

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, February 22, 2011.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, February 22, 2011 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 1:02 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, 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. Dermontti Dawson was not present at the meeting. Ms. May announced that a quorum was present.

The university administration was represented by President Lee T. Todd, Jr., Provost Kumble Subbaswamy, Executive Vice President for Finance and Administration Frank Butler, 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 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 the December 7, 2010 meeting of the Board; PR 2, which deals with personnel actions; and FCR 1, a gift from the estate of John W. Denton; FCR 3, a gift from E.ON U.S.; FCR 3, which deals with the creation of a Human Development Institute Fund for Excellence Quasi-Endowment; FCR 4, gifts and pledges from Don L. Jacobs, Sr., and the Don Jacobs Charitable Foundation, Inc.; and FCR 5, a gift from the Kentucky Christian Foundation. Ms. Brothers moved for approval and was seconded by Mr. Stuckert. The motion carried without dissent. (See consent items listed below at the end of these Minutes.)

Minutes	—	December 7, 2010
PR 2		Personnel Actions
FCR 1		Gift from the Estate of John W. Denton
FCR 2		Gift from E.ON U.S.

- FCR 3 Human Development Institute Fund for Excellence Quasi-Endowment
- FCR 4 Gifts and Pledges from Don L. Jacobs, Sr. and Don Jacobs Charitable Foundation, Inc.
- FCR 5 Gift from the Kentucky Christian Foundation

D. Chair's Report

Dr. Brockman spoke on behalf of himself and the Board in expressing condolences to Ms. Patterson and her family on the passing of Ms. Patterson's husband, Mr. Bill Patterson. He recounted that Mr. Patterson was "part of the Board" and that he would certainly be missed.

Dr. Brockman moved next to CR 1, which contains the appointment of a committee that will be titled "The Celebration of the Lee T. Todd Presidency Committee." The committee's charge is to plan a celebration of President Todd's ten years as president of the University of Kentucky. Persons selected for the committee are Board member Terry Mobley, the committee's chair; Board members Ryan Smith and Everett McCorvey; President's Chief of Staff Doug Boyd; Alumni Association Director Stan Key; Vice President of University Relations Tom Harris; and Director of Campaign Services and Donor Relations Paula Pope. Mr. Smith requested that First Lady Patricia B. Todd be included in the celebration, and Dr. Brockman concurred with his request. Formally put, "the committee shall select an appropriate site and make appropriate arrangements to celebrate the decade of change and challenges that President Todd has brought to the university with his vision and his limitless energy and passion."

Dr. Brockman called for the Presidential Search Committee's report.

E. Presidential Search Committee Report

Mr. Stuckert, chair of the committee, reported that the search committee had been very active since the last board meeting. He thanked everyone who had helped them with their activities and expressed particular appreciation to Ms. Peggy Way for keeping the activities flowing. Next, he announced that Ms. Curris and Ms. May would conduct a presidential tour of the Commonwealth and requested that they describe their upcoming activities.

Ms. Curris discussed a chart that she had given board members called the University of Kentucky Presidential Tour of the Commonwealth. The background of this project is that in 2001 a similar tour was conducted by the Board and the search committee across the Commonwealth in order to keep citizens updated as to what was happening during the process of choosing a new president. She and Ms. May will likewise conduct a similar tour during this search process in which they will share with Kentuckians what is going on and at the same time engender any comments that they would like to have brought back to the board. Ms. Curris showed a map with Kentucky divided into five regions, which were determined with the help of UK Public Relations personnel as being central to and inclusive of the regions. Dr. Lee Meyer of the search committee has contributed the services of the Agricultural Extension Center to collect data in each county on local groups' availability for meeting with the search team. In addition, Mr. Stan Key will engage the electronic services of his alumni database to help get the message out to alumni about the tour. Meetings will be planned, two per day, for the month of

March, in which teams selected from among the search committee members, current and former board members, and others will travel across the state to meet with Kentuckians and circulate information as well as gather input relevant to the presidential search.

Mr. Stuckert emphasized again the importance of total confidentiality of search committee activities. He described the committee's meetings on January 28 with separate groups of faculty, staff, and students an hour at a time in the William T. Young Library. After those meetings, the search committee met that afternoon and produced two resolutions. The day after the board meeting, February 23, the committee will meet again and will go into closed session to review the candidates that have expressed an interest in applying for the job of President. March 22 and 23 are expected to be the dates of the first round of interviews.

F. Confidentiality of Presidential Search Process (PSCR 1)

Mr. Stuckert continued his report with the first of the two resolutions, PSCR 1, which recommends that the [search] process remain confidential until the Committee reaches the stage of finalists, that the candidates be queried regarding confidentiality, and that the process become open only if all finalists agree. He moved approval of this resolution. Mr. Gatton seconded.

Ms. Brothers made a statement that she agreed with the purpose of the resolution and that she felt UK would be risking having a reduced and less diverse pool of applicants if the search process were completely open.

Dr. Brockman asked for additional comments. Mr. Stuckert then moved approval of PSCR 1. The motion was seconded by Mr. Gatton and passed without dissent. (See PSCR 1 at the end of the Minutes.)

G. Process for Introduction of Presidential Candidate (PSCR 2)

Mr. Stuckert stated that this resolution seeks approval from the Board of Trustees of the recommendation of the Presidential Search Committee to bring in one preferred candidate to introduce to campus prior to making the final commitment of executing the contract. He made a motion for approval; it was seconded by Mr. Mobley.

Dr. Peek expressed doubts about the necessity of having both of these resolutions. He felt that because there is almost a zero probability of the first situation happening (in which all candidates would agree to have their applications for the job released before a job offer is made to one), all that is needed is PSCR 2. Discussion followed on this point, and Legal Counsel was consulted. It was eventually decided that both resolutions should stand. Dr. Peek and other board members asked about and discussed further the intent of PSCR 2. After the discussion, Dr. Brockman conducted the vote, and PSCR 2 passed without dissent. (See PSCR 2 at the end of the Minutes.)

Dr. Brockman requested the President's Report.

President Todd began by introducing his guest speaker, Mr. Vince Kellen, Chief Information Officer, who joined UK in January 2009 from DePaul University. He lauded Mr. Kellen's expertise and enthusiasm for dealing with all parts of the university, including the academic and the medical areas.

H. CIO Update on Information Technology

Mr. Kellen thanked President Todd for asking him to speak about his area to the Board. Within the past two years, much has happened regarding information technology at the University of Kentucky. Faculty and student adoption of the university's learning management system (Blackboard) has grown significantly, and faculty are quickly using the new lecture capture system (Echo 360) and web conferencing systems (Adobe Connect pro) recently funded by President Todd. In November 2010, the IT unit launched UK's mobile application available on iPhone, Blackberry, and other mobile phones, with over 5,500 users adopting. Use of wireless devices is growing significantly on campus for academic and health care purposes. UK IT also helps lead the development of the statewide networks KyRON and KPEN connecting universities, working with the CPE. Continued leadership in this area is critical for extending education and telemedicine across Kentucky.

Looking ahead, the IT unit is currently proceeding with several projects in an effort to reduce the demand for computing services in the university's on-premises data center through "cloud services." These projects include student email, enterprise systems, and high performance computing (HPC) cloud projects. The university expects electronic textbooks to increase in use in the coming years, which will increase student demand for more wireless access as many of these books will be read on iPad-like devices. Open educational content (free electronic textbooks and course materials) are likely to grow as some state systems adopt open content in an effort to reduce the students' costs of textbooks. Funding and strong support by the President, Provost, and the Executive Vice President for Fiscal Affairs have enabled this recent progress in these critical areas.

I. President's Report (PR 1)

After thanking Mr. Kellen for his presentation, President Todd had some good things to discuss before moving to PR 1. He praised DanceBlue for its February 17 and 18 dance marathon in which students raised \$673,000 for the pediatric oncology children's unit at the UK Children's Hospital. DanceBlue once again earned a record amount for the benefit of the children. President Todd asked representatives from DanceBlue to stand and receive a round of applause from the Board.

The president also informed the Board that this Wednesday Kentucky satellite number 1 will go into orbit and will carry a project into space which will orbit the earth and allow school children to access it. Also, UK's College of Engineering houses a command center for projects connected to the International Space Station. Individuals, including students in schools throughout Kentucky, are allowed to suggest an experiment to be done in space, to access the space equipment, and to communicate with the astronauts. A current project involving nanoracks should receive some coverage that board members are likely to hear about.

UK Reduces Carbon Footprint with \$25 Million Retrofit

President Todd called to the attention of the board that this \$25 million project had been brought to them before. He remarked on the numbers involved that UK will save and the reduction in our carbon footprint by 23,000 tons of carbon dioxide. He lauded our effort to be green.

UK Libraries to House Georgia Powers Papers

UK Libraries will house the important papers and oral history interviews related to former Kentucky State Senator Georgia Powers, the first African American and the first woman to hold a seat in the Kentucky Senate. UK will also house an endowed chair in her name at the Center for Research on Violence Against Women. The president recently met with Senator Powers when she was on campus. He found her to be a dynamic lady and welcomes her papers and oral history interviews to the university.

UK Ranks First for Creating Start-up Companies for Third Consecutive Year

UK-Affiliated Companies Attract 60 Percent of \$65 million in Venture Funding

The president pointed out that these two items are linked. UK is number 1 among 20 benchmark universities, which include University of Wisconsin – Madison, University of Arizona, University of Maryland, University of Michigan, University of Illinois, The Ohio State University, and University of Florida, in the number of start-up companies created by its faculty, staff, and students according to a recently released report by the Association of University Technology Managers. During fiscal year 2009-2010 UK earned \$2.2 million in gross licensing income and managed 162 total licenses. In addition, UK is well-known for attracting large amounts of venture capital. The university has celebrated each year since 2005 the amount of new capital that is invested in early-stage companies in this region, figures based on an annual survey by the Lexington Venture Club. In 2010, \$65 million was attracted to the Bluegrass region, and UK-affiliated ventures received 60 percent of that money. The 89 early-stage companies that participated in the survey reported having an average full-time salary of \$63,485 for the 748 people employed full time in these firms. In 2010, these firms hired 240 people for newly created jobs.

UK Center Awarded \$5.5 Million Grant to Examine Childhood Hunger

The U.S. Department of Agriculture's (USDA) Food and Nutrition Service is looking to the University of Kentucky's Center for Poverty Research (UKCPR) for help in devising effective strategies to confront the problem of childhood hunger. UK Gatton College Professor James Ziliak, Gatton Endowed Chair in Microeconomics and director of UKCPR, and Craig Gundersen, associate professor of agricultural and consumer economics at the University of Illinois, have been awarded a five-year, \$5.5 million grant to establish a *Research Program on Childhood Hunger*. The program to be funded through this grant is soliciting external research projects through UKCPR. When completed, Ziliak and Gundersen, as co-principal investigators, will review the findings and make recommendations to the USDA.

Student Government Launches Cats Cruiser

President Todd asked Ryan Smith, Board member and Student Government Association president, to give statistics on the Cats Cruiser program which was recently launched as a new initiative to aid student safety while supporting existing community transportation efforts. The program was launched at the beginning of 2011 and in the first three weeks had 1,500 riders.

Over the past two weekends, 700 people rode on the three nights each weekend. President Todd thanked Mr. Smith for starting these programs while he was president and pointed out that he has had an impact on the campus.

Gatton School Accountancy Scores Get National Recognition

The president praised the School of Accountancy for receiving national recognition of its pass rates among advanced degree programs on the certified public accountant (CPA) exam. It ranks sixth in the nation for students' test scores.

Department of Art Launches First Public Art Smartphone Application

President Todd stated that Mr. Kellen's reference to mobile apps in his address to the Board is confirmed by the accomplishments of students and faculty at the UK Department of Art and the Gaines Center for the Humanities. "Take it Artside!" was made available free in November 2010 as an iTunes app and as an Android app in February. It includes images of local public art in the Bluegrass area along with a brief description of each piece, artist information, and its GPS location. The president thinks that having such an app may raise the art and cultural IQ of Kentucky, one of his stated goals.

Company Founded by UK Graduates Wins Award, Presents in New York

AwesomeTouch is a company started by some UK engineering and business students. It was recently selected from more than 50 participating companies to present at Vator Splash NY, a business start-up event in New York City. AwesomeTouch was the only company from Kentucky to be selected. The company is developing applications for large multitouch screens in public places. Its first product, AwesomeMap, is a way-finding solution that allows visitors to quickly and easily discover dining, shopping, entertainment, and similar venues in a downtown area. The company will receive \$5,000 and six months of free rent in semi-private work space.

Patterson School of Diplomacy Uses iPad to Enhance Master's Program

The Patterson School of Diplomacy and International Commerce has begun a major 18-month trial of the value of Apple's iPad in supporting professional graduate education. This will be the first instance where an entire professional school – faculty, students, and staff – will use the device. This major technology initiative will encompass student recruitment, admissions, seminars, and graduation. In addition to Apple, the trial is being supported by software application developers, media companies, and hardware and accessory providers from the United States, Canada, and Europe. The goal is to transform the student learning experience, enhance overall school operations, and prepare graduates to advance diplomacy and international business in the digital age. President Todd added further that the Patterson iPad users are now negotiating with companies to give them online iPad access to a large number of international newspapers as part of the resources available to be used in their studies. It is also likely that some students will develop their own apps for the iPads.

Nearly 600 participate [in] December Commencement Ceremonies

President Todd announced that the first December commencement involved 600 people. He thanked Provost Subbaswamy and his staff for accomplishing this first for the university and announced that it will be continued in coming years. Having the December commencement allows a personalization of graduation that was heretofore not available in the spring

commencement ceremonies because of time constraints. The president was able to shake hands with all graduates and have pictures made with them. A more personalized commencement will also be held in May. To allow this, UK will reinstate Founders' Day, at which all faculty awards will be given – the Sullivan Awards, the Kirwan Award, and other awards that have in the past been announced at the May commencement. The president thanked all who worked to make these changes possible.

University Press Books Receive Acclaim

The president urged board members to read all of the PR 1 articles, but he jumped to this item to speak about the University Press's outstanding accomplishments. He announced that, in addition to the books mentioned in the PR article, yesterday the Press published a book on President Frank L. McVey. Because there was no biography about President McVey to this point, President Todd had wished to commission one and get it done before Dr. Thomas Clark, longtime UK professor and Kentucky state historian, passed away. Dr. Clark regarded President McVey very highly. The book did not materialize until now, however, and President Todd welcomes it. Three generations of the McVey family were able to attend the ceremony announcing the book.

SKY BLUE House Featured on KET

SKY BLUE House, which finished ninth of 20 competitors at the 2009 U.S. Department of Energy Solar Decathlon competition, was featured on a program that ran on KET, KET2, and KET Kentucky through February 22. UK's solar house team was an interdisciplinary group comprised of students, faculty, and staff from six colleges and 16 centers and departments within UK. The television program on the university's solar house was produced, shot, and edited by the College of Engineering and the Center for Visualization and Virtual Environments at UK. President Todd elaborated further on why a benefit is derived from sponsorship of such projects for students when he described a grant offered by the Kentucky Highlands, an investor group from London, Kentucky. Part of the grant had the purpose of applying the knowledge gleaned from solar decathlon participation to make energy-efficient bulk-manufactured housing. This housing would be usable as standard housing as well as during national disasters where a large number of homes were needed in short order. The president expressed his wish that research we do here would furnish ideas and concepts that could be applied in other parts of the state so that we can create real jobs and put real people to work. Research really can make a difference in Kentucky, and the president is proud that our students are having success in their research.

President Todd urged the Board to read all of the items in PR 1.

J. Waiver of Part X of the Governing Regulations Pertaining to the Employment of Relatives: Brian P. Butler (PR 3)

President Todd introduced PR 3 and asked that the Board authorize the continued employment of Brian Butler, the son of Executive Vice President for Finance and Administration Frank Butler, as required by Governing Regulation X, Part X. Two years ago, the Board approved a waiver for Mr. Butler, and circumstances have not changed. Brian Butler is four levels removed from his father, and his father will not be involved in any personnel actions or decisions concerning his son. President Todd recommended that the resolution be passed, and

Dr. Brockman asked for a motion. Mr. Shoop so moved and Ms. Patterson seconded. Approval of PR 3 was awarded with no dissent. (See PR 3 at the end of the Minutes.)

The president addressed one other issue, President Todd's decision earlier in the month to extend Athletic Director Mitch Barnhart's contract until 2019. Feeling that it is his responsibility to recruit and retain top talent in the university, the president has had in mind for several months to extend the contract, as requested by Mr. Barnhart, so that Mr. Barnhart could remain at UK until he was 60 years old. The president defended his decision but said that he could certainly accept challenges for his timing. Getting involved in other issues delayed the president's announcement of the contract extension until after the president had made his decision to retire in June 2011. Mr. Barnhart is doing an outstanding job, not only in the president's opinion, but also in those of the student athletes and the coaches.

On a related topic, one which he has previously discussed with Dr. Brockman, President Todd urged that oversight of the Athletics Department be an important topic of discussion with any presidential candidate looked at by the search committee. The presidential search might present a good opportunity for board review of the structure of Athletics at UK. The search committee might usefully inquire about the experience of each candidate with athletics issues. The president concluded his report by recommending Mike Slive, commissioner of the South Eastern Conference, as a good resource for explaining the available structures of various Athletics Departments at institutes of higher education.

Dr. Brockman thanked the president for his remarks and asked for the Academic Affairs Committee's report.

K. Creation of the Department of Science, Technology, Engineering, and Mathematics (STEM) Education (AACR 1)

Ms. Brown, chair of the Academic Affairs Committee, began with AACR 1, which recommends the creation of the Department of Science, Technology, Engineering, and Mathematics (STEM) Education in the College of Education, effective July 1, 2011. The proposed department will expand and enhance STEM Education at UK and for the Commonwealth in significant ways. The department will work in synergistic ways through the use of focused disciplinary and transdisciplinary practices to prepare 21st century STEM education leaders and to improve STEM education through implementation of research-based practices, engagement with the P20 communities and businesses, unique research experiences, and innovative programs. Along with strengthening teacher preparation programs already in place in continued collaboration with the Department of Curriculum and Instruction, the STEM Education Department will build new bachelor's and doctoral programs in science, technology, engineering, and/or mathematics education. The department will lead the Commonwealth in STEM Education research by attracting graduate students as well as future STEM faculty researchers pursuing cutting edge research in these disciplines. Ms. Brown moved for approval of AACR 1. She was seconded by Mr. Miles. The motion passed without dissent. (See AACR 1 at the end of the Minutes.)

L. Academic Degree Recommendation (AACR 2)

Ms. Brown explained the background of AACR 2. The Department of Behavioral Science is establishing a Ph.D. in Clinical and Translational Science to support intellectually rigorous research education, training, and career development of Clinical and Translational Science scholars at the University of Kentucky. The Ph.D. in Clinical and Translational Science is an interdisciplinary training program. Scholars enrolled in the program will have completed terminal professional training in interdisciplinary programs, and the curriculum reflects the rigorous training that scholars will have completed prior to enrolling in the program. The Ph.D. in Clinical and Translational Science is an interdisciplinary training program. Scholars enrolled in the program will have completed terminal professional training in interdisciplinary programs, and the curriculum reflects the rigorous training (e.g., medicine, dentistry, pharmacy, nursing, public health) that scholars will have completed prior to enrolling in the program. On behalf of the Academic Affairs Committee, Ms. Brown recommended approval of AACR 2. Dr. Brockman asked for a second of her motion, which was supplied by Ms. Curris. The motion passed without dissent. (See AACR 2 at the end of the Minutes.)

M. Change in Degree — College of Agriculture (AACR 3)

AACR 3 is a change in degree for the College of Agriculture. In 2008, the University of Kentucky Natural Resource Conservation and Management (NRCM) undergraduate program was reviewed by an external committee appointed by the Dean of the College of Agriculture. One key recommendation of the external review committee was to revise the NRCM curriculum. The June 2008 External Periodic Review report recommended “the steering committee and other UK faculty work together to develop a set of more well-integrated courses that would better train students in the particular knowledge, skills, and abilities needed to succeed in environmental science and policy careers.” The curriculum has been revised based on input from the NRCM Steering Committee and stakeholders. The curriculum has been restructured to provide better focused and more integrated study of specific natural resource and environmental science topic areas, explicitly related to a student’s selection for the required internship or research experience. Because of the growing interest by students in environmental sciences and the addition of environmental science topic areas, the college proposes to change the name of the NRCM program to Natural Resources and Environmental Science (NRES). Ms. Brown moved for approval of AACR 3 and was seconded by Ms. Brothers. The motion passed without dissent. (See AACR 3 at the end of the Minutes.)

N. Change in Degree — College of Communications and Information Studies (AACR 4)

Ms. Brown introduced AACR 4, a change in degree for the College of Communications and Information Studies. It recommends approval of a change in the name of the Bachelor of Arts/Bachelor of Science degree with a major in Telecommunications to Bachelor of Arts/Bachelor of Science degree with a major in Media Arts and Studies, effective in the spring of 2011. She explained that the current name of the program, Telecommunications, has always been rather opaque to prospective students. It is not a term they are generally familiar with, and does not help to convey the true nature of the program. Thus, the name change to Media Arts

and Studies is intended to communicate more effectively UK's program to students who have academic and career interests in broadcasting, cable, multimedia, and the audio-recording, film, and electronic game industries. Ms. Brown moved approval of AACR 4; she was seconded by Mr. Stuckert. Dr. Brockman called for the vote, and the motion passed without dissent. (See AACR 4 at the end of the Minutes.)

Ms. Brown then gave a short report on the presentation of Dr. Mike Mullen, UK Associate Provost for Undergraduate Education, who spoke about the Honors program. The program began in 1961, and it will celebrate its 50th anniversary this fall. It has between 225 and 250 students who enter as freshmen. Currently it has two tracks but is revamping its programs. Undergraduate Education looks forward to involving more colleges directly with the Honors program and to finding ways to foster deeper relationships among the students and faculty; to incorporating honors advising; and to encouraging co curricular activities and study abroad. She stated that it is extremely important for UK to be the destination for Kentucky's top students. And to educate Kentucky's elite, you must be willing to make creative efforts to attract and to keep them. The committee looks forward to hearing more about the program as it develops.

O. Finance Committee Report

Mr. Stuckert, chair of the Finance Committee, began by reviewing the Finance Committee items that were among the consent items that had already been approved and expressed his appreciation for each gift. These included the estate of Mr. John W. Denton; E.ON U.S.; Mr. Don L. Jacobs, Sr. and the Don Jacobs Foundation, Inc.; and the Kentucky Christian Foundation. He also expressed appreciation for the future effects of FCR 3, which authorized a Fund for Excellence Quasi Endowment.

P. Data Center — Hospital (FCR 6)

FCR 6 recommends that the Board of Trustees approve the initiation of the Data Center and Related Support Space project in the new Patient Care Facility currently under construction and approve the increase of the existing \$570 million scope of the total project to \$575.6 million. The project will fit up approximately 2,000 square feet for a new computer machine room on the fourth floor of the new Patient Care Facility for a new hospital data center with redundant air conditioning, electrical, and communication support systems. The \$5.6 million will be funded by UK HealthCare operations (agency funds). Mr. Stuckert complimented Dr. Karpf for his ability to generate funds from UK HealthCare operations which have allowed the hospital project to proceed without being dependent on state money. This increase in scope of the project to \$575.6 million is well within the total Patient Care Facility legislative authorization of \$7 million. Mr. Stuckert moved approval of FCR 6 and was seconded by Mr. Mobley. The motion passed unanimously. (See FCR 6 at the end of the Minutes.)

Q. Renovate Schmidt Vocal Arts Center (FCR 7)

Mr. Stuckert introduced FCR 7, which recommends that the Board of Trustees initiate the renovation of the Schmidt Vocal Arts Center. The legislatively authorized scope of the project is \$1,500,000 of agency funds. The initial funding for design services will be \$150,000 of accumulated agency funds, and it is hoped that the remainder of the funding will come from private gifts. It is important to note that upon approval by the Board of Trustees and the receipt of the private funds, the university will submit a change in fund source from agency funds to private funds to the Capital Projects and Bond Oversight Committee. Mr. Stuckert moved approval and was seconded by Ms. Patterson. The motion was approved without dissent. (See FCR 7 at the end of the Minutes.)

R. Upgrade Student Center Infrastructure (FCR 8)

Mr. Stuckert discussed FCR 8, an action item calling for the upgrading of the Student Center infrastructure by a total of \$23 million. The project will be funded with \$17,805,000 of agency bonds and \$5,195,000 of accumulated funds in the Student Center Renewal and Replacement Fund and other fund balances. The annual debt service will be supported by the Student Center Mandatory Fee. If the Board approves FCR 8, the university will request the Capital Projects and Bond Oversight Committee to consolidate the projects at their April meeting. He moved approval and was seconded by Mr. Smith, who asked to speak to the issue.

Mr. Smith expressed his excitement about the project that is being proposed. The renovation has been discussed for years and is much needed. Mr. Smith thanked those who assisted with moving the request to the Board – Dr. Robert C. Mock, Mr. Frank Butler, Mr. Bob Wiseman, Mr. John Herbst, and Ms. Angie Martin.

Dr. Brockman asked the board members to vote, and FCR 8 passed without dissent. (See FCR 8 at the end of the Minutes.)

S. Ambulatory EHR Equipment/System (FCR 9)

Mr. Stuckert moved to the next FCR, recommending that the Board approve the initiation of the “Ambulatory Electronic Health Record Equipment/System” (EHR) project and make a Declaration of Official Intent to use a future tax-exempt lease-purchase agreement to reimburse some of the capital expenditures. This system is mandated to be in place by 2014 as part of the federal Health Information Technology for Economic and Clinical Health (HITECH) Act and Patient Protection and Affordable Care (PPAC) Act, enacted in 2009 and 2010. To implement the system, UK will purchase the Allscripts EHR system for outpatient care and implement a single electronic patient record system for all ambulatory clinics at a cost of \$51,767,000. Of that amount, \$26,000,000 is eligible for eventual reimbursement. Funding will come from federal incentive payments, \$15 million from a tax-exempt lease/purchase agreement, and \$11 million from UKHC operations. Mr. Stuckert moved approval of FCR 9; it was seconded by Mr. Shoop. The motion passed without dissent. (See FCR 9 at the end of the Minutes.)

T. Capital Construction Report (FCR 10)

The final FCR recommends acceptance of the Capital Construction Report for the three months ending December 31, 2010. There were five new contracts this quarter, six completions, and a number of change orders. Mr. Stuckert moved approval and Dr. Gannon seconded. The motion passed without opposition. (See FCR 10 at the end of the Minutes.)

U. Student Affairs Committee Report

Dr. Brockman asked for the Student Affairs Committee report by calling on its chair, Ms. Patterson. Ms. Patterson joked that her report kept shrinking because items she had intended to discuss from the morning's meeting had already been discussed. She informed the Board of the presentation about Student Center needs given by Dr. Robert C. Mock, Jr., Vice President of Student Affairs. Statistics show that foot traffic and the number of reservations for rooms are increasing. In addition, the building infrastructure has serious flaws, mostly because of its age. Ms Patterson welcomes the approved retrofit (passed in FCR 8), which will involve cleaning up the facilities and upgrading restrooms and other infrastructure, and she feels that having the upgraded facilities will help in recruiting students. Dr. Mock also mentioned the legacy of the Student Center in programming arts events. It is one of the first student centers to have a premier concert series, a nationally known jazz series. Students will be kept well informed on the renovations, and there is much to be excited about. She acknowledged the help of President Todd and Provost Subbaswamy in implementing the renovations.

In addition, Mr. Smith gave a report on the Cats Cruiser at the morning meeting. The new program has had much success since its inception only weeks ago. President Todd pointed out that Mr. John Herbst, long-time Student Services Director at the Student Center, was in the room. The Board gave him a round of applause.

V. University Health Care Committee Report

Ms. Young, chair of the University Health Care Committee, was asked for her report. She discussed two action items, FCR 6 and FCR 9, which were initiated from the Health Care area, and which had been passed by both the Finance Committee and the full Board.

Dr. Karpf gave a presentation about the UK HealthCare system as an economic driver for the state of Kentucky. Since 2004 UK HealthCare has seen an increase of over 2,100 full time employees. Salaries and benefits for the hospitals and College of Medicine have increased over \$300 million. In addition, UK HealthCare has seen an increase of approximately \$500 million in hospital operating revenue and over \$160 million operating revenue in the College of Medicine. Looking forward, the area's strategic plan will focus on becoming a regional provider for patients beyond the borders of Kentucky and will continue to mature UK HealthCare's research infrastructure and provide economic stimulus for the Commonwealth. Dr. Karpf also noted that the entire \$532 million cost of the buildings in project Phase 1A was funded by clinical operating revenue. No state or federal appropriations were used for the project. Future phases of

approximately \$230 million to \$250 million will also be funded by UK HealthCare. The project has generated \$72+ million in private sector payroll for the onsite construction and management of the project. This translates into construction employment of the equivalent of 300+ full-time people. The estimated vendor impact for the state of Kentucky is approximately \$88.6 million. Finally, Dr. Karpf discussed the need for expanded research space and a push for research building #2.

Mr. Murray Clark presented the building project update, indicating that Pavilion A will open in May 2011. A ribbon-cutting ceremony is scheduled for May 15. The components of phase 1A, 1B, and 1C are on schedule and under budget. This includes but is not limited to the infrastructure central utilities, building core and shell, first phase of surgery, and the computer server's room.

Mr. Sergio Melgar presented the financial report. Comparing the balance sheet at December fiscal 2011 and 2010, cash has decreased by \$107.6 million due to the use of cash reserves for the remainder of Phase 1A of the Patient Care Facility project. Accounts receivable have increased \$14 million compared to last year, and net patient service revenue increased \$20.8 million. The value of board-designated investments totals \$201.9 million, which is a \$19 million increase from December of last year. Net capital assets have increased \$146.9 million due to the planning for the patient care towers, the groundwork on the new site, and the construction of the Patient Care Facility. Accounts payable have increased by \$5.3 million. Net assets have increased \$614.5 million from December 2010, and total assets are at \$1.2 billion. UK Hospital shows an operating profit of \$670,300 for the month of December and a year-to-date income from operations of \$17.2 million. Mr. Melgar also reported that, running counter to national trends, patient numbers for the UK Hospital System are up for the month of January and are moving in that direction for the current month of February.

Dr. Kevin Nelson presented for approval the privileges and credentials for Chandler and Good Samaritan Hospitals. The committee made a motion and all privileges and credentials were approved. He also presented a short report on the process for approval of appointments and privileges for medical staff members and other licensed providers.

Dr. Brockman commented that this was a very impressive report. He next requested the report from the University Relations Committee.

W. University Relations Committee Report

Ms. May, chair of the University Relations Committee, reported that URCR 1 was the topic of discussion at the morning meeting.

X. Proposed Revision to Governing Regulation: Governance of the University of Kentucky – Petitions to Address the Board of Trustees (URCR 1)

Because there was no clarity within the Governing Regulations as to how someone seeks permission to speak to the Board of Trustees or to present an issue to the Board, URCR 1 proposes an appropriate revision, and this is its first reading. The proposed revision to GR II is intended to replace the current Administrative Regulation (AR) 1:2, Policy Relative to Requests for Appearances before the Board of Trustees that was adopted by the Board in 1970.

Ms. Curris recommended that one word, *electronic*, be struck from the Governing Regulation as originally presented in the Board packet so that interested parties can apply either in writing or electronically to address the board. The process is that such a request will go to the president and be forwarded to the chair of the board, who will decide if the matter should be brought to the full board or should be referred to a committee. The GR change does not affect the ability of anyone to come to any committee at any time and raise an issue. The recommendation for the Board to receive the revision of the GR for preliminary consideration was accepted. This being the first reading, the resolution will come back to the next meeting for final approval. (See URCR 1 at the end of the Minutes.)

Ms. May also mentioned a separate issue that came to the morning's meeting. General campus security was discussed, and the committee declared its interest in learning more about the measures in place across campus to safeguard the security throughout campus.

Y. Other Business

Dr. Brockman asked if there was additional business to be discussed. Ms. Young stated that she had forgotten to mention the UK HealthCare annual report for 2010. The report has been distributed to board members, and she suggested that everyone take a look at it.

President Todd wished to thank Tom Harris, Jay Blanton, and Bill Swinford for their efforts in getting another article in today's *Chronicle on Higher Education*. It was written by Paul Fain, who has covered UK for several years and who has now left *The Chronicle*. Thus, it will be his last article. President Todd promised the board members a copy.

Mr. Gatton encouraged all board members that may be in a position to move forward on getting the state to offer the university increased funding for building projects to urge them to do so because there is never going to be a better time than right now. Construction firms are affected by the economy, and now is a good time to build facilities and buildings because interest costs are so low. An effort should be made to sell the state on accelerating their programs.

Z. Adjournment

Hearing no additional matters being brought up by board members, Dr. Brockman asked for a motion to adjourn. The meeting ended at 2:23 p.m.

Respectfully submitted,

Pamela T. May
Secretary, Board of Trustees

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

The presentation from Vince Kellen, CIO, is available after the action items listed above.