

Minutes of the Meeting of the Board of Trustees of the University of Kentucky,
Wednesday, March 9, 2005.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Wednesday, March 9, 2005, in the Board Room on the 18th Floor of Patterson Office Tower.

A. Meeting Opened

Mr. James Hardymon, Chair, called the meeting to order at 1:00 p.m. and asked the secretary of the Board, Ms. Elaine Wilson, to call the roll.

B. Roll Call

The following members of the Board of Trustees answered the call of the roll: Mira Ball, Steve Branscum, Marianne Smith Edge, Ann Haney, James Hardymon (Chair), Michael Kennedy, Pam May, Billy Joes Miles, Roy Moore, Phillip Patton, Steven Reed, Frank Shoop, Alice Sparks, Myra Tobin, Rachel Watts, JoEtta Wickliffe, Billy Wilcoxson, Russ Williams, Elaine Wilson, and Barbara Young. The University administration was represented by President Lee T. Todd, Jr., Provost Michael Nietzel, Acting Executive Vice President for Finance and Administration Frank Butler, Executive Vice President for Health Affairs Michael Karpf, Executive Vice President for Research Wendy Baldwin, and General Counsel Barbara W. 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 1:03 p.m.

Mr. Hardymon noted the perfect attendance and thanked everyone for attending the meeting. He also thanked the members who attended the committee meetings earlier that morning. He referred to the following consent items on the agenda:

- Minutes – January 11, 2005
- PR 2 Personnel Actions
- AACR 1 Change in Name of an Educational Unit
- AACR 2 Establishment of a Cardiovascular Research Center
- AACR 3 Bachelor of Science in Computer Engineering
- FCR 1 Gifts and Pledges to the University of Kentucky Oral History Endowment Fund
- FCR 2 Gifts and Pledges to the Paul C. Van Booven Fellowship Endowment Fund
- FCR 3 Gifts and Pledges to the Kaye Matthews Stone Memorial Endowment Fund for Pancreatic Cancer
- FCR 4 Barnstable-Brown Party Diamond Derby, Inc. Gift
- FCR 5 Donation of the John C. Wyatt/Lexington Herald-Leader Collection

(1939-1990) to the University of Kentucky Libraries' Audio-
Archives Visual
FCR 6 Report of Leases

He asked if there were any comments and then called for a motion for approval of the consent items. On motion made by Ms. Sparks and seconded by Mr. Reed, the items on the consent agenda were approved without dissent.

C. President's Report

President Todd said that he would mention some items in PR 1 but encouraged the Board to review all of the items in PR 1.

President Todd talked about a series of white papers that he is sending out to the Board, all university presidents, legislators, and others. The first one was on health care, and the second one was on cost cutting and efficiency moves. The third one, on athletics and academics, will be mailed within the next couple of weeks.

U.S. Senator Mitch McConnell visited campus recently. He has been a major factor in improving the federal appropriations earmarked for UK from about \$5 million dollars to \$27 million. He helped bring \$20 million dollars to the university this year. During his recent visit, he announced a \$3 million funded project for planning and design of a new forage and animal laboratory for research that will become part of a USDA federal laboratory. UK needs an additional \$27 million to \$30 million to build that facility.

Another appropriation for the College of Agriculture is \$150,000 for the Health Education through Extension Leadership (HEEL) program. This is the third or fourth year that Senator McConnell has been able to get UK around \$1 million to keep that program going. That is a program that continues to take on new meaning. UK's delegation is very strong in Washington.

The National Cancer Institute has selected Markey Cancer Center for an information service contract. UK was selected as one of 15 organizations for a contract to operate its Mid-South Cancer Information Center. The five-year contract totals about \$6 million.

Research grants at the close of January were up 19 percent over last year. Federal grants were up 11 percent. This is a testament to the ability of the faculty and staff to bring money to UK.

Six UK professors were honored for their outstanding work in the classroom with Great Teacher Awards by the Alumni Association.

Governor Ernie Fletcher's energy plan boosts UK's incentive to seek federal research funds. He has put a group together, and there is a state energy effort now that recommends a \$2 million dollar fund which will help UK leverage federal contracts. This is a step in the right direction for the state and for UK's researchers as well.

UK admissions publications has won national awards for the third straight year. President Todd congratulated Don Witt and his team for their good publications. He said their energy level is good, and their imagination is even better. The first Merit Weekend will be held this weekend for the next academic year, and another record crowd is expected.

There were 48 UK student-athletes named to the 2004-05 Southeastern Conference fall academic honor roll.

The UK *Kernel* student newspaper won an overall excellence award. The *Kernel* staffers won 28 of 44 writing awards, 9 of 15 photo awards, and 8 of 20 design awards.

The Lexington *Herald-Leader* has donated a large photo collection to UK. The "John C. Wyatt/Lexington *Herald-Leader* Collection" has been given to UK's Audio-Visual Archives Department. It is valued at more than \$4 million. This brings new things to UK, especially the William T. Young Library that serves the state of Kentucky very well.

There was an article in the paper recently about Calvert McCann. Mr. McCann rode around on a bicycle with a camera and many pictures of life in Lexington during the racially troubled times of the 1950s and 1960s. Mr. McCann has numerous remarkable photos which he stored in his house, including photos of Martin Luther King and the marches that took place. UK is going to make sure that these photos are exposed to students and everybody in Lexington.

A diversity task force has been created to develop a statewide plan. One of the university's strategic goals is diversity. The task force had a one-day outing recently and virtually every dean was there. This was under the leadership of Dr. Deneese Jones, who will be leaving UK to become the dean of the College of Education at Longwood University, Farmville, Virginia. She had a one-year fellowship with the American Council on Education. She returned to UK for a year and took back the leadership of the Diversity Task Force for the Commission. President Todd said he was very proud of Dr. Jones and her achievements.

UK's debate team tied for third among 130 teams at a national invitational debate tournament. Constantine "Deno" Curris, who started on UK's debate team, will be the Commencement speaker this year. UK's debate team has been a career

boost to many people such as Paul Chellgren, Deno Curris, and a few others. The debate team is to be congratulated on their continued excellence.

UK's cheerleaders won an unprecedented 14th national championship. Mr. T. Lynn Williamson and that group are remarkable. This is 10 out of the last 11 years that they have won the competition. They are to be congratulated.

D. Announcement of BBSRB Dedication Ceremony

President Todd announced that the dedication ceremony for the Biomedical Biological Sciences Research Building (BBSRB) will be at 10:00 a.m. on Monday, April 11. This building is a spectacular addition to the university's research capabilities. Governor Ernie Fletcher is expected to join the administration to celebrate this occasion. It is the largest building that the university has built (\$67.2 million) and will generate about \$25 million a year in research. He encouraged the Board members to attend the ceremony.

E. Budget Summary

President Todd said that he would give a brief summary of the budget that had passed. He noted that the Board would not be discussing tuition at this meeting.

President Todd said that the University would get more state funds in 2005-06, and this is the first increase since he took office as president. It provides a total of \$18,661,100 million in new operating funds, a 6.3 percent increase in recurring state appropriations. That amount includes \$5,413,000 million earmarked for various things.

County Extension Agents salaries - \$1 million
Kentucky Health Care Infrastructure faculty position - \$175,000
Collaborative Center for Literacy Development operations increase
in each year - \$600,000
Maintenance and operation of the West Liberty Technical Center - \$750,000
Maintenance and operations of new facilities, including Biomedical/
Biological Sciences Research Building (BBSRB), the Center
for Rural Health (Hazard), the Women's Cancer Facility, and the
Gill Heart Institute – about \$2.89 million

The remaining \$13,248,100 is available for current operations (a 4.5 percent increase). \$5,533,400 million was designated as restoration of last year's cuts. Now that there are final numbers, we will be going through the tuition calculations and trying to make decisions on how we will use those funds.

One cent of the tobacco tax has been dedicated to a cancer research fund. That tax is estimated to generate \$5 million per year (\$2.5 million to UK and \$2.5 million to U of L). The university must match that money, and given the success of the "Bucks for

Brains” program, it should be possible. That will give the university \$5 million of additional money for cancer research.

\$500,000 has been allotted to establish the Louie B. Nunn Oral History program in the current fiscal year. These funds are eligible for the “Bucks for Brains” match. The oral history program is quite an asset to the university.

The university was provided \$40 million of state bonds to begin the Biological/Pharmaceutical Complex. It is basically a \$120 million project.

President Todd recognized Dr. Deneese Jones in the audience and apologized for not seeing her earlier. He asked the Board to give Dr. Jones a round of applause for her promotion.

He then continued with his summary of the budget, noting that the administration pushed hard to get the full \$40 million in state-supported bonds because the Council on Postsecondary Education (CPE) had a policy that requires the university to pay 40 percent of the cost of research building. There is no participation requirement with the other state institutions except for the University of Louisville. At a time when UK is trying to catch up with others in the research capacity, he said that he does not agree with the council’s policy. He pointed out that this \$40 million will not generate any income. It will either be a shell or a platform. It will help get the infrastructure. The other \$80 million will have to be considered in the 2006-08 budget.

President Todd mentioned that the university has 938 applications for the College of Pharmacy while it has only 100 positions to fill. Kentucky students represent 90 percent of those applications. The state is short 400 pharmacists at the present time. The university needs the Pharmaceutical Complex building.

The university received \$8.5 million of state bonds for the Animal Diagnostic Center. He pointed out that the university is not accredited in this area, but this will help the university get accredited. This is the first part of the \$25 million total replacement project. The Gluck Equine Research Board of Directors and the thoroughbred industry as well as the equine industry in general are very pleased with this outcome.

The university received a total project scope of \$200 million for the patient care facility, including \$100 million worth of authority to issue bonds. The hospital will spend \$100 million of its own money. Every one from the Governor to the head of appropriations in both the House and the Senate are very committed to this project and should authorize the rest of the needed money to the university in 2006-08. This gets the university going on a very major project, the biggest project in the university’s history.

The university received \$24 million worth of bonding authority for the Student Health Facility, and that is very important as part of the process of trying to change the whole medical complex.

The university received \$7 million worth of bonding authority for the Basketball Practice Facility. The budget also authorizes the university to complete the full scope of the project with institutional funds.

The university received \$270, 000 in state funds to design an Eastern Kentucky University/UK Dairy Research and Education Center. This will be a joint dairy merger at Eastern's Meadowbrook Farm. It will allow us to remove dairy operations from the Coldstream space and put it in a place that will be more appropriate.

President Todd said that he is very pleased the budget passed. There will be a final vote on the budget within two weeks.

F. Appointment/Reappointment of Board of Directors, University of Kentucky Gluck Equine Research Foundation, Inc. (PR 3)

President Todd recommended that the Board approve the appointments of Alan Balch, Jamie MacLeod, HH Maktoum al Maktoum, Nick Nicholson, and Garret O'Rourke and the reappointment of Nadia Sanan, Bill Bernard, and Walter Zent to the Board of Directors of the Gluck Equine Research Foundation for four-year terms. He also recommended that Alice Chandler, who served recently as chair of this board, be appointed an honorary member of the board. On motion made by Mr. Shoop, seconded by Mr. Branscum and carried without dissent, PR 3 was approved. (See PR 3 at the end of the Minutes.)

G. Director of Hazardous Materials Management Emeritus Be Conferred upon John Q. Lowry (PR 4)

President Todd said that he was pleased to recommend that Mr. John Lowry be named Staff Emeritus in recognition of his long service and dedication to the University of Kentucky for more than 39 years. He asked Mr. Lowry to stand and he read the following background information about Mr. Lowry:

In 1966, Mr. Lowry began his career in the Medical Center, Department of Medicine, as a Senior Research Technician. He was named Biosafety Officer/Hazardous Waste Manager in 1980. From 1981 to 1990, he served as the Assistant Director of Human Safety and Environmental Health. In 1991, he was named Director of Hazardous Materials Management within the Environmental Health and Safety Division. He served in this capacity until 2003 when he was named the Responsible Official for the university's Select Agent Program. Mr. Lowry spend his career promoting environmental health and safety at the University of Kentucky to ensure safe and healthy conditions for work and study, protection of the environment, and compliance with applicable laws and regulations.

President Todd thanked Mr. Lowry for his years of service to the university. Mr. Lowry received a round of applause. (See PR 4 at the end of the Minutes.)

H. University Research Professorships (PR 5)

President Todd said that these professors are selected so they can focus on their research. He recommended that the Board of Trustees approve the naming of Professor Sylvia Daunert, Department of Chemistry; Professor Linda Dwoskin, Department of Pharmaceutical Sciences; Stephen Scheff, Department of Anatomy and Neurobiology; and Isaac Shlosman, Department of Physics and Astronomy, as University Professors for 2005-06. He asked Professors Daunert and Dwoskin to stand and be recognized, following which they received a round of applause. President Todd said that he is proud of their work and the recognition they bring to the university. Ms. Haney moved approval of PR 5. Her motion was seconded by Ms. Smith Edge and carried without dissent. (See PR 5 at the end of the Minutes.)

I. Honorary Degree Recipient (PR 6)

President Todd said it was his pleasure to recommend that the Board approve awarding the honorary degree of Doctor of Science to Stanley Platek, the vice president of research and development of Commonwealth Aluminum Corporation. Dean Thomas Lester and Dr. Subodh Das indicated in their nomination that Dr. Platek has profoundly changed aluminum production in partnership with the University of Kentucky. Aluminum is an extremely important industry for the state. The consortium of aluminum companies is working with CAT and SECAT, and they were recently recognized as a Sloan Center for Manufacturing Excellence.

Dr. Platek has come up with a procedure to reduce energy consumption and produce less expensive, higher quality metal for consumers and has integrated the resources of business and federal labs in universities to try to save the entire aluminum industry in Kentucky's funding. Dr. Platek will be recognized at Commencement.

On motion made by Mr. Wilcoxson and seconded by Ms. Ball, PR 6 was approved without dissent. (See PR 6 at the end of the Minutes.)

President Todd talked about and showed the FAB 5 poster that was distributed at a recent basketball game. This poster recognizes outstanding faculty and students: Dr. David Moliterno, Dr. Subodh Das, Stephanie Logsdon, Dr. John Connolly, and Conley Chaney. He said that he is very pleased with the campaign, and another poster will be coming out in a few weeks. With these five academic players and others like them, the university's efforts in the classroom and research lab are drawing national acclaim as well.

He said that he hoped to send the posters to all high schools in Kentucky to show the students the kind of people that the university has playing in the research field with the top universities that UK is trying to emulate.

J. College of Fine Arts Report

Provost Nietzel said that the College of Fine Arts is one of the most visible and certainly the most audible unit at the university. It is the home of performing, creative, and dramatic arts at UK. It is particularly important for a university to have a strong Fine Arts program because of its obligation to cultivate the aesthetic taste of students in particular, but it is especially essential at a land-grant institution to have a strong College of Fine Arts. It affords the university a terrific opportunity for outreach to the community and for improving the overall quality of life of the local community and the entire Commonwealth. He said it was his privilege to introduce Dean Robert Shay who will give an overview of the College of Fine Arts at UK.

Provost Nietzel said that Dean Shay has been the Dean of Fine Arts for the past seven years. It has been his pleasure to work closely with Dean Shay as a colleague dean and as provost through those seven years. He paid tribute to Dean Shay for the development of a number of wonderful programs in the College of Fine Arts to advance the outreach mission through the extension service here.

Dean Shay expressed appreciation for the opportunity to speak to the Board. He introduced the college, focusing on its relationship to the academic core of the university from the perspective of the individual components of Dream, Challenge, Succeed. Using a Power Point presentation, Dean Shay began with a description of the College's three-year pilot project collaboration with the College of Agriculture and the UK Medical Center in instituting in Pike County the nation's first cooperative extension agent with a fine arts focus. He noted that the creative resources of the College would be at the disposal of the agent, Stephanie Richards, a Pike County native and graduate of UK's Theatre Department, in the College's quest to "elevate the quality of life for all Kentuckians."

The creative research of the faculty and students was a focus of Dean Shay's presentation. The faculty members of the College, like their counterparts throughout the university "discover, share, and apply new knowledge" with the creation of new knowledge that speaks to a different side of the human spirit. He noted this creativity embraced other disciplines and illustrated this relationship with medicine by showing a powerful example of art from a faculty member whose photographic images documented her cancer treatment. Dean Shay explained that the practice of art and medicine both required a vast store of knowledge enhanced with an intuitive awareness of the human spirit.

Noting that the College of Fine Arts has more than its fair share of scholars, Dean Shay listed the many accomplishments of its distinguished faculty and outstanding students. From highly visible activities such as producing the acclaimed "The Lion King" for Walt Disney Productions and creating art that is displayed in an international airport to having three faculty members who were presidents of their respective international professional organizations in the same year, the College of Fine Arts is

significantly increasing its number of majors yearly and receiving national and international recognition all with no increase in faculty head count, with budget reductions and facilities which were designed 50 years ago for a student and faculty population of less than half of what it is now. Dean Shay specifically mentioned the decaying Reynolds Building, housing the art studio classrooms, and located in the most rapidly changing neighborhood on campus as well as the proposed new School of Music building which would be located in one of the most prominent sites on campus.

Finally, Dean Shay argued that the arts could be an economic incubator within communities and, in many instances it can generate more revenue for cities than sports. He cited two seemingly contradictory examples of this, saying that most graduates from the Arts Administration program are finding employment in their field while the Singletary Center loses money in its mission of providing fine arts to the academic and statewide community. He asked the board to continue to provide both public and private support to the College and challenged the board to contemplate what life would be like in their own communities without the power of the arts.

Mr. Hardymon and President Todd thanked Dean Shay for his fine performance in presenting his college.

Ms. Sparks praised the band for the remarkable energy that everyone receives from the musicians at the football and basketball games.

Mr. Hardymon asked the board to refer back to PR 4 to take a vote. Mr. Shoop moved approval of PR 4. Ms. Tobin seconded the motion, and it carried without dissent. (See PR 4 at the end of the Minutes.)

K. Academic Affairs Committee Report

Ms. Sparks, chair of the Academic Affairs Committee, reported that the committee met that morning, and the items on the agenda were on the consent agenda which had been approved.

L. Finance Committee Report

Ms. Wickliffe, chair of the Finance Committee, reported that the committee met that morning along with most of the Trustees. She reviewed the items on the committee's agenda.

M. Gifts and Pledges (FCR 1 through FCR 6)

Ms. Wickliffe said that FCR 1 through 6 were gifts and pledges on the consent agenda. These gifts and pledges total \$614,979. They are available to be matched with the state Research Challenge Trust Fund. With these gifts and pledges, the university will have matched \$12.1 million of the available \$66.7 million of state funds.

N. Approval of Leases (FCR 7)

Ms. Wickliffe said that FCR 7 is approval of two leases. The first lease is between the University of Kentucky and Coldstream Ventures One. The second lease is between the University of Kentucky Family Practice and The Lowry Group. Anything exceeding \$30,000 must be approved by the Board of Trustees. On behalf of the Finance Committee, she moved the adoption of FCR 7. Ms. Sparks seconded her motion, and it carried without dissent. (See FCR 7 at the end of the Minutes.)

O. Establishment of the Editors' Fund Quasi-Endowment (FCR 8)

Ms. Wickliffe said that FCR 8 is the establishment of The Editor's Fund Quasi-Endowment. At the December meeting the Board authorized the treasurer to negotiate and execute the sale of journal *Growth and Change: A Journal of Urban and Regional Policy*. The sale took place on January 1. Proceeds in the amount of \$199,980 have been received. On behalf of the Finance Committee, Ms. Wickliffe moved the acceptance of FCR 8. Ms. Smith Edge seconded her motion, and it carried. (See FCR 8 at the end of the Minutes.)

P. Sale of Coleman Farm (FCR 9)

Ms. Wickliffe said that FCR 9 is the sale of the Coleman Farm. The farm is 217 acres and is located in Nelson County, Kentucky. The University of Kentucky is the beneficiary of one-half interest in this farm. The other half goes to the Christian Church Children's Campus of Danville, Kentucky. This farm was appraised in 1999. The university will update the appraisal. Both parties have agreed to sell the farm provided that it will not to be sold for any less than the current appraised value. On behalf of the Finance Committee, Ms. Wickliffe moved the adoption of FCR 9. Mr. Miles seconded the motion, and it carried without dissent. (See FCR 9 at the end of the Minutes.)

Q. Room and Board Rates 2005-06 Academic Year (FCR 10)

Ms. Wickliffe said that FCR 10 is the room and board rates for the Fall 2005 and Spring 2006 semesters. She noted that most of the trustees attended the committee meeting but asked if everyone received the dining sheet that was distributed. She reviewed the sheet and called attention to the revenue side under housing. The undergraduate rental income consists of 4,652 beds in Blazer Hall and 591 beds in the Greg Page Apartments. The housing and rental rates are detailed in FCR 10, and this reflects an increase of 9 percent or \$278 annually. She presented the following outline for housing:

The graduate and family revenues include Cooperstown, Shawneetown, Commonwealth Village, and some apartments in Greg Page. These rents will increase by 2 percent in 2005-06.

The new student housing revenues consist of 684 beds and those rental fees are \$4,250 per academic year.

Most of the increases in expense lines are a result of the four new residence halls. Salaries and benefits are budgeted to increase by 3 percent for existing employees. To this, there is the addition of four staff members, two custodians, and two maintenance workers for the four new residence halls being constructed.

The utilities are budgeted to increase by 10 percent for the existing buildings. The additional utility amounts will be mainly for the new residence halls, and they are budgeted at \$825,000.

The renewals and replacements were increased in 2004-05, as they were much needed. The need is not expected to be as great in 2005-06.

The debt service item is expected to increase due to the debt payments of \$46 million of the Housing and Dining bonds. They were sold to finance the construction of these four new residence halls. They are 20-year bonds. Housing and Dining has about \$75 million of outstanding bonds.

Telephone expenses reflect an estimated 5 percent increase to the phone and data lines in the existing residence halls and the addition of the telephone and data lines in the four new residence halls.

The operating expenses are predominately for the operation of the four new residence halls.

The student life and the RA expenses are increased mainly due to the operation of the four new residence halls. We are expecting to hire four hall directors, 36-40 new RAs, and four front desk staff.

Ms. Wickliffe said that concluded her general outline of housing. She recognized the staff for their excellent job of presenting this information to the Finance Committee. She noted the visual aids were still available for anyone who did not attend the Finance Committee meeting.

Ms. Wickliffe said that the dining service is requesting a 7 percent increase in price of the minimum required dining program. It will go from \$825 per semester to \$883, an increase of \$58 per semester. She then reviewed the following information for dinning:

Compared to UK benchmarks, UK has about the third lowest cost dining plan. Compared to Kentucky's public universities, UK has the fourth lowest cost dining plan out of eight public institutions. Kentucky State University, Northern Kentucky University, Eastern Kentucky University, and the University of Louisville all charge more than UK.

Dining services will also be changing from a cash-declining balance plan to a dining program next year. UK will be offering seven different dining programs instead of just one. The new programs range anywhere from three meals a day to one meal per day, and they allow students the opportunity to choose a meal that fits their needs best.

The minimum plan will offer 123 unlimited choice meals each semester, or about eight meals on average per week for \$883.

For the first time, UK will be offering commuter students, faculty, and staff a dining program. These meals will carry forward from day-to-day and week-to-week until the last day of finals.

Students using flex dollars will receive an automatic credit of 5 percent additional flex dollars.

Student surveys indicated that students were in favor of a plan that lasted all semester and allowed them to do the whole meal.

The Student Affairs Office has given presentations on the increases and the change in meal programs to the Student Senate, the President's roundtable (a group of the presidents of the different student organizations), the Student Dining Advisory Board, and the Residence Students Association. The majority were very supportive.

These increases will go into effect in the 2005-06 school year.

Ms. Wickliffe thanked the staff again for doing an excellent job of educating the Board about the new fees that will go into effect. On behalf of the Finance Committee, she moved the adoption of FCR 10. Mr. Williams seconded the motion, and it carried without dissent. (See FCR 10 at the end of the Minutes.)

R. Acceptance of Interim Financial Report for the University of Kentucky for the Six Months Ended December 31, 2004 (FCR 11)

Ms. Wickliffe said that FCR 11 recommends that the Board accept the interim financial report for the university for the six months ending December 31, 2004. The financial statements include the university and its nine affiliated corporations.

She reviewed deferred revenues, an amount which is less expenditures, and said that the university is in excellent shape. Revenues equal \$108 million, an increase of \$27 million or 33 percent over 2003. It was brought to the committee's attention by Mr. Owen, treasurer, that effective July 1, 2004 the transfer of LCC to KCTCS took place and

out of that UK has received \$6 million in assets, a million in liabilities, and \$5 million in total fund balances.

As of February 28, 2005, it looks like revenues are going to be \$1.1 billion, 75 percent of the budgeted amount. The expenditures projected a preliminary February 28 figure of \$952 million or 64 percent of the budgeted amount.

Ms. Wickliffe thanked Henry Clay Owen and Angie Martin for the great information and for making the information very clear to the Board.

Mr. Hardymon said that the full-page summary and the information that the Board is getting before the meeting is extremely helpful and very good. On motion made by Ms. Wickliffe, seconded by Mr. Branscum, and carried without dissent, FCR 11 was approved. (See FCR 11 at the end of the Minutes.)

S. Capital Construction Report (FCR 12)

Ms. Wickliffe said that FCR 12 is the quarterly capital construction report, and she reviewed the following items in the report:

Three new contracts:

The first new contract is the Student Housing Commons accessibility upgrade which was a \$446,555 bid that was accepted. The addition of the three new dorm buildings to the south end of the campus has increased the need to provide handicap accessibility to the Commons area. This project will install an elevator that will make it accessible to the cafeteria area.

The second new contract is the Center for Pharmaceutical and Science Technology (CPST). This is a \$570,000 contract. It was for the specialized design of the interior clean room.

The third new contract is to renovate Commonwealth Stadium Locker Room. The architectural firm is James W. Potts Architects. The contract is \$30,000.

One contract was completed: The Agriculture Science North labs and offices.

There were three change orders and no amendments.

On behalf of the Finance Committee, Ms. Wickliffe recommended the adoption of FCR 12. Ms. Ball seconded her motion, and it carried without dissent. (See FCR 12 at the end of the Minutes.)

T. Patent Assignment Report (FCR 13)

Ms. Wickliffe said that FCR 13 is the patent assignment report. She expressed appreciation to Dr. Baldwin for accommodating the Board in getting the information in layman's term where the Board could understand and appreciate it. She read the summary for each patent. On behalf of the Finance Committee, Ms. Wickliffe moved the adoption of FCR 13. Professor Kennedy seconded her motion, and it carried without dissent. (See FCR 13 at the end of the Minutes.)

Mr. Hardymon said that this is the best report the Board has received. It covers the items, the necessity, and the need. It is necessary that the Board has this report stated correctly. The summary allows the Board to talk about the patents and report them.

U. Investment Committee Report

Mr. Wilcoxson, Chair of the Investment Committee, reported that the committee met and reviewed survey results of the 2004 NACUBO Endowment Study which was released in January. This is an annual study performed by the National Association of College and University Business Officers, and it is the best measure that is known of how the university's endowment compares to that of peers.

The university's endowment size of \$489 million on June 30, 2004 ranked number 100 out of 741 institutions reporting the market value of their endowment assets. The university's total return of 17.5 percent for the year ended June 30, 2004 compared extremely well with the average reported return on the study, 15.1 percent. This performance ranked the UK endowment in the top 27 percent of all institutions reporting returns for the year ended June 30, 2004. The Investment Committee considers this to be an outstanding performance for 2004.

The committee met in a special session on March 8 to interview four prospective U.S. whole-stock equity managers. At the end of the session, the committee selected Capital Guardian Trust Company and Legg Mason Capital Management and authorized the staff to proceed with the execution of contracts with these firms. The whole-stock strategy allows these managers to invest in the entire U.S. equity market, including large, mid, and small-cap stocks using either a growth or value approach. The committee believes that this strategy will enhance the University's total return. These whole-stock managers will replace the current style-specific large-cap growth and value managers.

Mr. Hardymon pointed out that the committee does a lot of benchmarking, and he thinks benchmarking is important. It is not something to use to brag about, but something to see whether you are doing something right or wrong. Some of the data given to the Board during the two days of the Investment Committee meetings show that the committee, the staff, and the consultants are doing a good job with this as part of the university's makeup. He thanked the members of the committee and the staff.

V. Appointment of Special Board Committee

Mr. Hardymon talked about the Governing Regulations and pointed out that it had been a long time since the regulations were amended. There has been a lot work on amending the regulations, and they are very near completion now. One of the steps in the process is for a Board committee to review the regulations before they are submitted to the Board for action at the May meeting.

Mr. Hardymon appointed Mira Ball, chair, Barbara Young, Roy Moore, Russ Williams, and Frank Shoop to serve on the special committee. He pointed out that he had selected local people to serve on the committee in order not to have others spending a lot of time traveling, especially with a special meeting later in March.

Mr. Hardymon then asked Ms. Sparks to report on the Athletic Association Board of Directors meeting.

W. Athletic Association Board of Directors Meeting Report

Ms. Sparks reported that the Athletic Association Board of Directors had a very informative meeting March 2 and the Student Affairs Committee met and toured the CATS Center prior to the Board meeting.

The Board had in-depth report from Sandy Bell on the new NCAA point system which will determine eligibility for teams to participate. The point system is based on retention and graduation, the academic progress rate, and eligibility for graduation. Last year UK had four basketball players that left the program early to join the NBA. This point system is going to put a burden on all the coaches to recruit academically prepared athletes which will help the overall rate. The Athletic Department has a very good graduation rate, and sometimes that is overlooked.

There was also the announcement of formation of the UK Athletics Hall of Fame. It has very organized and detailed criteria.

The CATSBY celebration dinner is scheduled for April 26, and there will be another Athletic Board meeting that morning.

The Big Blue Caravan kicks off May 23 in Northern Kentucky. A schedule will be sent to the Board. This is a wonderful event and brings out a lot of UK fans.

In conclusion, Ms. Sparks said that she would like for the Board to extend congratulations to Coach Tubby Smith for a very successful regular season and for being named SEC Coach of the Year. She extended best wishes for continued success in the post season.

Athletics Director Mitch Barnhart announced that Coach Smith was also being considered for National Coach of the Year.

Mr. Hardymon asked the Board to applaud Coach Smith for his success, and the Board gave him a round of applause. He then asked Mr. Barnhart to give a review of some of the other sports.

Mr. Barnhart gave a brief summary of the following sports:

Swimming and Diving Team
Women's Tennis Team
Women's Basketball Team
Women's Gymnastic Team
Baseball Team
Softball Team

He talked about the successes in each sport and gave praise to the students and coaches for their accomplishments. He expressed appreciation to everyone who attended sporting events and said he looked forward to seeing them during March Madness and again April 26 at the CATSPY celebration.

X. Meeting Adjourned

With no further business to come before the Board, Mr. Hardymon adjourned the meeting at 2:22 p.m.

Respectfully submitted,

Elaine Wilson
Secretary, Board of Trustees

(PRs 2, 3, 4, 5, and 6; AACRs 1, 2, and 3; and FCRs 1, 2, 3, 4, 5, 6, 7, 8, 9,10, 11, 12, and 13, which follow, are official parts of the Minutes of the meeting.)