

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, October 27, 2009.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, October 27, 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, Jo Hern Curriss, Dermontti Dawson, Carol Martin “Bill” Gatton, Ann Haney, Pamela T. May, Everett McCorvey, Billy Joe Miles, Sandy Bugie Patterson, Robynn Pease, Erwin Roberts, Charles R. Sachatello, Frank Shoop, Ryan Smith, James W. Stuckert, Ernest Yanarella, and Barbara Young. Ms. May announced that everyone 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 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. 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 Breaks Ground for \$18.6 Million ‘Green’ Davis Marksbury Building

President Todd said the Davis Marksbury Building will be UK’s first building to be built strictly from donations and “Bucks for Brains” money from the state government. This is a change in the “Bucks for Brains” use of funds that came about in the last legislative session.

This change allows the university to take donations from Mr. Marksbury, Mr. James Hardyman, and Mr. Jim McDonald, three of UK's engineering alumni, and match their donations with state money. The building will be environmentally-friendly and will be the second phase of the university's "Digital Village." The building will be UK's first to receive Leadership in Energy and Environmental Design (LEED) certification.

Lexmark, UK Reach Agreement for Opportunities for New Projects

President Todd recognized three Lexmark visitors in the audience: John Schlumpf, Vice President, Product Delivery, Deb Mackay, Vice President/ISD Research and Development, and Rebecca Silveston-Keith, Research Engineer Imaging Systems. Lexmark officials and UK's Vice President for Commercialization and Economic Development Leonard Heller have forged a relationship to work over the long term to create opportunities at UK for new projects in engineering and marketing. UK engineering faculty in the departments of Chemical and Materials Engineering and Electrical and Computer Science are already working with Lexmark researchers under the new agreement. The UK Gatton College of Business and Economics will also work on collaborative projects with Lexmark. Lexmark and UK have been working together on research projects since 1988.

President Todd said that this project gets into some of the intellectual property agreements which are a difficulty around the country as universities become more active with industry. You no longer have IBM's Watson Labs, RCA's Princeton Labs, or Bell Laboratories doing basic research. Most universities are doing development work. They are looking to start up businesses and universities for basic science. This country has a network of basic science facilities housed at universities that are not yet in the countries that are coming after the United States such as India and China. We need to use that resource, but in order to do that, you need clean agreements between the industry and the university.

President Todd said the Lexmark and UK agreement was Dr. Schlumpf's vision, but Dr. Heller and Ms. Silveston-Keith deserve a great deal of credit for their actions in making the agreement happen. President Todd expressed appreciation to them, following which they received a round of applause. He encouraged the Board to go to the commercialization website and see the title "Lexmark and UK begin a new chapter in R & D relationship" for more information.

'Sustainability Showcase' Highlights UK's Energy, Environmental Advances

The Sustainability Advisory Committee and the Office of Facilities Management have expanded this fall's Big Blue Goes Green: A Sustainability Showcase to a full two-week celebration in September.

Former Israeli Prime Minister Speaks at UK on Middle East Peace Issues

President Todd noted that several Board members attended the lecture by the former Israeli Prime Minister. He noted that UK will have a prominent Palestinian public figure speak on campus to give alternate views because that is what a university is all about. It was a very well attended function, and a lot of good comments came from that event.

UK's Solar Decathlon Team Takes Green House to Washington

UK's Solar Decathlon team built a house and competed in Washington with the help of several donors that will receive appropriate recognition at a point in time. Gregory Luhan from the College of Design and Donald Colliver from the College of Agriculture were two faculty members that devoted a tremendous amount of effort to compete. A proposal had to be submitted to be selected as one of the 20 institutions throughout the world that could design a solar home, deconstruct it, transport it to DC, and put it on the mall. There were about 10 different functions measured, and UK came in ninth in the world in overall competition. President Todd mentioned several universities as well as teams from Spain and Germany that were in the competition. The house will be reconstructed on campus as soon as it is returned from Washington for everyone to see. He noted that the Secretary of Energy was at the event, along with him, his wife Patsy, and other UK personnel from UK.

FDA Clears Ovarian Cancer Blood Test after Multisite Clinical Trial

A blood test that can help assess women's risk of ovarian cancer prior to surgery has been given FDA clearance. This is a very active area for research at the university. UK professor and researcher Frederick R. Ueland led the multisite clinical trial.

Lexington Native Named to Head Firm Developing Clinician-conceived Products

Jim Clifton has been named to head Therix Medical, Inc., a newly formed company that will turn UK clinicians' ideas into products to improve patient care. The clinician innovation program and Therix Medical has received 12 intellectual property disclosures from UK HealthCare Clinicians. Dr. Leonard Heller worked with Dr. John Gurley, cardiologist in the College of Medicine, to develop the program.

Development Office Honors 244 New Fellows for Their Generosity

The Office of Development honored 244 new Fellow inductees that are \$10,000 donors to UK, along with 49 members of the Fellows Society who have upgraded their recognition level through increasing their donations.

UK Libraries Create big Blue Sports Archives Endowment

UK Libraries, with help from UK Athletics and the Big Blue Nation, is using advanced technologies and archival techniques to preserve and make available to the public the Wildcats' storied history. The Paul Sullivan family was very active in creating this endowment, and Coach John Calipari also supported it.

Von Allmen Entrepreneurship Center Opens New Office in ASTeCC Building

The Von Allmen Center for Entrepreneurship, the nexus for business development at UK, has opened a new office in the Advanced Science and Technology Commercialization Center, better known as ASTeCC. Doug and Linda Von Allmen were on campus for a full day. They thoroughly enjoyed knowing what UK is doing in the College of Business and Economics and the entrepreneurship effort in the Von Allmen Center. President Todd invited the Board to visit the Von Allmen Center. He noted that the activity is increasing at the center and gave Dr. Leonard Heller a lot of credit for that increased activity.

President Todd noted that there were a lot of other good things in PR 1 and suggested that the Board review them.

E. Naming of University Building (PR 3)

President Todd said that PR 3 recommends that the Board of Trustees approve the naming of the new men's basketball housing facility the Wildcat Coal Lodge, contingent upon approval of FCR 3 to be presented in the Finance Committee report regarding the financing of the facility.

President Todd reported that the current lodge will be put into the housing inventory and will create an additional 32 beds for housing. He noted that there is not a concrete plan for the facility at this time. He asked that the Board approve the recommendation of the Committee on Naming University Buildings. He noted that the vote in the committee was six to one in favor of the Wildcat Coal Lodge name.

Ms. Ball asked for a motion of approval for PR 3. Mr. Gatton moved approval, and Mr. Stuckert seconded the motion. Before beginning a discussion, Ms. Ball asked everyone in the room to hold any applause or any kind of demonstration so PR 3 could be discussed in a very amicable way. She then recognized Dr. Yanarella for his comments.

Dr. Yanarella distributed the Administrative Regulation (AR) 9:5, the Policy Statement and Advisory Committee on Naming University Property. He directed the Board to the general guidelines on pages 2, 3, and 4. He said that the guidelines are to be the basis on which the naming of university property is determined. He noted that there were a variety of opinions raised during an informal discussion at the previous night's dinner.

Dr. Yanarella said that he objected to the naming of the Wildcat Lodge the Wildcat Coal Lodge for a number of reasons. It will set a precedent of identifying an industry with a piece of university property, and it also violates the specific guidelines that are established in the Administrative Regulations concerning the naming of such university property. His position is that any industry would not be appropriate for the naming of a university property. He gave examples of various industries such as liquor, cigarettes, etc. and said their generic names would not be appropriate for the naming of a piece of UK property.

The name that is attached to a piece of university property carries with it a symbolic intent, and in this particular case, it is hard to believe that the intention of Joe Craft and the Difference Makers has any other motive than to try to link the coal industry with the Wildcat basketball program. He said that UK can and should rise above this. He asked the Board members to reflect with him on the various general guidelines that are outlined in the Administrative Regulations. He said that he could not find a legitimate basis on anything with respect to any of these guidelines for justifying the naming of a generic industry as part of a university building. He, therefore, submitted a substitute motion which requests a legal opinion from the university's General Counsel on whether PR 3 complies with the letter and spirit of AR 9:5 and especially its guidelines.

Ms. Ball asked for a second to Dr. Yanarella's substitute motion. Dr. Pease seconded the motion. Ms. Ball asked for any discussion on the substitute motion. She then called for a vote, and the motion failed.

Ms. Ball asked for any other comments or discussion on the original motion.

Mr. Smith said that he had a few remarks for the Board. He said that he certainly appreciated the effort put forth by the Difference Makers and their pledge of \$7 million. While he disagrees in large part with many aspects of this issue, he would be remiss to overlook some of the significant advantages that such a new facility could offer. By accepting this donation, the university would be able to accommodate more students by opening up the current lodge in the student housing inventory. Additionally, he believes that UK could not only lead the state but the nation in making the new wildcat lodge a model for clean coal technology.

While coal has brought millions of dollars to the university and the state, the stigma associated with coal is important and cannot be overlooked. He does have a few concerns about the naming rights of the Joe B. Hall Wildcat Lodge. His first concern is about selling of tradition and abandoning the name Joe B. Hall, a coach who brought great recognition and respect to the basketball program. Secondly, he believes that tying the name to an industry such as coal, while the university is going forward towards cleaner and more efficient uses of energy, sets a bad precedent as Dr. Yanarella said.

The next question is: Where will UK draw the line? Will a new dorm or classroom building be named after a bourbon distillery? He noted that he represents the student body, and while he feels there are some tangible benefits to this naming, he cannot in good conscience vote for something that he has reservations about and that many within the student body have questions about and do not support it. For that reason, he would not support the naming proposed in PR 3.

Mr. Smith distributed a handout at the request of some students in the audience. He said that he would be remiss if he did not include their opinion to the Board. He asked the Board to read the handout and take it into consideration.

Dr. Pease said she would like to add remarks on behalf of the staff. While many do not oppose the naming Wildcat Coal Lodge, many others do oppose it for the reasons that have already been mentioned. There is concern of the product placement on the names of buildings. Symbolically, coal means different things to different people. Politically, while coal has been good for the state, it also conjures up some very negative feelings, such as the Wildcat Mines of the 70s and 80s that were illegal in eastern Kentucky while some of UK's employees were growing up there.

Moreover, we need to look ahead. We need to understand what the students' think -- the time and place in which our students have come of age. They have come of age in an era of climate change, and they are pushing for us to address those needs.

While we are doing so well under President Todd's leadership through his support of research on alternative energy resources, we also need to be mindful of the symbolic meaning of the name coal. The naming of such a high profile lodge would take UK a step backwards rather than push UK forward into the future. As the Staff Representative to the Board of Trustees, she said she would be opposing the motion. She received a round of applause from some people in the audience.

Mr. Gatton said that he respected everybody's opinion, and everybody is entitled to their opinion, but to vote for this naming does not mean that you are automatically setting a precedent. That is just an assumption on the individual's part that it sets a precedent. It does not set a precedent. Every naming has to come before the Board. Before it gets to the Board, it has to go through the naming committee. There is no reason for this to be a precedent for all future naming. That is not the case. The university and others benefit from coal by either working in the industry or by having lower electric bills. Coal is responsible for over 90 percent of the electricity in the state, making it one of the lowest costs of electricity of any state in the United States. If everybody had a higher electric bill, they would all vote for this naming because it is not that material. No matter what you name the building, there is not going to be one lump less coal used or sold. This is not a legal form in which you can ban anything just by naming it.

Ms. Curris said that she respected the views of all people. She stated that she is from the coal mines, and therefore, would like to speak and address the issue. All naming should be done on a case-by-case basis through the appropriate procedures. It should be considered that coal is what brought the Commonwealth into the 19th and 20th Century. Further, this is a national resource from both ends of the state. She considers coal to be an area of great pride. This was a matter of having a natural resource that brought us forward as a Commonwealth. With the leadership of President Todd and with the state's efforts, the university is making every effort to be on the cutting edge of research for the future with its research on the concept of clean energy and clean coal. Coal can very well be that mechanism that is going to retrigger the economy of Kentucky. It is with great pride from the history and where the future can be with coal that she will be supporting this particular naming.

Mr. Shoop said he would like to comment on why he is supporting PR 3. His father drove a coal truck in eastern Kentucky, and he lived next door to a coal tipple. He is appreciative of the people that donated the \$7 million for the building. He is appreciative of the industry that gives the university coal dollars that support research at the university. Coal has helped in many ways over the years and has helped many causes for many years.

Mr. Stuckert said that he is in agreement with Mr. Gatton, Ms. Curris, Mr. Shoop, and others that spoke on a positive basis. Coal in Kentucky is a natural resource. This is an opportunity of going forward to even redouble the efforts in trying to make a clean source of energy out of coal. Everybody knows how strongly the people in the state feel about the UK basketball program. By putting the name in the lodge, this should redouble the efforts to get a cleaner source of energy from coal. There is not a downside to this. It is part of Kentucky whether you like it or not. He is proud of the people that donated the \$7 million, and that is why he will vote for it.

President Todd said that his goal is to help create jobs across the state of Kentucky, and energy is one of the areas that can do that. UK has about \$68 million worth of energy related research right now, working with some of the largest coal companies in the country trying to sequester CO2 and liquefy coal so the CO2 can be extracted before it reaches the atmosphere, developing algae solutions, doing solar work, developing capacitors to store wind and solar energy so they can be used in an effective way. The university is doing everything it can to make energy a key to Kentucky's future because it is an asset that is underground.

He looks at the coal industry as the one that has a heritage here, and you can hear it from some of the sentiments of people who grew up in those areas. This will be a LEED building, which is somewhat ironic possibly, but it will be a LEED certified building. It gives the university a chance to show how clean technologies can be used while trying to solve the coal issue.

President Todd said that a group of donors made this request for naming the building. The request went through the university's process, and the Advisory Committee on Naming University Property supports it. It is presented to the Board for action, and he hopes the Board supports it.

Ms. May called the question. Ms. Ball called for a vote on PR 3, and the motion carried. Dr. Yanarella, Dr. Pease, and Mr. Smith voted against PR 3. Dr. Sachatello was feeling ill and had to leave the meeting prior to the vote.

Due to a disturbance by some individuals in the audience and at the suggestion of the General Counsel, Ms. May made a motion for the Board to take a recess. Mr. Shoop seconded the motion, and it carried.

Following a brief recess, Mr. Stuckert made a motion to reconvene the meeting. Ms. May seconded the motion, and it carried.

F. Academic Degree Recommendation (AACR 1)

Ms. Brown, chair of the Academic Affairs Committee, reported that the committee met that morning and had one action item. AACR 1 is a recommendation that the Board of Trustees approve the establishment of a Master of Science in Epidemiology degree with a major in Epidemiology in the College of Public Health, effective in the fall 2009 semester.

The proposed Master of Science in Epidemiology is intended to prepare professionals for mid-level careers in conducting population-based research and clinical trials. The Master of Science in Epidemiology is a unique program which strongly emphasizes the acquisition of applied skills in the complementary fields of epidemiology and biostatistics. This program has the approval of the appropriate councils and the University Senate, and it has completed the forty-five day review by the Council on Postsecondary Education. The provost of the university supports this recommendation. On behalf of the Academic Affairs Committee, she moved approval of AACR 1. Dr. Yanarella seconded the motion, and it carried without dissent. (See AACR 1 at the end of the Minutes.)

G. College of Education Vision and Plans

President Todd asked Dean Mary John O’Hair, College of Education, to give a report on the college’s vision and plans. He noted that Dean O’Hair has been on campus a few months and has been very active at the state level.

Dean O’Hair thanked President Todd for the opportunity to address the Board and tell everyone about a very exciting new initiative in the College of Education. The initiative touches all colleges by providing a way to work together to innovate learning. The topic and the initiative is Kentucky P-20. P-20 refers to pre-school through K-12, undergraduate, and graduate education innovating learning across the spectrum.

Before going into the P-20 initiative, Dean O’Hair gave a brief overview of the College of Education. The college has 19 undergraduate degree programs, 27 master’s degree programs, 4 specialist degree programs, 6 Ph.D. programs, and 4 Ed.D. programs. There are 2,500 students enrolled in classes in the college. The college has more than 24,000 alumni who work in all 50 states, the District of Columbia, and 25 countries. It is a very active college.

Dean O’Hair continued with her report about the College of Education leading the new Kentucky P-20 initiative.

The College of Education in collaboration with other UK colleges, centers, and P-12 schools and community partners is actualizing its vision “to create, support, and sustain 21st century learning and innovation.” As a result, the College of Education is leading the new Kentucky P-20 Initiative -- a statewide research and professional development network, designed to:

- improve learning for ALL students --- pre-school to grade 12 (P-12) and to ensure that all students leave Kentucky schools ready to prosper in higher education and the workforce.
- support Kentucky schools in becoming high-performing, technology-rich, professional learning communities.
- increase success in postsecondary education and attainments of associate, bachelor’s and graduate degrees.

In addition to Dean O’Hair, who founded the successful K20 Center for Educational and Community Renewal at the University of Oklahoma, the development of Kentucky P-20 is guided by the work of Dr. Thomas Guskey, Professor of Educational Psychology in the College of Education and international leader in education reform and professional development.

Kentucky P-20 is designed to:

- connect UK faculty and researchers with P-12 educators to create job-embedded learning opportunities that link cutting edge research and innovation to student achievement and school/system effectiveness.

- provide early intervention and supportive learning opportunities for students before kindergarten to engage and further their possibilities for success.
- build leadership capacity in educators to use innovative technologies such as digital game-based learning, social networking, and visualization technologies to authentically engage learners and optimize student performance.
- invest in quality educators for Kentucky by recruiting the best and brightest students into the education professions.
- develop a global learning network to learn more about other countries' approaches to developing and delivering quality preschool through postsecondary education, particularly in science, technology, engineering and mathematics (STEM) education.

Dean O'Hair said that Kentucky P-20 is all about students and about the support of a seamless pre-kindergarten through graduate education that will innovate learning, that applies 21st century learning skills, and that lets student know they do not have to learn something just because it is on a test but because it is connected and integral to their life. The College of Education is happy to be a part of this initiative that is growing throughout Kentucky. Dean O'Hair encouraged the Board to visit the college and to be a part of the Kentucky P-20 initiative in the College of Education and across the university. She received a round of applause.

President Todd thanked Dean O'Hair for her report. He said that this is a critical time for the country to get engaged in enhancing education. He quoted a statistic from the Shakertown Roundtable about going from number 1 in college graduates to 14th in the world now. For engineers and scientists, the rating is worse than that. There is money available, and the Race to the Top funding could be extremely important to the state. The Gates Foundation has hired a consultant to help Kentucky put its proposal together, and there are high hopes for that. It is important to stick with things that you know work, invest in those things, and populate more students to graduate with an exciting educational experience.

Dr. Yanarella asked Dean O'Hair to look closely at the General Education Reform Program that is being unraveled at the university. He sees many isomorphisms between the vision presented by Dean O'Hair and the vision the UK folks have worked on for about five years in trying to build a new house for general education. The College of Education faculty would be welcome and also be a particular asset, especially given the accent on 21st century education, which is really the fundamental thrust of the university's new General Education Reform Program.

H. Audit Subcommittee Report

Mr. Branscum, chair of the Audit Subcommittee, reported that the subcommittee met that morning, and all members were present. The university's external auditors BKD representatives Mary McKinley and Chris Graff gave a presentation on the university's 2009 audited financial statements, and the subcommittee approved the audit as presented. He applauded the auditors for their work as well as Ms. Angie Martin, Ronda Beck, and all of their staff for their hard work on

the audit. It was an unqualified, clean audit, and the internal audit certainly showed no material weakness.

The subcommittee also received a presentation by Joe Reed, Director of Internal Audit, on the quality assessment review of the internal audit and review of the internal audits annual activities. The subcommittee approved the internal audit reports as presented.

The subcommittee also accepted the audited engagement letter with BKD for next year.

I. Acceptance of Audit Report and the Report on Internal Control for the University of Kentucky for 208-09 (FCR 1)

Mr. Branscum, chair of the Finance Committee, reported that the committee met that morning, and all members were present. FCR 1 recommends that the Board accept the 2008-09 Audit Report and the Report on Internal Control for the University of Kentucky. BKD, UK's external auditors, completed its audit and issued its Independent Auditor's Report. The report expresses an unqualified or clean opinion on the university's financial statements.

BKD also issued its Report on Internal Controls, which, as part of the audit, noted no material weaknesses in the university's system of internal controls.

As of June 30, 2009, the university had assets of \$3.25 billion, liabilities of \$1.03 billion, and net assets of \$2.2 billion.

Net assets include investment in capital assets, endowments, restricted donations, and unrestricted fund balances. Net assets decreased \$83.5 million or 4 percent primarily due to a \$195 million loss on endowment investments. Unrestricted net assets totaled \$627 million including \$382 million generated by the hospital system and \$119 million of general funds.

In summary, while assets and funds balances decreased, revenues and expenses were managed within the approved budget. On behalf of the Finance Committee, he recommended acceptance of FCR 1. Ms. Curris seconded the motion, and it carried without dissent. (See FCR 1 at the end of the Minutes.)

J. 2009-10 Budget Revisions (FCR 2)

Mr. Branscum said that Vice President Angie Martin presented the 2009-10 Budget Revisions, which will decrease the university's budget by \$6.5 million, or 0.3 percent, to \$2.43 billion. The major adjustments include a decrease of \$30.5 million in state appropriations in response to Governor Steve Beshear's September 2009 Budget Reduction Order. This reduction reflects a \$9.4 million anticipated recurring cut and a \$21.1 million non-recurring reduction related to Federal Stimulus Funding. The \$9.4 million cut will be offset by a funded reserve included in the original FY 2009-10 budget approved by the Board in June.

In response to continuing budget shortfalls, the Governor's Reduction Order included a \$70 million non-recurring reduction in state appropriations to Kentucky's public colleges and universities. These funds are being supplanted with State Fiscal Stabilization Funds which are part of the American Recovery and Reinvestment Act. UK's share of the cut is \$21.1 million which is reflected as a decrease in unrestricted General Funds and an increase in Restricted Funds.

On behalf of the Finance Committee, he recommended approval of FCR 2. Mr. Stuckert seconded the motion, and it carried without dissent. (See FCR 2 at the end of the Minutes.)

K. Replace Wildcat Lodge Student Housing (FCR 3)

Mr. Branscum said that FCR 3 is a recommendation for the following:

- acceptance of a \$7 million pledge from Mr. Joe Craft for and on behalf of the Difference Makers to fund the "Replace Wildcat Lodge Student Housing" capital project and authorization for the president to complete a pledge agreement;
- approval of a transfer of \$7 million from the intercollegiate athletics quasi-endowments to provide temporary financing of the project; and
- approval to initiate the capital project.

This project will replace the campus residential housing for the UK men's basketball players and non-student athletes. The scope of the project is \$7 million and will be funded initially from the athletics quasi-endowments. The pledge receipts will be used to replenish the quasi-endowments. On behalf of the Finance Committee, Mr. Branscum recommended approval of FCR 3. Mr. Shoop seconded the motion. Ms. Ball asked for any discussion.

Dr. Yanarella said that he was really conflicted on this. The FCR 3 recommendation is simply fine. The fact that it is tied to PR 3, however, will lead him to vote in opposition to FCR 3. A faculty member contacted him and underlined the point that this university has far, far more serious issues to deal with and that the Board has far more serious issues that will become even more serious over the next couple of years. But, these are the issues that should occupy the Board.

Dr. Yanarella thanked all of the Board members who listened to the complaints and criticisms of the students. He said that he took special note of them because he is the teacher of some of those students, and they are the next generation of citizens. As Jo Curris and others pointed out, we are going to live in a pluralistic world that people are going to differ with us, and that while democracy is a messy thing, as Winston Churchill said, we haven't found anything better than that.

Ms. Ball called for a vote, and the motion passed. Dr. Yanarella voted against FCR 3.

L. Renovate Nutter Training Center Meeting Rooms (FCR 4)

Mr. Branscum said the FCR 4 is a recommendation that the Board approve the renovation of the Nutter Training Center Meeting Rooms to meet the needs of the football program. The project will convert existing space to provide a larger meeting area with theatre style seating for use by the offensive or defensive teams. The scope of the project is \$750,000 and will be funded with private gifts. On behalf of the Finance Committee, he recommended approval of FCR 4. Mr. Stuckert seconded the motion, and it carried without dissent. (See FCR 4 at the end of the Minutes.)

M. Renovate Nursing Building (FCR 5)

Mr. Branscum said that FCR 5 is a recommendation requesting approval to renovate the Nursing Building. In response to the national nursing shortage, the College of Nursing has steadily increased the size of its entering class. The increased enrollment has created the need for additional student space.

The project will renovate and convert a covered patio on the 3rd floor of the Nursing Building into student study and discussion space. The project also includes minor enhancements to graduate student space on the 5th floor, restrooms, and network wiring.

The scope of the project is \$1.9 million and will be fully funded by a grant from the U.S. Department of Health and Human Services. On behalf of the Finance Committee, Mr. Branscum recommended approval of FCR 5. Ms. Curris seconded the motion, and it carried without dissent. (See FCR 5 at the end of the Minutes.)

Mr. Gatton asked how many nursing students are in the program, how many graduate each year, and does the medical school have a physician assistants program?

Provost Subbaswamy replied that there are 160 students in the nursing program each year, and almost all of the students graduate. The medical school does have a physician assistants program; however, the number of students in that program is much smaller.

N. Adoption of University of Kentucky Hazard Mitigation Plan (FCR 7)

Mr. Branscum noted that FCR 6 was withdrawn. He said that FCR 7 is a recommendation requesting the adoption of the University of Kentucky Hazard Mitigation Plan. The Disaster Mitigation Act of 2000 established new requirements that state and local entities develop a natural hazard mitigation plan which must be formally approved by the Board. The plan identifies 13 natural hazards that could impact the university including flood, severe storms, and tornadoes. The adoption of this plan will qualify the university to apply for federal grants to help pay the costs of implementing the mitigation strategies. On behalf of the Finance Committee, he recommended the adoption of FCR 7. Dr. Brockman seconded the motion, and it carried without dissent. (See FCR 7 at the end of the Minutes.)

O. Coldstream Research Campus Master Plan

Mr. Branscum reported that Vice President for Commercialization and Economic Development Leonard Heller gave a presentation on a proposal to revise the Coldstream Research Campus Master Plan. He gave a good update on the plan, which included some of his plans for the future. The committee looks forward to hearing more from Dr. Heller on the Coldstream Research Campus Master Plan.

P. Approval of Changes to the UK Retirement Administrative Regulation and Amendments to the Retirement Plan (HRCR 1)

Mr. Roberts, chair of the Human Resources Committee, reported that the committee met that morning. All members were present, and there was one action item. He provided background information on HRCR 1. Currently, employees who participate in the university's retirement plans are entitled to all employee and employer retirement contributions immediately. The proposed change is to have a requirement that will be effective December 31, 2009. Employees hired after December 31, 2009 must be employed by the university for five years before they will be entitled to their retirement benefits from their employer.

Also, the resolution includes a reference to employees who previously worked for a company or institution that is acquired by the university. Those employees would receive service credit towards vesting in the university's retirement plan based on their length of service with the acquired employer.

It is important to note that the employee will be entitled to all the employee's contributions under the resolution regardless of their duration. The change is with regard to a five-year vesting requirement for the employer's contribution.

Mr. Roberts said that the committee had a very good discussion facilitated by Mr. Butler about the resolution. The committee made a motion to table HRCR 1 until next month's meeting in order to allow consideration of appropriate language regarding how the savings from the changed dates would be used. On behalf of the committee, Mr. Roberts recommended that the Board accept the recommendation of the Human Resources Committee to table the resolution. Dr. Yanarella seconded the motion.

Mr. Shoop moved to amend the motion. He asked to substitute the motion with a new text. He moved to amend the adoption of the original proposal of HRCR 1 without any changes, to go back to the original text, and to vote on HRCR 1 at this meeting. Mr. Stuckert seconded the motion.

Ms. Ball asked for any discussion on the amendment.

Dr. Yanarella said that this is a heavy-duty move that is exceptional, not unprecedented, in which the Board would countermand an effort on the part of a committee assigned to review a recommendation to make it a better and more explicit resolution.

President Todd said that the administration has been dealing with this change for five or six months. The change was to come before the Board earlier, but the administration decided to delay it so employees could review it. The administration has considered everything possible to try to improve the compensation function under these economic times. Many universities have chosen to reduce the university's contribution to retirement funds. Instead of the university matching the employees' 5 percent with 10 percent, the university could take the match down to 8 percent, 7 percent, or 5 percent. Those things are being done around the country. The university could also choose to say the employee has a furlough of 6 days or 10 days in order to make up budget amounts.

This change in policy, which does not affect any existing employee who is presently employed today, will save the university approximately \$5 million once it is implemented. Others have been asked to come up with good ideas about how to save \$5 million, but there have not been any suggestions. It is incumbent on employees to come to the university to work with the intention of staying five or more years before the university gives them 10 percent to take away. It is fine to have done it in the past, but the university cannot afford it now.

The change of language which would try to stipulate where savings from this would go is really an overstepping of bounds where you start restricting income streams at a Board level to say you got to take this money and put it here. That puts restrictions on one of the strongest treasury functions and financial functions in this state and possibly this nation, who has looked after the health care cost of these employees, who has looked after retirement costs of these employees, and who has tried to do everything possible to scrape every dollar together.

President Todd moved approval of the amendment. He said that the administration has allowed plenty of time for discussion. He asked the Board to approve the change specified in HRCR 1 so the administration can focus on other things.

Mr. Stuckert agreed with President Todd.

Dr. Yanarella asked for an opinion by General Counsel Barbara Jones on whether it is an appropriate move by the Board.

Ms. Jones said that it is consistent with Robert's Rules of Order.

Ms. May said she would like to point one thing out because there were a large number of Board members in the meeting initially, but several had to leave to go to the Finance Committee while the discussion continued. Mr. Butler, Ms. Jones, and Vice President for Health Affairs Sergio Melgar were asked if they went back and worked on language could they come up with language that would change things. Mr. Melgar said that the hospital budget is what it is, and it cannot be done. Even if the time were taken to send it back, the changes cannot occur. Ms. May said that she understood from the Finance Committee as well that you cannot go back and start restricting these funds; therefore, the issue was answered by the key people that were in the committee meeting.

Dr. Yanarella reiterated his comments made in the Human Resources Committee meeting. As advised by the administration, the university is going to face increasingly tough issues which will require the understanding of faculty and staff. The recent Courier-Journal article about where we may be sailing as a Commonwealth cannot leave us very sanguine. He underlined a point that Mr. Butler made when he spoke to the University Senate. Mr. Butler explicitly indicated that the savings were being sought after for possible salary increases for the faculty and staff. The recommendation passed in the committee meeting was somewhat striped down from a slightly more qualified version of his that would have allowed the Staff Senate to meet with Mr. Butler to discuss remaining concerns that they have. In supporting the motion by another member of the Human Resources Committee relating to the language to be stipulated, he and the committee member were simply trying to put into explicit language what Mr. Butler had said directly to them.

Ms. Ball suggested that the Board has to trust those in charge. She said she took them at their word that they are going to try to do this. For the Board to put it in the language of the motion would be an overstepping on the Board's part. She pointed out that this change does not affect any employees currently at the university. The Board and administration has to look for every means possible. She said that she had asked prior to the last two or three Board meetings when the change would be brought up. The proposed change went back to staff and faculty. It appeared that all the bases had been covered, and that is the reason it is being brought to the Board for action.

Mr. Roberts said that there was discussion about the language during the committee meeting. There was certainly some concern about what the change in language would be and how they would come up with it. Even if the committee waited another month to consider it, they still may not have the appropriate language to do what the committee is looking for. As Ms. Ball stated, it is a matter of trusting everybody to do the best they can with what they say they are going to do with the savings

As the staff representative, Dr. Pease said that she wanted to express the staff's appreciation for being fiscally sound and for really trying hard to come up with ways that will allow for the retention of jobs and existing salaries. She said she would also like to press upon the Board that, as a person who represents a constituency that opposes this motion, it is because they know that they have not had salary increases for the last two years. They know that times are tough and that some of the existing retirement funds are used already by employees for hardship cases such as medical expenses, educational expenses, and so on and so forth. She wanted to let the Board know that there is fear, there is anxiety, and there is insecurity that there will be eventually a whittling away, if you will, of benefits, and while the staff wants to trust the administration to do right by them, they are also concerned that this might be an initial step that might be the stem towards further benefits.

Dr. McCorvey said that while he was the one that made the friendly amendment that morning to Dr. Yanarella's amendment to consider language that could potentially coincide with the spirit of HRCR 1, he thinks that the faculty is certainly concerned about the fact that they have not received salary increases. They have heard stated that the number one priority is for the

faculty and staff to have raises for the coming year. Should this amendment pass, the faculty and staff hope that the spirit remains for the them to be considered for raises for next year.

Mr. Miles asked for confirmation that this is not a commitment for faculty and staff to receive raises. He stated that \$5 million will not go very far toward raises.

Ms. Ball affirmed that it is not a commitment for raises. She called for a vote on the substitute amendment by Mr. Shoop which is the recommendation in HRCR 1 in the agenda book. The motion passed, and the original amendment in HRCR 1 was adopted. Dr. Yanarella and Dr. Pease voted against HRCR 1.

Q. Student Affairs Committee Report

Ms. Haney, chair of the Student Affairs Committee, reported that the committee met on Monday. Most of the meeting was devoted to the presentation by Anthony Dotson, who is the resource coordinator of the Veterans Resource Center on campus. He informed the committee that the office opened in June, 2009 at the direction of Provost Subbaswamy. He showed some amazing pieces of equipment that today's modern military uses in defending the nation. He reported that the Department of Military Science is one of the oldest departments and programs at the University of Kentucky. It started as agriculture and military schools about 1865. He informed the committee that Memorial Coliseum and Memorial Hall were built to honor veterans of past wars.

The Veterans Resource Center works actively with the alumni veterans, veterans' families, and current students who are veterans. It has been able to work on waiving advising and application fees for returning veterans, to coordinate the awarding of academic credit for various military classes and activities, and to also create an active web site.

The center has helped veterans work around admissions deadlines. The veterans with situations that prevent them from being on campus can work through the Veterans Resource Center in order to return to school in a timely manner.

The center has created a marketing plan. They have a presentation called Military 101 which gives people an idea of what the center does and what the veterans have been experiencing or will experience in the future. It also works as a conduit with student veterans and their departments throughout the university.

There is still a lot of work to do in helping veterans find affordable housing when they return to campus. There is a veteran tutoring service in which they engage faculty and staff. Some faculty and staff are also veterans and can identify more closely with what a newly returned veteran might be feeling.

The veterans have their own orientation on campus. A lot of the returning veterans are in their mid 20s, and their needs and interests might be different from an incoming freshman who is 18 or 19.

There is a sponsorship program for veterans. Veterans who are currently on campus can recognize and work with new veterans who are coming to campus.

The center is working on a military outreach presence at Fort Campbell and Fort Knox. A lot of those veterans are interested in furthering their college education. It is important that they know that UK has a fantastic resource available for veterans, and they are welcomed on campus. This is the right thing to do because these men and women have sacrificed a lot and changed a lot of aspects of their lives to help make our lives safer and a lot easier. There are approximately 300 to 350 veterans on campus. A program is being developed to track veterans.

The center's office is located in the Funkhouser Building across from Admissions. Any incoming veteran that goes to the Admissions Office can pick up the information about resources. UK is one of the leaders in the nation and on the forefront in developing a resource center program for returning veterans. Everyone can be proud of this program.

Ms. Haney said that Student Government President Ryan Smith gave an update on things happening on campus. He talked about the Tally Cats program, a campus involvement program for students. The program seems to be a very strong success in getting students around campus to attend lectures and other events.

Mr. Smith also shared some information about Student Government funding and talked about how student organizations are allowed to receive funding from Student Government. It was insightful information for the committee.

R. University Health Care Committee Report

Ms. Young, chair of the University Health Care Committee, reported that the committee met on Monday. All five committee members were present plus 7 additional Board members and three of four community members.

Vice President Sergio Melgar reviewed the statistics and financial reports for the month and quarter that ended September 30, 2009. As noted at the September 14 meeting, the year started very strong, following the volume increase in the fourth quarter. For the quarter, the census in the hospitals is that record levels averaged 510 patients with a length of stay approximately 5.5 days. The month and quarter that ended September 30 had a record volume in discharges and surgeries. These are two of the most important factors in revenue generation.

Discharges for the quarter exceeded 8,400, an increase of 199 or 2.4 percent over the prior year, and marked four consecutive months of year-to-year growth. This is very important after the volume dropped during the January through March period last year.

Surgeries average 2,200 per month for the quarter, an increase of 345 over the quarter that ended September 30, 2008. The hospital has generated record numbers with operating revenue of \$74 million for the month and \$205 million for the quarter. Expenses have not increased significantly; consequently, operating income was strong at \$7.6 million for the month

and \$12.1 million for the quarter. These numbers reflect very strong operating margins of 10.2 and 5.9 percent respectively.

The very strong market performance continued with investment income for the quarter at approximately \$20 million. It should be noted that the hospital quasi-endowment, now at \$185 million, has recovered \$43 million of value from the low of \$142 million but remains down from the high of \$225 million principal balance.

The committee heard a report from Dr. Lofgren on clinical performance and signature metrics that are being developed. He also presented a report card on quality core measures which continues to show UK making improvements in meeting or exceeding most national standards.

The committee was given a report on the patient care facility which continues on schedule and budget and also heard the standard report on medical privileges and appointments.

The meeting ended with a brief report on UK hospitals' response to the H1N1 virus. UK has restricted visitation to limit the spread of the virus and has begun vaccination of hospital service workers. Dr. Karpf reported that the H1N1 virus has not hit the UK hospital too hard. There have been some hospitalizations, but in most cases, the cases have been mild and of short duration.

S. University Relations Committee Report

Ms. Patterson, chair of the University Relations Committee, reported that the committee had a good meeting that morning with almost half of the Board members in attendance. Barrett Gargala, co-chair for Sex Week, gave a report on the event. The committee discussed policies regarding vendors on campus as well as limitations and restrictions on those vendors.

Vice President Tom Harris gave an update on the Student Housing Task Force. The university is very engaged with the neighborhoods and the city. Interim Vice President for Student Affairs Victor Hazard reported that there is on-going work with the student housing partnership to work with landlords and inspectors to create a certified off-campus housing program.

UK is working with the students to create awareness about being good neighbors, and there is positive interaction with the neighbors. The Greek community is going out into the neighborhoods and helping clean up after ballgames and other campus events.

It was noted that most of the housing issues are city and zoning issues, and the university is limited in what it can do regarding violation of city ordinances.

T. Executive Committee Report

Ms. Ball reported that the Executive Committee met that morning. She distributed the revised institutional goals for 2009-10 for President Todd that the committee approved at its

meeting. She reported that she had received input from members of the Board. A couple of percentage weights were changed in items number 3 and 6, along with the words 'university resources' added to item number 2. She noted that the committee wanted to weigh the finance item a little stronger. Mr. Branscum moved that the revised goals be approved. Mr. Stuckert seconded the motion, and it carried without dissent.

U. Alumni Association Report

Ms. Haney began her report by saying that this is her last year to serve on the Board as an alumni representative. It has been a great privilege and honor to represent the Alumni Association. She then continued with her report.

The mission of the University of Kentucky Alumni Association is to foster lifelong engagement among alumni, friends, and the association, and support the mission and goals of the university. In carrying out this mission, the association contributes to the university in a number of ways.

- The Alumni Association has supported academic colleges and administrative units by showcasing university and alumni achievements in the *Kentucky Alumni* magazine. The association sends out broadcast e-mails to alumni promoting various college events and accomplishments.
- It supports an organization known as the University of Kentucky Advocacy Network (UKAN) by sending broadcast e-mails to alumni and friends asking for support on legislative issues supporting the university.
- The association honors six great teachers each winter. This is the only student generated teaching award on campus. Students make the nominations for the teachers, and a committee of the Alumni Association, with student representation, selects the professors.
- The association makes the King Alumni House available for university events. Last year they hosted over 300 events.
- Through the various publications last year the Alumni Association was in contact with over 1.6 million graduates, alumni, and friends of the university.
- The association assists the Office of Admissions in student recruitment by funding and coordinating a program where alumni volunteers from around the country staffed various student recruitment events. This past year they staffed and attended over 107 events such as send-off parties, college fairs, and high school book awards.
- The association is charged with serving as the official record keeper of the graduates of the University of Kentucky. It keeps track of about 279,000 records of graduates and friends of the university in cooperation with the Office of Development. It currently has the addresses of 95 percent of the living graduates of the University of Kentucky and has approximately 55 percent of e-mail addresses for them.

- The association embraces and nurtures diversity among faculty, staff, students, and alumni through numerous programs, events, and sponsorships. Each year, it actively sponsors the Lyman T. Johnson Homecoming Alumni Awards Banquet. It also hosts a traditional Thanksgiving meal for international students and their families. This contributes to the growth of the students through the knowledge of university traditions.
- The association works with the Office of New Student and Parent Programs in developing the Traditions T Program. It provides t shirts for incoming freshmen. The design on the back of the shirt lets people know what year they entered UK.
- The association awarded \$98,000 in scholarships this past year. It currently has an endowment for scholarships of approximately \$1.1 million.
- The association sponsored 670 events with over 34,000 participants this past year.
- The association reached a record number of memberships this year with 37,262 members. There are over 60 clubs, including three international clubs in Malaysia, Greece, and Indonesia. The association stays in touch with the modern world through venues such as Facebook, Twitter, LinkedIn, and YouTube.
- For two years, the association has conducted a program called Cats for a Cause. Various alumni clubs throughout the country participate in one-week long activities doing something for their community. The activities may include a food drive, a book drive, working for the humane society, cleaning a neighborhood, or any other project the club thinks will help their community.

Ms. Haney said the association tries to connect with the university to help the university with its goals. The association's plans are directly patterned from the university. It serves as an arm to help support the university in any way possible.

Ms. Haney added that it is a hardworking staff at the Alumni House. They are constantly on the lookout for new programs and new ways to advance the word that the University of Kentucky is a SeeBlue.

V. Announcement of Annual University and Staff Senates' Reception

Ms. Ball reminded the Board of the 2009 Annual UK Stakes Reception hosted by the University and Staff Senates in the Lexmark Public Room of the Main Building following the Board meeting. She encouraged the Board to go by and visit with the faculty and members of the Staff Senate.

W. Meeting Adjourned

With no further business, Ms. Ball asked for a motion of adjournment, and the meeting adjourned at 2:39 p.m.

Respectfully submitted,

Pamela T. May
Secretary, Board of Trustees

(PR 2; AACR 1; FCR 1, 2, 3, 4, 5, and 7; and HRCR 1 which follow are official parts of the Minutes of the meeting. FCR 6 was withdrawn from the agenda.)