

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, December 7, 2010.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, December 7, 2010 in the Board Room on the 18th Floor of Patterson Office Tower.

A. Meeting Opened

Dr. E. Britt Brockman, chair of the Board, called the meeting to order at 1:05 p.m. He asked Ms. Pam May, secretary of the Board, to call the roll.

B. Roll Call

The following members of the Board of Trustees answered the call of the roll: E. Britt Brockman (chair), Sheila Brothers, Penelope Brown, Jo Hern Curris, Dermontti Dawson, William S. Farish, Jr, Oliver Keith Gannon, Carol Martin “Bill” Gatton, Pamela T. May, Everett McCorvey, Billy Joe Miles, Terry Mobley, Sandy Bugie Patterson, Joe Peek, Erwin Roberts, Charles R. Sachatello, Frank Shoop, Ryan Smith, James W. Stuckert, and Barbara Young. Ms. May announced 100 percent attendance.

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

The university faculty was represented by Chair of the University Senate Council Hollie Swanson, and the university staff was represented by Chair of the Staff Senate Jann Burks.

Members of the various news media were also in attendance.

C. Consent Items

Dr. Brockman called attention to the three consent items. They included the minutes for three meetings of the board – October 12, 2010, the regular meeting of the board, and two board retreats – October 24, 2010, and November 14, 2010; PR 2, which deals with personnel actions; and FCR 1, a gift from the estate of Gary M. Browning. Mr. Stuckert moved approval, and the motion was seconded by Mr. Farish. The motion carried without dissent. (See consent items listed below at the end of these Minutes.)

Minutes — October 12, 2010

Minutes — October 24, 2010

Minutes — November 14, 2010

PR 2 Personnel Actions

FCR 1 Gift from the Estate of Gary M. Browning

D. Chair's Report: Presidential Search Schedule

Dr. Brockman asked Mr. Stuckert for a briefing on the activities of the presidential search committee. Mr. Stuckert, chair of the committee, reported that several meetings had taken place.

The first such meeting was on November 5, at which introductions of members were made. Barbara Jones discussed the confidentiality and code of ethics policies. The committee's functions and expectations as well as a tentative timetable were discussed. A private session reviewed several consultant RFPs, after which a majority of the search committee met with 14 of the 18 university deans, a group of department chairs, and other trustees for a successful interactive session.

A week later the search committee met, then went into closed meeting. Thereafter, they selected a finalist for the search firm and a consultant. Greenwood/Asher & Associates, Inc. was the search firm selected. Dr. Jan Greenwood, from Greenwood/Asher, leads the search team. She also worked for the search firm that assisted with the search when President Todd was hired in 2001.

The search committee has formulated a position announcement incorporating interview comments and other items from the retreats. The announcement is scheduled to appear in *The Chronicle of Higher Education* on December 10. Subsequently, the committee will begin to accept nominations.

Mr. Stuckert thanked the many people and groups who have cooperated to move the process this far: Faculty gave important input in three town hall meetings. Director of Purchasing Bill Harris and a team of others from his area received and reviewed RFPs professionally with Mr. Stuckert and Mr. Mobley. Mr. Stuckert announced that the search committee office is on the second floor of UK's Helen G. King Alumni House. Others thanked were Tom Harris and his team, including Jay Blanton and others at Public Relations, for their wordsmith talents, and Peggy Way for her effectiveness in assuring that all of the required tasks get done and for keeping everything in order. Mr. Stuckert also invited everybody to visit the committee's web site at www.uky.edu/presidentialsearch.

On January 28, separate campus forums will begin for faculty, staff, and students. Mr. Stuckert invited all trustees to attend the forums. There will be a presidential search committee meeting on the afternoon of the 28th as well as an evening performance of *Porgy and Bess* that might also interest the board members.

E. President's Report (PR 1)

President Todd led into his comments on the following items in PR 1 by saying that an inordinate number of good things have happened at UK recently.

UK Celebrates Opening of Confucius Institute

One in only 400 such centers in the world, the new Confucius Institute opened with much celebration, thanks to the efforts of, among others, Provost Subbaswamy, Mrs. Todd, the International Office, and the David Jones family Foundation of Louisville. The UK student orchestra performed with students from China's Shanghai University. President Todd looks forward to a fruitful relationship with new friends and colleagues from China.

Equine Surgery Center Opens with Help from Small Business Development Center

Several new businesses were opened with UK assistance in 2010, and the latest of these is Lexington Equine Surgery and Sports Medicine, a veterinary referral practice that focuses on outpatient medicine and elective surgery. The new business found assistance from UK's Small Business Development Center, which received much praise for their excellence in formulating financial projections and a business plan. As well, the three-way collaboration between the UK Office for Commercialization, the City of Lexington, and Commerce Lexington, known collectively as the Bluegrass Business Development Partnership, provided client services.

Several Doctoral and Research Programs Rise Dramatically in National Rankings

President Todd noted the recently released rankings of the National Research Council (NRC) that showed several of UK's doctoral and research programs had risen dramatically in national prominence. Specifically, UK houses three doctoral programs ranked in the top quarter, compared to only one program in the top quarter in 1993, the year of the most recent NRC survey. UK had 12 other programs in the top half in the survey results as well. In 1993, UK had a total of only 6 programs in the top 50 percent.

UK Breaks Ground on \$19.8 Million Renewable Energy Lab

In October, the Center for Applied Energy Research (CAER) broke ground on what will become the university's first Leadership in Energy and Environmental Design (LEED)-certified laboratory. The \$19.8 million renewable energy laboratory will allow CAER to greatly expand its research capabilities devoted to Kentucky's growing renewable energy industries, including biomass and biofuels, electrochemical power sources (such as capacitors and batteries), and distributed solar energy technologies. The facility is funded by a competitive grant (600 proposals for 12 funded grants) CAER won last year from the U.S. Department of Commerce's National Institute of Standards. President Todd credited CAER Director Rodney Andrews and his staff for writing this grant that will allow a major step forward in UK's research programs.

Department of Theatre Celebrates 100 Years with "Gorey Stories"

In October, the UK Department of Theatre celebrated 100 years of theatre on campus with "Gorey Stories," an assortment of tales, songs, and limericks from the gothic writer-illustrator Edward Gorey, which was adapted for the stage by UK alumnus Stephen Currens. The production, first staged at UK, went on to appear on Broadway at the Booth Theatre in 1978. UK's production of "Gorey Stories" was directed by Russell Henderson, associate professor of acting and voice, and Ryan Shirar, musical director.

College of Medicine Celebrates 50th Anniversary through Academic Convocation

The University of Kentucky College of Medicine celebrated its 50th anniversary through an Academic Convocation on September 23. The convocation featured speaker Lois Nora, M.D.,

J.D., MBA, president emeritus of Northeastern Ohio Universities Colleges of Medicine and Pharmacy and former associate dean at the UK College of Medicine.

College of Nursing Celebrates 50th Year

During UK's Homecoming Weekend, the UK College of Nursing is celebrating its 50th anniversary by honoring outstanding alumni for their countless accomplishments and contributions within the Commonwealth and across the nation. Since the establishment of the college in 1960, the mission of the UK College of Nursing has been to create innovative educational programs and become one of the top nursing programs in the nation. The solid foundation that was laid in the early years grew under the leadership provided by Deans Marcia Dake, Marion McKenna, Carolyn Williams, and Jane Kirschling. The president commented that although our medical schools are significantly younger than others in the nation, they have been remarkably successful.

Record Number of Students Attend Preview Nights

President Todd called attention to the numbers achieved by Registrar Don Witt and his staff. A record number of prospective students have experienced Preview Nights, which wrapped up in mid-October. During 2010, UK staff met with 3,971 students during Preview Nights in 12 Kentucky cities, as well as in five key out-of-state markets. These numbers are up more than 1,200 students over the previous record. UK broke attendance records in every city visited, including 582 in Lexington and 571 in Louisville. In December, Kentucky Governor's Scholars Program and Governor's School for the Arts participants will visit campus for a special day of recruitment activities.

Work Begins on \$129 Million Eastern State Hospital at Coldstream

The president called attention to the fact that construction on the new Eastern State Hospital is expected to be completed by fall 2012. The new hospital will provide inpatient psychiatric treatment, specialized services for acquired brain injuries and psychiatric disabilities requiring nursing-facility care, and forensic mental health services. The project involves a unique agreement among UK, the Bluegrass Community and Technical College (BCTC), the state, and the city of Lexington that allows the organizations to trade property. After the new hospital is completed, BCTC will renovate and move into the former Eastern State location, leaving at least two of the BCTC buildings on Cooper Drive available for occupancy by UK. All involved are expected to benefit by this unique arrangement and cooperation among units.

Bluegrass Business Development Partnership Wins Innovation Award

Another aspect of the teamwork between campus and other local players has been recognized by the U.S. Economic Development Administration. UK, the Lexington-Fayette Urban County Government, and Commerce Lexington have received a 2010 innovation award for commercialization, the second that the consortium has received. The UK Office for Commercialization and Economic Development, including the Von Allmen Center for Entrepreneurship, the Lexington Innovation and Commercialization Center, and the Bluegrass Small Business Development Center, work under the umbrella of the Bluegrass Business Development Partnership as a one-stop, super provider offering a full range of business development services.

Allylix Releases Its First Product Developed from UK Technology

A long-lasting citrus flavor and fragrance called Nooktatone is the first product for Allylix, an industrial biotech company founded in 2002 that has its research and development lab at Coldstream. President Todd mentioned that *Forbes* magazine recently presented an article on the company, which received early funding from UK's Bluegrass Angels. Allylix uses technology developed by the UK College of Agriculture and the Salk Institute for Biological Sciences to produce a group of natural products called terpenes in greater quantities, of higher quality, and at significantly lower cost than traditional sources. The company has plans for seven more products in the next two years. The Bluegrass Angels participated further in the recent Series C venture capital round. UK is an investor in Allylix through Kentucky Technology Inc., the university's for-profit corporation.

UK Talent Takes Center Stage at WEG

Several UK groups were among the cast of approximately 1,500 that performed in the opening ceremonies of the Alltech FEI World Equestrian Games on September 25. The UK Symphony Orchestra under John Nardolillo provided the music for the ceremonies. Everett McCorvey, director of UK Opera Theatre and UK board member, was the executive producer of the ceremonies, which were broadcast live to a worldwide audience of around 500 million. Performing with the orchestra were Kentuckian Wynonna Judd, opera stars Denyce Graves and Ronan Tynan, UK Endowed Chair of Music Cynthia Lawrence, UK Artist in Residence and alumnus Gregory Turay, Sara Lee Guthrie, Cherryholmes, and Jazz at Lincoln Center, among other notables. Also representing the School of Music were the UK Chorale, UK Choristers, UK Men's Chorus, UK Women's Choir, UK Trumpet Ensemble, UK Percussion Ensemble, and UK Opera Theatre.

Symphony Orchestra Performances with Boston Pops, Hamlisch, Perlman, and Guthrie

Further praise for the School of Music: In celebration of Keeneland's 75th anniversary, tentatively set for October 15, 2011, the UK Symphony Orchestra will perform alongside the Boston Pops in a major concert to be held at Rupp Arena. The Pops has never before performed on the same stage as a student orchestra. Proceeds from the historic performance will support the UK Symphony Orchestra Outreach Endowment. The UK Symphony Orchestra also performed October 2, 2010 with award-winning composer and pops conductor Marvin Hamlisch. The orchestra performed November 27 for the second time with folk legend Arlo Guthrie. The orchestra will perform with legendary violinist Itzhak Perlman on March 5, 2011.

National Symphony Orchestra in Residence at UK

The National Symphony Orchestra will be in residence in Kentucky in February, performing concerts and presenting master classes across the state, including at UK where they will work with the UK Symphony Orchestra. The residency is funded largely by the Kennedy Center and the U.S. Department of Education.

UK Patterson School Partners with U.S. Army War College

The U.S. Army War College in Carlisle, Pennsylvania has partnered with the University of Kentucky Patterson School of Diplomacy and International Commerce to conduct an annual strategic-level negotiation exercise in Lexington. All UK Patterson School students have thus

gained exposure to state-of-the-art leadership training developed by some of the nation's best "gamers" and strategists. The Patterson School joins only Princeton University's Woodrow Wilson School for Public and International Affairs and Georgetown University's Institute for the Study of Diplomacy in having such partnerships with the Army War College's Center for Strategic Leadership. The first exercise took place in November and another will occur again in fall 2011. Patterson Director Carey Cavanaugh's efforts are largely responsible for the events.

F. Naming of University Property (PR 3)

President Todd recommended that the Board approve the naming of the UK College of Agriculture Farm in Woodford County as the C. Oran Little Research Center. Dean Little orchestrated the purchase of the former Pin Oak Farm in Woodford County about the time that the university was establishing Coldstream as UK's research campus. Throughout his 12-year term Dean Little was fully engaged in the planning, design, and development of the new research farm, and it is appropriate to designate it now with his name.

Dr. Brockman asked for a motion of approval of PR 3. Mr. Mobley moved approval. His motion was seconded by Ms. Patterson and passed without dissent. (See PR 3 at the end of the Minutes.)

G. Approval of an Exception to Kentucky Statute (PR 4)

President Todd explained that PR 4 requests approval by the Board of an exception to Kentucky Revised Statutes 164.131(7), which defines conflicts of interest, to allow a purchase from Arturo Sandoval, a prominent faculty member in the College of Fine Arts. The UK Arts in HealthCare Program will provide local, national, and international art throughout the new Chandler hospitals and clinics. The program is proposing to contract to purchase an original piece of art from Mr. Sandoval. The university's Ethics Committee has examined the proposed purchase thoroughly and has declared that this purchase presents no conflict of interest. President Todd has considered the proposal in light of the Ethics Committee detailed opinion, accepts that committee's conclusions, and recommends approval of the contract with the university.

Dr. Brockman asked for a motion of approval for PR 4. Mr. Stuckert moved approval. Mr. Roberts seconded, and the motion passed without dissent. (See PR 4 at the end of the Minutes.)

President Todd wanted the Board to know about one more item of interest. Two of UK's outstanding professors, Professor William Endres, Department of English, and Professor Brent Seales, College of Engineering, have collaborated to bring to the attention of the world two ancient documents: the St. Chad Gospels produced in 730 A.D, and a Wycliffe New Testament. Mr. Seales and his team have put together both a video and an article on how they went about the work of examining these important ancient documents. Their work has received recognition recently in *The Chronicle of Higher Education*, higher education's most prominent publication.

H. Candidates for Degrees (AACR 1)

Dr. Brockman passed the floor to Ms. Brown, chair of the Academic Affairs Committee, for her report. The first action item of the committee was AACR 1, which lists candidates for degrees in December 2010. She asked that the president be authorized to confer upon each individual whose name appears on the list of students the degree to which he or she is entitled, upon certification by the university registrar that the individual has satisfactorily completed all requirements for the degree for which application has been made and as approved by the elected faculty of the University Senate and the Academic Affairs Committee of the Board of Trustees. She further explained that since the University of Kentucky will hold its first December commencement ceremonies immediately following completion of examinations, it is not possible for the university registrar to certify satisfactory completion of requirements prior to the ceremonies for those candidates who complete their requirements in December. The candidates who completed their requirements in August 2010 were approved by the Board of Trustees at an earlier meeting. Thus, graduates at the first December ceremony will include graduates from both August 2010 and December 2010. Ms. Brown moved acceptance of AACR 1. Dr. Sachatello seconded her motion, and it passed without dissent. (See AACR 1 at the end of the Minutes.)

I. Candidates for Degrees – Bluegrass Community and Technical College (AACR 2)

Ms. Brown said that the approvals asked for in AACR 2 will occur only once more according to the 2004 agreement among the University of Kentucky, the Kentucky Community and Technical College System, and Lexington Community College pursuant to House Joint Resolution 214. The agreement states that LCC students who were or are officially enrolled on or before September 2004 in associate degree programs approved by the UK Board of Trustees and who complete the associate degree program on or before August 31, 2010 shall have their degrees conferred by the UK Board of Trustees. AACR 2 recommends that the president be authorized to confer upon each individual whose name appears on the attached list the degree to which he or she is entitled, upon certification by the Kentucky Community and Technical College System Board and the University of Kentucky Registrar that the individual has satisfactorily completed all requirements for the degree for which application has been made and as approved by the elected faculty of the University Senate and the Academic Affairs Committee of the Board of Trustees. She moved approval of AACR 2. Her motion was seconded by Dr. McCorvey and passed with no dissent. (See AACR 2 at the end of the Minutes.)

Ms. Brown then offered a summary of the morning meeting of the Academic Affairs Committee, which included an informational update by Dr. Diane Snow, endowed professor of Neuroscience, Spinal Cord and Brain Injury Research Center. Dr. Snow is the first faculty director of undergraduate research, although research opportunities have been offered for undergraduates for some time. Dr. Snow detailed her goals: to grow and expand the scope and opportunity for undergraduates, to increase student and faculty awareness on campus, to increase the number of faculty members involved, and to bring awareness of what research means to different disciplines on campus. Her challenges are funding and matching appropriate students to appropriate mentors and projects. She is also working on creating a master list of students and

projects, consolidating all of the moving parts into an organized framework, and increasing all programming. The discussion of her presentation engaged everyone on the Academic Affairs Committee.

J. Finance Committee Report

Mr. Stuckert, chair of the Finance Committee, reported that the committee met that morning and vetted FCRs 1 through 8. FCR 1 was a consent item, discussed and approved earlier, a gift from the estate of Gary M. Browning, MD.

K. Acceptance of Interim Financial Report for the University of Kentucky for the Three Months Ended September 30, 2010 (FCR 2)

In FCR 2 UK's current fund revenues was shown to represent 27 percent of the approved budget while operating expenses to that date are 25 percent of the approved budget. Mr. Stuckert moved approval of FCR 2. Mr. Miles seconded his motion, and there was no opposition to its adoption. (See FCR 2 at the end of the Minutes.)

L. 2010-11 Budget Revisions (FCR 3)

Mr. Stuckert said that FCR 3 represents 2010-11 budget revisions. He summarized the changes in the three categories of the budget: General Fund – change of \$30,600,000; Auxiliary Fund – a change of \$75,000; and Restricted Funds – a net change of \$536,400, including a \$505,000 gift from the estate of Peggy H. Gwillim. Mr. Stuckert moved approval of FCR 3. Ms. Curris seconded his motion, and it carried without dissent. (See FCR 3 at the end of the Minutes.)

M. Approval of Investment in Coldstream Laboratories, Inc. (FCR 4)

Mr. Stuckert summarized the Finance Committee's extensive review of FCR 4, Approval of Investment in Coldstream Laboratories, Inc., known as CLI, during their morning meeting. The resolution asks for authorization of the president to approve the transfer of up to \$5.5 million from the University of Kentucky Research Foundation to be used as investment in CLI to fund operations and to develop new product lines, and as working capital. Officials from CLI participated in the morning meeting, and a thorough examination of the request was conducted, with the result that the committee approved the motion and passed it to the full board. Mr. Stuckert moved approval of FCR 4. Mr. Shoop seconded the motion.

Dr. Peek expressed some reservations about the lack of information available to the board members who are not on the Finance Committee. He received Mr. Stuckert's reassurance that at the morning's meeting there was a thorough investigation of the request as well as of the operation of CLI. In the recent past, CLI has obtained new management talent and made the addition of knowledgeable individuals to its board of directors in order to show profitability in its operations. Mr. Stuckert thought that perhaps the issue was whether investing in corporations such as this is an appropriate function of the university. He suggested that UK has learned much during this venture. Once such an investment is made, the supporting institution needs to affirm

its confidence in the board which was selected to guide CLI, and if additional investment is needed, it should be supplied if requested once the board is assured that the request is reasonable. The details of management are up to the CLI directors.

Ms. Curris felt that the sticking point for the board on this issue may be that there was not sufficient information presented to those members not on the Finance Committee to enable them to make an informed decision. She asked for that information to be circulated in advance of meeting day. Dr. Brockman agreed and felt that this was a consensus reached during the morning's meeting.

The vote was then taken. It passed without dissent. (See FCR 4 at the end of the Minutes.)

N. Authorization to Lease Four Acres to the Kentucky Medical Services Foundation on Which to Construct a Child Care Facility (FCR 5)

Mr. Stuckert continued, summarizing the discussion of the morning's Finance Committee meeting on this request. The University and Kentucky Medical Services Foundation (KMSF) have agreed to a 50-year lease for the designated property for the sum of \$1.00 year. KMSF will contract with Child Development Center of the Bluegrass, Inc. (CDC) to construct a 22,000 gross-square-foot on-campus facility to house a Child Care Development Center to provide child care services for children from the community, including the children of faculty and staff. The facility will include services for children with special needs. He moved for adoption of FCR 5 and was seconded by Mr. Mobley.

Ms. Brothers stated that she would not vote for the approval of FCR 5. She objects to UK leasing land to KMSF so that KMSF and another entity (CDC) will run a child care center that employs people that are not UK employees although the facility will have the UK name on it. She objects to the lack of information on how the 100 slots available to children of faculty and staff will be divided between health care and the main campus. She expressed the greatest concern about the fact that the facility will charge market rates for child care, feeling that a large portion of the UK population needing child care cannot afford market rates and thus that it is a given conclusion that much of the UK staff will be left out.

Dr. Brockman called for a vote. It passed with one dissenting vote, that of Ms. Brothers. (See FCR 5 at the end of the Minutes.)

O. Approval of the 2009-10 Endowment Match Program Annual Report (FCR 6)

Mr. Stuckert moved the approval of FCR 6, which details the 2009-10 Endowment Match Program's Annual Report. He was seconded by Mr. Smith. The vote was unanimous for the adoption of FCR 6. (See FCR 6 at the end of the Minutes.)

P. Capital Construction Report (FCR 7)

Mr. Stuckert referenced the review of the Capital Construction Report by Mr. Bob Wiseman at the morning Finance Committee meeting. He moved approval of FCR 7 and was seconded by Ms. Brothers. The motion passed without dissent. (See FCR 7 at the end of the Minutes.)

Q. Patent Assignment Report (FCR 8)

Dr. James Tracy reviewed the patent assignment report for the period July 1 through September 30, 2010 with the committee during the morning. Two new patents were applied for, and seven patents were issued. Revenues were almost \$260,000 for this period. Mr. Stuckert moved approval of the report. Dr. Gannon seconded, and the motion carried without dissent. (See FCR 8 at the end of the Minutes.)

Mr. Stuckert concluded the Finance Committee report. Mr. Gatton asked that on FCR 5 the Minutes reflect his comments in the Finance Committee meeting that morning. Mr. Gatton stated there should be a notation included that a mechanic's lien could not be placed on the property and that the lessee does not have the right to sublease the property without board approval. Dr. Brockman requested that the minutes include Mr. Gatton's comments.

Dr. Brockman next asked for Mr. Gatton's Investment Committee report.

R. Investment Committee Report

Mr. Gatton, chair of the Investment Committee, stated that the Investment Committee met that morning to review performance results and conduct other business. The endowment had a net market value as of October 31 of \$835.2 million. For the four months ended October 31, the endowment pool returned 10.9 percent, compared to the policy benchmark return of 10.5 percent for that quarter. As a reminder, the policy benchmark is a weighted average of various market index returns that are representative of the university's target asset allocation. The fiscal year outperformance against the policy benchmark is due mainly to strong performance by the fixed income managers.

The committee heard an update on the implementation of the new asset allocation approved at the September Investment Committee meeting. The new allocation reflects decreases to the U.S. equity, fixed income, and real estate asset classes, and increases to the absolute and real return asset classes. The implementation will be completed by the end of December, with the exception of the private equity and value-added/opportunistic real estate allocations, which will be implemented over the next few years. The asset allocation changes are intended to further diversify the endowment and decrease the projected volatility of future returns. The new target asset allocation and manager structure is designed to produce an average annual return of 7.5 percent over the long term, defined as 10 years or more. If achieved, the 7.5

percent annual return should allow the university to support the 4.5 percent annual spending and management fee withdrawals, and maintain the inflation-adjusted value of the endowment.

S. Student Affairs Committee Report

Ms. Patterson, chair of the Student Affairs Committee, reported that two guests engaged the committee earlier at their meeting. The first was Andrew Smith, director of the Alcohol and Health Education Office, who reported on his office's activities. Initiated in 1999, his office is focused primarily on abuse of alcohol, tobacco, drugs, and mental wellness. The group has benefitted from a \$200,000 award from Brown-Forman which helped start the peer program. The program is now called Student Wellness Ambassadors and is one of the office's major successes.

Other activities include providing a focus on safety and responsibility, and their message goes especially to new students. The Office carries the message of the need for accountability to groups during K Week activities, through AlcoholEdu on line to incoming students before their arrival on campus, through UK 101, and to parents, as well as to international students. The campus has experienced a 25 percent drop in residence-life alcohol policy violations and a 66 percent drop in alcohol policy violations.

Chief Joe Monroe of the UK Police Department was the second guest. He gave the group statistics on campus crime: The categories of assault, burglary, rape, and robbery have declined which represents positive results for our police force interventions. Chief Monroe emphasized the importance of customer service and cooperation between units both on campus and in the community as the basis for his department's successes. He also described the basic and continuing training of his force as well as two exciting initiatives. These include the installation of cameras across campus to monitor criminal activities and a telephone app that will give a GPS location automatically when a call is received.

Ms. Patterson asked Chief Monroe to stand, and he received a round of applause.

T. University Health Care Committee Operating Rules (UHCCR 1)

Ms. Young, chair of the committee, gave the report for the Health Care Committee. She stated that UHCCR 1 is a request for three additional changes to the Health Care Committee Operating Rules. The first is to change the regularly scheduled meetings of the University Health Care Committee to occur on the same day as the regularly scheduled meetings of the Board of Trustees. The second is to change the notice provisions to reflect the requirements imposed by Kentucky law. The third is to remove provisions covered by Administrative Regulations. At the committee's meeting on Monday, December 6, UHCCR 1 was approved. She motioned approval of UHCCR 1 by the full board.

Dr. Brockman asked for a second of her motion, which was given by Mr. Stuckert. Ms. Curris asked for an explanation of the motion to change the day of the committee meeting. Dr. Brockman explained that he had asked the committee to consider changing its meeting day. Because exciting things are expected to come from the Health Care area during the next years, he

would like to have their meetings on board day so that they could be more widely attended by board members who are not on that committee. Although board days will become even busier than they are currently, the Health Care Committee agreed to try this option and change back to the original timing if problems developed. Other committees, particularly the Investment Committee, might change their meeting to Monday afternoon before board day. After some additional discussion, Dr. Brockman called for a vote. Ms. Young moved approval of UHCCR 1. Mr. Stuckert seconded the motion, and it passed without dissent. (See UHCCR 1 at the end of the Minutes.)

Ms. Young reported on additional items from the committee meeting. Dr. Paul DePriest presented the clinical performance update. He reviewed the signature performance metrics for Chandler Hospital and Good Samaritan Hospital and discussed the mortality, effectiveness, and safety quality and accountability scorecards. In general, the scorecards are close to or exceed target goals. In the coming months, two new scorecards that measure equity or equal treatment for all patients, and patient satisfaction will be added to the scorecard. This scorecard involves comparing UK hospitals to other hospitals nationally. Its results are of interest to the Joint Commission on their visit to UK.

Mr. Murray Clark updated the committee on the construction progress of the patient care facility. The tentative date for the opening of the new hospital is May 22. Dr. Susan McDowell, assistant dean of the College of Medicine, presented the 2010 graduate medical education report card. The number of residents and doctoral fellows continues to grow; 89 percent passed their house officer boards, well above accreditation standards. Last year, 148 graduated and 46.6 percent stayed in Kentucky to practice medicine, which is close to the national average.

Mr. Brett Short presented the hospital compliance report. With the growth of federal health care mandates, it is critical that UK HealthCare closely follow regulatory and patient safety requirements. The UK Hospital compliance office oversees and provides guidelines to UK's medical community, insuring close adherence to all regulatory issues, assurance of patient safety, and mitigation any appearance of fraud.

Dr. Kevin Nelson presented for approval the medical staff and affiliated healthcare provider privileges for Chandler and Good Samaritan Hospitals. The committee made a motion and approved all of the privileges.

Finally, Mr. Sergio Melgar presented the fiscal-year-to-date October 2010 financials. Comparing the balance sheet in October 2010 and 2009 shows that cash has decreased \$93.7 million due to the use of cash reserves for construction of the remainder of Phase 1A of the patient care facility. Accounts receivable have increased \$8.1 million compared to last year; they are \$117.6 million versus \$109.5 million. Patient service revenue increased \$18.2 million. The value of board-designated investment now totals \$197.1 million, an \$18.8 million increase from October of last year. The current month investment gain is \$5.3 million, and year-to-date investment income is \$21.2 million. The balance sheet now reflects the remaining unpaid

balance of the University of Kentucky bonds totaling \$352.3 million. The amount of debt that was repaid in the current fiscal year was \$9.6 million. UK HealthCare Hospital System posted an operating gain of \$94.3 thousand in this month, and year-to-date income from operations is \$14.9 million, which is \$3.5 million less than the budgeted amount and \$3 million less than the prior year. Net assets for the month decreased by \$4.4 million. For the year, net assets have increased \$27.1 million, for a margin of 9.1 percent.

U. University Relations Committee Report

Ms. May, chair of the University Relations Committee, reported that the committee could not fit into its time allotted all of the items on the agenda and therefore ran over into the times of the other committees.

First considered by University Relations was a complaint about one of the Patterson Office Tower elevators being reserved for Board of Trustees exclusive use from noon to 3 pm on board days. Vice President Anthony Beatty spoke at the meeting to explain the history of reserving the elevator, and the group discussed the policy at length. Ultimately, it was decided that for the time being no change would be made with respect to reserving the elevator, but that communications would be improved by having signage placed by the elevator to state that its use is restricted for those hours only.

The second issue to come before the committee was that there is a sentiment to more specifically describe how persons are allowed to address the members of the board formally. Board member and President of Student Government Association Ryan Smith has been working with the faculty and staff senates and together they have proposed an Administrative Regulation clarifying the process. Ms. May feels that the proposal is too complex and difficult to follow, and she has requested that Legal Counsel simplify it. Office of Legal Counsel has suggested that it should be a Governing Regulation rather than an Administrative Regulation.

The committee will continue to develop the changes for the Governing Regulations. There is a twofold goal: (1) to establish the process by which people can come and speak to the full board should they wish to, and (2) to establish that the committees are open and available to anybody that wants to bring an issue through the committee structure to get to the board. They hope to have proposed changes to present to the full board at the next meeting.

After some general discussion of Ms. May's proposal, Dr. Brockman asked if there was any other business for the Board.

V. Adjournment

Hearing no suggestions for additional matters, Dr. Brockman asked for a motion to adjourn and was met by a chorus of voices. The meeting ended at 2:05 p.m.

Respectfully submitted,

Pamela T. May
Secretary, Board of Trustees

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