

AGENDA

Meeting of the Board of Trustees University of Kentucky 1:00 P.M. January 23, 2001

Invocation

Roll Call

Approval of Minutes - (Consent)

President's Report and Action Items

- PR 1 President's Report to the Trustees
 - A. Report on America's Promise – The Alliance for Youth
 - B. Report on the Football Investigation
- PR 2 Personnel Actions
- PR 3 Central Administration
 - A. Proposed Amendment to the Governing Regulations
 - B. Agreement Resolving Community College Accreditation Issues
- PR 4 Community College System (No items to report)
- PR 5 Lexington Campus
 - A. Appointments/Reappointment to University of Kentucky Equine Research Foundation
 - B. Amendments to Articles of Incorporation of University of Kentucky Equine Research Foundation, Inc.
 - C. College of Law Book Donations to Central High Magnet Career Academy
- PR 6 Medical Center (No items to report)

Academic Affairs Committee

- 1. Change in the Name of an Educational Unit - (Consent)
- 2. Change in the Name of an Educational Unit - (Consent)

Finance Committee

- 1. Acceptance of Interim Financial Report for the University of Kentucky for the Six Months Ended December 31, 2000
- 2. Report of Leases
- 3. Approval of Lease
- 4. Disposition of Property
- 5. Intercollegiate Athletics Quasi-Endowment Withdrawals
- 6. Arthur Andersen LLP Gifts and Pledges
- 7. College of Human Environmental Sciences Alumni Association Gift and Pledge
- 8. Edith D. Gardner Charitable Foundation, Inc., Gift

9. Establishing the Ashland, Inc., Endowed Professorship
10. Estate of Robert P. Moores Gift
11. Gifts and Pledges to J. C. Ferm Graduate Fellowship Fund
12. Gifts for Urologic Research
13. Gifts to the John R. Mink Professorship in Pediatric Dentistry and Oral Health Services Research
14. Gordon L. Hyde, M.D., Professorship/Chair in Vascular Surgery
15. James M. Lassiter Estate Gift
16. Overbrook Farm Gift
17. Star Scientific, Inc., Gift
18. A Resolution of the Board of Trustees of the University of Kentucky Authorizing the Issuance of
\$20,510,000 of University of Kentucky Consolidated Educational Buildings Revenue
Bonds, Series R, Dated March 1, 2001

Presidential Search Committee

1. Appointment of President

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, January 23, 2001.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, January 23, 2001 in the Board Room on the 18th floor of Patterson Office Tower.

A. Meeting Opened

Billy Joe Miles, Chairperson, called the meeting to order at 1:00 p.m., and the invocation was pronounced by Dr. Grady Stumbo.

B. Roll Call

The following members of the Board of Trustees answered the call of the roll: Governor Edward T. Breathitt, Mr. Paul W. Chellgren, Mr. James Glenn III, Mr. Merwin Grayson, Mr. John "Jack" Guthrie, Dr. Loys L. Mather, Dr. Robert P. Meriwether, Mr. Billy Joe Miles (Chairman), Dr. Elissa Plattner, Mr. Steven S. Reed, Dr. Daniel R. Reedy, Mr. C. Frank Shoop, Ms. Marian Sims, Ms. Alice Sparks, Dr. W. Grady Stumbo, Ms. JoEtta Y. Wickliffe, Mr. Billy B. Wilcoxson, Mr. Russell Williams and Ms. Elaine Wilson. Absent from the meeting was Ms. Marianne Smith Edge. The University administration was represented by President Charles T. Wethington, Jr.; Chancellors James W. Holsinger, and Elisabeth Zinser; Vice Presidents Fitzgerald Bramwell, Joseph T. Burch, Ben W. Carr, George DeBin and Eugene Williams; Dr. Juanita Fleming, Special Assistant for Academic Affairs; Mr. Larry Ivy, Director of Athletics, and Mr. Richard E. Plymale, General Counsel.

Members of the various news media were also in attendance. A quorum being present, the Chairperson declared the meeting officially open for the conduct of business at 1:03 p.m.

C. Consent Agenda

Mr. Miles stated that there were three items on the consent agenda:

Approval of Minutes
Change in the Name of an Educational Unit (AACR 1)
Change in the Name of an Educational Unit (AACR 2)

Mr. Shoop moved approval of the Consent Agenda. The motion, seconded by Ms. Sims, carried. (See AACR 1 and AACR 2 at the end of the Minutes.)

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

President Wethington called attention to the following items in PR 1:

1. The University of Kentucky has been ranked 32nd among public universities for research expenditures by the National Science Foundation. There were more than 100 universities in this survey.

2. The Graduate School will be starting a new program this fall designed to attract high quality graduate students to the University. New non-resident graduate students will now be eligible for tuition scholarships based on their prior academic performance. The Graduate School's Graduate Incentive Free Tuition (GIFT) program is underway and has been very successful. There are currently more than 400 students enrolled in the program.
3. Lexington Community College recently opened its South Campus on Regency Road, a campus formerly occupied by Sullivan University.
4. The Gill Heart Institute is the first in Kentucky to offer a new treatment to help prevent the arteries from re-clogging. This procedure involves radiation to open arteries that have re-narrowed after angioplasty.
5. The Cooperative Extension Service has organized agriculture development boards in all 120 counties to administer \$50 million in grants from part of the tobacco settlement for the Commonwealth of Kentucky.

President Wethington asked the members to read the other items in the report at their leisure.

He said he would like to change the order on the agenda and come back to PR 1A and PR 1B later.

E. Personnel Actions (PR 2)

President Wethington recommended that approval be given to the 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. Ms. Wilson moved approval. The motion, seconded by Mr. Glenn, carried. (See PR 2 at the end of the Minutes.)

Mr. Guthrie noted that Joe Burch's name was among the list of early retirees. He commented that Mr. Burch has been at the University for 37 years. He has held many positions and has provided great service to three presidents. He expressed his appreciation to Mr. Burch for his service and dedication to the University and wished him well in the future. He said the Board and the University owe Mr. Burch extraordinary congratulations.

Mr. Burch received a round of applause from the Board members.

President Wethington said that Mr. Guthrie's words are certainly well deserved by Mr. Burch. He added that upon retirement, Mr. Burch would be working on a part-time basis for the Alumni Association for two years. He expressed his appreciation to Mr. Burch for his service.

F. Proposed Amendment to the Governing Regulations (PR 3A)

President Wethington stated that PR 3A is the proposed change in the Governing Regulations that was presented to the Board at the last meeting. It is on the agenda for final

action. He noted that this amendment is intended to bring the University's Governing Regulations in line with the statutes in Kentucky. President Wethington added that the proposal has been circulated to the appropriate bodies on campus, and he has not received any feedback. President Wethington said he was pleased to recommend PR 3A for final approval. Mr. Glenn moved approval. The motion, seconded by Mr. Shoop, carried. (See PR 3A at the end of the Minutes.)

G. Agreement Resolving Community College Accreditation Issues (PR 3B)

President Wethington stated that PR 3B is an agreement to resolve community college accreditation issues. He reminded the Board of the controversy over House Bill 1 and the concerns regarding possible accreditation issues for the community colleges. He stated that this agreement is a joint effort between the University and KCTCS designed to resolve existing accreditation issues. He added that this is actually a Memorandum of Understanding, which will delegate further powers from the UK Board of Trustees to the Board of KCTCS. President Wethington noted that the University was informed by the Attorney General that it is appropriate and proper for this Board to make such a delegation.

Mr. Chellgren added that he chaired the Ad Hoc Committee that worked on the community college carve-out issue. He stated that he has continued to work with both KCTCS and the university on this issue, and he strongly recommends the Board endorse this further delegation of these three powers.

Dr. Stumbo moved approval. The motion, seconded by Mr. Chellgren, carried. (See PR 3B at the end of the Minutes.)

H. Appointments/Reappointments to University of Kentucky Equine Research Foundation (PR 5A)

President Wethington stated that PR 5A is a recommendation for appointments and reappointments to the Equine Research Foundation Board. He noted that the recommendation is that approval be given to the appointments of the following persons: Mr. James E. Bassett, Mr. Edward S. Bonnie, Mr. Bill Farish, Ms. Nadia Sanan, Dr. William Bernard, and Mr. Walter Zent, and that the reappointment of Mr. Frank Shoop be made by this Board. He added that the recommendation came from the nominating committee and has been approved by Chancellor of the Lexington Campus. He expressed his pleasure in recommending PR 5A.

Dr. Meriwether moved approval. The motion, seconded by Ms. Sims, carried. (See PR 5A at the end of the Minutes.)

Mr. Shoop asked that the record show that he abstained from voting.

I. Amendments to Articles of Incorporation of University of Kentucky Equine Research Foundation, Inc. (PR 5B)

President Wethington stated that PR 5B is a recommendation that Charles T. Wethington, Jr., as President, and M. Scott Smith, as Secretary, be authorized to execute and file with the Secretary of State the attached Amendment to Articles of Incorporation of University of

Kentucky Equine Research Foundation, Inc. He noted that there are two changes, (1) to streamline the board's membership and (2) to create a budget process that parallels the university's budget process. He stated that these two changes in the Articles of Incorporation require the approval of the Board of Trustees prior to being sent to the state for the official change.

Mr. Shoop stated that he would like to make the motion for approval. He said, "As a Board representative to this Foundation, I'd like to just mention how well this Foundation is administratively. It is an excellent expenditure of monies and it's untold the good that comes to the horse industry not only for Kentucky but the whole world. So, it's really top notch."

Mr. Williams seconded the motion, and it carried. (See PR 5B at the end of the Minutes.)

President Wethington commented that it is likely that the Gluck Equine Research Center is among the top one to three equine research foundations in the world, not just in the United States.

Chairman Miles asked where other equine research centers were located.

President Wethington replied that there is one in England and another one in the United States. Mr. Shoop stated that the program at UK is recognized worldwide. Dr. Reedy added that the Veterinary Sciences department as a whole has consistently been in the top three internationally.

J. College of Law Book Donations to Central High Magnet Career Academy (PR 5C)

President Wethington stated that PR 5C is an item that asks the Board to approve the donations of materials from the College of Law library collection which have been declared to be surplus. The Director of the Law Library and the Dean of the College would like to donate items that are declared as surplus to Central High Magnet Career Academy in Louisville. He expressed his pleasure in recommending PR 5C.

Ms. Wilson moved approval. The motion, seconded by Mr. Guthrie, carried. (See PR 5C at the end of the Minutes.)

K. Report on America's Promise – The Alliance for Youth (PR 1A)

President Wethington asked Mr. Burch to comment about America's Promise program and to introduce Lisa Higgins-Hord.

Mr. Burch thanked President Wethington. He reported that General Colin Powell came to Lexington asking the community to join his crusade for children with a program called America's Promise. He stated that he had the opportunity to hear General Powell that day, and he immediately understood that the University would be a vital part of this community effort. He said he asked Lisa Higgins-Hord, the Director of Community Relations, to lead the University in joining America's Promise. He commended Mrs. Hord on the excellent job she has done in bringing together University resources, establishing ties with the Mayor's office, and

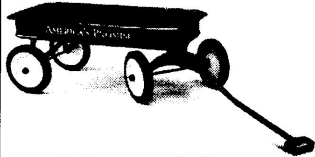
creating a relationship with the America's Promise office in Washington, DC, which lead to a visit by President Wethington, Larry Ivy, Lisa and himself to meet with General Powell and his staff in Washington.

Mr. Burch informed the Board that Mrs. Hord is a graduate of the University of Kentucky and holds both a B.S. and M.S. degree from the College of Human Environmental Sciences. She became the Director of Community Relations in December of 1999. Mr. Burch asked Mrs. Hord to report to the Board on the University's efforts with America's Promise, and Mrs. Hord received a round of applause from the members of the Board.

Mrs. Hord thanked President Wethington for his support for the program. She mentioned a letter he had written to Colin Powell's office telling him what a wonderful opportunity this would be for the University of Kentucky. Mrs. Hord gave the following presentation.

AMERICA'S PROMISE
THE ALLIANCE FOR YOUTH™
and the
University of Kentucky

"Enriching and Improving the Lives of Kentucky's Youth"





Who They Are

Founded in Philadelphia in April 1997, at the Presidents' Summit for America's Future, America's Promise — The Alliance for Youth, led by Secretary of State Colin L. Powell.

Who They Are

America's Promise is a catalyst to re-align efforts by communities, corporations, nonprofits, associations, faith organizations, governments, and individuals on behalf of young people and to make young people a national priority.

The Little Red Wagon

The little red wagon. A symbol of childhood.

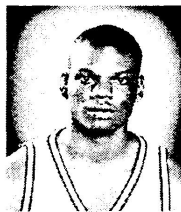
"It could be filled with a child's hopes and dreams or weighed down with their burdens.

Millions of American children need our help to pull the wagon along. Let's all pull together."



Secretary of State Colin L. Powell, USA
Chairman, America's Promise

Caring Adults



**Ongoing Relationships
Athletic Department Commitment
(10,000 youth to be reached)**

Through a \$500,000 grant provided by Jamal Mashburn, young people identified as "at risk" from Fayette County are selected to receive a tuition waiver for UK based on academic performance while in middle school and high school. These students are matched with student athlete mentors who participate with the scholars in different activities throughout the year.

Safe Places

**Safe Place After School
4-H Extension Commitment
(94,600 youth to be reached)**



"Bridges to Tomorrow" 21st century grant for \$2.3 million for 1,000 students with an involvement of 140 adults at six sites over a period of 3 years. The after school project will focus on middle school students academic attainment, leadership development, asset development and youth/adult partnerships to build sustainable communities in McCreary, Cumberland and Green Counties.

Healthy Start and Future



**Healthy Start
College of Dentistry Commitment
(12,500 youth to be reached)**

Hispanic Health Fair, a new program, has student's from the College's chapter of the Hispanic Dental Association participating in oral screenings and education programs at Lexington's first Hispanic Health Fair. The chapters bilingual students provide oral health information to the children and their parents.

Marketable Skills

Student Affairs *at the University of Kentucky*

Office of Residence Life (350 youth to be reached)

The Office of Residence Life proudly joins our University of Kentucky as a school of promise. The Residence Life program is designed to provide the holistic development of students and encourage full and responsible community participation. Our commitment will address all five promises through the adoption of Harrison Elementary as our school of promise. Harrison's 350 children will be provided mentors and reading buddies to enhance the children's school experience. There will also be a clothing drive for parents. Residence Life has teamed with our Career Center to provide parents with a program series on effective communication and job searches.

A Chance to Give Back



Opportunity to Give Back University Relations

We will be hosting a banquet this fall honoring our UK community partnerships, citizens from the community, students, faculty and staff who have excelled through the America's Promise Initiative.



UNIVERSITY OF KENTUCKY

"Enriching and Improving the Lives of Kentucky's Youth"

November 2000-November 2002

Objective:

Increase the awareness of UK's impact on social and quality of life issues in Kentucky.

- Partner with our Lexington Community of Promise
- Increase the number of colleges and organizations participating
- Interview with Sec. Of State Colin Powell
- Explore additional partnerships
- Communicate to students that they are members of a larger community
- Communicate assets of key outreach and service programs through media, publications and special events:
 - Public Service Announcement,
 - Video

The Value of a Partnership with America's Promise

- Provide children in the state of Kentucky with the Five Promises they deserve and need to become healthy, productive adults
- Benefit our students, staff, faculty and alumni by involving them in something that allows them to feel personal pride
- Expands our opportunities for partnerships with the state of Kentucky and the city of Lexington

Mr. Guthrie asked what the largest piece of America's Promise was.

Mrs. Hord stated that the University of Minnesota, with its four campuses, is the largest piece; however, she is hopeful that the University of Kentucky will surpass them by the end of this year.

President Wethington commended Mr. Burch for his leadership in helping get this started and Mrs. Hord for her leadership and hard work in getting the program to this point.

Mr. Burch and Mrs. Hord received a round of applause from the members of the Board.

L. Report on the Football Investigation (PR 1B)

Dr. Wethington returned to PR 1B on the agenda, Report on the Football Investigation. He reported that the University has been involved in a football investigation for the last couple of months, and the Board has been given some periodic updates in writing with the hope that the investigation would have been finished prior to this meeting. He said that the investigation is ongoing, that specific allegations cannot be discussed at the meeting, and that upon completion of the investigation, the Board will be thoroughly briefed. As mentioned in the past, he and Larry Ivy, as well as others, are disappointed that this investigation is before everyone. In private company, he has said we are mad as hell that we have got a problem like this. But once you have it, then you deal with it, and that is the purpose of the report at this meeting. He assured the Board that a thorough and complete investigation is being conducted, that they are involving the NCAA and SEC in the investigation, that they will self-report the allegations and thoroughly investigate the issues, and make a complete report to the NCAA upon the completion of the investigation. In short, we will lay out what we think are reasonable sanctions as a result of the allegations, and he will certainly and inform the Board completely when the report is finished. He asked Larry Ivy to make comments and give an introduction to Sandy Bell,

Assistant Athletics Director for Compliance, who will give the Board some sense of what they are doing as they proceed with the football investigation.

Mr. Ivy began by commending JoEtta Wickliffe and the Presidential Search Committee for providing the University community with three outstanding candidates for the Office of President. At the same time, he told the Board that he was upset that the internal investigation of the football program may have cast a shadow over their efforts. For this, on behalf of the entire Athletics Department, he apologized, and said thankfully, it did not adversely affect the quality of the final candidates chosen.

Mr. Ivy said that one of their departmental goals is total compliance with SEC and NCAA rules. To have one of our programs violate this goal is totally unacceptable. While the investigation to date has only confirmed one individual, Claude Bassett, as the violator of the rules, others in the football program must share the responsibility for these violations. He reported that they have found violations as far back as 1999. However, rumors of such were not brought to his attention until November of 2000. At which time, he immediately started an internal investigation. Several accusations have been made during the course of the investigation, such as trying to hurry up the investigation, covering up certain aspects of the investigation, not conducting a thorough investigation, even not interviewing Claude Bassett. For those who have adopted any of these beliefs and to those who have written the same, he reminded them that he initiated the internal investigation after information was brought to his attention that led him to believe that they could potentially have a problem. He noted that Claude Bassett was actually interviewed by him first on November 19, 2000. And, being a target of the investigation, Mr. Bassett was to be interviewed again, obviously last, after they had gathered evidence to support their suspicions and reports of his wrongdoings.

On Sunday, November 19, 2000, he said he confronted Hal Mumme and Claude Bassett with the fact that Claude had endorsed and cashed a check made payable to the University of Kentucky. He said he could have terminated Mr. Bassett for this alone and never preceded with an investigation of the rumors he had heard concerning NCAA violations. He could have chosen, as some institutions might have done, to never start a probe. Instead, he immediately began an internal investigation and self-reporting to the NCAA. With the help of the SEC and the NCAA, who were notified from day one, they have been conducting as thorough and complete an investigation as they possibly can. Hopefully, this investigation will end soon, but not until the SEC office and the University administration are completely satisfied that both offices have explored every lead possible and that all guilty parties have been brought to task. He asked Sandy Bell, Assistant Athletic Director for Compliance, to brief the Board on the procedures to date. He said he would like to publicly thank Sandy for a job well done.

President Wethington commended Sandy for all of the good work that she is doing.

Ms. Bell assured the Board that they have kept moving with the investigation. She said there were basically five things that she wanted to bring to the Board's attention. The first one is that the athletic department entered into this investigation voluntarily. The situation was that they had a coach who chose to resign based on a personnel issue that was a violation of university policy. It was not a violation of NCAA regulations at that point.

She reported that they were also dealing with some rumors about an unofficial visit dealing with the students and coaches from Melrose High School in Memphis, Tennessee. She said it would have been very easy for them to leave the resignation of the coach as a personnel issue. They could have dealt with the unofficial visit by filing a secondary violation or by deciding they had no problem whatsoever. But, that is not the way the athletic department chooses to do business, and it is not the way the University of Kentucky chooses to do business. If there is a problem in one of the sports programs, nobody wants to know that anymore than those who are administering the programs. If they have a problem, they want to find out about it and fix it quickly. And, that is why they entered into a voluntary investigation on Monday, November 20, 2000, immediately after Mr. Ivy's meeting. She reiterated that the investigational process began immediately and was voluntary.

Ms. Bell said that on Monday morning, November 20th, she contacted both the Southeastern Conference and the NCAA to inform them that the University had a coach who was resigning due to a personnel issue; however, because of that and some other rumors that they were dealing with they had chosen to voluntarily take a look at the recruiting practices that were also under the leadership of that particular coach and make sure that they did not also have problems in that area. Interviews and the gathering of documents for evidence purposes began that day. The investigation has also been ongoing. There has never been a timetable on this investigation. There cannot be a timetable. The only timetable, the only time to quit, will be when they have found out everything that they need to find out; when they have conducted a thorough and complete investigation and feel like they have found everything there is to find. At that point, and only at that point, will the investigation stop. She said that the NCAA has been with them the entire way, and they have agreed to help determine when the investigation will stop. They know what the investigation team is dealing with, and they will help make that call. She said she could not think of anybody she would rather have her help make the call than the NCAA.

She reported that the investigation has also been very thorough. She said they have personally interviewed over 55 people, consisting of staff, former staff, coaches, former coaches, student-athletes, prospective student-athletes, parents, high school coaches, and boosters. These interviews have been conducted either by herself or an investigator who works for the Southeastern Conference or by the two of them together. It is very difficult to conduct an investigation of this type. We do not have subpoena power with these interviewees. We can only ask them to come and meet. When we meet with them, we ask them to tell the truth, and we hope that they will agree to do so. If the person being interviewed is a staff member, a former staff member, a student-athlete, a former student-athlete or a perspective student-athlete, they are subject to NCAA bylaw 10.1. That is the bylaw that deals with unethical conduct, and they can be found guilty of unethical conduct by the NCAA by failure to completely cooperate with an investigation into possible rules violations. Those individuals were informed in their interview that they were expected to abide by this bylaw.

Ms. Bell said they have found several violations of NCAA rules and regulations; and some of those violations will be viewed major by the NCAA. The majority of them will be secondary in nature; however, they will report all of them because that is the right thing to do, and that is the way they are going to do it. It also will show the scope of the investigation and the depth of the investigation when they report every violation that they have found. The

violations found involve former assistant football coach Claude Bassett, as was mentioned earlier in the report.

The most important thing that Ms. Bell would like to tell the Board is that the investigation has been conducted completely under the guidance of the Southeastern Conference and the NCAA. It would not be very smart to enter into an investigation without asking for help from the people who know how to do it. She said her office did not know how to do this, and they do not ever want to get good at it. They know who can help, and the SEC and the NCAA were the people that could help.

She said that the commissioner of the Southeastern Conference, Roy Kraemer, and an investigator who works as an independent contractor for the Southeastern Conference have been very active participants in the interview process. They have been on campus, and they have helped with the interviews. Commissioner Kraemer's years of service on the NCAA Committee on Infractions has allowed him to provide very valuable counsel on how to conduct the investigation, and they have followed that counsel very carefully. David Price, who is the Vice President for Enforcement Services at the NCAA, has also provided advice when they have asked him to do so. The NCAA, upon request, has also shared information that they may have obtained anytime pertaining directly to the University of Kentucky. They have been terrific about sharing that information. This has been a cooperative effort on the part of the University of Kentucky, the Southeastern Conference, and the NCAA. She said, in her opinion, cooperative effort will result in a thorough investigation that has been conducted in the most professional manner possible. When the report is completed, it will be forwarded immediately to the NCAA and to the Southeastern Conference. It will become a matter of public record at that time.

In conclusion, Ms. Bell reiterated that they are reporting that the investigation has been voluntary, it was entered into immediately when they knew there was a problem, it has been ongoing since that time, it has been extremely thorough and will continue to be extremely thorough, and it has been conducted under the guidance of the two best organizations, in their opinion, which is the Southeastern Conference and the NCAA.

President Wethington thanked Mr. Ivy and Ms. Bell for their presentations and stated that he would entertain questions from the Board.

Chairman Miles informed the Board that a very good fan of athletics thought someone in his area was outstanding a couple of years ago. He said he called Dr. Wethington and asked what he should do about recommending the person. Dr. Wethington told him to call Sandy Bell. He said he called Sandy Bell and she told me, "whoever it is, whatever it is, don't even buy them a box of popcorn."

Ms. Bell replied, "That's right. And he behaved very well. I appreciate that."

President Wethington added that he thought that was a compliment for Sandy Bell and said he shared that because we have an excellent compliance staff. Sandy Bell is the key to that. He said he feels extremely confident in her ability to carry out the investigation. If he didn't, he would have someone else doing it, and Mr. Ivy would do the same thing. Ms. Bell and Mr. Ivy are not doing the investigation by themselves. From day one, they have involved the NCAA and the SEC, and they will do everything they can to ensure this is a complete, thorough, and

adequate report. He said he wished he could tell the Board when they could expect the report, but he simply could not do that because it is more important that every issue that comes up be investigated. It is more important than trying to get it finished in a hurry. The goal is to finish it as soon as possible, but he is more concerned about being thorough and complete and laying it all out once the investigation is finished.

Chairman Miles asked if Mr. Ivy or Ms. Bell knew what the university's penalty would be.

President Wethington stated that they obviously cannot speculate on anything specific and asked Ms. Bell to comment.

Ms. Bell replied that this will definitely be a decision made by the Committee on Infractions. They are very confident, based on the advice that has been given to them at this point by Commissioner Kraemer, that they do not have an institutional control problem. The University is an institution that had control systems in place; the problem with systems is that they only work as well as the people who are using them choose to make them work. And, that is where they had a problem in this case. In her opinion, since the violations are in the area of recruitment that the sanctions will most likely be in the area of recruitment. It could involve a loss of scholarships, or it could involve a decrease in the number of official visits. A football program is permitted 56 official visits each year, and the University might probably have those visits decreased. It also could decrease the number of coaches that are allowed on the road at a given time. All of those are possibilities.

Mr. Guthrie asked, "Can you tell us, Sandy, I know you will make recommendations through the Athletic Director as to what we might put in place and I guess then the NCAA acts on those and that if they feel additional action is necessary otherwise it's a cooperative effort. Is that right?"

Ms. Bell replied, "That's correct. We will self-impose sanctions, as we feel appropriate. However, the SEC and the NCAA either could add to those if they chose to do so."

President Wethington added, "And our effort, obviously, will be, Mr. Guthrie, to self-impose sanctions that we believe would likely be those that might be imposed upon us if we were not self-imposing those sanctions. So, your answer is exactly right. We will impose sanctions on ourselves, and then we'll have those sanctions reviewed to determine whether we've done a proper job or not."

Ms. Bell commented, "Right. And we make reports to the NCAA several times throughout the year for secondary violations, and the procedure here is very similar. It's on a grander scale, but it's very similar. And on those cases we self-impose sanctions, and we always try to choose sanctions that they will not feel the need to add to later on."

Mr. Shoop said, "I'd just like to make a comment. With the numerous stories in the news media about this issue, I have had a number of people ask me what my opinion was on it. And I've always given the same statement; that I feel the Athletics Director, Larry Ivy, and his fine staff, will make the right decision and the appropriate decision."

Ms. Bell replied, "Thank you very much."

Mr. Shoop added, "And I commend the work they're doing."

Chairman Miles asked if there were any other comments.

Mr. Wilcoxson stated, "Needless to say, I'm very happy to know that we have the controls that we have in place and that we have the compliance department that we have and it's really good to know that we got on top of this thing immediately, and we didn't have a staff that would have taken the easy way out. So, I thank you and I'd just like to say that."

Ms. Bell said, "I appreciate that."

Chairman Miles asked for any other comments.

Ms. Bell commented, "I'd like to say how much easier it is to do this job at a university where the Chairman of the Board of Trustees calls before he buys that box of popcorn. And that doesn't happen everywhere, and we greatly appreciate that type of cooperation. Thank you."

M. Acceptance of Interim Financial Report for the University of Kentucky for the Six Months Ended December 31, 2000 (FCR 1)

Mr. Chellgren stated that the Finance Committee met earlier in the day and had several items on its agenda. He stated that FCR 1 is the acceptance of the Interim Financial Report for the University for the Six Months Ended December 31, 2000. He noted that at halfway through the fiscal year, the University has 52% of its budgeted revenue in hand and has made nearly 49% of its budgeted expenditures. He stated that the University's balance sheet and income statement continue to be in strong condition, and that there were no items that need to be brought to the Board's attention in the six-month financial report. Mr. Chellgren moved approval. The motion, seconded by Ms. Wilson, carried. (See FCR 1 at the end of the Minutes.)

N. Report of Leases (FCR 2)

Mr. Chellgren noted that FCR 2 is the conventional report of leases. He stated that there are four leases and all of them are listed in detail on the report. He moved approval of FCR 2. His motion, seconded by Mr. Wilcoxson, passed. (See FCR 2 at the end of the Minutes.)

O. Approval of Lease (FCR 3)

Mr. Chellgren stated that FCR 3 is a new lease for 4,100 square feet of office space at an annual rent of \$61,000. He said that this office space is to accommodate 16 employees of the UK College of Pharmacy who have been involved in a program for the state of Kentucky that is transferring its physical location from Frankfort back to Lexington. Mr. Chellgren moved approval. Mr. Reed seconded the motion, and it carried. (See FCR 3 at the end of the Minutes.)

P. Disposition of Property (FCR 4)

Mr. Chellgren stated that FCR 4 is to sell .788 acres of land at the entrance of Ashland Community College, the corner of U.S. 60 (13th Street), to the Commonwealth of Kentucky Transportation Cabinet to widen the street. The proceeds of the sale, \$19,000, will go to the Community College System. Mr. Chellgren moved approval. The motion, seconded by Dr. Stumbo, carried. (See FCR 4 at the end of the Minutes.)

Q. Intercollegiate Athletics Quasi-Endowment Withdrawals (FCR 5)

Mr. Chellgren stated that FCR 5 is for the Board of Trustees to approve a transfer from the Intercollegiate Athletics Quasi-Endowment for the purpose of providing funding for two capital projects, a transfer of \$675,000 for the Football Office Complex Project at the Nutter Training Facility and a transfer of \$1.25 million for the Commonwealth Stadium Field Reconstruction Project. He added that some gifts have already been received for the projects, and it is anticipated that additional gifts will be received by the Athletic Department, which will then enable them to pay these funds back to the Quasi-Endowment. This transfer will permit them to immediately proceed with these two important projects. On motion made by Mr. Chellgren, seconded by Ms. Sims and carried, FCR 5 was approved. (See FCR 5 at the end of the Minutes.)

R. Consent Agenda (FCR 6-17)

Mr. Chellgren stated that the following items would be voted upon as a consent agenda:

- FCR 6 – gifts and pledges totaling \$50,000 from 11 individuals employed by Arthur Andersen LLP and \$50,000 in matching gifts by the Arthur Andersen Foundation to create and endow the Arthur Andersen Endowed Professorship in the Carol Martin Gatton College of Business and Economics;
- FCR 7 – a gift of \$10,000 and a pledge of \$40,000 from the College of Human Environmental Sciences Alumni Association to create and endow the College of Human Environmental Sciences Alumni Association Endowed Professorship;
- FCR 8 – a gift of \$100,000 from the Edith D. Gardner Charitable Foundation, Inc. to create and endow a professorship in the College of Medicine's Department of Internal Medicine to be used to benefit the Markey Cancer Center;
- FCR 9 – establish the Ashland, Inc. Endowed Professorship in the College of Human Environmental Sciences;
- FCR 10 – a gift of \$350,000 from the estate of Robert P. Moores to create and endow the Robert P. and Mildred A. Moores Alzheimer's Disease Research Endowment in the Sanders-Brown Center on Aging;
- FCR 11 – gifts of \$37,654 and a pledge of \$12,346 to create and endow the J. C. Ferm Graduate Fellowship Fund in the Department of Geology in the College of Arts and Sciences;
- FCR 12 – a gift of \$19,790 from John T. Higgins, and a gift of \$10,000 and a pledge of \$40,000 from Peggy Y. Caldwell for the Endowment for Support of Urologic Research in the College of Medicine's Division of Urology;

- FCR 13 – gifts of \$48,330 and pledges of \$102,230 from friends and colleagues of Dr. John R. Mink to support the John R. Mink Professorship in Pediatric Dentistry and Oral Health Services Research in the College of Dentistry;
- FCR 14 – merging the Gordon L. Hyde, M.D., Professorship in General Surgery created in 1999, the Gordon L. Hyde, M.D., Lectureship created in 1997, and the Professorship in Surgery created in 1988 into a new endowment to be entitled the Gordon L. Hyde, M.D., Professorship/Chair in Vascular Surgery in the College of Medicine;
- FCR 15 – a bequest of \$500,000 from the estate of James M. Lassiter to create and establish the James M. and Mary Lassiter Endowed Chair in the College of Law;
- FCR 16 – a gift of \$100,000 from Overbrook Farm to the University of Kentucky Equine Research Foundation;
- FCR 17 – a gift of \$396,875 from Star Scientific, Inc., to create and endow the Harold R. Burton Endowed Professorship in Plant Biochemistry in the Department of Agronomy in the College of Agriculture.

Mr. Chellgren moved approval. The motion, seconded by Ms. Wilson, passed. (See FCR 6-17 at the end of the Minutes.)

- S. A Resolution of the Board of Trustees of the University of Kentucky Authorizing the Issuance of \$20,510,000 of University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series R, Dated March 1, 2001 (FCR 18)

Mr. Chellgren stated that the last item, FCR 18, is for the Board of Trustees to authorize the University to issue \$20,510,000 of Consolidated Educational Buildings Revenue Bonds. He added that it is anticipated that these bonds will go to the market for competitive bid on March 6, 2001, in which case the Finance Committee will come back to the Board to accept the bid, assuming they are in the acceptable range. He stated that these bonds will be used to fund three infrastructure-kind of projects; the financing of a chiller replacement, the financing of a cooling plant expansion, and the financing of a duct bank for electrical and communications equipment for the campus. Mr. Chellgren moved approval. The motion, seconded by Mr. Guthrie, carried. (See FCR 18 at the end of the Minutes.)

- T. Presidential Search Committee – Appointment of President

Chairman Miles asked Ms. Wickliffe, Chairperson of the Presidential Search Committee, for a report.

Ms. Wickliffe moved that the Board of Trustees go into closed session to discuss matters that might lead to the appointment of an individual as President of the University of Kentucky. The reason for closing the meeting is to allow full discussion and to protect the privacy interests of persons being discussed. Kentucky Revised Statutes Section 61.810 1 (f) authorizes the closing of the meeting. For purposes of maintaining appropriate liaison with the Board of Trustees and the executive search firm of A.T. Kearney that has represented the University during the search process, she included the participation of consultant Dr. Jan Greenwood in the closed session.

Mr. Shoop seconded the motion. Without further discussion, the Board went into closed session at 2:18 p.m.

Chairman Miles stated at 3:03 p.m., "The Board of Trustees has concluded its closed session and now returns to its agenda. Is there a motion to be placed before the body?"

Governor Breathitt stated, "Mr. Chairman, I would like to propose a motion and I'd like to make a very brief statement prior to any seconding motions that are made, if I may sir, in support of the motion."

Chairman Miles approved the request by Governor Breathitt.

Governor Breathitt moved that Dr. Lee Todd be named the eleventh President of the University of Kentucky, effective July 1, 2001. He further moved that Board of Trustees Chair, Mr. Billy Joe Miles, begin negotiations immediately relative to resolving the details of the contract with Dr. Todd, and that those details be reported to the Board of Trustees at an appropriate time prior to signing the final contract. He said this is probably the most important vote the Board will ever cast for the University of Kentucky. He said that he knows every Board member that he has talked to, and he has talked to all of them in the last week or in the weeks prior during the search, shares his view that they should put behind them any positions or any alliances or any views that they have had on past issues because the only issue that really matters in the heart of every member of the Board, and he is confident of that because he has talked to them, is casting the vote that is in the best interest of the University that is also in the best interest of the Commonwealth of Kentucky.

He said he talked with Dr. Meriwether at the dinner for the first candidate on Tuesday night. Dr. Meriwether has been a leading advocate of Dr. Lee Todd who will hopefully be voted on successfully at the meeting. Dr. Meriwether told him of his long experience and knowledge of Dr. Todd and asked him to do only one thing, keep an open mind. He said he assured him that he would keep an open mind, and he listened to the three candidates all day long for three days as they told of their vision for the University and for the Commonwealth of Kentucky as they answered questions of all the groups. He commended the Chairman of the Search Committee, JoEtta Wickliffe, and every member of that search committee, and Dr. Reedy as Secretary, and Chairman Miles in appointing the search committee. He said he has served on two other search committees in his life, not at the University of Kentucky, but at Morehead State University and at Kentucky State University. They were in no way as comprehensive in their efforts as this university or as open as this university. In his opinion, this is a very fine day for Kentucky. It is going to be a healing day for Kentucky and the University with the Board members' votes that he hopes will be positive and unanimous. Everyone is going to have to cast their own vote as they search their own hearts. He yielded the floor for any seconds.

Chairman Miles thanked Governor Breathitt and called for a second to the motion.

Ms. Wickliffe, Chairman of the Search Committee, said it is with a great deal of pride and pleasure as a member of the Board of Trustees to officially second the motion for Dr. Lee Todd to be the next president of the University of Kentucky. It has been a lot of work and time of the Search Committee and the Board of Trustees. This could not have taken place without the support of each and every one of the Board members. To Dan Reedy, for all the work that he

did; to Wini Humphrey, for all the work that she did; to Dr. Jan Greenwood, for all of her guidance; to Chairman Miles, and to every single member of the Search Committee, she will always be grateful for their help and insight and for helping make this one of the most open processes that, in her opinion, has ever happened. She thanked the Board of Trustees for granting her the opportunity to serve as chairperson of the search committee.

Chairman Miles asked Secretary Reedy to conduct the roll call vote.

Dr. Reedy asked the members to answer by saying "aye" if in they are favor of the motion, "nay" if they are not, or "abstain."

	<u>Aye</u>	<u>Nay</u>	<u>Abstain</u>
Edward T. Breathitt	X		
Paul W. Chellgren	X		
James H. Glenn, III	X		
Merwin Grayson, Jr.	X		
John R. "Jack" Guthrie	X		
Loys L. Mather	X		
Robert P. Meriwether	X		
Billy Joe Miles	X		
Elissa Plattner	X		
Steven S. Reed	X		
Daniel Reedy	X		
Marian Moore Sims	X		
Alice Stevens Sparks	X		
Grady Stumbo	X		
JoEtta Y Wickliffe	X		
Billy B. Wilcoxson	X		
Russ Williams	X		
Elaine A. Wilson	X		

Dr. Reedy concluded that the "ayes" have it.

Chairman Miles stated that he was pleased to announce that Dr. Todd is the President.

Chairman Miles reminded the Board of its last meeting when they recapped the last ten years at the University of Kentucky and recognized Dr. Wethington for his outstanding job at the University. He said this is a tremendous Board; and as we all report to the different reporters and facets, all of this Board is extremely strong and the strength of this Board is the individuals that are on this Board. Every one has their own beliefs but the number one belief that they have is the best interests of this university. He said he could not tell them how much he really appreciates the Board all coming together for the Commonwealth of Kentucky. The Board is unanimous and together in what they want for the state, all the way from Dr. Meriwether in the west to Dr. Stumbo and all in the east. He said he has never seen anyone as dedicated as the staff, the faculty, and the alumni. Without Mr. Chellgren's airplane, he does not know how they would have made it. A lot of the time, the press creates a perception that the Board is not united, and they would ask the question a lot of times when they would interview someone, "What about

the split in the Board?" Mr. Chellgren would always say, "Look, we ran against each other as chairman, and we're both here and we're 100% in support. And I really commend him for the support that he's done."

Chairman Miles' comments received a round of applause from the other members of the Board.

Mr. Guthrie thanked JoEtta Wickliffe for the many hours, phone calls and all of the tremendous effort she put behind the search. He said he wanted to publicly thank her for a job well done, for an open search, and for a candid search. The Board has come out a winner. They have got a great president.

Mr. Guthrie's comments received a round of applause from the other members of the Board.

Dr. Mather said he would like to offer a few comments, particularly in his role as a faculty trustee, and join with the members of the Board in congratulating Dr. Lee Todd on this election. It is a real historic day for UK. It marks the return to UK of one of our own, speaking as a member of the faculty. Dr. Todd seems well-tuned to the mission of our institution. He had an exemplary research record in scholarship and research both at MIT and at UK. He is an outstanding teacher and has earned several teaching awards. He has a concern for students and for the teaching and learning process. Above all, he has a very clear vision of the outreach role of this institution and its role in improving the quality of life for all Kentuckians. Today is also historic because he comes to us with perhaps the least traditional background of any of our ten presidents. This may prove to be his greatest asset. Many on the campus approached his interview with some caution or reservation largely due to this background. We listened, and many, myself included, came away with excitement about his intellect, his ideas, his energy, his enthusiasm, and his potential to lead us to the top 20 status. That goal was never thought to be easy, but Dr. Todd's out-of-the-box background may be the style that gives us the extra boost to reach that goal. He pledged his whole-hearted support and cooperation on Dr. Todd's appointment.

Dr. Mather also added a word about the search committee, especially about JoEtta Wickliffe and her dedicated leadership that she provided that committee, and to Dr. Reedy and Wini Humphrey for their significant and valuable roles. He said Dr. Todd mentioned his desire to set off some fireworks or at least to see this place set off some fireworks; however, he thinks Dr. Todd needs to understand that he has been preempted. As he traveled with the search committee last summer, he saw that fireworks go off in those town meetings. He said, in his opinion, the search committee did an exemplary job, and he congratulated them.

Dr. Mather's comments received a round of applause from the other members of the Board.

Dr. Stumbo said this a great opportunity for everyone at the University. In his opinion, he thinks the University is going to grow and continue to become the great university that it aims to be. He also thinks the Commonwealth of Kentucky is going to be changed. He said, "If we have a great university but the lives of Kentucky citizens don't change we've not done much. We

have got to have a great university and we also have to change the lives of people....” He said he was wholeheartedly looking forward to it.

Dr. Stumbo's comments received a round of applause from the other members of the Board.

Dr. Stumbo added, "I think the new president is going to be a tremendous asset and a real inspiration for young people to see that a Kentuckian can achieve and can go on to become a president of the University."

Mr. Williams commented, "Mr. Chairman, I want to add my thoughts on this very historic day, and it's historic for a number of reasons. This is the first time that a non-teaching staff person has been allowed to vote on the next president of the University. It's the first time that a non-teaching staff person was involved in the search as a formal member of the committee, and I want to thank my fellow trustees who allowed those changes to take place to include the 10,000 of us who work here in staff positions to be part of this process. It means a lot to me, and it means a lot to the 10,000 people I represent. Thank you."

Dr. Plattner commented, "Dr. Wethington, on many a winter evening or a spring morning you will walk toward the library to read, to visit with students, to enjoy that moment. And as you walk into the library, you will see in the main rotunda what appears to be a lighthouse, a beacon, but if we had a light in the top we'd shine, Mr. Miles, from Paducah clear up to the Big Sandy. And it surely must be to you in those moments a sign that the good we leave is the good we bring. And that is your gift to all of us and to the next president. There are no endings, everything begins again and has continuity. And so all of us thank you for that."

Dr. Plattner's comments received a round of applause from the other members of the Board.

Mr. Guthrie asked, "Can I add, Mr. Chairman, just another point, that from an alumni standpoint we're very pleased that Dr. Todd is an alumnus of the University of Kentucky as Dr. Wethington is an alumnus of the University of Kentucky. So, I think that speaks well of the caliber of the people we produce. So, our thanks to Dr. Wethington and to Dr. Todd when he arrives."

U. Meeting Adjourned

There being no further business to come before the Board, the Chairperson adjourned the meeting at 3:29 p.m.

Respectfully submitted,

Daniel R. Reedy
Secretary
Board of Trustees

(PR 2, 3A, 3B, 5A, 5B, and 5C; FCR 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, and 18 which follow are official parts of the Minutes of the meeting.)

Office of the President
January 23, 2001

1. Survey Ranks UK 32nd Among Public Research Universities

For the second straight year UK has been ranked 32nd among public universities for research expenditures according to an annual survey by the National Science Foundation. The foundation's Survey of Research and Development Expenditures at Universities and Colleges reports expenditures for science and engineering research. The survey is one of the most widely accepted ranking measures in academia.

2. Graduate School Offers Non-Resident Merit Scholarships for Fall 2001

Starting in the fall, new non-resident graduate students will be eligible for tuition scholarships based on their prior academic performance. The new Kentucky Graduate Scholarships will allow high-achieving students to attend UK at in-state tuition rates. The new scholarships, valued at \$7,220 per year, are intended to attract leading graduate students to UK from across the nation and world. Meanwhile, the Graduate School reported an outstanding response to its recently announced Graduate Incentive Free Tuition (GIFT) program. About 400 people with bachelor's degrees applied for the post-baccalaureate program this semester, which offers a free graduate course to those pursuing advanced study for the first time.

3. UK Researchers Win \$2 Million Grant to Study Mine Site Reforestation

Researchers in UK's Biosystems and Agricultural Engineering and Mining Engineering programs have been awarded \$2 million to study reforestation of mine spoils. The grant, from the U.S. departments of agriculture and energy, will develop three demonstration sites to test surface mined lands reforested with high-value hardwoods.

4. Clinicians to Use Web to View Patient Information

After two years of planning, the UK Chandler Medical Center's Integrated Clinical Information System project will begin allowing physicians to go online to access certain patient information. Initially, the restricted-access browser will be limited to viewing the patients' laboratory results. Eventually, the browser will allow physicians to view electrocardiograms and other medical images. The Web browser – named Sunrise Clinical Viewer – is scheduled to go online today.

5. UK Researchers Examine Treatment for Diabetes-Related Eye Disease

Research at the UK College of Medicine Department of Ophthalmology has contributed to the development of a new sustained-release treatment that may be effective for several sight-threatening retinal disorders. The new treatment currently is being tested for the chronic deterioration and leakage of retinal blood vessels known as diabetic macular edema. The treatment involves a simple surgical procedure to place a tiny implant containing medicine into the back of the eye. The implant is designed to deliver sustained and consistent therapeutic levels of drugs directly to the diseased area of the eye for up to three years.

6. Lexington Community College Opens South Campus

Lexington Community College officially opened the doors of its new South Campus at 2659 Regency Road early this month. The campus, formerly the site of Sullivan University, offers a wide range of classes and all the full-service features of LCC's main campus, including advising, assessment, registration, financial aid, student support services and a bookstore. The facility includes 11 traditional classrooms, four computer labs, two conference rooms, 25 offices and an open computer lab/learning resource center. It presently accommodates 1,200 students.

7. Gill Heart Institute First in Kentucky to Offer New Treatment

A new radiation system used for the first time at the University of Kentucky Hospital earlier this month could help prevent arteries from reoccluding after angioplasty and ultimately prevent many heart bypass surgeries. A team of specialists at UK's Linda and Jack Gill Heart Institute performed vascular brachytherapy, which uses Beta radiation to keep arteries from renarrowing after being opened with stents through angioplasty. The new procedure involves delivering a small dose of radiation to the artery wall to limit the accumulation of fast-growing scar tissue. UK is the first and only center in Kentucky to make the procedure available commercially.

8. Cooperative Extension Organizes Boards to Administer Tobacco Grants

The College of Agriculture Cooperative Extension Service has organized 120 county agricultural development boards to administer about \$50 million in grants from the Kentucky Agricultural Development Fund, part of the national tobacco settlement process. The Cooperative Extension Service was mandated by the Kentucky legislature to administer the process of grant allocation. The funds have been allocated to the county development boards to support projects that help local economies recover from the impact of cuts in tobacco quotas.

9. Family Practice Department Organizes Primary Care Research Network

The Department of Family Practice in the UK College of Medicine is organizing and implementing the new Kentucky Ambulatory Network (KAN), designed to improve patient care through research. KAN is a collaborative effort involving many family care physicians at UK, the University of Louisville, the Kentucky Academy of Family Physicians and many other organizations throughout Kentucky and along its borders. The network will be funded initially by a \$500,000 grant awarded by the U.S. Public Health Service.

10. Series Offers Moms and Dads Advice on 'Great Parenting'

Expectant parents and parents of young children can receive guidance on successful child-rearing techniques from "Keys to Great Parenting," a training program that can be presented in small discussion groups or in a parent's home. The seven-part series, developed by the University of Kentucky Agricultural Cooperative Extension Service, the Cooperative Extension Program at Kentucky State University and the Governor's Office of Early Childhood Development KIDS NOW Initiative, is geared toward helping parents build the basic skills to guide their children in the critical first three years of life. This training program is available at Cooperative Extension offices throughout Kentucky.

11. UK Helps Lexington Mark Martin Luther King Jr. Holiday

Lexington celebrated Martin Luther King Jr. Day with its annual march and a performance by the American Spiritual Ensemble under the direction of Everett McCorvey, director of opera at the University of Kentucky. For more than a decade, UK and the city of Lexington have co-sponsored the event to commemorate the contributions of the slain civil rights leader.

12. UK Economists Foresee National, State Slowdowns

Economists at the University of Kentucky Center for Business and Economic Research predict the U.S. and Kentucky economies will continue growing during 2001, but at a slower pace than in previous years. Both the state and the nation may see slight increases in unemployment. Meanwhile, the state and nation should enjoy strong growth in personal income. The center is housed in the Gatton College of Business and Economics.

13. LCC Establishes Civil Engineering Technology Program

Lexington Community College has established a civil engineering technology program that offers an associate degree in applied science. Expected to be ready for students in the fall of 2001, the program will offer students the training necessary to pursue careers in commercial, residential and highway surveying; highway construction management; construction estimation; construction documentation; construction site design and wastewater management. The program was developed after area engineering executives expressed a need and offered guidance in developing the curriculum.

14. Farmer Kearns Accompanies Clinton on Northern Ireland Trip

Jacqui Farmer Kearns, project director of the Interdisciplinary Human Development Institute, attended the signing of a memorandum of understanding between the United States and the government of Northern Ireland on education collaboration. She was part of a group led by President Clinton and U.S. Education Secretary Richard Riley. Farmer Kearns met for two days with staff at the Ireland Ministry of Education to discuss ways to enable schools and districts to include children with significant disabilities in regular classes.

15. Significant Activities of Students

Suzanne Allard, Communications and Information Studies, has been awarded a \$1,000 scholarship by the University of Kentucky Association of Emeriti Faculty Inc.

Christopher S. Hargis, Law, recently won a third-place award in the Michael S. Greenberg National Writing Competition.

16. Significant Faculty and Staff Activities

Bill Bintz, Education, published "'Why Do We Have to Stop All the Time?': Lessons from Charlie on Learning to Read" in the fall 2000 edition of the *Journal of the Kentucky Association for Supervision and Curriculum Development*.

Mark D. Birdwhistell, UK Hospital and CHA Health, has been elected as chair of the Kentucky Association of Health Plans (KAHP) for 2001–2003.

Joel Brumm, Kentucky Transportation Center, was named December Featured Artist by *3D Nature* for his work in creating three-dimensional, 360-degree renderings of roadway design alternatives using World Construction Set software.

Allan Butterfield, Chemistry and Center of Membrane Sciences, presented findings that could lead to new drugs to delay the advance of Alzheimer's disease at the 2000 International Chemical Congress of Pacific Basin Societies. Butterfield and his team believe that a chemical called methionine plays a role in Alzheimer's and also could explain how vitamin E slows the progress of the disease in its later stages.

Joe Crabtree, Kentucky Transportation Center, is the author of "Model MACS: A State-Developed System for Electronic Screening of Commercial Vehicles," a paper selected for publication by the Intelligent Transportation Society of America.

Dwayne Edwards, Biosystems and Agricultural Engineering, presented the keynote address at the 2000 Livestock Waste Management Conference in Taiwan.

Eric Endean, Surgery, recently was elected to membership in the Southern Surgical Society, one of the nation's oldest and most prestigious surgical societies.

Jesus Garcia, Education, published the twelfth edition of *Social Studies for Children: A Guide to Basic Instruction*.

Richard Gates, Biosystems and Agricultural Engineering, was named panel manager of proposals for the 2000/2001 U.S. Department of Agriculture/Small Business Innovations Research program.

Lenn Harrison and Mary Lynne Vickers, Veterinary Sciences, received a \$20,000 grant from the Kentucky Department of Public Health to conduct surveillance of the West Nile virus in horses and birds. The West Nile virus is an arbovirus that infects many animals, including humans, and is potentially lethal.

Dan Howe, Veterinary Science, received an \$88,000 grant from the Amerman Family Foundation to study equine protozoal myelitis, a serious neurological disease of horses.

Nader Mir, Electrical Engineering, co-wrote the paper "Applications of a New ABR Traffic Controller in Communication Systems," which was accepted for publication by the *International Journal of Communication Systems*. In addition, his paper "MPLS Technology for IP Voice Communications" will appear in the *Journal of Communication Systems Design*.

Michael Potter, Entomology, was named one of the 25 most influential people in the pest control industry by the magazine *Pest Control Technology*.

Keith Rouch, mechanical engineering, has been elected a Fellow of the 125,000-member American Society of Mechanical Engineers International.

E.C. Seeley, Family Practice, received a resolution of tribute certificate from the Kentucky Medical Association (KMA) for 30 years of service as a delegate to the U.S. Pharmacopoeial Convention, and 48 years of service to the KMA. He also was the only physician appointed to the Kentucky Access Subcommittee of the Health Advisory Committee, charged with developing insurance programs for uninsurable citizens.

William Thom, Agronomy, received a \$119,000 grant to conduct research and Extension programs on watershed and water quality in Kentucky.

Terrence Tunberg and Jennifer Tunberg, Classical Languages, have published *Cattus Petasatus*, a Latin translation of the Dr. Suess children's book *The Cat in the Hat*. Two years ago, the Tunbergs collaborated on a Latin translation of Dr. Suess' *How the Grinch Stole Christmas*, which sold 32,000 copies.

Larry Turner and Richard Gates, Biosystems and Agricultural Engineering, served as invited panel speakers for the International Commission of Agricultural Engineers meeting on information technology in Tsukuba City, Japan.

Jennifer Walton and Joe Crabtree, Kentucky Transportation Center, are co-authors of the paper "Remote Monitoring: An Innovative Approach to Commercial Vehicle Enforcement" selected for publication by the Intelligent Transportation Society of America.

Larry Wells and John Fulton, Biosystems and Agricultural Engineering, received a patent for a system for reconstructing cropland that has been severely disturbed, especially that which has been strip-mined. The device restores productivity of the soil after surface mining.

PR 2

Office of the President
January 23, 2001

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 chancellor 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 _____

CENTRAL ADMINISTRATION

I. BOARD ACTION

A. CHANGES

Vice President for Fiscal Affairs

Ferlan, Mary E., from Human Resource Services Manager/Consultant to Human Resources Manager/Employee Relations and Unemployment, effective 12/1/00.

B. RETIREMENTS

Vice President for Fiscal Affairs

Whitehead, Emoline, Human Resource Manager for Unemployment, after 43 years and 6 months of consecutive service and 45 years and 2 months of total service, under AR II-1.6-1 Section III.B, effective 3/2/01.

C. EARLY RETIREMENTS

Vice President for Information Systems

Jacobs, Bonnie, Telephone Operator Supervisor, Communications, after 20 years of consecutive service, under AR II-1.6-1 Section III.A.2, effective 1/12/01.

Vice President for University Relations

Burch, Joseph T., Vice President for University Relations, after 37 years of consecutive service, under AR II-1.6-1 Section III.A.2, effective 6/30/01.

D. POST-RETIREMENT APPOINTMENTS

Vice President for Fiscal Affairs

Griffin, Harold M., Custodial Supervisor (part-time), Physical Plant Division, 2/5/01 through 6/30/01.

Vice President for University Relations

Burch, Joseph T., Assistant to Director of Alumni Affairs (part-time), 7/1/01 through 6/30/03.

II. ADMINISTRATIVE ACTION

A. CHANGES

Vice President for Information Systems

Stamper, Brenda, from Manager to Assistant Director, Publishing and Postal Services, effective 1/13/01.

Vice President for Research and Graduate Studies

Fleming, Bernard P., Disability Program Administrator Associate, Interdisciplinary Human Development Institute, effective 01/01/01.

McCullers, Margot D., Office of Sponsored Program Development Director Associate, Office of Sponsored Program Development, effective 12/01/00.

B. LEAVES OF ABSENCE

Vice President for Information Systems

Jones, Cheryl, Librarian I, Special Collections and Archives, leave of absence without pay, effective 01/22/01 through 06/30/01.

Shaw, Meg, Librarian I, Lucille Little Fine Arts Library, sabbatical leave with full pay, effective 05/01/01 through 10/31/01.

LEXINGTON CAMPUS

I. BOARD ACTION

A. ACADEMIC APPOINTMENTS

College of Business and Economics

Childers, Terry, Professor (with tenure), Management, effective 1/1/01, and Gatton Endowed Chair in Electronic Marketing, 1/1/01 through 12/31/05.

College of Communications and Information Studies

Allen, Myria Watkins, Visiting Associate Professor, Communication, 1/1/01 through 5/15/01.

College of Education

Noland, Melody, Professor (with tenure), Kinesiology and Health Promotion, appointed to the George and Betty Blanda Endowed Professorship in Kinesiology and Health Promotion, 8/16/01 through 6/30/06.

B. ADMINISTRATIVE APPOINTMENTS

College of Business and Economics

Blomquist, Glenn, Professor (with tenure), Economics, and Chair, Economics, reappointed Chair, Economics, 7/1/01 through 6/30/05.

C. JOINT APPOINTMENTS

College of Arts and Sciences

Kryscio, Richard J., Professor (with tenure), Statistics, joint appointment as Professor (without tenure), Kentucky School of Public Health, College of Medicine, effective 1/1/01.

D. REAPPOINTMENTS

College of Engineering

Honaker, Ricky, Associate Professor (without tenure), Mining Engineering, 1/1/01 through 6/30/02.

Zhang, Yu-Ming, Associate Professor (without tenure), Electrical Engineering, 1/1/01 through 12/31/02.

College of Law

Elliott, Robert L., Professor (part-time), Law, 1/8/01 through 5/15/01.

Garner, William R., Professor (part-time), Law, 1/8/01 through 5/15/01.

Savage, Joe C., Professor (part-time), Law, 1/8/01 through 5/15/01.

E. PROMOTIONS

College of Agriculture

Boatright, William L., from Assistant Professor, Animal Sciences, to Associate Professor (with tenure), Animal Sciences, effective 1/1/01.

College of Human Environmental Sciences

Brown, Desmond, from Assistant Professor*, Nutrition and Food Science, to Associate Professor* (with tenure), Nutrition and Food Science, effective 1/1/01.

F. CHANGES

College of Education

Feist-Price, Sonja, from Associate Professor (with tenure), Educational and Counseling Psychology, to Associate Professor (with tenure), Special Education and Rehabilitation Counseling, effective 1/1/01.

G. RETIREMENTS

College of Agriculture

Meyer, Barbara C., Staff Support Associate II, Area Programs, after 5 years and 11 months of consecutive service, under Section III.B of AR II-1.6-1, effective 12/29/00.

Winburn, Ruth E., Staff Support Associate II, Agricultural Economics, after 26 years and 5 months of consecutive service, under Section III.B of AR II-1.6-1, effective 1/31/01.

*Special Title Series

College of Arts and Sciences

Alvey, Richard G., Associate Professor (with tenure), English, after 26 years and 5 months of consecutive service, under Section III.B of AR II-1.6-1, effective 12/31/00.

H. EARLY RETIREMENTS

College of Agriculture

Gevedon, Linda, Extension County Clerk, Cooperative Extension Service, after 36 years and 11 months of consecutive service, under Section III.A.2 of AR II-1.6-1, effective 1/16/01.

Hall, Betty J., Extension County Clerk, Cooperative Extension Service, after 22 years and 1 month of consecutive service, under Section III.A.2 of AR II-1.6-1, effective 12/29/00.

College of Arts and Sciences

Campbell, William R., Associate Professor (with tenure), English, after 33 years and 10 months of consecutive service, under Section III.A.2 of AR II-1.6-1, effective 6/30/01.

College of Business and Economics

Hall, Karen E., Staff Support Associate II, International Business and Management Center, after 16 years and 7 months of consecutive service, under Section III.A.2 of AR II-1.6-1, effective 2/16/01.

College of Engineering

Campbell, Noah C., Machinist, Chemical and Materials Engineering, after 23 years and 8 months of consecutive service, under Section III.A.2 of AR II-1.6-1, effective 6/29/01.

College of Law

Drake, Barbara J., Administrative Staff Officer II, Administration, after 39 years and 6 months of consecutive service, under Section III.A.2 of AR II-1.6-1, effective 12/29/00.

Vice Chancellor for Administration

Fowler, Harriet, Director, Art Museum, after 19 years and 10 months of consecutive service, under Section III.A.2 of AR II-1.6-1, effective 6/30/01.

Vice Chancellor for Student Affairs

Gaston, Carol B., Staff Support Associate I, Career Center, after 23 years and 5 months of consecutive service, under Section III.A.2 of AR II-1.6-1, effective 12/29/00.

I. POST-RETIREMENT APPOINTMENTS

College of Agriculture

Hall, Harry, Professor (part-time), Agricultural Economics, 12/1/00 through 6/30/01.

Little, C. Oran, Professor (part-time), Animal Sciences, 1/2/01 through 6/30/01.

Thomas, Grant, Field and Laboratory Technician (part-time), Agronomy, 7/1/00 through 6/30/01.

College of Communications and Information Studies

Baseheart, John R., Associate Professor (part-time), Communication, 1/1/01 through 6/30/01 and 7/1/01 through 12/31/01.

College of Education

Omvig, Clayton, Professor (part-time), Administration and Supervision, 6/10/01 through 8/13/01.

II. ADMINISTRATIVE ACTION

A. ACADEMIC APPOINTMENTS

College of Agriculture

Williams, Mark A., Assistant Professor, Horticulture, 1/1/01 through 6/30/01.

College of Arts and Sciences

Corso, Alberto, Assistant Professor, Mathematics, 1/1/01 through 6/30/02.

Grimes, Paul D., Assistant Professor, Aerospace Studies, 7/1/01 through 6/30/04.

College of Business and Economics

Douglass, Robert C. Jr., Instructor (part-time), Management, 1/1/01 through 5/15/01.

Kranner, Edit, Instructor (part-time), Economics, 1/1/01 through 5/15/01.

College of Communications and Information Studies

Tidwell, Michael, Visiting Assistant Professor, Communication, 1/1/01 through 6/30/01.

College of Engineering

Crutchfield, David A., Instructor (part-time), Electrical Engineering, 8/16/00 through 12/31/00.

Rademacher, Timothy J., Instructor (part-time), Electrical Engineering, 8/16/00 through 12/31/00.

College of Fine Arts

Nguyen, Trang, Instructor (part-time), Arts Administration, 1/1/01 through 5/31/01.

College of Social Work

Gibson, Jimmy, Instructor (part-time), Social Work, 1/1/01 through 5/15/01.

Platt, Phyllis, Instructor (part-time), Social Work, 1/1/01 through 5/15/01.

Graduate School

Hager, Gregory L., Assistant Adjunct Professor, Martin School of Public Policy and Administration, 1/1/01 through 12/31/01.

Wilson, Virginia C., Assistant Adjunct Professor, Martin School of Public Policy and Administration, 1/1/01 through 12/31/01.

Lexington Community College

Amburgey, Regina, Instructor (voluntary), Lexington Community College, 11/1/00 through 6/30/03.

Bailey, Hargis Ray, Librarian IV, Lexington Community College, 1/3/01 through 6/30/01.

Brookshire, Rebecca J., Instructor (voluntary), Lexington Community College, 11/1/00 through 6/30/03.
Foscardo, Cheryl, Instructor (voluntary), Lexington Community College, 11/15/00 through 6/30/03.
Hackworth, James, Instructor (voluntary), Lexington Community College, 11/15/00 through 6/30/03.
Jones, Cathy M., Instructor (voluntary), Lexington Community College, 11/1/00 through 6/30/03.
Masters, Becky, Instructor (voluntary), Lexington Community College, 11/15/00 through 6/30/03.
Neal, Leslie N., Instructor (voluntary), Lexington Community College, 11/1/00 through 6/30/03.
Ricard, Jackie, Instructor (voluntary), Lexington Community College, 11/1/00 through 6/30/03.
Shreve, Tracy Ann, Instructor (voluntary), Lexington Community College, 11/1/00 through 6/30/03.
Strattin, Greg, Instructor (voluntary), Lexington Community College, 11/1/00 through 6/30/03.

B. ADMINISTRATIVE APPOINTMENTS

College of Business and Economics

Scott, Frank, Professor (with tenure), Economics, appointed Acting Chair, Economics, 7/1/01 through 6/30/02.

College of Education

Goldstein, Beth, Associate Professor (with tenure), Educational Policy Studies and Evaluation, appointed Acting Chair, Educational Policy Studies and Evaluation, 7/1/01 through 6/30/02.

C. REAPPOINTMENTS

College of Agriculture

Gorton, William T. III, Lecturer, Agricultural Economics, 1/10/01 through 5/4/01.

College of Communications and Information Studies

Boyle, Karen, Instructor (part-time), Library and Information Science, 1/1/01 through 5/31/01.
Rader, Hannelore B., Instructor (part-time), Library and Information Science, 1/1/01 through 5/31/01.

Roberts, Randall, Instructor (part-time), Library and Information Science,
1/1/01 through 5/31/01.

Stephens, Rebecca, Instructor (part-time), Library and Information Science,
1/1/01 through 5/31/01.

College of Education

Koch, Kyna, Instructor (part-time), Administration and Supervision, 1/1/01
through 5/15/01.

McEachin, Neal, Instructor (part-time), Kinesiology and Health Promotion,
1/1/01 through 5/15/01.

College of Engineering

Dickey, Elizabeth, Assistant Professor, Chemical and Materials Engineering,
1/1/01 through 6/30/02.

Lu, Caicheng, Assistant Professor, Electrical Engineering, 1/1/01 through
12/31/02.

Stephens, Lyndon S., Assistant Professor, Mechanical Engineering, 1/2/01
through 6/30/02.

College of Human Environmental Sciences

Coleman, Victoria, Instructor (part-time), Interior Design, Merchandising and
Textiles, 1/1/01 through 5/15/01.

Goss, Clifford, Instructor (part-time), Interior Design, Merchandising and
Textiles, 1/1/01 through 5/15/01.

Lindberg, Laurie, Instructor (part-time), Interior Design, Merchandising and
Textiles, 1/1/01 through 5/15/01.

D. CHANGES

College of Communications and Information Studies

Lane, Derek R., from Assistant Professor*, Communication, to Assistant
Professor, Communication, 1/1/01 through 6/30/01.

College of Education

Fleming, Bernard, from Instructor (part-time), Educational and Counseling
Psychology, to Adjunct Instructor, Educational and Counseling
Psychology, 1/1/01 through 5/15/01.

*Special Title Series

College of Human Environmental Sciences

Payne, Joey, from Instructor (part-time), Nutrition and Food Science, to
Adjunct Instructor, Nutrition and Food Science, 1/1/01 through 5/15/01.

E. LEAVES OF ABSENCE

College of Agriculture

Burmeister, Larry, Associate Professor (with tenure), Rural Sociology,
Sabbatical leave with half salary, 1/1/01 through 12/31/01.
Grusy, Rodney D., County Extension Agent, Cooperative Extension Service,
Educational leave with full salary, 2/5/01 through 8/6/01.
Isaacs, Steven, Associate Extension Professor (with tenure), Agricultural
Economics, Sabbatical leave with full salary, 1/1/01 through 6/30/01.

College of Business and Economics

Blomquist, Glenn, Professor (with tenure), Economics, and Chair, Economics,
Sabbatical leave with half salary, 7/1/01 through 6/30/02.
Holsapple, Clyde, Professor (with tenure), Management, Sabbatical leave with
full salary, 1/1/02 through 6/30/02.
Hoyt, Gail Mitchell, Associate Professor* (with tenure), Economics,
Sabbatical leave with full salary, 1/1/02 through 6/30/02.
Ramsay, Robert J., Associate Professor (with tenure), Accountancy,
Sabbatical leave with full salary, 7/1/01 through 12/31/01.

College of Education

Angelo, Richard, Associate Professor (with tenure), Educational Policy
Studies and Evaluation, and Chair, Educational Policy Studies and
Evaluation, Sabbatical leave with half salary, 7/1/01 through 6/30/02.
DeYoung, Alan, Professor (with tenure), Educational Policy Studies and
Evaluation, Sabbatical leave with half salary, 1/1/01 through 6/30/01.
Mazur, Joan, Associate Professor (with tenure), Curriculum and Instruction,
Sabbatical leave with full salary, 1/1/01 through 6/30/01.

College of Engineering

Lumpp, James E., Associate Professor (with tenure), Electrical Engineering,
Sabbatical leave with full salary, 1/1/01 through 6/30/01.

*Special Title Series

College of Fine Arts

Braun, Michael, Associate Professor* (with tenure), Theatre, Sabbatical leave with full salary, 7/1/01 through 12/31/01.

Ferstman, Gerald, Associate Professor (with tenure), Art, Sabbatical leave with full salary, 1/1/02 through 6/30/02.

Hamann, Marilyn, Associate Professor (with tenure), Art, Sabbatical leave with full salary, 7/1/01 through 12/31/01.

Holloway, John, Associate Professor* (with tenure), Theatre, Sabbatical leave with full salary, 7/1/01 through 12/31/01.

Karp, Benjamin, Associate Professor* (with tenure), Music, Sabbatical leave with full salary, 1/1/02 through 6/30/02.

Lord, Charles, Associate Professor (with tenure), Music, Sabbatical leave with full salary, 7/1/01 through 12/31/01.

McCorvey, Everett, Professor* (with tenure), Music, Sabbatical leave with full salary, 1/1/02 through 6/30/02.

College of Human Environmental Sciences

Addo, Kwaku, Associate Professor (with tenure), Nutrition and Food Science, Sabbatical leave with full salary, 1/1/01 through 6/30/01.

Portillo, Margaret, Associate Professor (with tenure), Interior Design, Merchandising and Textiles, Sabbatical leave with full salary, 1/1/01 through 6/30/01.

MEDICAL CENTER

I. BOARD ACTION

A. ACADEMIC APPOINTMENTS

College of Medicine

Cohen, Alfred M., Professor (with tenure), Surgery, and Director of the Lucille Parker Markey Cancer Center, named to the Ephraim McDowell Cancer Foundation Chair, 2/1/01 through 1/31/06.

O'Halloran, Henry S., Associate Professor (voluntary), Ophthalmology, 1/24/01 through 6/30/03.

Steger, Herbert G., Associate Professor (voluntary), Anesthesiology, 1/24/01 through 6/30/03.

Steyn, Pieter G., Clinical Instructor, Anesthesiology, 3/1/01 through 6/30/01.

B. JOINT APPOINTMENTS

College of Medicine

Beals, Daniel A., Clinical Associate Professor, Surgery, joint appointment as Clinical Associate Professor, Pediatrics, 3/7/01 through 6/30/01.

C. CHANGES

College of Medicine

Kusmirek, Slawomir L., from Clinical Assistant Professor, Internal Medicine, 11/1/00 through 6/30/01, to Clinical Assistant Professor, Internal Medicine, 12/6/00 through 6/30/01.

Shashidhar, Harohalli R., from Clinical Assistant Professor, Pediatrics, 10/25/00 through 6/30/01, to Clinical Assistant Professor, Pediatrics, 12/15/00 through 6/30/01.

D. RETIREMENTS

Chancellor's Office

Wolf, Doris A., Library Tech Sr., Medical Center Library, after 21 years, 7 months of consecutive service, under AR II-1.6-1, Section III.B, effective 12/29/00.

College of Medicine

Duncan, James T., Staff Support Associate I, Pediatrics, after 11 years, 7 months of consecutive service, under AR II-1.6-1, Section III.B, effective 12/29/00.

Frazier, Donald T., Professor (with tenure), Physiology, joint appointment as Professor (without tenure), The Graduate School, Graduate Center for Biomedical Engineering, after 32 years, 6 months of consecutive service, under AR II-1.6-1, Section III.B, effective 6/30/01.

University Hospital

Crawley, Oleta C., Nurse Clinical III, Markey Cancer Center, after 12 years, 7 months of consecutive service, under AR II-1.6-1, Section III.B, effective 1/12/01.

E. EARLY RETIREMENTS

College of Dentistry

Duell, Roland C., Professor (with tenure), Oral Health Practice, after 33 years, 6 months of consecutive service, under AR II-1.6-1, Section III.A.2, effective 1/31/01.

College of Medicine

Pate, Catherine J., Account Clerk II, Anesthesiology, after 22 years, 2 months of consecutive service and 22 years, 5 months of total service, under AR II-1.6-1, Section III.A.2, effective 1/5/01.

Sammon, Patrick J., Associate Professor (with tenure), Physiology, joint appointment as Associate Professor (without tenure), College of Dentistry, Department of Oral Health Science, after 27 years, 4 months of consecutive service, under AR II-1.6-1, Section III.A.2, effective 6/30/01.

University Hospital

Taylor, Kozon D., Operating Room Certified, O.R. Services, after 30 years, 3 months of consecutive service and 32 years of total service, under AR II-1.6-1, Section III.A.2, effective 1/12/01.

II. ADMINISTRATIVE ACTION

A. ACADEMIC APPOINTMENTS

College of Allied Health Professions

Angle, Marlane, Assistant Professor (voluntary), Clinical Sciences, 1/24/01 through 6/30/03.

Korwatch, Yvonne, Instructor (voluntary), Rehabilitation Sciences, 1/24/01 through 6/30/03.

College of Medicine

Borrowdale-Cox, Peter W., Assistant Professor (voluntary), Family Practice, 1/24/01 through 6/30/03.

Fox, John M., Assistant Professor (voluntary), Family Practice, 1/24/01 through 6/30/03.

Gay, James G., Assistant Professor (voluntary), Family Practice, 1/24/01 through 6/30/03.

Lagrew, Mary J., Assistant Professor (voluntary), Pediatrics, 1/24/01 through 6/30/03.

Mashburn, Amy B., Assistant Professor (voluntary), Internal Medicine, joint appointment as Assistant Professor (voluntary), Pediatrics, 1/24/01 through 6/30/03.

Patil, Jagdish, Assistant Professor (voluntary), Family Practice, 1/24/01 through 6/30/03.

Svetich, David J., Assistant Professor (voluntary), Family Practice, 1/24/01 through 6/30/03.

B. ADMINISTRATIVE APPOINTMENTS

College of Medicine

Aryal, Prakash, Medical Physicist, Radiation Medicine, effective 12/4/00.

C. JOINT APPOINTMENTS

College of Medicine

Carrithers, Stephen L., Assistant Research Professor, Internal Medicine, joint appointment as Assistant Research Professor, Physiology, 1/24/01 through 6/30/01.

Gater, David R., Assistant Professor, Physical Medicine and Rehabilitation, joint appointment as Assistant Professor, Physiology, 1/24/01 through 6/30/01.

Mendel, Sandra G., Assistant Professor (voluntary), Internal Medicine, joint appointment as Assistant Professor (voluntary), Pediatrics, 1/24/01 through 6/30/03.

D. CHANGES

College of Medicine

Fabrizio, Andrea, from Clinical Dosimetrist, Radiation Medicine, to Clinical Dosimetrist Supervisor, Radiation Medicine, effective 12/31/00.

University Hospital

Clifford, Tim, from Clinical Pharmacist I, Hospital Pharmacy, to Clinical Pharmacist II, Hospital Pharmacy, effective 12/31/00.

Gardner, Toni G., from Dietetics/Nutrition Director, Dietary Central Kitchen, to MCIS Admin. Manager, Medical Center Information Services, effective 12/31/00.

Winstead, Paula, from Clinical Pharmacist I, Hospital Pharmacy, to Clinical Pharmacist II, Hospital Pharmacy, effective 12/31/00.

E. TERMINAL REAPPOINTMENTS

The Graduate School

Brown, David R., Assistant Research Professor, Graduate Center for Biomedical Engineering, 1/1/01 through 6/30/01.

F. LEAVES OF ABSENCE

College of Medicine

Kang, Bann C., Professor (with tenure), Internal Medicine, miscellaneous leave without pay, 12/1/00 through 11/30/01.

PR 3A

Office of the President
January 23, 2001

Members, Board of Trustees:

PROPOSED AMENDMENT TO THE GOVERNING REGULATIONS

Recommendation: that the following proposed amendment to Part X.A. of the Governing Regulations of the University of Kentucky, which were received by the Board of Trustees for preliminary consideration on December 12, 2000 be approved.

Note: Proposed additions are underlined; proposed deletions are lined through.

Members of the Board of Trustees, except those elected to the Board as faculty, ~~representatives~~staff, or as ~~a~~ student representatives, and relatives ~~by blood or marriage~~ of any member of the Board of Trustees are ineligible for ~~appointment to any position in employment at~~ the University. "Relatives", as used above, include parents and children, husbands and wives, brothers and sisters, brothers- and sisters-in-law, mothers- and fathers-in-law, uncles, aunts, nieces and nephews, sons- and daughters-in-law, and step-relatives in the same relationships. Employment includes regular and temporary full- and part-time employment, including student work-study and graduate assistant programs.

No relative ~~by blood or marriage~~ of the President shall be employed in a position at the University. Similarly, no relative of a chancellor/vice president or any vice chancellor in a sector shall be employed in a position in that sector or Central Administration, as appropriate. Waiver of the above regulation may be permitted by the Board of Trustees on a stated temporary basis, not to exceed two years, when it is otherwise impossible practicably to fill a position with a fully qualified person. The same individual shall not be eligible for reappointment under the terms of this exception unless approval is given by the Board of Trustees. No relative ~~by blood or marriage~~ of any administrative officer of the University, or of any member of the University faculty, may be appointed to any position in the University over which the related officer or staff member exercises supervisory or line authority. Employment of ~~persons related by blood or marriage~~ relatives within the same department or division shall be approved specifically by the chancellor/vice president in a sector or Central Administration, as appropriate. "Relatives ~~by blood or marriage~~," as used above, include parents and children, husbands and wives, brothers and sisters, brothers- and sisters-in-law, mothers- and fathers-in-law, uncles, aunts, nieces and nephews, sons- and daughters-in-law, and step-relatives in the same relationships. The employment of relatives ~~by blood or marriage~~ of University employees, as described in this

paragraph, whose relationship was not a violation of this section of the Governing Regulations prior to its amendment on April 10, 1984, does not constitute a violation of the amended policy provided the relatives are regular employees of the University and remain in the University employment positions which they held on April 10, 1984. However, the transfer of any such employees described in this paragraph (whose employment relationship was not a violation of policy prior to its amendment on April 10, 1984) to any other regular University position shall require approval of the President.

Background: KRS 164.225(as amended in 1992) prohibits relatives of any board member from being employed by the University of Kentucky. An Opinion of the Attorney General, dated August 8, 1997, clarifies this anti-nepotism statute (copy enclosed). Part X.A. of the Governing Regulations currently includes an effective date for the implementation of the previous anti-nepotism statute, which in effect exempts those individuals employed prior to April 10, 1984. This proposed change in Part X.A. removes any exemption for relatives of Board members, but leaves the exemption in place for relatives of administrators and faculty and for relatives employed within the same department or division. Faculty, staff, and student members of the Board of Trustees will be elected during the 2000-2001 academic year. This proposed change ensures that the University's Governing Regulations are consistent with state law prior to these elections.

Action taken: ☒ Approved ☐ Disapproved ☐ Other _____

PR 3B

Office of the President
January 23, 2001

Members, Board of Trustees:

AGREEMENT RESOLVING COMMUNITY COLLEGE ACCREDITATION ISSUES

Recommendation: that the Board of Trustees approve the attached Memorandum of Understanding between the University of Kentucky and the Kentucky Community and Technical College System (KCTCS).

Background: KRS 164.580(4), enacted by the General Assembly as part of the Kentucky Postsecondary Education Improvement Act of 1997, provides that if issues regarding the organization of the Kentucky Community and Technical College System endanger the accreditation of the Community College System (UKCCS), the Board of Trustees and the KCTCS Board of Regents shall initiate corrective actions. The Commission on Colleges of the Southern Association of Colleges and Schools (COC/SACS), the accrediting agency for UKCCS, has identified additional governance issues which threaten the accreditation of UKCCS: (1) the Board of Trustees' role in nominating members of the KCTCS Board; (2) the Board of Trustees' role in appointing search committees for KCTCS's president and chancellor; and (3) the Board of Trustees' role in KCTCS's operating and capital budget processes, including financing for capital projects. To address the accreditation concerns expressed by COC/SACS relating to these matters, KCTCS has proposed that the UK Board of Trustees of the University of Kentucky and the Board of Regents of the Kentucky Community and Technical College System enter into the following understandings: the UK Board of Trustees will delegate to the Governor's Postsecondary Education Nominating Committee its authority to send to the Governor three nominations for four appointments to the KCTCS Board of Regents; that the UK Board of Trustees will delegate to the KCTCS Board of Regents the authority to select and name members of the search committees for the offices of president of KCTCS and chancellors of the UKCCS; and that the UK Board of Trustees will delegate to the KCTCS Board of Regents its involvement and authority for KCTCS operating and capital budget processes. The Attorney General has issued an opinion that these actions are a constitutional re-delegation of authority and are required by KRS 164.580(4).

Action taken:

☒ Approved

☐ Disapproved

☐ Other _____

**MEMORANDUM OF UNDERSTANDING
RESOLVING COMMUNITY COLLEGE ACCREDITATION ISSUES**

The Memorandum of Understanding is made by and between the UNIVERSITY OF KENTUCKY (UK) and the KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM (KCTCS).

WHEREAS, UK and KCTCS are committed to taking actions necessary to support and assure the continued accreditation of the community colleges in Kentucky by the Commission on Colleges of the Southern Association of Colleges and Schools (COC/SACS); and

WHEREAS, KRS 164.580 (4) provides in relevant part that:

... If the regional accrediting agency for the community colleges in the process of completing its substantive change process review determines that the organizational structure of the Kentucky Community and Technical College system and its board of regents does not meet the requirements for accrediting individual community colleges ... then the Kentucky Community and Technical College board of regents and the board of trustees shall initiate corrective actions within ... the timetable specified by the accrediting agency to alleviate the problem.

WHEREAS, COC/SACS issued a *Report of the Special Committee of the Commission on Colleges of the Southern Association of Colleges and Schools on the Substantive Change Prospectus Submitted by the University of Kentucky Community College System* on November 15, 1997; and,

WHEREAS, James T. Rogers, Executive Director, Commission on Colleges, issued a letter on June 9, 1999, that specified problems in two Sections of the *COC/SACS Criteria for Accreditation 1996*: Section 6.1.1, Descriptive Titles and Terms (regarding name of the system, names of the institutions and degrees awarded), and Section 6.1.2, Governing Board (regarding eliminating requirements that the UK Board of Trustees recommends nominees for members of the KCTCS Board of Regents, appoints the search committee for the KCTCS President and community college chancellor, and is involved with the KCTCS operating and capital budget process, including financing for capital projects). In addition, Dr. Rogers, on behalf of COC/SACS requested a Progress Report addressing these *Criteria* by May 1, 2000, and;

WHEREAS, KCTCS duly and timely submitted to COC/SACS the required Progress Report due May 1, 2001, addressing the two *Criteria* specified in the letter in

order to demonstrate necessary corrective actions prescribed by COC/SACS for achieving continued accreditation of the community colleges; and

WHEREAS, James T. Rogers, Executive Director, Commission on Colleges, responded to the First Progress Report in a letter dated July 7, 2000, which letter requested a Second Progress Report due May 1, 2001, which must address two remaining recommendations for accreditation: Signage, which will soon be in compliance, and the following COC/SACS visiting committee's recommendation:

Section 6.1.2 (Administrative Processes – Organization and Administration – Governing Board, Recommendation 3

Provide appropriate evidence that the following tiebacks in the governance structure between Kentucky Community and Technical College System (KCTCS) and the University of Kentucky (UK) have been eliminated: (1) UK Board's role in nominating members of KCTCS Board; (2) UK Board's role in appointing search committees for KCTCS President and Chancellor; and (3) UK Board's role in operating and capital budget processes, including financing for capital projects.

WHEREAS, UK and KCTCS have previously demonstrated their willingness to initiate corrective actions to assure that the organizational structure of KCTCS meets the requirements for accrediting individual community colleges through a September 15, 1998, Memorandum of Understanding, resolving the question of granting degrees, in order to satisfy the COC/SACS Condition of Eligibility 3 and Section 4.2.3 of the *COC/SACS Criteria for Accreditation (1996)* that provided that the governing board must have among its responsibilities the granting of degrees; and

WHEREAS, UK and KCTCS understand that accreditation is truly threatened in that failure to take appropriate action on the governance issues specified by COC/SACS before the deadline of May 1, 2001, will result in either Probation or Removal from SACS for the following community colleges: Ashland Community College, Elizabethtown Community College, Hazard Community College, Henderson Community College, Hopkinsville Community College, Jefferson Community College, Madisonville Community College, Maysville Community College, Owensboro Community College, Paducah Community College, Prestonsburg Community College, Somerset Community College, and Southeast Community College. Probation may be granted only if the institution can show good cause why it should not be removed from membership.

NOW, THEREFORE, the UK Board of Trustees and the KCTCS Board of Regents agree as follows:

(A) The UK Board of Trustees hereby delegates to the Governor's Postsecondary Education Nominating Committee, established by KRS 164.005, its authority under KRS 164.321(1)(b) and (11)(b) to send to the Governor three (3) nominations for four (4) appointments to the KCTCS Board of Regents.

(B) The UK Board of Trustees hereby delegates to the KCTCS Board of Regents the authority under KRS 164.581 (1)(a) and (3) to select and name members of the search committees for the offices of president of KCTCS and chancellors of the Community Colleges, and

(C) The UK Board of Trustees hereby delegates to the KCTCS Board of Regents its involvement and authority for KCTCS operating and capital budget processes under KRS 164.350 (3)(b)(2) and (3), including financing for capital projects under KRS 164A.575(13). This delegation includes but is not limited to review and comment of the KCTCS biennial budget request, issuance of debt, grants and contracts, related corporate entities management, receipt and allocation of state appropriations, and approval of KCTCS capital construction projects. (*See, Exhibit A, Statutory references to powers granted the KCTCS Board of Regents.*)

WITNESS the execution of this Memorandum of Agreement by the duly authorized agents of the parties this _____ day of _____ 2001.

UNIVERSITY OF KENTUCKY

KENTUCKY COMMUNITY AND
TECHNICAL COLLEGE SYSTEM

BY: _____
Billy Joe Miles
Chair, Board of Trustees

BY: _____
Martha C. Johnson
Chair, Board of Regents

BY: _____
Charles T. Wethington
President

BY: _____
Michael B. McCall
President

PR 5A

Office of the President

January 23, 2001

Members, Board of Trustees:

APPOINTMENTS/REAPPOINTMENT TO UNIVERSITY OF KENTUCKY EQUINE RESEARCH FOUNDATION

Recommendation: that approval be given to the appointments of the following persons to the Board of Directors of the University of Kentucky Equine Research Foundation:

Mr. James E. Bassett, III	1-year term ending December 14, 2001
Mr. Edward S. Bonnie	4-year term ending December 14, 2004
Mr. Bill Farish	4-year term ending December 14, 2004
Ms. Nadia Sanan	4-year term ending December 14, 2004
Dr. William Bernard (Veterinarian)	4-year term ending December 14, 2004
Dr. Walter Zent (Veterinarian)	4-year term ending December 14, 2004

Also, the University of Kentucky Equine Research Foundation Board requests that Mr. Frank Shoop be re-appointed as the University of Kentucky Board of Trustees representative to the University of Kentucky Equine Research Foundation.

Background: The Chancellor of the Lexington Campus, acting upon the advice of the nominating committee of the University of Kentucky Equine Research Foundation, which includes the Dean of the College of Agriculture, recommended these appointments/reappointment to the President. These recommended appointments and reappointment require approval by the Board of Trustees in accordance with the Articles of Incorporation and By-Laws for the University of Kentucky Equine Research Foundation approved by the Board of Trustees at its meeting on September 18, 1984.

Action taken:

☒ Approved

☐ Disapproved

☐ Other _____

PR 5B

Office of the President
January 23, 2001

Members, Board of Trustees:

AMENDMENTS TO ARTICLES OF INCORPORATION OF
UNIVERSITY OF KENTUCKY
EQUINE RESEARCH FOUNDATION, INC.

Recommendation: that Charles T. Wethington, Jr., as President, and M. Scott Smith, as Secretary, be authorized to execute and file with the Secretary of State the attached Amendment to Articles of Incorporation of University of Kentucky Equine Research Foundation, Inc.

Background: The University of Kentucky Equine Research Foundation's Board of Directors updated the Foundation's By-Laws in order to streamline the Board's membership and to create a budget process which parallels the University's budget process. These two changes to the Foundation's Articles of Incorporation require approval by the University's Board of Trustees.

Action taken: ☒ Approved ☐ Disapproved ☐ Other _____

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

We, the undersigned, being President and Secretary of the University of Kentucky Equine Research Foundation, Inc., a non-profit corporation organized and existing under the laws of the Commonwealth of Kentucky for educational purposes, DO HEREBY CERTIFY that at a meeting of the Board of Directors duly called and held on January 15, 1999, the following amendments to the Articles of Incorporation were adopted by a two-thirds (2/3) majority of the directors in office present and voting (with the approval of the Board of Trustees of the University of Kentucky), by the following resolution:

“BE IT RESOLVED that Article III of the Articles of Incorporation of the University of Kentucky Equine Research Foundation, Inc., be amended so as to add section (4) as follows:

Article III

(4) To approve the expenditure of all funds generated by the Foundation and recommended for expenditure for the research budget by the Director of the Maxwell H. Gluck Equine Research Center and for the administrative budget by the Executive Director of the Foundation.

“BE IT RESOLVED that Article VIII of the Articles of Incorporation of the University of Kentucky Equine Research Foundation, Inc., be amended so as to read as follows:

Article VIII

The affairs of the corporation shall be regulated, managed, controlled, and conducted by a Board of Directors to be appointed by the President of the University of Kentucky, upon recommendation of the Chancellor of the Lexington Campus following consultation by the Chancellor with the Nominating Committee, and with approval of the Board of Trustees of the University of Kentucky. The Board shall consist of twenty-five (25) members appointed from the following categories:

- (1) Nineteen (19) members shall be representative of the equine industry and related industries, and shall be as broadly representative of the industry as possible, with at least two of whom shall be licensed and practicing veterinarians; after initial appointments, all nominations for membership on the board in this category shall be made in writing to the Chancellor of the Lexington Campus.

- (2) Five (5) shall be ex-officio members from the University of Kentucky, to-wit, the President, the Chancellor of the Lexington Campus, the Chief Development Officer, the Dean of the College of Agriculture, and the Director of the Maxwell H. Gluck Equine Research Center.
- (3) One (1) shall be a member of the Board of Trustees of the University of Kentucky.

Each member of the Board, except for the ex-officio members, shall be appointed for one (1) term of four (4) years. The members may succeed themselves for staggered terms of one (1) to four (4) years, as determined by the President, but the members except for those serving ex-officio may not serve for more than two (2) consecutive terms.

In all other respects, said Articles of Incorporation shall remain the same.”

IN WITNESS WHEREOF, this amendment to the Articles of Incorporation of the University of Kentucky Equine Research Foundation, Inc. has been signed and acknowledged by Charles T. Wethington, Jr. and M. Scott Smith, President and Secretary respectively, of the University of Kentucky Equine Research Foundation, Inc., this ____ day of _____, 2001.

Charles T. Wethington, Jr., President

M. Scott Smith, Secretary

PR 5C

Office of the President
January 23, 2001

Members, Board of Trustees:

College of Law Book Donations to Central High Magnet Career Academy

Recommendation: that the Board of Trustees approve the donations of materials from the College of Law library collection declared to be surplus by the Director of the Law Library and the Dean of the College during the 2000-2001 academic year.

Background: As a participant in the Partnership Agreement Between the University of Kentucky and Central Magnet Career Academy (the "Agreement"), the College of Law has the potential to make a significant contribution to Central's magnet program in law. A substantial contribution can be made to the Central program by arranging for surplus books and periodicals to be donated to their law magnet library. By contributing editions of books and other periodicals which would otherwise be discarded or recycled, the College of Law can find a productive use for these materials. The Chancellor of Lexington Campus, acting upon the advice of the Dean of the College of Law, recommends to the President that these surplus materials from the College of Law library collection declared to be surplus by the Director of the Law Library and the Dean of the College of Law during the academic year 2000-2001 be donated to Central High Magnet Career Academy.

Action taken:

☒ Approved

☐ Disapproved

☐ Other _____

AACR 1

Office of the President
January 23, 2001

Members, Board of Trustees:

CHANGE IN THE NAME OF AN EDUCATIONAL UNIT

Recommendation: that the Board of Trustees approve the change in the name of the College of Medicine's Department of Biochemistry to the Department of Molecular and Cellular Biochemistry.

Background: The change will better define the research focus of the Department and differentiate it from other units on the campus.

The proposed change has been endorsed by the faculty of the Department and the College of Medicine. It has been reviewed and recommended by the University Senate's Committee on Academic Organization and Structure and the Senate Council, and approved by the University Senate.

Action taken:



Approved

☐ Disapproved

☐ Other

AACR 2

Office of the President
January 23, 2001

Members, Board of Trustees:

CHANGE IN THE NAME OF AN EDUCATIONAL UNIT

Recommendation: that the Board of Trustees approve the change in the name of the College of Medicine's Department of Pharmacology to the Department of Molecular and Biomedical Pharmacology.

Background: This change will better define the research focus of the Department and differentiate it from other units on the campus.

The proposed change has been endorsed by the faculty of the Department and the College of Medicine. It has been reviewed and recommended by the University Senate's Committee on Academic Organization and Structure and the Senate Council, and approved by the University Senate.

Action taken:



Approved

☐ Disapproved

☐ Other _____

FCR 1

Office of the President
January 23, 2001

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT FOR THE
UNIVERSITY OF KENTUCKY FOR THE SIX MONTHS ENDED
DECEMBER 31, 2000

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the six months ended December 31, 2000.

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 Health Care Collection Service.

As of December 31, 2000, the University had realized income of \$623,122,000 representing 52% of the 2000-01 estimate of \$1,200,019,000. Expenditures and commitments total \$585,594,000 or 49% of the approved budget of \$1,200,019,000.

Action taken:



Approved



Disapproved



Other

CONSOLIDATED BALANCE SHEET
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
DECEMBER 31, 2000

with comparative totals for December 31, 1999
(in thousands)

	2000-01					1999-00	
	Current Unrestricted Funds	Current Restricted Funds	Loan Funds	Endowment Funds	Plant Funds	Totals	Totals
ASSETS							
Cash and cash equivalents	\$ 116,778	-	\$ 4,766	\$ 378	\$ 148,249	\$ 270,171	\$ 208,391
Notes, loans, and A/R (less bad debt allowances of \$13,275)	141,614	\$ 23,458	21,807	1,326	1,575	189,780	179,542
Investments	30,921	128,316		423,441	43,239	625,917	556,738
Property, plant, and equipment					1,396,605	1,396,605	1,316,248
Inventories and other	14,682	51			100	14,833	12,989
Total Assets	\$ 303,995	\$ 151,825	\$ 26,573	\$ 425,145	\$ 1,589,768	\$ 2,497,306	\$ 2,273,908
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 28,615	\$ 13,938	\$ 190		\$ 3,705	\$ 46,448	\$ 42,037
Employee withholdings and deposits		12,733				12,733	13,491
Other liabilities	5,338	3,622		\$ 6,502	2,104	17,566	17,497
Liability for self insurance	55,679					55,679	52,598
Deferred income	46,212	16,189				62,401	37,236
Bonds payable					222,406	222,406	195,551
Capitalized lease obligation					43,438	43,438	28,581
Total Liabilities	135,844	46,482	190	6,502	271,653	460,671	386,991
Interfund Balances	(50,152)	60,283		13,443	(23,574)		
Net deferred revenues and appropriated fund balances	47,097	(5,230)				41,867	28,056
Fund Balances							
Current unrestricted							
Working capital	167,211					167,211	159,337
Future operating purposes	3,457					3,457	4,910
Other	538					538	2,901
Current restricted		50,290				50,290	50,136
Loan			26,383			26,383	25,943
True endowments				317,163		317,163	255,280
Term endowments				5,120		5,120	5,620
Quasi endowments				82,917		82,917	76,606
Plant							
Retirement of indebtedness					34,125	34,125	28,524
Renewal and replacement					47,644	47,644	9,590
Allocated for designated projects					168,561	168,561	209,213
Net investment in plant					1,091,359	1,091,359	1,030,801
Total Fund Balances	171,206	50,290	26,383	405,200	1,341,689	1,994,768	1,858,861
Total Liabilities and Fund Balances	\$ 303,995	\$ 151,825	\$ 26,573	\$ 425,145	\$ 1,589,768	\$ 2,497,306	\$ 2,273,908

CONSOLIDATED STATEMENT OF CURRENT FUNDS REVENUES AND APPROPRIATED FUND BALANCES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2000

with comparative totals for December 31, 1999

(in thousands)

	2000-01				1999-00	
	Original Budget	Revised Budget	Realized To Date	%	Realized To Date	%
General Fund						
(1) State appropriations	\$ 307,830	\$ 307,830	\$ 153,765	50	\$ 145,095	50
(2) Student fees	125,910	125,745	70,242	56	68,814	57
(3) Federal appropriations	15,553	15,553	7,199	46	9,054	58
(4) County appropriations	7,674	8,270	3,099	37	2,960	39
(5) Endowment income	875	875	291	33	284	31
(6) Investment income	11,901	11,900	6,946	58	6,647	74
Gifts and grants						
(7) Affiliated corporations	14,348	14,348	6,513	45	6,869	48
(8) Other	55,519	58,146	24,894	43	21,629	37
(9) Sales and services	62,486	61,507	26,060	42	24,346	40
(10) Fund balance	19,478	21,292	21,292	100	28,303	100
(11) Total General Fund	621,574	625,466	320,301	51	314,001	52
(12) Auxiliary Enterprises	33,549	33,549	18,509	55	18,362	56
(13) Restricted Funds	72,561	72,835	31,240	43	24,353	36
(14) Affiliated Corporations	173,359	173,352	86,028	50	81,694	51
Hospital						
(15) Revenues	294,817	294,817	167,044	57	145,811	53
(16) Fund balance						
Total Revenues and						
(17) Appropriated Fund Balances	<u>\$ 1,195,860</u>	<u>\$ 1,200,019</u>	<u>\$ 623,122</u>	52	<u>\$ 584,221</u>	51

CONSOLIDATED STATEMENT OF CURRENT FUNDS EXPENDITURE SUMMARY BY PROGRAM - ALL FUNDS
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2000

with comparative totals for December 31, 1999

(in thousands)

	2000-01				1999-00	
	Original Budget	Revised Budget	Expended/ Encumbered To Date	%	Expended/ Encumbered To Date	%
(1) Instruction	\$ 257,926	\$ 252,309	\$ 118,961	47	\$ 113,035	47
(2) Research	159,906	158,679	69,983	44	63,486	42
(3) Public service	155,726	153,529	75,388	49	74,668	50
(4) Academic support	72,221	73,340	35,756	49	36,770	51
(5) Student services	22,859	26,073	11,606	45	9,553	41
(6) Institutional support	48,670	54,569	25,234	46	24,650	46
(7) Student financial aid	50,234	50,845	33,829	67	27,881	60
(8) Operation and maintenance	42,637	44,994	22,540	50	18,451	44
(9) Mandatory transfers (debt service)	18,879	18,879	18,358	97	16,572	100
(10) Hospital	295,588	295,588	133,598	45	136,478	49
(11) Auxiliary enterprises	71,214	71,214	40,342	57	40,803	59
(12) Total Expenditure by Program	<u>\$ 1,195,860</u>	<u>\$ 1,200,019</u>	<u>\$ 585,594</u>	49	<u>\$ 562,347</u>	49

EXPENDITURE SUMMARY BY CATEGORY OF EXPENDITURE
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2000

with comparative totals for December 31, 1999

(in thousands)

	2000-01				1999-00	
	Original Budget	Revised Budget	Expended/ Encumbered To Date	%	Expended/ Encumbered To Date	%
(13) Personnel costs	\$ 673,523	\$ 670,929	\$ 330,693	49	\$ 310,951	48
(14) Operating expenses	456,099	463,298	206,608	45	195,162	46
(15) Mandatory transfers (debt service)	29,936	29,936	20,147	67	20,254	73
(16) Capital outlay	36,302	35,856	28,146	78	35,980	83
(17) Total Expenditure by Category	<u>\$ 1,195,860</u>	<u>\$ 1,200,019</u>	<u>\$ 585,594</u>	49	<u>\$ 562,347</u>	49

**CONSOLIDATED SUMMARY OF NET DEFERRED REVENUES AND APPROPRIATED FUND BALANCES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2000**

with comparative totals for December 31, 1999
(in thousands)

	<u>2000-01</u>	<u>1999-00</u>
(1) Realized Revenues	\$ 601,830	\$ 555,918
Appropriated Fund Balances		
(2) Current Unrestricted Fund	\$ 21,292	28,303
(3) University Hospital	<u> </u>	<u> </u>
(4) Total Appropriated Fund Balances	<u>21,292</u>	<u>28,303</u>
(5) Total Revenues and Appropriated Fund Balances	623,122	584,221
(6) Expenditures/Encumbrances	585,594	562,347
(7) Less: Reserve for Encumbrances	<u>(7,381)</u>	<u>(9,428)</u>
(8) Total Expenditures	<u>578,213</u>	<u>552,919</u>
(9) Excess/(Deficit) Restricted Receipts Over Transfers to Revenues	<u>(3,042)</u>	<u>(3,246)</u>
(10) Net Deferred Revenues and Appropriated Fund Balances	<u><u>\$ 41,867</u></u>	<u><u>\$ 28,056</u></u>

FCR 2

Office of the President
January 23, 2001

Members, Board of Trustees:

REPORT OF LEASES

Recommendation: that the Board accept the President's Report of the following lease agreements in accordance with Board Policy:

A new lease between the University of Kentucky (Center for Drug & Alcohol Research) and Rural Health, 100 Airport Gardens Road, Hazard, Kentucky, for space located at 100 Airport Gardens Road, Room 252-D, Hazard, Kentucky, effective January 15, 2001 through June 30, 2002, for the use of 120 square feet of office space, at an annual rate of \$750.00, be accepted and made a matter of record.

A new lease between the University of Kentucky (Interdisciplinary Human Development Institute) and Henry Cravens and Rudy Bicknell, %Cravens Properties, 651 Perimeter Drive, Lexington, Kentucky, for space located at 333 Waller Avenue, Suite 201 and 207, Lexington, Kentucky, effective February 5, 2001 through June 30, 2002, for the use of 2,019 square feet of office space, at an annual rate of \$23,218.50, be accepted and made a matter of record.

An addendum to a lease between the University of Kentucky (Markey Cancer Center) and Southcreek Park Partnership, 175 East Main Street, Lexington, Kentucky, for space located at 2365 Harrodsburg Road, Lexington, Kentucky, effective February 1, 2001 through June 30, 2002, for the use of 240 square feet of storage space, at an annual rate of \$1,200.00, be accepted and made a matter of record.

A new lease between the University of Kentucky (Vice President for Management & Budget) and Kentucky Technology, Inc., 1501 Bull Lea Road, Lexington, Kentucky, for space located at 1501 Bull Lea Road, Suite 101, Lexington, Kentucky, effective January 2, 2001 through June 30, 2004, for the use of 1,239 square feet of office space, at an annual rate of \$21,063.00, be accepted and made a matter of record.

Background: FCR 5, dated October 5, 1985, authorized the President or his designated representative to enter into leases and easements not exceeding \$30,000 in value and required that all leases entered into under this authority be reported to the Board.

Action taken: ☒ Approved ☐ Disapproved ☐ Other _____

FCR 3

Office of the President
January 23, 2001

Members, Board of Trustees:

APPROVAL OF LEASE

Recommendation: that the Vice President for Fiscal Affairs be authorized to negotiate and execute the following:

A new lease between the University of Kentucky (College of Pharmacy) and Huguenard, LLC, 2355 Huguenard Drive, Lexington, Kentucky, for space located at 2351 Huguenard Drive, Lexington, Kentucky, effective October 1, 2000 through June 30, 2002, for the use of 4,100 square feet of office space, at an annual rate of \$61,000.00.

Background: FCR 5, dated October 5, 1985, authorized the President or his designated representative to enter into leases and easements not exceeding \$30,000 in value and required that all leases in excess of \$30,000 be approved by the Board of Trustees.

Action taken: ☒ Approved ☐ Disapproved ☐ Other _____

FCR 4

Office of the President
January 23, 2001

Members, Board of Trustees:

DISPOSITION OF PROPERTY

Recommendation: that the Administration be authorized to execute appropriate legal instruments to sell a parcel of land containing 0.788 acres and a temporary easement. The property is located on US 60 (13th Street), Ashland, Kentucky.

Background: The property is part of the Ashland Community College and is needed by the Commonwealth of Kentucky Transportation Cabinet to widen US 60 (13th Street). The offer for the property is \$18,500.00 real estate and \$500.00 temporary easement for a total of \$19,000.00.

Action taken:



☒ Approval

☐ Disapproval

☐ Other

FCR 5

Office of the President
January 23, 2001

Members, Board of Trustees:

INTERCOLLEGIATE ATHLETICS QUASI-ENDOWMENT WITHDRAWALS

Recommendation: that the Board of Trustees approve transfers from the Intercollegiate Athletics Quasi-Endowment for the purpose of providing funding as necessary for the following capital projects: 1) a transfer of \$675,000 for the Football Office Complex Project at the Nutter Training Facility and 2) a transfer of \$1,250,000 for the Commonwealth Stadium Field Reconstruction Project.

Background: The Football Office Complex has a project scope of \$2,875,000 and will be funded primarily with private gifts. In June 1999 a pledged gift of \$1.6 million was received for this project, and additional gifts have been received or are being solicited. Pledged gifts will be received over a period of years, with interim financing provided by the quasi-endowment. As gifts are realized, the quasi-endowment will be repaid. The Board of Trustees previously approved a transfer of \$1,600,000 from the quasi-endowment on May 2, 2000 for this project. The requested additional transfer of \$675,000 will complete interim financing until pledges are realized.

The Commonwealth Stadium Field Reconstruction has a project scope of \$1,375,000 and will also be funded primarily with private gifts, with interim financing provided by the requested transfer from the quasi-endowment.

In the event that private gifts are not fully realized for these capital projects, UKAA has committed to provide permanent funding from future donations, including the Blue-White fund, and UKAA operating balances. The UKAA Board of Directors has approved the requested transfers.

Action Taken:

☒ Approved

☐ Disapproved

☐ Other

FCR 6

Office of the President
January 23, 2001

Members, Board of Trustees:

ARTHUR ANDERSEN LLP GIFTS AND PLEDGES

Recommendation: that the Board of Trustees accept gifts and pledges totaling \$50,000 from 11 individuals employed by Arthur Andersen LLP of Cincinnati, Ohio, and \$50,000 in matching gifts by the Arthur Andersen Foundation to create and endow the Arthur Andersen Endowed Professorship in the Carol Martin Gatton College of Business and Economics.

Background: The 11 individuals are alumni of the Carol Martin Gatton College of Business and Economics. They have given \$13,800, which has been matched by the foundation, for a total received to date of \$27,600. They are pledging an additional \$36,200, which when matched by \$36,200 from the Arthur Andersen Foundation will bring total funding for the professorship to \$100,000. The donors have made their gifts and pledges contingent on the University's receiving matching funds from the state's Research Challenge Trust Fund. The pledges will be paid within five years. The endowment provides for the professorship to be awarded to a faculty member who has made outstanding contributions to research and education in the field of accounting.

Action taken:



Approved

☐ Disapproved

☐ Other

FCR 7

Office of the President
January 23, 2001

Members, Board of Trustees:

COLLEGE OF HUMAN ENVIRONMENTAL SCIENCES
ALUMNI ASSOCIATION GIFT AND PLEDGE

Recommendation: that the Board of Trustees accept a gift of \$10,000 and a pledge of \$40,000 from the College of Human Environmental Sciences (HES) Alumni Association to create and endow the College of Human Environmental Sciences Alumni Association Endowed Professorship.

Background: The Human Environmental Sciences Alumni Association's pledge will be fulfilled with \$10,000 annual payments in 2001 through 2004. The alumni association has requested that the University request matching funds from the state's Research Challenge Trust Fund. The college dean and the alumni association will jointly determine the discipline or program within HES that is to benefit from the professorship.

Action taken:



☒ Approved

☐ Disapproved

☐ Other _____

FCR 8

Office of the President
January 23, 2001

Members, Board of Trustees:

EDITH D. GARDNER CHARITABLE FOUNDATION, INC., GIFT

Recommendation: that the Board of Trustees accept a gift of \$100,000 from the Edith D. Gardner Charitable Foundation, Inc., of Lexington, Kentucky, to create and endow a professorship in the College of Medicine's Department of Internal Medicine to be used to benefit the Markey Cancer Center.

Background: The Edith D. Gardner Charitable Foundation, Inc., was created through the will of Edith D. Gardner, a Lexington resident who died in 1989. Mrs. Gardner attended the University and her husband was a 1924 graduate of the College of Agriculture. Mrs. Gardner designated the Markey Cancer Center as one of the beneficiaries of her foundation's contributions. The \$100,000 contribution is eligible for matching funds from the state's Research Challenge Trust Fund.

Action taken: ☒ Approved ☐ Disapproved ☐ Other _____

FCR 9

Office of the President
January 23, 2001

Members, Board of Trustees:

ESTABLISHING THE ASHLAND INC., ENDOWED PROFESSORSHIP

Recommendation: that the Board of Trustees establish the Ashland Inc., Endowed Professorship in the College of Human Environmental Sciences.

Background: In 1990, Ashland Inc., now of Covington, Kentucky, contributed \$50,000 to the College of Human Environmental Sciences and agreed that a professorship would be established when the fund principal reached \$100,000. The principal reached \$95,000 in December, 2000. Ashland Inc., contributed another \$5,000 last month to put the fund principal at \$100,000, the threshold required for a professorship. The professorship will support a distinguished faculty member in the College of Human Environmental Sciences.

Action taken: ☒ Approved ☐ Disapproved ☐ Other _____

FCR 10

Office of the President
January 23, 2001

Members, Board of Trustees:

ESTATE OF ROBERT P. MOORES GIFT

Recommendation: that the Board of Trustees accept a gift of \$350,000 from the estate of Robert P. Moores to create and endow the Robert P. and Mildred A. Moores Alzheimer's Disease Research Endowment in the Sanders-Brown Center on Aging.

Background: Mr. Moores, a long-time resident of Lexington who died in June, 2000, at the age of 98, made the bequest in remembrance of his wife who suffered from Alzheimer's disease. The gift is eligible for matching funds from the state's Research Challenge Trust Fund.

Action taken:

☒ Approved

☐ Disapproved

☐ Other _____

FCR 11

Office of the President
January 23, 2001

Members, Board of Trustees:

GIFTS AND PLEDGES TO J. C. FERM GRADUATE FELLOWSHIP FUND

Recommendation: that the Board of Trustees accept gifts of \$37,654 and a pledge of \$12,346 to create and endow the J. C. Ferm Graduate Fellowship Fund in the Department of Geology in the College of Arts and Sciences.

Background: Dr. J. C. Ferm was a professor in the Department of Geology until his death last year. His widow, Doris Ferm, friends and students of Dr. Ferm, and several organizations and corporations have contributed to the fellowship fund. The College of Arts and Sciences has committed to raise \$12,346 within five years. The fellowship will support graduate student research. The donors anticipate their gifts and pledges being matched by the state's Research Challenge Trust Fund.

Action taken:



Approved



Disapproved



Other

FCR 12

Office of the President
January 23, 2001

Members, Board of Trustees:

GIFTS FOR UROLOGIC RESEARCH

Recommendation: that the Board of Trustees accept a gift of \$19,790 from John T. Higgins of Lexington, Kentucky, and a gift of \$10,000 and pledge for \$40,000 from Peggy Y. Caldwell of Danville, Kentucky, for the Endowment for Support of Urologic Research in the College of Medicine's Division of Urology.

Background: Mr. Higgins and Ms. Caldwell are donors and friends of the University and are interested in enhancing urologic research efforts to find new cures and treatments for urologic diseases. Mr. Higgins and Ms. Caldwell anticipate the University applying for \$69,790 from the state's Research Challenge Trust Fund to match their gifts and pledges. Ms. Caldwell's pledge will be paid in annual installments of \$10,000 from 2001 through 2004.

Action taken:



Approved

☐ Disapproved

☐ Other

FCR 13

Office of the President
January 23, 2001

Members, Board of Trustees:

GIFTS TO THE JOHN R. MINK PROFESSORSHIP IN PEDIATRIC DENTISTRY
AND ORAL HEALTH SERVICES RESEARCH

Recommendation: that the Board of Trustees accept gifts of \$48,330 and pledges of \$102,230 from friends and colleagues of Dr. John R. Mink to support the John R. Mink Professorship in Pediatric Dentistry and Oral Health Services Research in the College of Dentistry.

Background: The Board of Trustees established the John R. Mink Professorship in Pediatric Dentistry and Oral Health Services Research on May 4, 1999, with gifts and pledges of \$55,000. These gifts were matched by the state's Research Challenge Trust Fund (RCTF). Since then, gifts of \$48,330 and pledges of \$102,230 have been received. The donors anticipate their gifts and pledges being matched by the RCTF. Dr. Mink was one of the founders of the College of Dentistry and was the first chairman of the Department of Pediatric Dentistry.

Action taken:



Approved

☐ Disapproved

☐ Other

FCR 14

Office of the President
January 23, 2001

Members, Board of Trustees:

GORDON L. HYDE, M.D., PROFESSORSHIP/CHAIR IN VASCULAR SURGERY

Recommendation: that the Board of Trustees approve merging the Gordon L. Hyde, M.D., Professorship in General Surgery created in 1999, the Gordon L. Hyde, M.D., Lectureship created in 1997, and the Professorship in Surgery created in 1988 into a new endowment to be entitled the Gordon L. Hyde, M.D., Professorship/Chair in Vascular Surgery in the College of Medicine.

Background: When the three funds are merged into the single professorship/chair, the fund would have a value of \$825,000. The College of Medicine will continue to raise funds for this position until it reaches \$1,000,000, the amount required for a chair. The new position honors Dr. Hyde, who retired in 1997 after 34 years of service to the University.

Action taken:



☒ Approved

☐ Disapproved

☐ Other

FCR 15

Office of the President
January 23, 2001

Members, Board of Trustees:

JAMES M. LASSITER ESTATE GIFT

Recommendation: that the Board of Trustees accept a bequest of \$500,000 from the estate of James M. Lassiter of Murray, Kentucky, to create and establish the James M. and Mary Lassiter Endowed Chair in the College of Law.

Background: Judge James M. Lassiter was a 1949 graduate of the College of Law. He served as judge of the 42nd Judicial Circuit of Kentucky for 18 years and as commonwealth attorney for the circuit for 13 years. He died in May, 2000. He was a generous supporter of the College of Law. He was a member of the college's Lafferty Society and the UK Fellows Society. The college anticipates additional distributions from the estate. The \$500,000 bequest is eligible for matching funds from the state's Research Challenge Trust Fund. The endowed chair will provide the resources to recruit prominent legal scholars to the faculty.

Action taken:

☒ Approved

☐ Disapproved

☐ Other _____

FCR 16

Office of the President
January 23, 2001

Members, Board of Trustees:

OVERBROOK FARM GIFT

Recommendation: that the Board of Trustees accept a gift of \$100,000 from Overbrook Farm of Lexington, Kentucky, to the University of Kentucky Equine Research Foundation.

Background: Overbrook Farm, a thoroughbred horse farm in Fayette County owned by William T. Young, has been a long-time supporter of the Equine Research Foundation and the College of Agriculture's Department of Veterinary Science. The donor has directed that the gift be used to support a research project chosen by Dr. Peter J. Timoney, director of the Gluck Research Center.

Action taken:



Approved

☐ Disapproved

☐ Other

FCR 17

Office of the President
January 23, 2001

Members, Board of Trustees:

STAR SCIENTIFIC, INC., GIFT

Recommendation: that the Board of Trustees accept a gift of \$396,875 from Star Scientific, Inc., of Chester, Virginia, to create and endow the Harold R. Burton Endowed Professorship in Plant Biochemistry in the Department of Agronomy in the College of Agriculture.

Background: Star Scientific, Inc., has maintained a long-standing relationship with University of Kentucky researcher and professor Dr. Harold R. Burton, and is establishing a professorship in his honor and in recognition of Dr. Burton's research. Star Scientific manufactures and sells tobacco products and is engaged in research and development of smoking cessation products. The donor has requested the University seek matching funds from the state's Research Challenge Trust Fund.

Action taken: ☒ Approved ☐ Disapproved ☐ Other _____

FCR 18

Office of the President
January 23, 2001

Members, Board of Trustees:

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF
KENTUCKY AUTHORIZING THE ISSUANCE OF \$20,510,000 OF
UNIVERSITY OF KENTUCKY CONSOLIDATED EDUCATIONAL
BUILDINGS REVENUE BONDS, SERIES R, DATED MARCH 1, 2001

Recommendation: that the Board of Trustees approve a Resolution authorizing the issuance of \$20,510,000 of University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series R, to be dated the first day of the month in which they are sold.

The Resolution authorizes the issuance of \$20,510,000 of Series R Bonds for the purpose of financing the (i) Chiller Replacement – Cooling #3, (ii) Cooling Plant #1 Expansion and (iii) Communication Project, constituting the Series R Project upon the campus of the University in Fayette County in the Commonwealth of Kentucky, which project will, when completed, become part of the University of Kentucky Consolidated Educational Buildings Project of the University (the "Series R Project").

The Resolution also approves the sale of the Series R Bonds upon the advice of the Financial Advisor, J.J.B. Hilliard, W.L. Lyons, Inc., on March 6, 2001, or on such other date as may be determined by the Treasurer of the University, upon the advice of said Financial Advisor and the acceptance of the bid for the sale of the bonds by the Board.

Background: The University presently has outstanding eleven series of University of Kentucky Consolidated Educational Buildings Project Revenue Bonds, Series E, J, L (Second Series); F (Second Series); G, H, I (Third Series); K (Second Series); L; M; M (Second Series); N; O; P and Q (the "Outstanding Bonds") all secured by a pledge of the Revenues (registration fees) and by a statutory mortgage lien against all of the buildings of the Project. The Bond Resolution approves the appointment of the Bank One, Kentucky, NA, Lexington, Kentucky, as Trustee, Bond Registrar, Transfer Agent, Payee Bank and Depository Bank, with respect to these Bonds, and provides for the execution of the appropriate parity certification establishing that the "coverage" of projected income of the Project over debt service requirements will meet the 1.25 test necessary to establish that the Series R Bonds will rank on a parity with the Outstanding Bonds.

Action Taken: ☒ Approved ☐ Disapproved ☐ Other _____

RESOLUTION AUTHORIZING THE ISSUANCE

OF

\$20,510,000

OF

UNIVERSITY OF KENTUCKY
CONSOLIDATED EDUCATIONAL BUILDINGS REVENUE BONDS,
SERIES R
DATED MARCH 1, 2001,

OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY

I N D E X

<u>SECTION</u>	<u>TITLE</u>	<u>PAGE</u>
ARTICLE I	DEFINITIONS AND AUTHORITY	2
Section 1.1.	Series R Resolution.....	2
Section 1.2.	Definitions.....	2
Section 1.3.	Statutory Authority	4
ARTICLE II	AUTHORIZATION OF SERIES R BONDS	5
Section 2.1.	Series R Bonds Authorized.....	5
Section 2.2.	Purpose of Issue	5
Section 2.3.	Date and Maturities of Bonds	5
Section 2.4.	Series R Bonds to be Issued as Fully Registered Bonds.....	5
Section 2.5.	Interest Payment Dates	6
Section 2.6.	Registered Owners	6
Section 2.7.	Payment of Interest and Principal of Bonds	6
Section 2.8.	Execution of Bonds; Authentication by Trustee-Registrar; Transferability; Temporary Bond	6
Section 2.9.	Provisions as to Prior Redemption.....	8
Section 2.10.	Transferability.....	9
Section 2.11.	Designation of Trustee (Bond Registrar, Transfer Agent, and Payee Bank).....	9
Section 2.12.	Security for Series R Bonds; Statutory Mortgage Lien; Revenue Pledge.....	9
Section 2.13.	Authentication of Bonds	9
Section 2.14.	Securities Depository; Ownership of Bonds.....	10
Section 2.15.	Form of Bonds	11
ARTICLE III	PUBLIC SALE OF SERIES R BONDS; COMPLIANCE WITH PARITY REQUIREMENTS; THE SERIES R CONSTRUCTION ACCOUNT; DISPOSITION OF PROCEEDS OF SERIES R BONDS.....	177
Section 3.1.	Advertisement of Series R Bonds for Sale	17
Section 3.2.	Compliance with Parity Requirements of Basic Resolution.....	18
Section 3.3.	The Series R Construction Account; Disposition of Proceeds of Series R Bonds	18
ARTICLE IV	COMPLIANCE WITH FEDERAL ARBITRAGE REQUIREMENTS; THE REVENUE FUND; DEBT SERVICE RESERVE FUND	21
Section 4.1.	Compliance with Requirements of Internal Revenue Code.....	21
Section 4.2.	The Revenue Fund; Transfer to the Bond Fund and the Debt Service Reserve Fund to Provide for the Additional Requirements of the Series R Bonds.....	22
Section 4.3.	Adjustments in the Debt Service Reserve.....	23

ARTICLE V MISCELLANEOUS CONCLUDING PROVISIONS	24
Section 5.1. All Provisions of Basic Resolution and Various Series Resolutions Are Hereby Readopted, Ratified and Confirmed.....	24
Section 5.2. Ratification of Previous Appointment of Trustee to Serve as Registrar, Transfer Agent and Payee Bank.....	24
Section 5.3. Replacement by Board of Registrar, Transfer Agent, Payee Bank and Depository Bank	24
Section 5.4. Compliance With SEC Rule 15c2-12	24
Section 5.5. Resolution Contractual With Bondowners	24
Section 5.6. Provisions in Conflict are Repealed.....	24
Section 5.7. Copy to be Filed with Trustee.....	25
CERTIFICATION	26
ACCEPTANCE BY BANK ONE, KENTUCKY, NA, LEXINGTON, KENTUCKY AS BOND REGISTRAR, TRANSFER AGENT, PAYEE BANK AND TRUSTEE	27

RESOLUTION

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY AUTHORIZING THE ISSUANCE OF \$20,510,000 OF UNIVERSITY OF KENTUCKY CONSOLIDATED EDUCATIONAL BUILDINGS REVENUE BONDS, SERIES R, DATED MARCH 1, 2001.

WHEREAS, the Board of Trustees of the University of Kentucky, by Resolution entitled:

"A RESOLUTION OF THE BOARD OF TRUSTEES OF UNIVERSITY OF KENTUCKY, A STATE SUPPORTED INSTITUTION OF HIGHER LEARNING OF THE COMMONWEALTH OF KENTUCKY, CREATING AND ESTABLISHING A CONSOLIDATED EDUCATIONAL BUILDINGS PROJECT OF SAID UNIVERSITY OF KENTUCKY; CREATING AND ESTABLISHING AN ISSUE OF CONSOLIDATED EDUCATIONAL BUILDINGS REVENUE BONDS OF THE BOARD OF TRUSTEES OF SAID UNIVERSITY OF KENTUCKY; PROVIDING FOR THE ISSUANCE OF SUCH BONDS FROM TIME TO TIME; AND PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS FROM REVENUES IN SUCH MANNER AS NOT TO CONSTITUTE INDEBTEDNESS OF THE BOARD, THE UNIVERSITY, OR THE COMMONWEALTH."

heretofore adopted on September 20, 1960 (the "Basic Resolution" or "Resolution"), has created and established an issue of University of Kentucky Consolidated Educational Buildings Revenue Bonds of the Board of Trustees of the University of Kentucky (the "Bonds"); and

WHEREAS, the Basic Resolution authorizes the issuance by said Board of said Bonds in one or more Series pursuant to a new resolution authorizing each such Series; and

WHEREAS, the Board has previously authorized, sold, issued, and has outstanding prior issues of Bonds designated "University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series E, J, L (Second Series); F (Second Series); G, H, I (Third Series); K (Second Series); L; M; M (Second Series); N; O; P and Q" (all such other Series of Bonds heretofore issued having been retired or defeased); and has determined that the Board is in compliance with the conditions set forth in Section 7.10 of the Basic Resolution relative to the issuance of the Series R Bonds (authorized herein) on a basis of parity and equality as to security and source of payment with such outstanding Bonds of Series E, J, L (Second Series); F (Second Series); G, H, I (Third Series); K (Second Series); L; M; M (Second Series); N; O; P and Q; and

WHEREAS, the Board has determined that it is in the best interests of the Board to authorize at this time an additional series of Bonds to be designated "University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series R," ranking on a parity with said outstanding Series of Bonds;

NOW, THEREFORE, the Board of Trustees of the University of Kentucky hereby resolves as follows:

ARTICLE I
DEFINITIONS AND AUTHORITY

Section 1.1. Series R Resolution. This Resolution (the "Series R Resolution") is adopted in accordance with Article II, Section 2.03, of the Basic Resolution.

Section 1.2. Definitions

A. All terms which are defined in Article I of the Basic Resolution shall have the same meanings, respectively, in this Series R Resolution as such terms are given in said Article of the Basic Resolution.

B. In this Series R Resolution, unless the context shall indicate otherwise, the following terms shall have the following respective meanings:

"Agent Member" means a member of, or participant in, the Securities Depository.

"Basic Resolution" or "Resolution" means the original Resolution adopted on September 20, 1960, creating and establishing the Consolidated Educational Buildings Project and creating, establishing, and authorizing the issuance of Consolidated Educational Buildings Revenue Bonds of the Board of Trustees of the University of Kentucky.

"Board" means the Board of Trustees of the University of Kentucky, and shall include the Executive Committee of the Board acting pursuant to authorization of and/or with ratification by said Board of Trustees.

"Bond Register" means the books and records maintained by the Bond Registrar as to the registered ownership and transfers of ownership of the Series R Bonds, from time to time.

"Bond Registrar," "Registrar," "Payee Bank" or "Transfer Agent" means Bank One, Kentucky, NA, Lexington, Kentucky, which shall constitute the Bond Registrar, Transfer Agent and Payee Bank, with respect to the Series R Bonds authorized herein, which Bank shall have the duties and responsibilities of (a) issuing semiannual checks in payment of interest requirements to the Series R Bonds, (b) payment of the principal as same matures upon surrender of the Series R Bonds, (c) authenticating, issuing, and delivering the Series R Bonds to the Original Purchasers of same in accordance with the sale of the Series R Bonds, at the direction of the Board, (d) maintaining the Bond Register, (e) handling exchanges, cancellations, reissuance, redemption, and all appurtenant duties of a Bond Registrar and Transfer Agent with respect to the Series R Bonds, as hereinafter set out, and (f) serving as depository of all funds in connection with the Series R Bonds and Outstanding Bonds.

"Book-Entry Form" means, with respect to the Series R Bonds, a form or system, as applicable, under which (i) the ownership of beneficial interests in the Series R Bonds and bond service charges may be transferred only through a book entry, and (ii) physical Series R Bond certificates in fully registered form are registered only in the name of a Securities Depository or its nominee as owner, with the physical Series R Bond certificates in the custody of a Securities Depository.

"Code" means the Internal Revenue Code of 1986, as amended.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement dated as of March 1, 2001, between the University and the Trustee.

"Debt Service Reserve" means the portion of the Bond Fund in excess of the aggregate principal, interest, and Bond Fund Charges of Outstanding Bonds for the ensuing year, which excess portion shall constitute the "Debt Service Reserve" created and provided for in Section 405(3) of the Basic Resolution.

"Finance Cabinet" means the Finance and Administration Cabinet of the Commonwealth of Kentucky or its successor by whatever name designated.

"Financial Advisor" means J.J.B. Hilliard, W.L. Lyons, Inc., Hilliard Lyons Center, 501 South Fourth Avenue, Louisville, Kentucky 40202.

"Interest Payment Date" means May 1, and November 1 of each year, commencing May 1, 2001.

"Memorandum of Instructions" means the Memorandum of Instructions Regarding Rebate delivered to the Board and the Trustee at the time of the issuance and delivery of the Series R Bonds as the same may be amended or supplemented in accordance with its terms.

"Original Purchasers" or "Purchasers" means the original purchasers of the Series R Bonds at the public sale, including all members of the approved purchasing syndicate or group.

"Outstanding Bonds" means all bonds outstanding against and payable from the revenues of the Project, including (a) the Bonds of Series E, J, L (Second Series); F (Second Series); G, H, I (Third Series); K (Second Series); L; M; M (Second Series); N; O; P and Q; plus (b) the Series R Bonds, and (c) any and all future Bonds ranking on a parity therewith.

"Project" means the University of Kentucky Consolidated Educational Buildings Project, consisting of all educational buildings and necessary appurtenances on the campus of the University of Kentucky in Lexington, Kentucky, and all such buildings hereafter erected on such campus and elsewhere in Fayette County, Kentucky.

"Record Date" means with respect to any interest payment date, the close of business on April 15 or October 15, as the case may be, next preceding such Interest Payment Date, whether or not such April 15 or October 15 is a business day.

"Required Current Debt Service Reserve Accumulation" means the amount required at any given time to have been accumulated toward the goal of the "Required Debt Service Reserve," based on Outstanding Bonds, including the additional amounts required to have been deposited in each year to date (and scheduled to continue for a period of four years) in such Reserve as a result of the issuance of one or more additional Series of Bonds, until the total Required Debt Service Reserve is accumulated.

"Required Debt Service Reserve" means the amount required to be accumulated and maintained in the Debt Service Reserve portion of the Bond Fund, which required amount is an

amount equal to 100% of the maximum Aggregate Principal, Interest, and Bond Fund Charges falling due on Outstanding Bonds in any twelve month period.

"Secretary" means the Secretary of the Finance and Administration Cabinet of the Commonwealth of Kentucky, and each and every officer of the Commonwealth who may hereafter be authorized to exercise powers and authority similar to those vested by law in said Secretary; and each and every Deputy Secretary or other similar officer authorized by law to exercise the powers and authority presently vested by law in the Secretary.

"Securities Depository" means any securities depository that is a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act, operating and maintaining, with its participants or otherwise, a Book-Entry System to record ownership of beneficial interests in bonds and bond service charges, and to effect transfers of bonds in Book-Entry Form, and means, initially, The Depository Trust Company (a limited purpose trust company), New York, New York.

"Securities Depository Nominee" means any nominee of a Securities Depository and initially means Cede & Co., New York, New York, as nominee of The Depository Trust Company.

"Series R Bonds" or "These Bonds" means the Bonds authorized by Article II of this Series R Resolution.

"Series R Project" means the (i) Chiller Replacement – Cooling #3, (ii) Cooling Plant #1 Expansion and (iii) Communication Project, which Project is located in Fayette County, Kentucky.

"Series R Resolution" or "This Resolution" means this Resolution authorizing the Series R Bonds.

"Trustee" or "Trustee-Registrar" means Bank One, Kentucky, NA, Lexington, Kentucky, as more fully defined under "Bond Registrar."

"University" means the University of Kentucky, a body corporate, as an educational institution and agency and a political subdivision of the Commonwealth of Kentucky.

Section 1.3. Statutory Authority. This Section Q Resolution is adopted pursuant to the provisions of Section 162.340, et seq., and 58.010 through 58.140 of the Kentucky Revised Statutes (the "Enabling Acts") and the Basic Resolution.

(End of Article I)

ARTICLE II
AUTHORIZATION OF SERIES R BONDS

Section 2.1. Series R Bonds Authorized. Pursuant to the provisions of the Basic Resolution, there is hereby authorized to be issued by the Board of Trustees of the University of Kentucky, in its corporate capacity, a Series of Bonds in the aggregate principal amount of TWENTY MILLION FIVE HUNDRED TEN THOUSAND DOLLARS (\$20,510,000). Such Bonds shall be designated "University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series R." Said Series R Bonds are hereby declared to have been authorized under the Basic Resolution and in conformity with the provisions of Section 7.10 of the Basic Resolution.

Section 2.2. Purpose of Issue. Said Series R Bonds are being issued for the purpose of (a) paying the costs (to the extent not otherwise provided from other funds, including projected investment income from the investment of the net proceeds of the Series R Bonds until expended) of establishing and constructing the Series R Project, as defined herein, upon property of the University in Fayette County, Kentucky, which Series R Project will, when constructed and established, become and constitute part of the Consolidated Educational Buildings Project of the University, and (b) funding the Required Debt Service Reserve, and (c) paying the costs of issuance of the Series R Bonds.

Section 2.3. Date and Maturities of Bonds. Except as set out in Section 2.5 hereof, the Series R Bonds shall be dated March 1, 2001, and bear interest payable on each Interest Payment Date (May 1 and November 1 of each year), commencing May 1, 2001. The Series R Bonds shall be numbered consecutively from R-1 upward, or in such other manner as shall be determined by the Trustee-Registrar, and shall be scheduled to become due and payable on May 1 of the respective years and in the principal amounts (subject to such adjustment to maturity amounts as may be approved by the Chairman of the Board upon acceptance of the bid for the Series R Bonds in order to provide for an appropriate balance of principal and interest), as follows:

Maturity Date	Principal	Maturity Date	Principal
<u>May 1</u>	<u>Amount</u>	<u>May 1</u>	<u>Amount</u>
2002	\$635,000	2012	\$1,000,000
2003	665,000	2013	1,050,000
2004	695,000	2014	1,100,000
2005	725,000	2015	1,160,000
2006	760,000	2016	1,220,000
2007	795,000	2017	1,285,000
2008	830,000	2018	1,350,000
2009	870,000	2019	1,425,000
2010	910,000	2020	1,500,000
2011	955,000	2021	1,580,000

Section 2.4. Series R Bonds to be Issued as Fully Registered Bonds. The Series R Bonds shall be issued only in fully registered form, without coupons, in the denomination of \$5,000 or any authorized multiple thereof within a single maturity.

Section 2.5. Interest Payment Dates. Each Series R Bond shall bear interest from the Interest Payment Date to which interest has been paid next preceding the date on which such Series R Bond is authenticated by the Registrar, unless such Series R Bond is authenticated on an Interest Payment Date to which interest has been paid, in which event it shall bear interest from such date, or if such Series R Bond is authenticated prior to the first Interest Payment Date, such Series R Bonds shall bear interest from March 1, 2001. Interest on the Series R Bonds shall be payable commencing May 1, 2001, and on each November 1 and May 1 thereafter to maturity or earlier redemption.

Section 2.6. Registered Owners. The Person in whose name any Bond is registered on the Bond Register at the Record Date with respect to an Interest Payment Date shall be entitled to receive the interest payable on such Interest Payment Date (unless such Bond shall have been called for redemption on a redemption date which is prior to such Interest Payment Date) notwithstanding the cancellation of such Bond upon any registration of transfer or exchange thereof subsequent to such Record Date and prior to such Interest Payment Date, except in the event of default.

Section 2.7. Payment of Interest and Principal of Bonds. The principal of (redemption price, if redeemed prior to maturity) and interest on the Series R Bonds shall be payable in lawful money of the United States of America as same respectively become due. The principal of each Series R Bond is payable up on surrender of same at the main office of the Payee Bank and Bond Registrar. Interest on the Series R Bonds shall be paid by check mailed by the Payee Bank on or before each Interest Payment Date to the owners of the Bonds shown on the Bond Register as of the end of business on the Record Date, at the respective addresses appearing on the Bond Register.

So long as any of the Series R Bonds remain outstanding, the Registrar shall keep at its principal office a Bond Register showing and recording a register of the owners of the Series R Bonds and shall provide for the registration and transfer of such Bonds in accordance with the terms of this Resolution, subject to such reasonable regulations as the Registrar may prescribe.

Section 2.8. Execution of Bonds; Authentication by Trustee-Registrar; Transferability; Temporary Bond. The Series R Bonds shall be executed on behalf of the Board with the reproduced facsimile signature of the Chairman of the Board, and the facsimile of the Corporate Seal of the Board shall be imprinted thereon and attested by the reproduced facsimile signature of the Secretary of the Board; and said officials, by the execution of appropriate certifications, shall adopt as and for their own proper signatures, their respective facsimile signatures on such Bonds; provided the Authentication Certificate of Trustee on each printed Bond must be executed by the manual signature of the Trustee (not necessarily the same authorized officer of the Trustee on each Bond) on each Bond before such Bond shall be valid, as set out in Section 2.13 below.

Pending the preparation of definitive Bonds, the Series R Bonds may be delivered in the form of one or more temporary Bonds, which may be printed, lithographed, typewritten, mimeographed or otherwise reproduced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, in registered form, and with such appropriate insertion, omissions, substitutions and other appropriate and necessary variations as the Board may determine, as evidenced by the execution of such temporary Bonds.

Until exchanged for Series R Bonds in definitive form, such temporary Bonds shall be entitled to the benefit and security of this Resolution. The Board shall, without unreasonable delay, cause to have prepared, executed and delivered printed Bonds to the Original Purchasers and/or their designees, and thereupon, upon the presentation and surrender of the temporary Bonds, such printed Bonds shall be delivered to the Original Purchasers and/or their designees in exchange therefor. Such exchange shall be made without the making of any charge therefor to any owner of the Series R Bonds.

Arrangements shall be made for the printing of sufficient Bond Certificates to enable the Trustee-Registrar to maintain an adequate reserve supply of such Bond Certificates as same are sold, exchanged, and/or otherwise surrendered in the future. Notwithstanding anything contained herein, the Trustee-Registrar shall have the right to order the preparation or printing of additional Bond Certificates which, in the sole discretion of the Trustee-Registrar, shall be necessary to maintain adequate reserves of such Bond Certificates to properly effect the continuing transfers of ownership of Bond Certificates. No further action regarding the authorization of additional Bond Certificates shall be required by the Board, and the expenses incidental thereto shall be borne by the Board as additional annual requirements of the Series R Bonds, the same as interest thereon.

If the University determines not to issue the Series R Bonds in Book-Entry Form, at least five business days prior to the payment of the purchase price for the Bonds (the "Closing Date") each of the Original Purchasers shall furnish to the Registrar the name, address, social security number or taxpayer identification number of each party to whom the Bonds shall have been resold and in whose name the respective Bonds are to be registered, and the principal amounts and maturities thereof. The Trustee-Registrar shall then issue and deliver to each respective Purchaser on the Closing Date fully registered printed Bond Certificates for each registered owner so designated, in substantially the same for as that set out in Section 2.15 hereof.

Subject to the provisions hereof for Series R Bonds issued in Book-Entry Form, Series R Bonds shall be exchangeable and transferable upon the presentation and surrender thereof at the office of the Trustee-Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner and/or his authorized representative, for a Bond or Bonds of the same maturity and interest rate and in the denomination of \$5,000 and/or a multiple thereof within a single maturity, in an aggregate principal amount or amounts equal to the unpaid principal amount of the Bond and/or Bonds presented for exchange. The Trustee-Registrar shall be and is hereby authorized to (authenticate and) deliver the exchange Bond in accordance with the provisions of this Section. Each exchange Bond delivered in accordance with this Section shall constitute an original contractual obligation of the Board and shall be entitled to the benefit and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such exchange Bond is delivered.

In the event of non-payment of interest or of one or more principal maturities on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment or for such maturity or maturities ("Special Record Date") will be established by the Trustee-Registrar if and when funds for the payment of such interest shall have received from the Board. Notice of the Special Record Date and of the Special Payment Date of the past due interest shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each owner of the Bonds, as shown on

the Bond Register, of such maturity or maturities appearing on the books of the Trustee-Register at the close of business on the last business day next preceding the date of mailing of such notice.

Section 2.9. Provisions as to Prior Redemption.

(a) Redemption Prior to Maturity. The Series R Bonds maturing on and after May 1, 2011, shall be subject to redemption by the Board prior to maturity, in whole or in part, in the inverse order of their maturities (less than all of a single maturity to be selected by lot), on any date, on or after May 1, 2010, at a redemption price equal to the principal amount of the Series R Bonds called for redemption, plus unpaid interest accrued to the date of redemption, without premium.

(b) Redemption of Less Than All of a Single Bond. In the event that a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof, if the Bond is one of the maturities or amounts or part of the maturities or amounts called for redemption. Upon surrender of any Bond for redemption in part, the Trustee-Registrar shall (authenticate and) deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

(c) Notice of Redemption. The Trustee-Registrar shall give notice of any redemption by sending at least one such notice by United States mail, first class, postage prepaid, not less than 30 and not more than 60 days prior to the date fixed for redemption to the registered owner of each Series R Bond to be redeemed in whole or in part, at the address shown on the Bond Register as of the date of mailing of such notice. The Trustee-Registrar may furnish one other form of such notice more than 60 days prior to the date fixed for redemption, provided at least one such notice shall be sent not less than 30 nor more than 60 days prior to such date. Such notice shall state the redemption date, the Redemption Price, the accrued interest payable on the redemption date, the place at which the Bonds are to be surrendered for payment, and, if less than all of the Bonds outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Bondowner receives such notice.

Prior to each redemption date, the Trustee-Registrar shall make provision, to the extent funds are then available therefor, for the payment of the Redemption Price of the Bonds to be redeemed on such date by setting aside and holding in trust an amount sufficient to pay such Redemption Price. Upon presentation and surrender of any such Bond at the main corporate trust office of the Trustee-Registrar on or after the date fixed for redemption, the Trustee-Registrar shall pay the Redemption Price on such Bond (including accrued interest) from the funds set aside for such purpose.

All of said Bonds as to which the Board reserves and exercises the right of redemption and as to which notice as aforesaid shall have been given, and for the retirement of which, upon the terms aforesaid, funds are duly provided, will cease to bear interest on the redemption date.

The required notice shall be deemed to have been given upon the Board furnishing Notice of Redemption to the Trustee-Registrar and upon the Trustee-Registrar acknowledging that it has instructions to send such notice and that it will do so at the proper time, even if the time for furnishing such notice has not yet arrived.

Section 2.10. Transferability. Title to any Series R Bond shall be transferable only upon the presentation and surrender of same at the main office of the Trustee-Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative, such transfer to be made on such books and endorsed on the Bond by the Registrar.

Section 2.11. Designation of Trustee, Bond Registrar, Transfer Agent, and Payee Bank. For the purpose of securing the payment of both the principal of and interest on all of the Series R Bonds, and to secure for the benefit of all the owners thereof the faithful performance of the covenants and provisions contained in the Resolution in the manner and to the extent permitted and provided in this Series R Resolution and in Section 162.340, *et seq.*, and 58.010 through 58.140 of the Kentucky Revised Statutes, Bank One, Kentucky, NA, in the City of Lexington, Kentucky, successor to First Security National Bank & Trust Company, is hereby designated as Trustee, Bond Registrar, Transfer Agent, and Payee Bank under the Basic Resolution and this Series R Resolution for the owners of all of said Series R Bonds, with the powers and duties set forth in the Basic Resolution and in this Series R Resolution and with no liability in connection with any action or omission to act under the Basic Resolution or under this Series R Resolution except for its own negligence or willful breach of trust. Execution of the Authentication Certificate of the Trustee-Registrar on the respective Series R Bonds, shall conclusively establish the acceptance by the Trustee-Registrar of the trusts and provisions with respect thereto as set forth in this Resolution. Acceptance of the duties of Trustee-Registrar shall also be evidenced by the execution of the appropriate form of Acceptance immediately following the end of this Series R Resolution.

Section 2.12. Security for Series R Bonds; Statutory Mortgage Lien; Revenue Pledge. For the protection of the holders and owners of the Bonds secured by the Basic Resolution and this Resolution, a statutory mortgage lien upon the Project and properties connected therewith and belonging thereto, on a parity with Outstanding Bonds, is granted and created by and pursuant to Sections 162.350 and 162.200 of the Kentucky Revised Statutes, which said statutory mortgage lien is hereby recognized and declared to be valid and binding as provided by law, and shall take effect immediately upon the delivery of any and all of the Series R Bonds, ranking on a parity with the Outstanding Bonds.

All of the Series R Bonds are payable only from the Gross Revenues derived from the operation of the Project, ranking on a parity with the Outstanding Bonds, and the Series R Bonds shall not and do not constitute an indebtedness of the University or of its Board of Trustees or of the University or of its Board of Trustees or of the Commonwealth of Kentucky within the meaning of any provisions or limitations of the Constitution of the Commonwealth of Kentucky.

Section 2.13. Authentication of Bonds. No Series R Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Resolution unless and until such Bond has been duly authenticated by the Trustee-Registrar by the execution of the Authentication Certificate of Trustee-Registrar appearing on such Bond. Such Certificate appearing on any Bond shall be deemed to have been duly executed by the Trustee-Registrar if manually signed by an authorized officer of the Trustee-Registrar.

It shall not be required that the same officer of the Trustee-Registrar sign such Certificate on all of the Series R Bonds.

Section 2.14. Securities Depository; Ownership of Bonds. Except as provided in paragraph (c) below, the Series R Bonds shall be registered in the name of the Securities Depository or the Securities Depository Nominee, and ownership thereof shall be maintained in Book-Entry Form by the Securities Depository for the account of the Agent Members of the Securities Depository. Initially, the Series R Bonds shall be registered in the name of Cede & Co., as the nominee of The Depository Trust Company. Except as provided in paragraph (c) below, the Series R Bonds may be transferred, in whole but not in part, only to the Securities Depository or the Securities Depository Nominee, or to a successor Securities Depository selected or approved by the Board or to a nominee of such successor Securities Depository. As to any Series R Bond, the person in whose name such Series R Bond shall be registered shall be the absolute owner thereof for all purposes, and payment of or on account of the principal of and premium, if any, and interest on any such Series R Bond shall be made only to or upon the order of the registered owner thereof or his legal representative.

(a) Neither the Board nor the Trustee shall have any responsibility or obligation with respect to:

- (i) the accuracy of the records of the Securities Depository or any Agent Member with respect to any beneficial ownership interest in the Series R Bonds;
- (ii) the delivery to any Agent Member, any beneficial owner of the Series R Bonds or any other person, other than the Securities Depository, of any notice with respect to the Series R Bonds or the Bond Resolution: or
- (iii) the payment to any Agent Member, any beneficial owner of the Series R Bonds or any other person, other than the Securities Depository, of any amount with respect to the principal of, premium, if any, or interest on the Series R Bonds.

So long as any Series R Bonds are registered in Book-Entry Form, the Board and the Trustee may treat the Securities Depository as, and deem the Securities Depository to be, the absolute owner of such Series R Bonds for all purposes whatsoever, including without limitation:

- (A) the payment of principal of, premium, if any, and interest on the Series R Bonds;
- (B) giving notices of redemption and other matters with respect to the Series R Bonds;
- (C) registering transfers with respect to the Series R Bonds;
- (D) the selection of Series R Bonds for redemption;
- (E) for purposes of obtaining consents under the Bond Resolution; and
- (F) notwithstanding the definition of the terms "bondholder" or "holder" or "owner" in the Bond Resolution as referencing the registered owners of the Series R Bonds, the Trustee shall be entitled to rely upon written instructions from a

majority of the beneficial owners of the Series R Bonds with reference to consent, if any, required from the owners of the Series R Bonds pursuant to the terms of the Bond Resolution.

(b) If at any time the Securities Depository notifies the Board that it is unwilling or unable to continue as Securities Depository with respect to the Series R Bonds, or if at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor Securities Depository is not appointed by the Board within 90 days after the Board receives notice or becomes aware of such condition, as the case may be, then this Section shall no longer be applicable, and the Board shall execute and the Trustee shall authenticate and deliver certificates representing the Series R Bonds to the owners of the Series R Bonds as otherwise provided in this Article II.

(c) Payment of the principal of, premium, if any, and interest on any Series R Bonds not registered in Book-Entry Form shall be made as provided in Section 2.7 hereof.

(4) The principal of, premium, if any, and interest on the Series R Bonds registered in Book-Entry Form in the name of the Securities Depository or the Securities Depository Nominee shall be payable by wire transfer from the Trustee to the Securities Depository or the Securities Depository Nominee, as the case may be.

Section 2.15. Form of Bonds. The aforesaid authorized issue of Series R Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
UNIVERSITY OF KENTUCKY
CONSOLIDATED EDUCATIONAL BUILDINGS REVENUE BOND
SERIES R

NUMBER R-_____ PRINCIPAL AMOUNT \$ _____

DATE OF ORIGINAL ISSUE	MATURITY DATE	INTEREST RATE	CUSIP
March 1, 2001	May 1, _____	____%	

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The Board of Trustees of the University of Kentucky (the "Board"), a body corporate, as an educational institution and agency and a political subdivision of the Commonwealth of Kentucky, for value received, hereby promises to pay to the Registered Owner, identified above, or his or its registered assigns, solely from the special fund hereinafter identified, upon presentation and surrender of this Bond, the Principal Amount set out above on the Maturity Date specified above and to pay interest on said sum at the per annum Interest Rate specified above, from the interest payment date to which interest has been paid next preceding the date on which this Bond is authenticated, unless this Bond is authenticated on an interest payment date to

which interest has been paid, in which event this Bond shall bear interest from such date, or if this Bond is authenticated prior to the first interest payment date, this Bond shall bear interest from the date of original issue set out above, commencing May 1, 2001, and semiannually thereafter on November 1 and May 1 of each year until payment of the Principal Amount, except as the provisions hereinafter set forth with regard to redemption prior to maturity may be and become applicable. The principal of and redemption price, if any, on this Bond are payable in lawful money of the United States of America at the main office of Bank One, Kentucky, NA, Lexington, Kentucky (the "Trustee," "Bond Registrar," and "Payee Bank"). All interest on this Bond shall be payable by check or draft mailed by the Trustee-Registrar to the registered owner hereof at the address shown on the registration books kept by the Trustee.

This Bond is one of a duly authorized issue of \$20,510,000 principal amount of Bonds (said Bonds being hereinafter sometimes collectively referred to as "the Bonds," "these Bonds" or "the Series R Bonds"), issued in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Sections 162.340 to 162.380, and 58.010 through 58.140 of the Kentucky Revised Statutes, now in full force and effect, and under and pursuant to the Resolution adopted by the Board on September 20, 1960 (the "Basic Resolution"), and the Resolution adopted on January 23, 2001, authorizing the Series R Bonds (the "Series R Resolution"), issuable as fully registered Bonds in the denominations of \$5,000 and any authorized multiple thereof within the same maturity, for the purpose of financing (a) the costs (to the extent not otherwise provided) of establishing and erecting certain educational buildings and necessary appurtenances (the "Series R Project"), upon the property of the University in Fayette County, Kentucky, which Series R Project buildings and appurtenant facilities will, when erected and acquired, become part of the Consolidated Educational Buildings Project of said University (the "Project"), (b) the amount necessary to fully fund the Required Debt Service Reserve, and (c) the costs of issuance of the Series R Bonds. Copies of the Basic Resolution and the Series R Resolution are on file at the office of the Trustee.

As provided in the Series R Resolution, these Series R Bonds, together with the outstanding Bonds of Series E, J, L (Second Series); F (Second Series); G, H, I (Third Series); K (Second Series); L; M; M (Second Series); N; O; P and Q, and any additional Parity Bonds which may hereafter be issued and outstanding under the terms of the Basic Resolution and subsequent Series Resolutions (hereinafter all references to said outstanding Bonds and any additional Parity Bonds shall be collectively referred to as "Outstanding Bonds"), are and will be available from and constitute a first charge and lien up on the Revenues (as defined in the Basic Resolution) to be derived by the University from the operation of its Consolidated Educational Buildings Project. The fee imposed upon and collected from all students enrolled in the University at the Lexington Campus as an incident to registration at the beginning of each semester of the regular academic year and each summer session, including fees imposed for part-time students, night school and extension courses, is designated as the source of Revenues of the Project. Such fees are known as the Student Registration Fees, and the Board has covenanted on behalf of the University that such fees will be fixed (and, if necessary, revised and increased from time to time) at such rates as may be required to pay the interest on and principal of the Bonds as they respectively mature, to provide reserves therefor, and to pay the operating costs of the Project to the extent that such costs are not otherwise provided. All collections of the Student Registration Fees are to be set aside, as received, into the Consolidated Educational Buildings Project Revenue Fund (the "Revenue Fund") and are made subject to a first pledge, lien, and charge for the security and source of payment of Outstanding Bonds.

The Basic Resolution provides for the creation of a special account designated "Consolidated Educational Buildings Project Bond and Interest Sinking Fund" (the "Bond Fund") and for the deposit from the Revenue Fund to the credit of the Bond Fund of a fixed amount of the gross Revenues of the Project sufficient to pay interest on Outstanding Bonds as the same become due, to pay or retire the principal of Outstanding Bonds at or prior to the maturity thereof, and to provide a reserve for such purpose, which Bond Fund is pledged to and charged with the payment of said principal and interest.

The aggregate principal amount of Bonds which may be issued under the Basic Resolution is not limited except as provided in such Basic Resolution, and all Bonds issued and to be issued under the Basic Resolution are and will be equally secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted the Basic Resolution.

As further security for these Series R Bonds, a statutory mortgage lien, which is hereby recognized as valid and binding on the Project and properties connected therewith and belonging thereto, on a parity with Outstanding Bonds, is created and granted to and in favor of the owner(s) of these Series R Bonds, pursuant to Sections 162.350 and 162.200 of the Kentucky Revised Statutes, which said statutory mortgage lien shall take effect immediately upon the delivery of any and all of the Series R Bonds, and the Project shall remain subject to such statutory mortgage lien until the payment in full of the principal of and interest on Outstanding Bonds, including the Series R Bonds.

Outstanding Bonds are payable only from the gross Revenues derived from the operation of the Project, a sufficient amount of which revenues will be annually set aside into the Bond Fund, and this Bond does not constitute an indebtedness of the University of Kentucky, its Board, or the Commonwealth of Kentucky within the meaning of any provisions or limitations of the Constitution of the Commonwealth of Kentucky.

This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the main office of the Trustee-Registrar, but only in the manner, subject to the limitations provided in the Series R Resolution, and up on surrender and cancellation of this Bond, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative. Upon such transfer being effected, a new fully registered Bond or Bonds of the same series and the same maturity of authorized denomination, for the same aggregate principal amount, and the same interest rate, will be issued to the transferee in exchange therefor.

The Board and the Trustee-Registrar may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and redemption price, if any, hereon, and interest due hereon, and for all other purposes, and neither the Board or the Trustee-Registrar shall be affected by any notice to the contrary.

The owner of this Bond shall have no right to enforce the provisions of the Basic Resolution or the Series R Resolution, to institute action to enforce the covenants therein, to take any action with respect to any default under such resolutions, or to institute, appear in, or defend any suit or other proceedings with respect thereto, except as provided in such Resolutions. The Basic Resolution provides for fixing, charging, and collection fees for the services of the Project, which fees will be sufficient to pay the principal of and interest on Outstanding Bonds as the

same become due, to provide a reserve for such purpose, and also to pay the cost of operation and maintenance of the Project to the extent that same are not otherwise provided.

Reference is made to such Basic Resolution and Series R Resolution (a) pursuant to which Bank One, Kentucky, NA, in the City of Lexington, Kentucky has been designated as Trustee and Bond Registrar, Payee Bank, and Transfer Agent for the owners of the Series R Bonds, (b) for the provisions, among others, with respect to the custody and application of the proceeds of the Series R Bonds, (c) the rights, duties, and obligations of the Board and of the Trustee, and (d) the rights of the owners of these Series R Bonds; and by the acceptance of this Bond, the registered owner hereof assents to all of the provisions of said resolutions.

The Series R Bonds maturing on and after May 1, 2011, shall be subject to redemption by the Board prior to maturity, in whole or in part, in the inverse order of their maturities (less than all of a single maturity to be selected by lot), on any date, on or after May 1, 2010, at a redemption price equal to the principal amount of the Series R Bonds called for redemption, plus unpaid interest accrued to the date of redemption, without premium.

In the event that a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in a principal amount equal to \$5,000 or an integral multiple thereof. Upon surrender of any Bond for redemption in part, the Trustee-Registrar, in accordance with the Series R Resolution, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the bond so surrendered.

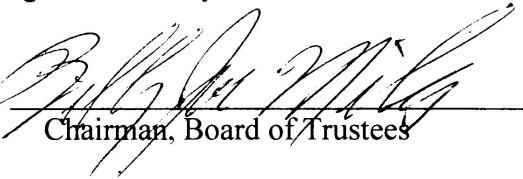
The Trustee-Registrar shall give notice of any redemption by sending such notice by United States mail, first class, postage prepaid, not less than 30 and not more than 60 days prior to the date fixed for redemption, to the registered owner of this Bond at the address shown on the Bond Register as of the date of mailing of such notice.

This Bond is exempt from taxation (except inheritance taxes) by the Commonwealth of Kentucky and all of its political subdivisions.

It is hereby certified, recited, and declared that all acts, conditions, and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond, do exist, have happened, and have been performed in due time, form, and manner as required by law, and that the amount of this Bond, together with all other obligations of the Board and of said University of Kentucky, does not violate any provision or exceed any limit prescribed by the Constitution or Statutes of Kentucky; that the Project will be continuously operated, and that a sufficient portion of the gross Revenues therefrom has been pledged to and will be set aside into the Bond Fund (created in the Basic Resolution) for the payment of the principal of and interest on this Bond and Outstanding Bonds which by their terms and the terms of the Basic Resolution, the Series R Resolution, and all previous Series Resolutions, are payable from the Bond Fund as and when the same will respectively become due.

IN TESTIMONY WHEREOF, the Board of Trustees of the University of Kentucky has caused this Bond to be executed on its behalf by the reproduced facsimile signature of its Chairman, and the facsimile of its corporate seal to be imprinted hereon, and attested by the reproduced facsimile signature of its Secretary, dated as of March 1, 2001; provided, however, that this Bond shall not be valid or obligatory for any purpose or be entitled to any security or benefit under the Series R Resolution pursuant to which it was authorized until the Authentication Certificate of Trustee-Registrar printed hereon shall have been executed by the manual signature of a duly authorized representative of the Trustee-Registrar.

UNIVERSITY OF KENTUCKY
Lexington, Kentucky

By: 
Chairman, Board of Trustees

Attest: 
Secretary, Board of Trustees

(Facsimile Seal of Board of Trustees)

(FORM OF AUTHENTICATION CERTIFICATE OF TRUSTEE-REGISTRAR)

THE AUTHENTICATION DATE OF THIS BOND IS: _____

AUTHENTICATION CERTIFICATE OF TRUSTEE-REGISTRAR

This is to certify that this Bond is one of the Bonds referred to in the within Bond and in the Series R Resolution authorizing same. Printed on the reverse hereof is the complete text of the opinion of Bond Counsel, Peck, Shaffer & Williams LLP, Covington, Kentucky, a signed original of which is one file with the undersigned, delivered and dated as of the date of the original delivery and payment for the Bonds.

BANK ONE, KENTUCKY, NA, Lexington, Kentucky
Trustee and Bond Registrar

By: _____
Authorized Signer

(FORM OF ASSIGNMENT)

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfer unto the within Series R Bond and hereby irrevocably constitutes and appoints attorney to transfer the within Series R Bond on the books kept for registration and transfer of said Series R Bond, with full power of substitution in the premises.

Dated: _____

(Signature must correspond with name of Registered Owner as it appears on the front of this Bond in every particular, without alteration, enlargement or any change whatsoever.)

Social Security Number or other identifying number: _____

Signature Guaranteed By:

Notice: Signatures must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

(End of Article II)

ARTICLE III
PUBLIC SALE OF SERIES R BONDS; COMPLIANCE WITH PARITY
REQUIREMENTS; THE SERIES R CONSTRUCTION ACCOUNT;
DISPOSITION OF PROCEEDS OF SERIES R BONDS

Section 3.1. Advertisement of Series R Bonds for Sale. The Series R Bonds shall be offered publicly for sale upon the basis of sealed, competitive bids at such time as the Board (or the Executive Committee of the Board) shall designate by duly adopted Motion or Resolution.

The Treasurer of the Board is hereby authorized and directed to cause an appropriate form or forms of a Notice of Sale of Bonds to be published in *The Lexington Herald Leader*, a legal newspaper published in the City of Lexington, Kentucky, which will afford local notice of the sale, *The Courier Journal*, a legal newspaper published in the City of Louisville, Kentucky, which will afford statewide notice of the sale, and, to the extent required by law, in *The Bond Buyer*, a financial journal published in the City of New York, New York, which is a publication having general circulation among bond buyers; and said newspapers and financial journal are hereby declared to be qualified to publish such notice for the Board within the meaning and provisions of KRS Chapter 424. Such notice shall be published in said newspapers and financial journal at least once not less than seven nor more than twenty-one days prior to the scheduled date of sale of the Series R Bonds.

The forms of Notice of Bond Sale, Official Terms and Conditions of Sale of Bonds, Bid Form and Official Statement, shall be in such form as approved by Bond Counsel, by the Financial Advisors, by the General Counsel of the University and by the Treasurer of the University.

Bidders shall be advised that J.J.B. Hilliard, W.L. Lyons, Inc., Louisville, Kentucky, has been employed as Financial Advisor in connection with the issuance of these Series R Bonds, that their fee for services rendered with respect to the sale of the Series R Bonds is contingent upon the issuance and delivery of the Series R Bonds, and that they may submit a bid for the purchase of the Series R Bonds at the time of the advertised public sale of the Series R Bonds, either individually or as the member of a syndicate organized to submit a bid for the purchase of the Series R Bonds.

Upon the date and at the respective hour set forth for the opening and consideration of purchase bids, as provided in the instruments hereinabove approved, the sealed bids theretofore received by the Treasurer and the Finance Committee of the Board shall be publicly opened and publicly read by the Treasurer and later delivered to the Board and again publicly read by the presiding officer of the Board. If there shall be one or more bids which conform in all respects to the prescribed terms and conditions, such bids shall be compared, and the Board agrees that if a bid is accepted, it will accept the best of such bids, as measured in terms of the lowest interest cost to the Board, as calculated in the manner prescribed in the Official Terms and Conditions of Sale of Bonds.

Bids will be received for the purchase of such Bonds no later than March 6, 2001 at 10:00 A.M., local time, or at such other date and hour as shall be fixed or otherwise determined by the Treasurer of the University.

Acceptance or the successful bid for the purchase of the Series R Bonds will be considered at the March 6, 2001 meeting of the Board of Trustees, upon the advice of the Board's Financial Advisor, J.J.B. Hilliard, W.L. Lyons, Inc.

Section 3.2. Compliance with Parity Requirements of Basic Resolution. In accordance with the requirements of Section 7.10 of the Basic Resolution, it is hereby certified, covenanted, and declared:

(a) That at the present time, and at the time of issuance of the Series R Bonds, there is and will be no deficiency in amounts required by the Basic Resolution or any Series Resolution to be paid into the Bond Fund;

(b) That prior to the issuance of the Series R Bonds, there will have been procured and filed with the Trustee a statement by the Treasurer of the Board to the effect that the average of the annual revenues from the Project for the two fiscal years immediately preceding the issuance of the Series R Bonds, was equal to not less than 1.25 times the maximum Aggregate Principal, Interest and Bond Fund Charges in any succeeding twelve month period ending May 1 on the Outstanding Bonds and on the Series R Bonds proposed to be issued. For the purposes of such computation, such certification of the Treasurer shall make an adjustment in the amount of the annual Revenues to reflect any increases or decreases in the pledged Revenues (the student registration fees) which at that time shall have been determined by the Board and made effective for future services of the Project.

Accordingly, based on the foregoing compliance with the requirements of the Basic Resolution, it is hereby found and declared that the Series R Bonds shall rank and be payable on a parity with the Outstanding Bonds on a first lien basis from the gross revenues of the Project and further secured by a first statutory mortgage lien on the Project buildings.

Section 3.3. The Series R Construction Account; Disposition of Proceeds of Series R Bonds. There is hereby established in the Treasury of the Commonwealth a Construction Account to be designated "University of Kentucky Consolidated Educational Buildings Project Bond Proceeds Series R Construction Account" (the "Series R Construction Account").

Immediately upon the issuance, sale, and delivery of the Series R Bonds, the entire amount received from the Original Purchasers of the Series R Bonds shall be deposited in the Treasury of the Commonwealth for immediate credit and/or transfer as follows:

(a) To the Bond Fund, all amounts received as collected accrued interest for the period from March 1, 2001, the date of the Series R Bonds, to the date of delivery, for application to the payment of interest next becoming due on the Series R Bonds.

(b) To the Debt Service Reserve Fund, the amount necessary to fully fund the Required Debt Service Reserve.

(c) To the "University of Kentucky Consolidated Educational Buildings Series R Bonds Cost of Issuance Account," hereby created and to be maintained on deposit with the Trustee, such appropriate amount as shall be directed by the Treasurer of the Board, to be held and disbursed upon written authorization of the Board or its designee. The Trustee shall apply funds in such account for the purpose of meeting issuance expenses, rating agency fees, and

other necessary costs (to the extent not payable by the Financial Advisor) of preparing, issuing, advertising, and selling the Bonds. After payment in full of such issuance expenses, based upon the certification of the Board, through its Treasurer, all amounts remaining in such Account shall be transferred to and deposited in the Bond Fund and applied toward the payment of interest requirements falling due on the Bonds on May 1, 2001.

(d) The balance of the proceeds of the Series R Bonds shall be deposited in the Series R Construction Account.

Such balance in the Construction Account shall be disbursed from such Account by the Treasurer of the Commonwealth according to such inspection, audit, and disbursement procedures as may from time to time be provided by law, for the purpose of paying the costs (to the extent not otherwise provided) of establishing and constructing the Series R Project buildings and appurtenances as identified in Section 2.2 of this Series R Resolution in accordance with the approved plans and specifications therefor and to reimburse the University or the Commonwealth for any payments which may have been made from other available resources in anticipation of the issuance of the Series R Bonds, and only upon certification of the Architects or Engineers having supervision of construction (or of the Secretary with respect to reimbursements sought by the Commonwealth), as to each disbursement for construction costs, that the amount thereof has been duly earned by and is payable to (and has not previously been paid to) the designated party or parties, for materials, services, and/or labor furnished pursuant to proper contract duly awarded therefor.

Amounts on deposit in the Construction Account shall be invested and reinvested from time to time by the State Treasurer upon direction to the State Treasurer by the Treasurer of the University, in direct obligations of the United States Government or of agencies of the United States Government, or obligations which are fully guaranteed by the United States Government, or in negotiable or non-negotiable Certificates of Deposit issued by any bank, trust company or national banking association (including the Trustee) whose deposits are insured by the Federal Deposit Insurance Corporation, provided such Certificates of Deposit, to the extent that same shall exceed the amount insured by the Federal Deposit Insurance Corporation, must be continuously secured by a valid pledge of direct obligations of or obligations guaranteed by the United States Government having a market value (exclusive of accrued interest) at all times equal to at least 100% of the principal amount of said Certificates of Deposit, which Certificates shall be lodged with the State Treasurer as custodian, or in investments permitted by KRS 42.500(6). The Investments shall be made upon the determination of the University Treasurer, upon advice from said Architects or Engineers (or of the Secretary) that moneys on deposit in the Construction Account are not immediately required for construction purposes and any investments made from the Construction Account shall be selected in contemplation of the anticipated schedule of disbursements prepared by the University Treasurer. All such investments shall be reconverted into cash as and when cash is required to pay costs for which the Construction Account is established.

Any balance remaining in said Construction Account after the establishment and construction of said Series R Project buildings and appurtenances and the payment of all costs in connection therewith shall be deposited in the Bond Fund and (a) credited to the Debt Service Reserve established in and by Section 405(3) of the Basic Resolution if and to the extent that such Debt Service Reserve contains less than the amount of the Required Debt Service Reserve, and/or (b) either applied as a credit against the next deposit required to be made into the Bond

Fund, or used to purchase Series R Bonds in the open market at a purchase price not exceeding par plus accrued interest, as may be directed by the Board; provided, however, that if proceedings are then pending or imminently contemplated for the establishment and/or construction of one or more additional educational buildings, which are or will be financed by the issuance of additional Series Bonds pursuant to the Basic Resolution, and which building or buildings constitute or will constitute a part of the Consolidated Educational Buildings Project, any such unexpended balance may be taken into account in determining the amount of Bonds to be authorized therefor, or may otherwise be applied to the proper costs thereof, in which event such unexpended balance may, upon authority of the Board, be transferred to the Series Construction Account thereof; and provided further, that if the Board has made a contribution to the Construction Account, any surplus to the extent of such contribution shall be transferred back to the Board.

(End of Article III)

ARTICLE IV
COMPLIANCE WITH FEDERAL ARBITRAGE REQUIREMENTS;
THE REVENUE FUND; DEBT SERVICE RESERVE FUND

Section 4.1. Compliance with Requirements of Internal Revenue Code. In order to assure purchasers of the Series R Bonds that interest thereon will continue to be exempt from all Federal and Kentucky income taxation (subject to certain exceptions set out below), the Board covenants to and with the owners of Series R Bonds that (1) the Board will take all actions necessary to comply with the provisions of the Code, (2) the Board will take no actions which will violate any of the provisions of the Code, or would cause the Series R Bonds to become "private activity bonds" within the meaning of the Code, and (3) none of the proceeds of the Series R Bonds will be used for any purpose which would cause the interest on the Series R Bonds to become subject to Federal income taxation.

Neither the University nor the Trustee shall take any action at any time which will cause the interest on the Bonds to become subject to Federal income taxation, and, without limiting the foregoing, it is covenanted for the benefit of the owners of such Bonds that no use of the proceeds of the Series R Bonds will be made at any time which, if such use had been reasonably expected on the date of issue of such bonds, would have caused them to be "arbitrage bonds." This covenant shall impose an obligation to comply with the requirements of Section 148 of the Code, and the applicable regulations thereunder. The word "proceeds" as used herein shall have the meaning which it has under such section of the Code and such regulations and shall include all moneys on deposit in all Funds provided for herein and all Funds established in connection with the Project and the Bonds. Without limiting the generality of the foregoing, in no event shall moneys be deposited in any accounts created hereunder or invested pursuant to the provisions hereof if such deposit or investment shall cause any Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code.

The Board certifies that on the basis of the facts, expectations, and circumstances (including covenants of the Board) in existence on the date of adoption of this Series R Resolution it is not expected that the proceeds of the Series R Bonds will be used in a manner that will cause such obligations to be "arbitrage bonds." The Chairman and the Treasurer of the Board are hereby jointly and severally designated and charged by the Board and the University with the responsibility for issuing the Series R Bonds and are hereby designated as the officers of the Board and the University to execute (by either of them) the ("no arbitrage") certification required by Section 1.103-13(a)(2)(ii) and any other provisions of the Treasury Regulations, and such certification shall set forth such facts, expectations and circumstances, which may be in brief and summary terms, and shall state that to the best of his knowledge and belief that are no other facts, expectations, or circumstances that would materially change such expectation that the proceeds of the issue of Bonds herein authorized will not be used in a manner that would cause same to be "arbitrage bonds." If, under any valid provisions of law hereafter enacted, the interest paid by the Board on the Bonds should excludable from the gross income of a recipient thereof for Federal income tax purposes without regard to compliance with the provisions of Section 148 of the Code, then the University shall not be required to comply with such provisions of the Code.

Without limiting the generality of the foregoing, the Board agrees that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section

148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Series R Bonds from time to time. This covenant shall survive payment in full or defeasance of the Series R Bonds. The Board specifically covenants to pay or cause to be paid to the United States, the Rebate Amount, at the times and in the amounts described in the Memorandum of Instructions. The Trustee, by execution of its Acceptance attached hereto, agrees to comply with all instructions of the Board given in accordance with the Memorandum of Instructions.

The Board reserves the right to amend the Resolution authorizing these Series R Bonds without obtaining the consent of the owners of the Bonds (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Series R Bonds shall be exempt from Federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of the owners of the Series R Bonds) to eliminate or reduce any restrictions concerning the Project, the investment of the proceeds of the Series R Bonds, or the application of such proceedings or of the revenues of the Project. The purchasers of the Series R Bonds are deemed to have relied fully upon these covenants and undertakings on the part of the Board as part of the consideration for the purchase of the Series R Bonds. To the extent that the Board obtains an opinion of nationally recognized bond counsel to the effect that non-compliance with any of the covenants contained in this Resolution or referred to in this Resolution would not subject interest on the Series R Bonds to Federal income taxes or Kentucky income taxes, the Board shall not be required to comply with such covenants or requirements.

This Resolution is adopted in contemplation that Bond Counsel will render an opinion as to exemption of principal of the Bonds from Kentucky ad valorem taxation and as to exemption of interest on the Series R Bonds from Federal and Kentucky income taxation, based on the assumption by bond Counsel that the Board complies with covenants made by the Board with respect to compliance with the provisions of the Code and based on the assumption of compliance by the Board with requirements as to any required rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Series R Bonds. The Board has been advised that, based on the foregoing assumption of compliance, Bond Counsel is of the opinion that the Series R Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 4.2. The Revenue Fund; Transfer to the Bond Fund and the Debt Service Reserve Fund to Provide for the Additional Requirements of the Series R Bonds.

(1) From and after the issuance and delivery of the Series R Bonds, the Treasurer, conforming to the provisions of Section 4.05(2) of the Basic Resolution, shall transfer from the Revenue Fund and deposit to the credit of the Bond Fund from time to time such sums as are required to pay (a) interest falling due on each November 1 with respect to the Series R Bonds, and (b) interest and principal, if any, falling due on each May 1 with respect to the Series R Bonds; and such transfers and deposits into the Bond Fund shall be in addition to the transfers and deposits required to be made from time to time for payment of the interest on and principal of the Outstanding Bonds.

(2) Conforming to the requirements of Section 4.05(2) of the Basic Resolution, if, whenever, and so long as the amount on deposit in the Debt Service Reserve (as part of the Bond Fund) shall be less than the Required Current Debt Service Reserve Accumulation or the

Required Debt Service Reserve (as defined herein), with respect to Outstanding Bonds for any future year ending May 1, the Treasurer shall transfer from the first available funds in the Revenue Fund and deposit in the Bond Fund, whatever additional amounts over and above all deposits otherwise required to be made into the Bond Fund, as set out in the foregoing paragraph (1) of this Section, shall be required in order to restore and maintain the Required Current Debt Service Reserve Accumulation or the Required Debt Service Reserve in the Debt Service Reserve portion of the Bond Fund.

(3) It is further determined by the Board that in calculating the amount of the required annual payments to be made by the Board into the Bond Fund to meet the principal and interest requirements of All (Outstanding) Bonds, the Board shall (whenever and so long as the Required Current Debt Service Reserve Accumulation or the Required Debt Service Reserve has been accumulated and is being maintained), take credit for the investment income derived from the investment of funds in the Bond Fund, including funds in the Debt Service Reserve; provided, further, however, that the Board, in compliance with the arbitrage requirements of the Internal Revenue Code of 1986, as amended, represents that amounts on deposit in the Bond Fund will be used within thirteen (13) months from the date of deposit for the payment of principal of and interest on the Outstanding Bonds; and the Bond Fund will annually be depleted through such application, for current debt service requirements on the Outstanding Bonds, except for an amount equal to not more than the greater of (a) one-twelfth (1/12) of the debt service requirements of the Outstanding Bonds for the then ensuing year, or (b) one year's earnings on the Bond Fund.

Section 4.3. Adjustments in the Debt Service Reserve. It is hereby determined that it is necessary (a) in order to comply with the parity requirements of the Basic Resolution, and (b) for the marketability of the Series R Bonds, that the Debt Service Reserve shall continue to be maintained and, when necessary, accumulated and/or restored, in an amount equal to the "Maximum Aggregate Principal, Interest and Bond Fund Charges" (as defined in the Basic Resolution) with respect to all Outstanding Bonds for any future year ending May 1 (the "Required Debt Service Reserve").

The Debt Service Reserve shall not (except where the amount on deposit therein shall exceed the Required Debt Service Reserve) be used for any purpose except to make the payments required to be made from the Bond Fund when there are insufficient funds available in the Bond Fund for such purposes.

(End of Article IV)

ARTICLE V
MISCELLANEOUS CONCLUDING PROVISIONS

Section 5.1. All Provisions of Basic Resolution and Various Series Resolutions Are Hereby Readopted, Ratified and Confirmed. The Board hereby readopts, ratifies and confirms all previous Resolutions relating to the Project, including the Basic Resolution adopted on September 20, 1960, and each of the various Series Resolutions relating to the Outstanding Bonds.

Section 5.2. Ratification of Previous Appointment of Trustee to Serve as Registrar, Transfer Agent and Payee Bank. Bank One, Kentucky, NA, Lexington, Kentucky, successor to First Security National Bank & Trust Company, the Trustee in all previous Series Resolutions, which was designated in all Series Resolutions beginning with the Series J Resolution, to serve also as Bond Registrar, Transfer Agent and Payee Bank with respect to the Bonds authorized by such Resolutions, is also designated to serve in all capacities referred to above with respect to the Series R Bonds.

Its duties as Registrar, Transfer Agent and Payee Bank with respect to the Series R Bonds shall be the same as its duties in such capacities with respect to the applicable Outstanding Bonds.

The Trustee Bank shall indicate its acceptance of its respective duties and capacities by signing its Acceptance at the conclusion of this Resolution.

Section 5.3. Replacement by Board of Registrar, Transfer Agent, Payee Bank and Depository Bank. The Board shall have the right at any time to replace the Registrar, Transfer Agent, Payee Bank, and/or Depository Bank by observing the same procedure as that required by the Basic Resolution and/or the respective Series Resolutions for replacement of the Trustee.

Section 5.4. Compliance With SEC Rule 15c2-12. The Board of Trustees hereby agrees, to comply with the provisions of Rule 15c2-12, as amended and interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934. In order to comply with the Rule, the Continuing Disclosure Agreement is hereby authorized and approved, substantially in the form presented or described to the Board, with such modifications and additions as may be approved by the officer of the University executing the same. The Chairman and the Secretary of the Board and the Treasurer and the Controller of the University are each separately authorized to execute and deliver the Continuing Disclosure Agreement.

Section 5.5. Resolution Contractual With Bondowners. The Basic Resolution and this Series R Resolution shall, from and after the issuance and delivery of the Series R Bonds, constitute a contract between the Board of the University and the owners of the Series R Bonds as shall be outstanding hereunder.

Section 5.6. Provisions in Conflict are Repealed. All resolutions or parts thereof in conflict with the provisions of this Series R Resolution are hereby rescinded to the extent of such conflict.

Section 5.7. Copy to be Filed with Trustee. A certified copy of this Series R Resolution shall be filed with the Trustee, and this Series R Resolution shall take effect immediately upon its adoption and the filing of the certified copy thereof with the Trustee, as provided in the Basic Resolution.

(End of Article V)

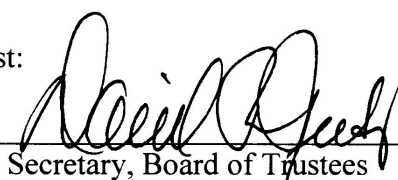
Adopted January 23, 2001.



Chairman, Board of Trustees
University of Kentucky

(SEAL)

Attest:

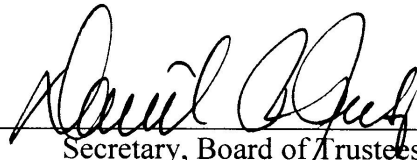


Secretary, Board of Trustees

CERTIFICATION

The undersigned, Secretary of the Board of Trustees of the University of Kentucky, Lexington, Kentucky, hereby certifies that the foregoing is a true copy of a Resolution adopted by the Board of Trustees of said University at a meeting held on January 23, 2001, as recorded in the official Minute Book of said Board of Trustees, which is in my custody and under my control, that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820, and 61.825, that a quorum was present at said meeting, and that the aforesaid Resolution is of record in the office of the Board, has not been modified, amended, or rescinded, and is in full force and effect at this date.

WITNESS my signature and the Seal of said Board this January 23, 2001.



Secretary, Board of Trustees
University of Kentucky

(SEAL)

ACCEPTANCE BY BANK ONE, KENTUCKY, NA,
LEXINGTON, KENTUCKY, AS
BOND REGISTRAR, TRANSFER AGENT, PAYEE BANK AND TRUSTEE

The undersigned, Bank One, Kentucky, NA, Lexington, Kentucky, having heretofore been appointed as and having served as Trustee, hereby agrees to the provisions of the foregoing Resolution to the extent that there are contained therein provisions as to the additional rights and duties of the undersigned as Bond Registrar, Transfer Agent, Payee Bank, and Trustee.

Dated this ____ day of March, 2001.

BANK ONE, KENTUCKY, NA,
Lexington, Kentucky

By: _____

Title: _____

::ODMA\PCDOCS\COVLIB\18344\2