million went toward this particular drilling opportunity. UK was challenged to match the state's money. The last

report had about \$6.5 million from E.ON, Conoco-Phillips, Peabody, and the state of Illinois.

#### UK Art Museum Features Major Exhibit of Egyptian Antiquities

The UK Art Museum opened the first major exhibition of Egyptian antiquities in the Bluegrass on March 22. The “Excavating Egypt” exhibit is at the Art Museum and will be there until June 14. President Todd encouraged the Board to see that exhibit. He said that he and his wife Patsy saw the King Tut exhibit at New Orleans some years ago, and this exhibit has 200 spectacular pieces in it.

#### Gurney Norman is Named Kentucky’s Poet Laureate

Gurney Norman is named the Kentucky Poet Laureate. He follows Jane Vance who was in that position for the previous two years. Professor Norman is a native of Ashland and the director of the UK Creative Writing Program. With professors such as Kim Edwards, who wrote *Memory Keepers Daughter*, and Gurney Norman, who teaches creative writing, it is a real experience for students to learn from these great writers.

#### Argonne Laboratory to Locate Near Spindletop

President Todd mentioned an item that was not listed in PR 1. He announced that Argonne Laboratory will be locating near Spindletop. He thanked Governor Steve Beshear for his focus on that particular opportunity. Lithium batteries, which are certainly needed in this country, will be developed at that site. Secretary of Energy Len Peters, who taught at UK for a number of years and also served as an administrator, was instrumental in helping convince Argonne to bring a laboratory here. Deborah Clayton, Kentucky Economic Development Partnership, and Rodney Andrews, Center for Applied Energy Research, were also instrumental in getting the laboratory here. The Argonne facility will be a building adjacent to the center’s building that the state already owns. UK was able to offer that to Argonne at basically no cost. He noted that there are 150 acres the state owns in that area and said that he hopes to use some of that space for the development of other companies that would be associated with the battery project.

President Todd encouraged the Board to look at the other important announcements in the report.

#### F. Seven-year Review Report, 2002-2008

President Todd reported that the university has a regular process of doing an assessment in every department in every academic unit. Vice President Connie Ray informed him about six or eight months ago that it was probably time to do a seven-year assessment of his term of office. He recognized Dr. Ray, Bill Swinford, David Melanson, and Catherine Hayden for the tremendous amount of work that they put into the historical report.

President Todd asked the Board to make notes, as he went through the report, of things that might be included or need to be included in the report. He said that the Board would get a published copy of the report when it is finally presented.

### Fulfilling the Top 20 Mandate

The Top 20 mandate is probably the biggest overlay of his period of service. When he travels around Kentucky and tries to convince Kentuckians that the Top 20 mandate is necessary, the primary point is why it matters. If you look at the medium household income population with bachelor's degrees and children living below the poverty level, the top 20 states are all above the national average. Kentucky is below the national average, and it should not be. If UK can improve the state's ranking by having a top university that reaches across the state, the state will be better.

President Todd presented a series of graphs representing the data that has been obtained and he pointed out some highlights on each of them.

### University of Kentucky's Top 20 Ranking

The first graph represents facts about the beginning of President Todd's administration, which was July 1, 2001. It enters into the implementation of the provost model, and Provost Subbaswamy's leadership with a Strategic Plan, showing how to implement the business plan with the input of faculty and staff. The Top 20 Business Plan was approved in 2005 and was actually funded in 2006. The graph illustrates where the university is now and where it is trying to get to. The dip on the graph is because of a recalibration this year where some of the measures were changed. Some of the professional degrees being created were not counted, and it was decided they should be.

President Todd said that the ACT scores hold the university back. The administration has chosen to increase the freshman class substantially and maybe increase the ACT scores slightly. This is still a low ACT state. In order to change that, the university would have to get more involved with K-12 and try to increase the population of students with higher ACT scores. Like a lot of states, Kentucky is not willing to go to 40 percent out-of-state students to get more revenue. It is still the belief that the university needs to have Kentucky students being the predominant members of the freshman class.

President Todd said that the second thing that holds the university back is the student-faculty ratio because that is one of the nine measures. When the business plan was funded, 61 new faculty positions were added. The goal in the plan is to add faculty until the student-faculty ratio is where the administration wants it because the faculty was overburdened in the prior years, due to increasing the student body without adding additional faculty. The faculty was increased after the plan was passed, but with subsequent budget cuts, the increase has not continued.

A faster way to have zoomed up to Top 20 status would have been to measure research because research will move faster. The university should be a whole Top 20 university and not a partial one. Students are still the most important reason that the university exists.

### Educating Students

President Todd displayed a page about educating students that contained four charts and said the page tells the story quite well. He called attention to the Governor's Scholars and Governor's School for the Arts first-year students. He pointed out that the number has increased

from 125 to about 389 and explained that total scholarships have increased. A lot of the increase is due to some investments made in African-American scholarships when the university fell short one year for a variety of reasons. In doing some polling, it was found that the University of Kentucky was just not competitive with other universities in the state. The administration added some additional funding, and it has paid off. The numbers are way ahead of last year.

President Todd reported that the retention rate has been moving upward. He gave full credit to the provost's war on attrition and the faculty and staff who have really adopted a cultural attitude that if the students choose to attend UK to receive a degree, they will graduate. The students must be retained between the first and second year. There are about six pages of things that have been done in order to allow UK to achieve the 4.5 percent increase.

President Todd referred to the doctoral degrees granted. The number of Ph.D.s in a population is one of the key factors when you talk about any measure of economic viability of a state in this day and age. UK is very low in that regard; however, the number has increased. With the addition of faculty and the quality of the faculty added, that area is going to see a significant continued increase.

#### First-year Students Applied and Enrolled

President Todd talked about the number of applicants for admission to UK. That number has gone from about 8,450 applicants in 2008 to 11,120 this past year. In week 33 of the 52 weeks for applying for the fall semester, the university already has 11,600 applications. This gives an idea of the selectivity that UK has.

One thing that President Todd tries to continue to impress on legislators is that if they will allow UK to achieve the Top 20 status, the line on the graph will go up even more rapidly. If you look at what has happened at the University of North Carolina, the University of Wisconsin, and the University of Michigan, their out-of-state tuition is about four times in-state tuition. They subsidize in-state tuition because they can bring in so many out-of-state students who are willing to pay whatever price to go to those top institutions. UK is not quite there yet, but it is getting there. The graph shows a good growth curve. Associate Provost Don Witt and his staff were given credit for the recruiting efforts that they have made.

President Todd called attention to the following highlights: in 2007, the declaration of war on attrition; in 2003, the creation of the College of Design; in 2005, the creation of the College of Public Health; the record high graduation rate of 61.4 last year; a record high of 3,775 bachelor's degrees awarded; and a record high retention rate of 80.8 percent.

#### Developing Human Capital

President Todd said that the big thing that happened with House Bill 1 was the "Bucks for Brains" program, which looks pretty dramatic. Going back into 1998 or so, you would see an even continued increase. Being able to have the endowed chairs and endowed professors is one reason that the research dollars have grown. It gives President Todd great confidence that the university is going to continue to produce the Ph.D. students that it will produce.

### Total full-time Faculty and Staff

The main graph for faculty and staff shows the growth of total full-time faculty and staff over this time period. There are now 11,888 employees -- 2,096 faculty and 9,792 staff. In January 2002, the Board approved the establishment of the Staff Senate, which serves as the official representative body for staff. In 2006, Kim Edwards had a wonderful run on the New York Times for her book *Memory Keepers Daughter* being on the best sellers list. In looking at the historical details and achievements that people have made at UK, one can see that a lot of work has gone into the preparation of this seven-year review.

### Nurturing Diversity

President Todd reported that the university now has a record number of African-American faculty. The same thing holds true for the number of students. He said that he is very pleased with some of the major changes that have been made.

### First-Year African-American Students

President Todd reviewed a graph showing the first-year African American student enrollment. He pointed out that UK was increasing its numbers and then had a dip on the chart. He noted that this was when the Michigan decision came out, and applications were late getting out. A lot of things were changed at this point in time.

In 2001, a Commission on Diversity and a Commission on Women were created. In 2002, a Center for Research on Violence Against Women was created. In 2008, Dr. Judy Jackson was hired as the first Vice President for Institutional Diversity. In 2008, the university had 1,234 African-American undergraduates, which was a record, 84 African-American faculty was another record, and a record-high in percent of women in administration and managerial positions. The university also has several women deans.

### Growing Research

Research is the area that UK is closest to the top in achieving Top 20 status. It is one that the administration is very proud of because it is research that is being done in Kentucky on Kentucky issues. The growth has been substantial. It is somewhat flattening out in the federal market, largely due to the federal budgets being curtailed or slowed down. The non-federal funding has grown significantly as well.

### Total Research and Development Expenditures

President Todd said that not only does the university get the grants, but it hires the people to do the work to further their research experiences that the state needs. The graph starts at \$211 million and grew to \$331 million. In 2004, UK received two major Center for Biomedical Excellence grants from the National Institute of Health. One grant was for \$10 million for cancer, diabetes, and Alzheimer's disease research. The second grant was nearly \$11 million for oral disease research. Those are competitive grants. The record high of \$155 million in federally funded research expenditures and \$182 million in non-federal expenditures are what get the university to the point of about \$332 million. UK is a big enterprise. If you look at how many corporations in Kentucky, from the research point of view, bring in that type of revenue, you will see that it is an extremely important economic generator for the state of Kentucky.

### Serving Kentucky

UK has put a very high premium on serving the public and has done very well with its Agriculture Extension agents over many years. The number of companies at Coldstream Research Campus has increased. The amount of new capital that flows into startup companies is now tracked. Recently, the university announced that there was \$69 million worth of new capital that came into 66 early stage companies in the Lexington Fayette County area, and 39 of those companies have UK intellectual property. Approximately \$37 million of that \$69 million was national venture capital firms. In 2003, UK had zero national venture capital which shows that there is national interest in the university.

President Todd reviewed the number of engagement activities. He said that UK has at least 291 activities going on in various counties. He noted that there are between 400 and 600 different services in some counties. He specifically mentioned the three fine arts agents now in Pikeville, Greenup County, and Muhlenberg County, the energy projects going on in Henderson and Hancock counties, and the Medical Center affiliates in Rockcastle County, Harrison County, and at St. Clair's Hospital near Morehead. He said that an impact cannot be made in the state just by giving speeches at Rotary Clubs or going to high schools and doing a pep rally on a one-day occasion. You have to leave something there in order for the university to have an impact.

President Todd talked about Dr. McCorvey taking his opera students throughout the Appalachian region to try to expose the people in that region to opera. John Nardolillo of the Music Department will receive the proceeds from the next Maker's Mark bottle for the next three years, which will amount to approximately \$1.2 million. This will allow Professor Nardolillo to take his student orchestra around the state. These visits are more important than money because one-day solo performers from his orchestra will work with individual students in the third and fourth grade. The following day the student orchestra will perform at that school and during the evening in that local community. President Todd noted that there are 33 play-houses throughout the state. These are the types of outreach things that UK can do in order to impact the state.

The economic development push is something that UK desperately needs to be doing to create the new kinds of jobs that are going to stay in the state and create future revenues.

### Public Service Expenditures

President Todd said that he is proud of the fact that UK has the "Commonwealth Collaboratives." Those were started in 2005, and there were 23 of them. The administration chose from 41 applications from professors who wanted to take on Kentucky problems. He calls the health care problems the "Kentucky Uglies." He mentioned the pre-term birth rate in Hopkins County that has gone from 15 percent to down below 5 percent with two years of the collaborative work with the Trover Clinic.

DanceBlue raised \$600,000 this year for pediatric oncology, and that money goes to families with children with cancer.

In 2002, the Lexington Venture Club, which is responsible for a lot of the money that is being raised, was created, and it is another form of public service. These are some of the measures that have been made which he and others are extremely proud of.



### Transforming HealthCare

President Todd said that health care has changed tremendously. In 2001, the administration began monitoring NIH awards for the College of Medicine. That amount has gone from \$50.6 million in 2001 to \$72 million in 2008. That number will be higher in 2009 because of some of the new hires that have been made. He mentioned the recent Mark Evers announcement that will bring quite a bit of NIH money to the university.

In 2003, Dr. Karpf came to UK and started building a dream for the Commonwealth. The hospital construction project is underway, and good things such as this are happening throughout the region and the state.

President Todd said that he is extremely proud of the advancement that has been made in health care.

### Annual Discharges for UK HealthCare

President Todd presented a slide showing the discharges for UK HealthCare. He said that Dr. Karpf had predicted a 5 percent growth, and he is extremely proud of Dr. Karpf joining UK in 2003. A facilities master plan was developed in 2004 and ground was broken for the project in 2007. The time span has been pretty rapid in this regard.

### Staying Competitive

President Todd talked about the athletics program. The graduation rate for athletes is close to the graduation rate across the university.

### UK Athletics Total Revenues

Revenue has grown for the Athletics Department substantially. A large part of that increase is because UK now has competitive golf teams, volleyball teams, and tennis teams. These sports now have the apparatus that other SEC schools had back before 2001. Athletics Director Mitch Barnhart has done a tremendous job of taking those revenues to enhance the competitiveness of the students since he was hired in 2002.

President Todd mentioned the NCAA commercial that says that 98 percent of these players will be professionals, but most will not be professionals in the sport they are playing. They will be doctors, dentists, orthopedic surgeons, business people, and scientists. Since 2002, more than 1,100 student-athletes have been named to the SEC Honor Roll. Since 2002, UK student-athletes have conducted nearly 13,000 hours of public service. UK has been ranked on the SEC Honor Roll with the University of Vanderbilt and has had an Academic All-American on the football team three years in a row. Tim Masthay has been a wonderful representative of the university.

### Building a Top 20 University

President Todd said that the administration has been able to keep focused on the Top 20 goal by increasing the endowment. UK was doing a great job with the endowment until the stock market started declining. The billion dollar campaign was really something to behold. There are only about 30 universities that have done billion dollar campaigns both public and

private. To be able to have the successful campaign in a state like Kentucky is a real testament as to how people believe in the university and want it to do the things that have been asked of it. The largest gift in that campaign was about \$16 million. That is not typical. The campaign was not started with a large gift of \$100 million. It was built from a whole lot of people who have a whole lot of faith in the institution.

President Todd referred to a cost-cutting graph. When he took office, it was his sense that this large billion dollar organization had some cash saved in the system that he could find. He thought that he could take what the state gave the institution and use some of the saved cash to move the university forward. Unfortunately, the graph corresponds to the state cuts. Had the administration not been doing some outsourcing and cost cutting moves, the university would not have been able to be as competitive as it has been. He praised those in the university who helped handle those finances.

In 2001, the university had a budget of about \$1.2 billion, and in 2008, it was about \$2.2 billion. The billion dollar change in that period of time is again something that has not happened with many corporations in Kentucky. Several buildings have been constructed. Upon President Todd's arrival in 2001, the Ralph Anderson building was being built. The BBSRB facility had been won through the legislative process. The location had to be determined, and the building had to be constructed. The Main Building had burned, and it was rebuilt in 2004. Four new residence halls were opened. The hospital project began. A Student Health Center was built, and a Pharmacy building is moving along extremely well.

President Todd gave Dr. Ray and her team full credit as to how the report was laid out. He encouraged the Board to turn the report sideways and look at all the markers. After reviewing the achievements, the Board should have a real pride in their time of service on the board in helping UK get to this point.

#### Remaining Challenges

President Todd called attention to a page that had the remaining challenges and asked the Board to take it with them. One of the challenges is keeping the vision for the Top 20 goal. In lesser places, there would have already been a rally out on Patterson Plaza to drop the whole concept and to try to go for the Top 20 goal with lesser people and lesser institutional fortitude. That has not happened, and for that, he is very thankful. Everyone has to keep fighting and pushing. The plan is the most important thing the state of Kentucky has decided to do in a long time, if not ever. It can influence health care, education, and the economy. UK is an important entity, and it is important that the plan be kept alive. There are budget issues to address. The compensation for faculty is something that is behind and getting further behind. The administration has got to make up for this deficit. The administration does not always focus on the problem. It works on the problems and talks about the possibilities.

President Todd thanked everyone and asked for questions. He said that he wanted to give the Board a chance to make any comments or thoughts about the layout or anything else. He said that Dr. Ray would be the focal point for comments. (See report at the end of the Minutes.)

G. Appointment of Dean of the College of Law (PR 3)

President Todd reported that Provost Subbaswamy has been dealing with five dean searches, and some of those are coming to culmination. He asked Provost Subbaswamy to come forward to introduce the incoming dean of the College of Law.

Provost Subbaswamy said that it was a great pleasure and honor to welcome the incoming dean of the College of Law, assuming the Board approves the appointment. A national search like all of the deans' searches was conducted. There were excellent candidates, and the final decision is always difficult. He said that he is very proud to say that the university has always gotten the top choice.

Provost Subbaswamy said that he was pleased to present David A. Brennan as the candidate for the dean of the College of Law. The appointment would be effective July 1, 2009. Mr. Brennan is a native of Florida. He received his undergraduate degree in business from Florida Atlantic University and his J.D. and LL.M. in Tax Law from the University of Florida College of Law. He worked in private practice as well for the Department of Revenue in Florida and has been a professor of tax law at Mercer University School of Law and at the University of Georgia. The last two years he has served as Deputy Director of the Association of American Law Schools, and in that capacity, he networked with all the law schools. He has been in touch with the educational trends nationally and will bring that knowledge and that network to the University of Kentucky. Provost Subbaswamy introduced Mr. Brennan and asked him to say a few words.

Mr. Brennan thanked Provost Subbaswamy, President Todd, and everyone at the university who worked with him and talked with him about the college and the university. He said that Kris Hobson, Interim Dean Louise Graham, and a number of people from the College of Law have been very helpful and very informative. He is very thrilled to be at the University of Kentucky and is looking forward to the interesting challenges that lie before him. One of the things that attracted him to the college was the outstanding performance of the students, both in the classroom and outside the classroom as was demonstrated by the results at the trial competition. He said that he was looking forward to joining the university. Mr. Brennan received a round of applause from the Board.

Ms. May moved approval of PR 3. Mr. Montell seconded the motion, and it carried without dissent. (See PR 3 at the end of the Minutes.)

H. Academic Affairs Committee Report

Before beginning the Academic Affairs Committee report, Ms. Ball asked President Todd to inform the Board of Dr. Yanarella's recent award. She said that the Board is quite proud of Dr. Yanarella.

President Todd informed the Board that Dr. Yanarella has received the Arts and Sciences Distinguished Professor Award. He said that Dr. Yanarella is receiving so many awards that he

cannot keep up with them, but it is really special to Dr. Yanarella to have this particular designation. To be selected by peers for a distinguished award is probably more meaningful than other awards. In many cases, the recognitions are for financial achievements or something else. His peers have had time to view him over a long period of time and watch his interaction, his intellectual endeavors, his student endeavors, and service endeavors. He expressed appreciation to Dr. Yanarella for his willingness to serve on the Board and congratulated him on this special recognition.

Dr. Yanarella said that he was in Vancouver doing some final field work over spring break when he received an e-mail about the award, and he was absolutely thunderstruck. He said that he is very grateful for this award and grateful to the College of Arts and Sciences for conferring the award on him.

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

Dr. Yanarella, chair of the Academic Affairs Committee, said that AACR 1 comes to the Board as the list of candidates for degrees in the university system. It has been examined by the Academic Affairs Committee. These candidates will have to be certified by the University Registrar in terms of satisfactory completion of all requirements. On behalf of the Academic Affairs Committee, he moved approval of the list. Ms. Curris seconded the motion, and it carried without dissent. (See AACR 1 at the end of the Minutes.)

J. Candidate for Degree – Bluegrass Community and Technical College (AACR 2)

Dr. Yanarella said that AACR 2 involves a single candidate for a degree from the Bluegrass Community and Technical College upon certification by the KCTCS Board and the University of Kentucky registrar that the student has satisfactory completed all requirements. This has been vetted through the Academic Affairs Committee. He moved approval of this candidate. Mr. Montell seconded the motion, and it passed without dissent. (See AACR 2 at the end of the Minutes.)

K. Academic Degree Recommendation (AACR 3)

Dr. Yanarella said that it gave him great pleasure to recommend the establishment of this academic degree. The recommendation is that the Board of Trustees approve the establishment of a Bachelor of Arts with a major in Gender and Women's Studies in the College of Arts and Sciences effective with the spring 2009 semester. He said that he has watched this particular proposal proceed through the various levels from the college to the level of the appropriate councils, including the University Senate Council and the University Senate. He has been very impressed with the outstanding character of this. The university now has a critical mass of faculty who are prepared to support this and bring this major into force. He said that he believed it would be another jewel on the university's crown within the College of Arts and Sciences as it goes forward. He recommended approval of AACR 3. Ms. Brown seconded the motion, and it carried without dissent. (See AACR 3 at the end of the Minutes.)

L. Change of Name and Organizational Structure of the Tracy Farmer Institute for Sustainability and the Environment (AACR 4)

Dr. Yanarella said that AACR 4 is a recommendation for a change in name and organizational structure of the Tracy Farmer Institute for Sustainability and the Environment. The recommendation is that the Board of Trustees approve a change in the name of the Tracy Farmer Center for the Environment to Tracy Farmer Institute for Sustainability and the Environment and that the administrative oversight be transferred from the dean of the College of Agriculture to the vice president for research effective July 1, 2009.

He said that this is another red letter day for the sustainability effort on campus. Not only does it pay homage to the extraordinary generosity of Tracy Farmer, but it will establish the institute on a national basis as a vigorous and forward-looking program for research, teaching, and service not only for the university, not only for the Commonwealth, but also for the nation. On behalf of the Academic Affairs Committee, he moved approval of AACR 4. Dr. McCorvey seconded the motion, and it carried without dissent. (See AACR 4 at the end of the Minutes.)

Dr. Yanarella said that the committee also had an interesting discussion about a number of issues that were brought up by members of the Academic Affairs Committee such as an update from the provost on deans' searches and other various and sundry concerns that the Board members had with regard to the academic programs moving forward in tough times. The provost was very depth in responding and injecting continuing hope in very difficult times.

M. Finance Committee Report

Mr. Branscum, chair of the Finance Committee, reported that all members of the committee were present as well as all but two members of the entire Board. He said that FCR 1 through 3 were consent items for gifts and pledges totaling \$3.5 million.

FCR 1 is a \$1 million gift from the Bernard Osher Foundation of San Francisco to create an endowment supporting the College of Public Health's Osher Lifelong Learning Institute. The institute provides an educational program specifically designed for people who are 50 years of age or older,

FCR 2 is the Markey Cancer Foundation Gift, a \$2 million gift from the Markey Cancer Foundation to support the establishment of the Bone Marrow Transplant Unit in the new UK Albert B. Chandler Hospital, and

FCR 3 is an Anonymous Donor Pledge of \$500,000 to support the University of Kentucky Medical Center.

N. Construct Children's Garden at the Arboretum (FCR 4)

Mr. Branscum said that FCR 4 is a recommendation to approve initiation of the construction of the Children's Garden at the Arboretum. This project will eventually include 1.85 acres of outdoor learning environment designed to help children between the ages 2 to 10

discover plants and the environment. There will be a small amphitheater, shelter for presentations, and interactive educational exhibits, including a child-scaled log cabin, miniature train, and gardens planted and maintained by children.

The scope of this project may ultimately reach \$2.2 million and will be funded from private gifts. The initial phase, using \$630,000 of gifts already received, will construct the stream and pond as well as some walks and plantings. If approved, the university will request interim authorization from the Council on Postsecondary Education and the Capital Projects and Bond Oversight Committee. On behalf of the Finance Committee, he recommended approval of FCR 4. Mr. Shoop seconded the motion, and it carried without dissent. (See FCR 4 at the end of the Minutes.)

O. Renovate Research Labs in Chemistry-Physics Building (FCR 5)

Mr. Branscum said that FCR 5 is a recommendation to approve initiation of the renovation of research labs in the Chemistry-Physics Building. The project will renovate space vacated by the relocation of the Chemistry and Physics libraries in the M. I. King Library. The renovation includes converting the space into three wet bench research labs and one materials lab to accommodate three new faculty positions. The cost of the project is \$2,080,000, well within the authorized scope, and will be funded by the provost's unrestricted fund balances. On behalf of the Finance Committee, he recommended approval of FCR 5. Britt Brockman seconded the motion, and it carried without dissent. (See FCR 5 at the end of the Minutes.)

P. Acceptance of Interim Financial Report for the University of Kentucky for the Nine Months Ended March 31, 2009 (FCR 6)

Mr. Branscum said that FCR 6 is the Acceptance of the Interim Financial Report for the University of Kentucky for the Nine Months Ended March 31, 2009. He noted that a summary of the financial statements' highlights had been distributed.

Through March 31, the university has realized 79 percent of the revenue estimate and expended 70 percent of the approved budget. In spite of the decline in investment values, the balance sheet remains strong with assets of \$3.1 billion and liabilities of \$957 million. Fund balances of \$2 billion represent a 64 percent equity position in the total assets.

Revenues and appropriated fund balances have exceeded expenditures to date by \$194.2 million, maintaining a strong cash position as of March 31, 2009.

At the end of the first nine months of the 2008-09 Fiscal Year, overall financial operations are consistent with the budget plan. On behalf of the Finance Committee, he recommended acceptance of FCR 6. Mr. Dawson seconded the motion, and it carried without dissent. (See FCR 6 at the end of the Minutes.)

Q. 2008-09 Budget Revisions (FCR 7)

Mr. Branscum said that FCR 7 is a recommendation for the 2008-09 Budget Revisions. The recommended 2008-09 budget revisions will decrease the university's General Fund budget by a net \$5.2 million. The majority of the adjustment is in response to an executive cut back order issued by Governor Steve Beshear reducing the university's state appropriations 2 percent or \$6.3 million.

The cut will be absorbed centrally on a nonrecurring basis using operating contingency reserves, excess tuition revenue, and other internal allocations. The reduction is expected to be recurring in FY 2009-10.

On behalf of the Finance Committee, he recommended approval of FCR 7. Mr. Shoop seconded the motion, and it carried without dissent. (See FCR 7 at the end of the Minutes.)

R. Revision of the Policy Statement on Tuition and Fee Refunds to Students (FCR 8)

Mr. Branscum said that FCR 8 is a recommendation concerning the revision of the policy statement on tuition and fee refunds to students. The recommended revisions are necessary for the university to be in compliance with accreditation standards which require a consistent, published refund schedule for tuition and fees. In addition to updating the language of the policy, the revisions will standardize the refund policies for academic programs that charge tuition and fees on an annual basis.

The university's annualized tuition programs are dentistry, medicine, the full-time MBA program, and the Doctorate of Physical Therapy. The revisions also establish a policy for refunding program fees. On behalf of the Finance Committee, he recommended approval of FCR 8. Ms. Patterson seconded the motion, and it carried without dissent. (See FCR 8 at the end of the Minutes.)

S. Designation of Executive Vice President for Finance and Administration as Applicant's Agent for the University of Kentucky for FEMA Disaster Declaration 1818-DR-KY (FCR 9)

Mr. Branscum said that FCR 9 is the recommendation to designate Vice President for Finance and Administration Frank Butler as the university's agent to receive reimbursement funds from the Federal Emergency Management Agency (FEMA) for damages resulting from the January 2009 ice storm. On behalf of the Finance Committee, he recommended approval of FCR 9. Mr. Roberts seconded the motion, and it carried without dissent. (See FCR 9 at the end of the Minutes.)

T. Authorization for Disposal of Surplus Property (FCR 10)

Mr. Branscum said that FCR 10 is the recommendation for the Board to authorize the sale of a reverse water purification system. Due to upgrades in the Heating and Cooling Plant within the Physical Plant Division, the filtration system has become surplus to the needs of the

university. Consistent with university practice, this property will be sold by sealed bids to the highest bidder. On behalf of the Finance Committee, he recommended approval of FCR 10. Ms. Curris seconded the motion, and it passed without dissent. (See FCR 10 at the end of the Minutes.)

U. Renovate Central Computing Facility (FCR 11)

Mr. Branscum said that FCR 11 is a recommendation for the Board to approve the initiation of a capital project. Due to the delay of the proposed data center, power and air-conditioning problems in McVey Hall must be addressed to ensure sufficient cooling and power distribution for the next few years. The cost of the project is \$845,000 and will be funded with the executive vice president for finance and administration's unrestricted fund balances. On behalf of the Finance Committee, he recommended approval of FCR 11. Ms. Haney seconded the motion, and it carried without dissent. (See FCR 11 at the end of the Minutes.)

V. Sustainability Efforts

Mr. Branscum said that the Board can be quite proud of the sustainability efforts by the President's Sustainability Advisory Committee, Vice President Bob Wiseman, and his staff. On behalf of the President's Sustainability Advisory Committee, Mr. Wiseman presented the annual report. He highlighted efforts in four key university areas: business operations; academic and research activities; community engagement; and student engagement.

The particular efforts discussed include: energy conservation programs and plans; the appointment of the advisory committee last year; the adoption of a UK Statement on Sustainability; the new Environmental Stewardship Fee; and various efforts to showcase both internally and externally all the sustainability initiatives underway at the university. The committee is doing an outstanding job, and it was a pleasure to see all of the things that the university has been doing to lead that charge.

W. Proposed Amendment to Governing Regulations: Faculty Appointment, Promotion, and the Granting of Tenure (HRCR 1)

Judge Patton, chair of the Human Resources Committee, reported that the committee met that morning and had one action item. HRCR 1 is a proposed amendment to the Governing Regulations regarding faculty appointment, promotion, and the granting of tenure. There will be two changes accomplished by this proposed amendment. He noted that this is a first reading.

The present rule provides that the departments may establish a written policy on the criteria when considering promotions or tenure decisions. The only change is the word "may" to "shall." It is believed that the faculty will know what yardstick their performance is measured by.

Another rule requires that the provost receive a written recommendation from the dean of the Graduate School when considering initial appointment, promotion, and tenure matters. The preparation of those written reports by the dean of the Graduate School is extremely time



consuming. The proposed recommendation will delete that requirement. The provost will be free to continue to confer with the dean on those decisions.

On behalf of the Human Resources Committee, he moved the adoption of HRCR 1. Dr. Yanarella seconded the motion, and it carried without dissent. (See HRCR 1 at the end of the Minutes.)

#### X. Student Affairs Committee Report

Ms. Haney, chair of the Student Affairs Committee, reported that the committee met that morning and took a tour of the University Student Health Services facility. The facility opened about the end of July 2008. Many Board members had toured it before, but it was an unfinished work in progress at that time.

The Associate Director of the University Health Service (UHS) Karen Clancy welcomed the committee and gave a presentation that is given to new students and parents during orientation to familiarize the committee with the progress.

UHS sees approximately 68,000 students a year. They average about 300 students a day, and they have an active phone line that receives about 2,600 phone calls per week into a Registered Nurse. They have a staff of approximately 65 people, which includes board certified medical doctors, nurse practitioners, nurses, health educators, a dietician, and administrative staff.

A student health fee is included in the tuition and fee package for all full-time students. Part-time students and students attending the summer sessions may pay the student health fee on a voluntary basis, or they can pay full costs as fee-for-service.

All students are highly encouraged and recommended to have their own health insurance because the student health fee does not cover all services that a student might need such as care or urgent treatment care after office hours. It does not cover referrals to specialists, x-rays, prescriptions, hospitalization, most diagnostic testing, vaccines, and biopsies. Those must be covered by the individual's insurance. The student health fee does cover unlimited access to services. Some diagnostic testing and basic prescriptions are given to students at no charge.

The phone information nurse is available to talk to students who have questions about their health care. The nurse will listen to their symptoms and provide care and assistance. A calming voice and a calm attitude go a long way in helping students with their health issues when they are a long way from home.

In addition to serving students and their needs, the UHS provides outreach educational programming to students, faculty, staff, departments, colleges, and other university entities, basically any entity on campus. UHS is actively involved with the Tobacco-free Campus initiative for the university. They have a Student Health Advisory Council that advises on topics and needs that the students might have such as student health insurance, student health fees, and suggestions they might have.

UHS is also actively looking into possible needs and programming for returning veterans. It is anticipated that many campuses will see a lot of returning veterans in the next few years. They come in as non-traditional students, and there may be a variety of physical, as well as emotional, needs that some of these veterans will need to have met.

UHS provides vaccines. They charge for the actual cost of the vaccine, but they have a large vaccination program for students. The university does have a required set of immunizations for incoming students. For the cost of the vaccine, they are more than willing to provide this service.

Ms. Haney said that the new facility is beautiful and comforting to students. The committee was very impressed and looks forward to future updates about UHS.

#### Y. University Health Care Committee Report

Mr. Hardymon, chair of the University Health Care Committee, reported that the committee met on Monday, April 20 from 4 p.m. to 4:45 pm. The five members were present along with three of the four advisory members. The economy and resulting consumer spending patterns, even in health care, were very much on the agenda. Any thinking that health care expenditures are recessionproof is proving to be incorrect. The overall market data indicates that the volume in hospitals is down across the country. The quarter ending March 31, 2009 may be the lowest in seven years. That is unbelievable, and shows the depth of this recession. People are putting off health care needs.

The committee looked at nationwide hospital patients to compare how UK HealthCare is doing against others, and it is performing well. UK HealthCare is above the median level in all categories, but favorable benchmarking against others is not satisfactory at this time when a new facility has to be financed. It must do better. UK HealthCare needs to generate \$30 million of operating income per year as it was doing recently.

The committee reported at the last meeting that there were losses in January, and losses were expected in February. The committee also reported that a profit was estimated in March, and that did not happen. There was a loss of \$3 million in March. That is much better than the \$10 million lost in January and February combined.

The revenue has been the problem, but it is improving. March was up \$7 million over February, but to cover current costs, it needs to be more. April is looking promising. The hospital receives payment on discharges. The all-important average discharge per day is at 88 through April 19. That number for March was 84. The committee does not feel comfortable to give future monthly estimates at this time.

UK HealthCare is still profitable at the operating line through March. That is through nine months of the fiscal year. There is almost \$7 million of profit over that time period with three months left in the fiscal year. Hopefully, there will be year-to-date operating profit in the

teens by the end of June. This would position the hospitals for a \$30+ million operating profit in 2009 and 2010.

In order to accomplish these forecasts and to overcome any future revenue shortfalls, aggressive cost reduction programs are necessary. The committee reviewed what the leadership has been doing in the last few months and what it is projecting for future savings. Most work is being done in sourcing and variable expense controls. The hospital administrators and the committee will track this work to see if it is sufficient in the weeks ahead.

These discussions took about 95 percent of the committee's time, but the committee also took care of a couple of administrative items.

#### Z. University Relations Committee Report

Ms. May, chair of the University Relations Committee, reported that the committee did not have any action items. It did have quite a bit of discussion, and it was a rather active group. There were three speakers scheduled to make reports, but there was only time for two reports. The third report will be given at the next meeting.

The Executive Director of Public Relations and Marketing Jimmy Stanton talked about the tobacco-free campus that the university is to become on November 19, 2009. His presentation showed that there are a lot of things involved in becoming a tobacco-free campus. The Chandler Hospital and the Medical Center clearly have been tobacco-free for some time, but it is a little different when you take it from a hospital setting to a campus-wide setting. It is not just employees and patients anymore. It is students, visitors, and people coming to athletic events and a whole different set of dynamics. The committee had a great deal of discussion on that subject, and it expects to receive another report before this actually goes into place. There has been a lot of work done, and there is still a lot to do. The focus is the commitment to that, and by November all the pieces will be in place.

The second item for discussion was about a comment that Ms. Curriss made at the last meeting. She said that every time negative things happen there is opportunity. There was a discussion about the university's Extension Office and the unique opportunity that they have to come to the forefront and be one of the solutions to Kentucky's economic load and be a tremendous source of information. Those who have been on the Board and those who use the Extension Offices know the tremendous resources those offices have to provide a community. The upcoming generation of Kentuckians may not look to extension first.

The committee talked about coming up with a phrase or someone coming up with a brand for extension to be a part of the solution to Kentucky's economic crisis. One of the thoughts thrown out at the meeting was "in the red, see blue." Obviously, the committee did not adopt that, but it kind of tells a little bit of what the committee is trying to express to the Extension Office. There may be a way to use a phrase and combine all their advertising into the phrase to encourage people to start using extension. That item will probably be discussed at a future meeting.

AA. Athletic Association Board of Directors Report

Mr. Dawson said that his report was old news because it was a highly publicized event. The Athletic Board had a special meeting April 1, 2009. The purpose of the meeting was to seek approval of a signed contract for the Men's Head Basketball Coach to submit to the Board of Trustees.

President Todd presented a signed employment contract between the University of Kentucky and John Calipari. He reviewed highlights of the contract, including a buyout clause and terms protecting the university's program. Mr. Barnhart noted that the contract has financial and ambassador protection in it.

President Todd reminded the Athletic Board that the Athletics Department is one of the very few that is self-supporting.

The motion to approve the hiring of John Calipari as the 22<sup>nd</sup> Men's Head Basketball Coach was unanimously approved by the Athletic Board.

BB. Comments from Dr. Charles Sachatello

Dr. Sachatello informed the Board that it was National Transplantation month, celebrating the 55<sup>th</sup> year of the first human transplant performed in Boston, Massachusetts in 1954. The first transplant was a kidney transplant performed between two identical twin brothers, which meant that no medication was required to prevent rejection. Immediately, surgeons all over America began searching for medications that would permit kidney transplantation between unrelated patients. A variety of medicines were tried and all involved some type of cortisone and immunosuppressant in various combinations.

The first kidney transplant at the University of Kentucky was done ten years later in 1964. Over the next ten years, kidney transplants at the university averaged only one a month, being done by 10 or more surgeons or whoever was on call. Dr. Sachatello said that he performed a few.

The situation improved dramatically in 1974 with the addition of Dr. Bruce Lucas, a urologist to the surgery staff. In his first year, Dr. Lucas did 54 kidney transplants. He did nearly a thousand prior to his retirement in early 2000. A new drug called Prograf was developed which prolonged graft survival to 70 to 80 percent long-term survival. Dr. Lucas achieved this success by his own Herculean efforts receiving virtually no support from the Medical Center administration.

Dr. Sachatello mentioned Dr. Lucas' wife and said he wished she could have attended the meeting. Her uncle Albert Clay was chairman of the University of Kentucky Board of Trustees in the 1970's, and one of her ancestors has a home named after him in Lexington: The Henry Clay Home.

Dr. Sachatello said that all of the surgeons on the faculty held Dr. Lucas in the highest regard for his surgical ability, acumen, and integrity. Dr. Lucas was a terrific transplantation surgeon. Dr. Sachatello recognized Dr. Lucas and asked the Board to join him in welcoming Dr. Lucas. The Board gave Dr. Lucas a round of applause.

Dr. Lucas thanked Dr. Sachatello for his kind words. He said that it has been a blessing and a privilege for him to have been able to help provide kidney transplantation to all the people of Kentucky. When he retired, he had a post-retirement appointment which enabled him to continue to serve as the president of the state-wide Organ Procurement Organization and to represent the University of Kentucky as the united network organ chair, which is basically the national policy-making body for transplantation.

Dr. Lucas said that he is particularly enthusiastic about the investment that Dr. Karpf and others have made to take the program to the next level. It all started with kidney transplants. There are liver, pancreas, heart, and lung transplants now, and they are increasingly successful. He thanked Dr. Sachatello for inviting him to the meeting.

Dr. Sachatello introduced the following resolution:

Whereas, the Albert B. Chandler, University of Kentucky Medical Center was established in 1960 to promote the health and welfare of the citizens of the Commonwealth and to educate and train prospective young physicians, and

Whereas, the doctors, nurses, clinical, and research staff have conducted approved clinical studies to transplant human organs and tissue from one individual to another to promote the health and well-being of its sickest citizens, and

We do hereby acknowledge the successful efforts of all involved in celebrating the 45<sup>th</sup> anniversary of the first successful kidney transplant performed at this Medical Center August 1964 on the occasion of our celebration of National Transplant Month, and

We further acknowledge that we know as many as a 1,000 of our fellow Kentuckians are in desperate need of a new organ today be it a kidney, liver, pancreas, lung, or heart to restore them to health and that we will redouble our efforts on their behalf to secure their future, and

We encourage all of our citizens regardless of age to sign an organ donor card.

Dr. Sachatello asked that the Board adopt the resolution. Dr. Brockman seconded the motion, and it carried without dissent.

CC. Comments by Frank Shoop

Mr. Shoop said the Board would be remiss if it did not thank President Todd, Athletics Director Mitch Barnhart, and Deputy Director of Athletics Rob Mullens for the way they

conducted the six-day search for the Men's Head Basketball Coach and for obtaining the best coach in the nation.

DD. Meeting Adjourned

With no further business, Ms. Ball asked for a motion of adjournment, and the meeting adjourned at 2:30 p.m.

Respectfully submitted,

Pamela May  
Secretary, Board of Trustees

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