

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, March 10, 2009.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, March 10, 2009 in the Board Room on the 18th Floor of Patterson Office Tower.

A. Meeting Opened

Ms. Mira Ball, chair, called the meeting to order at 1:05 p.m. and asked Ms. Pamela May, secretary of the Board, to call the roll.

B. Roll Call

The following members of the Board of Trustees answered the call of the roll: Mira Ball (chair), Stephen Branscum, E. Britt Brockman, Penelope Brown, Jo Hern Curris, Ann Haney, James Hardyman, Pamela May, Everett McCorvey, Billy Joe Miles, W. Tyler Montell, Sandy Bugie Patterson, Phillip Patton, Erwin Roberts, Charles R. Sachatello, Frank Shoop, JoEtta Wickliffe, Russ Williams, and Ernest Yanarella. Absent from the meeting was Dermontti Dawson. A quorum was present.

The university administration was represented by President Lee T. Todd, Jr., Provost Kumble Subbaswamy, Executive Vice President for Finance and Administration Frank Butler, Executive Vice President for Health Affairs Michael Karpf, and General Counsel Barbara W. Jones.

The university faculty was represented by Chair of the University Senate Council David Randall, and the university staff was represented by Chair of the Staff Senate Bart Miller.

Members of the various news media were also in attendance.

C. Consent Items

Ms. Ball called attention to the consent items on the agenda which included the minutes, personnel actions, and FCR 1. She asked if there were any questions about the consent items. Dr. Yanarella moved approval. Mr. Shoop seconded the motion, and it carried without dissent. (See consent items listed below at the end of the Minutes.)

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PR 2 Personnel Actions

FCR 1 UK Albert B. Chandler Hospital Auxiliary Pledge

D. President's Report to the Trustees

President Todd said that he would like to recognize some special groups that have done some tremendous things for the university. He asked Ms. Haney to recognize the first group that has brought a lot of prestige and honor to the institution.

Ms. Haney said it was her absolute delight as the mother of a former cheerleader and as a former high school cheerleading coach to read a resolution of the University of Kentucky Board of Trustees honoring the UK Cheerleading Squad. She respects the time and, literally, blood, sweat, and tears that goes into being a member of a cheerleading squad. She read the following resolution:

WHEREAS, the University of Kentucky Cheerleading Squad captured its unprecedented 17th national championship at the recent 2009 Universal Cheer Association National Finals in Orlando, Florida, and

WHEREAS, the UK Cheerleading Team is the only Division 1A squad to win back to back championships three times, once in 1987 and 1988, again in 1995 and 1996, and a third time in 2008 and 2009, and

WHEREAS, UK is the only cheerleading squad ever to win eight championships in a row, and

WHEREAS, under the direction of head coach Jomo Thompson and cheerleader advisor T. Lynn Williamson, the UK Cheerleaders are recognized as some of the finest athletes in the university's sports programs, as intelligent and outgoing students in the classroom, and as tremendous public relations ambassadors for the university and the entire Commonwealth, bringing honor and recognition to the University of Kentucky throughout the nation,

NOW THEREFORE BE IT RESOLVED, that the Board of Trustees of the University of Kentucky does hereby express sincere congratulations and gratitude to the UK Cheerleading Program for its continuing dedication and commitment to excellence on behalf of the University.

She asked the representatives of the squad to stand and be recognized, following which they received a round of applause. Ms. Ball asked for a second to Ms. Haney's resolution to make it official. Ms. Patterson seconded the motion, and it passed without dissent.

President Todd told the coach and cheerleaders that everyone is extremely proud of them. He said that he had asked Mr. Thompson and Mr. Williamson how the cheerleaders continue to win each year. He was told that each year the UK cheerleaders do things that other cheerleaders cannot do. President Todd expressed appreciation for the positive recognition they bring to the university.

President Todd then asked Mr. Montell to introduce the next group of students.

Mr. Montell asked leaders of DanceBlue Erin Priddy, Townsend Miller, and Joshua Rupp to come forward and be introduced. The DanceBlue students are wonderful ambassadors for the university. DanceBlue is an organization that has been a model organization. When asking a focused, diverse group of students in Student Affairs recently about things that really unify students on campus, the second answer was DanceBlue. The first, of course, was basketball.

He said that the DanceBlue student organization has been a model organization for student leaders that care about the university, the community, and making a difference. Being leaders

inside and outside the classroom, they have done a wonderful job maintaining the student organization and raising money. Mr. Montell asked Ms. Priddy to tell the Board about the dance marathon.

Ms. Priddy reported that the unique event concluded on Saturday, March 7 at 7:00 p.m., and DanceBlue raised \$600,888.82. There were 90 teams, which sponsored 605 dancers, and the organization received donations from every county in Kentucky and nearly every state in the United States. She expressed pleasure in seeing everyone come together.

Ms. Priddy said that there were more families and high school students involved in the event this year. Four high schools attended the dance marathon. Those high schools are going to begin having their own mini versions of the marathon. It is a great way for them to know about DanceBlue, about UK, and about the great things the UK students are doing. She believes the event will continue to grow. She thanked the Board for inviting the leaders of DanceBlue to the meeting. The Board gave the students a round of applause.

Mr. Montell said it was such a blessing to have the DanceBlue organization and student leaders, such as these, represent the institution. When people in the community, the state, and the nation see UK and think of the students, they are going to think about caring and compassionate students. Mr. Montell and the students received another round of applause from the Board.

Given the economic situation, some administrators were concerned about the organization raising the amount of money that was raised last year. Last year, the group raised \$425,000, which was a large amount of money for the second year. The group raised \$600,888.82 which goes to the children and the families of children in the UK Children's Hospital.

President Todd said that this is a tremendous student driven event. He recognized Susannah Denomme and Mark Denomme in the audience, who have helped nurture this event along. He thanked everyone for their good work and said that it is a great thing for the university.

President Todd continued with PR 1 and pointed out the following items:

Twelve UK Affiliated Companies Received \$4.3 Million from a Matching Program

Some of the companies UK has been working with for several years are coming to fruition. There were 12 UK affiliated companies that received \$4.3 million from a matching program that is very unique to the state of Kentucky. This is something UK encouraged the state to do, and they have now done it. If the faculty members get SBIR or STTR grants from the federal government, the state will match the money. Most of the companies are biotech type companies.

UK's 'see blue.' Campaign Wins Southeast College marketing Awards

UK's 'see blue.' marketing campaign won two Grand Awards for Institutional Relations Programs and Overall Web Site Design and Implementation for seeblueuk.com at the Council for the Advancement and Support of Education (CASE) Region III conference. President Todd said that he is extremely proud of the Public Relations marketing group that

spent a lot of time putting the campaign together. He noted that UK beat Duke University on behalf of its School of Nursing.

UK Licenses Antibody to Cleveland Clinic's Tolera Therapeutics

A monoclonal antibody developed at UK, which could be used to facilitate the immune system's tolerance to foreign grafts and organ transplants, has been licensed to Tolera Therapeutics and is moving to pivotal clinical trials at the Cleveland Clinic and other leading transplant centers. The antibody was developed by John Thompson, director of research at the Veterans Administration Hospital and former UK College of Medicine chair of internal medicine.

UK Pharmacy Graduates Achieve 100 Percent Pass Rate on NAPLEX, MJPE

The pass rates in the College of Pharmacy are phenomenal. The 2008 Pharm.D. graduates again achieved a 100 percent first-time pass rate on the national pharmacy licensing exam. In addition, 100 percent of UK graduates pass the pharmacy law exam required in 44 states on the first try. The Pharmacy program is now fifth in the nation, and their residency program is number one in the nation. No other school in the country has beaten UK's pass record.

Venture Funding Totals \$55 Million for Affiliated Companies

Venture funding, including angel and venture capital investments and mergers and acquisitions, for UK-affiliated companies accounted for 80 percent of the total \$69 million reported for early stage companies in the Bluegrass region last year. Of the 68 Lexington-Fayette County region companies, 39 were associated with UK either through licensing technologies, collaborative projects, or faculty/staff startups. UK companies got 80 percent of the \$55 million of new capital. This is capital that comes from Angel Network, from the state government with some funds that they have been put in place, from outside venture capitalists and something that really points to the job creation that is finally beginning to take off. This year 98 new jobs were created with 68 full-time positions with an average salary of \$70,000. These companies are associated with UK and have a total employment of 239 people.

UK offers Alumni Expert Network for Entrepreneurs and Small Businesses

The Alumni Association has been working on a very unique alumni expert network for entrepreneurs and small businesses. Entrepreneurial graduates give free consulting advice to startup companies in this region. Entrepreneur Elaine Duncan gave this great idea to the Alumni Association. President Todd recognized Ms. Duncan and thanked her for attending the meeting. He said he was very proud of Ms. Duncan, Director Stan Key, and the Alumni Association for doing this service. It will help with getting UK's intellectual property into the marketplace.

Student Observatory is Named for Keith and Phyllis MacAdam

President Todd recognized Keith and Phyllis MacAdam in the audience and asked them to stand and be recognized for their gift to the university. Keith and Phyllis MacAdam have given their entire academic life to the university through their teaching and research efforts. They saw a need for the university to have an observatory on top of the parking garage and

gave \$250,000 that was matched by RCTF. This observatory will accommodate the university's students and faculty and hopefully, excite some of them to further their research. The observatory can accommodate up to 30 people and is open to school groups visiting campus. President Todd said that he is extremely proud to have their names on this observatory, and he applauded them for what they have done for the university. Keith and Phyllis MacAdam received a round of applause.

Pennsylvania Firm Relocates to UK's ASTeCC Facility

A Pennsylvania company has moved its operations and research facilities from Philadelphia, Pennsylvania, to UK's Advanced Science and Technology Commercialization Center (ASTeCC). The company received a government grant, and the state of Kentucky fully matched the grant. For that reason and the cooperative spirit the company's Chief Executive Officer Eric Ostertag saw with the Lexington government, Commerce Lexington, and UK, he is moving his company to Kentucky. Mr. Ostertag is in the pharmaceutical business.

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

President Todd reported that the Board had approved a waiver previously for Brian P. Butler pertaining to the employment of relatives. He recommended that the Board authorize the continued employment of Brian P. Butler, son of Executive Vice President for Finance and Administration Frank A. Butler, pursuant to the provisions contained in the regulations, which authorizes the waiver for a period of two years. Regulations are in place that if an officer in a high level position within the administration has a relative working in the officer's administrative area, the Board has to authorize the continued employment of the relative.

Mr. Butler's son has been working at UK since 1988. When Mr. Butler became executive vice president for finance and administration, the Board approved a waiver of the Governing Regulation pertaining to the employment of relatives so his son Brian Butler could continue to work in his position. Brian Butler continues to be four levels removed from his father, and Frank Butler will not be involved in any personnel action regarding his son.

On motion made by Dr. Sachatello and seconded by Ann Haney, the motion passed without dissent. (See PR 3 at the end of the Minutes.)

F. Appointment of Dean of the College of Social Work (PR 4)

President Todd said that the university has been able to attract quality people the past several years because of the good things happening at the university. He asked Provost Subbaswamy to report on the completion of a search for the Dean of the College of Social Work.

Provost Subbaswamy said it gave him great pleasure to recommend the appointment of Dr. James P. "Ike" Adams, Jr. as Dean of the College of Social Work, effective July 1, 2009.

He said that Dean Kay Hoffman leaves a tremendous legacy as dean. For ten years, she has taken the College of Social Work forward and made it into a national force and a tremendous

influence within the community. In order to continue that momentum, he wanted to look at a very seasoned dean, rather than somebody who is just starting out. He said that he could not be happier with the candidate that was ultimately recommended for this appointment.

Dr. Adams currently serves, and has been for the last nine years, as Dean of the School of Social Work at the University of Alabama. He is also nationally known in the social work education circles just like Kay Hoffman. He is a native of Mississippi, received his undergraduate degree from Tougaloo College, and got his Ph.D. from the University of Minnesota. Most of his academic career has been at the University of Alabama. His research interest, among other things, has been in dealing with African American families and the care given by elderly to disabled young people. He brings a lot of experience, enthusiasm, energy, and vision to UK's College of Social Work.

Mr. Williams moved approval of PR 4. Dr. McCorvey seconded the motion, and it carried without dissent. (See PR 4 at the end of the Minutes.)

G. University Research Professorships (PR 5)

President Todd asked Vice President for Research James Tracy to come forward and introduce a special group of professors who have earned the right to become University Research Professors for 2009-10.

Dr. Tracy reported that in 1977 the University of Kentucky Research Foundation voted to sponsor four one-year research professorships to recognize outstanding faculty on campus. These awards are competitively given, and there were ten highly outstanding nominations received and reviewed by a faculty committee.

Based upon the committee's recommendation and President Todd's approval, Dr. Tracy presented the four 2009-2010 University Research Professors. He asked each professor to stand and be recognized as he introduced them.

Dr. Gang Cao has been a professor in the Department of Physics and Astronomy in the College of Arts and Sciences since 2002. He is a condensed matter physicist and his research is supported by the National Science Foundation, including an interdisciplinary and multi-institutional Center for Advanced Materials that was recently funded by an NSF EPSCoR grant. He plans to spend his research professorship furthering his research on 4d-electron and 5d-electron transition metal oxides.

Dr. Karin Westlund High is a recent addition to UK's Department of Physiology in the College of Medicine. She arrived in early 2007 from the University of Texas Medical Branch at Galveston. Professor Westlund High has a twenty-year history of NIH funding. Her research project for the coming year involves replication-incompetent viral vectors to target trigeminal ganglia to provide relief of chronic oral facial pain.

Dr. S. Reddy Palli joined UK's Department of Entomology in the College of Agriculture six years ago. He has funding from numerous agencies, including the USDA, National Science

Foundation, NIH, and numerous industry awards. Professor Palli's research focuses on identification of genes responsible for resistance to insecticides that can lead to safer alternatives for neurotoxic chemicals.

Dr. Kevin Sarge has been in the Department of Molecular and Cellular Biochemistry in the College of Medicine since 1993. His research funding comes from the National Institutes of Health and the National Science Foundation. Professor Sarge's research during the coming year will focus on how Small Ubiquitin-like Modifier or SUMO affects structural proteins implicated in diseases such as cardiomyopathy and Alzheimer's disease.

Dr. Tracy asked the Board to join him in congratulating the four University Research Professors, and they received a round of applause.

Dr. Yanarella moved approval of PR 5. Ms. Patterson seconded the motion, and it passed without dissent. (See PR 5 at the end of the Minutes.)

President Todd said that he is surprised everyday at the things that the research faculty are doing. To be recognized among your peers to spend a year as a University Research Professor is quite an accomplishment. He told the professors to enjoy next year because they have earned it and said that he looked forward to the results of their research. He congratulated them and thanked them for the recognition they bring to the university.

H. University Staff Emeritus be Conferred upon Howard G. Beach (PR 6)

President Todd said it was his pleasure to bring before the Board another recommendation for a Staff Emeritus designation. This title was put in place a few years ago, and the administration has highlighted some of the most cherished people at this university with this designation. He asked Howard Garry Beach to stand while he read a few things about him.

Mr. Beach began his service to the University of Kentucky in July 1, 1968 as the Assistant Safety Officer under the then Division of Safety and Security. He was promoted in 1976 to the position that is now known as the University Fire Marshal.

Mr. Beach retired from the University of Kentucky on January 31, 2009. During his service of 40 plus years, he worked tirelessly to establish UK as a national leader in life safety and fire prevention. UK's safety and fire prevention programs have been recognized by the Princeton Review, the 2008 Reader's Digest College Safety Survey, as well as numerous peer institutions.

UK was the first Kentucky postsecondary institution to install sprinkler systems in all of its dormitories. Due to Mr. Beach's determination and foresight, this effort was accomplished prior to the Commonwealth of Kentucky mandating that all higher education institutions install these systems.

Under his guidance, UK was one of the first institutions of higher learning to incorporate the use of theatrical smoke into fire drills. That novel concept has evolved into the standard now for training and education of students and employees at other institutions.

For more than four decades, Garry Beach has been driven to protect the lives of the university community. His dedication and resolve to make the campus community a safer place for all of our students, faculty, staff, and visitors make him deserving to be conferred the honor of University Staff Emeritus by the Board of Trustees.

President Todd thanked him for his service to the university.

Mr. Branscum moved that PR 6 be approved. Mr. Shoop seconded the motion, and it carried without dissent. (See PR 6 at the end of the Minutes.)

I. Honorary Degree Recipients (PR 7)

President Todd said that he was pleased to present the list of honorary degree recipients for this year. The university has a committee that looks very carefully at the accomplishments of these individuals. He presented the following individuals for consideration:

Mark E. Davis embodies the University of Kentucky's spirit of academic excellence. He obtained three chemical engineering degrees from UK. While he was enrolled on a track scholarship, he lettered in track and received an outstanding scholar-athlete award as well. He was inducted into the UK Engineering Hall of Distinction in 1999. Currently, he is the Warren and Katharine Schlinger Professor of Chemical Engineering at the California Institute of Technology. He received the Alan T. Waterman Award from the National Science Foundation in 1990. He is a member of the National Academy of Engineering, the National Academy of Science, and the Experiment Therapeutics Program of the Comprehensive Cancer Center at the City of Hope. Dr. Davis is the founder of Insert Therapeutics Inc. and Calando Pharmaceuticals, Inc, which researches cancer therapy alternatives. For these reasons, he is recommended as a recipient of the 2009 Honorary Doctor of Engineering Degree.

William E. Kirwan has been a lifelong supporter and proponent of higher education. After receiving a bachelor's degree in Mathematics from the University of Kentucky, Dr. Kirwan also received master's and doctoral degrees in Mathematics from Rutgers University. Dr. Kirwan served as the president of the University of Maryland College Park from 1988 to 1998, the president of The Ohio State University from 1998 to 2002, and is the chancellor of the entire University System of Maryland since 2002. Dr. Kirwan was appointed to the National Commission on Mathematics and Science Teaching for the twenty-first Century, and in 2007, he was the recipient of Maryland House of Delegates Speaker's Medallion, which recognizes Maryland's citizens who have demonstrated exemplary service to the state of Maryland. He is a member of the American Academy of Arts and Sciences and the co-chair of the Knight Commission on Intercollegiate Athletics. For these reasons, he is recommended as a recipient of the 2009 Honorary Doctor of Science degree.

Helen Thomas, commonly referred to as the First Lady of the Press, is a former White House Bureau Chief for United Press International. She is a trailblazer, breaking through

barriers for women reporters while covering every president since John F. Kennedy. Born in Winchester, Kentucky, Ms. Thomas served from 1961 to 2000 as a Presidential Correspondent and later Bureau Chief for United Press International. She has published several books about her experiences, *Front Row at the White House: My Life and Times* and *Thanks for the Memories Mr. President: Wit and Wisdom from the Front Row at the White House*. In 2008, she published a book for children *The Great White House Breakout*.

In addition, she was chosen as the first female president of the White House Correspondents Association in 1975 and the first female president of the Gridiron Club in 1993. She served as the president of the Women's National Press Club from 1959-60 and was named as one of 25 most influential women in America by the World Almanac. She was inducted into the Kentucky Journalism Hall of Fame as part of the initial class in 1981. For these reasons, Ms. Thomas is recommended as a recipient of a 2009 Honorary Doctor of Letters degree.

Ms. Curris moved approval of PR 7. Ms. Patterson seconded the motion, and it carried without dissent. (See PR 7 at the end of the Minutes.)

J. Academic Affairs Committee Report

Dr. Yanarella reported that the Academic Affairs Committee met that morning and entertained five AACRs. The committee also had the opportunity to get an update from Vice President for Institutional Diversity Judy "J.J." Jackson on her philosophy and architecture of her developing portfolio in the broad area of diversity and in ways that it meshes with the larger university concerns. In her comments, she made a number of very penetrating points. In speaking with students, she underlined the point that Top 20 status was not a label that you wear but what you do. Dr. Yanarella said he thought that was a very apposite way of characterizing what this effort is all about. She spoke about her vigilant effort at academic support enhancement. Dr. Jackson also talked about her effort to mesh excellence and diversity. Dr. Yanarella said that he thought this was another marvelous way to indicate what this university is about and no less why she is here.

The committee was also fortunate to have the Director of the Center for Academic Resources and Enrichment Services Toni Thomas give an overview on that particular area. Dr. Yanarella said that he had the opportunity to work with her on the University Portfolio Review Committee. On that committee, she indicated the developing efforts that are being made in the area of academic support. The committee was very profoundly edified by the full sweep of those activities. It was clear that this was probably one of the best kept secrets so far on campus. It has a full menu service for minority students, and it is very clear from the conversation that took place with Dr. Jackson and Ms. Thomas that this is something that is going to have to be a university-wide campus effort for all students as the university moves forward in its Top 20 ambitions.

Dr. Yanarella thanked Dr. Jackson and Ms. Thomas for a very rich and edifying conversation that took place at the committee's meeting.

K. Candidates for Degrees – Bluegrass Community and Technical College (AACR 1)

Dr. Yanarella, chair of the Academic Affairs Committee, called attention to the heading of AACR 1 and pointed out that it should be Candidate for Degree of Bluegrass Community and Technical College because there was only one name on the list. He reminded the Board that the university and the Board will be acting on a degree conferral with the Bluegrass Community and Technical College until August 31, 2010 in an agreement that was worked out in the process of separating that community college from the University of Kentucky. The Academic Affairs Committee recommended to the Board positively its recommendation for a vote favorably on this degree conferral.

On motion made by Dr. Yanarella, seconded by Ms. Haney and carried without dissent, AACR 1 was approved. (See AACR 1 at the end of the Minutes.)

L. Change in Name of an Educational Unit (AACR 2)

Dr. Yanarella said that AACR 2 is a Change in Name of an Educational Unit. The recommendation is that the Board of Trustees approve a change in the name of the College of Medicine's Department of Diagnostic Radiology to Department of Radiology, effective immediately. As the rationale indicates, the Department of Diagnostic Radiology overflows that narrow title. It is the wishes of the department, the recommendation of all of the consulting bodies on up to the University Senate, and the recommendation of the Provost that the Board of Trustees approve this recommendation. On behalf of the committee, he moved approval. Dr. Sachatello seconded the motion, and it carried without dissent. (See AACR 2 at the end of the Minutes.)

M. Change in Name of an Educational Unit (AACR 3)

Dr. Yanarella said that AACR 3 is also a Change in Name of an Educational Unit, specifically the recommendation that the Board of Trustees approve the change in the name of the College of Education's Department of Educational and Counseling Psychology to the Department of Educational, School, and Counseling Psychology, effective immediately.

He noted that the background and rationale are quite clear. The proposal reflects the desire on the part of the program to recognize the achievements in the area of school psychology, which are not manifested in the present title. In addition, adding school psychology to the title would address some of the concerns on the part of various national governing bodies in the alarming lack of mental health professionals serving our nation's schools.

This recommendation has been vetted through the appropriate circuit on up from the various bodies within the College of Education, including the College of Education faculty, on up to the Senate Academic Organization and Structure Committee and the Senate Council and finally to the University Senate, which sends this to the Board with its positive recommendation. Dr. Yanarella added that the provost supports the recommendation and moved approval of AACR 3. Ms. Curris seconded the motion, and it carried without dissent. (See AACR 3 at the end of the Minutes.)

N. Academic Degree Recommendation (AACR 4)

Dr. Yanarella reported that the committee had the pleasure of having Associate Dean for Academic Programs in the College of Agriculture Mike Mullen at its meeting to provide some essential background. The recommendation is that the Board of Trustees approve the establishment of a Bachelor of Science in Equine Science and Management degree with a major in Equine Science and Management.

Dr. Yanarella said that most everyone is fully aware of the enormous impact that the horse industry has in Kentucky's economy and of the importance of the horse industry for the university. Yet, it was not until 2004 when Dr. Mullen was hired at the University of Kentucky that a degree granting program was considered at the fruition of a conversation among Dr. Mullen, Dean Scott Smith, and Associate Dean Nancy Cox.

The program recommendation has gone through the appropriate councils and the University Senate. It has also completed the 45-day review of the Council on Postsecondary Education and, in addition, the provost supports the recommendation. He moved that AACR 4 be approved. Ms. Brown seconded the motion, and it passed without dissent. (See AACR 4 at the end of the Minutes.)

O. Change in Name of Degrees (AACR 5)

Dr. Yanarella said that AACR 5 is a recommendation that the Board of Trustees approve the two degree changes in the College of Education, effective spring 2009. One is the change in the name of the Bachelor of Arts in Education with a major in Kinesiology to a Bachelor of Science in Education with a major in Kinesiology. Second is a change of the name of the Bachelor of Arts in Education with a major in Health Promotion to Bachelor of Science in Education with a major in Health Promotion.

Given the fact that both of these degrees are heavily science based and the fact that a Bachelor of Science degree would add weight to the resumes of students completing that degree, the Academic Affairs Committee, with the approval and recommendation of the Undergraduate Council, the Senate Council, and the University Senate and with the provost also weighing in positively, moves approval of the recommendation. Dr. McCorvey seconded the motion, and it carried without dissent. (See AACR 5 at the end of the Minutes.)

P. Audit Subcommittee Report

Mr. Branscum, chair of the Audit Subcommittee, reported that the Audit Subcommittee met that morning with several items of business. The Audit Subcommittee heard from the university's external auditors, BKD. Mary McKinley is the partner in charge for the UK audit. She reviewed her firm's preliminary audit plan for the year ending June 30, 2009. The subcommittee asked questions about the audit engagement in areas to be emphasized in this year's audit. Following BKD's presentation, the subcommittee approved the audit's engagement letter.

The committee next heard from Joseph Reed UK's senior director of internal audit. Mr. Reed presented the progress report of the 2008-09 internal audit work plan for the subcommittee's review. He also shared the 2009 and 2010 work plan which has budgeted 10,375 audit hours in the following audit service areas: Infrastructure, Advisory, Care Reviews, Information Systems, Compliance, Requests, and Investigations. The Audit Subcommittee will next meet on Tuesday, October 27, 2009. At that time, the subcommittee will review the management's presentation of the audit's financial statements for the year ending June 30, 2009.

Q. Finance Committee Report

Mr. Branscum, chair of the Finance Committee, reported that the Finance Committee met that morning at 11:00 a.m. and had representation of the entire board. FCR 1 was a consent item for a pledge totaling \$500,000 from the UK Albert B. Chandler Hospital Auxiliary to improve the Surgical Waiting Area and support the Health Education Center and the Arts in HealthCare program.

He reported that FCR 2, which was on the tentative agenda, had been withdrawn.

The committee recognized Treasurer Marc Mathews who was attending his last meeting in an official capacity at the university. The committee extended its appreciation to Mr. Mathews for the help and support he has given to the university, the Finance Committee, and the Audit Subcommittee. Mr. Branscum expressed best wishes to Mr. Mathews and his family as he begins a new position with Transylvania University.

R. Acceptance of Interim Financial Report for the University of Kentucky for the Six Months Ended December 31, 2008 (FCR 3)

Mr. Branscum said that Mr. Mathews presented the Interim Financial Report for the six months ending December 31, 2008 to the committee. As of December 31, the university has realized 53 percent of the revenue estimates and extended 46 percent of the approved budget.

The university's consolidated balance sheet is strong with assets of \$3.1 billion and liabilities of \$962 million. The difference of \$2 billion represents fund balances totaling nearly 64 percent of assets. Year to date revenues of \$1.08 billion and appropriated fund balances of \$103.2 million have exceeded expenditures to date by \$158.2 million, creating a strong cash position as of December 31st.

At the end of the first six months of 2008-09 fiscal year, financial operations are consistent with the budget plan as approved by the Board of Trustees. On behalf of the Finance Committee, Mr. Branscum recommended the acceptance of FCR 3. Dr. Brockman seconded the motion, and it carried without dissent. (See FCR 3 at the end of the Minutes.)

S. Resolution Approving a Lease Purchase Agreement under the University's General Receipts Bond Resolution (FCR 4)

Mr. Branscum said that FCR 4 is a Series Resolution for the lease/purchase financing of the Samaritan Hospital properties under the University's General Receipts Pledge, which provides for favorable interest rates on the financing.

At a special meeting of June 29, 2007, the Executive Committee approved the lease purchase financings of one or more borrowings in an aggregate amount not to exceed \$70 million to complete the purchase of Samaritan Hospital. At the time of the purchase, July 1, 2007, the owner of the property, Ventas Real Estate Investment Trust, did not want to immediately sell the property to the university due to tax consequences. Ventas recently notified the university of its intent to sell the property to the university.

The university requested bids for the lease purchase financing of the Samaritan properties to provide funding to purchase the properties from Ventas. The winning bid was received from the Kentucky Association of Counties Leasing Trust. A favorable interest rate of approximately 4.39 percent with a term of 20 years was bid assuming that the lease purchase would take place under the University's General Bond Resolution being secured under the University's General Receipts Pledge.

On behalf of the Finance Committee, Mr. Branscum recommended approval of FCR 4. Ms. Patterson seconded his motion, and it carried without dissent. (See FCR 4 at the end of the Minutes.)

T. Proposed 2009-10 Tuition and Mandatory Fees Schedule (FCR 5)

Mr. Branscum said that FCR 5 is the Proposed 2009-10 Tuition and Mandatory Fee Schedule. Ms. Angie Martin, vice president for planning, budget, and policy analysis, did an excellent PowerPoint presentation and had handouts of the presentation for the Board.

Mr. Branscum noted that this is one of the most important actions of the committee because it impacts the budget, and it concerns the affordability of tuition and education as well. The tuition and mandatory fee rates reflect a 5 percent increase for most resident and non-resident students. Undergraduate resident tuition and mandatory fees will increase by \$193.50 to \$4,061.50 per semester for incoming freshmen. The university expects the resident undergraduate rates to remain below the medium rate of the Top 20 institutions. Applications to the university remain strong.

At its March 6, 2009 meeting, the Council on Postsecondary Education established maximum increases for undergraduate, in-state tuition and mandatory fees: 3 percent for the Kentucky Community and Technical College System (KCTCS); 4 percent for the comprehensive institutions; and 5 percent at the research institutions. These "ceilings" on undergraduate, in-state tuition reflect continuing concerns about affordability while being sensitive to the distinct missions and mandates of the institutions.

State funds for the university are expected to be cut \$6.33 million or 2 percent for 2008-09. A revised level of state support for 2009-10 has not yet been communicated. Based on the estimated enrollment, the proposed rates are expected to generate \$239 million, an increase of \$14.4 million. Unavoidable costs are expected to increase at least \$15.5 million. The state cut will increase this gap in funding. The university administration continues to work on the 2009-10 budget and will present a recommendation at the June Board meeting.

On behalf of the Finance Committee, Mr. Branscum recommended approval of FCR 5. Mr. Shoop seconded the motion. Chair Ball asked if there were any questions or comments.

Dr. Sachatello said he would like an opportunity to speak against the resolution, not to win a popularity contest but to encourage the Board of Trustees to face reality. He reported that he had attended the budget briefings, and Ms. Martin did an excellent job. No one who listened or reviewed the figures could possibly believe that accepting a yes vote will solve the projected budget shortfall. Within six to nine months, the Board will be faced with an additional shortfall as the state budget is decreased. The state, university faculty, and students acting together and in concert must contribute to the solution of this problem.

Dr. Sachatello said that he could speak on Kentucky government mismanagement; however, he did not work for the state. It was only in the past four to six weeks that the state government recommended they would no longer heat empty rooms on weekends and holidays. It has been going on obviously for many years. Whoever is responsible for having made that decision should be reassigned to the unemployment lines.

Dr. Sachatello said that the university administration is not without blame. He believes the administration has an obligation to help the state reduce their overhead by 1.5 percent. He noted that his tie was given to him by the University HealthCare, and it cost more than \$100. It was absolutely absurd that University HealthCare would be giving gifts of that magnitude to members of the committee. He showed a report prepared for the committee's meeting on Monday and said the report probably cost over \$25.00. He then showed a report prepared by Fidelity, one of the mutual funds he owns which is down 55% in value, and said the report cost a dime. He said, in his opinion, the reports prepared by the university should be prepared on less expensive paper and using less expensive forms. He said that he had previously brought this to the attention of one of the senior administrators.

Dr. Sachatello said that when the state set its budget, it was very concerned about cigarette tax. They limited the cigarette tax to .33 cents on the grounds that if they raised it too high, they would not get as much revenue. Altria, the largest cigarette company in the world, is increasing its tax .73 cents per pack. If the largest company in the world is not concerned about their profits by increasing taxes .33 cents a pack, why should the state of Kentucky not have taken the responsibility to raise their cigarette tax and assign that to education?

Dr. Sachatello said that the students have the responsibility and obligation to do something that none of the Board can do. The students must recognize that the Board, acting either individually or collectively, is independent. He encouraged the students of all the state universities to develop a web site called "No Kentucky Tuition Increase." Make it so simple that parents can

use it. When it is turned on, you type in your zip code, and it brings up your state legislator. Send the message to the governor, the president of the senate, the speaker of the house, and send it in such volume that you will constipate their computers. The students and their families should then print the message, go to Frankfort, and put it in the mailboxes. All of the state universities should tell the state legislators, the governor, the president of the senate, and the speaker of the house that they are cheating the future of Kentucky by forcing a tuition increase on the students and their families.

Dr. Sachatello said he had another proposal that the faculty would be very unhappy with. In two weeks, the President of the United States will announce that 95 percent of everybody in America will have a salary reduction. He proposed that the President develop a button that says, "I did my share." and ask the 3,500 to 3,800 university employees that will fall into that group to have a button that says "I contributed my share." and ask them to donate 10-15 percent of their tax savings back to the university to reduce the budget cut.

He said that there is a real number of university administrators, primarily positions in the medical school where he once worked for 15 years, who fall into the category of earning over \$200,000 a year. The President of the United States said that those individuals will be taxed extra. Why should those taxes go the federal government? The administration should ask those faculty members, who accept a salary reduction, to keep those tax dollars in Kentucky to be applied to the tuition deduction plan.

Dr. Sachatello suggested that everybody on the Board of Trustees give up their free basketball and football tickets and put them out to auction with the money going to the tuition deduction plan. He said that he would certainly be the leader.

He said that he realized that his recommendations would not pass any vote, but the fact is the Board must recognize it has an obligation to the young people of the state. He noted that he is not a native, but he has lived in Kentucky for 39 years. He thanked the Board for the opportunity to speak.

Mr. Williams said that he will be voting against FCR 5 as well but not for any reason the Board heard from Dr. Sachatello. Not only is UK a school, it is a workplace for nearly 11,000 employees. This will be the second year the employees have not received a salary increase.

He said that a 5 percent increase in tuition is a problem for him, and he finds the process to be flawed. He is not sure why the Board has to vote on tuition and mandatory fees when the Council on Postsecondary Education has already told the university how far it can go. He guesses the Board is suppose to approve a 4.9 percent increase just to show that it is responsible, which is dumb. He said that he found it useless to vote for tuition at this time, and he would be voting against FCR 5. He urged other Board members to vote against it as well.

Ms. Curris said that she, too, was reluctant to vote for approval of FCR 5, but pragmatically, what are the options at this point? This is a very difficult economy. The university and certainly the students and the families in Kentucky are caught between the fact that everyone wants a very

well educated citizenry for the future of the state, and yet, this is a time of great economic depression and needs.

The university has been charged with the goal of becoming a Top 20 university, and one cannot do that if one does not spend funds and maintain quality. This is a very complicated issue, and it is not easily decided. While Ms. Curris appreciates what both of her peers have said and can understand where they are coming from, she does not see that the Board has any other choice but to be supportive of this particular resolution.

President Todd said that it is a difficult time, but one must look at the long-term solution for the state of Kentucky. The faculty and staff have been asked to go without raises two years in a row, and in his opinion, that is enough sacrifice, especially given the quality of the people that the university has been able to retain. The administration would like to do things to make it better for the faculty and staff, but unfortunately, in many cases, that makes it tougher for students.

He said that he is extremely proud of the work that the budget staff has done to reduce costs in the institution. Their work has been documented, and it has been sent to every major university because the staff has done a good job of controlling costs. The most important thing for the university to do is see its way through this storm so it can continue to change the state of Kentucky so that there will be a per capita income that can afford to have a Top 20 university. The administration could back off of being a Top 20 university and say that the university cannot afford it because the state is not giving the university enough money. That would be shirking responsibility. Dr. Yanarella has said that the university was given a goal, and that is Plan A. There is no Plan B.

President Todd reported that he has yet to receive an email from a single faculty member on campus saying scrap the plan. That is a statement. Administrators like Dr. Judy "J.J." Jackson from Vassar College are coming here to do a job. He told of a sign that he had at his previous company that said "When in doubt, just work." While one can try to invent different solutions to try to be spectacular, to try to do things that make you look like you are macho, that is not the way a business gets ahead. You just work. The people at the University of Kentucky are working, and the students are doing their share.

It is not a time that the university can be bombastic, say it wants more tuition, and cause a big uproar. Uproars can bite you. You have to be accustomed to the fact as former president Otis Singletary once said, "You know some will say you have a powerful position, but in fact, you have an influential position." The power is still in the state capital, and you have to work with that. It is a reality. You can try to ignore it, but it does not work.

The university has done well in that it has established higher education in the conversation in Frankfort. At one time, the governor had proposed a one-time 12 percent cut. This time the governor proposed a 4 percent cut which he reduced to 2 percent. That shows that the governor and legislators are still thinking about trying to relieve the burden on education. The administration has to continue to demand more money for the institution and must continue to work to change the state, but it needs the Board's help in doing that.

The Council on Postsecondary Education is trying to show some relevance in this case. They have looked at it, and they have talked about it. They have interacted with the presidents and the legislature. A compromise position is what we are asking for now. If the tuition rate increase was 6.5 percent, the university could break even with no pay increases, but there will have to be some cuts. The provost and executive vice presidents have committed to try and make the cuts at the top and not at the academic level. While it is a difficult vote, these are unusual times. President Todd said that he feels this is the right thing to do, and he encouraged the Board to approve FCR 5.

Dr. Yanarella said that he would be voting to approve the proposed tuition and mandatory fees schedule. He is not happy with the reference about the likelihood of no salary increases again for a second year. He knows that it is the administration's best intention not to have that happen, but the larger circumstances and conditions have created an environment where that may be impossible. He said that he detected an enormous amount of restiveness within the Board and even resentment among many faculty around campus about the situation. People are angry, and he can well understand why that is the case. Some are, indeed, directing it to the issue of Top 20 status.

By virtue of his involvement on the Senate Council when the Business Plan was laid out, there were some differences about the Business Plan. At the Finance Committee meeting, there were some concerns expressed about the Top 20 Business Plan. It was not at all clear whether it was the goal that people had in mind, whether they thought it was not feasible, or whether they were concerned about the schedule. As a faculty member who really supports the Business Plan idea, the process is everything.

Dr. Yanarella said that he does not know exactly how to operationalize Top 20 status. There are probably 100 different ways that the university could do that. The Business Plan is really Top 20 oriented. As he looks to the good sense the administration had to hire Dr. Jackson and the efforts on the part of Toni Thomas and a host of other people among faculty, staff, and administration, he sees that Top 20 orientation seeping into UK's institutional foundations, and he gets a feeling the Top 20 process is being stalled because of budget constraints.

Dr. Yanarella said that he is going to vote for approval of FCR 5. Under the circumstances, he believes that this is the best that the university can do and not give up the dream of being the driving force of higher education for the good of the Commonwealth and those individuals who may not always appreciate what the Board is trying to do.

Mr. Montell said that he understands that two years without a pay increase for staff and faculty is essentially a pay cut. For some Kentucky families, \$650 could really mean a lot of things. It could be the difference between dental insurance, a car payment, and any number of things. He feels, however, that it is important to consider how relative this number really is. While affordability and a bargain are important, students are looking for a degree that is going to do something. The Top 20 Business Plan is to make a UK degree more valuable when it is listed on a resume. That is what the students want, and they trust President Todd to do that.

Dr. McCorvey said that he was going to voice a vote of approval for the resolution. He feels that these are tough economic times for everyone. He wants the students to have a quality education and a university that is going to provide a quality education. The Board has to continue

to keep its eyes on that prize for the citizens of Kentucky while it continues to impress on Frankfort that if they want UK to be a Top 20 institution, they have to come to the table and help the university. The Board cannot shortchange the citizens of Kentucky by watering down the process towards Top 20 status. He said that he hoped that everyone could come together on this and move forward for the good of the university and the good of the Commonwealth of Kentucky.

Chair Ball called for a vote on FCR 5. Mr. Branscum moved approval. Mr. Shoop seconded the motion, and it carried. Mr. Roberts, Dr. Sachatello, and Mr. Williams voted to disapprove FCR 5. (See FCR 5 at the end of the Minutes.)

U. Proposed 2009-10 Room and Board Rates (FCR 6)

Mr. Branscum said that FCR 6 is the Proposed 2009-10 Room and Board Rates, which was presented to the committee by Ms. Martin, Mr. Ben Crutcher, associate vice president for auxiliary services, and Victor Hazard, associate vice president and dean of students.

Ms. Martin presented the recommendation for the housing and dining rates that reflect an average increase of 5 percent for 2009-10. She noted that the housing rates were not increased last year. The 2009-10 housing rate will be \$1,987.50 per semester for traditional residence halls with air conditioning.

The 2009-10 dining rates include a minimum dining plan of \$1,057 per semester, which is an increase of 3 percent or \$31. The minimum plan will provide an average of five meals per week and \$300 Flex dollars. Flex dollars may be used as "cash" at dining venues. Three optional plans with more meals per week will also be offered.

On behalf of the Finance Committee, Mr. Branscum recommended approval of FCR 6. Ms. Curris seconded the motion, and it carried without dissent. (See FCR 6 at the end of the Minutes.)

V. Patent Assignment Report (FCR 7)

Mr. Branscum said that FCR 7 is the Patent Assignment Report. Vice President for Research Jim Tracy presented the report for the quarter ending December 31, 2008. The university has filed 20 patent applications. There were nine patents issued, and the university has received \$508,853 of patent income.

On behalf of the Finance Committee, Mr. Branscum recommended acceptance of FCR 7. Dr. Sachatello seconded the motion, and it carried without dissent. (See FCR 7 at the end of the Minutes.)

W. Capital Construction Report (FCR 8)

Mr. Branscum said that FCR 8 was the Capital Construction Report which was presented by Vice President for Facilities Management Bob Wiseman. The report was for the period beginning October 1 through December 31, 2008. During that period, there were 4 new contracts, 4 contracts completed, 1 contract amended, and 12 change orders greater than \$25,000.

The 4 new contracts were:

- \$200,000 contract with Baigi, Chance, Cummins, London & Titzer to Renovate and Expand the Center for Applied Energy Research;
- \$98,000 contract with Ross Tarrant Architects to Renovate the Schmidt Vocal Art Center;
- \$295,000 contract with Omni Architects for the Convert Hunt Morgan Space to Class Lab project; and
- \$2 million contract with Messer Construction Company to Expand and Renovate the Outpatient Clinic in the Kentucky Clinic.

The first three were design contracts and the fourth one was a construction contract.

The 4 contracts completed were:

- The \$2.39 million contract with Congleton Hacker Company for the Fit-Up Gill Building Ground Floor project;
- \$1 million contract with Woodford Builders to Renovate the M.I. King Library;
- \$678,852 contract with MP Kelly Construction Services to Fit-Up Education Space in the Health Science Building; and
- \$2.4 million contract with Messer Construction Company to renovate the 4th Floor Critical Care Unit at UK Samaritan Hospital.

On behalf of the Finance Committee, Mr. Branscum recommended acceptance of FCR 8. Dr. Brockman seconded the motion, and it carried without dissent. (See FCR 8 at the end of the Minutes.)

X. Other Finance Committee Business

Mr. Branscum said that Mr. Mathews reported highlights on the recent bond sale to fully refund the Library Bonds. The highlights were as follows:

- Principal refunded: \$36.5 million
- Net interest cost: 3.84 percent
- Final maturity of new bonds: 11/1/2024
- Present value of savings: \$1.96 million

Mr. Branscum said that Mr. Wiseman presented an annual report from the president's Sustainability Advisory Committee and gave handouts for the committee to review before the next committee meeting. A report will be given at the next Board meeting on all the efforts taken in the sustainability efforts at the university.

Dr. Yanarella pointed out that there is an environmental stewardship incorporated in the mandatory fees schedule for 2009-2010. This has been a controversial issue that has required a degree of patience and understanding on the part of students and a certain watchful waiting as they continue to press their case with the president and his administration. He said that as a member of

the president's Sustainability Advisory Committee he is very pleased to see this incorporated into the fee schedule. He said that he applauded this and looked forward to its entries in the future.

The students have put together a student's Sustainability Advisory Council that will be charged with expecting this funding. This year, President Todd was able to award the \$25,000 to a sustainability lecture series which was very well attended. It was not at all clear whether that series could continue next year. Dr. Yanarella said that he was very pleased to see this green fee included in the fee structure.

President Todd said he, too, wanted to thank and congratulate Mr. Mathews. He said that he had used Mr. Mathews in several ways since he has been president to look into different situations and to help him understand how the university operates financially. Not only did Mr. Mathews do it with confidence and professionalism, but he did it in a university way, which is being able to find the information, keep everybody positive, and keep the university moving forward. He wished Mr. Mathews the best of luck in his new position. He expressed appreciation for the service that Mr. Mathews has provided to the institution over the years. Mr. Mathews received a round of applause.

Y. Investment Committee Report

Ms. Wickliffe, chair of the Investment Committee, reported that the Endowment investment pool had a market value January 31, 2009 of \$633 million. Consistent with the overall market decline, the Endowment has lost an estimated -28.8 percent for the seven months that ended January 31st.

While the Investment Committee is concerned about the significant decline in the value of the Endowment, it is important to note that the time horizon for the Endowment is perpetuity; therefore, the Endowment has the benefit of time to recoup the recent market losses. Additionally, spending distributions from the Endowment are calculated at 4.5 percent of the average market value over a 36-month period that ends each December 31st. Distributions in the current fiscal year have not and will not be impacted. Distributions for fiscal year 2010 will actually increase slightly by 0.82 percent due to the trailing 36-month calculation. If the market does not recover during calendar 2009, distributions in fiscal year 2011 will most likely decrease.

The recent market downturn validates the importance of the asset allocation changes the Investment Committee is in the process of implementing. As reported previously, in June 2008 the committee approved increasing the exposure to alternative investments by 23 percent and reducing the exposure to traditional stock and bond investments, which are more volatile. The committee approved new allocations to absolute return and real return investments and increased the allocations to private equity and real estate. When the new asset allocation is fully implemented, the university will have a 36 percent target allocation to alternative investments, which is comparable to the university's 19 benchmark institutions assigned by the Kentucky Council on Postsecondary Education, as well as other institutions with large endowments. The objective in making these changes is to increase future endowment returns and decrease the volatility of future returns.

This morning the Investment Committee met to review performance and discuss the asset allocation. The committee reviewed the annual updated asset allocation study prepared by the university's investment consultants, R. V. Kuhns & Associates, which revealed that the target asset allocation remains appropriate and is expected to produce an average annual return of 8.2 percent. If achieved, the 8.2 percent annual return will allow the university to support the 5.0 percent annual spending and management fee withdrawals and maintain the inflation-adjusted value of the Endowment.

The committee also discussed the implementation of the new asset allocation, which involves three phases. Phase 1 was completed over the last three months and involved the implementation of new non-US and real return strategies whose values had declined more than existing US equity and fixed income investments that were sold to fund the new strategies. Phase 2 of the asset allocation implementation will be deferred until July 2009, at which time several new strategies will be funded in quarterly installments over the following year in order to "dollar cost average" the implementation. Phase 3 will occur over the next few years as private equity and real estate capital calls are funded.

Ms. Wickliffe said, in her opinion, the university has a great staff and Investment Committee that is diligently working to assure the Board that they are doing the very best that they can do. With the staff, the consultants, the committee, and the Board's understanding of these volatile times, the committee will do what President Todd said earlier, "When in doubt, just work."

Z. Student Affairs Committee

Ms. Haney, chair of the Student Affairs Committee, reported that the committee met that morning. The committee had a presentation from the Director of the Disability Resource Center Jake Karnes. He told the committee that the center was established in 1970 with the idea of becoming involved with faculty and staff to better serve the students. One of the current services offered to students is a Letter of Accommodation to faculty and instructors that outline the needs of the student, explaining what type of accommodation might be needed. The accommodation might be for extended testing time, visual handouts, interpreters for the hearing impaired, and other issues that can be addressed to help students achieve while attending the university.

Thirty years ago the center worked mostly with students who had physical and visual disabilities. The center has grown, and the largest group of students now has cognitive learning disabilities, which is probably two-thirds of the student enrollment at the center. The center currently serves 800 to 900 students. The center also works with the religious advisory staff on campus. The staff starts serving the students in the pre-admission process so the families will know the services offered and can help with the arrangements for their child to achieve and be comfortable on campus.

The committee was privileged to have three students who use the Disability Resource Center speak at the meeting. These students had a variety of disabilities and spoke very highly of the program. They told how the program has helped them since they have been on campus. It was noted that the center frequently has alumni to come back to give further positive reinforcement for the program.

Ms. Haney informed the Board that she visited the center, and it is a very caring place. One feels welcome as soon as they walk in the door. The students are very fortunate to be served by this organization. She said that the center does surveys and makes recommendations regarding building accessibility and anything that might be a hindrance to their students while attending the university.

Ms. Haney reported that the Associate Dean of Students, Becky Jordan, informed the committee about the Common Reading Program that will be initiated this summer. Student Affairs has been working for a number of years in making a student's transition as a freshman or transfer student a better experience to help the student retention rate. UK 101 and KWeek are grand examples of some of these efforts.

With the collaboration of Student Affairs and Academic Affairs, they have come up with a hallmark idea this year. Beginning this summer, they are implementing a new first-year program called the Common Reading Experience. Every incoming student will receive a selected book entitled *The Color of Water* by James McBride. The students will be asked to complete an assignment before they attend KWeek. They will have small group discussions led by faculty, staff, or upper class students when they arrive on campus. She noted the following objectives in doing this:

- To create a sense of community for entering students because they will not have a shared intellectual experience when they come to campus. The staff enforces the idea that when you come to the University of Kentucky you are indeed coming to an academic institution.
- To set an immediate act of expectation. When an assignment is given, it is expected to be completed. They hope that this assignment will promote discussion on campus about campus values and things such as diversity.

There will be activities year round that will be connected with this book. Activities include things such as a campus visit and lecture by the author James McBride, related movies, related art exhibits, and a component within UK 101.

Ms. Haney said that there is also a web site that has been created for the Common Reading Experience, and that will lead students through assignments, discussions, ideas, and even their recommendations for further reading experiences. It is an exciting new program at the university.

Ms. Haney said that the committee heard a report from Tyler Montell about DanceBlue. He invited two of the student leaders for DanceBlue to the meeting and introduced them to the committee. He said that Student Affairs is delighted with DanceBlue and the opportunity that it gives the students. Over 90 student organizations were involved in the event this year. That represents over 25 percent of registered organizations on campus. Over 600 students at the dance and thousands of students throughout the year contributed to the event. Ms. Haney said that a few alumni student leaders returned for the marathon, and she saw faculty and alumni volunteers there. It was a tremendous event.

The committee also had a brief discussion about veterans returning to the university to start a new educational experience or perhaps complete an education. They talked about university assistance that would be provided to these men and women by student affairs and academic affairs. These Veterans will have needs that traditional students do not have. Reports will probably be given to the committee in the fall or winter about the university's assistance to these individuals who have been serving our country.

AA. University Health Care Committee Report

Mr. Hardymon, chair of the University Health Care Committee, reported that health affairs moved through the first six months of the fiscal year near budget with both revenues and operating profit. The month of January had a big drop in revenue. That decrease in revenue is believed to be related to weather conditions, especially ice storms.

The patient volume, which includes discharges and out-patient cases, dropped to the lowest level in three years. People put off surgery. The hospital struggled to get 30 surgeries in a period that normally has 90. That is very important to the operating profit line. The out of town patients stayed longer than necessary. This was mainly because relatives could not pick up patients due to bad road conditions. The length of stay was over six days in January, and it is normally around five days. From previous reports, the hospital receives little revenue for patients, who have no special needs, staying extra days in the hospital.

The hospitals are still profitable at the operating profit line through the first seven months, which includes January. It has a 3.3 percent margin. If you benchmark that margin, 2.5 percent is a pretty good margin for a hospital of UK's size. The first part of February also had some icy weather problems, but hopefully, the last half of February will get the length of stay back to five days and put things back on track.

There is a big question as to whether it was the weather or the economy, and the committee will be watching this closely. March will be a key month because there will be more work days. If March results follow the January pattern, there will have to be some major cost reduction program to achieve a profitable operating margin in 2008-2009. The committee will stay on top of this and report back to the Board in April.

Mr. Hardymon said that the committee received the quality report. The committee is tracking 21 performance measures at each committee meeting, and the hospitals are showing progress in that area.

Mr. Hardymon gave an update on the Chandler hospital project. Of the contracts awarded, there is \$498 million under contract versus \$507 million budgeted, which means the project is under budget for the amount under contract. Approximately 95 percent of the quotes are under contract; therefore, chances are very good that the project will be at budget or under budget. He pointed out that there is a \$13.5 million contingency, and with the current economy situation, this is a nice time to be doing this project.

Mr. Hardymon noted that the project is a few days behind with the completion schedule; however, Mr. Wiseman believes the time can be made up.

Mr. Hardymon said that the University Health Care Committee, the Finance Committee, and the Board had reviewed and discussed the resolution approving the lease purchase agreement in FCR 4. Everyone should understand that resolution.

The committee received the privileges and appointment review and approved those from both Samaritan and Chandler hospitals.

Mr. Hardymon reported that the committee went into closed session to get an update on legal matters that are outstanding. There were no decisions made during the closed session.

BB. University of Kentucky Center on Aging Foundation, Inc. (“Corporation”)
Appointment of New Board members (UHCCR 1)

Mr. Hardymon said that UHCCR 1 is a recommendation to approve some new appointments to the Sanders-Brown Center on Aging Foundation Board of Directors. He noted that the names and background information of William D. Tweardy, Marlene Helm, and Carolyn Kurz were attached to UHCCR 1 and recommended approval. Ms. Patterson seconded the motion, and it carried without dissent. (See UHCCR 1 at the end of the Minutes.)

CC. Other Business

Ms. Ball called attention to Ralph Anderson’s new book entitled *Anderson’s Legacy* that he had autographed for each member of the Board. She expressed appreciation for Mr. Anderson’s kindness.

DD. Meeting Adjourned

With no further business, Ms. Ball asked for a motion of adjournment, and the meeting adjourned at 2:40 p.m.

Respectfully submitted,

Pamela May
Secretary, Board of Trustees

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