

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, January 27, 2004.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, January 27, 2004 in the Board Room on the 18<sup>th</sup> Floor of Patterson Office Tower.

A. Meeting Opened

Mr. Steven S. Reed, Chair, called the meeting to order at 1:13 p.m., and Ms. Rachel Watts gave the invocation.

B. Roll Call

The following members of the Board of Trustees answered the call of the roll: James F. Hardyman, Marianne Smith Edge, Davy Jones, Michael Kennedy, Pamela R. May, Phillip Patton, Elissa Plattner, Steven S. Reed (Chair), Frank Shoop, Marian Moore Sims, Alice Stevens Sparks, Myra Leigh Tobin, Rachel Watts, JoEtta Y. Wickliffe, Russ Williams, Elaine A. Wilson, and Barbara S. Young. Absent from the meeting were Robert P. Meriwether, Billy Joe Miles, and Billy B. Wilcoxson. 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 of Health Affairs Michael Karpf and Acting General Counsel Barbara Jones.

Members of the various news media were also in attendance. A quorum being present, the Chair declared the meeting officially open for the conduct of business at 1:16 p.m.

C. Consent Agenda

Mr. Reed said that there were 25 items on the consent agenda, noting that this is the first time that gifts and pledges have been on the consent agenda. He asked if anyone wanted any of the items removed. Ms. Smith Edge moved that the items be approved. Ms. Wilson seconded the motion, and the consent agenda was approved without dissent.

Minutes – December 9, 2003

PR 2 – Personnel Actions

AACR 1 – Candidates for Degrees – Community College System

FCR 5 thru 26 – Gift and Pledges

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

President Todd mentioned a few items in PR 1. He said that many of the Board members attended the groundbreaking for the CPST building which is the University's initiative on Coldstream to focus on pharmaceutical activities. He commented that many Board members also attended the press conference when Mr. Carol Martin "Bill" Gatton and BB&T Charitable Foundation gave \$5 million for the building program for the College of Business and Economics.

The only other item he mentioned in PR 1 was the push for increased support for the Robinson Scholars Program. He reported that visits have been made to Hazard, Harlan, Prestonsburg, and London. He noted that Ms. May attended the event in Prestonsburg. He explained that the intent of those meetings was to meet with the local press, to talk to them about the virtues of the program, the status the University is in relative to the endowment, the University's decision not to mine the Forest at this time for additional revenue, and the need for the University to raise funding. There was an open session for the community and business leaders. Students were put in front of these leaders, and they were powerful. These students are some of the University's best sales agents. He reminded the Board that Keith Madison has been assigned by Vice President Terry Mobley to work in that arena, and he has done an outstanding job.

President Todd expressed appreciation to Ms. May for attending the event and asked other Board members to let him know if they knew of particular contact points the administration should be contacting. He mentioned that the University wants to start having some events in southeast Kentucky, and the Board would be informed of those as they are scheduled. An event may be held this summer in the Forest to try to attract people and round up community support. He said this is something that the Board needs to be aware of, and they would be hearing more about these efforts.

President Todd talked about the public safety issues around and on campus the last few weeks. He gave the following information that Mr. Siemer had provided to him about the University's actions in combating the problem:

- The University has 41 uniform patrol officers on its force.
- Three officers were added this year, and there are additional people in training.
- The pay for officers has been adjusted because an analysis showed they were underpaid.
- The University is not losing experienced officers because of budget cutbacks.
- The ROTC program is offering escort service off campus.
- The on-call bus service for campus has been extended all week until 3:00 a.m.
- The University invested \$250,000 this year in new police equipment.
- The Hospital and parking security people are now being used to augment campus patrols at nights and on weekends on an overtime basis just to help.
- There will be a new cellular service announced shortly. It will allow cell phone users to program one number into their phones which will immediately connect them to the University dispatch.
- There are conversations taking place with the city about how to police the area near campus in a way that allows the University to have as much information as possible and also help the city as much as possible.

President Todd said that the Governor was giving his budget presentation that night. He reviewed the variety of cuts assessed to the University and said that all of the cuts will be taken into consideration when the next budget is presented to the Board. He explained that the University was able to cover the \$5.5 million cut announced in early January from unbudgeted tuition dollars and redirecting a classroom renovation fund plus funds that Provost Nietzel had asked the deans to hold back. He said that a plan to cover the reduction on a recurring basis is

being developed and the administration would do its best to try to spare academic programs. He noted that there will not be any across-the-board cuts. They will be more strategic in nature.

President Todd also discussed the \$41 million nonrecurring cut to postsecondary education, which is expected to be in the Governor's budget. The University's original allocation was \$22.5 million. Through negotiations, the cut has been reduced to \$16.7 million. It is a nonrecurring cut and the administration is investigating various ways of how to cover the reduction. He indicated that the University would be in a better position to assess the impact of the reduction after the Governor's speech and based upon the legislators' reaction to the Governor's budget. He said that he wanted the Board to know that it is a major concern and the administration is working on how best to implement the reduction.

President Todd said that he wanted to talk about page 13 in PR 2 that had been revised. He said that he is very pleased to announce that the University has a new executive director of Coldstream Research Campus, Mr. John Parks. He reported that Mr. Parks had been on campus a couple times. During those visits, Mr. Parks had attended a town meeting with economic development leaders and Dr. Bill Brundage, Commissioner of the Office for the New Economy, to talk about new economy.

President Todd briefly reviewed Mr. Parks' credentials. Mr. Parks is currently the Director of the Research Park at the University of Illinois Urbana-Champaign campus which is literally a top 10 university. President Todd said that he knew it was always in the top three in engineering. There was MIT, Stanford, and the University of Illinois. It is a very technologically advanced university. Mr. Parks got their park up and running, and today, it has 33 high-tech companies with 650 employees. He also launched their technology incubator called Enterprise Works with 19 startup companies. Prior to that, Mr. Parks was president and CEO of a research park at Iowa State where it is home to 41 companies employing over 1,100 people. Mr. Parks has an M.B.A. from Iowa State. He served on the Iowa Seed Capital Corporation for eight years and the Ames, Iowa City Council for five years. He has quite a bit of experience in the government sector, and he was on the Economic Development Commissions in both Ames and Champaign, Illinois for 15 years. President Todd said that he is extremely pleased to have someone of Mr. Parks stature come to campus. Mr. Parks will be at the Coldstream Research Park April 1<sup>st</sup>.

President Todd talked about the strategy toward Coldstream and the development work in general. He referred to an Entrepreneurship Club that had been started to get the students to think about startups, to get them exposed to ideas, and to bring back the University's graduates who have been successful. He said that there has also been a Venture Club for about a year and a half since the University got Professor Dean Harvey to head the VonAllmen Center for Entrepreneurship. The Club has a regular attendance of about 75 people a week, consisting of entrepreneurs, venture capitalists, bankers, and accountants, who meet at the Lafayette Club.

President Todd reported that a Bluegrass Angel network was announced last month. These are high net worth individuals who will pay a slight fee to be a member. They receive a package of information on start-up companies so that they can make a decision whether they want to put money into the companies. The Bluegrass Angel organization has about 20

members. Dick Furst and Dean Harvey are working with that organization, and that is a significant move forward to try to get some capital locally to try to help some of the companies that start at the ASTeCC Center and elsewhere.

President Todd said that Professor Harvey has done an inventory of about 35 start-up companies in the Lexington area. Last year, they received \$14 million as start-up funding. They received zero from venture capital. Most of it was from friends, families, and angels that they had already found. The other major source of money was from Kentucky Commercialization Investment Funds and Federal SBIR grants. In getting this information out, bringing on the CPST building at Coldstream, and bringing in a director of Mr. Parks' capabilities, gets the University on the move at Coldstream. With the economy beginning to show some signs of coming back, the University can, in his opinion, have some successes at Coldstream.

President Todd mentioned a press release that came out of Senator McConnell's office about Mr. McConnell securing over \$11 million in funding for the University of Kentucky. Senator McConnell, Senator Bunning, Congressman Rogers, and Congressman Fletcher have been very good to the University of Kentucky in the last few years, and the University has been able to get several things. He pointed out that, through Congressman Rogers, the University received a \$1 million grant to start cataloging and finding lung cancer patients in the Fifth Congressional District early so that they can be treated with the best practices. Drs. Al Cohen and Wendy Baldwin met with Congressman Rogers about this grant. Congressman Rogers put the earmark in there to get it started because his congressional district is the worst in the country with respect to lung cancer.

President Todd talked about Bill Schweri and Jim Duff, who are doing a good job in Washington. He provided some background information about Mr. Duff and said that Mr. Duff knows the Washington delegation and their staff. He has been a big help to Mr. Schweri. A lot of credit goes to Mr. Schweri for the Washington success. Mr. Duff is somebody that is in place, and Mr. Schweri can call on him. President Todd then provided the following information regarding funding:

Fiscal year 2001 UK received \$8,000,000 (targeted funds).

Fiscal year 2002, UK received \$16,700,000.

Fiscal year 2003, UK received \$19,600,000.

Fiscal year 2004, there is more than what is indicated in Senator McConnell's Announcement - \$22,700,000 from the state government.

The University has made a significant improvement in what it gets from the federal government which is a great way to jump-start the research programs and get them up to a competitive level where they can go after the competitive funding.

President Todd said that concluded his report and asked for any questions.

Dr. Plattner said that she was in Prestonsburg the day after his speech about Robinson Scholars, and it was widely appreciated.

President Todd thanked Dr. Plattner for her comment. He talked about his, Mrs. Todd's and Mr. Madison's visit to London and Harlan. Many people said that it was so nice for them to come to their counties. He emphasized that the University of Kentucky is not the University of Lexington. It is the University of Kentucky. He said they were fun trips, and there needed to be more of them.

President Todd noted that PR 2 had already been approved on the consent agenda.

E. Proposed Amendment to the Governing Regulations Regarding Staff Trustee Election (PR 3)

President Todd said that PR 3 is an Amendment to the Governing Regulations Regarding Staff Trustee Election. He noted that this is the second time this has been before the Board. It is a recommendation that the Board approve the proposed amendment which was received by the Board in December regarding the transfer of the responsibility for the election of the Staff Trustee from the Executive Vice President for Finance and Administration to the Staff Senate. He explained that amendments to the Governing Regulations require two readings before the vote can be taken, and this is considered the second reading. On motion made by Mr. Williams, seconded by Ms. Wilson and carried, PR 3 was approved without dissent. (See PR 3 at the end of the Minutes.)

F. Report on Results of Alumni Member Election (PR 4)

President Todd said that PR 4 is a recommendation that the report of the Secretary of the Board on the results of the election authorized by the Alumni Association be received and put to record, and that the Secretary be authorized to certify to the Governor the names of the three persons receiving the largest number of votes from which a successor to Marian Moore Sims, whose term expires in June, will be appointed to that position. The three top individuals from the list are James Stuckert, Ann Haney and Thomas Spragens. The Governor will make the selection from those three individuals. He recommended approval of PR 4. Ms. Sparks moved approval, and her motion was seconded by Ms. Smith Edge. The motion carried without dissent. (See PR 4 at the end of the Minutes.)

G. Reappointment of Board of Directors – University of Kentucky Gluck Equine Research Foundation, Inc. (PR 5)

President Todd said that PR 5 is a recommendation that approval be given to the reappointment of David Switzer for a four-year term ending December 14, 2007 and John Phillips and Phil Scott for one-year terms ending December 14, 2004 to the Board of Directors of the Gluck Equine Research Foundation. There was a Nominating Committee of the Foundation that met and recommended these appointments to the Provost. They now need to be approved by the Board of Trustees. Mr. Shoop so moved. His motion, seconded by Ms. Sims, carried without dissent. (See PR 5 at the end of the Minutes.)

Mr. Williams said that the Board routinely approves these reappointments; however, a couple of years ago the Board asked for brief biographies on people being appointed to the

various Boards. These are just names to the Board members, and the Board would like to have some background information on these appointments in the future.

President Todd said it was a good suggestion, and it would be done for future appointments.

H. Establishment of the Baxter Healthcare Chair in Engineering (PR 6)

President Todd said that PR 6 recommends that the Board authorize the establishment of the Baxter Healthcare Chair in Engineering in the College of Engineering. Over the past five years, Baxter Healthcare has provided in excess of \$650,000 in support of research initiatives in the College, and the College felt that it would be nice to name a position for them. The selection of the recipient will be under the rules of the College of Engineering.

Dr. Jones asked if the selection of the recipient would be governed by the rules of the College or the administrative rules (dean's rules process or faculty rules process).

Provost Nietzel said he presumed it had been through the Faculty Council, and it would be the rules of the College of Engineering in the selection of endowed chairs and professorships.

On motion made by Ms. Sims, seconded by Dr. Jones and carried, PR 6 was carried without dissent. (See PR 6 at the end of the Minutes.)

I. Establishment of a 401(a) Retirement Plan (PR 7)

President Todd said that PR 7 is a recommendation that the Board approve the establishment of a 401(a) retirement plan effective January 1, 2004, for regular full-time employees who have exceeded the Internal Revenue Service limits allowed for retirement contributions available under the University's 403(b) retirement plan. He provided an explanation and said that this will extend the opportunity for employees with a 401 to be able to defer that income in a retirement plan as well. Ms. Wilson moved approval.

Ms. May asked how many people does this impact and is there any additional cost to the University.

Mr. Siemer replied that there were about 90 people impacted, and there is no cost to the University.

Ms. Wilson's motion, seconded by Ms. Smith Edge, carried without dissent. (See PR 7 at the end of the Minutes.)

J. Proposed University of Kentucky Ethical Principles and Code of Conduct (PR 8)

President Todd reminded the Board that they had previously seen the Ethical Principles and Code of Conduct that had been circulated. He noted that there was some input from some of the Board members. He pointed out that Dr. Phyllis Nash had overseen the committee to prepare

the Ethical Principles and Code of Conduct, and it now comes to the Board for action. He said that he was surprised when he came to the University and learned that the University did not have one. He informed the Board that there is a piece of legislation that is being attempted in Frankfort to try to put out an ethics policy. The presidents of the institutions would like to see a resolution in Frankfort to tell the Council on Postsecondary Education to insure that each president has an ethics policy rather than them trying to define the ethics policy that takes over for everyone because the University of Kentucky has a wide variety of things that are unique from some of the other institutions. He said that this proposed draft had been circulated to other universities so they can see what the University of Kentucky is doing, and in his opinion, UK will be taking the lead on this. He said that this has been talked about for some time and recommended approval of PR 8. Ms. Wilson so moved. Her motion was seconded by Professor Kennedy.

Dr. Jones said that he would like to offer a friendly amendment on the second page. He asked that Senate Rules be added to the listing of additional, official University documents.

Ms. May apologized for not submitting her comments when the Board was suppose to return them. She said that one of the things you want in a code of conduct is for everybody to be familiar with it and everybody understand fundamentally what the rules are. For the most part, you cannot expect people to walk around with multiple documents in their hands to go back and refer to. She pointed out that it is not perfectly clear on page 3 where it talks about employment of relatives, and this probably impacts a lot of people. Relatives are not a defined term within this particular document and given some of the restrictions on other education things, she believes it would be much cleaner if it were added to this document. She said she was sure it is somewhere within the University policy.

Mr. Siemer indicated that this can be linked to other University policies.

Mr. Williams reviewed the background information about the inspiration for the document. He reminded the Board that Mr. Miles had asked the Ad Hoc Committee on Board Structure to review the various corporations associated with the University. He asked what plan was in place to communicate the expectations of compliance with this code to those corporations.

President Todd indicated that each chair of those affiliated corporations would be informed of the passage of this code and the need for them to abide by it.

Mr. Siemer reported that an implementation committee was already being put into place to circulate the code. He indicated that he would report at the next Board meeting on the progress of the committee.

Dr. Plattner said that she would like to reiterate under the non-discrimination policy that when equal opportunity for all throughout the University is discussed that that opportunity would include benefits for all those who are entitled to them through their family, their employment or in any other way. She indicated that she knows the issue has been discussed and will continue to

be discussed, but that if the code is adopted today or in the future, it will bind the University to not having several levels of benefits.

President Todd said he was not sure that this was intended by this paragraph.

Dr. Plattner clarified that when she referred to the topic of payment, it included the provision of benefits and that it is her opinion that the inclusion of this language means that the payments would be issued for the good of that employee and that this would be done in a like and evenhanded manner. She went on to say that her point was equitable distribution. She asked if the policy was inclusive or not? Her reading is that it is inclusive and that she simply wanted the record to reflect her interpretation of the non-discrimination policy.

Mr. Williams asked Dr. Plattner if her intent was to emphasize that the passage of this code would bind the University ethically to certain principles but not in a legal or administrative manner. He further stated that the code sets forth an ethical principle of equity when it comes to the treatment of employees and their families.

Dr. Plattner thanked Mr. Williams for his clarification and that indeed she felt the legal determination would be made by those dealing with the legality, but the moral principle is what she has assumed the academic world is built upon. The foundation is a moral principle. Dr. Plattner further stated that she is simply stating that under the non-discrimination policy, we need to live up to it and that she does not intend to bind the University in a legal way.

Ms. Tobin asked who is to enforce these codes. And to whom are the reports of violations sent? She also stated that it is one thing for the Board of trustees to expect a high level of ethical conduct but at what juncture is this to be enforced or is it just hanging out there?

Mr. Siemer said that it is the Office of Legal Counsel that is supposed to make the determination. He went on to say that the existing administrative processes would work to identify the actions that do or could occur and that probably as an outcome of that, a small committee would be formed to deal with these issues as they come forward and by this process they would assess if the University is in fact in compliance with the policy.

Ms. Tobin stated that anyone reading this would like to know a little more definitively the process.

Ms. May used the example of her, an employee or the President accepting a gift of over \$200 and how this code would tie back to the committee that Mr. Siemer mentioned. She supported Ms. Tobin's question about the process for enforcement and penalties.

Mr. Siemer indicated that there was not a quick answer for that question. Internally there have been discussions about identification of violations and assessment of compliance, but the issue of penalties had not been discussed at great length.

Mr. Williams asked Mr. Siemer if it would be helpful for Mr. T. Lynn Williamson, Human Resource Director, to address the question.



Mr. Williamson made reference to the specific Administrative Regulations that outline the types of violations and penalties that exist now, including the disciplinary policy for employees.

Ms. May stated that those included everybody except the Board of Trustees. She feels that we should probably look at an expansion of the code as it related to trustees since the Administration Regulations do not apply to Board members.

Dr. Todd indicated that perhaps this could happen in another committee.

Mr. Shoop stated that he had never had anyone give him anything.

Ms. Sparks responded that they already do.

Dr. Todd asked what.

Ms. Sparks responded "tickets", "basketball and football tickets" and that they are a monetary gift.

Mr. Siemer stated that the University had dealt with the ticket issue.

Ms. May state that through statutory authority on how you handle conflict of interest with Board members.

Ms. Wickliffe indicted that we should pass this code before the legislature dictates to us.

Dr. Todd asked Mr. Siemer to address the ticket issue. Mr. Siemer reviewed the process with Clay (Owen) and the Legal Office, and they determined they were fine with what was being done. If, however, the Board received goods from the Athletics Department, that would be a problem under the policy. The tickets (and attendance at ballgames) are a part of the duties and responsibilities as Board members and attending the function is also in that category.

Dr. Jones asked that he not be quoted, but he believed the Governor could remove a Board member for cause.

Professor Kennedy pointed out that the expectation of reporting violations to the "appropriate individual" may not be sufficient and that the Board ought to somewhere, perhaps not in this document, indicate who is the most appropriate individual to report violations to. He stated that "whistle blowing" is very scary for an employee and to have a channel for reporting is important.

Mr. Siemer indicated that it was his understanding that working through the supervisory process, as is the case with other issues, would be the same process followed in violations under the code rather than setting up a separate process where Legal Counsel would be the person to whom violations are reported.

Professor Kennedy indicated that the problem with that approach is that it is often the supervisor who is being reported.

Mr. Siemer made references to certain policies that now allow for the by-passing of the chain of command or the circumvention of the immediate supervisor. He stated that it made sense to align this policy with our existing administrative infrastructure.

Mr. Williams disagreed with that statement and said that he was stopping short of asking that this code be tabled until these issues were resolved. He indicated that we should consider the establishment of a "one number, one stop" reporting mechanism much like the Corporate Compliance reporting process in the Medical Center. He further stated that the current administrative structure may actually get in the way or intimidate people enough that they don't report things that ought to be reported.

Ms. Smith Edge said that she feels there are two different issues: one is the code and the other how it will be executed.

Mr. Williams stated that he felt it needed to be a part of the code.

Ms. Smith Edge said that her experience with other associations is that when there is a violation by a professional, it goes to an ethics committee.

Ms. Wickliffe called the question.

Professor Kennedy asked Ms. Wickliffe if the Board could add "to an appropriate individual or office" to that sentence and that would leave room for further procedures to be developed.

Mr. Williams asked if the Board could change "appropriate individual to the "University's Legal Counsel" but several people said no.

Ms. May urged the Board to pass the code of ethics because many, many hours of work had gone into it. She felt that it was important that this organization go on record with a code of ethics and that if certain changes need to be made in the future, they could be addressed at that time.

Mr. Shoop asked to be recognized. He seconded the motion on the question and went on to say that he felt it was positive for the Board and the University to have a code of ethics.

Chairman Reed clarified what the board was voting on since there were changes agreed to.

Ms. Wilson stated that the addition of Dr. Jones' "Senate Rules" was agreed to as was Professor Kennedy's addition of the term "office."

Mr. Reed said he felt that we came up short on Professor Kennedy's recommendation.

Mr. Siemer reminded the chair that they would insert definition of the term "relative" as defined in Human Resource (HR) policies so those definitions could be included.

Ms. May was not sure there was adequate support for her suggestion of the addition of the definition of relatives.

Chairman Reed stated that there were then two amendments. He asked Mr. Siemer to respond to Dr. Plattner's concerns.

Mr. Siemer stated that the intent of language in the policy was from the HR policies so it is consistent with all past University practices and statements concerning equality of the opportunity and pay. The code was not intended to open new ground.

There being a motion by Ms. Wilson and a second by Professor Kennedy, Mr. Reed called for a vote. The motion passed without dissent.

President Todd thanked the Ad Hoc Committee on Board Structure and said he appreciated their work. He said that he hoped the Committee feels gratified in seeing some of this come to fruition.

K. College of Pharmacy Reorganization (AACR 2)

Ms. Sparks, Chair of the Academic Affairs Committee, noted that AACR 1 was on the consent agenda.

She said that AACR 2 is the College of Pharmacy Reorganization. This reorganization would include the creation of the Department of Pharmaceutical Sciences and the Department of Pharmacy Practice and Science. The new structure will optimize the utilization of college resources and provide a governance model that is more appropriate for its function, thereby, enhancing the ability to continue success in teaching, research and service. In keeping with the university-wide change to a Provost model of administration, the proposed reorganization encourages greater flexibility, accountability and responsibility in the decisions that are made by the units. This proposal has gone through the normal steps and is recommended for approval by the Academic Affairs Committee. She moved approval of AACR 2. Ms. Smith Edge seconded the motion, and it carried without dissent. (See AACR 2 at the end of the Minutes.)

Ms. Sparks reported that the Academic Affairs Committee has been very active lately. The Committee has had two rather lengthy meetings on the Lexington Community College (LCC) question. The Committee is not ready to make any recommendation at this time other than to suggest that there be a special Board meeting to devote its time solely to this issue as soon as possible. She said that she would be meeting Monday at 3:00 p.m. with the Senate Faculty and hopefully some students. She said that a lot of material was sent to the Board, and she hoped the Board got it by e-mail. She asked the Board to thoroughly read the material so it

would be as informed as the Committee. She again requested that Chairman Reed call a special Board meeting as soon as possible to deal with the LCC question.

Ms. Sparks reported that the Committee heard the report from the Ad Hoc Committee on Early Childhood. She reminded the Board that when it approved the transfer of Human Environmental Sciences to the College of Agriculture, there was a stipulation or comment that the Committee request the President and Provost to commence an immediate review of the Early Childhood component of the Department of Family Study in order to determine its optimal position in the University structure to fulfill its mission. She reported that the Committee also received the Ad Hoc Committee Minority report and discussed it, but again, the Committee is not recommending any action at this point. She said the Committee would probably meet again very soon.

L. Acceptance of Interim Financial Report for the University of Kentucky for Six Months Ended December 31, 2003 (FCR 1)

Mr. Hardymon, Chair of the Finance Committee, reported that the Committee met that morning with a quorum, and there were a number of other Board members present. The Committee spent most of its time on two items, the financial statement and the capital projects. He said he would try to be brief on these because a number of the Board members attended the Committee's meeting.

Mr. Hardymon said that it is, however, the Board's task to accept the University of Kentucky Consolidated Financial Report for the Six Months Ended December 31, 2003, which is a quarterly report. It is a comparison of where the University is on three months, six months, nine months and a year basis. He said that the most important item on a balance sheet is cash, and the University is in rather good shape. He reviewed the assets, revenues, expenditures and investments. He noted that the University has been rewarded by the way its investments have been made during the last period. Obviously, the stock market has been pretty good, but obviously, the investment group has done a good job. He reminded the Board of the period when investments were going down and said that this positive change in the stock market is good for the University.

During the time when there is a big restraint on the amount of money the University has and the concern about its cuts, it is a good time to look at reserves. The Committee did have quite a bit of discussion on liability for self insurance and on some of the reserves involving bad debt at the hospital. The Committee will continue to look at those as time moves forward and will report what it finds, if there is anything, to report.

Mr. Hardymon pointed out that some of the future budgeting items are not in the document. The Committee will be getting a report of a different looking budget in the future, and it will report back to the Board after the next meeting. He recommended approval of the financial statements. Ms. Sparks seconded his motion, and it carried without dissent. (See FCR 1 at the end of the Minutes.)

M. Capital Construction Report (FCR 2)

Mr. Hardymon said that FCR 2 is a quarterly report that ended December 31, 2003. It is a Capital Construction Report that is required by the state as well as the Finance Committee and the Board of Trustees. This report involves projects over \$400,000 and change orders greater than \$25,000. He pointed out that there was one new project for a student housing facility, and eight change notices. The Committee was led through each of those by the appropriate people.

He said that the Committee is trying to make this a more meaningful report for the Committee and the Board. It is asking for some more in-depth information on some of the major projects so it can understand how the projects are going versus original project. This report will be expanded, and it might be moved to an off month from the financials in order to give the Committee more time. He recommended the approval of the Capital Construction Report. Ms. Sparks seconded his motion, and it carried without dissent. (See FCR 2 at the end of the Minutes.)

N. Report of Lease (FCR 3)

Mr. Hardymon said that FCR 3 is a Report of Lease that the administration has approved. The lease is under \$30,000 per year. The Finance Committee's responsibility is to look at the report and question anything to be questioned. This report involves a rather small lease. This particular lease is for 800 square feet of office space at an annual rate of \$6,360. He moved approval of FCR 3. Ms. Smith Edge seconded the motion, and it carried without dissent. (See FCR 3 at the end of the Minutes.)

O. Authorization to Convey .7978 Acres, More or Less, in Breathitt County to Department of Highways for Right-of-way Purposes (FCR 4)

Mr. Hardymon said that FCR 4 involves a right-of-way for .7978 acres in Breathitt County. The Department of Highways wants to widen the roadways to have a space for a left turn. The University gets \$850 for this right-of-way sell off. He recommended approval of FCR 4. Ms. Watts seconded the motion, and it carried without dissent. (See FCR 4 at the end of the Minutes.)

Mr. Hardymon said that FCR 5 through 26 involve pledges and gifts over \$10 million, and they were on the consent agenda. They will be included with the Minutes.

P. Other Business

Dr. Jones gave a brief report on the work of the committee revising the Governing Regulations of the Board to reflect a full Provost system. He expressed appreciation for the Board's input and reported that the committee is 99.9% finished with its work. The report should be sent to the President's Office following a meeting of the committee in February. The committee has been working very hard to get this out in a way that the Board will have the

ability to act on it and have it in force by July 1, 2004 for the new academic year. He said he was pleased to report that the committee is on schedule.

Mr. Reed recognized T. Lynn Williamson in the audience and asked him to stand and comment on the cheerleaders' recent award as national champions.

Mr. Williamson reported that the cheerleaders had a great victory. Many times one cheerleading squad gets their routine, and everybody else does not get theirs. The top five cheerleading squads got their routines this year, and the University of Kentucky cheerleaders were chosen as the national champions. The squad first received a congratulatory phone call from Mitch Barnhart, the Athletics Director, and then Dr. and Mrs. Todd called to congratulate everybody. It was a great victory. A round of applause followed Mr. Williamson's comments.

Mr. Reed said that there were a couple of resolutions to come before the Board. He called on Mr. Williams to read the first resolution.

Mr. Williams said that someone was missing from the Board meeting, and he wanted the Board to recognize Paul C. Van Booven through the following resolution:

**RESOLUTION OF THE UNIVERSITY OF KENTUCKY  
BOARD OF TRUSTEES  
HONORING PAUL C. VAN BOOVEN  
January 27, 2004**

WHEREAS Paul C. Van Booven who was born in Jackson, Tennessee, and grew up in Hopkinsville, Kentucky, earning a bachelor's degree from DePauw University in 1973 and a Juris Doctor degree from the University of Kentucky in 1976 where he served as the managing editor of the Kentucky Law Journal, and

WHEREAS Mr. Van Booven began a long and distinguished career at the University of Kentucky starting in 1976 when he became assistant and, later, associate dean of the UK College of Law where he served until 1989, and

WHEREAS Mr. Van Booven joined the UK Office of Legal Counsel in 1989 and served in various capacities there before being named by the UK Board of Trustees as General Counsel for the University of Kentucky in November 2002, and

WHEREAS In his official position as General Counsel, Mr. Van Booven ably served as a wise counselor and knowledgeable adviser and supporter to two UK Presidents, generously sharing with them his incomparable institutional memory of the University of Kentucky, and

WHEREAS Mr. Van Booven's passing is a tremendous loss to his family, his legions of friends and colleagues at the University of Kentucky he so treasured and across the Commonwealth of Kentucky,

THEREFORE, BE IT RESOLVED, that the University of Kentucky Board of Trustees extends its sincere sympathy to Mr. Van Booven's family, friends and colleagues and vows to continue to uphold the principles of high character and service that he exhibited in his own life.

Executed this 27th day of January 2004 in Lexington, Kentucky.

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Steven S. Reed, Chair  
University of Kentucky Board of Trustees

Mr. Williams moved approval of the resolution. Ms. Sparks seconded the motion, and the resolution was adopted unanimously by the Board.

Mr. Reed said that he befriended Mr. Van Booven at the Law School when Paul was an associate dean. He certainly had a lot of respect for him there and as he moved to the administrative offices, too. The President drew upon Mr. Van Booven's counsel quite frequently with great admiration. Mr. Van Booven will certainly be missed.

Ms. Sparks requested that a copy of the resolution be sent to Mr. Van Booven's family.

President Todd said that he had mentioned at the memorial service and had also talked with several people about naming one of the offices in the legal suite in the Administration Building for Mr. Van Booven. He said that Allan Vestal would have no trouble in finding people who would want to stand up and be counted in Mr. Van Booven's chain of friends. He commented about Mr. Van Booven's parents and said it was one of the most memorable services that he has attended. Mr. Van Booven was a great guy.

Mr. Reed said that he was going to read a resolution that pertained to someone who not only caused mourning at the University but for the state, the country and around the world. The resolution pertains to Mr. William T. Young.

Before reading the resolution, Mr. Reed made some personal comments about Mr. Young. He said that Mr. Young was someone that he watched with great admiration and it had been a joy and a learning experience to know Mr. Young. He learned more from Mr. Young in the last year or two than he had from many people with years and years of relationships. Mr. Young was the state's finest citizen. Kentucky was so proud to have Mr. Young represent it around the world. There was no finer person. Mr. Reed said that he was honored to have gotten to know Mr. Young. He read the following resolution:

**RESOLUTION OF THE UNIVERSITY OF KENTUCKY  
BOARD OF TRUSTEES  
HONORING WILLIAM T. YOUNG  
January 27, 2004**

WHEREAS William T. Young, a native of Lexington, Kentucky, who became one of the city's, the Commonwealth of Kentucky's and even the nation's most prominent businessmen, horsemen and philanthropists died January 12, 2004, at his home in Gulf Stream, Florida, and

WHEREAS Mr. Young served diligently – if all too briefly – as a member of the University of Kentucky Board of Trustees which pays homage to him today, and

WHEREAS Mr. Young's personal generosity and vision for the University of Kentucky will be both apparent and beneficial to untold generations of current and future scholars and visitors to the University of Kentucky who study in the state-of-the-art library which bears his name, and

WHEREAS those same generations of scholars will be able to keep current in their fields of study because of the library book endowment which he inspired and zealously promoted and which is now the single, largest such endowment at any public university in the United States, and

WHEREAS Lexington, the University of Kentucky and the Commonwealth of Kentucky have been abundantly blessed by the gentlemanly kindness, benevolence and leadership of this truly great man,

THEREFORE, BE IT RESOLVED, that the University of Kentucky Board of Trustees extends its heartfelt sympathy to the family, business associates, and legions of friends and benefactors whose good fortune brought them into the company of this great citizen and who now and for a very long time, indeed, will mourn his passing.

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Steven S. Reed, Chair  
University of Kentucky Board of Trustees

Mr. Reed moved that the Board adopt the resolution honoring Mr. William T. Young. Several Board members seconded the motion.

Ms. Young said that she never liked to speak for anybody, but Bill loved the University of Kentucky, and in her opinion, the William T. Young Library was his crowning achievement. He valued that achievement more than anything he did in the state of Kentucky. She felt that Mr. Young would be physically moved by the resolution. She apologized to the Board for being emotional.



The resolution was adopted unanimously by the Board.

Ms. Tobin called attention to the appointment of Carol Jordan as Director of the Center for Research on Violence Against Women. Ms. Jordan was asked to stand and be recognized, following which she received a round of applause.

Ms. Sparks called attention to an invitation the Board received inviting them to join friends of Kentucky football and the UK football coaching staff at a signing day celebration. It is at Keeneland in the Phoenix Room, Wednesday, February 4<sup>th</sup> from 6:00-8:00 p.m. She asked Mr. Barnhart to tell everyone the meaning of signing day.

Mr. Barnhart said that it is the National Letter of Intent signing date of football players.

Ms. Watts extended an invitation on behalf of the Student Government to the Board and the President's Office to attend their annual Valentine's Day gala. It will be February 12<sup>th</sup> at 9 p.m. at the Hyatt Regency Hotel. She told the Board that it is really going to be a great time this year. They will have a band playing a lot of oldies and a disc jockey. She said the students would appreciate seeing the Board members there, especially with everything going on with a tuition increase.

Ms. Tobin said that the Board had received a couple of letters from her in regard to the contributions to the Main Building. She thanked the Trustees who had responded and requested that other Trustees make a contribution so the Board could state that 100% of the Trustees contributed to this effort.

President Todd said that he wanted to make a comment in regard to Mr. Young. He said that he knew Mr. Young in about three different ways, and he counted it a blessing to have known him. He reflected on the different ways that he knew Mr. Young, telling fond stories about each of them. He said that he knew him as a gentleman. After being in office for only a short period of time, Mr. Young advised him that when approaching a couple to always shake the woman's hand first and address her. Mr. Young told him that his wife was many times looked over because people wanted to come and talk to him. This advice was a pure indication of Mr. Young's gentleman nature. Mr. Young always reached out to meet the needs of the University whenever he felt there was a need. He was humble and remained appreciative of even the small things. Mr. Young was an unbelievable individual, and he will be sorely missed by everybody. President Todd said that it was an honor to have known someone of Mr. Young's stature, of his humility, of his capabilities, and of his vision and wisdom.

Q. Meeting Adjourned

With no further business to come before the Board, Mr. Reed adjourned the meeting at 2:38 p.m.

Respectfully submitted,

Russ Williams  
Secretary, Board of Trustees

(PR 2, 3, 4, 5, 6, 7, and 8; AACR 1 and 2; and FCR 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, and 26 which follow are official parts of the Minutes of the meeting.)