

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, December 1, 2009.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, December 1, 2009, in the Board Room on the 18th Floor of Patterson Office Tower.

A. Meeting Opened

Ms. Mira Ball, chair, called the meeting to order at 1:00 p.m. and asked Ms. 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, Carol Martin “Bill” Gatton, Ann Haney, Pamela T. May, Everett McCorvey, Sandy Bugie Patterson, Robynn Pease, Erwin Roberts, Charles R. Sachatello, Frank Shoop, Ryan Smith, James W. Stuckert, Ernest Yanarella, and Barbara Young. Absent from the meeting were Jo Hern Curris, Dermonti Dawson, and Billy Joe Miles. Ms. May announced that a quorum was present.

Ms. Ball said that Ms. Curris asked that the following statement about her absence be recorded in the Minutes of the meeting:

“Please be advised that I am unable to attend UKY Board and Committee meetings on December 1 for reason that professional and personal plans were scheduled last summer based on the official Board Schedule in place at that time of December 7 and 8. When this meeting was rescheduled to permit President Todd and others to represent us in NYC, I responded to the memorandum that I would be unable to reschedule established commitments.”

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 Bryan Back.

Members of the various news media were also in attendance.

C. Consent Items

Ms. Ball called attention to the consent items which included the minutes and personnel actions. She asked for any questions. Mr. Branscum moved approval of the items. Mr. Stuckert

seconded the motion, and it carried without dissent. (See consent items listed below at the end of the Minutes.)

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PR 2 Personnel Actions

D. President's Report (PR1)

President Todd called attention to the following items in PR 1:

UK College of Pharmacy Prepares to Open New \$134 Million Building
Faculty and staff begin moving into the \$134 million state-of-the-art academic and research building on Wednesday, December 2.

UK Parkinson's Researchers Explore Using Pump for Drug Delivery
A team of Parkinson's disease researchers at UK is investigating a promising method for delivering therapeutic drugs directly to patients' brains. The research is funded by the Michael J. Fox Foundation and the Kinetics Foundation. Currently, there are medications that treat the symptoms, but some of this research is to repair the Parkinson's damage.

Multidisciplinary Research Project on Hydrocarbon Fuels Wins NSF Grant
The National Science Foundation has awarded \$1,984,322 through its Office of Emerging Frontiers in Research and Innovation program to UK for a multidisciplinary energy research project.

Molecular Research Center Receives \$10.5 Million in Renewed Funding
A UK multidisciplinary biomedical research center has received \$10.5 million in renewed funding from the National Institutes of Health (NIH). This is a Center of Biological Research Excellence (COBREs) grant to continue to look at some of the diseases in Kentucky. This is a renewal of a previous \$10 million grant from the National Institutes of Health (NIH). The initial grant was led by 22 junior faculty members in nine different departments mentored by senior faculty.

UK's Solar Decathlon Team Finished Ninth in National Competition
UK's Solar Decathlon team finished 9th in the world competition among 20 that were pre-selected to go to the National Mall. E.ON provided \$250,000 to make this project possible, and Square D was also actively involved in the project. Gregory Luhan from the College of Design and Donald Colliver from the College of Agriculture were two faculty members that put an inordinate amount of time into the project. The house is now sitting at Maine Chance Farm, but it will be put on the grounds in front of the Main Building later. It is a spectacular construction and award winning.

UK Pharmacy Students Maintain Nation's Highest Pass Rate on Board Exam
Graduates in the UK College of Pharmacy Class of 2009 achieved a 100 percent pass rate on the national pharmacy licensure exam. This marks five out of the last six years that UK's program has had a perfect first-time pass rate. Overall, 120 UK graduates achieved an average score of 124 compared to the national average score of 112.

Support from Congressmen Rogers and Davis Lead to Coal-to-Liquids Grant

Congressmen Harold “Hal” Rogers and Geoff Davis announced that a \$2 million grant will be awarded to UK’s Center for Applied Energy Research for the development of coal-to-liquids technology. This is another energy related contract to not only liquefy coal but also extract from it the CO₂ and capture it before it goes through smoke stacks.

Lyman T. Johnson Group Presents Sanford Roach with Inaugural Legacy Award

Mr. S. T. Roach was given the first Legacy Award presented by the Lyman T. Johnson Group at its recent Homecoming Awards Banquet. Mr. Roach served as head basketball coach at Lexington’s old Paul Laurence Dunbar High School for 24 years. He had a 512-142 record during his tenure there. Mr. Roach received an Honorary Doctorate of Humanities from UK in 2002.

UK Art Graduate Wins International Award for Student Achievement

Art graduate Luke Achterberg has been awarded the prestigious International Sculpture Center’s Outstanding Student Achievement in Contemporary Sculpture Award for 2009 for a very gorgeous, sizable, unique sculpture. It took approximately three years to design and construct the sculpture. The work will be featured in the first of what is expected to become an annual traveling exhibition that will visit arts organizations across the country.

Engineering Student Samuel Nicaise Received Astronaut Scholarship

Electrical Engineering Senior Samuel Nicaise won a \$10,000 scholarship from the Astronaut Scholarship Foundation. Space Shuttle Astronaut Robert “Hoot” Gibson came to campus and personally presented the award. This is one of the largest grants in the country given to engineering students based solely on merit.

Sanders-Brown Researchers Test New Approach to Slowing Alzheimer’s

UK researchers are taking another approach to slow Alzheimer’s disease. The heads of the Medical School of Virginia and the Mayo Clinic are making statements about William Markesbery being a great researcher. There was a great article on the front page of the Courier-Journal about Dr. William Markesbery and the Alzheimer’s work that the Center for Aging is doing. UK can be very proud of Dr. Markesbery and his research efforts.

NIH Grant Permits Markey to Recruit Researchers on Gastrointestinal Cancer

The UK Markey Cancer Center received \$1.4 million from the National Institutes of Health to recruit two junior tenure-track faculty members to conduct translational research focused primarily on gastrointestinal cancer. This grant is partially a result of bringing Dr. B. Mark Evers to be the Director of the Markey Cancer Center.

President Todd said that there were many other good items in PR 1 and encouraged the Board members to read them.

E. College of Arts and Sciences Report

President Todd introduced College of Arts and Sciences Dean Mark Lawrence Kornbluh and asked him to give a report on the college.

Dean Kornbluh briefed the Board about the college's three-part mission: teaching, research, and service.

With regard to undergraduate education, he reported that Arts and Sciences is home to approximately 5,000 undergraduates in over 25 different majors; it educates all university undergraduates through the institution's general education program; and it produces over 60 percent of all UK undergraduate student-credit-hours and close to a quarter of all UK BA/BS degrees. Arts and Sciences also educates the Commonwealth's future professional, economic, social, and political leaders. For example, in recent years UK Arts and Sciences graduates comprise 20 percent of UK's College of Medicine incoming class; over 15 percent of UK's College of Dentistry incoming class; and close to 15 percent of UK's College of Law incoming class.

As to graduate education, Dean Kornbluh stated that the college ranks first in doctorate production at the university (over 30 percent of the total); it ranks first in the number of graduate student publications (36 percent of the total); and it produces over 10 percent of the university's post-doctoral scholars. It offers advanced study in 17 different departments; many of which are already top 20 programs, such as Clinical Psychology, Cultural Geography, and Hispanic Studies.

In terms of research, the Arts and Sciences faculty – over 360 strong – have recently been awarded grants from the National Institute on Drug Abuse; NSF; NIH; National Institute on Alcohol Abuse and Alcoholism; U.S. Department of Education; to name but a few. Similarly, faculty have won prestigious national and international fellowships, such as Fulbright Fellowships, Guggenheim, National Endowment for the Humanities, and the Humboldt Fellowship. The college ranks second in collaborative external grants (\$45 million) among all university colleges.

Dean Kornbluh also described the college's role as an economic engine for the Commonwealth, in terms of patent creation, spin offs, start-ups, and indirect cost recoveries. In recent years, the college has been the second college in the university with regards to indirect costs (IDC); the college houses the second department (Chemistry) in the university with regards to intellectual property disclosures (IPD); and the college houses the first department (Statistics) in the university with regards to collaborative funds per faculty member (\$1.5 million per faculty member). In 2008, college faculty helped to attract more than \$37 million in grants to the university.

An example of faculty research is Department of Chemistry Professor John Anthony's work in developing low-cost, low-energy-input plastic semiconductors that can be formed to make efficient solar cells by low-cost techniques such as inkjet printing or spray-painting. As part of his project, students from a local high school have been enlisted to assist in the design and

fabrication of solar cell arrays. The availability of ultra-low-cost solar cells will hasten the adoption of this form of power generation, particularly in regions where modern, more expensive solar panels are not economical due to low annual sunlight levels. Commercialization of some of the more successful photovoltaic materials is already being arranged through the startup company, Outrider Technologies.

Dean Kornbluh also described the college's goals for the near future, which include:
Generating world-class research through discovery, invention, and graduate education;
Producing global citizens through a liberal education by focusing on undergraduate education;
Extending our reach globally and locally through engagement and application;
Utilizing 21st Century Technology by pioneering the application of digital technologies; and
Impacting the future through seeking transformation, bridging disciplines, and linking research, teaching, and engagement.

Dean Kornbluh concluded his remarks by stating that the college understands the current and future fiscal environment and the need to be entrepreneurial and enterprising. He described plans for creating more internal resources through expanding online education programs, which will not only help existing students' time-to-degree but will also expand the college's outreach and help alleviate departmental budget pressures. He also reported that there is a concentrated effort at the college level to increase the number of grants and fellowships as well as expand the college's development and advancement efforts. He thanked the Board for the support that it provides for the college and the university. Dean Kornbluh received a round of applause from the Board.

President Todd asked the Board if they had questions about the report. He said that people often ask him how he can sleep at night with the budget situation the last few years, and Dean Kornbluh is one of the reasons he can sleep at night. He said that UK is able to get the top choices when filling positions; however, it makes him feel bad to lure people to UK and then have to tell them that they cannot get a raise. Dean Michael Speaks in the College of Design once said that we brought him here, and now he needs to help find more money for the university and help solve the budget problem by creating some degrees that will generate more income for the university. President Todd said that Dean Speaks is right. You get the right people in the right places, and they are enterprising and entrepreneurial. It is their job to figure out how to make the university move forward. It is not just the Board of Trustees, the President, or the Provost's job. When Dean Kornbluh talked about the things he has initiated in the short period of time he has been here, he is qualified to help move the institution forward.

President Todd said that Coach John Calipari is not the only one recruiting stars at the university. UK is recruiting stars in academics. Provost Subbaswamy led five searches for deans last year and recruited stars in those positions.

President Todd told of one of the most inspiring meetings he has had on campus with the department heads in the College of Arts and Sciences. A few years ago, he went to a meeting to inform the department heads that the university had received money for the Top 20 Business Plan. Before he could begin talking, the department heads wanted to tell him that they had an off-sight meeting to discuss the Business Plan. President Todd said that they were given 30

faculty positions with the initial funding. They had looked at the student-faculty ratio, and one of their Top 20 targets was to get that ratio down. They also looked at research opportunities and realized that UK is close to national prominence. Where those crossed over is where to put the money. They gave six positions to the research area in psychology and sociology. They gave another 5 or 6 positions to the chemistry and biology area. The department heads went through the process and all agreed where the positions were needed to make the most impact. It has just been remarkable. President Todd told Dean Kornbluh that he appreciated his comments, appreciated him being at UK, and appreciated the work he is doing and the work that is going on in the college.

Dr. Yanarella said that the College of Arts and Sciences is extremely pleased to have Dean Kornbluh in the college. One of the real benefits of a new person coming in is that they often provide really refreshing new ideas and help to catalyze the environment of change in the institution, and Dean Kornbluh certainly has done that. Dr. Yanarella said that he also appreciates Dean Kornbluh's egalitarian spirit. As a member of the Board and a senior faculty member in the Political Science Department, it took him three weeks or more to get a meeting with the new dean. However, once he got to meet with him, they talked frankly and got down to the basic facts of the matters in the college. He welcomed Dean Kornbluh on board.

F. Candidates for Degrees (AACR 1)

Ms. Brown, chair of the Academic Affairs Committee, reported that the committee did not meet that morning; however, there was one action item for the Board to consider for approval. AACR 1 is the recommendation that the president be authorized to confer upon each individual whose name appears on the attached list the degree to which he or she is entitled upon certification by the university registrar that the individual has satisfactorily completed all requirements for the degrees 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.

In order that the degrees may be conferred upon the individuals completing requirements in December as soon after the close of the semester as possible, it is recommended that the Board of Trustees give its approval contingent upon certification by the university registrar that all requirements have been satisfactorily completed. On behalf of the Academic Affairs Committee, Ms. Brown recommended approval of AACR 1. Ms. Haney seconded the motion, and it passed without dissent. (See AACR 1 at the end of the Minutes.)

Ms. Brown shared an informational update on educational abroad opportunities at the university. Dr. Janet Rocanova, director of education abroad, and Dr. Susan Carvalho, associate provost for international affairs, gave a presentation about the Education Abroad Program at the last committee meeting. UK began the program in the 2002-03 school year at the request of former Board member Myra Tobin. In its first year, there were 369 students, and in 2008-09 the number increased to 590. The purpose of education abroad is to educate students for the 21st century. Employers and the Graduate School expect students to have some international experience. UK offers thousands of opportunities in 80 different countries ranging from four weeks to a year. Education abroad advisors work one-on-one with students helping them find a perfect fit.

UK wants the education abroad experience to be available to all students, and one option is the university exchange, which is a tuition neutral exchange that allows students to go to another participating school. The students get to pay basically their normal tuition and fees.

The Education Abroad Office is also raising scholarship funds to make more opportunities available to more students. They have six students that have been named education abroad student ambassadors and are available for classroom presentations. There is also information on the UK website about the program.

G. Acceptance of Interim Financial Report for the University of Kentucky for the Three Months Ended September 30, 2009 (FCR 1)

Mr. Branscum, chair of the Finance Committee, reported that the Finance Committee met that morning. All but one member was present, and the majority of the Board was present as well. There were six action items on the agenda.

The first action item is for the acceptance of the Interim Financial Report. This recommendation requests acceptance of the Interim Financial Report for the university for the three months ending September 30, 2009. The statements include comparative totals for the period ended September 30, 2008. A summary of the financial statements was distributed to the Board.

During the first three months, the university has realized 31 percent of the revenue estimate and expended 24 percent of the approved budget.

While state appropriations reflect an increase of \$934,000 or 1 percent, \$30 million of state budget cuts will be realized over the next three quarters. As discussed at the October Board meeting, \$21 million of the \$30 million will be replaced with federal stimulus funds.

The balance sheet remains strong or sound with assets of \$3.3 billion and liabilities of \$951 million. Fund balances of \$2.2 billion represent a nearly 67 percent equity position in the total assets.

Revenues and appropriated fund balances have exceeded expenditures to date by \$173.4 million.

At the end of the first three months of the 2009-10 Fiscal Year, financial operations are consistent with the budget plan, and the university's financial condition remains excellent. On behalf of the Finance Committee, Mr. Branscum recommended acceptance of FCR 1. Mr. Stuckert seconded the motion, and it carried without dissent. (See FCR 1 at the end of the Minutes.)

H. Energy Savings Performance Contract (FCR 2)

Mr. Branscum said that FCR 2 was presented by Vice President for Facilities Management Mr. Bob Wiseman. This is a contract to provide a cost-effective process for completing building energy upgrades. The energy service company guarantees that utility savings generated by facility upgrades will be sufficient to pay back the capital investment over a set period of generally 11 to 12 years. If the project does not provide a sufficient return to pay the debt service, the company will pay the difference.

The project will reduce the university's overall energy consumption by upgrading and replacing energy consumption equipment such as lighting and HVAC systems and installing energy management software to monitor usage.

The project scope for the first phase is \$25 million. AMERESCO, from Louisville, Kentucky, was selected for the contract as a result of a year-long RFP process which included a trial audit of 10 buildings. On behalf of the Finance Committee, Mr. Branscum recommended approval of FCR 2. Dr. Brockman seconded the motion, and it carried without dissent. (See FCR 2 at the end of the Minutes.)

I. Renovate 4-H Camps (FCR 3)

Mr. Branscum said that FCR 3 is a recommendation to renovate the 4-H camps. In 2008, the Kentucky General Assembly authorized \$2 million of state bonds to renovate the 4-H camps in Nicholas, Pulaski, Laurel, and Hopkins counties operated by the College of Agriculture Cooperative Extension Service and 4-H Youth Development.

The existing camps have been in use since the mid-1960s and are in need of repair and modernization. This project will include replacement of existing bunks and mattresses, and a new cabin will be built that will house 28 campers and 4-H staff. On behalf of the Finance Committee, Mr. Branscum recommended approval of FCR 3. Dr. McCorvey seconded the motion, and it passed without dissent. (See FCR 3 at the end of the Minutes.)

J. Capital Construction Report (FCR 4)

Mr. Branscum said that FCR 4 recommends the acceptance of the Capital Construction Report for the three months ending September 30, 2009.

During this period, there were three new contracts, three contracts completed, two contracts amended, and 22 change orders greater than \$25,000:

The three new contracts were:

- an \$834,000 contract with Oracle Elevator for elevator upgrades in the Kentucky Clinic;

- a \$1.5 million contract with Messer Construction Co. to replace the emergency generators and fire pump project at UK Good Samaritan Hospital; and,
- a \$186,000 contract with Omni Architects to design the renovation of research labs in the Chemistry-Physics building.

The three completed contracts were:

- the \$32.3 million contract with Gilbane Construction Company, for the Patient Care Facility Parking Garage project;
- the \$5 million contract with Woodford Builders for the Upgrade Cancer Center Radiologic Facility project; and,
- the \$2.1 million contract with Messer Construction Company for the Expand/Renovate the Outpatient Clinic project at the Kentucky Clinic.

Mr. Branscum said that Mr. Wiseman gave a very good report with details on all the projects. On behalf of the Finance Committee, he recommended approval of FCR 4. Ms. Haney seconded the motion, and it carried without dissent. (See FCR 4 at the end of the Minutes.)

K. Approval of the 2008-09 Endowment Match Program Annual Report (FCR 5)

Mr. Branscum said that FCR 5 recommends acceptance of the 2008-09 Endowment Match Program Annual Report. Pursuant to the Council on Postsecondary Education's guidelines, the university is required to submit an annual report on the Endowment Match Program which must be approved by the Board of Trustees. As of June 30, 2009, the market value of the endowments created through the Endowment Match Program totals \$313.8 million. The university has fully matched all available state funds from the first three rounds of the program. The university has received \$202.2 million of state funds and \$177.7 million of cash gifts. The university has \$21 million of outstanding pledges, which represent only 10.4 percent of the matched state funds.

The university has created 87 endowed chairs, 206 endowed professorships, and 238 endowments to support fellowships, research, and the William T. Young Library.

On behalf of the Finance Committee, Mr. Branscum recommended approval of FCR 5. Ms. Patterson seconded the motion, and it passed without dissent. (See FCR 5 at the end of the Minutes.)

L. Patent Assignment Report (FCR 6)

Mr. Branscum said that FCR 6 recommends acceptance of the Patent Assignment report. As of September 30, 2009, the university has filed six patent applications and received \$391,931 of patent income. Vice President for Research James Tracy gave an excellent report about the patents. On behalf of the Finance Committee, Mr. Branscum recommended acceptance of

FCR 6. Dr. Yanarella seconded the motion, and it passed without dissent. (See FCR 6 at the end of the Minutes.)

Mr. Branscum concluded his report by commenting about an informational item at the committee's meeting. Executive Vice President Frank Butler reported on the recent sale of bonds for the patient care facility. The university was very successful with its \$100 million bond issuance. The bonds were sold at a true interest cost of 3.58 percent, after the Build America Bonds tax credit. The bonds are payable over a 30-year period of time.

M. Investment Committee Report

Dr. Brockman, chair of the Investment Committee, reported that the committee met that morning. All members, including the community advisory members, were present.

The Endowment had a net market value of \$751.2 million as of October 31, 2009. Consistent with the overall market decline, the Endowment lost 8.2 percent for the fiscal year ended June 30, 2008 and 20.9 percent for the fiscal year ended June 30, 2009. The Endowment has recovered some of the prior market losses in July through October, returning 11.1 percent for the four-month period. But the loss in net market value will significantly reduce future spending distributions to academic and administrative units across campus.

The Investment Committee approved changes to the spending and management fee policies in light of the recent market downturn and anticipated lower return environment. The spending policy was revised from 4.5 percent of the average endowment market value to 4.25 percent of the average endowment market value. Additionally, the endowment management fee, which provides general fund support, was reduced from the current rate of 0.5 percent to 0.25 percent. Admittedly, reducing these spending rates will exacerbate the negative impact of the market downturn on endowment distributions. But these reductions in spending are necessary to better preserve the inflation-adjusted value of the Endowment over the long-term.

To partially offset the negative consequences caused by the decrease in the spending rate, the Investment Committee has also changed the method for calculating the average endowment market value upon which the spending distribution calculations are based. Currently, the average value is calculated over the preceding 36 months. This was changed to 60 months. The purpose of this change is to "smooth out" the immediate impact of the current economic downturn by including higher endowment market values before the current crisis began. Over the long term, a 60-month averaging period will help smooth the impact of market volatility on spending distributions.

The changes will be effective July 1, 2010 and will be phased in over the next two fiscal years. Fiscal Year 2010 spending distributions are expected to be \$40.5 million. Under the new policy, spending distributions in fiscal years 11 and 12 are expected to be \$35.7 million and \$33.2 million, respectively, for decreases of 12 percent and 7 percent. The management fee revenue to the general fund is expected to drop from the current level of \$3.4 million to \$2.7 million and \$1.9 million, respectively, in the following two fiscal years or roughly cut in half by Fiscal Year 2012.

The committee also heard a presentation on the real estate market from investment consultants R. V. Kuhns & Associates, and received an update on the implementation of the new target asset allocation approved in June 2008. The new target allocation includes a 36 percent allocation to various alternative investments, which is comparable to similar institutions across the country.

N. Student Affairs Committee Report

Ms. Haney, chair of the Student Affairs Committee, reported that the committee met that morning at 8 a.m. The topic for this meeting was an overview of student publications on the campus. The presentation was basically organized and run by Chris Poore, who is the Student Media Adviser. Mr. Poore also brought other staff members to the meeting. May Barton is the *Kentuckian* yearbook adviser and the design adviser for student publications. David Stephenson is the photojournalism adviser. Patsy Martin is the office manager, and Kenny Colston is a UK senior and the student editor for the *Kentucky Kernel*.

Mr. Poore has been the Student Media Adviser since 2001. He is currently the national vice president for College Media Advisers, which is an organization that encompasses approximately 1,000 college media advisers around our country. He gave a brief overview of the history of the *Kernel*.

The first student newspaper was printed in 1892, and it was called *The State College Cadet*. From 1908 to 1915, the paper was called *The Idea*. In 1915, there was a name calling contest, and it became known as the *Kentucky Kernel*. It has been the *Kentucky Kernel* since the contest. In 1972, President Otis Singletary established the editorial and financial independence of the paper.

The Kentucky Press Inc., which the *Kernel* is a part of, is a non-profit entity with a budget of approximately \$800,000. It oversees all Student Media. Revenue from advertising pays for all of the expenses except for the positions of the Student Media Adviser and the Budget Officer. Those monies come from general funds. The adviser does report to the Vice President for Student Affairs and to the Kentucky Press Inc. Board. This is a structure that is very similar to most other universities throughout the United States.

Over 100 students work at least part-time for the *Kernel* and some of the other media events. The *Kernel* has about 30,000 readers who read the print version, and the on-line version reaches about 150,000 readers a month.

Mr. Poore also included in his presentation a slide show of photographs taken by *Kernel* students. The photographs were all notable because they won awards or received honorable mention in other publications. The committee also saw a multimedia slide presentation on a local roller derby team, and it highlighted the University of Kentucky employees.

The university has had many well-known *Kernel* alumni who have worked in such media as *National Geographic*, Walt Disney World, and the White House Press Corps.

The Kentuckian is the year book that is published each year. The students learn by hands-on book editing throughout the publication process.

Student Media conducts workshops every year. Within the college, students have three-day retreats where they work on videos, print, and other forms of media.

The university has an entity known as the Underground Design and Photography. This gives students an opportunity to gain other experience in advertising, working with posters, and working with companies, university departments, and nonprofit organizations.

The *Kentucky Kernel* has received numerous national and state awards. Most notable are the Pacemaker Awards in 2006 and 2008. The college Pacemaker Award is similar to a Pulitzer Prize. The *Kernel* has ranked in the top ten for six of the last eight years in the William Randolph Hearst Writing and Photojournalism Awards. It also has received the General Excellence Award in Kentucky for six of the last eight years.

Many *Kernel* students have been able to get internships at various prestigious newspapers throughout the country.

Student Media is exploring new technology, offering creative internship opportunities to the students, marketing student media programs, blogging, and offering services to help design and publish publications, especially within the university so other departments and colleges can benefit from the expertise that the students are learning.

Kenny Colston told the committee that working at the *Kernel* offers real world responsibility and experience. Students who work for the *Kernel* tend to get more involved with campus, whether it is by choice or whether it is by assigned events. They are able to form a bond and friendship that lasts a lifetime. It is believed that this also helps student retention because students who are involved and know what they are doing, will stay on campus and finish their degrees.

Student Government President Ryan Smith gave an update on some of the things happening in Student Government. Student Government is now working with the Senate Council on developing a new calendar for finals week. Also, through an initiative with the Parking and Transportation Department, Student Government will offer a \$7.00 parking pass to students to park in the structure during dead week and finals week. The parking pass will allow students to access the library in a safer and more convenient manner.

Ms. Haney said the committee always enjoys highlighting the positive and talented things that students are involved in on campus. On behalf of the Student Activities Board, she extended a cordial invitation to the Board of Trustees to attend the midnight finals crunch brunch, which is a lot of fun and a great tradition. It is held the first Monday of finals from 9 p.m. until 12 a.m. It is a time for students to relax before they get into the actual stress of finals. There are fun activities and lots of food for the students. In past years, President Todd has been a whiz at the

pool table, and students have a hard time defeating him. She encouraged the Board members to attend the event and have fun with the students.

Mr. Smith noted that the Parking Office is charging \$5.00 for the parking pass in the structure during dead week and finals week; however, Student Government is increasing the price to \$7.00, and the additional \$2.00 will go to the \$250,000 scholarship drive that Student Government has been working on this semester.

Ms. Haney entertained questions from the Board and reiterated that the *Kernel* is self-supporting through its advertising efforts, which is a challenge in today's economy.

O. University Health Care Committee Report

Ms. Young, chair of the University Health Care Committee, reported that the committee met Monday. All trustee members of the committee and three community advisory members were present.

Mr. Sergio Melgar gave a financial report for October. The volume for the system continues strong with discharges exceeding 2,800 for the month, 91 per day, and completing five months of year-to-year growth. The surgery volume was just under 2,200. November volume as of the previous Monday was also strong with numbers down slightly from October due to the fact that November only has 30 days as opposed to 31 days. It is amazing that one day would make that much difference, but it does.

Going back to June, this is the busiest period of volume ever experienced by UK HealthCare. The patients seen continue to increase in acuity, indicating UK HealthCare continues to become a more important referral center for the Commonwealth.

The revenue numbers continued very strong with October recording the highest patient service revenue ever and the second month of revenue in excess of \$70 million. Operating income for the month was \$5.6 million and now totals \$17.7 million for the year.

There was a slight investment loss for the month, but investment income for the year is now at \$18.7 million. The committee heard a presentation by Mr. Ed Erway, chief revenue officer, on the revenue cycle, and discussed the improvements made in contracting and revenue management over the past five years.

Dr. Richard Lofgren reported that the Joint Commission visited and reviewed the UK Good Samaritan Hospital operation the week before Thanksgiving. While the final report has not been received, the review was generally very favorable with very few corrections.

The committee also heard a report from Dr. Lofgren on the progress being made to improve the quality scores and was given an update on the medical center's experience with the H1N1 virus. It appears, as has been reported in the newspaper, that UK has experienced the second wave of the virus, and it is hoped that the vaccination of personnel will mitigate or minimize the impact of a potential third wave of the virus.

The building project continues on schedule and on budget as has been reported. Several trustees toured the project Monday and evaluated the progress. Ms. Young said that she toured the project, and it is phenomenal. She encouraged the Board members to take the tour if they have not already done so.

The university completed another debt issue for \$100 million to be used on the patient care facility. The net cost to the university was a very favorable 3.58 percent for 30-year debt. She complimented the Office of the Treasurer on an excellent job and acknowledged the work of Donna Counts on this issue.

P. Athletic Association Board of Directors Report

Mr. Shoop, trustee representative on the Board of Directors, reported that the Board met November 13. President Todd reported that a crew from ESPN was on campus to do interviews for the SEC Weekly, which is an ESPN/SEC television project. He and several others were interviewed for the project, and this should be a nice showcase for the university.

President Todd reported that there is an overhead assessment done on the Department of Athletics each year. This is where the department is charged for services provided by the university. This year's budgeted amount of the assessment is about \$1.7 million.

The department pays the tuition of all student-athletes on scholarships, and most of them are out-of-state students. It amounts to approximately \$9 million in General Fund revenue for the university. President Todd reported that the department directly contributes from its externally generated revenue about \$1.6 million annually to the university's general scholarship fund.

He informed the Board of the recent announcement about a new \$18.6 million Davis Marksbury Building to be built on campus in the "Digital Village." He told the Board that it would have been a much more expensive project if the Department of Athletics had not included about \$3 million in utility infrastructure improvements during the construction of the Joe Craft Center. He noted that athletics paid for the utility improvements with private dollars.

Mr. Barnhart provided highlights of the various sports programs. He talked about the signing date and the athletes that visited campus. He reported that the football and basketball programs make money for the Department of Athletics, and that revenue allows the other 20 sports to compete and do well.

The Compliance Office staff presented an overview of the duties and responsibility of their Office and entertained questions.

Q. Other Business

President Todd asked Vice President for Development Mike Richey to come forward. He presented Mr. Richey with a 35-year service pin and said he was very pleased that Mr. Richey

has been at the university for 35 years. A lot of the things that have been going on in development throughout the university were started by Mr. Richey when he was in the College of Agriculture. Mr. Richey went to central development several years ago and is now over the entire development area. He has new ideas all the time, and his energy is unbelievable. He is an extreme asset to the institution. President Todd thanked Mr. Richey for everything that he has done for the university, and Mr. Richey received a round of applause.

R. Meeting Adjourned

With no further business, Ms. Ball adjourned the meeting at 2:00 p.m.

Respectfully submitted,

Pamela T. May
Secretary, Board of Trustees

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