

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, September 16, 2003.

The Board of Trustees of the University of Kentucky met at 1:00 pm (Lexington time) on Tuesday, September 16, 2003 in the Board Room on the 18th Floor of Patterson Office Tower.

A. Meeting Opened

Mr. Steven S. Reed, Chairperson, called the meeting to order at 1:03 p.m., and Ms. Marian Sims gave the invocation.

B. Oath of Office

Paul Van Booven, General Counsel, administered the Oath of Office to the following new members:

James F. Hardymon, appointed by Governor Paul E. Patton to replace Paul W. Chellgren, for a term ending June 30, 2009.

Phillip R. Patton, appointed by Governor Paul E. Patton to replace Warren Grady Stumbo, for a term ending June 30, 2009.

Rachel Watts, who will serve as student trustee for the 2003-2004 academic year.

JoEtta Y. Wickliffe, reappointed by Governor Paul E. Patton, for a term ending June 30, 2009.

C. Roll Call

The following members of the Board of Trustees answered the call of the roll: James F. Hardymon, Davy Jones, Michael Kennedy, Pamela May, Robert P. Meriwether, Phillip Patton, Elissa Plattner, Steven S. Reed (Chairperson), Frank Shoop, Marian Moore Sims, Alice Stevens Sparks, Myra Leigh Tobin, Rachel Watts, JoEtta Y. Wickliffe, Billy B. Wilcoxson, Russ Williams, Elaine A. Wilson, and Barbara S. Young. Absent from the meeting were Marianne Smith Edge and Billy Joe Miles. The University administration was represented by President Lee T. Todd, Jr., Provost Michael Nietzel, Executive Vice President for Finance and Administration Dick Siemer, Executive Vice President for Research Wendy Baldwin and General Counsel Paul C. Van Booven.

Members of the various news media were also in attendance. A quorum being present, the Chairperson declared the meeting officially open for the conduct of business at 1:07 p.m.

D. Nominating Committee Report

Mr. Reed called upon Mr. Shoop, Chair of the Nominating Committee, for the Nominating Committee report.

Mr. Shoop asked that Mr. Reed appoint another member of the Board to serve as Chair to receive the Nominating Committee report.

Mr. Reed appointed Dr. Meriwether to assume the duties of Chair and receive the report.

Mr. Shoop reported that the Nominating Committee met on Wednesday, September 10th to consider the nomination of officers of the Board of Trustees and the members of the Executive Committee. The Nominating Committee submits the following names for officers:

Steve Reed, Chair
JoEtta Wickliffe, Vice Chair
Russ Williams, Secretary
Paul Van Booven, Assistant Secretary

Dr. Meriwether stated that there was a motion, and Ms. Sparks seconded the motion. Dr. Meriwether called for any other nominations from the floor, and there were no nominations. He called for a motion to accept the Nominating Committee report, and the motion carried unanimously.

Mr. Shoop said that the Nominating Committee submits the following names for members of the Executive Committee:

Steve Reed, Chair
Marianne Smith Edge
James F. Hardymon
Robert P. Meriwether
JoEtta Wickliffe
Russ Williams, ex officio

Dr. Meriwether stated that there was a motion, and he called for a second to the motion. Ms. Sims seconded the motion. Dr. Meriwether called for any other nominations, and there were no nominations. He called for a motion to accept the Nominating Committee report, and the motion carried unanimously.

President Todd congratulated Mr. Reed, and Mr. Reed received a round of applause.

E. Consent Agenda

Mr. Reed asked for a motion of approval for the Minutes and other items on the consent agenda. Ms. Wilson so moved, and Ms. Wickliffe seconded the motion. The motion carried without dissent, and the following items on the consent agenda were approved:

Minutes – June 24, 2003
Minutes – Retreat – August 26, 2003
PR 2 - Personnel Actions
AACR 1 – Candidates for Degrees – University System
AACR 2 – Candidates for Degrees – Community College System

F. Schedule for Meetings for Board of Trustees - 2004

Mr. Reed called attention to the Schedule for Meetings for the Board of Trustees for 2004 and asked for questions. He noted that the dates that are put in the record for 2004 are January 27, March 2, April 6, May 4, June 22, September 21, October 26 and December 14.

Mr. Reed announced that there had been another meeting scheduled for 2003, and that meeting would be held October 29th. He asked that the Board make note of that date and pointed out that the meeting will be held on a Wednesday instead of a Tuesday. Just for clarification, he repeated that the meeting was not previously scheduled, and an October meeting was added because there was going to be a gap between the September and the December meetings.

Ms. Sparks asked if there was a meeting in December.

Mr. Williams replied that there is a statutory meeting in December.

Mr. Reed then called upon President Todd for his report and action items.

G. President's Report to the Board of Trustees (PR 1)

Before beginning with PR 1, President Todd mentioned the articles that appeared in the Herald-Leader and the Kernel regarding the record quality of the freshman class that enrolled for the fall semester. He said that he was pleased to be able to say that last year was the best record in the University's history; however, this year, it is even better, and that is the way to continue. He commented about the staff in the Provost area and congratulated Don Witt's area on that success. He reported that the University had a 30% increase in African-American students this freshman year. The Legacy Program now has about 290 legacy scholars. That is up about 80% in the freshman year which indicates that word is getting out about that program. There are 318 students in the Governor's Scholars Program and the Governor's School for the Arts. That is up about 20% over last year. There are 145 valedictorians and 45 National Merit Finalists. He emphasized that this is a tremendous freshman class.

President Todd reported that the preview nights for next year are already beginning, and stated that Mr. Witt's organization does not get much rest. Attendance has been up 30% as a minimum and 60% as a maximum in the three preview nights that have already been held for next year. It is anticipated that 1,000 students will attend the Preview Night in Louisville. These students bring their parents, and it is really refreshing.

He noted that the total enrollment crossed over 35,000, and this is up 2%. He stated that it is a record year in many respects.

President Todd announced that a job description for the Coldstream directorship would be posted. That position will report to Dr. Baldwin. He said that the Board would be getting copies of that, and said he would appreciate any suggestions.

President Todd thanked Bill Markesbery, Bob Lawson, Billy Wilcoxson and Bob Meriwether for their service on the Athletic Association Board of Directors for several years. He reported that new by-laws were put in place this past year that rotate memberships. He said that he was pleased to announce that he has added Alice Sparks and James Hardymon as trustee representatives to the Athletic Board. Faculty representatives on the Board will be Ray Mullins, a professor in Dentistry, and Linda McDaniel, a professor in accounting. Elizabeth McCaslin from volleyball and Antoine Huffman from football will be the student representatives. Dr. John Picoro is the faculty representative, an area that he has served for sometime.

At Mitch Barnhart's suggestion, there will be a Student Affairs Committee. Vice President Pat Terrell is chair of that Committee. Liz and Antoine will be members, along with Alice Sparks and Ray Mullins.

President Todd announced that the next Athletic Board meeting will be October 17th, and the Board of Trustees will be invited to it.

President Todd reported that there would now be a Finance Committee of the Athletic Board. The Ad Hoc Ticket Committee had been established sometime ago. All of the processes and procedures with tickets will now go to the Finance Committee. The Finance Committee will look at the financial reports as well as the tickets and ticket audit. Dick Siemer is the Chair of the Finance Committee. Claudia Heath, Luther Deaton and James Hardymon are the members of that Committee.

A Long-range Planning Committee of the Athletic Board will also be established. This is another suggestion of Mitch Barnhart, and they will be working on that Committee's membership.

President Todd thanked everyone who has served diligently on the Athletic Board and expressed appreciation to those who are now coming on the Board.

President Todd called attention to certain items in PR 1 and encouraged the Board to read all of the items.

1. UK started a new tradition this year, UK FUSION (For Unity and Service in Our Neighborhoods). This is a program that First Lady Patsy Todd had become particularly interested in with at Boston University when their daughter was up there. For an entire week, they invite the new freshman to have a public service experience. UK tried it for one day. There were approximately 650 students who did about four hours of public service to 40 organizations throughout the city, and it was tremendous. According to a survey done by Vice President Pat Terrell, 98% of the students who participated said that they would do it again and would recommend it. That is a huge success, and it will become a tradition at UK.
2. The economic impact of UK's research enterprise increased to \$433.3 million. This has a leverage impact on the economy, both in jobs and in dollars spent in the community.

3. The Educational Psychology Program has been ranked 19th among peer programs. As mentioned before, the way to get to “top 20” is to have different departments move up, and others move up later. It is great to be in that category.
4. As a part of the effort to diversify campus, the Commission on Diversity recommended that a President’s Award for Diversity be established, and the President will present the award each year. Those nominations are now being sought across campus.
5. The Arts and Sciences Assistant Dean, Richard Greissman, developed a UK graduation contract. This was previously passed through the University Senate and has the Senate’s support. The way the contract will work is there will be certain things that the students will have to abide by. If the students abide by those things and cannot graduate on time because of a University problem, then the University will pay that tuition.
6. Dr. James K. Patterson’s statue has moved to a new location in front of the Patterson Office Tower. There are four ways that Dr. Patterson could face, and the architects made recommendations. Dr. Patterson is now facing the “Main Building” that he put money into, as well as 40 years of his life. In the beginning, that was the University’s only building, and as you look at the back of the “Main Building”, the large opening will be the Welcome Center. The concept is that Dr. Patterson will be there to welcome all the new students and faculty as they come to campus.
7. Dr. Thomas D. Clark, historian, celebrated his 100th birthday. There was a great turnout for one of his celebrations at the W. T. Young Library.

H. Robinson Forest Report

President Todd said that the Board had received a Robinson Forest report in their Board packets and hopefully had a chance to review the report prior to the meeting. The report has some very good information. He thanked Dr. Grady Stumbo for his resolution in asking for the report to come forward. He also thanked Jack Blanton, Scott Smith, Paul Van Booven, and Jim Cobb of the Kentucky Geological Survey, for their work. Each of them was assigned different components of the report. He asked Dr. Jack Blanton to give a very brief summary of the report and said that Dean Smith would talk about the work that he had done on the report. Following their reports, he would take questions regarding the report.

Dr. Blanton thanked President Todd and said that he is living testimony to the fact that old vice presidents never die they just fade away, and this is his valedictory, he hoped. He said that his appearance before the Board is to conclude the one major item that was left unfinished from his watch as vice president.

About a year ago, Dr. Grady Stumbo introduced a resolution that directed the administration to prepare a report updating the Trustees on programs carried out in the Robinson Forest and also to provide an assessment of the resources of the Forest. To refresh the Board's memory, this resolution is shown on page one of the report.

Dr. Blanton said that, following Dr. Stumbo's resolution, President Todd immediately named the four administrators that he identified earlier to prepare this report, and they immediately began to work on it. Please note that the Robinson Forest is comprised/composed of several tracts that total approximately 14,000 acres in east Kentucky, but this report focuses on the 10,000 acres that are all together. That is some 10,000 acres in Perry, Knott, and Breathitt counties. This is shown on the inside cover of the report.

The four administrators met last October and prepared an outline for the report. Responsibility was assigned for each part of it. All of this was cleared with President Todd, and he approved the outline. Dr. Blanton reported that he wrote the first chapter that summarizes how the University came to acquire the Forest and the constraints that are imposed upon it. It really is fascinating history to go back into the old documents and read the old letters between the University administrators and Mr. Robinson, who was the donor of the Forest to the University. It was virtually clear-cut, and Mr. Robinson then decided to give the tracts to the University. Three heroes came out of this, Dean Cooper, President McVey, and Mr. Robinson. The University still owes a great debt of gratitude to Dean Cooper for the acquisition of the Forest. President McVey supported the Dean, and Mr. Robinson gave the Forest to the University. The essence of the first chapter, though the salient points, is that UK today owns the mineral rights in the Forest. That is the coal rights. UK does not own the oil and gas rights in the Forest, and there are strict limitations on what UK is allowed to do with any proceeds that come from the Forest. That is in effect the essence of the first chapter.

Dean Scott Smith, with the help of the UK Forestry Department and others in the College of Agriculture, prepared Chapter 2 of the report. It details the teaching, research and service role the Forest has served over time and continues to serve to this very day. Dean Smith will elaborate on this part of the report.

Dr. Blanton called attention to page 12 of the Report. He said that he and the foresters have estimated that the timber value is approximately \$11M. With the assistance of a highly professional staff, Dr. Cobb offered Chapter 3 which estimates the tonnage of the coal seams that lie above the drainage line in the Forest and could be extracted if it were mined by surface mining technique. The estimated tonnage ranges from 101M to 117M for an average of 108M tons lying above the drainage line.

Dr. Blanton said that they did not put into this report an estimate of the value of this coal because of the wide number of variables that would establish value. First among those is the actual tonnage, and this is an estimate. It was gathered by looking at data points from mining operations contiguous to the Forest, and in the market, price of coal always determines value, but those are the two leading indicators. But, if 108M tons of coal were mined from the Forest at a selling price of between \$25 and \$40, which they estimate is today's price of that type of coal as shown on page 15 of the report, the value would be between \$2.7 and \$4.3 billion dollars. Please

remember that only a small percentage of these sums would come to the University in the form of royalties. He said that they did not attempt to estimate the value of any coal seams that might lie below the drainage line, since that would involve extensive and expensive test borings within the Forest.

He noted that because they were able to call upon the expertise of the Geological Survey, they did not have to engage the services of external consultants in the preparation of the report. He said that Dr. Steve Greb, who was in attendance, would be pleased to answer any questions about the methodology or any aspect of the coal evaluation and respond to any inquiries about that third chapter.

Dr. Blanton reported that Mr. Van Booven, who is UK's in-house resident expert on the Forest and whose love of the Forest extends beyond his professional duties, prepared the fourth and final chapter of the report. Mr. Van Booven recounts the legal battles over title, and anyone who has dealt in east Kentucky knows that titles there are very uncertain. The University has had to defend its title to lands that are in the Robinson Forest over time, and Mr. Van Booven recounts some of that in the report.

He called attention to page 23 of the report where Mr. Van Booven notes that an effort to overturn the lands unsuitable declaration would put the Board in the awkward position arguing against all of the points it presented a decade ago in gaining the declaration. In addition, the cost of this legal battle would be in the neighborhood of about \$1M, according to Mr. Van Booven's estimate not to mention the controversy that would ensue.

Dr. Blanton commented about the people marching around the Patterson Office Tower earlier that morning saying "save the Robinson Forest." That march gives the Board some idea of the controversy that would ensue if the institution decided to go into mining there.

Dr. Blanton added that almost from the adoption of Dr. Stumbo's resolution last September, the report is being characterized as pitting mining the Forest against saving the Robinson Scholars Program. That is not the case. It was never the case, and it is not a part of the report. In fact, Vice President Terry Mobley will speak to the Board about a campaign underway to raise funds for the Robinson Scholars Program and indeed save that very valuable program. The report fulfills the administration's obligations completely. It is now in the Board's hands. The President will want to conclude this discussion with some comments of his own as the report is turned over to the Board. Dr. Blanton asked Dean Scott Smith to come forward and expound on his part of the value of the Forest outside of the mineral resources that are there.

Dean Smith said that in addition to some elaboration on the research and education values of the Forest, he had also been asked to comment briefly on current and future management of Robinson Forest in the College of Agriculture and the Department of Forestry. He pointed out that Robinson Forest is scientifically significant, meaning of considerable value for research and education for multiple reasons, including but not limited to the following:

1. It is a relatively rare, large and contiguous block of a certain forestland type that is highly representative of the Cumberland plateau.
2. It has several elements of the fluorine bottom. It has plants and animals that are richly diverse and really interesting in terms of ecology.
3. It has unique value for forest hydrology and perhaps this may be the most distinguishing research value of the Forest, and it is an ideal site for water quality research because of multiple watersheds suitable for monitoring comparison analysis somewhat related to that in point number 4. A very large body of baseline data on water quality by diversity and many other aspects of the Forest has been accumulated over a period of decades.
4. Management and disturbance of the Forest has been known, defined and controlled for many decades as well.

Dean Smith said that the defining objectives in the College of Agriculture in the management of Robinson Forest are optimizing research and education value of the Forest while exercising conscientious stewardship and conservation of that resource. He noted that a proposed new management plan for Robinson Forest has been drafted in cooperation with some faculty in the Department of Forestry. He reported that it is currently under review and gave a very brief synopsis of the plan.

The plan divides the forestland into four categories.

1. Zero or low impact management: This is the type of management that would allow for true conservation of old growth forest and continuing development of that type.
2. Education-intensive: These are the entrance areas, the camps, the nature trails, and areas where there are already a lot of visitors, and this could realize a tremendous potential for environmental education.
3. Hydrology research: In this area, management would be determined by necessary research manipulations for these studies. There would be some timber harvest in these areas as required for experimental treatments.
4. Sustainable forestry: These areas would be managed to achieve independently certifiable, sustainable timber harvest on a long-term rotational basis. Such "green" certification actually increases the value of the lumber produced. A sustainable rotation of hardwoods should be about 70 years, and this would mean that roughly 1/70 of that block of designated land for this category would be harvested every year under this proposal. While this rotational harvest occurred, these areas would retain their value for research and education.

Since someone is likely to ask about the income from such logging operations, he said that he would go ahead and tell the Board what he thinks it would be. Speculatively, full implementation of this new plan could eventually, after a certain infrastructure and practices are put in place, generate as much as \$200,000 to \$300,000 per year in gross revenues from this sustainable timber harvest. The direct costs of operating Robinson Forest are in the range of \$100,000 to \$200,000 per year. He said that it is his interpretation of the terms of the trust that “net revenues” from such operations in the Forest may be used for “experimental work and teaching”, for “demonstration of reforestation” or for the “betterment of the people of the mountain regions...”, for example, to support Robinson Scholars.

President Todd thanked Dr. Blanton and Dean Smith for the work they put forward. He said that this report is extremely helpful, and the Board now has an up-to-date history and assessment of this very unique and special resource that the University has managed for some time. This report will not only help guide this body but also the College of Agriculture and those that follow in the stewardship of the Forest.

President Todd said that he wanted to take care of a couple of issues. First, he wanted to begin by stating that he has no interest in pursuing mining of coal reserves in the main block of Robinson Forest, and he is not bringing any such proposal to the Board at this time. In his opinion, the University’s focus should be on the environmental watershed and forestry research within the Forest. He said that he believes that this should include continued timber harvest as a part of the forestry research and renewable resources, especially since that relates directly to the language in the Robinson Trust. In addition to the research, the timber can help offset some of the operational costs that Dean Smith mentioned. He said that he is comfortable that the College of Agriculture has a well-defined plan for these efforts. Obviously, the University’s biggest challenge is the maintenance of the Robinson Scholars Program. The plan is to aggressively solicit donations from individuals, from corporations, and from foundations to help offset the dwindling trust that would go away. If nothing were done, in 2008 the program would be finished. That is not the intent. He asked Terry Mobley, Vice President for Development, to speak about some plans that have already begun to try to enhance the funding of the Robinson Scholars Program.

Mr. Mobley reminded the Board of the recent presentation on the Robinson Scholar Programs and the dwindling of the funds of the Trust. He said that the Board heard the personal testimony of two of the Robinson Scholars, and if the Board members have a heart at all, they will want to continue that program. It was absolutely wonderful to hear the stories of those young people from the 29 county areas. He talked about the costs of the Robinson Scholars Program and the way it was originally established. He said there are 116 students in the program, and if you take today’s tuition, room and board, and cost you are talking about a need of \$950,000 annually. It is no small challenge that the University faces but with everyone believing in the Robinson Scholars Program, every effort will be made to make those funds available by 2007-2008.

Mr. Mobley reported that Keith Madison, former baseball coach who retired this year, has been hired to work with the Robinson Scholars Program. He thanked Mitch Barnhart and the

Athletics Department for providing the funds to pay Mr. Madison's salary. Mr. Madison is a wonderful person who has contacts across the state.

The Robinson Scholars Program, as far as raising funds for it, will be just another part of raising funds for all undergraduate scholarships that are needed as a result of many of the successful recruiting programs that the President has mentioned. The approach will be to raise money county-by-county. The University has never raised money by county. There have already been meetings at Harlan, and a volunteer group has been formed there. The next county will be Laurel. The next one is Bell, and meetings will be scheduled at all 29 counties. There are a lot of people who may not have a common interest in the University of Kentucky, but they have interest in providing scholarships for students from their local areas and have already indicated thusly.

Commercial establishments are located in all 29 of those counties that are already supporting it to some extent. There have been a lot of initial interests in the local communities, not only keeping the Robinson Scholars Program alive but in supporting it to the tune of paying for the students' cost from their respective counties. Mr. Mobley said that it has been wonderfully accepted, and he thanked the volunteers from the various counties who have shown tremendous interest in supporting the Robinson Scholars Program. He said that he would be happy to answer any questions.

President Todd thanked Mr. Mobley for his comments and said that he would like to reiterate the thank you to Mitch Barnhart. When Mr. Barnhart called him to indicate that he felt he could raise the ticket prices to the point where the Athletics Department could give \$1M a year for academic scholarships, it came at a very good time in the budget's history of the State of Kentucky. But, in addition to that, if the Athletics Department maxes out their ticket sales, there is sufficient funding there to also pick up the salary for Keith Madison. He said that everyone could thank Mitch for making that available to the administration and to Mr. Madison for his passion and enthusiasm.

President Todd reported that at the Murray State football game, they had 20 individuals in the Provost's box who are volunteers who committed to helping the University pursue this fundraising. Mr. Madison is barely on the job but is already seeing some results. He told the Board that they would be hearing more about the fundraising efforts on scholarships, but this is one component of that effort.

President Todd said that he wanted to make clear that the University has no interest at this time in proposing any mining on the main tract of Robinson Forest, but he said that he is strongly committed, as he knows Board is, to the Robinson Scholars Program. He said that the Board would now have an opportunity to ask any questions or make any comments on what they have heard or what they have read in the report.

Ms. Wickliffe commented that the report is very valuable. There is a lot of good information in it that maybe she should have known, but she did not know. This report has made it much clearer for her, and she thinks they did a great job.

President Todd agreed that it is a good piece of work.

Ms. Sims said that she appreciated President Todd's commitment to the Robinson students. As a Board, they are passionate about this group for the betterment of Kentucky and the Appalachian area in particular. She said that she is real thankful that the University can continue to serve them.

Mr. Shoop said that he is glad to see that the University is moving past consideration of mining the Forest. He said, in his opinion, the Board holds the Forest as no less than a sacred trust. He feels the University can raise money for the Robinson Scholars and not have to mine the Forest in the coming years or ever touch this pristine area. He said that he is speaking partly for Dr. Stumbo who asked for the report. He said that Dr. Stumbo is not at the meeting, but he came from eastern Kentucky, as does he, and he has seen so much of eastern Kentucky just polluted and washed over the hillsides. He said that this is an untouched tract of land that he feels the Board holds in sacred trust. As long as he is on the Board, he will never vote to have this tract of land mined. He commended President Todd for taking the position that he has taken. He said that he is glad that the Board is at the point of putting this issue to rest for the time being.

Ms. Sims said that she would like to thank the people for their many comments and letters that she received showing the passion Kentuckians have about this issue. A lot of the comments and letters came from faculty and students on campus. A lot of them also came from that area of the state.

Ms. May said that many times as Board members they feel they do not have the ability to start anything or make anything happen. She thinks that the report that has been brought to the Board is really very much a tribute to one Board member, Dr. Grady Stumbo, standing up and asking a question. She noted that he is no longer a member of the Board; however, she asked that a copy of the report be sent to him. He may not be a member of the Board, but he still very much loves the University and cares about it.

Mr. Shoop said that he would like to make one other comment. He commended Terry Mobley for taking this project and already developing a plan for the University to raise money from sources other than having to mine or having to look at mining this tract of land to get money.

Ms. Wilson said that all of them feel the same way as far as making sure this project goes forward. She said, in her opinion, this would be a great opportunity for not only the Board members but for other people in the public to take a part and support the efforts of the Robinson Scholars. This would be a nice giving opportunity. The Board should encourage people that they know to support the program in that way.

President Todd thanked the Board for their comments. He noted that this is a point of information and does not require a motion.

President Todd said that he would like to revisit PR 2 to acknowledge the service of Dr. Ben Carr. It is mentioned in PR 2 that Dr. Carr is going to retire, but he is going to come back

with a half-time appointment. He is going to continue to oversee the Lexington Community College accreditation process. He is going to continue with the sustainability effort that has begun on campus. He will play a role and work closely with Dick Siemer to do the task that he has got the personality and the background and the abilities to carry out while at the same time enjoying his retirement. He said Dr. Carr's plans to play more golf, travel, and spend time with his wife, Jeanne. He asked Dr. and Mrs. Carr to stand and be recognized. They received a round of applause. Dr. Todd noted that he and Ben were engineering students together a few years back.

President Todd reported that Dr. Carr has had 31 years of continuous service at the University, beginning as a faculty member at what was then call LTI and now is the Lexington Community College. He was a Division Chair of Engineering. He progressed through that system to become Chancellor of the UK Community College System. He served that position for seven years and then he became Vice President of Finance for the University of Kentucky, briefly Vice President for Management and Budget and then finally as Vice President for Auxiliary and Campus Services. He said that he is very appreciative for the service that Dr. Carr has rendered to the institution. He is also glad that he is going to render at least half of that continuously. He congratulated Ben and Jeanne.

President Todd said that he would like to bring to the Board's attention the appointment of Angie Martin. Ms. Martin has been with the University for a fairly short period of time, but her skills in the budgeting and accounting area have been well recognized by everyone who has come in contact with her. She is presently the Associate Vice President of Planning and Budget, but with the Board's vote, she has now become the Vice President of Planning, Budget and Policy in the office of Executive Vice President for Finance and Administration. He said that he is glad to welcome the newest Vice President to the ranks and congratulated Ms. Martin.

President Todd mentioned the appointment of Chief of Police Fred Otto. Chief Otto joins the University from Missouri. He reported that Chief Otto has Kentucky roots, and he is going to do a fine job for the University. President Todd said that he appreciated his being a part of the University family. Chief Otto was asked to stand and be recognized. He received a round of applause.

President Todd called attention to the promotion of two other gentlemen who have served this institution extremely well with efficiency, with professionalism, and with passion. Victor Hazard, Student Affairs, is being promoted from Dean of Students to Associate Vice President for Student Affairs/Dean of Students. Mr. Hazard received a round of applause. The other gentleman is Jim Wims of Student Affairs. He is being promoted from Student Services Director to Assistant Vice President for Student Affairs/Director of Residence Life. Mr. Wims received a round of applause. President Todd said that he appreciated their attendance at the meeting.

I. Appointment of Dean of the College of Dentistry (PR 3)

President Todd said that it is his pleasure to recommend that the Board approve the appointment of Dr. Sharon P. Turner as Dean of the College of Dentistry effective October 1, 2003. Dr. Turner could not attend the Board meeting because she is still in Oregon. He asked

the Board to review the background information about her. He noted that her announcement was in the newspaper. On motion made by Ms. Sims, seconded by Ms. Sparks and carried, PR 3 was approved without dissent. (See PR 3 at the end of the Minutes.)

J. Appointment of Executive Vice President for Health Affairs (PR 4)

President Todd recommended that the Board of Trustees approve the appointment of Dr. Michael Karpf as Executive Vice President for Health Affairs effective October 1, 2003. Dr. Karpf has a very unique background for this position. Jan Greenwood and her firm conducted a national search for the University. President Todd thanked Dr. Alfred Cohen for overseeing that search process and for the members of that committee to result in such a fine appointment. Dr. Karpf has served as a professor. He has served as Vice Provost of clinical operations. He has most recently overseen the hospital at UCLA. When he went to UCLA, they were number five in the nation. They were just recently, by US News and World Report, selected as number 3 in the country behind Johns Hopkins and Mayo, a very elite territory. President Todd said that he is pleased that Dr. Karpf would accept this position because this is a crucial position that will report directly to him. It is one that will have to require the vision of taking an academic medical center into clinical operations expertise that will help the University advance its regional recognition and its national recognition. He will have to keep the science going that is in there. President Todd noted that Dr. Karpf's offer letter was distributed to the Board. Mr. Shoop moved approval of PR 4. Ms. Wilson seconded the motion, and it carried without dissent. (See PR 4 at the end of the Minutes.)

President Todd asked Dr. Karpf to make comments to the Board.

Dr. Karpf thanked everyone for a very warm Kentucky welcome. As he meets people, he understands how friendly folks are in Kentucky. He said that he and his wife would be feeling at home quite quickly. Having been in Lexington for a couple of visits, he has also come to realize how important the institution is to the Commonwealth and the people. The discussion of Robinson Forest just reinforces what this institution does for the state and does for the citizens of the state. As the medical enterprise, the Chandler Medical Center and the College of Medicine have broad responsibilities for the state, particularly important responsibilities for the health care of eastern Kentucky. He thinks the University must bring the newest in care and the newest in technology to the citizens of Kentucky.

The Chandler Medical Center and the College of Medicine also have to be the standard bearers for quality and safety. For him, the challenge will be how to take an academic medical center with all the trials and tribulations they are going through and make sure that it is responsive and responsible to such a broad population base. He said that he looked forward to that challenge, and he looks forward to working with the Board in the future. He thanked them for their confidence.

President Todd talked about the things that impressed him during the conversations with Dr. Karpf. Dr. Karpf indicated in one conversation that the UCLA Hospital, while it is basically a billion dollar enterprise, only works with 2% of the population in Southern California, whereas, joining the University of Kentucky and its Medical Center he has a chance to help influence the

treatment and care of over 30-40% of the population of the state. President Todd said that he liked that passion.

President Todd reported that he had to put together a competitive package to attract someone. He reiterated that one of the ways to get to be “top 20” is to hire people who have been there. We have done that in this case, and we have been able to draw someone from an extremely successful and competitive career to come here. And, we wanted to share that letter with you all.

K. Establishment of Engineering Alumni Association Professorship (PR 5)

President Todd said that PR 5 is a recommendation that the Board authorize the establishment of an Engineering Alumni Association Professorship in the College of Engineering. The Executive Board of that Alumni Association made this recommendation. Dean Lester has found ways that he can fund it. He asked for the Board’s approval of PR 5. Professor Kennedy moved approval. Ms. Watts seconded the motion, and it carried without dissent. (See PR 5 at the end of the Minutes.)

L. Naming of University Building (PR 6)

President Todd recommended that the Board of Trustees approve the renaming of Building 38, the Mining Lab Building, to the Engineering Annex. This building no longer houses mining activity, and the College would like to change the name. The Committee on Naming University Buildings has reviewed this request and found it to be in compliance. Mr. Shoop moved approval. Ms. Tobin seconded the motion, and it carried without dissent. (See PR 6 at the end of the Minutes.)

M. Renaming of Administrative Office (PR 7)

President Todd said that PR 7 is substantially more than just a simple renaming of an administrative office. He recommended that the Board approve the renaming of the Office of Minority Affairs to the Office of Multicultural and Academic Affairs, effective retroactively to July 1, 2003. A review of the Office for Minority Affairs is done each year, and the external review team recommended that Minority Affairs assume university-wide responsibility to lead diversity and equity efforts across the campus. That it extend its mission to include a broader range of services and to change its name so that it would reflect that broader range of services. This transformation of the Office of Minority Affairs to the Office of Multicultural and Academic Affairs is UK’s positive response to the dramatic changes occurring in the larger society. Multiculturalism is not only consistent with the mission of UK. It is in keeping with the democratic values of the nation and the highest ideas of the finest colleges and universities in our society. He reported that the number of employees was not reduced, and \$50,000 more of budget authority was provided to try to help with this mission. He said that this is substantially more than a renaming. It is a redefinition of mission. He asked for the Board’s approval. On motion made by Ms. May, seconded by Ms. Wilson and carried without dissent, PR 7 was approved. (See PR 7 at the end of the Minutes.)

Professor Jones asked for a clarification on PR 7. He asked if the background information included what President Todd described -- this is a redefinition, and a broadening of the mission. When the Board votes to approve PR's, is it only merely voting on the language that is in the recommendation line or is it also endorsing concepts like this that are in the background?

President Todd said that he could give Professor Jones his take, but he had an attorney on either side of him. The only Board action is to require the administrative name change. The change within the department would have been done without changing the name. The Board's vote is on the recommendation. The background information is to try to give the Board some background for why the administration is recommending that name change.

N. Bachelor of Arts in Russian Studies and Bachelor of Science in Russian Studies (AACR 3)

Ms. Sparks, Chair of the Academic Affairs Committee, reported that AACR 1 and 2 were on the consent agenda. AACR 3 was not on the consent calendar; therefore, she wants to make sure that the Board crosses all the t's and i's. She asked that the Board approve AACR 3 which is to approve the change in the name of the Bachelor of Arts with a major in Russian and East European Studies to Bachelor of Arts with a major in Russian Studies and the Bachelor of Science with a major in Russian and Eastern European Studies to Bachelor of Science with a major in Russian Studies. This is to more accurately reflect the content in the majors. On motion made by Ms. Sparks and seconded by Dr. Meriwether, AACR 3 carried without dissent. (See AACR 3 at the end of the Minutes.)

Ms. Sparks reported that after the Academic Affairs Committee took care of their duties to approve the three resolutions, they had a super informative meeting from Dr. Gary Hanson who is chairing the Committee that is overseeing the move of Family Studies Early Childhood to the College of Agriculture. She said that she had the Minutes of the Academic Affairs Committee meeting if any of the Board members would like them.

She said that Dr. Hanson reported that things are moving along beautifully with the Committee. The Committee has already met four times. This is the Committee that was charged with reporting back on a quarterly basis to Academic Affairs. The Committee has met with Dean Smith and Dean Cibulka. They will invite faculty from Family Studies and individuals who work in or are involved with the Department of Family Studies, graduates and current students in this area of study, and will continue to report to the Academic Affairs Committee. Things seem to be going very smoothly, and the Committee is gathering a lot of information. They will get their Committee meeting dates to her and have assured her that Board members are more than welcome to attend any of their Committee meetings.

Ms. Sparks reported that the Academic Affairs Committee also had a great report from Larry Turner, who is the Associate Dean for Extension of the Cooperative Extension Service. There was an approximate 45-minute discussion and almost everything covered is in the booklet that she asked that he make copies for the entire Board. It is a super report. She expressed appreciation to Dr. Turner for the time he put into the report. She encouraged the Board to

review it so they would know what is going on in their own county and said it would be great if the Board had contact with their local papers to get the people in their county some much needed PR. They are the University's spokespeople all over the state, and fortunately they are funded a lot by the county governments and the federal government that is even better. We get to say what services are offered, and we get to pay for it. It seems to be working well. She indicated that she did not know that 4-H was connected with the University of Kentucky. She reiterated that the report is good. She said she hoped that the Academic Affairs Committee would continue to meet the day before the meeting for at least an hour and a half and look into other areas that the Committee and Board needs to know more about.

O. Audit Subcommittee Report and Acceptance of Audit Report and the Report on Compliance and on Internal Control for the University of Kentucky for 2002-03 (FCR 1)

Ms. Wickliffe, Acting Chair of the Finance Committee, reported that Alice Sparks chaired the Audit Subcommittee meeting. The Subcommittee had a good discussion and a lot of the information was delivered to the members. The recommendation is that the Board of Trustees accept (1) the University of Kentucky's Consolidated Financial Statements for the year ending June 30, 2003, consisting of the Consolidated Statement of Net Assets, Consolidated Statement of Revenues, Expenses and Changes in Net Assets, Consolidated Statements of Cash Flows, Notes to Consolidated Financial Statements and Management's Discussion and Analysis, and (2) that the Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on the Audit Performed in Accordance with Government Auditing Standards. She called attention to the following paragraph on page 10 of the audit:

“In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the University of Kentucky and affiliated corporations as of June 30, 2003 and 2002, and their consolidated revenues, expenses and changes in net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.”

She reported that in layman's terms, the auditors issued an unqualified report which is the best the University could get. She commended the accounting department for the fine report that they did. The Subcommittee is very pleased that everything at the University is in good shape. The Subcommittee is fully informed and has been given in detail the answers to many questions. She said that the President and the University staff have done an excellent job.

Ms. Wickliffe said that concluded the Audit Report and FCR 1.

Mr. Reed said Ms. Wickliffe recommended approval of the Audit Subcommittee Report. Ms. Tobin seconded the motion, and it carried without dissent.

Ms. Wickliffe then moved approval of FCR 1. That motion was seconded by Ms. Wilson and carried without dissent. (See FCR 1 at the end of the Minutes.)

P. Capital Construction Report (FCR 2)

Ms. Wickliffe said that FCR 2 is the Capital Construction Report. There was one new contract, three contracts that were completed, and one amendment this quarter. On behalf of the Finance Committee, Ms. Wickliffe moved that the Board accept the Capital Construction Report. Ms. Wilson seconded the motion, and it carried without dissent. (See FCR 2 at the end of the Minutes.)

Q. Report of Leases (FCR 3)

Ms. Wickliffe said that FCR 3 is a Report of Leases. She noted that there is a renewal lease between the University of Kentucky and the Cooperative Extension Service for their space in Henderson, Kentucky, one for the Center for Drug and Alcohol Research located in Russellville, Kentucky, a new lease between the College of Engineering and Kentucky Technology, Inc., for space located in the ASTeCC Building on campus, and a new lease between the Department of Art and Young Properties for space located at 330 Rose Street, Lexington. She moved the adoption of FCR 3. Ms. Tobin seconded the motion, and it carried without dissent. (See FCR 3 at the end of the Minutes.)

R. Patent Assignment Report (FCR 4)

Ms. Wickliffe said that FCR 4 is the Patent Assignment Report for the period May 1, 2003 through July 31, 2003. She noted that there were 24 applications through June 2003. Through July 1, 2003, there has been one new patent. She moved the adoption of FCR 4. Mr. Hardymon seconded the motion, and it carried without dissent. See FCR 4 at the end of the Minutes.

S. Gifts and Pledges (FCR 5 through FCR 14)

Ms. Wickliffe said that FCR 5 through 14 are summations that have been made to the University. She said that she would go through them and ask that the Board vote on them together.

FCR 5 is for gifts that were made to the UK Center for Research on Violence Against Women. The amount that has been given is \$381,292.53 from 28 donors. Two Board members, Alice Sparks and Billy Joe Miles, made contributions to the Center.

FCR 6 is a pledge from the Kentucky Medical Services Foundation, Inc. It is a pledge of \$50,000 to create and endow the James W. Holsinger Professorship in the College of Medicine. This pledge qualifies for matching funds from the state's Research Challenge Trust Grant.

FCR 7 is a CompEd, Inc. Gift and Pledge. It is a gift of \$20,000 and a pledge of \$30,000 to create and endow the CompEd Fellowship Fund in the College of Law. This also qualifies for the Research Challenge Trust Fund.

FCR 8 is the James C. Albisetti Gift and Pledge. It is a \$12,500 gift and a pledge of \$37,500 to create and endow the Albisetti Dissertation Research Fellowship in the Department of History in the College of Arts and Sciences. It is also eligible for the matching funds.

FCR 9 is the Buck-Kentucky Lung Cancer Research Chair. This is a gift of \$492,494 which when added to a previously accepted gift of \$300,000 from Dr. Peter Buck of Danbury, Connecticut, will create and endow the Buck-Kentucky Lung Cancer Research Chair in the Markey Cancer Center. This \$300,000 is also eligible for the match.

FCR 10 is the Altria/Philip Morris, Inc. Gift. It is a gift of \$427,956 from Altria/Philip Morris, Inc. This is a gift for undergraduate scholarships, fellowships and the leadership development program and tobacco research.

FCR 11 is the Don and Mira Ball Gift and Pledge. It is a gift of \$100,000 and a pledge of \$250,000 from Don and Mira Ball of Lexington for the restoration of the Administration Building.

FCR 12 is the Emil W. Johnson Gift. It is a \$150,000 gift from Mr. Johnson. It is to create and endow the Emil Johnson Tennis Scholarship Fund in the Department of Athletics. Mr. Johnson is a retired army officer, and he holds two degrees from the University. He was also on the UK Tennis Team.

FCR 13 is an Anonymous Gift and Pledge. It is a gift of \$25,000 and a pledge of \$75,000 from an anonymous donor to support the activities in the Department of Athletics. The donor is making this as an unrestricted gift to be used at the discretion of the Director of Athletics.

FCR 14 is Changing Names of Two Gill Endowments. This is asking the Board to approve changing the names and department designations for two professorships that were established in 1999 with gifts from Linda C. and Jack M. Gill of Houston, Texas.

Ms. Wickliffe moved approval of FCR 5 through 14. Ms. Wilson seconded the motion, and it carried without dissent. (See FCR 5 through 14 at the end of the Minutes.)

T. Delegation of General Provisions of House Bill 269 (FCR 15)

Ms. Wickliffe said that FCR 15 is the Delegation of General Provisions of House Bill 269. The recommendation is that the Board of Trustees delegate to the President of the University of Kentucky the responsibility for complying with the general provisions of House Bill 269 and for implementing fiscal policies at the University as a response to the financial condition of the Commonwealth. The Board has the authority to delegate this responsibility for implementing performance to the President of the University of Kentucky. She moved the approval of FCR 15. Ms. Sparks seconded the motion, and it carried without dissent. (See FCR 15 at the end of the Minutes.)

U. University of Kentucky Capital Request 2004-2006 (FCR 16)

Ms. Wickliffe said that FCR 16 is the University of Kentucky Capital Request for 2004-2006. The recommendation is that the request be approved for submission to the Council on Postsecondary Education (CPE) and that the Board authorize the President to adjust the priority of the projects, as needed, as the Council develops the operating and capital requests for postsecondary education. She called attention to the small brochure in the packet and noted the priorities as they exist today. Those are the projects that the University will be asking the CPE to approve. She moved approval of FCR 16. Ms. Tobin seconded the motion, and it carried without dissent. (See FCR 16 at the end of the Minutes.)

V. Proposed 2004-05 and 2005-06 Tuition Rates and Mandatory Fees Increases (FCR 17)

Ms. Wickliffe said that FCR 17 is the proposed 2004-05 and 2005-06 Tuition Rates and Mandatory Fees Increases. The recommendation is that the Board of Trustees approve the following estimated tuition rate increases for those years and that the Board of Trustees approve increasing the mandatory student fees by the same percentage increase of the resident undergraduate tuition rate for each year of the biennium.

She noted in the background that in May 2003 the Council on Postsecondary Education approved tuition setting guidelines to be used by the respective Boards of Trustees and Boards of Regents in setting tuition rates for the fall 2004 and fall 2005. The recommended tuition rates are in compliance with the Council's tuition setting guidelines.

In accordance with the guidelines, each institution is to submit its planned biennial tuition rates and projected tuition and fees revenues for 2004-05 and 2005-06 to the Council by September 1, 2003, for use in developing the Council's 2004-06 biennial budget request. The official rates will be established by the University of Kentucky Board of Trustees in the spring of 2004 for 2004-05 and in the spring of 2005 for 2005-06. Ms. Wickliffe moved the adoption of FCR 17. Ms. Sparks seconded the motion.

Mr. Reed asked if there were any questions. Ms. Watts asked if she could clarify that this is something the CPE has mandated for the Board to do, and President Todd replied, "Yes, it sure is."

Ms. Watts said that she understood the situation. She has talked some to President Todd about the University on your end. She said that she would have to agree that students feel the same way as a lot of people planning this year. She thinks on behalf of the students, and not just the students but the entire University, she is going to have to stand up and encourage the state legislators and the CPE to look into alternative forms of raising finances for higher education. It is their choice of whether to support this and put their mandate behind this, but she thinks for most students in the University, she cannot support this recommendation.

Mr. Reed asked for any other questions or discussions. He called for a vote, and the motion carried. Ms. Watts voted nay. (See FCR 17 at the end of the Minutes.)

W. 2003-04 Budget Revisions (FCR 18)

Ms. Wickliffe said that FCR 18 is the budget revision. She noted that the entire increase is \$397,500, which is a .03% increase, and called attention to the different items. She moved the adoption of FCR 18. Ms. May seconded the motion, and it carried without dissent. (See FCR 18 at the end of the Minutes.)

X. A Resolution of the Board of Trustees of the University of Kentucky Authorizing the Issuance of Approximately \$17,645,000 of University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series T, to be Dated the First Day of the Month in which the Bonds are Sold (FCR 19)

Ms Wickliffe said that FCR 19 is the Resolution asking for the approval for bonds to be sold on behalf of the Parking Garage. She noted that the amount is \$17,645,000. This is the Series T Bonds for the purpose of financing the "Parking Structure". It is to be located on a site based on UK's Physical Development Campus Plan. On behalf of the Finance Committee, she moved the adoption of FCR 19. Mr. Hardymon seconded the motion, and it carried without dissent. (See FCR 19 at the end of the Minutes.)

Y. A Resolution of the Board of Trustees of the University of Kentucky Authorizing the Issuance of Approximately \$14,190,000 of University of Kentucky Consolidated Educational Buildings Refunding Revenue Bonds, Series O (Second Series), to be Dated the First Day of the Month in which the Bonds are Sold (FCR 20) and A Resolution of the Board of Trustees of the University of Kentucky Authorizing the Issuance of Said Board's Housing and Dining System Refunding Revenue Bonds, Series M and O (Second Series), to be Dated the First Day of the Month in which Sold; Authorizing Proper Proceedings Relative to the Public Sale of the Bonds and the Disposition of the Proceeds thereof; Authorizing Execution of a Twelfth Supplemental Trust Indenture between the Board and Farmers Bank & Capital Trust Company, Frankfort, Kentucky, as Trustee, in Compliance with the Provisions of the Trust Indenture Dated June 1, 1965 (FCR 21)

Ms. Wickliffe said that FCR 20 and 21 are refinancing on behalf of the University. The recommendation is for the Board to give the Controller the authority to refinance these Bonds if it becomes advantageous to the University. She moved the adoption of FCR 20 and FCR 21. Ms. Tobin seconded the motion, and it carried without dissent.

Z. A Resolution of the Board of Trustees of the University of Kentucky Approving the Action of the Board of Regents of the Kentucky Community and Technical College System (KCTCS) Directing the University of Kentucky to Call University of Kentucky Community College Educational Buildings Revenue Bonds Series I, J, and Certain Bonds of Series A, C, F, and H (Second) and Further Authorizing the Treasurer of the University to Execute a Call of Said Bonds (FCR 22)

Ms. Wickliffe said that FCR 22 is the refinancing of the KCTCS Bonds. They wish to refinance these Bonds and the properties that UK held prior to the dissolution of the community colleges. On behalf of the Finance Committee, she moved the adoption of FCR 22. Ms. Sparks seconded the motion, and it carried without dissent. (See FCR 22 at the end of the Minutes.)

AA. Investment Committee Report

Mr. Wilcoxson, Chair of the Investment Committee, gave an update on the endowment. The University's pool of endowment investments had a market value on June 30, 2003 of \$424.6M compared to June 30, 2002 of \$416.5M, an increase of \$8.1M. The Investment Committee has allocated endowment investments among the domestic and international equities and fixed income securities, and it currently has 7 professional investment firms. Each of those has a specialized philosophy and a style of investing to manage the endowment assets. At June 30, 2003, the University's portfolio was invested 58% in common stocks of U.S. companies, 29% in U.S. fixed income securities and 13% in international companies. Fiscal year 2003 was what one might call a relatively bad year for the endowment investments; however, there was a market rally in the quarter ending June 30, 2003 that resulted in the total return of 1.7% for the fiscal year. All of these fiscal year returns were not as good as the Committee would like for them to be. One might be very, very pleased with the eight months ending in August of this year. The University really did well. The eight-month return was 13.6% for that eight-month period through August versus the policy benchmark of 12.9%.

BB. Other Business

Mr. Reed said there were a number of reports. He called upon Ms. Tobin to give the annual Alumni Association Report

Alumni Association Report

Ms. Tobin reported that the University of Kentucky Alumni Association is a vital constituency of the University. The mission of the University of Kentucky's Alumni Association is an organization that fosters intellectual and emotional fellowship through quality services, programs and benefits. It is the ongoing connection between the alumni and the University community while developing positive good will, support and loyalty to the University of Kentucky. The Association's vision is to inspire and strengthen the international distinction of the UK Alumni Association as the umbrella association for all alumni and to enhance the mission of the University of Kentucky. This Association will represent all UK alumni in

contributing to the University of Kentucky stature as one of the nation's "top 20" public universities.

The Association is steeped in history. It was founded in 1889 by Joseph H. Castle, a UK graduate and chemistry professor. He gathered his buddies to form the Association. The alumni homes have included Carnahan House and Spindletop Hall. Prior to 1963, the UK alumni staff was housed in the UK Student Center, and in 1960-63 the Helen G. King Alumni House was constructed at a cost of \$325,000 when it was dedicated. It has now served to the present day as the alumni home. In 1998, a \$600,000 restoration of King Alumni House was completed. Future plans include a major conference center addition.

The Association was incorporated as a 501(c) (3) non-profit organization in 1933. It became a membership dues supported and governed association in 1971 when the Office of Development was established. It is currently governed by a 112 member Board of Directors and is served by 18 full-time staff providing services in these areas: membership marketing, public relations, information systems which maintains the office records registrar, programs and communications. Its membership consists of 33,250 total members, and it has 19,426 dues paying annual members and 12,864 life members. The Association is organized into a club network system with 35 alumni clubs in Kentucky and 30 alumni clubs in 17 states. Joining the membership are colleges affiliate and constituents special interests groups.

The Association has an Alumni Affairs Council with representatives from each academic college and school, the Band Alumni, Lyman T. Johnson African-American Alumni, and Young Alumni. As the registrar of alumni records, the information services include a mammoth database of numbers. The Association has 182,216 addressable alumni records.

The Association's many programs, services and benefits include the Great Teachers' Awards. This is the oldest, continuous recognition of professors in the classroom. The Association has a Kentucky Alumni Magazine and last year 10,000 alumni and friends attended 325 events offered by the 65 alumni clubs. The literacy national service project is supported by 21 alumni clubs. The Association has an Alumni Career Service that is funded by Jane I. Morris Endowment, an alumni student-mentoring program. It gives six alumni awards, service awards, annually to alumni who have served the organization with distinction.

More than 5,000 travelers have taken alumni trips in the last 20 years, and this serves to bond many alumni to the University. The Association has athletic tickets for club members of a limited quantity to help again engage the club networks to come to the athletic events on campus, and of course, there is the highlight of homecoming and 50-Year Golden Wildcat Society Reunion. Some of the recent programs include the official UK ring ceremony. There is an online UK alumni directory. Free web-based e-mail forwarding is available to all alumni.

The Association supports the Kentucky Welcome Weekend, and the 1,200 wildcats. These are dinners in homes of alumni to engage alumni students and faculty in dialogue. The Association supports the legacy program for parents and students. It funds and supports student recruitment programs in conjunction with the Office of Admissions.

The Association's communications go out to 250,000 Kentucky Alumni circulation for its magazine. It has annual hits to its webpage of 826,000. It has 411,000 alumni and friends reached by 50 e-mail broadcasts to date this year, and 150,000 alumni and friends reached by e-alumwise which is the electronic monthly newsletter. Also, the records staff updates 36,900 alumni records on an annual basis. All of these programs and communications are supported by an annual budget of \$2.4M which is 76% self-funded and 24% University funded. Some of these programming expenditure highlights include the Association and Club Scholarships, its support to college alumni groups, students support and alumni career support.

The UK Alumni Association is all about building and cultivating life-long productive relationships for alumni and for the University of Kentucky. The Association is fund raising in support of the strategic mission of the University of Kentucky in teaching, research and service. It believes in cultivating a foundation for giving back to the University through the Office of Development and encouraging grassroots support in leadership as good stewards in the community.

Ms. Tobin thanked the Board for the opportunity to tell them about the UK Alumni Association. She noted that there are three alumni members of the Board of Trustees. Marianne Smith Edge, who is not in attendance, serves on the Executive Committee, and everyone who received the Kentucky Alumnus Magazine will see her picture on the cover this month. She has the distinction of being elected President of the American Dietetic Association. Ms. Tobin said that she was sorry Ms. Smith Edge could not be at this meeting. The other member of the Trustees is Marian Moore Sims. She asked Ms. Sims to stand. She said that Ms. Sims knows everyone, and she is constantly amazed at her computer-based memory of all the names. She has taught everybody in Fayette County and is very well represented -- a very good representative of all these alumni. Ms. Tobin reported that she is the newest member of the Alumni Trustees, and it is her pleasure to introduce Stan Key, who is the Director of Alumni Affairs. She asked Mr. Key to stand, and he received a round of applause.

Ms. Sparks said that one of the things that she admires most about the Alumni Association is that her late husband was a lifetime member, and at his death, his membership was automatically transferred to her. This is very touching, and she really appreciated it. She thanked them for the nice gesture.

Mr. Reed said that he thought it would be safe to say that everybody on the Board has been duly impressed with the work and service of the Alumni Association and the Alumni Trustees who are on the Board. Whether it is something that is in the community, whether it is something regarding a policy of the University, or something that the Alumni Association is doing at an athletic event, everyone is touched in some way or another by the outstanding work of the Alumni Association. He said that he is glad to be a part of the Association as well as to have the alumni representatives of the Board of Trustees.

Ms. Sims announced that members of the Board and those in the audience who are not members of the Association could join the Alumni Association real easy. It is inexpensive and very reasonable, and it keeps you abreast of all the amazing things that go on at this great

University and with the alumni. She said that you cannot imagine how much greatness is in the world today because of alumni of the University of Kentucky.

Business Partnership Foundation Report

Ms. Wilson said that it has been an honor and a privilege for her to serve on the Business Partnership Foundation the last couple of years, and it has been a learning experience for her. She said that she is honored to give the report that includes a recap of the meeting in November 2002 and April 2003.

In November 2002, the Board was informed that total private endowments to the Foundation exceeded \$66M as of June 30, 2002. The Board also learned that there was progress being made in the formation of start-up companies resulting from the commercialization of UK's research. They also talked about an establishment of a research grant concerning a Poverty Research Center at the Gatton College. The Board was told of an NSF grant to study the banking system of Japan. They also talked about a \$40 million campaign that was in the making for the development of the new campus for the College; however, a decline in the equity markets was delaying fundraising efforts for that unfortunately.

At the April 2003 meeting, the Board saw the addition of three new members of the Board. The Board was introduced to the new dean of the College, Professor Sudharshan, who was beginning his tenure as the new dean of the College. Dean Richard Furst told the Board that the private support for the College now placed the College in the upper 20% of the colleges nationwide in terms of the size of their respective endowment. The College has moved up; however, other efforts have been keeping it from getting the money that is needed for the endowments, and therefore, the College did not have a higher ranking nationally.

Dean Furst, who stepped down as the dean at the end of the fiscal year, has had tremendous impact on the Gatton College. The Board owes him much gratitude for all his efforts. He brought the College and the Foundation from almost no money at all to where they are now-- millions and millions of dollars. She said that she would like for the Board of Trustees to thank him for all of his efforts at this time. He shows the Board how partnership can really work as far as fundraising and helping the University overall. She thanked the Board for allowing her to make this report.

University of Kentucky Equine Research Foundation Report and University of Kentucky Mining Engineering Foundation Board Report

Mr. Shoop said that he represents the Board of Trustees on two foundations, and with Chairman Reed's permission, he would like to cover both of the reports at the same time. He said that it is his privilege to represent the Board on the University of Kentucky Equine Research Foundation and the UK Mining Engineering Foundation Board. He said that he had distributed very limited reports about the Foundations to the Board since the agenda was very long. He said that he would like to ask the Board to accept the written reports and allow him to have someone from both of the Foundations to come at a later time to make a presentation. With the

permission of the Board, they will do that. The Gluck Center has a wonderful video that shows what they do, and the Mining Foundation plays such an important part in Kentucky.

Mr. Shoop said for him to sit there and try to very hurriedly tell the Board in five or ten minutes what these two Foundations do would be very inadequate. The reports that he distributed are very limited, but for the sake of time at this meeting, he asked that the Board accept the written reports.

University of Kentucky Research Foundation (UKRF) Report

Ms. Sims said that she, too, would try to give the Board a summary sketch of the University of Kentucky Research Foundation. She and Pam May represent the Board on the University of Kentucky Research Foundation Board of Directors.

This Board was established in 1945 to “receive, invest and expend funds to promote and implement scientific, educational and developmental activities at UK.” The Board meets each spring for its annual meeting prior to the release of the University’s new operating budget. It is comprised of 11 members. Presently on the Board are President Todd, who serves as the Board’s president, Dr. Wendy Baldwin, who is the Executive Vice President for Research as well as the Executive Director for UKRF, Dr. Nietzel, the Provost, Dr. Ken Roberts and Dr. Ann Francis Miller, who are the two faculty representatives, Mr. Richard Kurzynske and Mr. Henry Jackson, who are the two members from the business sector, Dr. Jack Blanton, who served so ably, and now it will be Mr. Dick Siemer, Dr. James Holsinger, and now it is going to be Dr. Karpf.

Ms. Sims said that this is one of the most critical enterprises of this great University, and there is always in attendance many of the other staff connected with this endeavor; Jack Supplee, Henry Clay Owen, Bob Marshall, Jennifer Miles, Don Keach, Katherine Adams, Deb Weis, Dr. Joe Fink, Dr. Del Collins, Tina Carpenter, Kathy Stanwix-Hayes and Debbie Davis. These individuals have compiled a lovely folder packed with great information.

She noted that the Minutes of the last meeting in May 2003 are in the folder. In May, Dr. Baldwin’s office projected that UKRF would end the fiscal year of 2003 with \$215M in newly sponsored projects. As Dr. Todd reported in PR 3, the actual amount was a record \$222.7M. She said that she knew the Board would join her in adding further congratulations to some amazing faculty and staff for their outstanding achievement during this time in our economy. The faculty and staff received a round of applause.

Ms. Sims reported that these grants and contracts make up the vast majority of the UKRF budget which in turn supports programs for faculty research, graduate education, and core research services. Currently, the Board has approved a budget increase of \$22M for the fiscal year 2004.

In closing, Ms. Sims said that she is pleased to report that new grants and contracts total for July and August is currently \$69.4M. That is an increase of 2% over the same period last year. She said that she is thankful to Dr. Baldwin for her hard work, and she, too, would love for

Dr. Baldwin to give a much more involved presentation about her dreams and the reality of this great research university at a later Board meeting. She said that she hoped the Board would let her do that. Dr. Baldwin has a lot to say.

University Hospital Board – JCHO Report

Dr. Meriwether reported that the Hospital Board met and had a JCHO presentation. The Hospital passed in flying colors, 94 out of 100. He said that he is proud of all of the staff at the Hospital.

The Fund

Mr. Reed said that the other report on the agenda was about The Fund. He reported that Mr. Miles was not in attendance; however, the report was distributed in the Board packet.

CC. Comments by Chairman Reed

Mr. Reed said that he had a couple of points that he wanted to mention. The first thing that he wanted to do is thank the Board for its support of him as Chairman. He said that he did not know of anything else that he has ever undertaken, aside from being a spouse to his lovely wife or a father to his three boys, that he cherished more than being chairman of this fine institution. Sometimes in life people get humbled by something that is so big, so great, and so honorable. He said that he is just humbled, and that he has so much humility to be even on the Board, let alone to be chair of the Board. The thing that adds to the wonder of this is the fact that this is such an outstanding Board. Everyone on the Board is just such a wonderful contribution. With the love that he sees, the inspiration that he gets, and the support that he and the University gets, he does not think that there is a finer Board assembled than the Board of Trustees of the University of Kentucky. Just to be a partner with the Board is a wonderful honor. He said that he felt safe to say that he does not think there is another institution that is as beloved as the University of Kentucky. He dares say media to the contrary, but the public loves the University of Kentucky. Just to see the respect that one gets when they mention they are a part of the University of Kentucky is awesome and so inspiring. It makes you come back and say, “Am I worthy to fulfill my role to serve the University and to meet these people’s expectation”?

He said that he, along with other Board members, have a lot of sleepless nights when they just think they are not doing enough, and they have to do more. They have so much desire to make the University reach its place that it so deserves among the greatest universities.

He expressed thanks also on behalf of Ms. Wickliffe, who is Vice Chair of the Board, and Mr. Williams, who is Secretary of the Board, because the things that he has said are things that he knows they have said to him as well.

Mr. Reed pointed out that this is the start of a new school year. He reflected on the meeting and the things that had taken place, such as the Robinson Forest Report. He talked about the vision of President Todd to find a way to preserve one of the University’s greatest natural resources. When some people hear that, they think it means the Forest, but it actually

means the scholars as well as the Forest. With great visionary leadership, sometimes you can find ways to accomplish more goals, and President Todd did that with the Robinson Forest issue. Mr. Reed said that he is proud to be a part of that.

Mr. Reed echoed the praise given by Mr. Shoop to Terry Mobley, who sometimes seems like he is everywhere. Every time the University needs money or support, Mr. Mobley is there. He comes back, and he always gives glowing reports of his success wherever he goes.

Mr. Reed commented about Paul Chellgren and Dr. Grady Stumbo, who are no longer a part of this Board. Their contributions to this Board have just been invaluable. Such that he has asked Paul Chellgren to continue to help and give his advice to the Audit Subcommittee. Mr. Chellgren took time off and came to the Audit Subcommittee to serve the University because of his love for it. Dr. Stumbo was not at the meeting, but he is the kind of person whose spirit will always be with the University. That spirit being one of his endearing loves for UK as well as for the people that it serves. He said that he wanted Dr. Stumbo to know that as long as he is on the Board, he will always think what Dr. Stumbo would have thought and make sure that it plays into his mind for every factor.

Mr. Reed gave some recognition to the new Chair of the Staff Senate, Sheila Brothers, and asked her to stand and be recognized. Ms. Brothers received a round of applause. Having the Staff Senate Chair at the meeting is another indication of the progress of the University and how democratic and inclusive it is.

DD. Comments from President Todd

President Todd called attention to the directory booklet. He thanked Dr. Phyllis Nash and her staff for pulling the directory together. It really is going to be a benefit to everyone, but particularly to the new members of the Board. It can also be distributed to other people around the campus who will find it to be a very valuable document.

President Todd then called attention to the invitation that many of the Board had already responded to about the Governor's Conference on Postsecondary Education. The two candidates for Governor are scheduled to attend the OAK Dinner, and this will give the Board members a chance to ask some higher education questions which have not been discussed enough in his mind at this point in time.

EE. Additional Comments by Chairman Reed

Mr. Reed said that there was one person that he forgot to mention. He said that the Board talked about leadership, and it talked about vision and support. When they talked about the Robinson Forest and fundraising, there was a department taken for granted. That is a department that it is easy to be hard on. It is a department that everyone can demand everything from. We demand perfection. We demand the highest of highest, and that department can often be the subject of the greatest criticism for even the slightest imperfection. With that in mind, Mr. Reed said he would like to reiterate his special thanks to Mitch Barnhart, Athletics Director, for the \$1M a year that the Athletics Department has committed to academic scholarships over a ten-

year period. A lot is written on athletics. A lot of criticism is given to athletics. He, again, thanked Mr. Barnhart and UK for having the vision, the will, the care, to take \$1M per year out of the athletic budget and give for academic scholarships. This is in addition to all the other contributions provided by the Athletics Department that are almost too numerous to mention, including the Athletic Department teaming up to help the Robinson Scholars. This is another way of athletics saying how can we help, how can we support, how can we make this University better. He said that if there is a better hallmark of an Athletics Department, he does not know what it is.

FF. Comments from Dr. Elissa Plattner

Dr. Plattner asked if anybody went to the Kentucky State Fair. She and Dr. Baldwin were in some real high cotton. For those who did not attend, they missed UK in one of its finest moments. It was everywhere from the Broadbent Pavilion to the horseshow ground, to 4-H, to everything you ever talked about as being grand. She told the Board members that they were making a cake and putting no icing on it unless they transfer themselves over to Louisville every August to see what it is all about. We would be very proud because UK was represented in every forum, in every situation. You would be proud of the UK students. You would be proud of the University representatives. You would be proud of who we all are. There were 565,000 Kentuckians in attendance that saw UK spread through out the forum. It was tremendous.

She commended UK for its History Department being part of the Lewis and Clark Expedition. It is going to take place in Louisville October 17th and 18th and everyone can preview it at the State Fair.

Dr. Plattner talked about the Agriculture students going to Europe and to Asia to learn about agriculture in the 21st Century and to bring back the level we need to be in this state. UK has got a marvelous bunch of young people who are out in China, France and other places around the world learning and bringing back what will be in the years to come.

GG. Comments from Marian Sims

Ms. Sims pointed out that the Agriculture booklet tells about the Extension Service. She said that she did not think any of the Board really has an understanding about what the Extension Service does. We have 3.5 million people in the State of Kentucky. The Agriculture Extension Office made 7M contacts in the State of Kentucky this year. That is the University touching all of Kentucky.

HH. Comments from President Todd

President Todd recognized Brad Goan and his staff and asked them to stand and be recognized. They received a round of applause. Mr. Goan has to wake up every day and work for the Robinson Scholars Program. He has got passion, and he understands the Robinson Scholars students. He reminded the Board of Mr. Goan's presentation and the couple of students who were there. He said that they intend to take those students to the mountains to help raise

money. He thanked Mr. Goan for what he does and said that he pledged his support to continue to support his efforts.

II. Meeting Adjourned

With no further business to come before the Board, Mr. Reed adjourned the meeting at 3:00 p.m.

Respectfully submitted,

Russ Williams
Secretary, Board of Trustees

(PR 2, 3, 4, 5, 6, and 7; AACR 1, 2, and 3; FCR 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, and 22 which follow are official parts of the Minutes of the meeting.)