

Minutes of the retreat of the Board of Trustees of the University of Kentucky, Tuesday, August 19, 2008.

The Board of Trustees of the University of Kentucky began its retreat at 9:00 a.m. (Lexington time) on Tuesday, August 19, 2008 at Donamire Farm, 4151 Old Frankfort Pike, Lexington, Kentucky.

A. Members Present

The following members of the Board of Trustees were present: Mira Ball (Chair), Stephen Branscum, Britt Brockman, Penelope Brown, Jo Hern Curris, Dermontti Dawson, Ann Haney, James Hardymon, Pamela May, Everett McCorvey, Tyler Montell, Sandy Patterson, Phillip Patton, Erwin Roberts, Frank Shoop, JoEtta Wickliffe, Russ Williams, and Ernest Yanarella. Billy Joe Miles and Charles Sachatello were absent from the meeting. The university administration was represented by President Lee T. Todd, Jr.

B. Opening Remarks by Chair Mira Ball

Ms. Ball welcomed everyone and thanked them for attending the retreat. Since there were new members present, she had the members introduce themselves and give a brief statement.

C. President Lee Todd's Comments

President Todd began his comments by informing the Board that the university had a record number of freshmen applications, as well as African American applications, for the fall 2008 semester. He noted that the university's target was 4,000 new students.

He talked about recruiting in new areas, recruiting challenges facing the university, and the fundamental responsibilities of a land-grant university. He said that the university needs to recruit good students, faculty, and administrators.

President Todd mentioned the last legislative session and talked about the budget cuts. He noted that there were signs to indicate that the legislators do want to try to help the university, but the university will need to make a case to get its share of the money in the future.

He provided information about the match money for research and told of donors' gifts that made it possible for the university to complete floors of new buildings and possibly build new buildings. The opportunity to match money for research is a very important piece to the university.

He told of Congressman Hal Rogers' participation in a recent announcement on campus to unveil more than \$1.426 million in federal funds to support research at the Center for Applied Energy Research (CAER) on refining coal into liquid transportation fuels. He said that energy will be a major focus for the university and the Commonwealth.

President Todd mentioned some of the exciting things happening at the university's Coldstream Research Campus, including new capital, venture capital, and clean money. He said a lot of the credit goes to Dr. Leonard Heller, vice president for commercialization and economic development, and informed the Board that intellectual property has been moved under Dr. Heller's supervision.

He told about a visit to Oak Ridge, Tennessee and the importance of making investments in conjunction with other states. He stated that investments must be made in rural Kentucky.

President Todd informed the Board that an announcement will be made later in the week about the university being the recipient of a \$2 million grant from the Environmental Protection Agency (EPA). The university is the recipient of the largest single EPA Science to Achieve Results (STAR) grant for the study of nanotechnology. The grant will be used to investigate how the sizes and shapes of nanoparticles affect their ability to enter the brain.

He announced that the university has selected its first winner of a fellowship that offers a stipend of \$40,000 per year for a maximum of four years for each fellow. This will be in addition to any awards given by the university.

President Todd concluded his comments by reporting that the university's engineering students participated in the 2008 North American Solar Car Challenge, a national competition to design, build, and drive solar-powered cars in a cross-country time/distance rally event. The experimental car was built and driven by a team of students from the College of Engineering.

Following his comments, he entertained questions from the Board.

D. Briefing by Legal Counsel

Barbara Jones, General Counsel, distributed a copy of the Open Meetings and Open Records law and asked the Board to complete a form indicating that they had received the document. She then gave a brief report on pending litigation.

E. Energy Presentation

Dr. Rodney Andrews, Director of the Center for Applied Energy Research (CAER), gave a presentation to the Board on energy projects the University is undertaking across the state. Dr. Andrews began by explaining that the projects he would describe were selected as illustrative of how the university has partnered with industry and the state of Kentucky in addressing energy needs of the Commonwealth. In particular, the research programs at CAER, the Kentucky Geological Survey (KGS) and the Department of Biosystems and Agricultural Engineering (BAE) are focused on finding technologies to reduce the carbon dioxide emissions from the use of coal and to allow Kentucky to capitalize on both its coal and agricultural resources. Dr. Andrews described five specific projects:

Dr. Steve Lipka at CAER is the only researcher in the United States to have received an award from the 2007 E.ON International Research Initiative. Dr. Lipka is developing new

materials to more effectively store large amounts of electrical power produced from renewable sources such as wind and solar to allow such sources of clean power to be integrated into the power grid.

Researchers at BAE and CAER are working with Alltech to address both feedstock handling and byproduct utilization in Alltech's Integrated Biorefinery project. Alltech has received \$30,000,000 from the US Department of Energy to demonstrate the use of cellulosic biomass to ethanol technology in their Springfield, KY biorefinery. UK researchers are working on improved methods for collecting and storing corncobs, converting unfermentable byproduct streams into fuels and chemicals, and looking at alternative feedstocks for the plant.

CAER, in partnership with E.ON US, is looking at how to capture carbon dioxide from power plant flue gases. E.ON US provided \$1,500,000 to CAER to construct and operate a pilot-scale carbon capture system. The research focus is on reducing the amount of energy it takes to capture of the carbon dioxide. The program has been expanded to include other utilities in Kentucky as well.

CAER and BAE are teaming with the state Energy and Environment Cabinet and utility partners to demonstrate the use of algae to scrub carbon dioxide emissions from coal-fired power plants. Algae, the fast growing form of biomass, can convert the carbon in flue gases into biomass using energy from the sun. In turn, these algae can be converted into biodiesel or chemicals currently derived from petroleum.

The Kentucky Geological Survey was awarded \$5,000,000 as part of House Bill 1 in August 2007 to develop a program on geologic carbon dioxide storage. KGS will develop test wells for injecting carbon dioxide deep underground in both eastern and western Kentucky. For the western Kentucky sequestration project, KGS has leveraged \$1,350,000 in state funds with over \$6,000,000 in industry funding to complete the 8,250 deep test well. KGS will study the ability of different strata to store carbon dioxide as well as the use of carbon dioxide for enhancing oil and natural gas production in Kentucky.

Dr. Andrews concluded his remarks by reporting that CAER was recently awarded \$1,420,000 from the Department of Energy to develop a Fischer-Tropsch mini-refinery to convert coal to liquid fuels. The Commonwealth is contributing an additional \$350,000. These funds will support part of multiyear program to focus on improving process efficiencies, better targeting the products produced, and developing approaches, such as co-feeding biomass, to reduce the carbon dioxide produced.

Following the presentation, he entertained questions from the Board.

F. Communications with Board about University Happenings

President Todd talked about the importance of keeping the Board informed and getting information out about good things happening at the university. He provided highlights of different programs and projects and suggested ways of opportunities for the Board to inform the citizens of the Commonwealth. There was a discussion about documentaries, advertising,

marketing, athletic events, extension agents, and University of Kentucky Advocates Network (UKAN) luncheons involving legislators, newspapers, radio, and television. He said that there is a need to repeat the information enough to get ownership of it.

Ms. May pointed out that the president cannot be the only face for the university. The university must have other faces out there, and the messages must be more frequent. Few people read front page articles; therefore, it is necessary to take the message to the people so they will understand it. It takes a lot of people making appearances at a lot of local meetings to get results.

G. President's 2008-09 Performance Goals

Ms. Ball informed the Board that she reviewed each item in the 2007-08 goals and discussed them with President Todd prior to his evaluation at the June Board meeting. She also verbally discussed the individual comments that were submitted to her. She noted that the evaluation forms were destroyed following review of the points for each item.

A copy of President Todd's 2008-09 performance goals was distributed to the Board and a discussion followed.

Mr. Williams said that Mr. Hardymon introduced the evaluation concept to the Board a few years ago, and he feels that it is time to move the evaluation to the next level. He has concern about weighing everything the same. He would prefer to change the goals rather than going forward with the same goals. He noted that most of the goals were internal to the university, and they are goals for other administrators.

A discussion followed regarding the evaluation process, contract extensions, foundations, and bonuses. Ms. May suggested that the item under goal 4 to improve student-faculty ratio be eliminated because it is not an attainable goal with the budget cuts. It was the consensus of the Board to remove that particular item under goal 4.

Dr. Yanarella stated that he preferred to keep the goals the same with the exception of the change under goal 4. Mr. Shoop agreed that it should be a uniform process and reiterated how the process was formulated.

President Todd noted that it took him and Mr. Hardymon approximately six months to work through the evaluation process and the compensation structure.

H. Interim CPE President's Remarks

Interim CPE President Dr. Richard Crofts said it was a pleasure to meet with the members of the Board. He informed the Board of his previous positions at various institutions and talked about his interim position with CPE. He mentioned CPE's recent controversy and conflicts with the Governor and the Attorney General and the embarrassing situation with the university presidents regarding the review of setting tuition. He talked about CPE's relationship with the major universities, the boards of the universities, the Governor, and the General

Assembly and how to reclaim the leadership role of CPE. He said that he was hired to bring some stability into the system and to focus and reaffirm the positive goals of CPE.

Dr. Crofts said that the University of Kentucky benefited the most from the education reform act, but it also has the loftiest goals. The Board has done good work defining how it will be a Top 20 research university. He said, in his opinion, the community colleges have also benefited greatly out of the restructuring into two-year institutions.

Dr. Crofts read Goal 6 of House Bill 1 to the Board. He said that he hopes to set the stage for the new CPE president. The CPE staff is a little bewildered because he is the third person to step in as chair in the last 11 months. In another four months, they will have another president. His job is to bring some stability, continuity, and consistency to the office.

He said that there have been significant miscommunications among the staff, the leadership, and the presidents. The presidents want him to fix the tuition process, but he does not think so much radically needs to be done. They have also asked him to look at the issue of affordability for the citizens of the Commonwealth. He mentioned some of his ideas in achieving affordability and said that it would take a commitment from the institutions. He entertained questions from the Board and then received a round of applause from the Board.

I. Expectations for Public University Trustees

Mr. Hardymon said that he would talk about the three basic “P’s” expected of trustees.

Preparation

Get familiar with material.

Take time to keep informed by attending informative sessions, especially committee meetings and other informative sessions between scheduled Board meetings.

If you cannot attend informative sessions, try to participate by phone.

Presence

Give attention to presentations and discussions at meetings.

Eliminate e-mails, texting, reviewing blackberry inputs, and leaving board room for cell phone calls except for emergencies.

Participation

Think before you speak. Members do not have to comment on everything on the agenda.

Have a candid, open, and thorough way to participate. If you are in disagreement on an item, sum up your points, make them at the Board meeting, and let the majority rule.

Do not request an appointment to a committee to learn something. Specialists are needed on the various committees.

Inform the Chair if you wish to add an item to the agenda. The Chair should decide if the item should be added to a committee agenda or the Board agenda.

Remember the Board operates in open session. State your view, make your comments,

and ask your questions as open and as candid as you can.
Reply to media questions if you are fully informed on the item. If not, refer them to the appropriate person.

Mr. Hardyman concluded his remarks by stating that the Board of Trustees' work is more demanding than most people think, and the reward is not always easy to recognize. He thanked the members for taking on the assignment of being a Board member.

J. 2008 Meeting Schedule

Ms. Ball called attention to the proposed 2009 meeting schedule that had been presented to the Board, and there was a discussion about certain dates on the schedule.

K. Meeting Adjourned

Ms. Ball thanked everyone for attending the retreat, and the retreat ended at 3:15 p.m.

Respectfully submitted,

Pamela T. May
Secretary, Board of Trustees