

AGENDA
Meeting of the Board of Trustees
University of Kentucky
1:00 P.M.
December 9, 2008
18th Floor Patterson Office Tower

Roll Call

Approval of Minutes (Consent)

Minutes – October 14, 2008

President's Report and Action Items

- PR 1 President's Report to the Trustees
- PR 2 Personnel Actions (Consent)
- PR 3 University of Kentucky Gluck Equine Research Foundation, Inc. Amendment to Articles of Incorporation and Bylaws
- PR 4 Establishment of Engineering Alumni Association Professorship

Academic Affairs Committee Report

- AACR 1 Candidates for Degrees
- AACR 2 Candidates for Degrees – Bluegrass Community and Technical College
- AACR 3 Establishment and Naming of the Barnstable Brown Kentucky Diabetes and Obesity Center

Finance Committee Report

- FCR 1 Alltech, Inc. Pledge (Consent)
- FCR 2 Barnstable Brown Party Diamond Derby, Inc. Gift and Pledge (Consent)
- FCR 3 HGG Family Foundation Pledge (Consent)
- FCR 4 Acceptance of Interim Financial Report for the University of Kentucky for the Three Months Ended September 30, 2008
- FCR 5 2008-09 Budget Revisions
- FCR 6 Renovate/Expand the Center for Applied Energy Research
- FCR 7 Digital Village Building #2
- FCR 8 Renovate Wildcat Lodge
- FCR 9 Approval of the 2007-08 Endowment Match Program Annual Report
- FCR 10 Patent Assignment Report
- FCR 11 Capital Construction Report

Investment Committee Report

Nominating Committee Report

Student Affairs Committee Report

University Health Care Committee Report

UHCCR 1 UK Healthcare Risk Management Committee

Other Business

Athletic Association Board of Directors Report – Dermontti Dawson

Adjourn

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, December 9, 2008.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, December 9, 2008, 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 1:07 p.m. and asked Ms. Barbara Jones, assistant 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, Dermontti Dawson, Ann Haney, James Hardyman, Everett McCorvey, Billy Joe Miles, W. Tyler Montell, Sandy Bugie Patterson, Phillip Patton, Charles R. Sachatello, Frank Shoop, JoEtta Wickliffe, Russ Williams, and Ernest Yanarella. Absent from the meeting were Pamela May and Erwin Roberts. 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 three items listed in the Finance Committee Report. She asked if there were any questions or corrections. Dr. Sachatello moved approval. Mr. Branscum seconded the motion, and it carried without dissent. (See consent items listed below at the end of the agenda.)

Minutes – October 14, 2008

PR 2 Personnel Actions

FCR 1 Alltech, Inc. Pledge

FCR 2 Barnstable Brown Party Diamond Derby, Inc. Gift and Pledge

FCR 3 HGG Family Foundation Pledge

D. President Lee T. Todd, Jr. Announcements

President Todd made some announcements before reviewing PR 1. He informed the Board that an e-mail would be sent to the employees later that afternoon announcing that January 2, 2009 would be an extra paid holiday this year for eligible faculty and staff. He noted that the announcement does not apply to the hospital because it is difficult to extend that benefit to the hospital staff. The hospital staff has other benefits that they receive, and this is part of the equalization program.

President Todd noted that December 24 had already been announced as an extra holiday this year. While the staff could not be financially awarded with salary increases during the 2008-09 fiscal year, the extra two holidays is a way of expressing appreciation to them. It will also allow them to have more time with their families and to possibly attend the Liberty Bowl in Memphis and support the football program.

President Todd announced that the medical campus had collaborated with dozens of health care providers in going tobacco-free on November 20 in Lexington. He said that he was proud to announce that those same steps will be taken to eliminate the use of tobacco from the rest of the campus. He has appointed Dr. Ellen Hahn, a College of Nursing faculty member and director of UK's tobacco policy research program, and Anthony Beatty, assistant vice president for campus services, as co-chairs of the university's Tobacco-free Task Force. He thanked them for their willingness to serve in this capacity. He noted that he will be working with them to select other members of the task force. The task force will be responsible for developing the new tobacco-free policy as well as putting together a timeline for its implementation.

Dr. Hahn has done a yeoman's service across the state of Kentucky in working with communities who are considering going tobacco-free. She has had conferences in Lexington for 50 or 60 different counties. The purpose of the conferences was to learn about what has been done in Lexington. Shortly after the conferences, two or three of those counties became tobacco-free. President Todd said that he is proud of the hospital for taking the initiative and setting a task for the university to do it campus wide.

President Todd informed the Board of another e-mail he had sent to the employees regarding a message to the Council on Postsecondary Education about the impact of an additional 4 percent budget cut. He called attention to a graph that was included in the e-mail, representing the budget cuts and explained the various dots showing six mid-year cuts. He explained that these budget cuts clean out the reserves that are used for deferred maintenance, faculty start-up packages, and other things that come up during the year. He also provided a table showing that the university was cut a total of \$88.5 million dollars throughout the budget for 2007-08.

President Todd called attention to a flyer about the presentation of Our Lincoln at the John F. Kennedy Center for the Performing Arts in Washington, D.C. on February 2, 2009. He thanked Dr. McCorvey for presenting Our Lincoln to the United States and said that it will be a proud moment for the state of Kentucky. The Kentucky congressional delegation is excited about attending the event.

E. President's Report to the Trustees (PR 1)

President Todd began his report in PR 1 by calling attention to Frank Harris, a special gentleman in the audience. He said that he had known Mr. Harris when he was a student and faculty member at the university, and he was pleased to announce that the Grand Ballroom in the UK Student Center has been named for Frank H. Harris.

Mr. Harris served as the Student Center's director from 1966 to 1973 and again from 1980 to 1997. He is the first chairman of the board of directors of the National Entertainment Conference, which is a national organization with more than 1,000 members comprised of colleges, universities, and agencies that provide entertainment, products, and services to colleges and universities. Mr. Harris also served as the Student Government advisor for many years. The National Association for Campus Activities named an award in his honor: the Frank Harris Outstanding Student Government Advisor Award, which is presented annually to an outstanding professional in the field.

President Todd asked Mr. Harris and his wife Elsie to stand and be recognized, following which they received a round of applause. He thanked them for attending the Board meeting and said people would be thinking about them when they are in the ballroom. President Todd recognized former Vice President for University Relations Joe Burch sitting with Mr. Harris and said he was glad to see him on campus.

President Todd reported that the university has received a \$10.5 million grant to study obesity, diabetes, and heart disease links. Dr. Lisa Cassis has done a phenomenal job at the UK Graduate Center for Nutritional Sciences, and she will be the principal investigator of the UK Center of Biological Research Excellence (COBRE) in Obesity and Cardiovascular Disease. Dr. Cassis will lead a team of junior investigators, comprising a mix of physicians and basic scientists, and senior researchers who will serve as mentors, advising and overseeing research projects. He said that it is critical that UK do this research. He pointed out that this is a NIH grant, which is hard to get.

Governor Steve Beshear was on campus to announce approximately \$14 million worth of EPSCoR funding for an experimental program to encourage states that have not been high in federal funding to become that way by investing money into young faculty members who have not been previously competitive. UK received \$7 million of the \$14 million.

President Todd reported that the Gatton College of Business and Economics team excelled in the *Wall Street Journal's* National Biz Quiz at The Ohio State University in mid-November. He and Mrs. Todd took three of the students to lunch recently and had a most enjoyable time with them. The Kentucky students placed fourth out of 24, and UK sophomore Jeffrey Howard of Louisville, who is majoring in accounting, won first place in individual competition among 72 other students. President Todd said that he is very pleased that Dr. Gordon Holbein is the senior lecturer that worked with the team and coached them.

UK now has a Phi Kappa Phi charter to start a chapter. It is the nation's oldest, largest, and most selective all-discipline honor society. President Todd thanked Dr. Doug Scutchfield for spearheading this effort.

UK signed an agreement with Bluegrass Community and Technical College (BCTC) to streamline the transfer process. The number of students transferring to UK was short about two years ago; however, the numbers were up 100 this year over last year. The agreement, now called the BCTCblue+ program, allows Bluegrass Community and Technical College students to take classes at a reduced tuition rate at UK. The students jointly register, and this should get the transfer numbers up.

UK Alumna Beverly Perdue is now the Governor of North Carolina.

Vice President for Commercialization and Economic Development Len Heller worked hard to obtain about \$6.5 million from the State Economic Development Cabinet so UK can put redundant power into the Coldstream Research Campus. This is a critically important infrastructure improvement that will make the Coldstream Research Campus very competitive once it is done.

Allylix, Inc. is one of UK's companies that makes high value fragrances and flavors using biotech development. The company licensed the technology developed in the College of Agriculture to a leading clean technology company that plans to develop and commercialize terpene fuels and fuel additives. This is a company that Lexington's Bluegrass Angels invested in with a major deal. UK will receive royalties from the first deal.

Judy "J.J." Jackson, vice president for institutional diversity, is now chair of the new Mayor's Commission on Mortgage Lending Practices, which is vital to segments of the population in Lexington.

Mersive Technologies, Inc. is another start-up company that just received \$5 million in venture capital. Last year, there was \$65 million invested, and \$34 million of that amount was outside venture money. There was zero of that money in Lexington in 2003. Mersive Technologies, Inc. came out of UK's visualization group. It was one of the companies developing technology in UK's computer science engineering department. A lot of researchers will be moving into the new Digital Village building that was announced yesterday. Davis Marksbury, James Hardyman, and Jim McDonald helped with this funding.

The Kentucky Kernel won the 2007-08 Pacemaker award, a prize commonly referred to as the "Pulitzer Prize for college newspapers. A series of articles got them into the competition and allowed them to win. They have won this award several times.

President Todd concluded his report in PR 1 by reporting that UK's Landscape Architecture Department is now officially 15th in the nation. He reiterated a comment that he says often, "We will get to Top 20 one department at a time."

Ms. Ball pointed out that the newly elected Governor of North Carolina, UK alumna Beverly Perdue, is the first female governor of North Carolina.

F. University of Kentucky Gluck Equine Research Foundation, Inc. Amendment to Articles of Incorporation and Bylaws (PR 3)

President Todd said that PR 3 is recommending changes in the articles and bylaws of the Gluck Equine Research Foundation. Basically, it is an effort to correct some titles; to expand the number of members on the board from 25 to 30, which will allow a broader, more inclusive board; and to clarify the duties and obligations of the board members. Since announcing the equine initiatives a few years ago, the population of local thoroughbred farms that want to be actively involved with UK has gone up significantly. He recommended approval of the changes in PR 3 and noted that the changes were approved by the Gluck Equine Research Foundation Board on October 14.

Ms. Ball called for a motion of approval, and Ms. Curris moved approval. Her motion, seconded by Ms. Haney, passed without dissent. (See PR 3 at the end of the Minutes.)

G. Establishment of Engineering Alumni Association Professorship (PR 4)

President Todd said that PR 4 recommends the establishment of an Engineering Alumni Association Professorship. This professorship is similar to the professorships that the Board approved September 16, 2003 and April 22, 2008. It will be funded by Dean Tom Lester of the College of Engineering using discretionary funds that are available to him on a yearly basis, and the amount will be determined by him. Dean Lester has been very successful with the first two professorships, and by adding a third professorship in the College of Engineering, he can be more competitive. Mr. Dawson moved approval of PR 4. Mr. Branscum seconded the motion, and it carried without dissent. (See PR 4 at the end of the Minutes.)

H. Candidates for Degrees (AACR 1)

Dr. Yanarella, chair of the Academic Affairs Committee, reported that the committee met that morning and entertained three recommendations. The first AACR 1 is a recommendation that the president be authorized to confer upon each individual whose name appears on the attached list the degree to which he or she is entitled, upon certification of the university registrar that the individual has satisfactorily completed all requirements for the degree for which the application has been made and as approved by the elected faculty of the University Senate and the Academic Affairs Committee of the Board of Trustees. He moved approval of AACR 1. Dr. Sachatello seconded the motion, and it carried without dissent. (See AACR 1 at the end of the Minutes.)

I. Candidates for Degrees Bluegrass Community and Technical College (AACR 2)

Dr. Yanarella said that AACR 2 is a recommendation that the president be authorized to confer upon each individual whose name appears on the attached list of degrees for Bluegrass Community and Technical College the degree to which he or she is entitled, upon certification by

Kentucky Community and Technical College System Board and the University of Kentucky registrar. In accordance with the July 1, 2004 Memorandum of Agreement, the University of Kentucky is able to grant degrees through Bluegrass Community and Technical College for those students who were officially enrolled on or before September 2004 and who complete associate degree programs on or before August 31, 2010. Conferring these degrees is a continuation of the practice of the University of Kentucky Board of Trustees. He moved approval of AACR 2. Ms. Brown seconded his motion, and it carried without dissent. (See AACR 2 at the end of the Minutes.)

Dr. Yanarella underlined a point that he made at the committee meeting. Despite the fact that this seems to be such a routine part of the Board's business, the Board is dealing with flesh and blood students and also parents. He pointed out that the Board had the honor of assisting in the conferring of a degree of the daughter of Trustee Ann Haney.

J. Establishment and Naming of the Barnstable Brown Kentucky Diabetes and Obesity Center (AACR 3)

Dr. Yanarella said that AACR 3 is the recommendation that the Board of Trustees approve the establishment and naming of the Barnstable Brown Kentucky Diabetes and Obesity Center in the College of Medicine. He called attention to the background information in AACR 3 and said that the committee had a marvelous opportunity to also get background information from Dr. Lisa Tannock, director of the Division of Endocrinology in the College of Medicine's Department of Medicine. She also spoke about Dr. Lisa Cassis and her colleagues receiving the COBRE \$10.5 million grant and the generosity of the Barnstable family in moving this forward. Dr. Tannock outlined a very vigorous strategy for raising the profile of this center, and she spoke about how propitious a time it is for the University of Kentucky and this center to be engaged in this kind of work not only because of state and federal funding that is developing around this area but also because of the important outreach implications that flow from this. On behalf of the Academic Affairs Committee, Dr. Yanarella moved approval of AACR 3. Ms. Haney seconded his motion, and it carried without dissent. (See AACR 3 at the end of the Minutes.)

K. Finance Committee Report

Mr. Branscum, chair of the Finance Committee, reported that the committee met at 11:00 a.m. and had 11 reports for action. In addition to the members of the committee, most of the entire Board was present. He said that FCR 1, 2, and 3, which included pledges and gifts totaling \$5.48 million, were on the consent agenda. In FCR 1, Alltech, Inc. made a \$700,000 pledge to support the UK Opera Program. FCR 2 was the Barnstable Brown Party Diamond Derby, Inc. gift and pledge of \$3,784,000 to create and support the Kentucky Diabetes and Obesity Center. FCR 3 was the HGG Family Foundation Pledge of \$1 million to create and endow the Paul A. Kearney, M.D. Endowed Chair in Trauma Surgery in the College of Medicine.

L. Acceptance of Interim Financial Report for the University of Kentucky for the Three Months Ended September 30, 2008 (FCR 4)

Mr. Branscum said that FCR 4 is for the acceptance of the Interim Financial Report for the university for the three months ended September 30, 2008. Treasurer Marc Mathews presented the Interim Financial Report to the committee.

Through September 30, the university has realized 31 percent of the revenue estimate and expended 24 percent of the approved budget. The balance sheet is strong with assets of \$3.2 billion and liabilities of \$969 million with fund balances of \$2.1 billion representing a nearly 65 percent equity position in the total assets.

Revenues of \$606.3 million and appropriated fund balances of \$81.2 million have exceeded expenditures to date of \$529.7 million by \$157.7 million, creating a strong cash position and balance sheet as of September 30, 2008.

At the end of the first three months of the 2008-09 Fiscal Year, financial operations are consistent with the budget plan, and the university's financial condition is excellent.

On behalf of the Finance Committee, Mr. Branscum recommended the acceptance of FCR 4. Dr. Brockman seconded the motion, and it carried without dissent. (See FCR 4 at the end of the Minutes.)

M. 2008-09 Budget Revisions (FCR 5)

Mr. Branscum said that Vice President for Planning, Budget, and Policy Analysis Angie Martin presented the budget revisions to the committee. The revisions will increase the university's budget by \$22.3 million, or 1 percent, to \$2.23 billion. The primary adjustment is to increase budgeted fund balances by \$22.1 million. The increase is a result of unspent funds in various reserve accounts related primarily to faculty and staff benefits such as health benefits, post retirement benefits, and workers compensation. On behalf of the Finance Committee, Mr. Branscum recommended approval of FCR 5. Mr. Williams seconded the motion, and it carried without dissent. (See FCR 5 at the end of the Minutes.)

N. Renovate-Expand the Center for Applied Energy Research (FCR 6)

Mr. Branscum said that Vice President for Facilities Management Bob Wiseman presented FCR 6 which requests approval to increase the scope of the renovation and expansion of the Center for Applied Energy Research capital project from \$2 million to \$3.71 million.

The Board of Trustees approved initiation of this project at the March 4, 2008 meeting. The United States Department of Energy has awarded a \$1.37 million grant, and the Governor's Office of Energy Policy has awarded an additional \$342,516 grant for a facility to house a refinery which will convert coal and shale oil to liquid that can be used to run internal combustion engines. These grants will fund an engineering and design study and construction of

the shell of the facility. The center will request additional federal funds for the fit out of the facility. On behalf of the Finance Committee, Mr. Branscum recommended approval of FCR 6. Ms. Patterson seconded the motion, and it carried without dissent. (See FCR 6 at the end of the Minutes.)

O. Digital Village Building #2 (FCR 7)

Mr. Branscum said that FCR 7 recommends approval of the construction of the Digital Village Building #2; acceptance of a pledge of \$6 million from The Marksbury Family Foundation and a gift of \$328,125 from James F. McDonald to support the construction; authorization for the president to submit the Marksbury pledge, the McDonald gift, and the previously accepted pledge of \$2 million from Trustee James F. Hardyman and other non-state General Funds, if necessary, for match from the Research Capital Match Program when those funds become available; and approval of the use of lease/purchase financing, if necessary, to fund the cash flow of the project.

Mr. Branscum mentioned the press conference held on Monday to announce Digital Village Building #2, which is the second of four buildings in the Digital Village, the Hardyman Building being #1. Building #2 will be a 43,000 gross square foot facility housing the research activities of the Center for Visualization and Virtual Environments and selected research activities in the Departments of Computer Science, Electrical Engineering, and Computer Engineering. This facility is estimated to cost \$20 million, the legislatively authorized scope. On behalf of the Finance Committee, Mr. Branscum moved approval of FCR 7. Dr. Sachatello seconded the motion, and it carried without dissent. (See FCR 7 at the end of the Minutes.)

P. Renovate Wildcat Lodge (FCR 8)

Mr. Branscum said that FCR 8 recommends approval to initiate the renovation of the Wildcat Lodge capital project. The Wildcat Lodge is a 20,000 square foot campus residential facility which houses the men's basketball players and other UK students. The facility, which has been in service since 1978, is in need of general refurbishment of the interior finishes, interior lighting improvements in the common areas, and replacement of several non-functional exterior glass doors. This project is estimated to cost approximately \$1.5 million and will be funded with private gifts. The furnishings will be comparable to the new dorms. On behalf of the Finance Committee, he recommended approval of FCR 8.

Ms. Ball noted that the Athletic Association Board of Directors approved this recommendation to go forward to the Board of Trustees at its meeting on Monday. She said that she wanted to make sure everybody understood that this project would be funded from private gifts collected by Athletics.

Mr. Shoop said that the Athletic Association Board had a very detailed presentation about the project and noted that this renovation is very much needed.

Mr. Montell seconded Mr. Branscum's motion, and it carried without dissent. (See FCR 8 at the end of the Minutes.)

Q. Approval of the 2007-08 endowment Match Program Annual Report (FCR 9)

Mr. Branscum said that Ms. Martin presented FCR 9 to the committee. It recommends acceptance of the 2007-08 Endowment Match Program Annual Report, also known as “Bucks for Brains.” Pursuant to the Council on Postsecondary Education's guidelines, the university is required to submit an annual report, approved by the Board of Trustees, on UK's participation in the program. As of June 30, 2008, the market value of the endowments created through the Endowment Match Program totaled \$412.3 million.

The university has fully matched all available funds from the first three rounds of the Endowment Match Program. The university has received \$202.2 million of state funds and \$177.5 million of cash gifts. The university has \$24.5 million of outstanding pledges, representing only 12.1 percent of the matched state funds.

The university has created 83 endowed chairs, 210 endowed professorships, and 240 endowments to support fellowships, research, and the William T. Young Library. On behalf of the Finance Committee, Mr. Branscum recommended approval of FCR 9. Mr. Dawson seconded the motion, and it carried without dissent. (See FCR 9 at the end of the Minutes.)

R. Patent Assignment Report (FCR 10)

Mr. Branscum said that Vice President of Research Dr. James Tracy gave a detailed explanation and review of the research projects and the Patent Report for the quarter ending September 30, 2008 to the committee. To date, the university has filed 15 patent applications, had 5 patents issued, and has received \$397,928 of patent income.

On behalf of the Finance Committee, he recommended acceptance of FCR 10. Dr. Sachatello seconded the motion, and it carried without dissent. (See FCR 10 at the end of the Minutes.)

Dr. Sachatello requested that President Todd invite Dr. Sylvia Daunert, whose name was on five patents submitted, to attend the next Board meeting for formal recognition by the Board.

President Todd agreed to invite Dr. Daunert to the next Board meeting. He noted that she is an outstanding undergraduate mentor and special professor who teaches, does research, gets patents, and takes time to mentor undergraduate students.

S. Capital Construction Report (FCR 11)

Mr. Branscum said that Mr. Wiseman presented the lengthy Capital Construction Report to the committee. The report was for the three months ending September 30, 2008. During that period, there was 1 new contract, 2 contracts completed, 2 contracts amended, and 24 change orders greater than \$25,000.

The new contract was for \$2 million with Congleton Hacker Company for the Expand/Upgrade Livestock Disease Diagnostic Lab project.

The 2 contracts completed were:

- The \$20.5 million contract with Turner Construction Company for the Student Health Facility project; and
- The \$1.7 million contract with Denham Blythe for the Upgrade Fume Hoods T. H. Morgan – Life Safety project.

The 2 contracts amended were:

- \$6,770 for additional design services required for revising the north steam tunnel for the Construct Student Health Facility project.
- \$1.6 million for additional design fees to complete the design and construction of the Expand/Upgrade Livestock Disease Diagnostic project after additional funding was authorized by the 2008 General Assembly.

The 24 change orders greater than \$25,000 were:

- Four change orders totaling \$254,461 for the Construct Biological Pharmaceutical Complex project;
- Fourteen change orders totaling \$503,574 for the Patient Care Facility project;
- Four change orders totaling \$128,223 for the Patient Care Facility CUP Expansion project;
- One change order of \$74,833 for the Expand Chemistry-Physics Building – Laboratory Renovation project; and
- One change order of \$29,719 for the Upgrade Fume Hoods T.H. Morgan – Life Safety project.

Mr. Branscum said that all of the change orders are within the change contingent budget. On behalf of the Finance Committee, he recommended acceptance of FCR 11. Ms. Curris seconded the motion, and it carried without dissent. (See FCR 11 at the end of the Minutes.)

T. Other Business - Finance Committee

Mr. Branscum said the committee received an update and review of a long-term plan to meet student demand for improved housing. Over the next 20 years, most of the current housing inventory will be upgraded, and additional facilities will be constructed. Existing facilities will be renovated using university agency bonds, and new facilities will be constructed using private financing.

The university expects to issue a Request for Proposal to interested developers to construct approximately 1,200 beds on the current 10 acre Cooperstown Apartments site. The

Board will be requested to approve the project prior to its initiation. He complimented Mr. Wiseman, Mr. Ben Crutcher, and their staff for the good report.

Mr. Branscum announced that Mr. Wiseman and his team will be presenting an update on the university's sustainability plan at the next Finance Committee meeting.

U. Investment Committee Report

Ms. Wickliffe, chair of the Investment Committee, reported that the committee met and authorized the Purchasing Division to enter contract negotiations with four new real estate managers to manage value-added and opportunistic real estate allocations. All new managers are hired as a result of an RFP (Request for Proposals) process under the supervision of the university's Purchasing Division.

The Endowment pool had an estimated market value at October 31, 2008 of \$697 million. Consistent with the overall market decline, the Endowment lost an estimated -13.6 percent in the month of October and -21.6 percent for the four months ended October 31, 2008.

The recent market downturn underscores the importance of the asset allocation changes the Investment Committee approved in June and is in the process of implementing. As reported previously, 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.

The committee discussed the timing of the new asset allocation implementation, which will involve three phases. Phase 1 will occur in December and January and involves the transition to new strategies whose values have declined more than existing US equity and fixed income investments, which will be sold to fund the new strategies. Phase 2 of the transition will be deferred until the US equity market rebounds somewhat, as the new strategies have not experienced losses to the extent of existing US equity and fixed income investments, which will be sold to fund the new strategies. Phase 3 will occur over the next few years as private equity and real estate capital calls are funded.

It is important to note that the time horizon for the Endowment is perpetuity; therefore, the Endowment has the benefit of time to recoup 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, so distributions in the current fiscal year are not being impacted and distributions for fiscal year 2009-2010 are not expected to be significantly impacted.

Ms. Ball encouraged the members to attend the Investment Committee meeting and get more familiar with what is happening with investments.

V. Nominating Committee Report

Mr. Shoop, chair of the Nominating Committee, reported that the committee met November 24 at 11:00 a.m. in the Board Room on the 18th floor of Patterson Office Tower. There was one item on the agenda, and it was to put forth a recommendation to Chair Mira Ball and President Lee Todd for an appointment to the University of Kentucky Athletic Association Board of Directors. Since he was eligible to serve another term, the committee voted to reappoint him to the Athletic Association Board. Chair Ball approved the committee's recommendation, and in accordance to the Articles of Incorporation and Bylaws of the Athletic Association, President Todd reappointed him to another term on the Athletic Association Board.

W. Student Affairs Committee Report

Ms. Haney, chair of the Student Affairs Committee, reported that the committee met that morning and had another full schedule. The committee focused on student involvement. Rhonda Strouse, Student Services Director, shared the missions, priorities, and learning outcomes of the Office of Student Involvement. Basically, the Office of Student Involvement wants students to have learning experiences beyond the classroom and to feel connected with the university while they are on campus. It is felt that student involvement plays a key role in retention efforts in keeping students at the university and operates under the belief that students have the ability to lead on campus from wherever they are at the university. Student Involvement encourages involvement from students from all walks of life. A large area of involvement includes:

- Student Activities Board
- Student Government Association
- WRFL radio station
- Channel 50 (campus television station)
- The Center for Community Outreach
- The Center for Student Involvement
- The Kentucky Leadership Academy
- Student Assistant Employment Program
- Wild Card ID Center
- Ticket Office

Lauren Goodpaster, program director for Leadership and Service, gave an overview of the Center for Student Involvement. They sponsor things such as:

- Emerging Leadership Institute,
- Peer Resource Team, and
- Leadership Summit

Kristen Fulcher, student coordinator for Leadership Summit this year, spoke on the mission for the Summit which is to have students connect and create positive change for the

university community. This is a positive group, and the students are not allowed to say too much that is negative.

Zach Brien, student facilitator for the Leadership Summit, shared what occurs at the Summit retreat. Students discuss value statements and passion statements and have group discussions and decisions on initiatives that can be explored for students on campus. When students return to campus, they meet on their own throughout the year to keep the group focused and motivated.

Bryan Kennedy, another student facilitator for the Leadership Summit, discussed what he felt were some of the strongest parts of the Summit. Basically, it was bringing people and relationships from around campus together. These students would not normally have any contact with each other. They focus on things people have in common. It was noted that there was no cell phone service during the retreat, and the students were not able to use their blackberries.

Some of the projects that have come from the Summits in the past include plans for a Student Memorial, the K-Book which is a wonderful publication for incoming students, and the Traditions T shirt.

Tyler Montell gave a presentation on updates and plans for Student Government for 2009. Some of the highlights include:

- Student Sustainability Committee has been formed. This committee will have various groups on campus and other interested students come together to discuss what they think needs to be done. The students will organize some plans and present them to the Student Government and perhaps the Board.
- Channel 50 will work with students and have some public service announcements.
- Various student organizations will be showcased during the athletic ticket lottery.
- Work with the Campus Camp Wellstone program, which is a new initiative this year.
- Work with various university units to have a strong connection with the
 - University Senate
 - Campus Safety Program
 - Off Campus Housing
 - Parking and Transportation
 - Dining Services
 - The Board of Student Body Presidents, a state-wide organization, is connecting with state legislators to learn how to best communicate the needs of the university to the legislators.

Ms. Haney concluded her report by saying that the committee is very proud of the students' activities, leadership, and progress they make while on campus. It is amazing and gratifying.

X. University Health Care Committee Report

Mr. Hardymon, chair of the University Health Care Committee, reported the committee met Monday afternoon. All of the members of the committee and three of the four advisory members were present. Five other Board members, Dr. Karpf, and a few others were also present.

Mr. Hardymon began with the financial report by saying that this is a tough economic time in the world. UK HealthCare has some ups and downs in performance, but it is doing better than most because it has many more positives than negatives.

On the positive side, the revenues were up \$21 million year-to-date. That is all organic growth because it is past the time when Good Samaritan joined UK HealthCare. It is very important that cash is up \$10.5 million from operations -- operations versus one year ago.

The margin of the operating profit line year-to-date is 5.5 percent. Most hospitals shoot for 2 percent so UK HealthCare is in a very good select group at 5.5 percent.

On the negative side, the university's investment drop-off affects the hospital. The \$225 million that the hospital has put into the endowment is down 27 percent -- from \$225 million to \$167 million. That is on a year-to-year basis, October 2007 to October 2008, and it is a haunting figure. It is less than the New York Stock Exchange, which is 50 percent down, but it is still not good. The administration and the committee are watching this closely. If decline of investment continues, there will be significant operational and tactical adjustments at the hospital. Reports will be made to the Board about this situation.

Another negative is UK HealthCare had to take provision for uncollectible accounts up \$5 million so far in FY 09. That is because the percent of revenues in charity cases has increased so much. Again, this is probably driven by the current economic situation. That is still in the 5.5 percent margin that UK HealthCare is maintaining. Overall, it is an o.k. picture but probably not as glowing as reported in the recent past.

Mr. Hardymon said the committee followed the quality report, which consisted of 21 items at each meeting. The goal is to stay within 5 percent of the national mean on the bottom side. Lower rating is called the red area. There were six of those in the first quarter and only three in the second quarter. That is progress.

The committee concentrates on a particular item in each meeting, and congestive heart failure was the item at this meeting. On a national basis, there is 20 to 30 percent mortality six months past discharge for congestive heart patients. There is also a 30 percent re-hospitalization in 60 to 90 days. UK HealthCare has not tracked the percentages long enough to provide percentages, but the administration believes our percentages are a little better than the national percentages. It is still a major problem.

In tracking this problem, there are two areas of concern. The first area is discharge instructions. Patients are in such a hurry to get dismissed from the hospital that they do not listen to instructions carefully. This includes instructions about smoking, diet, activity level, and most importantly, the accurate use of prescribed medicines. In leaving the hospital after congestive heart failure, a patient may need to have as much as 30 to 40 pills a day. It is a great trial to get the right quantity of pills at the right time. The administration has appointed a task force with a plan of action to track UK's progress in these areas and to report back to the committee and Board.

Mr. Hardymon reported that the committee had a detailed annual report on Graduate Medical Education. He explained that Graduate Medical Education is required to go through accreditation cycles. There are 42 areas that a visiting accreditation team reviews. All of the areas must have an accreditation visit within five years. Presently, 32 percent of the 42 categories are on a five-year cycle, 24 percent are on a four-year cycle, 20 percent on a three-year cycle, and 24 percent on a 2-year cycle. There are none on a one-year cycle. The committee approved the report.

Mr. Hardymon reported that the facilities project is on time and on budget, and the contingency is in place. At the last meeting, the committee requested a project status schedule which will allow the members to keep informed of the progress versus the forecast. The committee is very interested in keeping the project on schedule.

The committee received an update on the hospitals' tobacco-free campus policy. While there are some complaints, the policy seems to be accepted.

The privileges and appointments for the Chandler Hospital and Good Samaritan were discussed. These were appropriately reviewed by the Medical staff, and the committee approved them.

Y. UK HealthCare Risk Management Committee (UHCCR 1)

Mr. Hardymon reported that the committee had one item to bring to the Board for consideration. In 1976, the Board established a basic compensation fund involving malpractice and approved the designation of a claims committee to serve as the delegated agent to approve settlements to be paid out of the basic compensation fund. UHCCR 1 is to update and rename the Medical Malpractice Claims Committee the "UK HealthCare Risk Management Committee." This recommendation provides a broader designation of members of the committee and authorizes the committee to delegate agents to approve settlements and to determine whether an appeal should be taken. The committee will be charged with the responsibility to manage all aspects of the risk of liability arising from health care malpractice. Mr. Hardymon pointed out that the members of the committee are listed by titles and not by the individuals' names. While malpractice was briefly discussed at the meeting, the committee requested that it be on the committee's agenda for the next meeting so it can be discussed in greater depth.

Z. Athletic Association Board of Directors Report

Mr. Dawson, a trustee representative on the Athletic Association Board of Directors, reported that the board met Monday afternoon. The minutes of the May 2008 meeting were unanimously approved.

President Todd welcomed the new board members, which included two outstanding student-athletes. He congratulated several former UK student-athletes that competed in world events such as the Olympics and the Ryder Cup and said that never before has Kentucky athletes reined as world champions in football, baseball, basketball, golf, soccer, and Olympics concurrently. He commended football player Tim Masthay for being named a finalist for the Senior CLASS Award. Mr. Masthay became one of only 11 Division 1-A football players named to the national Good Works Team recognizing community service. He is the 10th player in school history to earn a spot on the National Good Works Team. He is an academic All American and is to be commended for his accomplishments on and off the field.

Athletic Director Mitch Barnhart discussed several upcoming projects, and Russ Pear presented the Wildcat Lodge Renovation Plan to the Athletic Board for approval. The renovations will be approximately \$1.5 million in cosmetic updates and will improve the entire appearance and functionality of the Wildcat Lodge. The Athletic Board approved the proposal which was presented in FCR 8 to the Finance Committee and Board for approval earlier.

Mr. Barnhart updated the Athletic Board on the fall sports season and congratulated the volleyball team for hosting the NCAA First and Second Rounds at Memorial Coliseum.

He reported that the search is currently underway for a new head women's soccer coach. He expects to name a new head coach within 2 weeks.

Mr. Barnhart discussed the progress the Athletics Department has made over the last six years and stressed his desire to achieve even more in the future. He explained the Athletics Departments' new 15 x 15 x 15 mission, which is to earn 15 championships by 2015, placing UK in the top 15 in the nation. He also has challenged the athletes and coaches to have every athlete obtain a 3.0 GPA by 2015. In addition, he has challenged many of the athletes to be more involved in the community.

Frank Shoop expressed his pleasure with the Athletics Department and their progress over the last six years. He congratulated President Todd and Mr. Barnhart for hiring excellent staff and commended them for their accomplishments.

President Todd announced that SEC and ESPN Incorporated and ABC sports have reached a 15-year television agreement. The television agreement between ESPN and the SEC is the longest national rights agreement in ESPN history and will carry over 5,500 SEC events, including football, men's and women's basketball, and all SEC championship games.

AA. Other Business

Dr. Sachatello announced that two University of Kentucky medical faculty Dr. Thomas Waid and Dr. Emery Wilson, former dean of the College of Medicine, were elected to senior positions in the Lexington Medical Society. Dr. Waid is a transplant specialist and is the only person in town practicing in the area of transplantation rejection.

Ms. Ball reminded the Board to take the flyer regarding the presentation of Our Lincoln on February 2, 2009 in Washington, D.C. Having seen the performance, she said that it is magnificent. She encouraged the Board to plan a trip to Washington to see it and assured them that they would not be disappointed.

President Todd mentioned that the Alltech \$700,000 pledge in FCR 1 to the Opera program is a result of Dr. McCorvey's relationship with Alltech. He expressed appreciation to Alltech and thanked Dr. McCorvey and Terry Mobley for helping work out the details of that particular transaction. External funds are another way of funding some of the important programs at the university.

Dr. McCorvey thanked Alltech and said that he is delighted that the arts are represented at this level in Lexington. To have great communities, you have to have great businesses and great art and culture. Lexington is a wonderful community that supports the arts. He thanked the businesses that recognize and support the arts.

BB. Meeting Adjourned

With no further business, Ms. Ball asked for a motion of adjournment, and the meeting adjourned at 2:14 p.m.

Respectfully submitted,

Barbara W. Jones
Assistant Secretary, Board of Trustees

(PR 2, 3, and 4; AACR 1, 2, and 3; FCR 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, and 11; and UHCCR1 which follow are official parts of the Minutes of the meeting.)

Office of the President
December 9, 2008

1. UK Gets \$10.5 Million Grant to Study Obesity, Diabetes, Heart Disease Links

University of Kentucky researchers received a \$10.5 million, five-year federal grant to establish a center of excellence to study the links between obesity, diabetes, and heart disease. Lisa A. Cassis, professor and chair of the UK Graduate Center for Nutritional Sciences, will be principal investigator of the UK Center of Biological Research Excellence (COBRE) in Obesity and Cardiovascular Disease. She will lead a team of five junior investigators, comprising a mix of physician and basic scientists, and senior researchers who will serve as mentors, advising and overseeing research projects. Cassis' laboratory focuses on identifying the biological mechanisms that cause obese people to develop cardiovascular disease, of direct relevance to the theme of the COBRE. This research is especially important in Kentucky, where rates for obesity, diabetes, and heart disease are well above the national average. Funding for the center will come from the National Center for Research Resources, a part of the National Institutes of Health that supports thematic, multidisciplinary COBREs across the country through its Institutional Development Award program. The proposal for the COBRE in Obesity and Cardiovascular Disease was submitted from the Division of Endocrinology in the UK College of Medicine, Department of Internal Medicine. Cassis has a joint appointment in this unit, a partnership intended to promote diabetes and obesity-related clinical care and research on campus.

2. Governor Beshear Announces EPSCOR Funds with Lion's Share to UK

In mid-October, Kentucky Governor Steve Beshear announced two major federal grants totaling over \$14 million – with \$7 million coming to the University of Kentucky – to fund high-tech research at Kentucky universities and efforts to increase Advanced Placement education in high schools. Beshear announced the grants – from the National Science Foundation (NSF) and the U.S. Department of Education (USDoe) – on UK's campus. The NSF grant, which totals \$12.5 million over five years, will fund university research in three key technological areas: biotechnology, nanotechnology, and cyber-technologies. Several universities will be involved in the research efforts. The major recipients are UK and the University of Louisville. Other institutions involved include Kentucky State University, Northern Kentucky University, Eastern Kentucky University, Centre College, Berea College, and Morehead State University. The five-year award made through Kentucky's Experimental Program to Stimulate Competitive Research (EPSCoR) is expected to be matched with an additional \$5 million from the Commonwealth over the life of the grant. Beshear announced another \$2 million from the USDoe to support advanced placement programs.

3. Gatton Student Team Excels in *Wall Street Journal's* National Biz Quiz

Jeffrey Howard of Louisville, a sophomore majoring in accounting in the UK Gatton College of Business and Economics, captured first place as an individual in the nation in the Wall Street Journal National Biz Quiz in mid-November. Howard was a member of a Gatton student team that finished fourth in the event at The Ohio State University. Gatton's other team members were Mark Spurlin, a senior from Danville who is double majoring in finance and management, and Ryan Hayes, a senior from Frankfort who is majoring in decision science and information systems with a minor in international business. Spurlin, Hayes, and Howard qualified by garnering the top three scores on a rigorous, rapid-fire 100-question current events test covering all sections of the *Wall Street Journal* over a recent eight-day period. Greg Curtin, a senior finance major from Atlanta, Georgia, qualified as the Gatton team's alternate. Gordon Holbein, a Gatton senior lecturer in strategy and leadership, served as the team's coach. Now in its third year, the competition features a fast-paced quiz show format conducted in front of television cameras. Only 24 undergraduate teams from universities across the country received invitations to participate. Also invited were squads from Southern California, Texas, Emory, Arizona, Indiana, Maryland, Michigan, Notre Dame, Penn State, and host Ohio State.

4. Phi Kappa Phi Charters UK Chapter of All-discipline Honor Society

The nation's oldest, largest, and most selective all-discipline honor society, Phi Kappa Phi, has approved UK's petition for a charter to start a chapter. Following the action by the organization's board, UK joins nine other Southeastern Conference universities with Phi Kappa Phi chapters. Students from all disciplines can now be recognized for their outstanding academic achievements and be eligible to participate in the society's annual fellowship and study abroad grant programs. Membership is by invitation only to the top 10 percent of seniors and graduate students, and to the top 7.5 percent of juniors. Faculty, staff, and alumni who have achieved scholarly distinction also may qualify. The UK steering committee which spearheaded the university's petition to create a chapter included Al Lederer, professor of decision science and information systems in the Gatton College of Business and Economics; Philipp Kraemer, professor of psychology and Chellgren Endowed Chair; Douglas Scutchfield, professor of public health and medicine; and David Sogin, professor of music and division coordinator, music education. Phi Kappa Phi has more than 300 chapters in the U.S., Puerto Rico, and the Philippines, and each year approximately 30,000 students, faculty, professional staff, and alumni are initiated into the society. Phi Kappa Phi was founded in 1897 at the University of Maine and is now headquartered in Baton Rouge, Louisiana.

5. UK HealthCare Launches Kentucky Children's Heart Center

UK HealthCare's Kentucky Children's Hospital recently established the Kentucky Children's Heart Center, a full-service center that provides inpatient and outpatient diagnostic and treatment services for children with congenital or acquired heart disease.

Treatment also encompasses patients who have advanced into adulthood, providing the consistency of comprehensive care important to favorable long-term outcomes.

Kentucky Children's Heart Center is co-directed by pediatric cardiology chief Louis Bezold and Mark Plunkett, chief of pediatric cardiothoracic surgery. Both are associate professors in the UK College of Medicine.

6. UK Signs Agreement with BCTC to Streamline Transfer Process

Bluegrass Community and Technical College and UK have announced a new dual enrollment agreement and a new program aimed at streamlining the transfer process from BCTC to UK. BCTC President Augusta Julian and UK President Todd signed the dual enrollment agreement during a news conference on the BCTC campus. It is the first formal relationship that allows students to take classes at both schools simultaneously since BCTC joined the Kentucky Community and Technical College System. The dual enrollment agreement sets the stage for the new BCTCblue+ program which is designed for students who plan to complete an Associate in Arts or Associate in Science degree from BCTC and then transfer to UK to pursue a bachelor's degree. Students who enter the BCTCblue+ program will be eligible to take classes at a reduced tuition rate at UK while enrolled at BCTC, and when they successfully complete the associate degree (BCTC students must have a 2.0 GPA to graduate), the students will be guaranteed admission to UK upon application by the appropriate deadline.

7. UK Alumna Beverly Perdue Wins North Carolina's Gubernatorial Election

UK alumna Beverly Eaves Perdue will become North Carolina's first female governor. Perdue, who had previously served as lieutenant governor of the state, won the gubernatorial election held November 4, defeating Charlotte mayor Pat McCrory by three percentage points. Perdue, who earned a bachelor's degree in history from UK in 1969, was inducted into the UK College of Arts and Sciences Hall of Fame in 2006. Perdue is a former public school teacher and a former director of geriatrics at a community hospital. Before becoming lieutenant governor, Perdue also served in the North Carolina House of Representatives for two terms and the North Carolina Senate for five terms. During Perdue's last six years in the Senate, she served as one of the state's chief budget writers—the first woman to hold this position. Under her leadership, the General Assembly made teacher pay a priority. She was a key leader in the fight for clean water and clean air and was the legislator who led the debate that created the Clean Water Management Trust Fund.

8. Infrastructure Additions Enhance Coldstream's Marketing Advantages

UK's Coldstream Research Campus will gain a considerable marketing edge in attracting new business when redundant electrical power and fiber optics is available in early third quarter 2009. A second substation on Georgetown Road is currently under construction and the transformer has been purchased, according to Len Heller, UK vice president for commercialization and economic development. As president and chief executive officer of Kentucky Technology Inc., Heller is managing the \$6.5 million

project for UK. The Coldstream master development plan, which will include both sustainable architecture and landscape guidelines for future growth, is also being updated under the direction of EDAW Inc., an international planning, environmental, and design firm.

9. Company with Coldstream Lab Signs Agreement to License its Technology

Allylix Inc., a technology leader in the science and production of terpenes with a focus on high value flavors and fragrances, has licensed its technology to a leading clean technology company, which plans to develop and commercialize terpene fuels and fuel additives. Allylix's proprietary technology makes it possible to produce terpenes – natural chemicals that hold tremendous promise across a wide range of industries – and their derivatives at very low cost. UK licensed the original technology, developed in the College of Agriculture, to Allylix. Lexington's Bluegrass Angels were one of the original investors. The Allylix development lab is located at UK's Coldstream Research Campus.

10. UK's Diversity Chief Is Named Chair of Lexington Panel on Mortgage Lending

Judy “J.J.” Jackson, vice president for institutional diversity at the University of Kentucky, was recently named chair of the new Mayor's Commission on Mortgage Lending Practices. Lexington Mayor Jim Newberry created the commission in early November to make recommendations concerning the findings of a recent report by the Lexington-Fayette County Human Rights Commission titled “Regardless of Income, African-Americans in Lexington Remain at Risk of Receiving High-Cost Home Mortgage Loans.” The report ranked Lexington first in the state in racial disparities between loans to low- and moderate-income borrowers.

11. UK Startup Mersive Technology Attracts \$5 Million in Venture Capital

Mersive Technologies Inc. has completed a \$5 million B-round of investment led by Hopewell Ventures from Chicago with participation from Adena Ventures, the Kentucky Science and Technology Corporation, the Bluegrass Angels, and the Bluegrass Angel Venture Fund. Founded in 2004 and based on technology developed in the College of Engineering by Chris Jaynes, Mersive creates ultra-high resolution and flexible digital displays for simulation and training, retail advertising, command and control centers, sports and entertainment venues, museums, movie theaters, gaming, and more using off-the-shelf projectors, computers, and cameras. Jaynes, an electrical and computer engineering professor, left UK in 2006 to advance Mersive's prospects.

12. UK Licenses Technology to Faculty Startup Companies

Three UK-affiliated start-up companies have licensed technology from the university: Merloc LLC, founded by chemistry professor David Atwood, which is developing multidentate sulfur-containing ligands for binding heavy metals; Scout Diagnostics LLC, launched by chemistry professors Mark Lovell and Burt Lynn, which is working on biomarkers of cognitive impairment and Alzheimer's Disease; and NuForm

Materials LLC, started by Tom Robl of the UK Center for Applied Energy Research, which is developing methods for processing coal combustion ash and for isolating specific fractions useful as polymer fillers, metal matrix materials, and high performance pozzolans.

13. Student Organization Brings Experts in Inclusiveness to Campus

The UK student organization Interfaith Dialogue Organization organized two events – an awards dinner and a panel discussion – to bring together people from different professions and walks of life in order to talk about diversity and inclusiveness. The events included local and national experts, including Mehri Niknam, executive director of the Joseph Interfaith Foundation of Britain; Ibrahim Kalin of the School of Foreign Service at Georgetown University; Jena Luedtke, director of the Washington-based Center for Interfaith and Intercultural Dialogue; the Rev. Nancy Jo Kemper, executive director of the Kentucky Council of Churches; and Ali Yurtsever, president of the Rumi Forum. Interfaith Dialogue Excellence Awards were presented to Chester Grundy, director of Multicultural Student Programming at UK; to Rabbi Marc Kline of the Lexington Temple Adath Israel; to David Bettez, director of external relations in the UK Office of International Affairs; to Marian Guinn, chief executive officer of God's Pantry Food Bank; and to Peter Berres, assistant dean for student affairs in the UK College of Health Sciences.

14. Kernel Wins 'Pulitzer' for College Newspapers

The Kentucky Kernel, UK's independent student newspaper, won the 2007-08 Pacemaker award, a prize commonly referred to as the “Pulitzer Prize of college journalism.” The *Kernel* was one of nine daily papers to win a 2007-08 Pacemaker award at the Associated Collegiate Press convention in Kansas City, Missouri. The award, judged by editors at the *St. Petersburg Times* in St. Petersburg, Florida, was given based on five issues the *Kernel* published during the last school year. Those included the *Kernel's* coverage of students celebrating Ramadan, a profile of a UK professor who fought in Vietnam and returned in 2008 with his students, a profile of a man struggling for more than 20 years with AIDS, and a post-Super Bowl profile of former UK quarterback Jared Lorenzen, formerly the third-string quarterback for the New York Giants. The *Kernel's* editor-in-chief for 2007-08 was Keith Smiley.

15. UK's Landscape Architecture Department Is Ranked 15th Nationally

The UK College of Agriculture's Department of Landscape Architecture is ranked 15th in the nation in the 2008 DesignIntelligence's publication *America's Best Architecture & Design Schools*. The ranking is created by surveying 270 firms and organizations nationwide.

16. Environmental Champion Leads First Sustainability Lecture Series

With funds from the Office of the President, the President's Sustainability Advisory Committee created a new Sustainability Lecture Series to serve as a catalyst for increased discussion and debate about sustainability issues on campus. Organizers hope the lecture series will foster a culture of sustainability on campus that balances ecological integrity, economic vitality, and social justice. The inaugural lecture, held November 17, featured Thomas J. FitzGerald, environmental attorney, graduate of the UK College of Law and recent recipient of the Heinz Award in the Environment.

17. UK Retools University Drive to Make It More Bicycle- and Pedestrian-Friendly

At the start of the fall semester, UK made temporary changes to University Drive in an effort to enhance the University's bicycle network and improve pedestrian safety. The changes – which included reducing University Drive from four lanes to two lanes and installing bicycle lanes – will now be implemented on a permanent basis. The changes to University Drive came as the result of recommendations by several outside agencies. In 2005, the Toole Design Group, a nationally recognized planning and design firm specializing in multi-modal transportation, recommended adding bicycle lanes to University Drive as a significant step toward expanding the campus bicycle infrastructure. In 2006, the Kentucky Transportation Center concurred with Toole's recommendation while studying pedestrian safety along the University Drive corridor.

18. Faculty Entrepreneurs Network with Investors at the 'Bench2Business' Fall Event

UK President Lee Todd hosted more than 100 faculty, community leaders, investors, and business service providers at the Boone Center for the second “Bench2Business” networking event. Following a welcome by Mayor Jim Newberry and Commerce Lexington President and CEO Bob Quick, attendees heard presentations on UK emerging technologies. The presenters included Audra Stinchcomb, College of Pharmacy and a principal in the startup AllTranz Inc.; Patrick Sullivan, College of Medicine and a principal in the startup Nano-Mite Technologies LLC; Stephen Dobson, College of Agriculture; Bert Lynn, College of Arts and Sciences and a principal in the startup Scout Diagnostics LLC; Uschi Graham, College of Engineering and a principal in the startup Topasol LLC; and Drura Parrish, College of Design and a principal in the startup PARRISH Industries Inc. The B2B event was sponsored by the Office for Commercialization and Economic Development and the Bluegrass Business Development Partnership (BBDP) formed by the Mayor's Office, Commerce Lexington, and UK. Recently, the BBPD received an award for its trendsetting partnership from the International Economic Development Council.

19. UK Alumna Wins 2009 Kentucky Teacher of the Year Award

Karen Gill, an alumna of the UK College of Education, was named the 2009 Kentucky Teacher of the Year by the Kentucky Department of Education and Ashland Inc. in ceremonies at the Capitol rotunda in Frankfort. Gill, who received her master's degree in secondary education from the Department of Curriculum and Instruction, was named an Ashland Inc. Teacher Achievement Award Winner in September, her second such honor in the past two years. In early October, she also was named a finalist for the High School Teacher of the Year Award. For 16 of her 18 years in education, Gill has taught at Henry Clay High School in Lexington. She is a physics teacher, research agent, a national certification candidate mentor, chairperson of the Henry Clay Pathways Committee, and a presenter at Modeling Instruction Program workshops.

20. University Press Book Wins Appalachian Book of the Year Award

University Press of Kentucky book *My Appalachia: A Memoir* by Sidney Saylor Farr was awarded the Appalachian Book of the Year award presented by the Appalachian Writers Association. The Appalachian Writers Association was founded in 1983 with the mission of preserving Appalachian literary heritage by promoting new works and authors, as well as by continuing to celebrate established ones. Each year, the association presents the Appalachian Book of the Year awards at its annual conference to works of fiction, poetry, nonfiction, and children's literature.

21. Student Awards and Achievements

Brian Lee, Landscape Architecture, and his fifth-year studio capstone course class received an Honor Award from the American Society of Landscape Architects, which recognizes community service by students who demonstrate sound principles and values of landscape architecture.

22. Student Center Grand Ballroom Is Named for Frank Harris

The Grand Ballroom in the UK Student Center has been named for Frank H. Harris, who served as the Student Center's director from 1966 to 1973 and again from 1980 to 1997. He also was the first chairman of the board of directors of the National Entertainment Conference, a national organization with more than 1,000 members comprised of colleges, universities, and agencies that provide entertainment, products, and services to colleges and universities. Harris also was the Student Government advisor for many years. The National Association for Campus Activities named an award in his honor: the Frank Harris Outstanding Student Government Advisor Award, presented annually to an outstanding professional in the field.

23. Faculty and Staff Awards and Achievements

Kerri Lynn Ashurst, Family and Consumer Sciences Extension, received a \$50,000 grant from the U.S. Department of Agriculture for “Kentucky Operation: Military Kids,” to raise community awareness of issues of military youth and families throughout the state; build local community capacity to provide sustainable support services to military youth and families; and to implement educational, recreational, and social outreach programs wherever military children, youth, and families live.

Paul Bertsch, Jason Unrine, and Olga Tsyusko, Plant and Soil Sciences, have been tapped by the national Center for Environmental Implications of NanoTechnology to contribute to understanding the transformations of nanomaterials in soil as well as the environmental toxicology and ecosystem biology of nanomaterials released to the environment. The core research team of the Duke University-based center is composed of internationally recognized leaders in the field.

Carol Cottrill, Pediatric Cardiology, was named the 2008 recipient of the Roman Catholic Church Extension Society's Lumen Christi Award for her lifesaving ministry in mission areas of Appalachia and her generous presence in caring for poor families in desperate need of medical care. The national award (which means “Light of Christ”) is presented annually to recognize outstanding missionary work in America.

Lori Garkovich, Community and Leadership Development, was awarded the Bonnie Teater Community Development Educator Lifetime Achievement Award by the Southern Rural Development Center for her commitment to the community, students, research, and extension.

Eric Grulke, Chemical and Materials Engineering, was elected to a three-year term (2008-2010) on the board of directors of the Engineering Research Council. The ERC, composed of elected members from academia, industry, and government, addresses engineering research issues for the American Society of Engineering Educators, which is the organization representing all engineering disciplines.

Edward D. Hall, Spinal Cord and Brain Injury Research Center, has been inducted into the National Spinal Cord Injury Association's Hall of Fame.

John Huntley, Earth and Environmental Sciences, had an article highlighted as an “Editor's Pick” in a mid-October issue of *Science*. The article, “Testing Limiting Similarity in Quaternary Terrestrial Gastropods,” examined the size and shape of Quaternary endemic land snails from the Canary Islands through the past 42,500 years. Their results suggest that limiting similarity, as seen in both ecological character displacement and communitywide character displacement, is a transient ecological phenomenon rather than a long-term evolutionary process.

William R. Markesbery, Sanders-Brown Center on Aging and Alzheimer's Disease Research Center, was presented Alltech's Lifetime Achievement Award in honor of his outstanding career and contributions leading to the elucidation of pathogenic mechanisms in Alzheimer's disease, its early detection, and prevention.

Barry Russell, Auxiliary Services, was recently honored as UK's first Supervisor of the Year by UK Work-Life. Russell was recognized for his leadership, as well as for the supportive practices he has implemented on behalf of the employees he supervises.

Charles D. Smith, UK Sanders-Brown Center on Aging, received Alltech's Scientific Medal of Excellence in recognition of outstanding contributions in the field of presymptomatic Alzheimer's disease neuro-imaging.

Diane Snow, Spinal Cord and Brain Injury Research Center, has been named the Distinguished University Scientist for 2008 by the Kentucky Academy of Sciences.

Ronald J. Werner-Wilson, Family Studies, received a \$192,662 grant from the Kentucky Health Services Cabinet for the Healthy Marriage Child Support Community Demonstration Project to facilitate a variety of research, education, and awareness activities designed to help those who choose marriage be successful in that pursuit.

PR 2

Office of the President
December 9, 2008

Members, Board of Trustees:

PERSONNEL ACTIONS

Recommendation: that approval be given to the attached appointments, actions, and/or other staff changes which require Board action; and that the report relative to appointments and/or changes already approved by the administration be accepted.

Background: The attached recommended appointments and/or other staff changes require approval by the Board of Trustees in accordance with Part VIII-B of the Governing Regulations of the university. These recommendations are transmitted to the Board by the appropriate provost/executive vice president through the president and have the president's concurrence.

Under the Governing Regulations, the authority to make certain appointments and/or other staff changes is delegated to the president or other administrators who are required to report their actions to the Board. These items of report follow the recommendations requiring Board approval.

Action taken: Approved Disapproved Other _____

PR 3

Office of the President
December 9, 2008

Members, Board of Trustees:

UNIVERSITY OF KENTUCKY GLUCK EQUINE RESEARCH FOUNDATION, INC.
AMENDMENT TO ARTICLES OF INCORPORATION AND BYLAWS

Recommendation: that the Board of Trustees approve the Amendment to the Articles of Incorporation for the Corporation, attached hereto as Exhibit A and the newly revised Bylaws of the Corporation, attached hereto as Exhibit B.

Background: The Corporation is a not-for profit support organization of the university, established to support the equine research program at the university by establishing a continuing partnership between the university and equine industry. Pursuant to the Articles of Incorporation and Bylaws of the Corporation and the original action of this Board establishing the same, amendments to the Articles and Bylaws of the Corporation shall be approved by the university's Board of Trustees.

Due to organizational changes and the need to update the Articles and Bylaws, the Board of Directors for the corporation determined that the amendments were needed to identify the correct titles of officials, expand the number of members of the Board from 25 to 30 to allow broader and more inclusive representation of equine interests, and further clarify the duties and obligations of the Board members.

The Gluck Equine Research Foundation Board adopted these proposed changes at their October 14, 2008 meeting.

Exhibits A and B are the amendments to the Articles and Bylaws, respectively, making the above stated changes.

Action taken: Approved Disapproved Other _____

PR 4

Office of the President
December 9, 2008

Members, Board of Trustees:

ESTABLISHMENT OF ENGINEERING ALUMNI
ASSOCIATION PROFESSORSHIP

Recommendation: that the Board of Trustees authorize the establishment of a third Engineering Alumni Association Professorship in the College of Engineering.

Background: The Executive Board of the Engineering Alumni Association recommended the establishment of Engineering Alumni Association Professorships in the College of Engineering at its meeting on January 11, 2003. This professorship, like the ones approved by the Board of Trustees on September 16, 2003 and April 22, 2008, will be funded by the Dean of the College of Engineering using discretionary funds that are available on a yearly basis within the college. Selection of the recipient will be governed by the rules of the College of Engineering.

Action taken: Approved Disapproved Other _____

AACR 1

Office of the President
December 9, 2008

Members, Board of Trustees:

CANDIDATES FOR DEGREES

Recommendation: that the president be authorized to confer upon each individual whose name appears on the attached list the degree to which he or she is entitled, upon certification by the university registrar that the individual has satisfactorily completed all requirements for the degree for which application has been made and as approved by the elected faculty of the University Senate and the Academic Affairs Committee of the Board of Trustees.

Background: In order that the degrees may be conferred upon the individuals completing requirements in December as soon after the close of the semester as possible, it is recommended that the Board of Trustees give its approval contingent upon certification by the university registrar that all requirements have been satisfactorily completed.

For details on degree candidate listings,
please contact

Jacque Hager
Registrar's Office
Room 10 Funkhouser Building
University of Kentucky
Lexington, KY 40506-0057
859-257-7157

Action taken: Approved Disapproved Other _____

AACR 2

Office of the President
December 9, 2008

Members, Board of Trustees:

CANDIDATES FOR DEGREES
BLUEGRASS COMMUNITY AND TECHNICAL COLLEGE

Recommendation: that the president be authorized to confer upon each individual whose name appears on the attached list the degree to which he or she is entitled, upon certification by the Kentucky Community and Technical College System (KCTCS) Board and the University of Kentucky registrar that the individual has satisfactorily completed all requirements for the degree for which application has been made and as approved by the elected faculty of the University Senate and the Academic Affairs Committee of the Board of Trustees.

Background: On July 1, 2004, the Memorandum of Agreement among the University of Kentucky, the Kentucky Community and Technical College System, and Lexington Community College (LCC) pursuant to House Joint Resolution 214 was approved. The agreement states that LCC students who were or are officially enrolled on or before September 2004 in associate degree programs approved by the UK Board of Trustees, and who complete the associate degree program on or before August 31, 2010, shall have their degrees conferred by the UK Board of Trustees.

Subsequent to passage of that agreement, the Lexington Community College name has been changed to the Bluegrass Community and Technical College.

For details on degree candidate listings,
please contact

Jacquie Hager
Registrar's Office
Room 10 Funkhouser Building
University of Kentucky
Lexington, KY 40506-0057
859-257-7157

Action taken: Approved Disapproved Other _____

AACR 3

Office of the President
December 9, 2008

Members, Board of Trustees:

ESTABLISHMENT AND NAMING OF THE
BARNSTABLE BROWN KENTUCKY DIABETES AND OBESITY CENTER

Recommendation: that the Board of Trustees approve the establishment and naming of the Barnstable Brown Kentucky Diabetes and Obesity Center in the College of Medicine.

Background: The overall goal of the Kentucky Diabetes and Obesity Center is to organize and align the prominent clinical care and research that is focused on diabetes and obesity. The University of Kentucky has a substantial core of researchers investigating diabetes and obesity with considerable extramural funding. Diabetes and obesity have a broad impact on various facets of health. Clinicians and researchers are found within many departments throughout the university. The goal is to establish a center with a focused area of excellence in diabetes and obesity clinical care, research, and training. By aligning the diverse group of faculty who provide excellence in patient care and research in diabetes and obesity, UK will build this center to national prominence.

Upon approval of the Board of Trustees, the Kentucky Diabetes and Obesity Center shall be named the "Barnstable Brown Kentucky Diabetes and Obesity Center" in recognition of the many contributions of the Barnstable and Barnstable Brown families to diabetes research at the University of Kentucky.

The proposal has been reviewed and recommended by the Academic Organization and Structure Committee, the Senate Council, and the University Senate. The provost of the university supports this recommendation.

Action taken: Approved Disapproved Other _____

FCR 1

Office of the President
December 9, 2008

Members, Board of Trustees:

ALLTECH, INC. PLEDGE

Recommendation: that the Board of Trustees accept a pledge of \$700,000 from Alltech, Inc. to the UK Opera Program.

Background: Alltech, Inc., a world leader in the animal health industry, has a long-standing history of supporting the University of Kentucky. This pledge, to be paid over a three-year period in annual payments of \$233,333 will support the UK Opera Program which has been identified as an Area of Excellence at the university and has received national and international recognition.

Action taken: Approved Disapproved Other _____

FCR 2

Office of the President
December 9, 2008

Members, Board of Trustees:

BARNSTABLE BROWN PARTY DIAMOND DERBY, INC. GIFT AND PLEDGE

Recommendation: that the Board of Trustees accept gifts of \$984,000 and a pledge of \$2.8 million from the Barnstable Brown Party Diamond Derby, Inc. of Louisville, Kentucky.

Background: This commitment of \$3.7 million will be used to create the Kentucky Diabetes and Obesity Center to support the core activities of the new center through research endowment, capital support, and start-up funds to recruit and retain a top-ranked physician scientist and center director. With this support, UK will build on the already established core of diabetes research and create a nationally and internationally recognized center of excellence.

The Board of Trustees previously accepted gifts and pledges of \$900,000 for the Barnstable Brown Gala Chair in Diabetes Research and gifts and pledges of \$500,000 for the Barnstable Brown Pediatric Diabetes Laboratory Research Fund. Those gifts and pledges were matched by the State's Endowment Match Program. In total, Barnstable Brown Party Diamond Derby, Inc. has committed gifts and pledges of more than \$5.1 million.

Action taken: Approved Disapproved Other _____

FCR 3

Office of the President
December 9, 2008

Members, Board of Trustees:

HGG FAMILY FOUNDATION PLEDGE

Recommendation: that the Board of Trustees accept a pledge of \$1 million from the HGG Family Foundation of Lexington, Kentucky to create and endow the Paul. A. Kearney, M.D. Endowed Chair in Trauma Surgery in the College of Medicine.

Background: The HGG Family Foundation was founded by H. Greg and Rebecca Goodman. Mr. Goodman is a member of the Markey Cancer Foundation Board of Trustees, the Kentucky Horse Park Foundation Board of Trustees, and the Thoroughbred Owners and Breeders Association Board of Trustees.

Action taken: Approved Disapproved Other _____

FCR 4

Office of the President
December 9, 2008

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT FOR THE
UNIVERSITY OF KENTUCKY FOR THE THREE MONTHS ENDED
SEPTEMBER 30, 2008

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the three months ended September 30, 2008.

Background: The consolidated financial report includes the financial activities of the University of Kentucky and its affiliated corporations, consisting of the University of Kentucky Research Foundation, The Fund for Advancement of Education and Research in the University of Kentucky Medical Center, University of Kentucky Athletic Association, University of Kentucky Mining Engineering Foundation, University of Kentucky Business Partnership Foundation, University of Kentucky Humanities Foundation, University of Kentucky Equine Research Foundation, University of Kentucky Center on Aging Foundation, and Central Kentucky Management Services. The financial statements also include the operations of the Boone Center, a not-for-profit entity for which the university is financially accountable under Governmental Accounting Standards but which is not an affiliated corporation under Kentucky Revised Statutes.

As of September 30, 2008, the university had realized income of \$687,408,000 representing 31 percent of the 2008-09 estimate of \$2,205,613,000. Expenditures total \$529,715,000 or 24 percent of the approved budget of \$2,205,613,000.

Action taken: Approved Disapproved Other_____



*Consolidated Financial
Statements*

For the three months ended September 30, 2008

CONSOLIDATED BALANCE SHEET
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
SEPTEMBER 30, 2008

with comparative totals for September 30, 2007
(in thousands)

	2008-09					2007-08	
	Current Unrestricted Funds	Current Restricted Funds	Loan Funds	Endowment Funds	Plant Funds	Totals	Totals
ASSETS							
Cash and cash equivalents	\$ 291,072	\$ 52,953	\$ 5,345	\$ 2,818	\$ 172,140	\$ 524,328	\$ 502,582
Notes, loans, and A/R (less bad debt allowances of \$38,645)	179,896	75,033	26,699	2,500	689	284,817	244,656
Investments	17,678	119,237		818,823	52,579	1,008,317	1,146,510
Property, plant, and equipment, net of depreciation					1,346,664	1,346,664	1,208,102
Inventories and other	51,302				2,896	54,198	52,350
Total Assets	\$ 539,948	\$ 247,223	\$ 32,044	\$ 824,141	\$ 1,574,968	\$ 3,218,324	\$ 3,154,200
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 71,974	\$ 5,094	\$ 237		\$ 1,697	\$ 79,002	\$ 81,310
Employee withholdings and deposits		23,906				23,906	23,380
Other liabilities	15,934	334	21,546	\$ 20,477	19,627	77,918	50,459
Liability for self insurance	60,530					60,530	76,590
Deferred income	30,138	40,495				70,633	62,597
Bonds payable					514,995	514,995	372,415
Capitalized lease obligation	11,472				130,638	142,110	129,138
Total Liabilities	190,048	69,829	21,783	20,477	666,957	969,094	795,889
Interfund Balances	(71,474)	60,706		15,958	(5,190)		
Net deferred revenues and appropriated fund balances	150,683	7,010				157,693	128,596
Fund Balances							
Current unrestricted							
Working capital	265,179					265,179	241,940
Future operating purposes	5,512					5,512	3,311
Other						-	11,580
Current restricted		109,678				109,678	89,210
Loan			10,261			10,261	9,520
True endowments				532,425		532,425	655,882
Term endowments				3,330		3,330	3,940
Quasi endowments				248,496		248,496	299,813
Charitable trusts				2,768		2,768	2,997
Gift annuities				687		687	884
Plant							
Retirement of indebtedness					26,723	26,723	19,898
Renewal and replacement					21,022	21,022	20,906
Allocated for designated projects					61,709	61,709	103,643
Net investment in plant					803,747	803,747	766,191
Total Fund Balances	270,691	109,678	10,261	787,706	913,201	2,091,537	2,229,715
Total Liabilities and Fund Balances	\$ 539,948	\$ 247,223	\$ 32,044	\$ 824,141	\$ 1,574,968	\$ 3,218,324	\$ 3,154,200

**CONSOLIDATED STATEMENT OF CURRENT FUNDS REVENUES AND APPROPRIATED FUND BALANCES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008**

with comparative totals for September 30, 2007

(in thousands)

	2008-09				2007-08	
	Original Budget	Revised Budget	Realized To Date	%	Realized To Date	%
General Fund						
State appropriations	\$ 321,503	\$ 321,503	\$ 96,376	30	\$ 100,505	30
Student fees	253,257	253,257	129,553	51	118,406	49
County appropriations	15,248	15,248	3,485	23	3,053	21
Endowment and investment income	11,060	11,060	2,394	22	5,096	39
Non governmental grants and contracts	111,036	111,036	29,887	27	26,260	27
Grants, donations, pledges						
Affiliated corporations	29,383	29,383	7,072	24	6,863	24
Other	24,416	24,436	1,881	8	2,377	20
Sales and services	25,163	25,163	6,829	27	5,834	24
Transfers	18,812	18,812	3,049	16	2,368	15
Total General Fund	809,878	809,898	280,526	35	270,762	35
Auxiliary Enterprises	72,711	72,711	19,729	27	19,428	28
Restricted Funds						
Federal appropriations	16,576	17,315	6,149	36	4,487	28
Other	117,795	117,795	29,709	25	25,288	22
Affiliated Corporations	353,534	353,534	82,695	23	81,520	24
UK Hospitals	753,205	753,205	187,445	25	167,768	25
Total Revenues	2,123,699	2,124,458	606,253	29	569,253	28
Appropriated Fund Balance						
Current unrestricted fund	81,155	81,155	81,155	100	66,928	100
Total Revenues and Appropriated Fund Balance	\$ 2,204,854	\$ 2,205,613	\$ 687,408	31	\$ 636,181	31

**CONSOLIDATED STATEMENT OF CURRENT FUNDS EXPENDITURE SUMMARY BY PROGRAM - ALL FUNDS
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008**

with comparative totals for September 30, 2007
(in thousands)

	2008-09				2007-08	
	Original Budget	Revised Budget	Expended To Date	%	Expended To Date	%
Instruction	\$ 318,407	\$ 315,186	\$ 57,138	18	\$ 58,022	20
Research	279,853	282,476	60,252	21	59,940	22
Public service	284,807	285,193	61,079	21	58,969	24
Academic support	112,646	113,716	26,317	23	23,150	22
Student services	27,961	28,186	7,398	26	6,967	25
Institutional support	109,742	110,080	29,147	26	25,288	17
Student financial aid	93,646	92,545	43,766	47	41,233	47
Operation and maintenance	60,610	61,049	13,859	23	11,385	21
Mandatory transfers (debt service)	45,118	45,118	31,322	69	25,537	70
UK Hospitals	746,050	746,050	168,842	23	167,315	25
Auxiliary enterprises	126,014	126,014	30,595	24	29,779	25
Total Expenditure by Program	\$ 2,204,854	\$ 2,205,613	\$ 529,715	24	\$ 507,585	24

**EXPENDITURE SUMMARY BY CATEGORY OF EXPENDITURE
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008**

with comparative totals for September 30, 2007
(in thousands)

	2008-09				2007-08	
	Original Budget	Revised Budget	Expended To Date	%	Expended To Date	%
Personnel costs	\$ 1,073,827	\$ 1,076,520	\$ 290,698	27	\$ 271,253	26
Operating expenses	1,037,817	1,035,516	198,099	19	196,136	21
Mandatory transfers (debt service)	45,118	45,118	31,322	69	25,537	70
Capital outlay	48,092	48,459	9,597	20	14,659	24
Total Expenditure by Category	\$ 2,204,854	\$ 2,205,613	\$ 529,715	24	\$ 507,585	24

**CONSOLIDATED SUMMARY OF NET DEFERRED REVENUES AND APPROPRIATED FUND BALANCES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008**

with comparative totals for September 30, 2007
(in thousands)

	<u>2008-09</u>	<u>2007-08</u>
Realized Revenues	\$ 606,253	\$ 569,253
Appropriated Fund Balances		
Current Unrestricted Fund	<u>\$ 81,155</u>	<u>66,928</u>
Total Appropriated Fund Balances	<u>81,155</u>	<u>66,928</u>
Total Revenues and Appropriated Fund Balances	687,408	636,181
Expenditures	<u>529,715</u>	<u>507,585</u>
Net Deferred Revenues and Appropriated Fund Balances	<u>\$ 157,693</u>	<u>\$ 128,596</u>

FCR 5

Office of the President
December 9, 2008

Members, Board of Trustees:

2008-09 Budget Revisions

Recommendation: that the Board of Trustees authorize and approve the following revisions to the 2008-09 budget. The budget revisions outlined below will increase the University of Kentucky's total budget by \$22,333,500 – from \$2,205,613,700 to \$2,227,947,200.

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
A. <u>GENERAL FUND</u>			
1. Income Estimates			
Departmental Sales and Services	\$20,178,700	\$20,192,200	\$13,500
Fund Balances	81,155,400	103,227,900	<u>22,072,500</u>
			\$22,086,000
2. Expenditures			
Provost			
Center for Clinical Translational Sciences	\$ 558,200	\$ 571,700	\$13,500
University Wide			
General Operating and Capital Projects	79,331,600	101,404,100	<u>22,072,500</u>
			\$22,086,000
3. <u>Comments</u> – The 2008-09 Operating Budget approved by the Board of Trustees included a projected fund balance of \$81,155,400. The actual fund balance was higher as a result of unspent funds in various reserve accounts and other excess revenues in many areas of the university. Additional expenditure authority of \$22,072,500 is requested to fully recognize the funds available.			

Departmental Sales and Services are estimated to increase by \$13,500 for professional laboratory testing services provided by the General Clinical Research Center. The Center acts as a conduit for clinical research services provided to other centers across the United States.

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
B. <u>RESTRICTED FUND</u>			
1. Income Estimates			
Endowment and Investment			
Income	\$23,805,700	\$23,807,300	\$1,600
Gifts, Grants and Contracts – Other	92,351,400	92,493,500	<u>142,100</u>
			\$143,700
2. Expenditures			
President			
Development	\$92,800	\$214,800	\$122,000
Provost			
Kentucky Tobacco Research and			
Development Center	3,007,700	3,027,800	20,100
Institutional Diversity			
Office of the Vice			
President	20,700	22,300	<u>1,600</u>
			\$143,700
3. <u>Comments</u> – Gifts, grants and contracts are expected to increase by \$142,100 to support fundraising activities coordinated by the Development Office and to support research activities related to tobacco research and development.			

Additional endowment and investment income budget authority of \$1,600 is requested from the establishment of the Risner Family Endowment to support scholarships.

C. AUXILIARY FUND

1. Income Estimates			
Departmental Sales and			
Services	\$55,816,300	\$55,834,300	<u>\$18,000</u>
			\$18,000
2. Expenditures			
Provost			
College of Engineering			
Engineering Electron Microscopy	\$31,300	\$11,400	\$(19,900)
College of Medicine			
Neurology	0	37,900	<u>37,900</u>
			\$18,000

3. Comments – Departmental Sales and Services are expected to increase by a net \$18,000 from increased research programs in the Department of Neurology and a decrease in income to the Engineering Electron Microscopy Facility program. A major customer of the facility purchased equipment previously provided by the program.

<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
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D. AFFILIATED CORPORATIONS

1. Income Estimates

The Fund for Advancement of
Education and Research

\$9,998,500	\$10,084,300	\$85,800
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4. Expenditures

The Fund for Advancement of
Education and Research

\$9,998,500	\$10,084,300	\$85,800
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5. Comments – Prior year fund balance from the Dean of the College of Medicine's Academic Enhancement Fund will be used for faculty recruitment and retention efforts.

Action taken: Approved Disapproved Other _____

FCR 6

Office of the President
December 9, 2008

Members, Board of Trustees:

RENOVATE/EXPAND
THE CENTER FOR APPLIED ENERGY RESEARCH

Recommendation: that the Board of Trustees approve increasing the scope of the renovation and expansion of the Center for Applied Energy Research capital project from \$2 million to \$3.71 million.

Background: During a special legislative session in August 2007, the Kentucky General Assembly appropriated \$2 million from the General Fund for the Center for Applied Energy Research (CAER). The funds were provided to renovate and expand the existing CAER facility. The Board of Trustees approved initiation of this project at its March 4, 2008 meeting, and the project is currently under way. The United States Department of Energy and the Governor's Office of Energy Policy have awarded the CAER grants totaling \$1,712,581 to conduct a Front End Engineering and Design Study for a Fischer-Tropsch refinery and to construct a shell of the facility to house the refinery.

Contingent upon approval by the Board of Trustees, the University will request similar legislative authorization to increase the project scope from the Capital Projects and Bond Oversight Committee.

Action taken: Approved Disapproved Other _____

FCR 7

Office of the President
December 9, 2008

Members, Board of Trustees:

DIGITAL VILLAGE BUILDING #2

Recommendation: that the Board of Trustees (a) approve initiation of the construction of the Digital Village Building #2; (b) accept a pledge of \$6 million from The Marksbury Family Foundation of Lexington, Kentucky and a gift of \$328,125 from James F. McDonald of Barrington, Illinois to support the construction; (c) authorize the President to submit the Marksbury pledge, the McDonald gift, and the previously accepted pledge of \$2 million from James F. Hardymon of Lexington, Kentucky and other non-state General Funds, if necessary, for match from the Research Capital Match Program when those funds become available; and (d) approve the use of lease/purchase financing, if necessary, to fund the cash flow of the project.

Background:

- **PROJECT:** The Digital Village Building #2 will be the second of four buildings in the Digital Village (the Hardymon Building is Building #1). Building #2 will be a 43,000 gross square foot facility housing the research activities of the Center for Visualization and Virtual Environments as well as selected research activities in the departments of Computer Science, Electrical Engineering, and Computer Engineering. The facility will strengthen the university's ability to compete in nanotechnology research leading to significant increases in external research funding, serve as a magnet to high-tech industries, and foster the spin-off and development of small companies.
- **PLEDGES AND GIFT:** Davis and Beverly Marksbury are establishing a family foundation to channel their philanthropic initiatives and have pledged \$6 million over five years for the project. Mr. Marksbury received his Bachelor of Science in Civil Engineering in 1980 and began his successful business career with Shell Oil. He subsequently moved to PDR Engineers, where he formed PDR Information Services. He has launched three successful companies to address complex technology challenges in the document publishing industry, including Exstream, founded in 1998. Mr. Marksbury was a regional winner of the 2003 Ernst & Young Entrepreneur of the Year Award and has twice been a finalist for *Inc.* Magazine's Entrepreneur of the Year Award. He was inducted into the College of Engineering Hall of Distinction in 2008.

James F. McDonald has given \$328,125 towards the project. He received Bachelor and Master degrees from the University of Kentucky in 1962 and 1964, respectively. Mr.

McDonald's successful business career has included executive management positions at IBM, Gould, Inc., Prime Computer, Inc., and J. H. Whitney and Co. He joined Scientific Atlanta as President and Chief Executive Officer in 1993 and continues to serve in that role. He is a member of the UK National Alumni Association Hall of Distinguished Alumni and the College of Engineering Hall of Distinction.

At its June 2007 meeting, the Board of Trustees accepted a pledge of \$2 million for the project from James F. Hardymon, retired chairman and chief executive officer of Textron Corporation, and member of the UK Board of Trustees. Mr. Hardymon, a member of the College of Engineering Hall of Distinction, received a B.S. in Civil Engineering in 1956 and a Master of Civil Engineering in 1958. The James F. Hardymon Building bears his name in recognition of his continuing generous support.

- SCOPE, FUND SOURCE, AND LEGISLATIVE AUTHORIZATION: Building #2 is estimated to cost \$20 million, the legislatively authorized scope. The anticipated fund sources include gifts and pledges, state matching funds, fund balances, budgeted funds for infrastructure improvements, and lease/purchase financing, if necessary. Presently, gifts and pledges total \$8.3 million. Pending Board approval, the university will seek and it is anticipated that the university will receive \$8.3 million of state matching funds from the Research Capital Match Program (see below). The matching funds will likely become available in July 2009 through a process to be established by the Council on Postsecondary Education (CPE). The College continues to raise funds for the project.

Contingent upon approval by the Board of Trustees, the university will request legislative authorization from the Capital Projects and Bond Oversight Committee to change the financial plan. The university will request that the committee authorize changing from lease/purchase to a combination of various sources at its January 2009 meeting.

- RESEARCH CAPITAL MATCH PROGRAM: The 2008 Kentucky General Assembly authorized \$33.3 million in General Fund supported bonds for the University of Kentucky through the Research Challenge Trust Fund to support the Endowment Match Program and the newly created Research Capital Match Program. The university is given the flexibility to determine the allocation of funds for traditional Endowment Match Program activities and capital projects (the Research Capital Match Program). There is a dollar-for-dollar matching requirement for both. The governing boards are required to report the allocation to various state government officials no later than June 30, 2009. The president will bring a recommendation for the allocation of funds to the Board of Trustees before the deadline.

Action taken: Approved Disapproved Other _____

FCR 8

Office of the President
December 9, 2008

Members, Board of Trustees:

RENOVATE WILDCAT LODGE

Recommendation: that the Board of Trustees approve initiation of the Renovation of Wildcat Lodge capital project.

Background: This project will renovate Wildcat Lodge, a campus residential facility which houses the men's basketball players as well as other UK students. The facility is in need of general refurbishment of the interior finishes (carpet, walls, stairways, and general furnishings), interior lighting improvements in the common areas, and replacement of several non-functional exterior glass doors. The scope of this project is \$1.5 million and will be funded from private gifts. Contingent upon approval by the Board of Trustees, the university will request interim authorization for this project from the Council on Postsecondary Education at its January 16, 2009 meeting and the Capital Projects and Bond Oversight Committee at its January 20, 2009 meeting.

Action taken: Approved Disapproved Other _____

FCR 9

Office of the President
December 9, 2008

Members, Board of Trustees:

APPROVAL OF THE 2007-08 ENDOWMENT MATCH PROGRAM ANNUAL REPORT

Recommendation: that the Board of Trustees accept the 2007-08 Endowment Match Program Annual Report. The report is provided as a separately bound document.

Background: The Research Challenge Trust Fund (RCTF) was established in 1997 with the passage of the *Kentucky Postsecondary Education Improvement Act*. The RCTF is designed to encourage research activities at the University of Kentucky and the University of Louisville. The Endowment Match Program, also known as 'Bucks for Brains,' is one of several programs created as part of the RCTF. Pursuant to the Council on Postsecondary Education's Endowment Match Program Request and Reporting Procedures, the Board of Trustees must review and approve the annual report on UK's participation in the program. The annual report and additional information about the program are available online at:

<http://www.research.uky.edu/ca/rctf/index.html>

Action taken: Approved Disapproved Other _____

FCR 10

Office of the President

December 9, 2008

Members, Board of Trustees:

PATENT ASSIGNMENT REPORT

Recommendation: that the Board of Trustees accept the patent assignment report for the period July 1 through September 30, 2008.

Background: The March 4, 1997 meeting of the Board of Trustees authorized the University of Kentucky Research Foundation to conduct all future copyright and patent filings and prosecutions.

Action taken: . Approved . Disapproved . Other _____

PATENT ASSIGNMENT

QUARTERLY FOR THE PERIOD JULY 1 THROUGH SEPTEMBER 30, 2008

Patents

The following assignments on behalf of the Board of Trustees of the University of Kentucky Research Foundation have been executed:

1. U.S. Patent Application Serial Number: (to be assigned)

Filed: April 25, 2008

Title: "Lightweight thermal management material for enhancement of through-thickness thermal conductivity"

Inventor: Dr. Matthew Weisenberger (Center for Applied Energy Research)

Technical Description: The invention relates to thermal management materials and, more particularly, to thermal management materials incorporating aligned carbon nanotubes held in a polymer matrix and methods for producing such materials.

Summary: Aligned carbon nanotubes embedded in a polymer are known for their usefulness in transferring heat. Such a property is useful, for example, in cooling applications, such as in cooling hot pipes. The inventors have developed a new nanotube/polymer material showing improved heat transfer, increasing its usefulness over prior materials for situations where heat transfer is critical.

2. U.S. Patent Application Serial Number: (to be assigned)

Filed: July 23, 2008

Title: "Method and apparatus for characterizing microscale formability of thin sheet materials"

Inventors: Drs. Nasr Shuaib and Marwan Khraisheh (Mechanical Engineering)

Technical Description: The present invention relates generally to a method and apparatus for studying the formability of sheet materials at different strain conditions and, more specifically, to the formability of sheet metals for microscale applications.

Summary: As the demand for microparts and products increases, there is a focus on increasing the efficiency of their manufacture. Currently, the effect on the manufacturing process of reducing the product size is largely determined through trial-and-error methods. The inventors have developed a method of predicting how product size affects the manufacture of microscale products from sheet materials. This method should increase the efficiency of the manufacturing process.

3. U.S. Patent Application Serial Number: (to be assigned)

Filed: June 19, 2008

Title: "Tris-Quaternary ammonium salts and methods for modulating neuronal nicotinic acetylcholine receptors"

Inventors: Drs. Peter Crooks , Linda P Dwoskin, Roger Papke, Guangrong

Zheng, Sangeetha Sumithran, Zhenfa Zhang (Pharmaceutical Sciences)

Technical Description: This invention relates to Bis-Quaternary Ammonium Cyclophane Compounds that Interact with nicotinic acetylcholine receptors.

Summary: Neurons affected by nicotine play an important role in the neural circuitry relevant to many neurological diseases, including myasthenia gravis, Parkinsons disease, Alzheimers disease, schizophrenia, eating disorders, and drug addiction. Blocking the activity of neurons sensitive to nicotine is sometimes therapeutic. The inventors have produced compounds that block the activity of nicotine-sensitive neurons. The compounds of this invention should be useful in the treatment of a wide variety of diseases related to the action of nicotine.

4. U.S. Patent Application Serial Number: (to be assigned)

Filed: August 1, 2008

Title: "Array platform for micro-RNA analysis and related method"

Inventors: Drs. Guiliang Tang (Plant and Soil Sciences), Xiaoqing Tang, Haining Zhu and Jozsef Gal (Biochemistry), and Wangxia Wang (Sanders-Brown Center on Aging)

Technical Description: This invention relates generally to arrays, methods and kits for detecting mature micro-RNAs (miRNAs) in a sample of interest. In particular, the invention focuses on a method of detecting miRNAs by providing miRNA probes of less than about 18 identical nucleotides.

Summary: miRNAs are recently discovered molecules that regulate gene

expression in a cell. Studying these molecules is currently labor intensive and expensive. The inventors have discovered a method of detecting miRNAs that is less labor intensive and less expensive than current methods.

5. U.S. Patent Application Serial Number: (to be assigned)

Filed: August 6, 2008

Title: "Semi-synthetic antibodies as recognition elements"

Inventors: Drs. Sylvia Daunert, Leonidas Bachas, Boyd Haley and Smita Joel,
(Chemistry)

Technical Description: This invention relates generally to detection of molecules of interest continuously in a living organism.

Summary: There are many applications where the detection of a molecule in a biological sample is useful, such as when detecting pathogens in a sample from a medical patient. Currently, such detection requires isolating a sample from the patient, followed by detection of the pathogen in the sample. The inventors have developed a method of detecting molecules of interest directly in the patient, without the need for isolating a sample first.

6. U.S. Patent Application Serial Number: (to be assigned)

Filed: August 6, 2008

Title: "Polypeptides, systems, and methods useful for detecting glucose"

Inventors: Drs. Sylvia Daunert, Kendrick Turner, Smita Joel, and Laura Rowe
(Chemistry)

Technical Description: This invention relates generally to the biosensors, and systems and methods of detecting glucose.

Summary: Diabetes is a common disease having widespread and severe health consequences. Management of the disease requires careful monitoring of glucose levels in the patient. Currently, glucose is measured in blood obtained by painful methods, for example, by finger prick. The inventors have developed a method of detecting blood glucose levels within the patient, specifically not requiring the patient to draw a blood sample.

7. U.S. Patent Application Serial Number: (to be assigned)

Filed: August 6, 2008

Title: "Device for detection of molecules of interest"

Inventors: Drs. Sylvia Daunert, Leonidas Bachas, Boyd Haley, Smita Joel,
Elizabeth Moschou, Kendrick Turner, and Laura Rowe (Chemistry), Ping Wang,
Jonathan Siegrist and Marc Madou (Outside Inventors)

Technical Description: This invention relates generally to devices for in vitro and/or in vivo continuous detection of molecules of interest.

Summary: There are many applications where the detection of a molecule in a biological sample is useful, such as when detecting pathogens in a sample from a medical patient. Currently, such detection requires isolating a sample from the patient, followed by detection of the pathogen in the sample. The inventors have developed a device for detecting molecules of interest directly in the patient, without the need for isolating a sample first. The device is embodied as a catheter with an attached sensor.

8. U.S. Patent Application Serial Number: (to be assigned)

Filed: August 11, 2008

Title: "Method for reducing the curing time of a painting composition"

Inventors: Drs. Kozo Saito (Mechanical Engineering), Rodney Andrews (Center for Applied Energy Research), Belal Gharaibeh and Wahed R. Wasel (Mechanical Engineering)

Technical Description: This invention relates generally to the painting field, and more particularly to a method for reducing the curing time of a painting composition.

Summary: The speed of manufacturing processes that include a painting step is severely limited by the time required for the paint to cure. The inventors have developed a method of speeding up the curing rate of paint. Specifically, the inventors have discovered that including carbon nanotubes in the painting composition and subjecting the painting composition to radio waves shortens the curing time.

9. U.S. Patent Application Serial Number: (to be assigned)

Filed: August 12, 2008

Title: "Modified Rubisco large subunit N-methyltransferase useful for targeting molecules to the active-site vicinity of Ribulose-1, 5-Bisphosphate"

Inventor: Dr. Robert L. Houtz (Horticulture)

Technical Description: This invention relates generally to Modified Rubisco Large Subunit N-Methyltransferase and methods of using it to alter plant growth rates.

Summary: Increasing the rate of plant growth is an important goal as a means of increasing crop yields. Ribulose-1,5-bisphosphate carboxylase-oxygenase (Rubisco) is a plant protein that plays an important role in photosynthesis and, consequently, plays an important role in plant growth. The inventor has discovered a modification to Rubisco that increases the rate of plant growth.

10. U.S. Patent Application Serial Number: (to be assigned)

Filed: August 15, 2008

Title: "High-activity mutants of butylcholinesterase for cocaine hydrolysis and of generating the same"

Inventors: Drs. Chang-Guo Zhan, Hoon Cho and Hsin-Hsiung Tai (Department of Pharmaceutical Sciences)

Technical Description: The invention relates to butylcholinesterase variant polypeptides and, in particular, to butylcholinesterase mutants having amino acid substitutions.

Summary: Cocaine is a highly addictive substance. Drugs such as cocaine that are resistant to metabolic breakdown are often more addictive than those readily broken down. The inventors have enhanced the ability of the butylcholinesterase enzyme to metabolize cocaine by causing specific mutations in the natural enzyme. The inventors anticipate that this enhanced enzyme can be used to treat cocaine addiction.

11. U.S. Patent Application Serial Number: (to be assigned)

Filed: September 10, 2008

Title: "System and methods for diagnosis and monitoring of bacteria-related conditions"

Inventors: Drs. Sylvia Daunert, Sapna Deo, Patrizia Pasini, Anjali Kumari, Harohalili Shashidhar, Deborah Auer Flomenhof, Nilesh Raut (Chemistry)

Technical Description: The invention relates to diagnosing and monitoring conditions of interest. In particular, the invention relates to diagnosing and monitoring bacteria-related conditions.

Summary: It is known that bacteria release chemicals known as “quorum sensing molecules” [QSM], which serve to communicate information about bacterial concentration. The inventors propose to assess the activity of infectious bacteria in human patients by measuring their level of QSM.

12. U.S. Patent Application Serial Number: (to be assigned)

Filed: September 10, 2008

Title: “Spores for the stabilization and on-site application of bacterial whole-cell biosensing systems.”

Inventors: Drs. Sylvia Daunert, Sapna Deo, Patrizia Pasini, Amol Date

(Chemistry)

Technical Description: The invention relates to biosensors for detecting analytes of interest. In particular, the invention relates to biosensors comprising spore-forming bacterial cells and/or spores generated from the spore-forming bacterial cells.

Summary: Bacterial cells have been genetically engineered to detect substances

in the environment, such as toxins. These bacteria, however, are difficult to store, since they can survive only in a narrow range of environmental conditions. The inventors have genetically engineered spore-forming bacterial cells to detect substances. Spores permit the survival of bacteria in harsh conditions, so the genetically engineered bacteria of this invention can be stored in harsh environmental conditions.

13. U.S. Patent Application Serial Number: (to be assigned)

Filed: September 10, 2008

Title: "System and technique for retrieving depth information about a surface by projecting a composite image of modulated light patterns"

Inventors: Dr. Daniel Lau and Chun Guan (Electrical and Computer Engineering)

Technical Description: The invention relates to structured light systems that utilize multipattern techniques, whereby multiple projected structured light patterns are used to reconstruct an image. In particular, the invention relates to a technique and system that employ at least one camera and one projector used in concert for retrieving depth information about at least one surface of an object employing traditional, and new, structured light-pattern projections.

Summary: Extracting depth information from camera images or real-world objects is useful and has both and robotics or military applications. Current methods of extracting depth information from camera images are sensitive to

movement of the objects. The inventors have developed a method of extracting depth information that is less sensitive to movement of the object.

14. U.S. Patent Application Serial Number: (to be assigned)

Filed: September 16, 2008

Title: "Methods for screening and producing plants with increased saccharification efficiency for biofuel and forage production"

Inventors: Drs. Seth DeBolt, Darby Harris and Jozsef Stork (Horticulture)

Technical Description: The invention relates to methods for selecting and/or producing plants having an increased saccharification efficiency. In particular, the invention relates to methods of selecting and/or producing plants having a reduced relative crystallinity index (RCI) as compared to a wild-type plant, which in turn provides for an increased saccharification efficiency.

Summary: The high price and environmental impact of fossil fuels have spurred the search for suitable alternatives. Ethanol is a promising alternative, being renewable and cleaner. However, ethanol is produced from simple sugars, and most plant material is composed of complex sugar polymers. Converting these complex polymers to simple sugars (saccharification) is expensive. The inventors have genetically engineered plants in which saccharification is more efficient, lowering the cost of producing ethanol from the plants.

15. U.S. Patent Application Serial Number: (to be assigned)

Filed: September 18, 2008

Title: "Lock and hold structured light illumination"

Inventors: Dr. Daniel Lau and Charles Casey (Electrical and Computer Engineering)

Technical Description: The invention relates to computer implemented systems, as well as associated techniques, for performing three dimensional imaging of surfaces undergoing animation/motion.

Summary: Current implementations of capturing three-dimensional images use expensive equipment and sacrifice image detail in exchange for capturing the three-dimensional information. The inventors have developed a method of capturing three-dimensional images that uses less expensive equipment and sacrifices less detail.

Patent Activities

Fiscal year to date as of September 30, 2008

Number of Patent Applications 15

Number of Patents Issued 5

Patent Income \$397,928

FCR 11

Office of the President
December 9, 2008

Members, Board of Trustees:

CAPITAL CONSTRUCTION REPORT

Recommendation: that the capital construction report for the three months ending September 30, 2008 be accepted. This report refers only to projects that had activity within this quarter.

Background: Under House Bill 622 enacted in the 1982 session of the Kentucky General Assembly, the university is authorized to enter into architectural, engineering, and related consultant contracts for the purpose of accomplishing capital construction at the University of Kentucky.

For the period July 1, 2008 thru September 30, 2008:

There was one new contract this quarter.

Project 2234.0 Expand & Upgrade Livestock Disease Diagnostic Lab
Congleton Hacker Company, \$2,011,780

Two contracts were completed:

Project 2228.0 Construct Student Health Facility
Turner Construction Company, \$20,517,901

Project 2276.1 Upgrade Fume Hoods T.H. Morgan – Life Safety
Denham Blythe, \$1,676,845

Two amendments as follows:

Project 2228.0 Construct Student Health Facility
- Additional design services required for revising the north steam tunnel.
(+) \$6,770

Project 2234.0 Expand & Upgrade Livestock Disease Diagnostic Lab
- Additional design fees to complete the design and construction of the
project after additional funding was approved by the Legislature
(+) \$1,625,800

Twenty-Four change orders greater than \$25,000 were as follows:

- Project 2235.0 Construct Biological Pharmaceutical Complex Building
- Modify existing structural steel and skin attachments (+) \$118,200
 - Provide for increase in penthouse distribution panel from 600 A to 800 A (+) \$39,323
 - Provide necessary steel and design coordination for addition of steel required at the window jambs (+) \$36,064
 - Provide revised openings at penthouse roof to accommodate fans (+) \$60,874
- Project 2239.0 Construct Patient Care Facility
- Modify tower crane foundation due to mud seam (+) \$62,263
 - Increase the size of both main electrical duct banks to correct coordination between bid pack 5 and bid pack 6 (+) \$50,183
 - Remove bad soil that is unsuitable for the duct bank (+) \$25,219
 - Provide additional excavation for fuel tanks to meet required depth (+) \$32,912
 - Perform additional excavation due to unsuitable rock (+) \$43,493
 - Perform additional excavation due to unsuitable bearing (+) \$30,655
 - Provide selector switch control for the control valves of the fuel tanks (+) \$27,914
 - Provide a larger drilling rig due to subgrade condition (+) \$40,322
 - Sawcut the CCC tunnel footers and slab for sanitary pipe relocation due to actual existing elevations (+) \$27,303
 - Additional excavation from column line D.1 to the southeast corner due to found rock (+) \$33,766
 - Provide and install 48 inch diameter sump pit and piping due to discovered groundwater (+) \$36,359
 - Provide two (2) architectural precast panel mock ups (+) \$26,723
 - Provide concrete shear walls at column line 12/E-F and column line 12/L-M (+) \$39,922
 - Provide capability to throttle steam supply to the building (+) \$26,540
- Project 2239.32 PCF – Hospital – CUP Expansion
- Provide black steel piping in lieu of ductile iron for the boiler water (+) \$28,219
 - Provide access platform in the Northwest corner of the CUP (+) \$26,270
 - Provide for additional costs resulting from late boiler delivery to be back charged to the boiler manufacturer (+) \$45,485
 - Relocate the condensate pump from the BBSRB tunnel to the College of Pharmacy tunnel to increase versatility of campus system (+) \$28,249
- Project 2268.0 Expand Chemistry Physics Building
- Provide and install four 6 foot fume hoods and related casework accommodations (+) \$74,833
- Project 2276.1 Upgrade Fume Hoods T.H. Morgan – Life Safety
- Provide new conduit, junction boxes and associated voice/data wiring (+) \$29,719

Action taken: Approved Disapproved Other _____

UHCCR 1

Office of the President
December 9, 2008

Members, Board of Trustees:

UK HEALTHCARE RISK MANAGEMENT COMMITTEE

Recommendation: that the Board of Trustees: (a) rename the Medical Malpractice Claims Committee as the “UK HealthCare Risk Management Committee;” (b) designate the Committee as the duly delegated agent to approve settlements and to determine whether an appeal should be taken from any judgment pursuant to KRS 164.941(4); (c) charge the committee with the responsibility to manage all aspects of the risk of liability arising from health care malpractice claims and judgments, including identification and assessment of risk, risk education, integration of risk reduction practices with quality, safety, and performance improvement initiatives of UK HealthCare, investigation and servicing of claims, and litigation management; and (d) designate the members of the committee as follows:

1. General Counsel, Chair
2. Executive Vice President for Finance and Administration
3. Vice President for Health Care Operations
4. Senior Vice President for Health Affairs and Chief Financial Officer, UK HealthCare
5. Chief Administrative Officer, Chandler Hospital
6. Dean of the College of Medicine
7. Chief Medical Officer, UK HealthCare
8. Executive Vice President for Health Affairs
9. UK Physician Appointed by the UK HealthCare Risk Management Committee
10. Associate Chief Medical Officer for Medical Affairs
11. Director of UK HealthCare Risk Management
12. Designated Senior Associate General Counsel Medical Center

Background: On May 4, 1976, pursuant to the University of Kentucky Medical Malpractice Insurance Act, KRS 164.939 to 164.944, the Board of Trustees established a basic compensation fund for the purpose of paying claims or judgments for personal injury or death to patients resulting from any tort or breach of duty based on health care services rendered or which should have been rendered by the university or its agents. The Board of Trustees designated a claims committee to serve as the delegated agent to approve settlements to be paid out of the basic compensation fund. Based on the reorganization of the governance and management of the medical center, the membership of the committee should be updated. Further, the authority and responsibility of the committee should be expanded to include management of all aspects of the risk of liability arising from health care malpractice claims and judgments consistent with the quality, safety, and performance improvement initiatives of UK HealthCare.

Action taken: Approved Disapproved Other _____