MINUTES

Meeting of the Board of Trustees
University of Kentucky
1:00 P.M.
September 16, 2003
18th Floor Patterson Office Tower

Minutes

Accompanying materials:

President's Report and Action Items

PR 1 President's Report to the Trustees

Robinson Forest Report

PR 2 Personnel Actions
PR 3 Appointment of Dean of the College of Dentistry
PR 4 Appointment of Executive Vice President for Health Affairs
PR 5 Establishment of Engineering Alumni Association Professorship
PR 6 Naming of University Building
PR 7 Renaming of Administrative Office

Academic Affairs Committee Report

AACR 1 Candidates for Degrees – University System (Consent)
AACR 2 Candidates for Degrees – Community College System (Consent)
AACR 3 Bachelor of Arts in Russian Studies and Bachelor of Science in Russian Studies

Finance Committee Report

FCR 1 Acceptance of Audit Report and the Report on Compliance and on Internal Control for the University of Kentucky for 2002-03
FCR 2 Capital Construction Report
FCR 3 Report of Leases
FCR 4 Patent Assignment Report
FCR 5 Gifts to UK Center for Research on Violence Against Women
FCR 6 Kentucky Medical Services Foundation, Inc., Pledge
FCR 7 CompEd, Inc. Gift and Pledge
FCR 8 James C. Albisetti Gift and Pledge
FCR 9 Buck-Kentucky Lung Cancer Research Chair
FCR 10 Altria/Philip Morris Inc., Gift
FCR 11 Don and Mira Ball Gift and Pledge
FCR 12 Emil W. Johnson Gift
FCR 13 Anonymous Gift and Pledge
FCR 14 Changing Names of Two Gill Endowments
FCR 15 Delegation of General Provisions of House Bill 269
FCR 16 University of Kentucky Capital Request 2004-2006
FCR 17 Proposed 2004-05 and 2004-06 Tuition Rates and Mandatory Fees Increases
FCR 18 2003-04 Budget Revisions

FCR 19 A Resolution of the Board of Trustees of the University of Kentucky Authorizing the Issuance of Approximately $17,645,000 of University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series T, to be Dated the First Day of the Month in which the Bonds are Sold

FCR 20 A Resolution of the Board of Trustees of the University of Kentucky Authorizing the Issuance of approximately $14,190,000 of University of Kentucky Consolidated Educational Buildings Refunding Revenue Bonds, Series O (Second Series), to be Dated the First Day of the Month in which the Bonds are Sold

FCR 21 A Resolution of the Board of Trustees of the University of Kentucky Authorizing the Issuance of Said Board' s Housing and Dining System Refunding Revenue Bonds, Series M and O (Second Series), to be Dated the First Day of the Month in which Sold; Authorizing Proper Proceedings Relative to the Public Sale of the Bonds and the Disposition of the Proceeds thereof; Authorizing Execution of a Twelfth Supplemental Trust Indenture Between the Board and Farmers Bank & Capital Trust Company, Frankfort, Kentucky, as Trustee, in Compliance with the Provisions of the Trust Indenture Dated June 1, 1965

FCR 22 A Resolution of the Board of Trustees of the University of Kentucky Approving the Action of the Board of Regents of the Kentucky Community and Technical College System (KCTCS) Directing the University of Kentucky to Call University of Kentucky Community College Educational Buildings Revenue Bonds Series I, J and Certain Bonds of Series A, C, F, and H (Second) and Further Authorizing the Treasurer of the University to Execute a Call of Said Bonds

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, September 16, 2003.

The Board of Trustees of the University of Kentucky met at 1:00 pm (Lexington time) on Tuesday, September 16, 2003 in the Board Room on the 18th Floor of Patterson Office Tower.

A. Meeting Opened

Mr. Steven S. Reed, Chairperson, called the meeting to order at 1:03 p.m., and Ms. Marian Sims gave the invocation.

B. Oath of Office

Paul Van Booven, General Counsel, administered the Oath of Office to the following new members:

James F. Hardymon, appointed by Governor Paul E. Patton to replace Paul W. Chellgren, for a term ending June 30, 2009.

Phillip R. Patton, appointed by Governor Paul E. Patton to replace Warren Grady Stumbo, for a term ending June 30, 2009.

Rachel Watts, who will serve as student trustee for the 2003-2004 academic year.

JoEtta Y. Wickliffe, reappointed by Governor Paul E. Patton, for a term ending June 30, 2009.

C. Roll Call

The following members of the Board of Trustees answered the call of the roll: James F. Hardymon, Davy Jones, Michael Kennedy, Pamela May, Robert P. Meriwether, Phillip Patton, Elissa Plattner, Steven S. Reed (Chairperson), Frank Shoop, Marian Moore Sims, Alice Stevens Sparks, Myra Leigh Tobin, Rachel Watts, JoEtta Y. Wickliffe, Billy B. Wilcoxson, Russ Williams, Elaine A. Wilson, and Barbara S. Young. Absent from the meeting were Marianne Smith Edge and Billy Joe Miles. The University administration was represented by President Lee T. Todd, Jr., Provost Michael Nietzel, Executive Vice President for Finance and Administration Dick Siemer, Executive Vice President for Research Wendy Baldwin and General Counsel Paul C. Van Booven.

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 1:07 p.m.

D. Nominating Committee Report

Mr. Reed called upon Mr. Shoop, Chair of the Nominating Committee, for the Nominating Committee report.

Mr. Shoop asked that Mr. Reed appoint another member of the Board to serve as Chair to receive the Nominating Committee report.

Mr. Reed appointed Dr. Meriwether to assume the duties of Chair and receive the report.

Mr. Shoop reported that the Nominating Committee met on Wednesday, September 10th to consider the nomination of officers of the Board of Trustees and the members of the Executive Committee. The Nominating Committee submits the following names for officers:

Steve Reed, Chair
JoEtta Wickliffe, Vice Chair
Russ Williams, Secretary
Paul Van Booven, Assistant Secretary

Dr. Meriwether stated that there was a motion, and Ms. Sparks seconded the motion. Dr. Meriwether called for any other nominations from the floor, and there were no nominations. He called for a motion to accept the Nominating Committee report, and the motion carried unanimously.

Mr. Shoop said that the Nominating Committee submits the following names for members of the Executive Committee:

Steve Reed, Chair
Marianne Smith Edge
James F. Hardymon
Robert P. Meriwether
JoEtta Wickliffe
Russ Williams, ex officio

Dr. Meriwether stated that there was a motion, and he called for a second to the motion. Ms. Sims seconded the motion. Dr. Meriwether called for any other nominations, and there were no nominations. He called for a motion to accept the Nominating Committee report, and the motion carried unanimously.

President Todd congratulated Mr. Reed, and Mr. Reed received a round of applause.

E. Consent Agenda

Mr. Reed asked for a motion of approval for the Minutes and other items on the consent agenda. Ms. Wilson so moved, and Ms. Wickliffe seconded the motion. The motion carried without dissent, and the following items on the consent agenda were approved:

Minutes – June 24, 2003
Minutes – Retreat – August 26, 2003
PR 2 - Personnel Actions
AACR 1 – Candidates for Degrees – University System
AACR 2 – Candidates for Degrees – Community College System

F. Schedule for Meetings for Board of Trustees - 2004

Mr. Reed called attention to the Schedule for Meetings for the Board of Trustees for 2004 and asked for questions. He noted that the dates that are put in the record for 2004 are January 27, March 2, April 6, May 4, June 22, September 21, October 26 and December 14.

Mr. Reed announced that there had been another meeting scheduled for 2003, and that meeting would be held October 29th. He asked that the Board make note of that date and pointed out that the meeting will be held on a Wednesday instead of a Tuesday. Just for clarification, he repeated that the meeting was not previously scheduled, and an October meeting was added because there was going to be a gap between the September and the December meetings.

Ms. Sparks asked if there was a meeting in December.

Mr. Williams replied that there is a statutory meeting in December.

Mr. Reed then called upon President Todd for his report and action items.

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

Before beginning with PR 1, President Todd mentioned the articles that appeared in the Herald-Leader and the Kernel regarding the record quality of the freshman class that enrolled for the fall semester. He said that he was pleased to be able to say that last year was the best record in the University's history; however, this year, it is even better, and that is the way to continue. He commented about the staff in the Provost area and congratulated Don Witt's area on that success. He reported that the University had a 30% increase in African-American students this freshman year. The Legacy Program now has about 290 legacy scholars. That is up about 80% in the freshman year which indicates that word is getting out about that program. There are 318 students in the Governor's Scholars Program and the Governor's School for the Arts. That is up about 20% over last year. There are 145 valedictorians and 45 National Merit Finalists. He emphasized that this is a tremendous freshman class.

President Todd reported that the preview nights for next year are already beginning, and stated that Mr. Witt's organization does not get much rest. Attendance has been up 30% as a minimum and 60% as a maximum in the three preview nights that have already been held for next year. It is anticipated that 1,000 students will attend the Preview Night in Louisville. These students bring their parents, and it is really refreshing.

He noted that the total enrollment crossed over 35,000, and this is up 2%. He stated that it is a record year in many respects.

President Todd announced that a job description for the Coldstream directorship would be posted. That position will report to Dr. Baldwin. He said that the Board would be getting copies of that, and said he would appreciate any suggestions.

President Todd thanked Bill Markesbery, Bob Lawson, Billy Wilcoxson and Bob Meriwether for their service on the Athletic Association Board of Directors for several years. He reported that new by-laws were put in place this past year that rotate memberships. He said that he was pleased to announce that he has added Alice Sparks and James Hardymon as trustee representatives to the Athletic Board. Faculty representatives on the Board will be Ray Mullins, a professor in Dentistry, and Linda McDaniel, a professor in accounting. Elizabeth McCaslin from volleyball and Antoine Huffman from football will be the student representatives. Dr. John Piecoro is the faculty representative, an area that he has served for sometime.

At Mitch Barnhart's suggestion, there will be a Student Affairs Committee. Vice President Pat Terrell is chair of that Committee. Liz and Antoine will be members, along with Alice Sparks and Ray Mullins.

President Todd announced that the next Athletic Board meeting will be October 17th, and the Board of Trustees will be invited to it.

President Todd reported that there would now be a Finance Committee of the Athletic Board. The Ad Hoc Ticket Committee had been established sometime ago. All of the processes and procedures with tickets will now go to the Finance Committee. The Finance Committee will look at the financial reports as well as the tickets and ticket audit. Dick Siemer is the Chair of the Finance Committee. Claudia Heath, Luther Deaton and James Hardymon are the members of that Committee.

A Long-range Planning Committee of the Athletic Board will also be established. This is another suggestion of Mitch Barnhart, and they will be working on that Committee's membership.

President Todd thanked everyone who has served diligently on the Athletic Board and expressed appreciation to those who are now coming on the Board.

President Todd called attention to certain items in PR 1 and encouraged the Board to read all of the items.

1. UK started a new tradition this year, UK FUSION (For Unity and Service in Our Neighborhoods). This is a program that First Lady Patsy Todd had become particularly interested in with at Boston University when their daughter was up there. For an entire week, they invite the new freshman to have a public service experience. UK tried it for one day. There were approximately 650 students who did about four hours of public service to 40 organizations throughout the city, and it was tremendous. According to a survey done by Vice President Pat Terrell, 98% of the students who participated said that they would do it again and would recommend it. That is a huge success, and it will become a tradition at UK.

2. The economic impact of UK's research enterprise increased to $433.3 million. This has a leverage impact on the economy, both in jobs and in dollars spent in the community.

3. The Educational Psychology Program has been ranked 19th among peer programs. As mentioned before, the way to get to "top 20" is to have different departments move up, and others move up later. It is great to be in that category.

4. As a part of the effort to diversify campus, the Commission on Diversity recommended that a President's Award for Diversity be established, and the President will present the award each year. Those nominations are now being sought across campus.

5. The Arts and Sciences Assistant Dean, Richard Greissman, developed a UK graduation contract. This was previously passed through the University Senate and has the Senate's support. The way the contract will work is there will be certain things that the students will have to abide by. If the students abide by those things and cannot graduate on time because of a University problem, then the University will pay that tuition.

6. Dr. James K. Patterson's statue has moved to a new location in front of the Patterson Office Tower. There are four ways that Dr. Patterson could face, and the architects made recommendations. Dr. Patterson is now facing the "Main Building" that he put money into, as well as 40 years of his life. In the beginning, that was the University's only building, and as you look at the back of the "Main Building", the large opening will be the Welcome Center. The concept is that Dr. Patterson will be there to welcome all the new students and faculty as they come to campus.

7. Dr. Thomas D. Clark, historian, celebrated his 100th birthday. There was a great turnout for one of his celebrations at the W. T. Young Library.

H. Robinson Forest Report

President Todd said that the Board had received a Robinson Forest report in their Board packets and hopefully had a chance to review the report prior to the meeting. The report has some very good information. He thanked Dr. Grady Stumbo for his resolution in asking for the report to come forward. He also thanked Jack Blanton, Scott Smith, Paul Van Booven, and Jim Cobb of the Kentucky Geological Survey, for their work. Each of them was assigned different components of the report. He asked Dr. Jack Blanton to give a very brief summary of the report and said that Dean Smith would talk about the work that he had done on the report. Following their reports, he would take questions regarding the report.

Dr. Blanton thanked President Todd and said that he is living testimony to the fact that old vice presidents never die they just fade away, and this is his valedictory, he hoped. He said that his appearance before the Board is to conclude the one major item that was left unfinished from his watch as vice president.

About a year ago, Dr. Grady Stumbo introduced a resolution that directed the administration to prepare a report updating the Trustees on programs carried out in the Robinson Forest and also to provide an assessment of the resources of the Forest. To refresh the Board's memory, this resolution is shown on page one of the report.

Dr. Blanton said that, following Dr. Stumbo's resolution, President Todd immediately named the four administrators that he identified earlier to prepare this report, and they immediately began to work on it. Please note that the Robinson Forest is comprised/composed of several tracts that total approximately 14,000 acres in east Kentucky, but this report focuses on the 10,000 acres that are all together. That is some 10,000 acres in Perry, Knott, and Breathitt counties. This is shown on the inside cover of the report.

The four administrators met last October and prepared an outline for the report. Responsibility was assigned for each part of it. All of this was cleared with President Todd, and he approved the outline. Dr. Blanton reported that he wrote the first chapter that summarizes how the University came to acquire the Forest and the constraints that are imposed upon it. It really is fascinating history to go back into the old documents and read the old letters between the University administrators and Mr. Robinson, who was the donor of the Forest to the University. It was virtually clear-cut, and Mr. Robinson then decided to give the tracts to the University. Three heroes came out of this, Dean Cooper, President McVey, and Mr. Robinson. The University still owes a great debt of gratitude to Dean Cooper for the acquisition of the Forest. President McVey supported the Dean, and Mr. Robinson gave the Forest to the University. The essence of the first chapter, though the salient points, is that UK today owns the mineral rights in the Forest. That is the coal rights. UK does not own the oil and gas rights in the Forest, and there are strict limitations on what UK is allowed to do with any proceeds that come from the Forest. That is in effect the essence of the first chapter.

Dean Scott Smith, with the help of the UK Forestry Department and others in the College of Agriculture, prepared Chapter 2 of the report. It details the teaching, research and service role the Forest has served over time and continues to serve to this very day. Dean Smith will elaborate on this part of the report.

Dr. Blanton called attention to page 12 of the Report. He said that he and the foresters have estimated that the timber value is approximately $11M. With the assistance of a highly professional staff, Dr. Cobb offered Chapter 3 which estimates the tonnage of the coal seams that lie above the drainage line in the Forest and could be extracted if it were mined by surface mining technique. The estimated tonnage ranges from 101M to 117M for an average of 108M tons lying above the drainage line.

Dr. Blanton said that they did not put into this report an estimate of the value of this coal because of the wide number of variables that would establish value. First among those is the actual tonnage, and this is an estimate. It was gathered by looking at data points from mining operations contiguous to the Forest, and in the market, price of coal always determines value, but those are the two leading indicators. But, if 108M tons of coal were mined from the Forest at a selling price of between $25 and $40, which they estimate is today's price of that type of coal as shown on page 15 of the report, the value would be between $2.7 and $4.3 billion dollars. Please

remember that only a small percentage of these sums would come to the University in the form of royalties. He said that they did not attempt to estimate the value of any coal seams that might lie below the drainage line, since that would involve extensive and expensive test borings within the Forest.

He noted that because they were able to call upon the expertise of the Geological Survey, they did not have to engage the services of external consultants in the preparation of the report. He said that Dr. Steve Greb, who was in attendance, would be pleased to answer any questions about the methodology or any aspect of the coal evaluation and respond to any inquiries about that third chapter.

Dr. Blanton reported that Mr. Van Booven, who is UK's in-house resident expert on the Forest and whose love of the Forest extends beyond his professional duties, prepared the fourth and final chapter of the report. Mr. Van Booven recounts the legal battles over title, and anyone who has dealt in east Kentucky knows that titles there are very uncertain. The University has had to defend its title to lands that are in the Robinson Forest over time, and Mr. Van Booven recounts some of that in the report.

He called attention to page 23 of the report where Mr. Van Booven notes that an effort to overturn the lands unsuitable declaration would put the Board in the awkward position arguing against all of the points it presented a decade ago in gaining the declaration. In addition, the cost of this legal battle would be in the neighborhood of about $1M, according to Mr. Van Booven's estimate not to mention the controversy that would ensue.

Dr. Blanton commented about the people marching around the Patterson Office Tower earlier that morning saying "save the Robinson Forest." That march gives the Board some idea of the controversy that would ensue if the institution decided to go into mining there.

Dr. Blanton added that almost from the adoption of Dr. Stumbo's resolution last September, the report is being characterized as pitting mining the Forest against saving the Robinson Scholars Program. That is not the case. It was never the case, and it is not a part of the report. In fact, Vice President Terry Mobley will speak to the Board about a campaign underway to raise funds for the Robinson Scholars Program and indeed save that very valuable program. The report fulfills the administration's obligations completely. It is now in the Board's hands. The President will want to conclude this discussion with some comments of his own as the report is turned over to the Board. Dr. Blanton asked Dean Scott Smith to come forward and expound on his part of the value of the Forest outside of the mineral resources that are there.

Dean Smith said that in addition to some elaboration on the research and education values of the Forest, he had also been asked to comment briefly on current and future management of Robinson Forest in the College of Agriculture and the Department of Forestry. He pointed out that Robinson Forest is scientifically significant, meaning of considerable value for research and education for multiple reasons, including but not limited to the following:

1. It is a relatively rare, large and contiguous block of a certain forestland type that is highly representative of the Cumberland plateau.

2. It has several elements of the fluorine bottom. It has plants and animals that are richly diverse and really interesting in terms of ecology.

3. It has unique value for forest hydrology and perhaps this may be the most distinguishing research value of the Forest, and it is an ideal site for water quality research because of multiple watersheds suitable for monitoring comparison analysis somewhat related to that in point number 4. A very large body of baseline data on water quality by diversity and many other aspects of the Forest has been accumulated over a period of decades.

4. Management and disturbance of the Forest has been known, defined and controlled for many decades as well.

Dean Smith said that the defining objectives in the College of Agriculture in the management of Robinson Forest are optimizing research and education value of the Forest while exercising conscientious stewardship and conservation of that resource. He noted that a proposed new management plan for Robinson Forest has been drafted in cooperation with some faculty in the Department of Forestry. He reported that it is currently under review and gave a very brief synopsis of the plan.

The plan divides the forestland into four categories.

1. Zero or low impact management: This is the type of management that would allow for true conservation of old growth forest and continuing development of that type.

2. Education-intensive: These are the entrance areas, the camps, the nature trails, and areas where there are already a lot of visitors, and this could realize a tremendous potential for environmental education.

3. Hydrology research: In this area, management would be determined by necessary research manipulations for these studies. There would be some timber harvest in these areas as required for experimental treatments.

4. Sustainable forestry: These areas would be managed to achieve independently certifiable, sustainable timber harvest on a long-term rotational basis. Such "green" certification actually increases the value of the lumber produced. A sustainable rotation of hardwoods should be about 70 years, and this would mean that roughly 1/70 of that block of designated land for this category would be harvested every year under this proposal. While this rotational harvest occurred, these areas would retain their value for research and education.

Since someone is likely to ask about the income from such logging operations, he said that he would go ahead and tell the Board what he thinks it would be. Speculatively, full implementation of this new plan could eventually, after a certain infrastructure and practices are put in place, generate as much as $200,000 to $300,000 per year in gross revenues from this sustainable timber harvest. The direct costs of operating Robinson Forest are in the range of $100,000 to $200,000 per year. He said that it is his interpretation of the terms of the trust that "net revenues" from such operations in the Forest may be used for "experimental work and teaching", for "demonstration of reforestation" or for the "betterment of the people of the mountain regions…", for example, to support Robinson Scholars.

President Todd thanked Dr. Blanton and Dean Smith for the work they put forward. He said that this report is extremely helpful, and the Board now has an up-to-date history and assessment of this very unique and special resource that the University has managed for some time. This report will not only help guide this body but also the College of Agriculture and those that follow in the stewardship of the Forest.

President Todd said that he wanted to take care of a couple of issues. First, he wanted to begin by stating that he has no interest in pursuing mining of coal reserves in the main block of Robinson Forest, and he is not bringing any such proposal to the Board at this time. In his opinion, the University's focus should be on the environmental watershed and forestry research within the Forest. He said that he believes that this should include continued timber harvest as a part of the forestry research and renewable resources, especially since that relates directly to the language in the Robinson Trust. In addition to the research, the timber can help offset some of the operational costs that Dean Smith mentioned. He said that he is comfortable that the College of Agriculture has a well-defined plan for these efforts. Obviously, the University's biggest challenge is the maintenance of the Robinson Scholars Program. The plan is to aggressively solicit donations from individuals, from corporations, and from foundations to help offset the dwindling trust that would go away. If nothing were done, in 2008 the program would be finished. That is not the intent. He asked Terry Mobley, Vice President for Development, to speak about some plans that have already begun to try to enhance the funding of the Robinson Scholars Program.

Mr. Mobley reminded the Board of the recent presentation on the Robinson Scholar Programs and the dwindling of the funds of the Trust. He said that the Board heard the personal testimony of two of the Robinson Scholars, and if the Board members have a heart at all, they will want to continue that program. It was absolutely wonderful to hear the stories of those young people from the 29 county areas. He talked about the costs of the Robinson Scholars Program and the way it was originally established. He said there are 116 students in the program, and if you take today's tuition, room and board, and cost you are talking about a need of $950,000 annually. It is no small challenge that the University faces but with everyone believing in the Robinson Scholars Program, every effort will be made to make those funds available by 2007-2008.

Mr. Mobley reported that Keith Madison, former baseball coach who retired this year, has been hired to work with the Robinson Scholars Program. He thanked Mitch Barnhart and the

Athletics Department for providing the funds to pay Mr. Madison's salary. Mr. Madison is a wonderful person who has contacts across the state.

The Robinson Scholars Program, as far as raising funds for it, will be just another part of raising funds for all undergraduate scholarships that are needed as a result of many of the successful recruiting programs that the President has mentioned. The approach will be to raise money county-by-county. The University has never raised money by county. There have already been meetings at Harlan, and a volunteer group has been formed there. The next county will be Laurel. The next one is Bell, and meetings will be scheduled at all 29 counties. There are a lot of people who may not have a common interest in the University of Kentucky, but they have interest in providing scholarships for students from their local areas and have already indicated thusly.

Commercial establishments are located in all 29 of those counties that are already supporting it to some extent. There have been a lot of initial interests in the local communities, not only keeping the Robinson Scholars Program alive but in supporting it to the tune of paying for the students' cost from their respective counties. Mr. Mobley said that it has been wonderfully accepted, and he thanked the volunteers from the various counties who have shown tremendous interest in supporting the Robinson Scholars Program. He said that he would be happy to answer any questions.

President Todd thanked Mr. Mobley for his comments and said that he would like to reiterate the thank you to Mitch Barnhart. When Mr. Barnhart called him to indicate that he felt he could raise the ticket prices to the point where the Athletics Department could give $1M a year for academic scholarships, it came at a very good time in the budget's history of the State of Kentucky. But, in addition to that, if the Athletics Department maxes out their ticket sales, there is sufficient funding there to also pick up the salary for Keith Madison. He said that everyone could thank Mitch for making that available to the administration and to Mr. Madison for his passion and enthusiasm.

President Todd reported that at the Murray State football game, they had 20 individuals in the Provost's box who are volunteers who committed to helping the University pursue this fundraising. Mr. Madison is barely on the job but is already seeing some results. He told the Board that they would be hearing more about the fundraising efforts on scholarships, but this is one component of that effort.

President Todd said that he wanted to make clear that the University has no interest at this time in proposing any mining on the main tract of Robinson Forest, but he said that he is strongly committed, as he knows Board is, to the Robinson Scholars Program. He said that the Board would now have an opportunity to ask any questions or make any comments on what they have heard or what they have read in the report.

Ms. Wickliffe commented that the report is very valuable. There is a lot of good information in it that maybe she should have known, but she did not know. This report has made it much clearer for her, and she thinks they did a great job.

President Todd agreed that it is a good piece of work.

Ms. Sims said that she appreciated President Todd's commitment to the Robinson students. As a Board, they are passionate about this group for the betterment of Kentucky and the Appalachian area in particular. She said that she is real thankful that the University can continue to serve them.

Mr. Shoop said that he is glad to see that the University is moving past consideration of mining the Forest. He said, in his opinion, the Board holds the Forest as no less than a sacred trust. He feels the University can raise money for the Robinson Scholars and not have to mine the Forest in the coming years or ever touch this pristine area. He said that he is speaking partly for Dr. Stumbo who asked for the report. He said that Dr. Stumbo is not at the meeting, but he came from eastern Kentucky, as does he, and he has seen so much of eastern Kentucky just polluted and washed over the hillsides. He said that this is an untouched tract of land that he feels the Board holds in sacred trust. As long as he is on the Board, he will never vote to have this tract of land mined. He commended President Todd for taking the position that he has taken. He said that he is glad that the Board is at the point of putting this issue to rest for the time being.

Ms. Sims said that she would like to thank the people for their many comments and letters that she received showing the passion Kentuckians have about this issue. A lot of the comments and letters came from faculty and students on campus. A lot of them also came from that area of the state.

Ms. May said that many times as Board members they feel they do not have the ability to start anything or make anything happen. She thinks that the report that has been brought to the Board is really very much a tribute to one Board member, Dr. Grady Stumbo, standing up and asking a question. She noted that he is no longer a member of the Board; however, she asked that a copy of the report be sent to him. He may not be a member of the Board, but he still very much loves the University and cares about it.

Mr. Shoop said that he would like to make one other comment. He commended Terry Mobley for taking this project and already developing a plan for the University to raise money from sources other than having to mine or having to look at mining this tract of land to get money.

Ms. Wilson said that all of them feel the same way as far as making sure this project goes forward. She said, in her opinion, this would be a great opportunity for not only the Board members but for other people in the public to take a part and support the efforts of the Robinson Scholars. This would be a nice giving opportunity. The Board should encourage people that they know to support the program in that way.

President Todd thanked the Board for their comments. He noted that this is a point of information and does not require a motion.

President Todd said that he would like to revisit PR 2 to acknowledge the service of Dr. Ben Carr. It is mentioned in PR 2 that Dr. Carr is going to retire, but he is going to come back

with a half-time appointment. He is going to continue to oversee the Lexington Community College accreditation process. He is going to continue with the sustainability effort that has begun on campus. He will play a role and work closely with Dick Siemer to do the task that he has got the personality and the background and the abilities to carry out while at the same time enjoying his retirement. He said Dr. Carr's plans to play more golf, travel, and spend time with his wife, Jeanne. He asked Dr. and Mrs. Carr to stand and be recognized. They received a round of applause. Dr. Todd noted that he and Ben were engineering students together a few years back.

President Todd reported that Dr. Carr has had 31 years of continuous service at the University, beginning as a faculty member at what was then call LTI and now is the Lexington Community College. He was a Division Chair of Engineering. He progressed through that system to become Chancellor of the UK Community College System. He served that position for seven years and then he became Vice President of Finance for the University of Kentucky, briefly Vice President for Management and Budget and then finally as Vice President for Auxiliary and Campus Services. He said that he is very appreciative for the service that Dr. Carr has rendered to the institution. He is also glad that he is going to render at least half of that continuously. He congratulated Ben and Jeanne.

President Todd said that he would like to bring to the Board's attention the appointment of Angie Martin. Ms. Martin has been with the University for a fairly short period of time, but her skills in the budgeting and accounting area have been well recognized by everyone who has come in contact with her. She is presently the Associate Vice President of Planning and Budget, but with the Board's vote, she has now become the Vice President of Planning, Budget and Policy in the office of Executive Vice President for Finance and Administration. He said that he is glad to welcome the newest Vice President to the ranks and congratulated Ms. Martin.

President Todd mentioned the appointment of Chief of Police Fred Otto. Chief Otto joins the University from Missouri. He reported that Chief Otto has Kentucky roots, and he is going to do a fine job for the University. President Todd said that he appreciated his being a part of the University family. Chief Otto was asked to stand and be recognized. He received a round of applause.

President Todd called attention to the promotion of two other gentlemen who have served this institution extremely well with efficiency, with professionalism, and with passion. Victor Hazard, Student Affairs, is being promoted from Dean of Students to Associate Vice President for Student Affairs/Dean of Students. Mr. Hazard received a round of applause. The other gentleman is Jim Wims of Student Affairs. He is being promoted from Student Services Director to Assistant Vice President for Student Affairs/Director of Residence Life. Mr. Wims received a round of applause. President Todd said that he appreciated their attendance at the meeting.

I. Appointment of Dean of the College of Dentistry (PR 3)

President Todd said that it is his pleasure to recommend that the Board approve the appointment of Dr. Sharon P. Turner as Dean of the College of Dentistry effective October 1, 2003. Dr. Turner could not attend the Board meeting because she is still in Oregon. He asked

the Board to review the background information about her. He noted that her announcement was in the newspaper. On motion made by Ms. Sims, seconded by Ms. Sparks and carried, PR 3 was approved without dissent. (See PR 3 at the end of the Minutes.)

J. Appointment of Executive Vice President for Health Affairs (PR 4)

President Todd recommended that the Board of Trustees approve the appointment of Dr. Michael Karpf as Executive Vice President for Health Affairs effective October 1, 2003. Dr. Karpf has a very unique background for this position. Jan Greenwood and her firm conducted a national search for the University. President Todd thanked Dr. Alfred Cohen for overseeing that search process and for the members of that committee to result in such a fine appointment. Dr. Karpf has served as a professor. He has served as Vice Provost of clinical operations. He has most recently overseen the hospital at UCLA. When he went to UCLA, they were number five in the nation. They were just recently, by US News and World Report, selected as number 3 in the country behind Johns Hopkins and Mayo, a very elite territory. President Todd said that he is pleased that Dr. Karpf would accept this position because this is a crucial position that will report directly to him. It is one that will have to require the vision of taking an academic medical center into clinical operations expertise that will help the University advance its regional recognition and its national recognition. He will have to keep the science going that is in there. President Todd noted that Dr. Karpf's offer letter was distributed to the Board. Mr. Shoop moved approval of PR 4. Ms. Wilson seconded the motion, and it carried without dissent. (See PR 4 at the end of the Minutes.)

President Todd asked Dr. Karpf to make comments to the Board.

Dr. Karpf thanked everyone for a very warm Kentucky welcome. As he meets people, he understands how friendly folks are in Kentucky. He said that he and his wife would be feeling at home quite quickly. Having been in Lexington for a couple of visits, he has also come to realize how important the institution is to the Commonwealth and the people. The discussion of Robinson Forest just reinforces what this institution does for the state and does for the citizens of the state. As the medical enterprise, the Chandler Medical Center and the College of Medicine have broad responsibilities for the state, particularly important responsibilities for the health care of eastern Kentucky. He thinks the University must bring the newest in care and the newest in technology to the citizens of Kentucky.

The Chandler Medical Center and the College of Medicine also have to be the standard bearers for quality and safety. For him, the challenge will be how to take an academic medical center with all the trials and tribulations they are going through and make sure that it is responsive and responsible to such a broad population base. He said that he looked forward to that challenge, and he looks forward to working with the Board in the future. He thanked them for their confidence.

President Todd talked about the things that impressed him during the conversations with Dr. Karpf. Dr. Karpf indicated in one conversation that the UCLA Hospital, while it is basically a billion dollar enterprise, only works with 2% of the population in Southern California, whereas, joining the University of Kentucky and its Medical Center he has a chance to help influence the

treatment and care of over 30-40% of the population of the state. President Todd said that he liked that passion.

President Todd reported that he had to put together a competitive package to attract someone. He reiterated that one of the ways to get to be "top 20" is to hire people who have been there. We have done that in this case, and we have been able to draw someone from an extremely successful and competitive career to come here. And, we wanted to share that letter with you all.

K. Establishment of Engineering Alumni Association Professorship (PR 5)

President Todd said that PR 5 is a recommendation that the Board authorize the establishment of an Engineering Alumni Association Professorship in the College of Engineering. The Executive Board of that Alumni Association made this recommendation. Dean Lester has found ways that he can fund it. He asked for the Board's approval of PR 5. Professor Kennedy moved approval. Ms. Watts seconded the motion, and it carried without dissent. (See PR 5 at the end of the Minutes.)

L. Naming of University Building (PR 6)

President Todd recommended that the Board of Trustees approve the renaming of Building 38, the Mining Lab Building, to the Engineering Annex. This building no longer houses mining activity, and the College would like to change the name. The Committee on Naming University Buildings has reviewed this request and found it to be in compliance. Mr. Shoop moved approval. Ms. Tobin seconded the motion, and it carried without dissent. (See PR 6 at the end of the Minutes.)

M. Renaming of Administrative Office (PR 7)

President Todd said that PR 7 is substantially more than just a simple renaming of an administrative office. He recommended that the Board approve the renaming of the Office of Minority Affairs to the Office of Multicultural and Academic Affairs, effective retroactively to July 1, 2003. A review of the Office for Minority Affairs is done each year, and the external review team recommended that Minority Affairs assume university-wide responsibility to lead diversity and equity efforts across the campus. That it extend its mission to include a broader range of services and to change its name so that it would reflect that broader range of services. This transformation of the Office of Minority Affairs to the Office of Multicultural and Academic Affairs is UK's positive response to the dramatic changes occurring in the larger society. Multiculturalism is not only consistent with the mission of UK. It is in keeping with the democratic values of the nation and the highest ideas of the finest colleges and universities in our society. He reported that the number of employees was not reduced, and $50,000 more of budget authority was provided to try to help with this mission. He said that this is substantially more than a renaming. It is a redefinition of mission. He asked for the Board's approval. On motion made by Ms. May, seconded by Ms. Wilson and carried without dissent, PR 7 was approved. (See PR 7 at the end of the Minutes.)

Professor Jones asked for a clarification on PR 7. He asked if the background information included what President Todd described -- this is a redefinition, and a broadening of the mission. When the Board votes to approve PR's, is it only merely voting on the language that is in the recommendation line or is it also endorsing concepts like this that are in the background?

President Todd said that he could give Professor Jones his take, but he had an attorney on either side of him. The only Board action is to require the administrative name change. The change within the department would have been done without changing the name. The Board's vote is on the recommendation. The background information is to try to give the Board some background for why the administration is recommending that name change.

N. Bachelor of Arts in Russian Studies and Bachelor of Science in Russian Studies (AACR 3)

Ms. Sparks, Chair of the Academic Affairs Committee, reported that AACR 1 and 2 were on the consent agenda. AACR 3 was not on the consent calendar; therefore, she wants to make sure that the Board crosses all the t's and i's. She asked that the Board approve AACR 3 which is to approve the change in the name of the Bachelor of Arts with a major in Russian and East European Studies to Bachelor of Arts with a major in Russian Studies and the Bachelor of Science with a major in Russian and Eastern European Studies to Bachelor of Science with a major in Russian Studies. This is to more accurately reflect the content in the majors. On motion made by Ms. Sparks and seconded by Dr. Meriwether, AACR 3 carried without dissent. (See AACR 3 at the end of the Minutes.)

Ms. Sparks reported that after the Academic Affairs Committee took care of their duties to approve the three resolutions, they had a super informative meeting from Dr. Gary Hanson who is chairing the Committee that is overseeing the move of Family Studies Early Childhood to the College of Agriculture. She said that she had the Minutes of the Academic Affairs Committee meeting if any of the Board members would like them.

She said that Dr. Hanson reported that things are moving along beautifully with the Committee. The Committee has already met four times. This is the Committee that was charged with reporting back on a quarterly basis to Academic Affairs. The Committee has met with Dean Smith and Dean Cibulka. They will invite faculty from Family Studies and individuals who work in or are involved with the Department of Family Studies, graduates and current students in this area of study, and will continue to report to the Academic Affairs Committee. Things seem to be going very smoothly, and the Committee is gathering a lot of information. They will get their Committee meeting dates to her and have assured her that Board members are more than welcome to attend any of their Committee meetings.

Ms. Sparks reported that the Academic Affairs Committee also had a great report from Larry Turner, who is the Associate Dean for Extension of the Cooperative Extension Service. There was an approximate 45-minute discussion and almost everything covered is in the booklet that she asked that he make copies for the entire Board. It is a super report. She expressed appreciation to Dr. Turner for the time he put into the report. She encouraged the Board to

review it so they would know what is going on in their own county and said it would be great if the Board had contact with their local papers to get the people in their county some much needed PR. They are the University's spokespeople all over the state, and fortunately they are funded a lot by the county governments and the federal government that is even better. We get to say what services are offered, and we get to pay for it. It seems to be working well. She indicated that she did not know that 4-H was connected with the University of Kentucky. She reiterated that the report is good. She said she hoped that the Academic Affairs Committee would continue to meet the day before the meeting for at least an hour and a half and look into other areas that the Committee and Board needs to know more about.

O. Audit Subcommittee Report and Acceptance of Audit Report and the Report on Compliance and on Internal Control for the University of Kentucky for 2002-03 (FCR 1)

Ms. Wickliffe, Acting Chair of the Finance Committee, reported that Alice Sparks chaired the Audit Subcommittee meeting. The Subcommittee had a good discussion and a lot of the information was delivered to the members. The recommendation is that the Board of Trustees accept (1) the University of Kentucky's Consolidated Financial Statements for the year ending June 30, 2003, consisting of the Consolidated Statement of Net Assets, Consolidated Statement of Revenues, Expenses and Changes in Net Assets, Consolidated Statements of Cash Flows, Notes to Consolidated Financial Statements and Management's Discussion and Analysis, and (2) that the Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on the Audit Performed in Accordance with Government Auditing Standards. She called attention to the following paragraph on page 10 of the audit:

> "In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the University of Kentucky and affiliated corporations as of June 30, 2003 and 2002, and their consolidated revenues, expenses and changes in net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America."

She reported that in layman's terms, the auditors issued an unqualified report which is the best the University could get. She commended the accounting department for the fine report that they did. The Subcommittee is very pleased that everything at the University is in good shape. The Subcommittee is fully informed and has been given in detail the answers to many questions. She said that the President and the University staff have done an excellent job.

Ms. Wickliffe said that concluded the Audit Report and FCR 1.

Mr. Reed said Ms. Wickliffe recommended approval of the Audit Subcommittee Report. Ms. Tobin seconded the motion, and it carried without dissent.

Ms. Wickliffe then moved approval of FCR 1. That motion was seconded by Ms. Wilson and carried without dissent. (See FCR 1 at the end of the Minutes.)

P. Capital Construction Report (FCR 2)

Ms. Wickliffe said that FCR 2 is the Capital Construction Report. There was one new contract, three contracts that were completed, and one amendment this quarter. On behalf of the Finance Committee, Ms. Wickliffe moved that the Board accept the Capital Construction Report. Ms. Wilson seconded the motion, and it carried without dissent. (See FCR 2 at the end of the Minutes.)

Q. Report of Leases (FCR 3)

Ms. Wickliffe said that FCR 3 is a Report of Leases. She noted that there is a renewal lease between the University of Kentucky and the Cooperative Extension Service for their space in Henderson, Kentucky, one for the Center for Drug and Alcohol Research located in Russellville, Kentucky, a new lease between the College of Engineering and Kentucky Technology, Inc., for space located in the ASTeCC Building on campus, and a new lease between the Department of Art and Young Properties for space located at 330 Rose Street, Lexington. She moved the adoption of FCR 3. Ms. Tobin seconded the motion, and it carried without dissent. (See FCR 3 at the end of the Minutes.)

R. Patent Assignment Report (FCR 4)

Ms. Wickliffe said that FCR 4 is the Patent Assignment Report for the period May 1, 2003 through July 31, 2003. She noted that there were 24 applications through June 2003. Through July 1, 2003, there has been one new patent. She moved the adoption of FCR 4. Mr. Hardymon seconded the motion, and it carried without dissent. See FCR 4 at the end of the Minutes.

S. Gifts and Pledges (FCR 5 through FCR 14)

Ms. Wickliffe said that FCR 5 through 14 are summations that have been made to the University. She said that she would go through them and ask that the Board vote on them together.

FCR 5 is for gifts that were made to the UK Center for Research on Violence Against Women. The amount that has been given is $381,292.53 from 28 donors. Two Board members, Alice Sparks and Billy Joe Miles, made contributions to the Center.

FCR 6 is a pledge from the Kentucky Medical Services Foundation, Inc. It is a pledge of $50,000 to create and endow the James W. Holsinger Professorship in the College of Medicine. This pledge qualifies for matching funds from the state's Research Challenge Trust Grant.

FCR 7 is a CompEd, Inc. Gift and Pledge. It is a gift of $20,000 and a pledge of $30,000 to create and endow the CompEd Fellowship Fund in the College of Law. This also qualifies for the Research Challenge Trust Fund.

FCR 8 is the James C. Albisetti Gift and Pledge. It is a $12,500 gift and a pledge of $37,500 to create and endow the Albisetti Dissertation Research Fellowship in the Department of History in the College of Arts and Sciences. It is also eligible for the matching funds.

FCR 9 is the Buck-Kentucky Lung Cancer Research Chair. This is a gift of $492,494 which when added to a previously accepted gift of $300,000 from Dr. Peter Buck of Danbury, Connecticut, will create and endow the Buck-Kentucky Lung Cancer Research Chair in the Markey Cancer Center. This $300,000 is also eligible for the match.

FCR 10 is the Altria/Philip Morris, Inc. Gift. It is a gift of $427,956 from Altria/Philip Morris, Inc. This is a gift for undergraduate scholarships, fellowships and the leadership development program and tobacco research.

FCR 11 is the Don and Mira Ball Gift and Pledge. It is a gift of $100,000 and a pledge of $250,000 from Don and Mira Ball of Lexington for the restoration of the Administration Building.

FCR 12 is the Emil W. Johnson Gift. It is a $150,000 gift from Mr. Johnson. It is to create and endow the Emil Johnson Tennis Scholarship Fund in the Department of Athletics. Mr. Johnson is a retired army officer, and he holds two degrees from the University. He was also on the UK Tennis Team.

FCR 13 is an Anonymous Gift and Pledge. It is a gift of $25,000 and a pledge of $75,000 from an anonymous donor to support the activities in the Department of Athletics. The donor is making this as an unrestricted gift to be used at the discretion of the Director of Athletics.

FCR 14 is Changing Names of Two Gill Endowments. This is asking the Board to approve changing the names and department designations for two professorships that were established in 1999 with gifts from Linda C. and Jack M. Gill of Houston, Texas.

Ms. Wickliffe moved approval of FCR 5 through 14. Ms. Wilson seconded the motion, and it carried without dissent. (See FCR 5 through 14 at the end of the Minutes.)

T. Delegation of General Provisions of House Bill 269 (FCR 15)

Ms. Wickliffe said that FCR 15 is the Delegation of General Provisions of House Bill 269. The recommendation is that the Board of Trustees delegate to the President of the University of Kentucky the responsibility for complying with the general provisions of House Bill 269 and for implementing fiscal policies at the University as a response to the financial condition of the Commonwealth. The Board has the authority to delegate this responsibility for implementing performance to the President of the University of Kentucky. She moved the approval of FCR 15. Ms. Sparks seconded the motion, and it carried without dissent. (See FCR 15 at the end of the Minutes.)

U. University of Kentucky Capital Request 2004-2006 (FCR 16)

Ms. Wickliffe said that FCR 16 is the University of Kentucky Capital Request for 2004-2006. The recommendation is that the request be approved for submission to the Council on Postsecondary Education (CPE) and that the Board authorize the President to adjust the priority of the projects, as needed, as the Council develops the operating and capital requests for postsecondary education. She called attention to the small brochure in the packet and noted the priorities as they exist today. Those are the projects that the University will be asking the CPE to approve. She moved approval of FCR 16. Ms. Tobin seconded the motion, and it carried without dissent. (See FCR 16 at the end of the Minutes.)

V. Proposed 2004-05 and 2005-06 Tuition Rates and Mandatory Fees Increases (FCR 17)

Ms. Wickliffe said that FCR 17 is the proposed 2004-05 and 2005-06 Tuition Rates and Mandatory Fees Increases. The recommendation is that the Board of Trustees approve the following estimated tuition rate increases for those years and that the Board of Trustees approve increasing the mandatory student fees by the same percentage increase of the resident undergraduate tuition rate for each year of the biennium.

She noted in the background that in May 2003 the Council on Postsecondary Education approved tuition setting guidelines to be used by the respective Boards of Trustees and Boards of Regents in setting tuition rates for the fall 2004 and fall 2005. The recommended tuition rates are in compliance with the Council's tuition setting guidelines.

In accordance with the guidelines, each institution is to submit its planned biennial tuition rates and projected tuition and fees revenues for 2004-05 and 2005-06 to the Council by September 1, 2003, for use in developing the Council's 2004-06 biennial budget request. The official rates will be established by the University of Kentucky Board of Trustees in the spring of 2004 for 2004-05 and in the spring of 2005 for 2005-06. Ms. Wickliffe moved the adoption of FCR 17. Ms. Sparks seconded the motion.

Mr. Reed asked if there were any questions. Ms. Watts asked if she could clarify that this is something the CPE has mandated for the Board to do, and President Todd replied, "Yes, it sure is."

Ms. Watts said that she understood the situation. She has talked some to President Todd about the University on your end. She said that she would have to agree that students feel the same way as a lot of people planning this year. She thinks on behalf of the students, and not just the students but the entire University, she is going to have to stand up and encourage the state legislators and the CPE to look into alternative forms of raising finances for higher education. It is their choice of whether to support this and put their mandate behind this, but she thinks for most students in the University, she cannot support this recommendation.

Mr. Reed asked for any other questions or discussions. He called for a vote, and the motion carried. Ms. Watts voted nay. (See FCR 17 at the end of the Minutes.)

W. 2003-04 Budget Revisions (FCR 18)

Ms. Wickliffe said that FCR 18 is the budget revision. She noted that the entire increase is $397,500, which is a .03% increase, and called attention to the different items. She moved the adoption of FCR 18. Ms. May seconded the motion, and it carried without dissent. (See FCR 18 at the end of the Minutes.)

X. A Resolution of the Board of Trustees of the University of Kentucky Authorizing the Issuance of Approximately $17,645,000 of University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series T, to be Dated the First Day of the Month in which the Bonds are Sold (FCR 19)

Ms Wickliffe said that FCR 19 is the Resolution asking for the approval for bonds to be sold on behalf of the Parking Garage. She noted that the amount is $17,645,000. This is the Series T Bonds for the purpose of financing the "Parking Structure". It is to be located on a site based on UK's Physical Development Campus Plan. On behalf of the Finance Committee, she moved the adoption of FCR 19. Mr. Hardymon seconded the motion, and it carried without dissent. (See FCR 19 at the end of the Minutes.)

Y. A Resolution of the Board of Trustees of the University of Kentucky Authorizing the Issuance of Approximately $14,190,000 of University of Kentucky Consolidated Educational Buildings Refunding Revenue Bonds, Series O (Second Series), to be Dated the First Day of the Month in which the Bonds are Sold (FCR 20) and A Resolution of the Board of Trustees of the University of Kentucky Authorizing the Issuance of Said Board's Housing and Dining System Refunding Revenue Bonds, Series M and O (Second Series), to be Dated the First Day of the Month in which Sold; Authorizing Proper Proceedings Relative to the Public Sale of the Bonds and the Disposition of the Proceeds thereof; Authorizing Execution of a Twelfth Supplemental Trust Indenture between the Board and Farmers Bank & Capital Trust Company, Frankfort, Kentucky, as Trustee, in Compliance with the Provisions of the Trust Indenture Dated June 1, 1965 (FCR 21)

Ms. Wickliffe said that FCR 20 and 21 are refinancing on behalf of the University. The recommendation is for the Board to give the Controller the authority to refinance these Bonds if it becomes advantageous to the University. She moved the adoption of FCR 20 and FCR 21. Ms. Tobin seconded the motion, and it carried without dissent.

Z. A Resolution of the Board of Trustees of the University of Kentucky Approving the Action of the Board of Regents of the Kentucky Community and Technical College System (KCTCS) Directing the University of Kentucky to Call University of Kentucky Community College Educational Buildings Revenue Bonds Series I, J. and Certain Bonds of Series A, C, F, and H (Second) and Further Authorizing the Treasurer of the University to Execute a Call of Said Bonds (FCR 22)

Ms. Wickliffe said that FCR 22 is the refinancing of the KCTCS Bonds. They wish to refinance these Bonds and the properties that UK held prior to the dissolution of the community colleges. On behalf of the Finance Committee, she moved the adoption of FCR 22. Ms. Sparks seconded the motion, and it carried without dissent. (See FCR 22 at the end of the Minutes.)

AA. Investment Committee Report

Mr. Wilcoxson, Chair of the Investment Committee, gave an update on the endowment. The University's pool of endowment investments had a market value on June 30, 2003 of $424.6M compared to June 30, 2002 of $416.5M, an increase of $8.1M. The Investment Committee has allocated endowment investments among the domestic and international equities and fixed income securities, and it currently has 7 professional investment firms. Each of those has a specialized philosophy and a style of investing to manage the endowment assets. At June 30, 2003, the University's portfolio was invested 58% in common stocks of U.S. companies, 29% in U.S. fixed income securities and 13% in international companies. Fiscal year 2003 was what one might call a relatively bad year for the endowment investments; however, there was a market rally in the quarter ending June 30, 2003 that resulted in the total return of 1.7% for the fiscal year. All of these fiscal year returns were not as good as the Committee would like for them to be. One might be very, very pleased with the eight months ending in August of this year. The University really did well. The eight-month return was 13.6% for that eight-month period through August versus the policy benchmark of 12.9%.

BB. Other Business

Mr. Reed said there were a number of reports. He called upon Ms. Tobin to give the annual Alumni Association Report

Alumni Association Report

Ms. Tobin reported that the University of Kentucky Alumni Association is a vital constituency of the University. The mission of the University of Kentucky's Alumni Association is an organization that fosters intellectual and emotional fellowship through quality services, programs and benefits. It is the ongoing connection between the alumni and the University community while developing positive good will, support and loyalty to the University of Kentucky. The Association's vision is to inspire and strengthen the international distinction of the UK Alumni Association as the umbrella association for all alumni and to enhance the mission of the University of Kentucky. This Association will represent all UK alumni in

contributing to the University of Kentucky stature as one of the nation's "top 20" public universities.

The Association is steeped in history. It was founded in 1889 by Joseph H. Castle, a UK graduate and chemistry professor. He gathered his buddies to form the Association. The alumni homes have included Carnahan House and Spindletop Hall. Prior to 1963, the UK alumni staff was housed in the UK Student Center, and in 1960-63 the Helen G. King Alumni House was constructed at a cost of $325,000 when it was dedicated. It has now served to the present day as the alumni home. In 1998, a $600,000 restoration of King Alumni House was completed. Future plans include a major conference center addition.

The Association was incorporated as a 501(c) (3) non-profit organization in 1933. It became a membership dues supported and governed association in 1971 when the Office of Development was established. It is currently governed by a 112 member Board of Directors and is served by 18 full-time staff providing services in these areas: membership marketing, public relations, information systems which maintains the office records registrar, programs and communications. Its membership consists of 33,250 total members, and it has 19,426 dues paying annual members and 12,864 life members. The Association is organized into a club network system with 35 alumni clubs in Kentucky and 30 alumni clubs in 17 states. Joining the membership are colleges affiliate and constituents special interests groups.

The Association has an Alumni Affairs Council with representatives from each academic college and school, the Band Alumni, Lyman T. Johnson African-American Alumni, and Young Alumni. As the registrar of alumni records, the information services include a mammoth database of numbers. The Association has 182,216 addressable alumni records.

The Association's many programs, services and benefits include the Great Teachers' Awards. This is the oldest, continuous recognition of professors in the classroom. The Association has a Kentucky Alumni Magazine and last year 10,000 alumni and friends attended 325 events offered by the 65 alumni clubs. The literacy national service project is supported by 21 alumni clubs. The Association has an Alumni Career Service that is funded by Jane I. Morris Endowment, an alumni student-mentoring program. It gives six alumni awards, service awards, annually to alumni who have served the organization with distinction.

More than 5,000 travelers have taken alumni trips in the last 20 years, and this serves to bond many alumni to the University. The Association has athletic tickets for club members of a limited quantity to help again engage the club networks to come to the athletic events on campus, and of course, there is the highlight of homecoming and 50-Year Golden Wildcat Society Reunion. Some of the recent programs include the official UK ring ceremony. There is an online UK alumni directory. Free web-based e-mail forwarding is available to all alumni.

The Association supports the Kentucky Welcome Weekend, and the 1,200 wildcats. These are dinners in homes of alumni to engage alumni students and faculty in dialogue. The Association supports the legacy program for parents and students. It funds and supports student recruitment programs in conjunction with the Office of Admissions.

The Association's communications go out to 250,000 Kentucky Alumni circulation for its magazine. It has annual hits to its webpage of 826,000. It has 411,000 alumni and friends reached by 50 e-mail broadcasts to date this year, and 150,000 alumni and friends reached by e-alumwise which is the electronic monthly newsletter. Also, the records staff updates 36,900 alumni records on an annual basis. All of these programs and communications are supported by an annual budget of $2.4M which is 76% self-funded and 24% University funded. Some of these programming expenditure highlights include the Association and Club Scholarships, its support to college alumni groups, students support and alumni career support.

The UK Alumni Association is all about building and cultivating life-long productive relationships for alumni and for the University of Kentucky. The Association is fund raising in support of the strategic mission of the University of Kentucky in teaching, research and service. It believes in cultivating a foundation for giving back to the University through the Office of Development and encouraging grassroots support in leadership as good stewards in the community.

Ms. Tobin thanked the Board for the opportunity to tell them about the UK Alumni Association. She noted that there are three alumni members of the Board of Trustees. Marianne Smith Edge, who is not in attendance, serves on the Executive Committee, and everyone who received the Kentucky Alumnus Magazine will see her picture on the cover this month. She has the distinction of being elected President of the American Dietetic Association. Ms. Tobin said that she was sorry Ms. Smith Edge could not be at this meeting. The other member of the Trustees is Marian Moore Sims. She asked Ms. Sims to stand. She said that Ms. Sims knows everyone, and she is constantly amazed at her computer-based memory of all the names. She has taught everybody in Fayette County and is very well represented -- a very good representative of all these alumni. Ms. Tobin reported that she is the newest member of the Alumni Trustees, and it is her pleasure to introduce Stan Key, who is the Director of Alumni Affairs. She asked Mr. Key to stand, and he received a round of applause.

Ms. Sparks said that one of the things that she admires most about the Alumni Association is that her late husband was a lifetime member, and at his death, his membership was automatically transferred to her. This is very touching, and she really appreciated it. She thanked them for the nice gesture.

Mr. Reed said that he thought it would be safe to say that everybody on the Board has been duly impressed with the work and service of the Alumni Association and the Alumni Trustees who are on the Board. Whether it is something that is in the community, whether it is something regarding a policy of the University, or something that the Alumni Association is doing at an athletic event, everyone is touched in some way or another by the outstanding work of the Alumni Association. He said that he is glad to be a part of the Association as well as to have the alumni representatives of the Board of Trustees.

Ms. Sims announced that members of the Board and those in the audience who are not members of the Association could join the Alumni Association real easy. It is inexpensive and very reasonable, and it keeps you abreast of all the amazing things that go on at this great

University and with the alumni. She said that you cannot imagine how much greatness is in the world today because of alumni of the University of Kentucky.

Business Partnership Foundation Report

Ms. Wilson said that it has been an honor and a privilege for her to serve on the Business Partnership Foundation the last couple of years, and it has been a learning experience for her. She said that she is honored to give the report that includes a recap of the meeting in November 2002 and April 2003.

In November 2002, the Board was informed that total private endowments to the Foundation exceeded $66M as of June 30, 2002. The Board also learned that there was progress being made in the formation of start-up companies resulting from the commercialization of UK's research. They also talked about an establishment of a research grant concerning a Poverty Research Center at the Gatton College. The Board was told of an NSF grant to study the banking system of Japan. They also talked about a $40 million campaign that was in the making for the development of the new campus for the College; however, a decline in the equity markets was delaying fundraising efforts for that unfortunately.

At the April 2003 meeting, the Board saw the addition of three new members of the Board. The Board was introduced to the new dean of the College, Professor Sudharshan, who was beginning his tenure as the new dean of the College. Dean Richard Furst told the Board that the private support for the College now placed the College in the upper 20% of the colleges nationwide in terms of the size of their respective endowment. The College has moved up; however, other efforts have been keeping it from getting the money that is needed for the endowments, and therefore, the College did not have a higher ranking nationally.

Dean Furst, who stepped down as the dean at the end of the fiscal year, has had tremendous impact on the Gatton College. The Board owes him much gratitude for all his efforts. He brought the College and the Foundation from almost no money at all to where they are now-- millions and millions of dollars. She said that she would like for the Board of Trustees to thank him for all of his efforts at this time. He shows the Board how partnership can really work as far as fundraising and helping the University overall. She thanked the Board for allowing her to make this report.

University of Kentucky Equine Research Foundation Report and University of Kentucky Mining Engineering Foundation Board Report

Mr. Shoop said that he represents the Board of Trustees on two foundations, and with Chairman Reed's permission, he would like to cover both of the reports at the same time. He said that it is his privilege to represent the Board on the University of Kentucky Equine Research Foundation and the UK Mining Engineering Foundation Board. He said that he had distributed very limited reports about the Foundations to the Board since the agenda was very long. He said that he would like to ask the Board to accept the written reports and allow him to have someone from both of the Foundations to come at a later time to make a presentation. With the

permission of the Board, they will do that. The Gluck Center has a wonderful video that shows what they do, and the Mining Foundation plays such an important part in Kentucky.

Mr. Shoop said for him to sit there and try to very hurriedly tell the Board in five or ten minutes what these two Foundations do would be very inadequate. The reports that he distributed are very limited, but for the sake of time at this meeting, he asked that the Board accept the written reports.

University of Kentucky Research Foundation (UKRF) Report

Ms. Sims said that she, too, would try to give the Board a summary sketch of the University of Kentucky Research Foundation. She and Pam May represent the Board on the University of Kentucky Research Foundation Board of Directors.

This Board was established in 1945 to "receive, invest and expend funds to promote and implement scientific, educational and developmental activities at UK." The Board meets each spring for its annual meeting prior to the release of the University's new operating budget. It is comprised of 11 members. Presently on the Board are President Todd, who serves as the Board's president, Dr. Wendy Baldwin, who is the Executive Vice President for Research as well as the Executive Director for UKRF, Dr. Nietzel, the Provost, Dr. Ken Roberts and Dr. Ann Francis Miller, who are the two faculty representatives, Mr. Richard Kurzynske and Mr. Henry Jackson, who are the two members from the business sector, Dr. Jack Blanton, who served so ably, and now it will be Mr. Dick Siemer, Dr. James Holsinger, and now it is going to be Dr. Karpf.

Ms. Sims said that this is one of the most critical enterprises of this great University, and there is always in attendance many of the other staff connected with this endeavor; Jack Supplee, Henry Clay Owen, Bob Marshall, Jennifer Miles, Don Keach, Katherine Adams, Deb Weis, Dr. Joe Fink, Dr. Del Collins, Tina Carpenter, Kathy Stanwix-Hayes and Debbie Davis. These individuals have compiled a lovely folder packed with great information.

She noted that the Minutes of the last meeting in May 2003 are in the folder. In May, Dr. Baldwin's office projected that UKRF would end the fiscal year of 2003 with $215M in newly sponsored projects. As Dr. Todd reported in PR 3, the actual amount was a record $222.7M. She said that she knew the Board would join her in adding further congratulations to some amazing faculty and staff for their outstanding achievement during this time in our economy. The faculty and staff received a round of applause.

Ms. Sims reported that these grants and contracts make up the vast majority of the UKRF budget which in turn supports programs for faculty research, graduate education, and core research services. Currently, the Board has approved a budget increase of $22M for the fiscal year 2004.

In closing, Ms. Sims said that she is pleased to report that new grants and contracts total for July and August is currently $69.4M. That is an increase of 2% over the same period last year. She said that she is thankful to Dr. Baldwin for her hard work, and she, too, would love for

Dr. Baldwin to give a much more involved presentation about her dreams and the reality of this great research university at a later Board meeting. She said that she hoped the Board would let her do that. Dr. Baldwin has a lot to say.

University Hospital Board – JCHO Report

Dr. Meriwether reported that the Hospital Board met and had a JCHO presentation. The Hospital passed in flying colors, 94 out of 100. He said that he is proud of all of the staff at the Hospital.

The Fund

Mr. Reed said that the other report on the agenda was about The Fund. He reported that Mr. Miles was not in attendance; however, the report was distributed in the Board packet.

CC. Comments by Chairman Reed

Mr. Reed said that he had a couple of points that he wanted to mention. The first thing that he wanted to do is thank the Board for its support of him as Chairman. He said that he did not know of anything else that he has ever undertaken, aside from being a spouse to his lovely wife or a father to his three boys, that he cherished more than being chairman of this fine institution. Sometimes in life people get humbled by something that is so big, so great, and so honorable. He said that he is just humbled, and that he has so much humility to be even on the Board, let alone to be chair of the Board. The thing that adds to the wonder of this is the fact that this is such an outstanding Board. Everyone on the Board is just such a wonderful contribution. With the love that he sees, the inspiration that he gets, and the support that he and the University gets, he does not think that there is a finer Board assembled than the Board of Trustees of the University of Kentucky. Just to be a partner with the Board is a wonderful honor. He said that he felt safe to say that he does not think there is another institution that is as beloved as the University of Kentucky. He dares say media to the contrary, but the public loves the University of Kentucky. Just to see the respect that one gets when they mention they are a part of the University of Kentucky is awesome and so inspiring. It makes you come back and say, "Am I worthy to fulfill my role to serve the University and to meet these people's expectation"?

He said that he, along with other Board members, have a lot of sleepless nights when they just think they are not doing enough, and they have to do more. They have so much desire to make the University reach its place that it so deserves among the greatest universities.

He expressed thanks also on behalf of Ms. Wickliffe, who is Vice Chair of the Board, and Mr. Williams, who is Secretary of the Board, because the things that he has said are things that he knows they have said to him as well.

Mr. Reed pointed out that this is the start of a new school year. He reflected on the meeting and the things that had taken place, such as the Robinson Forest Report. He talked about the vision of President Todd to find a way to preserve one of the University's greatest natural resources. When some people hear that, they think it means the Forest, but it actually

means the scholars as well as the Forest. With great visionary leadership, sometimes you can find ways to accomplish more goals, and President Todd did that with the Robinson Forest issue. Mr. Reed said that he is proud to be a part of that.

Mr. Reed echoed the praise given by Mr. Shoop to Terry Mobley, who sometimes seems like he is everywhere. Every time the University needs money or support, Mr. Mobley is there. He comes back, and he always gives glowing reports of his success wherever he goes.

Mr. Reed commented about Paul Chellgren and Dr. Grady Stumbo, who are no longer a part of this Board. Their contributions to this Board have just been invaluable. Such that he has asked Paul Chellgren to continue to help and give his advice to the Audit Subcommittee. Mr. Chellgren took time off and came to the Audit Subcommittee to serve the University because of his love for it. Dr. Stumbo was not at the meeting, but he is the kind of person whose spirit will always be with the University. That spirit being one of his endearing loves for UK as well as for the people that it serves. He said that he wanted Dr. Stumbo to know that as long as he is on the Board, he will always think what Dr. Stumbo would have thought and make sure that it plays into his mind for every factor.

Mr. Reed gave some recognition to the new Chair of the Staff Senate, Sheila Brothers, and asked her to stand and be recognized. Ms. Brothers received a round of applause. Having the Staff Senate Chair at the meeting is another indication of the progress of the University and how democratic and inclusive it is.

DD. Comments from President Todd

President Todd called attention to the directory booklet. He thanked Dr. Phyllis Nash and her staff for pulling the directory together. It really is going to be a benefit to everyone, but particularly to the new members of the Board. It can also be distributed to other people around the campus who will find it to be a very valuable document.

President Todd then called attention to the invitation that many of the Board had already responded to about the Governor's Conference on Postsecondary Education. The two candidates for Governor are scheduled to attend the OAK Dinner, and this will give the Board members a chance to ask some higher education questions which have not been discussed enough in his mind at this point in time.

EE. Additional Comments by Chairman Reed

Mr. Reed said that there was one person that he forgot to mention. He said that the Board talked about leadership, and it talked about vision and support. When they talked about the Robinson Forest and fundraising, there was a department taken for granted. That is a department that it is easy to be hard on. It is a department that everyone can demand everything from. We demand perfection. We demand the highest of highest, and that department can often be the subject of the greatest criticism for even the slightest imperfection. With that in mind, Mr. Reed said he would like to reiterate his special thanks to Mitch Barnhart, Athletics Director, for the $1M a year that the Athletics Department has committed to academic scholarships over a ten-

year period. A lot is written on athletics. A lot of criticism is given to athletics. He, again, thanked Mr. Barnhart and UK for having the vision, the will, the care, to take $1M per year out of the athletic budget and give for academic scholarships. This is in addition to all the other contributions provided by the Athletics Department that are almost too numerous to mention, including the Athletic Department teaming up to help the Robinson Scholars. This is another way of athletics saying how can we help, how can we support, how can we make this University better. He said that if there is a better hallmark of an Athletics Department, he does not know what it is.

FF. Comments from Dr. Elissa Plattner

Dr. Plattner asked if anybody went to the Kentucky State Fair. She and Dr. Baldwin were in some real high cotton. For those who did not attend, they missed UK in one of its finest moments. It was everywhere from the Broadbent Pavilion to the horseshow ground, to 4-H, to everything you ever talked about as being grand. She told the Board members that they were making a cake and putting no icing on it unless they transfer themselves over to Louisville every August to see what it is all about. We would be very proud because UK was represented in every forum, in every situation. You would be proud of the UK students. You would be proud of the University representatives. You would be proud of who we all are. There were 565,000 Kentuckians in attendance that saw UK spread through out the forum. It was tremendous.

She commended UK for its History Department being part of the Lewis and Clark Expedition. It is going to take place in Louisville October 17th and 18th and everyone can preview it at the State Fair.

Dr. Plattner talked about the Agriculture students going to Europe and to Asia to learn about agriculture in the 21st Century and to bring back the level we need to be in this state. UK has got a marvelous bunch of young people who are out in China, France and other places around the world learning and bringing back what will be in the years to come.

GG. Comments from Marian Sims

Ms. Sims pointed out that the Agriculture booklet tells about the Extension Service. She said that she did not think any of the Board really has an understanding about what the Extension Service does. We have 3.5 million people in the State of Kentucky. The Agriculture Extension Office made 7M contacts in the State of Kentucky this year. That is the University touching all of Kentucky.

HH. Comments from President Todd

President Todd recognized Brad Goan and his staff and asked them to stand and be recognized. They received a round of applause. Mr. Goan has to wake up every day and work for the Robinson Scholars Program. He has got passion, and he understands the Robinson Scholars students. He reminded the Board of Mr. Goan's presentation and the couple of students who were there. He said that they intend to take those students to the mountains to help raise

money. He thanked Mr. Goan for what he does and said that he pledged his support to continue to support his efforts.

II. Meeting Adjourned

With no further business to come before the Board, Mr. Reed adjourned the meeting at 3:00 p.m.

Respectfully submitted,

Russ Williams
Secretary, Board of Trustees

(PR 2, 3, 4, 5, 6, and 7; AACR 1, 2, and 3; FCR 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, and 22 which follow are official parts of the Minutes of the meeting.)

PR 1
Office of the President
September 16, 2003

1. Students Return to Campus as 2003-04 Academic Year Begins

   The University of Kentucky launched its 2003-04 academic year August 23 with a number of events, including the 2003 Kentucky Welcome and UK FUSION (For Unity and Service in Our Neighborhoods), a new program enabling faculty, staff, and students to perform service projects in Lexington. Classes began August 27.

2. Economic Impact of UK's Research Enterprise Increases to $433.3 Million

   Research grants and contracts from out-of-state sources resulted in a $433.3 million contribution to the Kentucky economy, including $142.7 million in personal income, for fiscal year 2003, according to the UK Center for Business and Economic Research. Externally supported research accounted for a total 7,633 jobs in the Commonwealth — 5,825 jobs at UK and additional jobs throughout the state due to spending for supported research activities. Each dollar of out-of-state external funding for research generates an additional 80 cents in indirect expenditures.

3. UK Sets Another Record for New Research Grants and Contracts

   UK researchers brought in a record $222.7 million in the competitive arena of grants and contracts for fiscal year 2003, up 5 percent over the previous year. Federal agencies funded nearly 60 percent of these new sponsored projects and totaled $131.1 million. The major sponsors of UK research are the federal Department of Health and Human Services (including the 21 National Institutes of Health); the National Science Foundation; U.S. departments of Agriculture, Education, Energy and Defense; NASA; and the Small Business Administration. UK also received grants and contracts from state agencies and organizations totaling $53.1 million and $38.5 million from businesses, industries, and foundations.

4. UK Hospital Trauma Center Wins Re-verification as Level I Center

   The UK Hospital Trauma Center has been verified again as a Level I Trauma Center by the Committee on Trauma of the American College of Surgeons. The achievement recognizes the center's dedication to providing optimal care for injured patients. The UK Hospital Trauma Center is one of only two Level I centers in Kentucky and the only such center providing tertiary trauma care for Central and Southeastern Kentucky. Level I trauma centers offer 24-hour, in-house coverage by general surgeons and care in specialties such as neurosurgery, emergency medicine, internal medicine, and critical care.

5. Science Program Brings 34 Appalachian Ninth-graders to Campus

Thirty-four rising ninth-graders participated in the UK Chandler Medical Center and Outreach Center for Science and Health Career Opportunities Science Camp for Rural and Appalachian Middle Students. Students were selected based on their academic achievement, recommendations, and application essays. The competitive program, funded by the Howard Hughes Medical Institute, provided each selected student the opportunity to gain appreciation for science and health and elevate his or her self-image and confidence. The pre-college initiative also gives students an early perspective on the college experience through working and living on campus during the two-week summer program. Each student attended classes focusing on organs and systems of the human body. In addition, students participated in hands-on experiments, workshops, seminars, and evening activities in an interesting, stimulating atmosphere.

6. College of Education Program Named One of Nation's Top 20

The Educational Psychology Program in the UK College of Education has been ranked 19th among peer programs at 342 national and international institutions for research productivity, a study in the July issue of *Contemporary Educational Psychology* states. The scholarly journal examined the authorship of research articles published from 1997 through 2001 in the five leading educational psychology journals: *Journal of Educational Psychology*, *Cognition & Instruction*, *Educational Psychologist*, *Contemporary Educational Psychology*, and *Educational Psychology Review*. In all, 699 educational psychology articles written by 1,228 researchers were examined. Among the 342 institutions ranked in the survey, UK rated higher than Yale University, University of Texas at Austin, University of North Carolina at Chapel Hill, University of Notre Dame, and Columbia University. A similar productivity study conducted in 1996, which reviewed the period from 1991 to 1996, ranked the UK program 23rd.

7. UK Experts Take Lean Manufacturing Approach to Russian Industrialists

Four UK experts on the lean manufacturing production philosophy and a community education expert from Madisonville Community College traveled to Moscow, Russia, in early August. The UK Center for Manufacturing in the College of Engineering sent industrial extension specialists Dave MacDuffee and David Veech, lecturer Jim Price, and facilitator Bill Cooper to the Center for Business Skills Development in Moscow. Mike Davenport, liaison for community education and workforce development at Madisonville Community College, accompanied the group. The five specialists conducted lean manufacturing simulations designed to show how to eliminate wasteful production procedures for employees of York International Corp., a supplier of air handling systems with facilities in Russia, and other industries in Moscow.

8. UK Establishes Award to Recognize Diversity Efforts

UK has established a new award recognizing individual and organizational efforts to support and promote diversity within the university. The President's Award for Diversity will be presented by President Lee T. Todd Jr. Nominations were accepted in four categories: administrator or faculty member; UK staff member; UK student; and a Kentucky agency, company, organization or individual (non-student and non-employee) that has assisted the university in diversity efforts.

9. Mother of Fire Victim Warns Residence Hall Personnel on Fire Dangers

Losing her son, Michael, in a campus residence hall fire at Murray State University in 1998 made Gail Minger determined to see that his tragic death would not be in vain. Since that time, she has worked tirelessly in Kentucky and nationally for the cause of campus fire safety. As part of UK's

fire safety awareness training before the beginning of the academic year, Minger addressed UK student residence hall directors and advisers, together with other staff and students.

10. Thirty Talented Minority High School Students Get Taste of College Life

    Thirty of Louisville's brightest high school students got a jump start on college life as part of the UK Office of Multicultural and Academic Affairs' Lincoln Foundation's Whitney M. Young Scholars Program. The scholars program recruits academically talented and socio-economically disadvantaged seventh grade students from the Louisville area. Over a six-year period, they become prepared for high school graduation and a successful career in higher education. Young Scholars are provided structure to their personal environment, assistance in maintaining academic excellence, enhancement of the scholar's self-esteem, and education about cultural awareness among many other life skills. Upon completion of the program, scholars are provided assistance in obtaining financial aid for college.

11. CAER Researchers Pursue Large-scale Production of Carbon Nanotubes

    The Center for Applied Energy Research's Carbon Materials Group, under the direction of Rodney Andrews, has been successfully producing pure, aligned multiwalled carbon nanotubes continuously at a rate of more than 1 kilogram per day. Carbon nanotubes, lighter and stronger than steel, were discovered only 10 years ago and represent a new class of materials that may find broad use in electronic, thermal, and structural applications. Scaling up from milligrams to kilograms has presented unique problems in the past, and the lack of large quantities of high-purity nanotubes has inhibited applications research and the eventual commercialization of nanotube technology.

12. Appalachian Center Announces New Rockefeller Fellows

    Rockefeller Humanities fellows for this fall will include Eastern Kentucky activists Joan Robinett from Harlan County and Teri Blanton from Berea. Richard Hasler, a South African scholar, will also be a fellow at the Appalachian Center. The three will be featured in several radio talk show interviews on Morehead State Public Radio and will appear on the Front Page, a daily news talk show hosted by Chuck Mraz.

13. Arts and Sciences Assistant Dean Develops UK Graduation Contract

    UK is preparing a new "graduation contract" for students that may be implemented as early as the fall semester 2004. Richard Greissman, assistant dean of the College of Arts and Sciences, is working on the project, which will help ensure timely graduation for the students who participate. The voluntary contract will focus students' attention on the "task at hand" and will be accompanied by a "curricular road map" to guide students through their studies.

14. UK Pharmacy Researcher Developing Patch

    A researcher at the UK College of Pharmacy is developing an innovative skin patch using synthetic cannabinoids to treat the pain, depression, nausea, and loss of appetite often experienced by patients with AIDS, cancer, and other diseases. Three years ago, Audra Stinchcomb received a $361,000 grant from the American Cancer Society to study ways to safely and legally administer beneficial chemicals found in marijuana without inhaling the illegal plant. Smoking marijuana for medicinal purposes is outlawed in most states.

15. UK Staff Senate Celebrates First Year by Electing New Officers

The UK Staff Senate celebrated its first year of operation and elected new officers at its July 10 meeting. President Todd addressed the meeting and expressed appreciation for the Staff Senate's input regarding staff issues.

16. UK Scientists Study Technologies for Managing Coal Slurry Waste Ponds

A team led by Bhupendra Parekh, Center for Applied Energy Research (CAER), has received combined awards of over $252,000 from the Kentucky Science and Engineering Foundation and the U.S. Department of Energy Center for Advanced Separation Technologies to investigate a novel paste-thickening technology for managing coal slurry wastes. CAER will partner with EIMCO Inc., a Utah-based company that manufactures mining equipment, to evaluate the technology for de-watering and thickening coal slurries stored in ponds at Kentucky coal preparation plants. The waste ponds are under increasing scrutiny because of potential safety and environmental risks.

17. New Map of Jefferson County Aids Land-use Planners

The Kentucky Geological Survey has released the "Geologic Map of the Louisville 30 x 60 Minute Quadrangle, Central Kentucky," which will help planners in Louisville, Jefferson County, and surrounding counties. The new map was produced by KGS geologists Thomas Sparks and Qinhua Zhang. Representing a 1,443-square-mile area of Central Kentucky, the map illustrates all or parts of nine counties.

18. Louisville Excavation, Led by UK Archaeologists, Shows Culture Interactions

A UK team's archaeological excavation in Louisville may show for the first time that two prehistoric cultures that lived near the Falls of the Ohio River may have had substantial interaction. Senior staff archaeologist Andrew Madsen and his team unearthed thousands of artifacts from both the Mississippian and Fort Ancient cultures at the site, which is being prepared as an entrance road to Louisville's Eva Bandman Park. The artifacts date from about 1350 A.D.

19. UK United Way to Launch Its 2003 Campaign With $420,000 Goal

The UK United Way campaign begins Wednesday, September 17, with a kick-off luncheon in the Student Center Grand Ballroom for nearly 500 volunteers. The six-week campaign has a fund-raising goal of $420,000. UK is the third largest organizational contributor to United Way of the Bluegrass, which funds a variety of service agencies in eight Central Kentucky counties. It is estimated that one out of every four UK employees receives services from a United Way agency.

20. UK Healthtrac Rewards Encourages Employees to Pursue Good Health

UK has launched a program that pays employees to become more involved in improving their health. UK has contracted with the national firm Healthtrac Inc. through the university's health benefits carrier CHA-Health. Healthtrac provides a Web-based program of health assessment, education, and resources for disease prevention and management. UK Healthtrac Rewards is available to UK employees and retirees who are enrolled in a university health plan. Participants visit their personal health page on the Internet once a month and complete the Healthtrac questionnaire when it is available. They can earn $10 each month, up to $120 a year, with quarterly checks sent directly to their homes. This program is part of the UK Health Literacy Project, an overall effort to limit the cost increases in health insurance and improve the health of employees.

21. President's Commission on Women Sets Goals for 2003-04 Academic Year

The President's Commission on Women has established several goals for the 2003-04 academic year, including creating a climate of valuing women; increasing leadership in governing and decision-making; improving economic opportunities and equity, scientific and professional advancement, and safety and well-being. More information about the goals and work of the commission is available online at www.uky.edu/PCW.

22. Triathletes Will Swim, Bike, and Run to Benefit Ophthalmology Research

The Tri for Sight committee, a group of Lexington area athletes, UK ophthalmologists, ophthalmology staff, and other volunteers will hold Tri for Sight

September 21 to benefit research conducted by the UK Department of Ophthalmology. The event includes an 800-meter swim, a 20-mile bike ride, and a 4-mile run at the UK Lancaster Aquatic Center. Individuals, aged 15 and up, and teams are eligible to register.

23. UK, Stroke Association Kick Off Education Campaign on Risks

UK has joined the National Stroke Association in a national, multi-year stroke education campaign in the southeastern United States with the inaugural year's theme "Ask Your Doctor: Am I at Risk for Stroke." The campaign is designed to encourage increased communication between physicians and their patients regarding stroke prevention, treatment, and recovery in the area of the country known as the "stroke belt." Every year, 750,000 Americans suffer a stroke, with up to 3,000 Kentuckians dying from strokes annually. Up to 80 percent of strokes are preventable.

24. College of Agriculture Helps Launch *Pride of Kentucky* Cookbook Project

The UK College of Agriculture and its Cooperative Extension Service have joined forces with the Kentucky Department of Agriculture to develop and market an educational cookbook. Called *Pride of Kentucky: Great Recipes with Food, Farm and Family Traditions*, the book showcases Kentucky's great foods, rich rural heritage, and interesting tourist destinations. Published by the Kentucky Extension Association of Family and Consumer Sciences, the book can be purchased at local Cooperative Extension offices or ordered online at www.prideofkybook.com.

25. Kentucky Water Resources Research Institute Co-sponsors Watershed Roundtable

UK's Kentucky Water Resources Research Institute recently co-sponsored Kentucky's first watershed roundtable "Solving the Watershed Puzzle" for citizens, government officials, and business and industry representatives to discuss problems and potential solutions in their watersheds. Topics included storm water, planning and zoning (smart growth), agriculture, urban and rural forestry, construction, and drinking water supplies.

26. Study Examines Role of 146 Genes in Aging, Impaired Memory, and Learning

UK College of Medicine researcher Phillip W. Landfield is leading a study using new technology to help match gene activity with actual age-related behavior and thinking. The study, published in the May issue of the *Journal of Neuroscience*, examines the role of 146 genes in aging, impaired memory, and learning, offering insights in how we think as we get older. The report found that declines in the way a cell utilizes its energy, changes in nerve cell activity, and the ability of those cells to make new connections all play a part in the aging brain.

27. College of Medicine's Class of 2007 Receive White Coats

Ninety-nine students in the UK College of Medicine's Class of 2007 marked the beginning of their medical education in early August with the White Coat Ceremony at UK's Singletary Center for the Arts. During the ceremony, UK medical students received the short white coats that they will wear while seeing patients. The first-year students took a "Pledge of Professionalism for Students of Medicine," promising a relationship of compassion and respect with patients, teachers, and colleagues. UK's Medical Alumni Association co-sponsored the annual ceremony, which is designed to encourage humanism in medicine.

28. UK Libraries Help Launch Virtual Reference Service Linking Universities

UK Libraries is part of a cooperative virtual reference service that will offer Web-based services supported by research library staff across the southeastern region of the United States. The project, launched by the Association of Southeastern Research Libraries, will allow patrons to use chat software to get reference help from research library experts 12 hours a day, seven days a week, with service hours added according to demand. The project will be tested in a pilot project this fall and goes into full operation in January. Other participating universities include the College of William and Mary, Florida State University, University of Alabama, University of Louisville, and Wake Forest University.

29. Appalachian Math and Science Conference Shares Ideas With Teachers

The Appalachian Math and Science Partnership and Appalachian Research Systemic Initiative held its summer academy in mid-July, focusing on "Building Capacity ... New Federal Programs' Impact on Mathematics and Science Education." The sessions provided conference participants an array of plenary sessions on federal initiatives affecting mathematics and science reform in the central Appalachian region. Science and mathematics teachers, principals, counselors, curriculum supervisors, district level administrators, and higher education faculty participated.

30. Markey Cancer Center Offers Free Prostate Screenings

The UK Markey Cancer Center will offer free screenings for prostate cancer, the second most common cancer in men, Sept. 17. Because of their increased risk for the disease, men with a family history of prostate cancer and African-American men between the ages of 40 and 70 are eligible for the free screenings. The screenings are made possible in part through the support of Toyota Motor Manufacturing Kentucky Inc.

31. Patterson Statue Gets New Home in Front of Namesake Office Tower

A UK landmark found a new home in late July when the bronze statue of James K. Patterson, UK's first president, was moved from its place beside the UK Administration Building to a new location in front of the Patterson Office Tower. The relocation was part of the restoration of the Administration Building, which was heavily damaged by fire in 2001.

32. UK Physician Writes Editorial for JAMA Supporting Diet Study

James W. Anderson, Endocrinology, says a recent study indicates that managing diet is the key to treating all common lipid disorders. His observations were published in an editorial in the July 23-30 issue of the *Journal of the American Medical Association*. The editorial accompanies the results of a short-term study by researchers at the University of Toronto, Canada. It suggests that a specific type of low-saturated-fat diet may reduce cholesterol levels as much as cholesterol-lowering medications.

33. Hundreds Celebrate Historian Thomas Clark's 100th Birthday

Hundreds of people attended a July 9 commemoration of the 100th birthday of noted historian Thomas D. Clark at the William T. Young Library. UK First Lady Patsy Todd, who was a student in the last class Clark taught at UK, said Clark was a man whose reputation preceded him. During the celebration, the University Press unveiled a new book, *Thomas D. Clark of Kentucky: An Uncommon Life in the Commonwealth.*

34. Researchers Break Cost Barrier for `Supercomputer' Built With PC Parts

A new "supercomputer," built with personal computer parts, has broken the $100-per-gigaflops cost barrier, making supercomputing capacity more affordable. The Kentucky Asymmetric Zero, or KASY0, supercomputer was built by Henry Dietz, the James F. Hardymon Endowed Chair for Networking, and his doctoral student, Tim Mattox, this summer. The two had used their previous supercomputer – the KLAT2 machine, which broke the $1,000-per-gigaflops cost barrier – to produce the design of KASY0. The new supercomputer was assembled by 50 faculty and students in mid-July.

35. New Wall Offers Sensory Delights for Patients, Families

UK Children's Hospital received a new look in August thanks to a donation from the Makenna Foundation. A 30-foot ceramic tile wall designed by Lexington artists Jill and Richard Stofer now greets patients and visitors entering UK Children's Hospital. While a patient at Texas Children's Hospital, Makenna David of Lexington found joy in touching a three-dimensional ceramic tile wall. After Makenna passed away in December 1998, it became a goal of her mother, Sheila David, to build a similar wall at UK Children's Hospital, where Makenna also received treatment. In early September, a Makenna Foundation fund-raiser, "The Art of Making Miracles," was held to benefit the UK Children's Hospital.

36. Student Awards and Achievements

Clair Anderson, Center for Applied Energy Research, presented a paper at the 15th Annual Symposium of the American Coal Ash Association titled "Mercury Distribution on Coal Combustion By-products as a Function of Particle Size and Type." Anderson, an intern at CAER from Paul Lawrence Dunbar High School in Lexington, has interned with CAER since the 11th grade as part of the center's effort to attract under-represented groups to science and engineering.

Crystal Collins-Camargo and Blake Jones, Social Work, co-authored an article with Pat Litzelfelner titled "Models for Involving Citizens in the Child Welfare System in Kentucky: An Overview" published in the *Kentucky Children's Rights Journal.*

Emily R. Hagedorn, Journalism and Telecommunications, received two awards at William Randolph Hearst Foundation's National Writing, Photojournalism and Broadcast News Championships. She was one of five runners-up in the writing championship and will receive a $1,500 scholarship check and a $1,000 award for best reporting technique for her article in the *Kentucky Kernel* titled "Surviving, Grieving, Healing."

Sarah Mardon, Department of Geology and Center for Applied Energy Research, presented a poster paper in Frankfort. The poster was titled "Impact of Coal Properties on Coal Combustion By-product Quality: Examples from a Kentucky Power Plant." Mardon was this year's recipient of the Tarr

Award, given by the Department of Geology to an outstanding student for contributions to the department.

Rebecca Neal, Journalism and Telecommunications, was one of 12 students selected nationwide to report for *The Working Press*, the official newspaper at the Society of Professional Journalists convention in Tampa, Fla., earlier this month.

Xuejun Peng, Statistics, won a national award from the American Statistical Association for his research on microarray expression in gene research.

Robin Petroze, Center of Membrane Sciences, published an article titled "The Role of Oxidative Stress in Alzheimer's Disease" in *Kaleidoscope, the University of Kentucky Journal of Undergraduate Scholarship*. A chemistry major, Petroze was a Beckmann Scholar under the aegis of Allan Butterfield, director of the Center of Membrane Sciences.

Sara Poston, Pharmacy, received an award from the AACP Merck Research Scholar Program for a project, "Innovative Ways of Incorporating Quality of Life Data into Health Economic Evaluations." Poston performed the project under the direction of Karen Blumenschein, Pharmacy.

37. Faculty and Staff Awards and Achievements

Tom Barnes, Forestry, received the Norma and Bruce Poundstone Award for Outstanding Volunteer from the Kentucky chapter of Nature Conservancy.

Dwight Billings and Elgin Mannion, Appalachian Center, wrote a chapter titled "Poverty and Income Inequality in Appalachia" for inclusion in a book on U.S. rural demographic issues as reflected in the 2000 census. *The Population of Rural America: Demographic Research for a New Century* will be published in the Rural Studies Series by Penn State University Press.

Jim Boling, Animal Sciences, received the Fellow Award in Administration from the American Society of Animal Science at its June meeting in Phoenix.

Carolyn S. Bratt, Law, was among the 14 men and women inducted into the Kentucky Human Rights Commission Hall of Fame this summer.

Darrin Burchell, College of Medicine Academic Affairs, was named Employee of the Year for Administration at the UK College of Medicine. He is a computer lab manager.

Jonathan Cardi, Law, presented the paper "Double-Dipping and the Hydra: Why Copyright Falters in the Face of New Music Technology" at the Southeastern Association of Law Schools conference in July.

Steven Cordiviola and Brandon Nuttall, Kentucky Geological Survey, were honored by the American Institute of Professional Geologists as the joint recipients of the Kentucky Geologist of the Year award. The award was given in recognition of their outstanding contribution to the Commonwealth resulting from their work in the development of an electronic format and Web-accessible database for the vast collection of oil and gas records and geophysical logs archived by the KGS.

Gary Cromwell, Animal Sciences, received the Fellow Award in Research from the American Society of Animal Science at its June meeting in Phoenix.

Mary Davis, Law, was elected associate member of the International Academy of Comparative Law and presented "Complex Litigation in the Torts Curriculum" to the Association of American Law Schools Torts Conference in June.

Patti Deitsch, Institute on Women and Substance Abuse, received the Pathways Inc. "2003 Woman of the Year Award" recognizing outstanding achievement and contribution to women and children.

Mickie DeMoss, Women's Basketball coach, was elected as vice president of the Women's Basketball Coaches Association. In the fall of 2005, she will assume the presidency of the organization for two years.

Holly Divine, Pharmacy, and Laura Jones, Community Pharmacy, along with Kroger Pharmacy representatives, were recently honored with the Kentucky Pharmacists Association's Professional Promotion Award for their efforts in promoting flu vaccinations at Kroger stores last year.

Fran Feltner, Center for Rural Health, testified at a July 17 congressional briefing in Washington, D.C., about the effectiveness of lay health worker programs such as Kentucky Homeplace and Southeast Kentucky Community Access Program. Her testimony was in support of the proposed Patient Navigator, Outreach and Chronic Disease Prevention Act of 2003.

Eugene R. Gaetke and Rutheford B. Campbell, Law, had their article, "The Ethical Obligation of Transactional Lawyers to Act as Gatekeepers After Enron," accepted for publication in the *Rutgers Law Review*. The article also was chosen for presentation at the 2003 annual meeting of the Association of Law Schools in Washington, D.C.

Joseph E. Gaugler, Behavioral Science, received the 2003 Springer Early Career Achievement Award in Research on Adult Development and Aging, presented annually by the American Psychological Association, Division 20 (Adult Development and Aging).

Kay Hoffman, Dean of Social Work, was elected president-elect of the Council on Social Work Education, the national organization representing all accredited social work programs in the United States.

Jim Hower, Center for Applied Energy Research, received the International Committee for Coal and Organic Petrolog's highest award, the Reinhardt Thiessen Medal.

Cynthia S. Iten, Arts and Sciences Advising, received an Academic Advising Summer Institute Scholarship from the national Academic Advising Association and ACT Inc.

Carl Leukefeld, Social Work, Psychiatry, Oral Health Sciences and Behavioral Science, received the National Association of Social Workers Foundation 2003 Knee/Wittman Lifetime Achievement Award for exemplary contributions in health.

Russ McGuire, Nursing, received the 2003 Best Dissertation Award, from the American Organization of Nurse Executives' Institute for Patient Care Research and Education for his dissertation, "Critical Elements of Organizational Capacity and Resource Needs for Successful Clinical Information Systems Implementation."

Brenda Mullins and Melanie Tyner-Wilson, Interdisciplinary Human Development Institute, presented two sessions at the Paraeducators conference: "Preparing Children for the Next Environment" and "Working with Children with Autism."

Frank Romanelli, Pharmacy, received the Class of 2003 Honorary Professor of the Year Award from the College of Health Sciences Physicians Assistant Program.

Nancy Schoenberg, Behavioral Science, co-authored an award-winning paper, "The Severity of Food Insufficiency Is Greater Among Homebound Black Participants in Older Americans Act Nutrition Programs." Schoenberg and her co-author, Joseph R. Sharkey of Texas A&M University, received the 2003 Betty J. Cleckey Minority Issues Research Award from the American Public Health Association.

Jerry Skees, Agricultural Economics, is working on a World Bank project, advising the Indian government on crop insurance programs.

M. Scott Smith, Dean of Agriculture, Walter Walla, Cooperative Extension, Janet Kurzynske, Extension Specialist, and Wendy Stivers, Extension Specialist, were among honorees from several land-grant universities who received a Secretary's Honor Award from the U.S. Department of Agriculture for their efforts in creating CYFERnet, a national multi-university network serving at-risk youth and families.

Ginny Sprang, Social Work, has been appointed a visiting professor in the Department of Psychiatry at the University of Colorado Health Science Center.

David Terry, Regulatory Services, was elected secretary of the Association of American Plant Food Control Officials at its annual meeting in Denver.

Salvatore J. Turco, Molecular and Cellular Biochemistry, along with colleagues at Washington University Medical School and the National Institute of Allergy and Infectious Diseases, has created a new platform for probing particular parasite factors and their role in disease and immunity. The findings were published in the August 29 issue of *Science*.

Larry Turner, Cooperative Extension, received the 2003 Henry Giese Structures and Environment Award from the American Society of Agricultural Engineers. Turner was honored for his dedication to the profession and his outstanding contributions to animal growth modeling and livestock housing design.

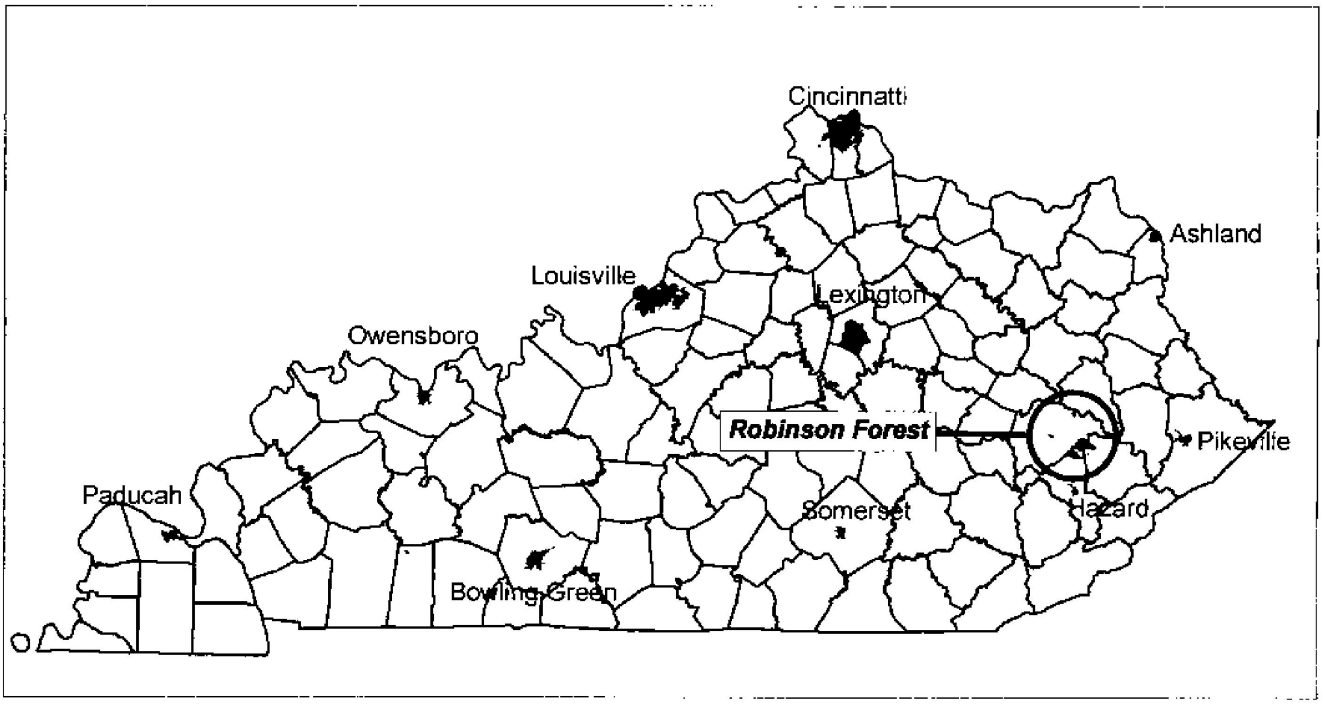
Allan Vestal, Dean of Law, presented the paper, "Real Partnerships and Real Problems: Conforming Business Entity Law to Fiscal Realities and Popular Conceptions," at a symposium hosted by the *Delaware Journal of Corporate Law*. He also published "Today the Administration Building Burned Down . . . Notes From My First Year as Dean" in the *University of Toledo Law Review* (2002).

Richard Westin, Law, has published two books, *Basic Federal Income Taxation of Individuals* and *Tax Management Portfolios 109 and 601*. He also wrote four chapters in *BNA Federal Tax Service* on taxation of mining operations, being published serially in 2002-2003.

Tim Woods, Agricultural Economics, is conducting an entrepreneurship development workshop in Cherkassy, Ukraine. Woods, Mike Reed, and Valerie Askren, all of UK's agricultural economics department, are collaborating with colleagues from Alabama A&M on a three-year project to develop training programs for entrepreneurs in Ukraine.

A REPORT ON THE ROBINSON FOREST

Prepared for the Board of Trustees
of
The University of Kentucky



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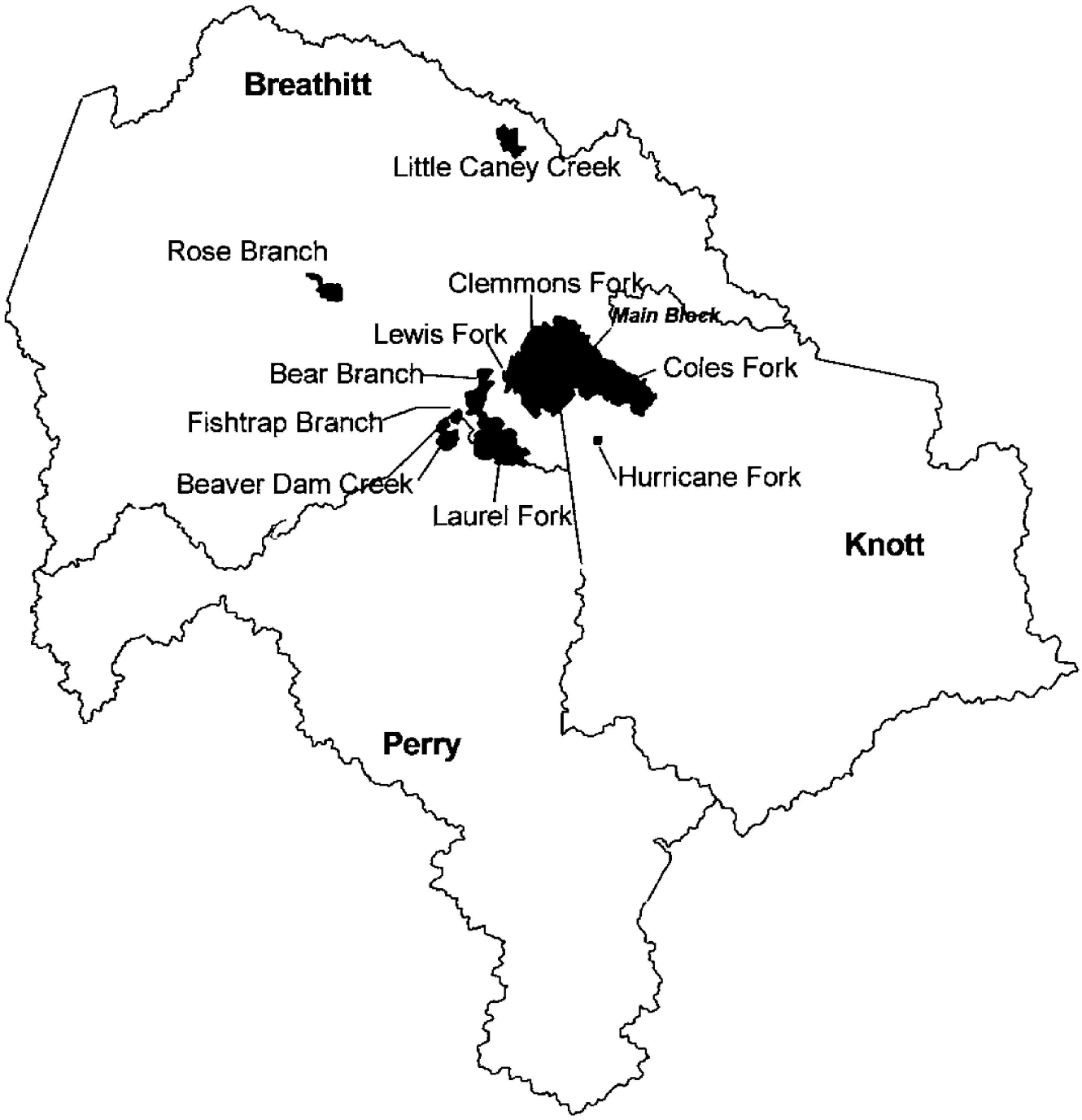

Tracts of the Robinson Forest

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INTRODUCTION

At a meeting of the University of Kentucky Board of Trustees on September 17, 2002, Dr. Grady Stumbo said that he has been asked to bring a resolution to the Board on behalf of the East Kentucky leadership that was extremely important to people residing in that area of the state. Dr. Stumbo then introduced the following resolution:

> Whereas, the University of Kentucky has owned and operated the Robinson Forest as an outdoor classroom and research forest since 1923, and
>
> Whereas, the University of Kentucky Board of Trustees has not recently examined the use of the Robinson Forest for purposes of teaching, research and service, and
>
> Whereas, the main block of the Robinson Forest has been designated by the Kentucky Department of Natural Resources and Environmental Protection as Unsuitable for Mining, and
>
> Whereas, the Board of Trustees should establish a policy on how the Forest should be used in the future,
>
> Now, therefore, be it resolved that the Board of Trustees direct the President of the University to conduct a thorough review of the Robinson Forest, including an assessment of the resources of the Forest, and prepare a comprehensive report for presentation to the Board.
>
> Be it further resolved, that the President shall have the authority to engage the services of engineers, geologists, and other professional consultants as are necessary to gather the information to prepare the report for the Board.

President Lee Todd subsequently formed a committee to respond to the Board's directive. The members of the committee included:

Dr. Jack C. Blanton, Senior Vice President for Administration, Chair
Dr. James C. Cobb, Director of the Kentucky Geological Survey
Dr. M. Scott Smith, Dean of the College of Agriculture
Mr. Paul C. VanBooven, General Counsel

Each member of the committee was assigned a portion of the report that the Board had requested. Under Dr. Blanton's direction, the chapters of the report were then consolidated and edited. The report was completed in August and recently approved by President Todd. It is herewith submitted to the Board of Trustees for further consideration. It was not necessary to engage external consultants in preparing this report.

CHAPTER ONE

THE ACQUISITION OF THE ROBINSON FOREST

Mr. Edward O. Robinson of Newport, Kentucky and Mr. Frederick W. Mowbray of Cincinnati, Ohio became business partners at the turn of the Twentieth Century. Together they formed the Mowbray and Robinson Company that was primarily engaged in harvesting hardwood timber in eastern Kentucky. In the late teens of the last century and early into the twenties they acquired tracts of some 14,000 acres in fee simple in Breathitt, Knott and Perry Counties and cut all of the usable timber off the entire acreage.

With the timber gone, Mowbray and Robinson had no further use for the land. So on June 28, 1922 the company conveyed the land, excluding oil, gas, coal and other mineral rights to the E. O. Robinson Mountain Fund. The Mountain Fund had been established the day before on June 27th as a charitable corporation, i.e. a trust. Both Robinson and Mowbray were among the seven original trustees of the Mountain Fund. The main purpose of this fund as set forth in its articles of incorporation was to serve the "general welfare and education needs" of Breathitt County, Kentucky, and the adjacent community as well as the "Southern Appalachian Range of Mountains."

One of the seven original Mountain Fund trustees was C. N. Manning, a prominent Lexington banker and trustee of the University of Kentucky. Manning as one of the original incorporators was aware of the Trust's objectives, so he suggested to Robinson that the University of Kentucky could be the instrument for carrying out the purposes of the Trust. Robinson was very receptive to this suggestion.

Manning then raised the possibility of the University acquiring the 14,000 acres that had been cut over in the three East Kentucky counties with Dr. Thomas Poe Cooper, the Dean of the UK College of Agriculture. Dean Cooper was equally receptive to the idea of the University becoming the owner of what eventually became known as the Robinson Forest. In December of 1922 in a long letter to Manning, Dean Cooper expressed great interest in using the East Kentucky lands for agricultural experimentation and teaching. He proposed three tracks of endeavor to Manning: (1) the establishment of a school that would provide formal academic training in vocational and home industries; (2) junior agricultural extension work (later known as 4-H); and (3) investigational and demonstration work to be undertaken by the Agricultural Experiment Station.

The letter to Manning was passed along to Robinson, who was most attracted to Dean Cooper's suggestions. Soon thereafter in the early part of 1923 negotiations between the University and the Mountain Fund got underway. President McVey and Dean Cooper represented the University. Judge Edward O'Rear of Frankfort, President of the Mountain

Fund, and Manning represented the Fund. Initially it was proposed that the University lease the land from the Mountain Fund for a period of 75 years with the possibility of a renewal.

The lease of the land went awry on two accounts. First, UK President Frank McVey* objected to a clause that allowed either of the parties to cancel the lease with three-years' notice. McVey* believed that such a clause could disrupt the work of the College in the area. Richard C. Stoll, chairman of the UK Board of Trustees who was kept abreast of the negotiations, raised more serious objection. Stoll said it would not be fair for the State and the University to invest heavily in the property, and then have the benefit of reforestation revert and accrue to the owner. Robinson relented and stated that he would support the conveyance of the property to the University in fee simple with an iron clad agreement that the University be required to use the proceeds of the sale of any timber or any other product on the land to carry out the general purpose of the E.O. Robinson Mountain Fund. The University quickly conceded this point and on October 10, 1923, the Mountain Fund conveyed the surface estate of the 14,000 acres to the University of Kentucky in trust.

The terms of the trust were as follows:

> TO HAVE AND TO HOLD ALL of the foregoing described property and its appurtenances unto the second party and its successors in fee simple forever.
>
> The aforesaid properties, appurtenances and easements are each and all conveyed to the second party and its successors upon the trust and for the uses and purposes hereinafter mentioned; that is to say, for the purpose of agricultural experimental work and teaching, and for the practical demonstration of reforestation. The second party will institute and maintain upon said lands such model farm or farms, orchards and such experimental farm development as may be desirable within its judgment, to the end that practical demonstration, study and work in operating farms in the mountain region and in teaching agriculture therein, so as to conserve the soil fertility, add to it and utilize it most profitably and practically among the inhabitants in the mountain region.
>
> The proceeds of the sale of said property or any part thereof and the net revenues derived from the operation of said property of the University shall be used to further the purposes of the trust hereinabove defined, and for such other purposes as will tend to the betterment of the people of the mountain regions of Kentucky as may be agreed upon by the parties hereto.

A section of the last paragraph stating that any net revenues derived from the property shall be used "for such other purposes as will tend to the betterment of the people of the mountain regions of Kentucky as may be agreed upon by the parties" is very general. Over time the University as a matter of prudence has treated this phrase to require the concurrence of the Robinson Foundation Board for expenditures netted from the Forest that were not specifically identified in the second paragraph above. The use of Forest revenues

*Original text distributed at the September 16, 2003 Board of Trustees meeting contained a misspelling of McVey. Correction was made in the web version at the request of the author.

for the explicit purposes set forth in the second paragraph above is exempt from the Foundation Board's concurrence.

Also in the deed of conveyance was a reversionary clause that stated if the University failed to carry out the terms of the trust within three years, the land would revert back to the Foundation. The purpose of this clause was to give Dean Cooper leverage in dealing with the state General Assembly in obtaining an appropriation for the College to initiate its work on the bare 14,000 acres. The Foundation had pledged start-up funds for the work there. Dean Cooper was successful in getting the 1924 Legislature to create by statute the Robinson Substation as an agricultural experiment station, and provide an appropriation of $25,000 to get work underway in filling the terms of the trust.

A Lingering Problem

The 1923 conveyance left one big problem. It only included the surface rights. Robinson and Mowbray retained oil, gas and mineral rights. On August 1, 1925, Robinson and Mowbray sold the mineral rights except for oil and gas to W.E. Chilton for $45,570 on credit. Promissory notes tendered by Chilton were secured by a mortgage on the minerals. The sale of the mineral rights was of grave concern to Dean Cooper and he expressed his concern to Robinson in a series of communications. He stated on more than once occasion that he was fearful the ownership of the sub-surface rights by owners other than the University could sometime in the future cause great disruption of the work that would be carried on at the substation. Fortunately for Dean Cooper, Chilton encountered financial difficulties and failed to pay the property taxes assessed against the minerals.

On December 15, 1927, in acknowledgement of Dean Cooper's concern, Robinson wrote a letter to the Dean informing him of the failure of Chilton to pay his property tax on the minerals. He suggested that UK buy the property at delinquent tax sales in the three counties in which the Robinson-Mowbray tracts were located. The University agreed, but the plan fell through when Chilton came up with enough money to pay the delinquent taxes. Even thought Chilton took care of his tax bill, he could not come up with sufficient funds to cover the promissory note owed Robinson and Mowbray.

In the meantime Mowbray died and Robinson acquired Mowbray's estate interest in the all the mineral rights. In March of 1928 Robinson wrote to Dean Cooper stating that he intended to convey the ownership of Chilton's promissory notes to the University, and the University could foreclose on the property since the notes were long overdue. For unknown reasons Robinson rather than the University foreclosed on the outstanding notes. Chilton had one year to redeem the mineral rights after the foreclosure, but failed to do so.

On November 18, 1930, Robinson and his wife conveyed the mineral rights to the Commonwealth of Kentucky for the benefit of the Robinson Substation, i.e., the University. Prior to his conveyance, Robinson had sought to sell the mineral rights for the sum of

$20,000, but could not find a buyer, and in a letter to Dean Cooper expressed his opinion that there was very little coal of any value in the three-county acreage.

The Oil and Gas Rights

Once it became clear to Dean Cooper that the mineral rights would be secured, he wrote an urgent letter to Robinson in May of 1930, asking that he also convey the oil and gas rights to the University. But it was too late. On April 22, 1930, Robinson and his wife had sold the oil and gas rights to Howe Oil Company for $40,000. While the University currently holds title to the mineral rights in the Robinson Forest, it does not have title to the oil and gas rights that have passed through the hands of several owners over the past 73 years.

The UK Board of Trustees acknowledged the donation of the mineral rights to the University through the Commonwealth on December 16, 1930, and expressed deep appreciation to Robinson and his wife for their generosity. In a letter from Robinson to Dean Cooper that was read aloud at the December 16th Board meeting, Robinson wrote that he was gratified with the work on the 14,000 acres since the original conveyance of the surface rights. He noted that "The results have been very gratifying to me in the short time you have been working up there, as you have successfully handled this work . . . ." E. O. Robinson died in 1934, thus closing the first chapter on the history of the Robinson Forest.

Since it acquired title to the property in 1923, the UK College of Agriculture has had a significant presence in the area and has undertaken a great number of research and demonstration projects. Over the past 80 years the 14,000 acres have been reforested in what is known today as "The Robinson Forest." The main 10,000-acre tract is the largest contiguous body of land undisturbed by mining in Eastern Kentucky.

CHAPTER TWO

THE DEVELOPMENT OF THE LAND AND THE VALUE OF THE TIMBER RESOURCE

Research and education activities at Robinson Forest and Robinson Substation were initiated by the College of Agriculture soon after the properties were transferred. In 1924 Dean Cooper appointed Roger W. (Major) Jones superintendent of the Forest and the newly established substation headquarters at Quicksand. The property at Quicksand was to become the primary location for horticultural and agronomic research and a "Wood Utilization Center." In the same year a forester, C.H. Burrage, was employed to oversee reforestation in the land. This work proceeded apace over the next four decades.

The National Youth Administration, a depression-era program, began constructing buildings at the current Robinson Forest Camp in 1939. In 1947 a cooperative relationship was formalized with the Kentucky Department of Fish and Wildlife at Robinson Forest. This has been a fruitful partnership that has been sustained to this day. Through the 1950's intensive research and education at the Forest were constrained by the lack of a UK forestry department and a forestry faculty, as well as limited on-site facilities and infrastructure. However, demonstrations of reforestation and forest management, as well as observational research were active during this period. In 1954 a sawmill was purchased and installed at the Forest. Timber has been harvested and milled at the forest up to the present.

Several forestry faculty were hired in the College of Agriculture in the 1960's. As a result, quantitative research and substantial educational programs increased dramatically. (The nature and impacts of these activities are described in more detail below.) This growth spawned greater interest in the Forest and led to the creation of a Department of Forestry in the College in 1970. Today the Department has 12 faculty and enrolls an average of 48 undergraduates and 11 to 18 graduate students each school year.

The so-called "Robinson Forest Initiative" was established in the 1990s, fueled by a portion of the royalty income derived from mining the outlying tracts of the Forest. It funded major improvements in the Forest facilities, particularly at the Forest Camp. This Initiative also supported significant expansion of research and instructional activities in the forest.

Today the "economic value" of the Robinson Forest includes not only its timber and mineral resources but also the research and education programs conducted at the Forest.

The Forest as an Educational Asset

The Forest has long been an irreplaceable asset for university-based teaching in the Forestry and Natural Resource Conservation curricula, serving as an outdoor classroom for

undergraduate and graduate students in these programs. In addition, training and continuing education programs for the forest industry and forestry professionals have been a program emphasis at the Forest and Wood Utilization Center over the last decade. Such activities have far reaching economic benefits for the state forestry industry and forest owners in Kentucky. Some examples are noted below.

- In 2002, training programs for 1,287 forest industry personnel were carried out in the Wood Utilization Center resulting in over $17.9 million earned or saved by the wood industry in Kentucky.
- Loggers trained at Robinson Forest annually impact $8.3 million worth of timber in eastern Kentucky growing on 16,600 acres owned by 440 non-industrial private landowners.
- Annually 690 forestry and natural resource professionals are trained at Robinson Forest using the 15 long-term research and demonstration areas at the Forest. These professionals use this training to improve over 660,000 acres of forestland in Kentucky each year.
- Total benefits to professionals trained at Robinson Forest and the Wood Utilization Center result in over $26 million of direct impact to forest industry and forest landowners in Kentucky and improvement of the state's of forest land annually.

Robinson Camp hosts a remarkable diversity of educational programs throughout the year. The following table shows the use of the Forest and its facilities by various organizations both within the University and without.

Forest Users	**Days of Use Annually**
Forestry's B.S. curriculum	60
Forestry Department research	40
UK Police	15
UK Biology, Entomology, Architecture	75
UK's KNRLI	30
Kentucky Geological Survey	20
Ag Ambassador Retreat	30
Robinson Scholars Program	100
Project Learning Tree by UK	50
Appalachian Explorers	35
Upward Bound Program	100
Governor's Scholars Program	35
Ag Alumni Association	25
Ag Area Director's Meetings	30
Kentucky Master Loggers	200
Professional Forestry Training Workshops by UK	70

Kentucky elementary and high schools	1000
Scouting / 4-H groups	50
Rocky Mt. Elk Foundation	100
State Groups: Division of Water, ADB board, Waste Management, PEW	100
Kentucky Water Watch Program	20
Transylvania University	60
Forestry Training Workshops by other organizations	60
Lunches for professional tours	50
HBCU historic black colleges and universities	20
KF&W's KNOW ky network of outdoor women.	30
KF&W Hunter safety trainings for youth and adults	50
Kentuckians for the Commonwealth	25
Heartwood	25

Research Value of the Forest

Since the establishment of the UK Department of Forestry in 1970, Robinson Forest has supported a large number and a wide variety of research studies, as is evidenced by the partial list of topics that have been featured in published articles shown below. Whereas the earliest work focused primarily on vertebrate life in the forest, the last three decades of research include a diversity of topics that reflect the activities of a department with interests and responsibilities ranging from forest ecology and forest management to biodiversity, conservation and the quality of student instruction. Research at Robinson Forest also has become multi-disciplinary with important activities conducted by other UK departments and by other universities.

Robinson Forest is scientifically significant for several reasons including the following:

1. It is a relatively rare, large and contiguous block of a forest-land type that is highly representative of the Cumberland Plateau.
2. Several elements of the flora and fauna are richly diverse and biologically interesting.
3. It has a unique value for forest hydrology and water quality research because of multiple watersheds suitable for monitoring, comparison and analysis.
4. A large body of baseline date on water quality, biodiversity and many other aspects of the Forest has been accumulated over a long time period.
5. Management and disturbance of the Forest has been known, defined, and controlled for many decades.

Not only has the research on Robinson Forest contributed to a larger body of forest-related science, it has set the foundation for long-term ecological and management-oriented studies that are relatively rare from a global perspective. Robinson Forest research results

have been featured in highly respected regional, national and international journals. Examples are listed below.

Forestry Department Research Publications (Pre-1970)

Amphibian and reptile distribution
Breeding bird communities
Resident mammal species
Stream fish taxonomy and distribution
Stream classification

Post- Forestry Department Research Publications

Forest Ecology and Management
Logging and fire effects on stand structure
Tree and shrub distribution
Lumber yield methodology
Forest tree physiology
Oak growth rates
Forest measurement technique development
Hardwood leaf physiology
Remote sensing methodology
Forest tree competition
Clearcuts and herbicides in forest management
Chestnut blight ecology
Best management practices and forest management
Nitrogen effects on black locust growth
Timber stand improvement
Paulownia growth
Oak-hickory regeneration
Root density in mixed mesophytic forests
Windthrow ecology
Crop-tree release in white oak
Oak mortality
Post-harvest forest succession
Rhododendron and mountain laurel ecology
Forest coarse woody debris
Drought and frost effects on radial growth
Fire effects on sapling size
Effects of clearcuts on forest regeneration
White oak genetics
Flowering dogwood mortality
Forest violet ecology

Wildlife Ecology and Distribution
Stream fish community ecology
Fish distribution and diversity dynamics
Mining effects on bird populations
Raccoon survival
Winter bird community ecology
Ovenbird density and distribution
Forest wildlife management
White-footed mouse nest box use
Tree cavity use by wildlife
Tree snags and wildlife
Rafinesque's big-eared bat ecology
Red bat ecology
Elk use of interior forest habitat
Songbird and elk interactions
Introduced elk activity and movements
Patterns of landscape colonization by introduced elk
Effects of reintroduced elk on native amphibians
Bobcat movements and habitat use
Flying squirrel distribution
Allegheny woodrat distribution and ecology
Mammal ecology and distribution
Meadow vole colonization
Fire effects on rodent populations
Amphibian abundance and distribution

Hydrology and Soils
Soil composition and classification
Road effects on water quality
Yellow-poplar/soil relations
Soil and vegetation relations
Fertilizer, stream flow, and water quality relations
Forest watershed hydrology
Atmospheric nitrogen and water quality
Soil and site effects on white oak growth
Leaf litter depth and acorn germination

Forest Entomology and Invertebrate Ecology
Webworm physiology
Insects and forest tree disease transmission
Chestnut borer and white oak stress
Earthworm assemblages in undisturbed forest

Gypsy moth suppression and impacts on ground arthropods

Other
Archaeological site distribution
Pedagogical methodology--Robinson Forest as outdoor classroom
Stewardship of university lands

Selected Publication Outlets for Robinson Forest Research

American Biology Teacher
American Midland Naturalist
Bat Research News
Bioscience
Canadian Field Naturalist
Canadian Journal of Forest Research
Forest Ecology and Management
Forest Products Journal
Forest Science
Journal of the American Chestnut Foundation
Journal of Cave and Karst Studies
Journal of Mammalogy
Journal of the Torrey Botanical Society
Journal of Wildlife Management
Kentucky Warbler
Natural Areas Journal
Occasional Papers of the Museum of Texas Tech University
Proceedings of the Southeastern Association of Fish and Wildlife Agencies
Southern Journal of Applied Forestry
Southeastern Naturalist
Tree Planter's Notes
Wild Earth
Wildlife Biology

Intrinsic Value of the Robinson Forest

The intrinsic value of the Robinson Forest is more difficult to document and measure. It includes for example the preservation of biodiversity or the education of youth about wild lands. The wealth contained in the Forest's genetic material, ecosystem processes and richness of plant and animal communities may be unparalleled elsewhere on the Cumberland Plateau, but remains impossible to quantify. These are assets that can accrue to many future generations of students, researchers and citizens. While society has deemed clean air, clean water, wildlife, and wild lands as valuable public assets, their monetary values are as elusive as are the rare species. Scholars such as Muir and Thoreau viewed

forests and other wild lands as sacred places—beyond any value that humans might ascribe to them. Because one cannot put a dollar value on the utility of these kinds of assets, forest land too often is appraised for its cash value, not for its intrinsic value.

The Value of the Timber

The value of the timber in the Robinson Forest is easier to quantify than the intrinsic values of the forest. The UK Department of Forestry currently estimates the value of the timber on the 14,000-acre tracts to be $11,032,000. Using Robinson Forest solely for timber production could yield an annual harvest income of approximately $308,000, assuming intensive forest management for timber production, according to the Department.

CHAPTER THREE

THE QUANTITY AND VALUE OF THE COAL RESOURCE

For purposes of this report the Kentucky Geological Survey (KGS) was asked to make a study of minable coal on the 10,000-acre main tract of the Robinson Forest. The Survey's report is incorporated into the text below.

In order to identify coal beds with potential for mining within the main tract of the Robinson Forest, borehole and outcrop data on file at the Geological Survey were reviewed to determine thickness parameters for known coal seams in the area. Those with sufficient thickness for mining were identified on the basis of total thickness and bed continuity. No coal quality data were considered to determine minability on the basis of quality. The extent of the known coal outcrop for the various coal seams was digitized from the geological quadrangle maps and converted to a geographic information system format.

Because of the lack of hard data on thickness of seams within the forest area, limited sample data from inside the forest and data from sites primarily within three miles of the forest border were analyzed to assess correlation and thickness variability for each of three identified coal beds or zones. Mining areas determined on the basis of extent of outcrop relative to surface drainage were assigned average minimum and maximum thickness values according to nearest data locations. The Francis coal (Hazard No. 8) was assigned only average thickness, as it is a more uniform coal. ***Tonnage values for each area were calculated using the following method: Short tons = Acres x Thickness(ft) x 1800.***

Results

Francis Coal (Hazard No. 8). This coal lies at about 1,200 feet elevation and consists of three distinct and persistent benches. Thickness data proximal to the Forest range from 40 to 68 inches. An average thickness of 48 inches was used for all areas. The extent of Francis Coal within the Forest is approximately 6,700 acres. This represents in-place resources of 48 million short tons. This resource would be accessible by contour stripping methods and potentially highwall mining similar to that used at the outlying Laurel Fork Tract south of the main forest.

Tiptop Coal. The Tiptop coal zone is composed of three to five coal beds of varying thickness lying about 180 feet above the Hazard No. 8 coal. In tracts adjacent to the Forest, stratigraphic variation within this zone is high. Three main beds that were identified were correlated with some confidence, and each was evaluated separately using surrounding data points to estimate lateral thickness variation. Total cumulative coal thickness for the three beds ranges from 37 to 200 inches. Mining tracts were assigned an average minimum and a

maximum cumulative thickness value (i.e., the sum of the three main beds) based on the most proximate data. Tonnages were calculated for each thickness value to provide a range of estimates. Results for each mining area are given in the attached table. Total estimated tonnage for the Tiptop coal zone is between 40 and 51 million short tons covering 2,000 acres. Mining access would be by contour or area methods (mountain top removal).

Skyline Coal. The Skyline coal consists of a single bed approximately 60 feet above the top of the Tiptop zone. Its thickness ranges from 18 to 166 inches. Thickness variation appears to be related to removal by overlying sandstone channels. Tonnage estimates for each mining area are given in the attached table. Total estimated tonnage for the Skyline Coal is between 13 and 18 million tons covering 875 acres. Mining access would be primarily by area method (mountain top removal), possibly in conjunction with Tiptop mining.

Below Drainage Coals. There are insufficient data to determine the presence of minable coals in the forest area that are below stream drainage. There are three potential coal horizons that may exist in sufficient thickness for underground mining: the Fireclay, Amburgy, and Upper Elkhorn No. 2. Given a total area of 10,000 acres for the main Forest, a bed with average thickness of three feet would constitute 54 million in-place tons of coal. Exploratory core drilling would be necessary to establish the existence and determine minability of such resources.

Tonnage Summary

In summary, the estimated coal resource above drainage in the main Robinson Forest is as follows:

Coal Bed	Estimated Minimum Tons	Estimated Maximum Tons	Estimated Average Tons
Francis Coal (Hazard #8)	48,000,000	48,000,000	48,000,000
Tiptop	40,047,328	51,162,742	45,179,183
Sky Line	13,729,800	18,523,350	15,605,700
Total	101,777,128	117,686,092	108,784,883

Coal Value

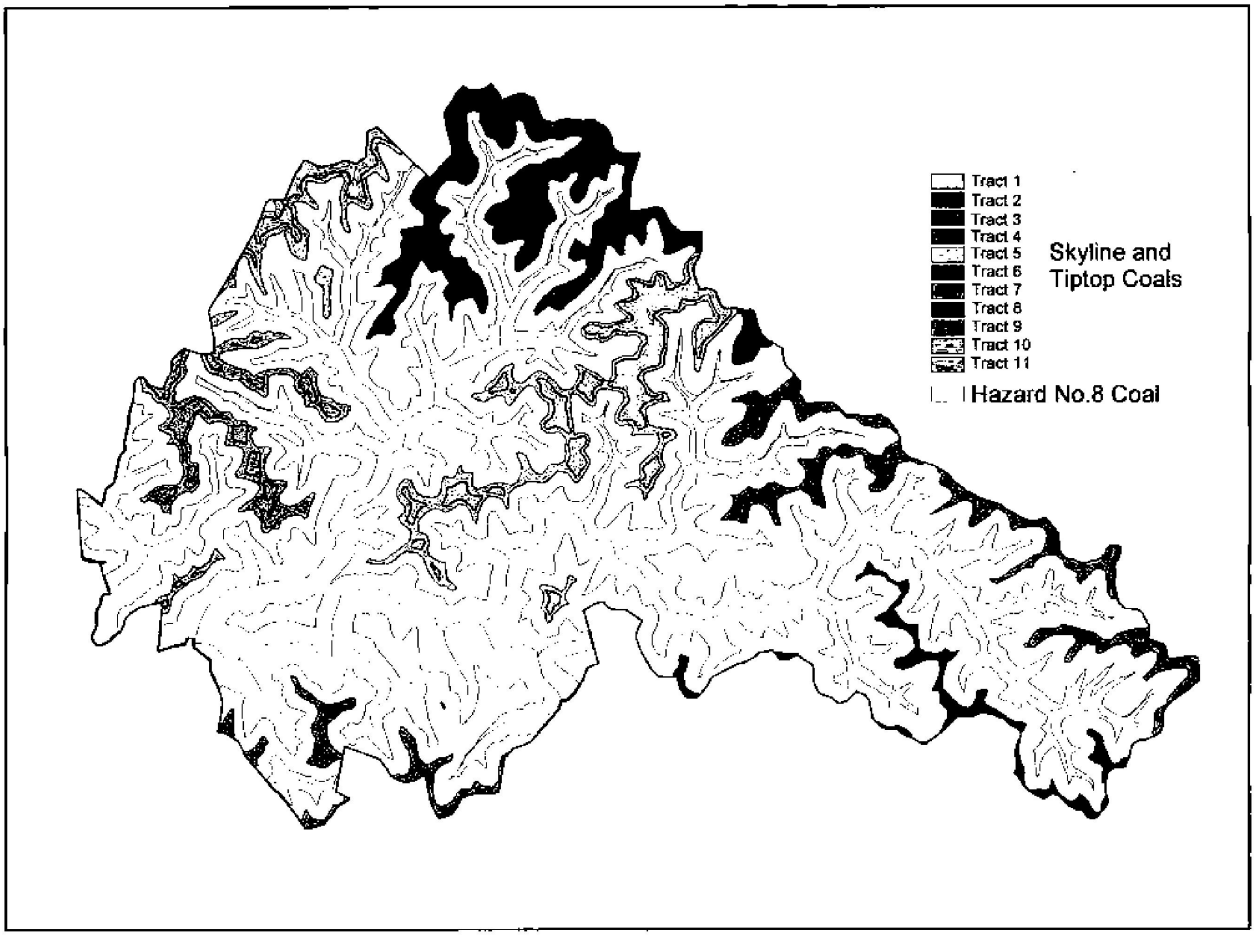
Attempting to place a value on the coal beneath the main tract of the Robinson Forest and calculating the return to the University is extremely difficult if not impossible. First, it is impossible without extensive drilling of numerous boreholes on a tight grid in the main forest tract to determine with specificity the thickness of the coal beds above drainage and their quality. Only when the depth of these seams is known would it be possible to calculate

the mineral tonnage beneath the surface. Second, the market for coal is very volatile and the given price per ton fluctuates from month to month based on quality as well as supply and demand. Eastern Kentucky mining companies must now compete with coal mining operations in the western United States, particularly in Wyoming, where the cost of mining a ton of coal is significantly less than in Kentucky. In order for Kentucky coal operators to make a profit, the sale price of coal on the open market must exceed the cost of mining. Failure of sale price to exceed mining cost has resulted in many mining bankruptcies in Kentucky. Third, the royalty payment that would come to the University could not be determined until some form of bidding or RFP process had been concluded.

In light of the variables cited above, it is exceedingly risky to place a value on the coal in the main block of the Robinson Forest or what the return to the University would be if the coal were mined. The sale price of coal presumed to be in the Robinson Forest is selling today (July 2003) between $25 and $40 per ton based on quality. We note that the royalty that came to the University from the coal mined in the outlying Forest tracts was $3.00 per ton. This return in retrospect was exceedingly generous and very advantageous to the University, and has been the partial cause of the cessation of mining in the outlying tracts before the entire available mineral was extracted. The payment of the royalty to the University that was fixed by contract combined with a steep decline in the price of coal from the time the UK contract was signed has led to the halt in mining the outlying tracts.

Based on the information presented above, we leave it to each reader to calculate the value of the coal in the Robinson Forest and the return to the University if the coal were mined.

Robinson Forest Main Block
Coal Assessment Tracts



September 2003

TABLE 1

COAL TONNAGE ESTIMATES FOR THE TIPTOP COAL ZONE ON 11 MINING TRACTS WITHIN THE MAIN ROBINSON FOREST

TRACT	COAL	ACRES	AVERAGE TONNAGE	AVERAGE THICKNESS	MINIMUM TONS	MINIMUM THICKNESS	MAXIMUM TONS	MAXIMUM THICKNESS
Tract 1	Tiptop	151	3,132,945	138	3,110,243	137	3,155,648	139
Tract 2	Tiptop	255	6,626,073	173	5,706,849	149	7,660,200	200
Tract 3	Tiptop	194	5,027,294	173	4,329,865	149	5,811,900	200
Tract 4	Tiptop	113	2,943,509	173	2,535,161	149	3,402,900	200
Tract 5	Tiptop	475	12,277,730	156	10,610,215	149	14,241,900	200
Tract 6	Tiptop	27	707,916	173	609,708	149	818,400	200
Tract 7	Tiptop	308	5,218,227	113	4,802,616	104	5,680,017	123
Tract 8	Tiptop	107	959,670	60	591,798	37	1,311,549	82
Tract 9	Tiptop	98	1,416,384	96	1,254,091	85	1,799,988	122
Tract 10	Tiptop	20	383,765	131	354,470	121	413,060	141
Tract 11	Tiptop	254	6,485,670	170	6,142,312	161	6,867,180	180
Total		**2003**	**45,179,183**		**40,047,328**		**51,162,742**	

TABLE 2

COAL TONNAGE ESTIMATES FOR THE SKYLINE COAL BED ON 11 MINING TRACTS WITHIN THE MAIN ROBINSON FOREST

TRACT	COAL	ACRES	AVERAGE TONNAGE	AVERAGE THICKNESS	MINIMUM TONS	MINIMUM THICKNESS	MAXIMUM TONS	MAXIMUM THICKNESS
Tract 1	Skyline	61	915,000	100	549,000	60	1,518,900	166
Tract 2	Skyline	164	3,567,000	145	3,321,000	135	4,083,600	166
Tract 3	Skyline	142	3,088,500	145	2,875,500	135	3,535,800	166
Tract 4	Skyline	63	1,370,250	145	1,275,750	135	1,568,700	166
Tract 5	Skyline	217	4,364,250	145	3,801,750	85	5,154,450	166
Tract 6	Skyline	18	270,000	100	175,500	65	364,500	135
Tract 7	Skyline	96	936,000	65	936,000	65	936,000	65
Tract 8	Skyline	14	136,500	65	136,500	65	136,500	65
Tract 9	Skyline	12	86,400	48	34,200	19	117,000	65
Tract 10	Skyline	2	7,500	25	5,400	18	11,400	38
Tract 11	Skyline	86	864,300	67	19,200	48	1,096,500	85
TOTAL		**875**	**15,605,700**		**13,729,800**		**18,523,350**	

CHAPTER FOUR

LEGAL ISSUES INVOLVING MINING

During the 80 years the University has owned the Robinson Forest, the most controversial issues have centered on mining the coal underlying the Forest.

In a letter to Agriculture Dean Thomas Poe Cooper on December 10, 1930, E. O. Robinson asked the Dean to advise the Board of Trustees on his reasons for giving the coal rights to the University:

> As you know from my experience in the Mountains of Eastern Kentucky in comparing their situations with other hill countries in my visits abroad, I feel that it is possible for a farmer on quite a large portion of the land in Eastern Kentucky to make a comfortable living if given aid from the state and the government that he, as a citizen, is entitled.
>
> There is also a large portion of the land that should be used for growing forests, and several years ago Mr. Mowbray and I gave to the University the surface of this land for the purposes mentioned herein.
>
> First: the results have been very gratifying to me in the short time that you have been working up there, as you have so successfully handled this work and you personally feel that it would be a great advantage to own the coal.
>
> Second: I believe this coal land, together with the forest that you are raising, will in years to come be of great value to the state, and will be used for the benefit of that part of the state where there lives a race (Hill People) that our state, our country and the world need at all times, and especially in a crisis.
>
> Mrs. Robinson and I, the owners of the coal land, decided to deed it to the University.

The Board accepted the coal lands on December 16, 1930.

The next important event regarding coal in the Forest came in July 1937, when Professor P.C. Emrath of the University's Department of Mining Engineering prepared a document titled "Report on Coal Deposits of Clemons-Robinson-Coles Tract, a Portion of the Robinson Forest."

Although Professor Emrath stated that his report was "essentially a preliminary one," he noted the following: "The work covered in this report established one most important conclusion: **that it is definitely unlikely that any coal deposits of considerable value will be found above general drainage level on the tract**." (emphasis added)

Time and technology have proven this conclusion woefully wrong. With the advent of modern surface mining methods that became common in Eastern Kentucky some 60 years after the Emrath Report was written, it has been clearly established that there are valuable coal deposits above the general drainage level in the areas surrounding the Forest and beneath the Forest itself. The main tract of the Robinson Forest now stands as an unmined island—an area with millions of tons of coal beneath the surface as indicated in Chapter Three above.

The 1981 Review

In 1981 the Board of Trustees appointed an ad hoc committee titled the Committee for the Future of the Robinson Forest. The charge to this Committee was to "evaluate the legal, environmental, economic, and technical aspects of conducting mining operations in Robinson Forest, and to make policy recommendations to the Board regarding the future use of the Forest." As an early item of business, the Committee secured the services of Professor Jesse Dukeminier of the UCLA School of Law, formerly of the University of Kentucky College of Law Faculty and an expert on the law of trusts.

Professor Dukeminier was asked to review the deeds and terms of the trust and report to the Committee the limitations, if any, on mining the Forest, and the proper use of the proceeds of such mining. Professor Dukeminier concluded the following:

> The University has the power to execute mineral leases. However, the Forest may not be mined in a way which would interfere substantially with the particular purpose of the Robinson Trust—"agricultural work and teaching and the practical demonstration of reforestation" as well as the general charitable purpose of the betterment of the mountain people.

According to the Dukeminier Report, Robinson thought that underground mining would not substantially interfere with surface activities. Dukeminier concluded that with respect to strip mining, the Board's power was more limited. Yet, strip mining of a portion of the tract would not appear to be incompatible with the "practical demonstration of reforestation." Dukeminier further concluded that:

> Strip mining of the entire Robinson Forest without first demonstration of reforestation of strip-mined land would be imprudent and beyond the bounds of reasonable judgment as to what activities carry out the particular charitable purposes. The test for the Board of Trustees to apply in executing mineral leases is whether the specific mineral lease will substantially interfere with the agricultural and forestry objectives of the trust.

The result of the Trustee Committee for the Future of the Robinson Forest was action by the full Board of Trustees on September 21, 1982, when the it adopted the policy recommendation of the Committee:

> Be it resolved: That the University of Kentucky should not under present circumstances execute mineral leases or mine its holding in the Robinson Forest; and that the Dean of the College of Agriculture make an annual report to the Board of Trustees evaluating agricultural experimental work and teaching done at the Forest and the practical demonstration of the Robinson Forest.

Logging Considerations

The next action regarding the Forest to reach the Board of Trustees was on March 1, 1983. At the time, acting on the recommendation of the Finance Committee which had received a report on the status of the timber in the Forest, it was determined that:

> Logging in the Robinson Forest not take place at this time. The College of Agriculture will continue to update the Forest inventory and will, as sections of the Forest reach maturity, develop a plan which will be presented to the Board for the logging of those sections. As the logging plan is developed, research, extension, and teaching plans will also be developed which will allow the maximum educational value to be obtained during and after the logging operation. All plans adopted will fully meet the conditions of the trust as stated in the deed and agreement conveying the property to the University of Kentucky.

Other Concerns in the 1980's and 1990's

The late 1980's and early 1990's were by far the most active in the life of the Forest, e.g., court battles over ownership of portions of the Forest, the filing of a "Lands Unsuitable Petition" by conservation groups, the Board joining that Petition, and a determination to lease portions of the 4,000 acres outside the "main block" of the Forest for coal mining purposes.

In 1987 the UK Administration reported to the Finance Committee of the Board the result of court actions dealing with ownership of the "Hudson Tract" (a tract not originally part of the Forest, but for which the University had acquired surface rights) and the "Bush Heirs Tract," which was part of the main Forest claimed by these heirs. The University at that time vigorously defended its ownership rights to these tracts, but ultimately lost. A company called Arch-On-The-North-Fork (now Arch Coal) proposed to mine the two tracts. The University hired Gaddy Engineering to evaluate Arch's mining plan, which called for all runoff from the mines to be diverted from the Forest watershed. Gaddy concluded that:

> Whereas technically the plan can be made to work with proper supervision, it would certainly have a long-term effect on the statistics being compiled on the water resources, sediment, flow, area of the watershed, etc. For instance, it is obvious that

> the mining would reduce the area of the undisturbed acreage within the watershed and percentage wise, the difference may be small, but could affect the statistical results of the study which might be crucial to the effectiveness of the final results of the study. It could render them unacceptable, thereby nullifying 30 years of experimentation on the property.

On February 2, 1990, the Arch company filed its preliminary application for a permit to mine multiple coal seams on the Hudson and Bush Tracts.

On February 28, 1990, the Kentucky Resources Counsel, Inc., the Sierra Club and the Kentucky Conservation Foundation filed a petition with the state's Natural Resources and Environmental Protection Cabinet to designate the Robinson Forest and eight private adjacent properties as "Lands Unsuitable for Mining" pursuant to state regulations and the Federal Surface Mining Reclamation and Control Act, including the area Arch was seeking to mine. On March 6, 1990, the Board of Trustees authorized the University's administration to join the petition to designate the Forest "Unsuitable for Mining," but only to the extent of the Clemons Fork watershed, which was the home of the majority of the research, teaching and extension activities of the Forest.

The battle for mining in the Forest now had begun in earnest, and was conducted in the media as much as it was in the halls of administrative agencies. The University hired outside counsel to assist with its efforts to stop Arch's permit application and to assist the conservation organizations in the petition to designate the Robinson Forest as "Unsuitable for Mining" under State and Federal law.

Throughout this battle, the Board of Trustees was very involved in monitoring the proceedings. At its September 18, 1990 meeting, the Board noted that a "negotiated settlement" of the crisis had been attempted but no resolution had been reached. The result was the adoption of Board Resolution FCR 8.

> That the University's administration be authorized to prepare a Request for Proposal and solicit from financially sound and quality mining companies proposals and places to mine coal reserves in the Bear Branch, Beaverdam Creek, Fishtrap Branch, Little Caney Creek, Hurricane Branch, Rose Branch and Laurel Fork tracts . . . .[all outside the main block of the Forest]

Prior to this action, the Board had requested that the Administration attempt to work out a fair and economically equitable trade of land and coal reserves with Arch-on-the-North-Fork in exchange for the title of the land and coal reserves in the Hudson and Bush tracts in order to protect the research and other activities in the contiguous acres of Robinson Forest including the Clemons Fork Watershed. No agreement could be reached. The stated reasons for moving ahead with mining on the "outer blocks" of the Forest were economic development and that royalty funds could be used to meet the conditions of the Robinson Trust for the benefit of the people of the mountains of Eastern Kentucky.

In February 1991, the Kentucky Natural Resources and Environmental Protection Cabinet issued its report and Order regarding the Petition to designate the Robinson Forest as Lands Unsuitable for Mining. The 125-page report and 7-page Order carefully analyzed the impact of mining in the Forest and came to two conclusions from which it drew its legal finding that the Forest should be designated as Unsuitable for Mining. The first of lesser importance was that some areas of the Forest had been identified by the UK Forestry Department with the admonition that no disturbance should take place in those areas. The more significant finding of the Cabinet under the law was that the Robinson Forest comprised "fragile lands" as defined by state and federal law. This meant simply that the land within the petition area

> . . . contains important scientific resources, and provides a publicly owned area in which to conduct long term research. . . . The type and amount of scientific research within Robinson Forest demonstrates the area has significant scientific value.

These were the exact values that the conservations groups and the University had strived to prove to the Cabinet.

The one setback in the Order for the conservation groups and the University was that for the eight privately owned areas in the watersheds involved in the Petition, the Cabinet declined to designate those areas as Unsuitable for Mining because the University (quite naturally) was not conducting research on these private lands. (The lawyers involved in the Petition offered a more cynical view: the Cabinet did not want to effect a "taking" of coal which it would have to compensate the owners for under the "takings" clause of the Fifth Amendment of the U.S. Constitution.) The Cabinet did, however, require that any mining in those non-University areas be conducted in a manner that the spoil handling plan provide for isolation of acid producing spoils so that drainage through the spoils would not enter the Forest and, most importantly, that all runoff from any such mining operations be diverted from the Forest.

No appeals were taken from the Order, and Arch began its mining of the Bush and Hudson Tracts shortly thereafter. The mining proceeded without problems.

Mining the Outer Blocks

In early 1991 after a lengthy review of proposals from six coal companies that submitted plans for mining the "outer blocks" of the Forest, the University determined that Addington, Inc., had presented the best proposal, and a coal lease was executed with Addington in May of 1991. Several years later Addington, Inc. was acquired by Pittson Minerals, which currently holds the majority of the leases on the tracts for the "outer blocks." The only areas yet to be mined under the lease are the Beaver Dam Tract (approximately 450 acres, estimated 3 millions tons of coal) and Rose Branch (approximately 450 acres, estimated

600,000 tons of coal). Reclamation activities continue on the lands that have already been mined. No mining activities are contemplated in the immediate future for either tract, given the current price of coal. Use of the funds derived by the University from mining in the Forest are shown in Appendix A.

Obstacles to Mining in the Main Tract

Obviously before the Board could now consider mining additional portions of the Forest, two obstacles exist: one is the trust language as pointed out by Professor Dukeminier, and the other is the reversal of the Lands Unsuitable Petition.

Leaving aside for now the Trust, there is a defined process for seeking to reverse a Lands Unsuitable designation. The state regulations, following the Federal Law, are quite specific: in order to remove the designation, the University would have to prove by presenting substantial evidence (with substantial opposition from environmental groups) that "mining will not now result in significant damage to important. . . . scientific . . . values. . . . related to fragile lands." In other words, the University would have to seek to disprove all of those items it proved with success in the original Lands Unsuitable process. Although not impossible if a small enough area of the Forest were to be considered for mining, the process of reversal, and related appeals, would take an estimated five years, would involve outside counsel and expert fees in the range of $1,000,000, would ensure a front page "blow-by-blow" of the administrative and legal battle, would create a hot political issue statewide, and would involve environmental groups nationally.

APPENDIX A

SUMMARY OF ROBINSON TRUST QUASI-ENDOWMENT REVENUES AND EXPENDITURES
(Dollars in Millions)

Revenues from Forest (predominately coal)	$21.1
Investment Income	15.9
Total Revenues	**$37.0**
Board-Approved Expenditures by Area of Emphasis:	
Infrastructure	($1.3)
Multi-Disciplinary Research	(1.0)
Agricultural Experimentation and Reforestation	(9.4)
Economic Development	(1.1)
Health & Education	(8.0)
Environmental Education	(0.6)
Financial Aid	(5.6)
Total Approved Expenditures	**($27.0)**
Balance (Now Quasi Endowed)	**$10.0***

*The value of the quasi-endowment as of June 30, 2003, was approximately $11 million. This endowment now serves the Robinson Scholars Program.

PR 2

Office of the President
September 16, 2003

Members, Board of Trustees:

PERSONNEL ACTIONS

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

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

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

Action taken: ☑ Approved ❑ Disapproved ❑ Other _____

PRESIDENT
AND
EXECUTIVE VICE PRESIDENT
FOR
FINANCE AND ADMINISTRATON

I. BOARD ACTION

A. ADMINISTRATIVE APPOINTMENTS

Vice President for Fiscal Affairs and Information Technology

Dailey, W. Porter, Director, Regional Technology Center, Morgan County, KY, effective 7/1/03.

B. PROMOTIONS

Office of the Controller and Treasurer

Donahoe, Christine M., from Accounting Manager Sr., General Accounting, to Assistant Controller, Office of Controller and Treasurer, effective 8/1/03.

Executive Vice President for Finance and Administration

Martin, Angie, from Associate Vice President Planning and Budget, Vice President, Fiscal Affairs and Information Technology to Vice President Planning, Budget and Policy, Office of the Executive Vice President for Finance and Administration, effective 9/1/03.

C. RETIREMENTS

Vice President for Auxiliary and Campus Services

Carr, Ben, Vice President for Auxiliary and Campus Services, after 31 consecutive years of service, under AR II-1.6-1 Section III.A, effective 8/31/03.

Creech, Leroy, Painter III, Physical Plant Division, after 28 years of total service, under AR II-1.6-1 Section III.A.2, effective 6/5/03.

Greer, Merrell M., Cement Mason III, Physical Plant Division, after 15 years of total service, under AR II-1.6-1 Section III.A.2, effective 8/29/03.

Johns, Mary H., Staff Support Associate II, Auxiliary Services, Administration, after 24 years of total service, under AR II-1.6-1 Section III.A.2, effective 9/19/03.

Peel, Rankin G., Refrigeration Mechanic III, Physical Plant Division, after 37 years of total service, under AR II-1.6 Section III-B, effective 9/19/03.

* Special Title Series

Shean, Edward G., Building Operator, III, Physical Plant Division, after 19 years and 8 months of consecutive service and 20 years and 2 months of total service, under AR II-1.6-1 Section III.A.2, effective 9/30/03.

D. POST-RETIREMENT APPOINTMENTS

Vice President for Auxiliary and Campus Services

Carr, Ben, former Vice President for Auxiliary and Campus Services, to return as a temporary, half-time employee to assist the Executive Vice President for Finance & Administration with special projects, effective 9/1/2003.

II. ADMINISTRATIVE ACTION

A. ADMINISTRATIVE APPOINTMENTS

Vice President for Fiscal Affairs and Information Technology

Klein, Kenneth E., Programmer Systems Lead, Computer Services Technical Services, Fiscal Affairs & Information Technology, effective 7/1/03.

Vice President for Auxiliary and Campus Services

Otto, Fred H. III, Chief of Police, University of Kentucky Police Department, effective 7/1/03.

Office of Legal Counsel

Dadds, Harry, Associate Counsel General, Office of Legal Counsel, effective 8/7/03.
Jones, Barbara, Associate Counsel General, Office of Legal Counsel, effective 8/18/03.

Office of Chief of Staff to the President

Wyrick, Christopher, Food Services Director, Boone Center, effective 8/25/03.

B. PROMOTIONS

Office of the Controller & Treasurer

Wang, Shanhong, General Accounting, from Accounting Manager II to Accounting Manager Sr., effective 8/15/03.

* Special Title Series

Vice President for Fiscal Affairs and Information Technology

Duncan, Judy S., Administrative Staff Officer II, Administrative & Fiscal Affairs, Office of the Vice President, Research and Graduate Studies to Administrative Staff Officer III, Office of the Vice President for Fiscal Affairs and Information Technology, effective 7/1/03.

* Special Title Series

PROVOST

I. BOARD ACTION

A. ACADEMIC APPOINTMENTS

Almasi, Janice, College of Education, Associate Professor (with tenure), Curriculum and Instruction, effective 1/1/04.

Aziz, Khadija, College of Medicine, Assistant Professor (part-time), Diagnostic Radiology, 9/1/03 through 6/30/04.

Berger, Joseph R., College of Medicine, Professor (with tenure), Neurology, appointed to the Ruth Louise Works Professorship in Neuromuscular Diseases, 7/1/03 through 6/30/08.

Biagi, David, College of Design, Associate Professor (with tenure), Architecture, effective 7/1/03.

Boggs, L. Richard, College of Medicine, Clinical Assistant Professor, Emergency Medicine, 7/1/03 through 6/30/04.

Corl, John D., College of Medicine, Clinical Assistant Professor, Internal Medicine, 8/14/03 through 6/30/04.

Demann, Eric T., College of Dentistry, Clinical Assistant Professor, Oral Health Science, 7/25/03 through 6/30/04.

Donohue, Kevin, College of Engineering, Associate Professor (with tenure), Electrical and Computer Engineering, appointed to the DataBeam Professorship in Electrical and Computer Engineering, 7/1/03 through 6/30/08.

Estus, Steven, College of Medicine, Associate Professor (with tenure), Physiology, appointed to the Skinner Professorship in Physiology, 7/1/03 through 6/30/08.

Gillette, Lynn G., College of Business and Economics, Visiting Professor, Economics, 8/16/03 through 5/15/04.

Graham, George J., College of Medicine, Assistant Research Professor, Kentucky School of Public Health, 10/1/03 through 6/30/04.

Gupta, Ramesh C., College of Medicine, Professor (voluntary), Preventive Medicine and Environmental Health, joint appointment as Professor (voluntary), Graduate School, Graduate Center for Toxicology, 9/17/03 through 6/30/06.

Hastings, J. Todd, College of Engineering, Assistant Professor, Electrical and Computer Engineering, 7/1/03 through 6/30/05.

Hensley, Aaron W., College of Medicine, Clinical Assistant Professor, Anesthesiology, 9/17/03 through 6/30/04.

Horohov, David W., College of Agriculture, Professor (with tenure), Veterinary Science, and appointed to the William Robert Mills Chair in Equine Infectious Diseases, effective 8/1/03.

Ibrahim, Mohamed, College of Medicine, Clinical Assistant Professor, Surgery, 8/20/03 through 6/30/04.

Lasher, Steven C., College of Medicine, Assistant Professor (part-time), Anesthesiology, 10/1/03 through 6/30/04.

* Special Title Series

Lennie, Terry A., College of Nursing, Associate Professor (with tenure), effective 7/1/03.

Lin, Yi-Ling, College of Dentistry, Assistant Professor, Oral Health Science, 8/1/03 through 6/30/04.

Ma, Xin, College of Education, Associate Professor (with tenure), Curriculum and Instruction, effective 8/16/03.

Martin, Catherine A., College of Medicine, Professor (with tenure), Psychiatry, appointed to the E. A. Edwards Professorship, 7/1/03 through 6/30/08.

Moore, David H., College of Law, Assistant Professor, Law, 6/20/03 through 6/30/04.

Mutersbaugh, Tad, College of Arts and Sciences, Associate Professor (with tenure), Geography, effective 7/1/03.

Nixon, Sara Jo, College of Arts and Sciences, Professor (with tenure), Psychology, effective 8/1/03.

Norikane, Joey H., College of Agriculture, Assistant Professor, Biosystems and Agricultural Engineering, 5/30/03 through 6/30/04.

Obrycki, John J., College of Agriculture, Professor (with tenure), Entomology, effective 7/8/03.

Puffer, James C., College of Medicine, Professor (part-time), Family Practice and Community Medicine, 7/1/03 through 6/30/04.

Schosser, Erika M., College of Medicine, Clinical Assistant Professor, Pediatrics, 8/1/03 through 6/30/04.

Selby, Lisbeth A., College of Medicine, Assistant Professor*, Internal Medicine, 9/1/03 through 6/30/04.

Shelton, Brent J., College of Medicine, Associate Professor (with tenure), Internal Medicine, joint appointment as Associate Professor (without tenure), Kentucky School of Public Health, effective 8/1/03.

Smart, Eric J., College of Medicine, Associate Professor (with tenure), Pediatrics, appointed to the Barnstable Brown Chair in Pediatric Diabetes Research, 7/1/03 through 6/30/08.

Turner, Sharon P., College of Dentistry, Professor (with tenure), Oral Health Practice, effective 10/1/03.

Walcott, Bruce, College of Engineering, Professor (with tenure), Electrical and Computer Engineering, appointed to the Engineering Alumni Association Professorship, 9/1/03 through 6/30/08.

Yang, Ruigang, College of Engineering, Assistant Professor, Computer Science, 7/21/03 through 6/30/05.

Yuan, Ling, College of Agriculture, Assistant Professor, Agronomy, 7/1/03 through 6/30/04.

Zhan, Chang-Guo, College of Pharmacy, Associate Professor (without tenure), 7/1/03 through 6/30/04.

B. ADMINISTRATIVE APPOINTMENTS

Anderson, Heidi M., College of Pharmacy, Professor (with tenure), appointed Assistant Dean for Education Innovation, effective 4/16/01.

* Special Title Series

Biagi, David, College of Design, Associate Professor (with tenure), Architecture, appointed Director, Architecture, 7/1/03 through 6/30/07.

Campbell, Justin, University Hospital, Emergency Services Director (Trainee), Trauma, effective 6/15/03.

Carpenter, Clyde, College of Design, Professor (with tenure), Architecture, appointed Chair, Historic Preservation, 7/1/03 through 6/30/07.

Cassis, Lisa A., Graduate School, Professor (with tenure), Graduate Center for Nutritional Sciences, joint appointment as Professor (without tenure), Graduate Center for Toxicology, appointed Director, Graduate Center for Nutritional Sciences, effective 8/1/03.

Jackson, Brian A., College of Medicine, Professor (with tenure), Physiology, appointed Senior Associate Dean, Graduate School, 8/15/03 through 6/30/04.

Jay, Michael J., College of Pharmacy, Professor (with tenure), appointed Executive Director of Economic Development and Innovation Management, effective 5/1/03.

Littrell, Robert A., College of Pharmacy, Clinical Associate Professor, joint appointment as Clinical Assistant Professor, College of Medicine, Department of Psychiatry, appointed Director, U.K. Mental Health Research and Data Management Center, effective 7/1/00.

Maschio, Geraldine, College of Fine Arts, Associate Professor (with tenure), Theatre, appointed Associate Dean, College of Fine Arts, effective 8/1/03.

Mumper, Russell J., College of Pharmacy, Assistant Professor, appointed Associate Director of the Associate Director of the Center for Pharmaceutical Sciences and Technology (CPST), effective 7/1/03.

Moore, Gregory, Student Affairs, Director, University Health Service, effective 11/11/03.

Obrycki, John J., College of Agriculture, Professor (with tenure), Entomology, appointed Chair, Entomology, 7/8/03 through 6/30/09.

Pedigo, Norman W., College of Medicine, Associate Professor* (with tenure), Molecular and Biomedical Pharmacology, joint appointment as Associate Professor* (without tenure), Anesthesiology, appointed Director, Teaching and Academic Support Center, Undergraduate Education, 9/1/03 through 8/31/04.

Whiteside-Dickson, Ann, College of Design, Associate Professor (with tenure), Interior Design, and Acting Director, Interior Design, appointed Director, Interior Design, 7/1/03 through 6/30/07.

Yokel, Robert A., College of Pharmacy, Professor (with tenure), joint appointment as Professor (without tenure), Graduate School, Graduate Center for Toxicology, appointed Associate Dean of Research and Graduate Education, effective 5/1/03.

C. JOINT APPOINTMENTS

Cohen, Donald A., College of Medicine, Professor (with tenure), Microbiology, Immunology and Molecular Genetics, joint appointment as Professor (without

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tenure), Graduate School, Graduate Center for Toxicology, effective 7/1/03 through 6/30/08.

Gao, Dayong, College of Engineering, Professor (with tenure), Mechanical Engineering, joint appointment as Professor (without tenure), Surgery, College of Medicine, effective 7/1/03.

Jouridine, Linda A., College of Agriculture Associate Extension Professor (with tenure), Family and Consumer Sciences, joint appointment as Associate Professor (without tenure), Kentucky School of Public Health, College of Medicine, effective 7/1/03.

Kaplan, Alan M., College of Medicine, Professor (with tenure), Microbiology, Immunology and Molecular Genetics, joint appointment as Professor (without tenure), Graduate School, Graduate Center for Toxicology, effective 7/1/03 through 6/30/08.

Lee, Eun Y., College of Medicine, Professor (with tenure), Pathology and Laboratory Medicine, joint appointment as Associate Professor (without tenure), Graduate School, Graduate Center for Toxicology, effective 7/1/03 through 6/30/08.

McNamara, Patrick J., College of Pharmacy, Professor (with tenure), joint appointment as Professor (without tenure), Graduate School, Graduate Center for Toxicology, effective 7/1/03 through 6/30/08.

Mellon, Isabel, College of Medicine, Associate Professor (with tenure), Pathology and Laboratory Medicine, joint appointment as Associate Professor (without tenure), Graduate School, Graduate Center for Toxicology, effective 7/1/03 through 6/30/08.

Noonan, Daniel J., College of Medicine, Associate Professor (with tenure), Molecular and Cellular Biochemistry, joint appointment as Associate Professor (without tenure), Graduate School, Graduate Center for Toxicology, effective 7/1/03 through 6/30/08.

Passik, Steven D., College of Medicine, Associate Professor (without tenure), Internal Medicine, joint appointment as Associate Professor (without tenure), Behavioral Science, new joint appointment as Associate Professor (without tenure), Psychiatry, 9/1/03 through 6/30/04.

Porter, Todd D., College of Pharmacy, Associate Professor (with tenure), joint appointment as Associate Professor (without tenure), Graduate School, Graduate Center for Toxicology, effective 7/1/03 through 6/30/08.

Skelton, Judith, College of Dentistry, Associate Professor* (with tenure), Oral Health Science, joint appointment as Associate Professor* (without tenure), College of Medicine, Kentucky School of Public Health, effective 9/17/03.

Slevin, John T., College of Medicine, Professor (with tenure), Neurology, joint appointments as Professor (without tenure), Molecular and Biomedical Pharmacology, effective 7/1/03 and Professor (without tenure), Graduate School, Graduate Center for Toxicology, effective 7/1/03 through 6/30/08.

Wackerbarth, Sarah, Graduate School, Associate Professor (with tenure), Martin School of Public Policy and Administration, joint appointment as Associate Professor (without tenure), Behavioral Science, College of Medicine, effective 4/2/03.

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West, Karen L., College of Dentistry, Associate Professor* (with tenure), Oral Health Science, joint appointment as Associate Professor* (without tenure), College of Medicine, Kentucky School of Public Health, effective 9/17/03.

Yokel, Robert A., College of Pharmacy, Professor (with tenure), joint appointment as Professor (without tenure), Graduate School, Graduate Center for Toxicology, effective 7/1/03 through 6/30/08.

D. REAPPOINTMENTS

Abbas, James J., Graduate School, Associate Adjunct Professor, Graduate Center for Biomedical Engineering, 7/1/03 through 6/30/04.

Bielecki, Marlene A., College of Medicine, Associate Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.

Cary, Ann H., College of Nursing, Professor (voluntary), 7/1/03 through 6/30/06.

Etscheidt, Mark A., College of Medicine, Clinical Associate Professor, Anesthesiology, 7/1/03 through 6/30/04.

Hamblin, Pierce W., College of Law, Professor (part-time), Law, 8/16/03 through 5/15/04.

Jung, Ranu, Graduate School, Associate Adjunct Professor, Graduate Center for Biomedical Engineering, 7/1/03 through 6/30/04.

Kearl, Gary W., College of Medicine, Associate Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.

Kleinert, Harold, College of Education, Associate Adjunct Professor, Special Education and Rehabilitation Counseling, 8/16/03 through 6/30/04.

Larson, Raymond W., College of Law, Professor (part-time), Law, 8/16/03 through 5/15/04.

McGarvey, John T., College of Law, Professor (part-time), Law, 8/16/03 through 12/31/03.

Miller, James A., College of Medicine, Associate Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.

Molenda, Marek, College of Agriculture, Visiting Professor, Biosystems and Agricultural Engineering, 9/1/03 through 11/30/03.

O'Halloran, Henry S., College of Medicine, Associate Professor (voluntary), Ophthalmology, 7/1/03 through 6/30/06.

Swikert, Donald J., College of Medicine, Associate Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.

Ward, Richard C., College of Law, Professor (part-time), Law, 8/16/03 through 12/31/03.

Weaver, Diana J., College of Nursing, Associate Professor (part-time), 7/1/03 through 6/30/04.

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E. TENURE

Conners, Terrance E., College of Agriculture, from Associate Extension Professor (without tenure), Forestry, to Associate Extension Professor (with tenure), Forestry, effective 7/1/03.

Fragneto, Regina Y., College of Medicine, Associate Professor* (without tenure), Anesthesiology, to Associate Professor* (with tenure), Anesthesiology, effective 7/1/03.

Reynolds, L. R., College of Medicine, Associate Professor* (without tenure), Internal Medicine, to Associate Professor* (with tenure), Internal Medicine, effective 7/1/03.

F. PROMOTIONS

Alnahhas, Mohamad, College of Medicine, Assistant Professor (voluntary), Pediatrics, to Associate Professor (voluntary), Pediatrics, 9/17/03 through 6/30/06.

Andersen, Anders H., College of Medicine, Assistant Research Professor, Anatomy and Neurobiology, to Associate Research Professor, Anatomy and Neurobiology, 7/1/03 through 6/30/04.

Blair, Robert A., College of Medicine, Assistant Professor (voluntary), Pediatrics, to Associate Professor (voluntary), Pediatrics, 9/17/03 through 6/30/06.

Block, Stan L., College of Medicine, Associate Professor (voluntary), Pediatrics, to Professor (voluntary), Pediatrics, 9/17/03 through 6/30/06.

Brown, Ross M., College of Medicine, Assistant Professor (voluntary), Pediatrics, to Associate Professor (voluntary), Pediatrics, 9/17/03 through 6/30/06.

Conner, William T., College of Medicine, Clinical Associate Professor, Surgery, to Clinical Professor, Surgery, 7/1/03 through 6/30/04.

Clasey, Jody, College of Education, from Assistant Professor, Kinesiology and Health Promotion, to Associate Professor (with tenure), Kinesiology and Health Promotion, effective 7/1/03.

Ellis, Jeffrey L., College of Medicine, Clinical Assistant Professor, Pathology and Laboratory Medicine, to Clinical Associate Professor, Pathology and Laboratory Medicine, 7/1/03 through 6/30/04.

Grisham-Brown, Jennifer, College of Agriculture, from Assistant Professor, Human Environmental Sciences (Family Studies), to Associate Professor (with tenure), Human Environmental Sciences (Family Studies), effective 7/1/03.

Reed, Deborah B., College of Nursing, Assistant Professor, joint appointment as Assistant Professor, College of Medicine, Department of Preventive Medicine and Environmental Health, to Associate Professor (with tenure), joint appointment as Associate Professor (without tenure), College of Medicine, Department of Preventive Medicine and Environmental Health, effective 7/1/03.

Rettie, Robert M., College of Medicine, Assistant Professor (voluntary), Pediatrics, to Associate Professor (voluntary), Pediatrics, 9/17/03 through 6/30/06.

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Richerson, Julia, College of Medicine, Assistant Professor (voluntary), Pediatrics, to Associate Professor (voluntary), Pediatrics, 9/17/03 through 6/30/06.

Ricker, Jonathan E., College of Medicine, Assistant Professor (voluntary), Pediatrics, to Associate Professor (voluntary), Pediatrics, 9/17/03 through 6/30/06.

Robertson, William C., College of Medicine, Clinical Associate Professor, Neurology, joint appointment as Clinical Associate Professor, Pediatrics, to Clinical Professor, Neurology, joint appointment as Clinical Professor, Pediatrics, 7/1/03 through 6/30/04.

Slaymaker, Douglas, College of Arts and Sciences, from Assistant Professor, Modern and Classical Languages, to Associate Professor (with tenure), Modern and Classical Languages, effective 7/1/03.

G. CHANGES

Cassis, Lisa A., College of Pharmacy, from Professor (with tenure), joint appointment as Professor (without tenure), Graduate School, Graduate Center for Toxicology, to Professor (with tenure), Graduate School, Graduate Center for Nutritional Sciences, joint appointment as Professor (without tenure), Graduate School, Graduate Center for Toxicology, effective 8/1/03.

Hazard, Victor, Student Affairs, from Dean of Students, to Associate Vice President for Student Affairs/Dean of Students, effective 8/1/03.

Jouridine, Linda A., College of Agriculture, from Associate Professor (with tenure), Family and Consumer Sciences, to Associate Extension Professor (with tenure), Family and Consumer Sciences, effective 7/1/03.

Moore, Karen K., University Hospital, Care Coordinator, Patient and Family Services, from retired after 26 years of consecutive service, and a total of 27 years, under AR II-1.6-1, Section III.A.2, effective 6/30/03 to retired after 26 years of consecutive service, and a total of 27 years, under AR II-1.6-1, Section III.A.2, effective 8/7/03.

Moreno, Pedro R., College of Medicine, from Associate Professor* (with tenure), Internal Medicine, to Associate Professor (part-time), Internal Medicine, 8/1/03 through 6/30/04.

Pelfrey, Carol A., College of Medicine, HCP Associate Administrator, UK Health Care Plans, from retired after 25 years, 11 months of consecutive service, and a total of 26 years, 5 months, under AR II-1.6-1, Section III.A.2, effective 6/30/03 to retired after 25 years, 11 months of consecutive service, and a total of 26 years, 5 months, under AR II-1.6-1, Section III.A.2, effective 5/31/03.

Robinson, Thomas C., College of Health Sciences, from Professor* (with tenure), Health Services, joint appointments as Professor* (without tenure), College of Medicine, Kentucky School of Public Health and Graduate School, Martin School of Public Policy and Administration, to Professor* (with tenure), Clinical Sciences, joint appointments as Professor*, College of Medicine, Kentucky School of Public Health and Graduate School, Martin School of Public Policy and Administration, effective 9/17/03.

Wims, James, Student Affairs, from Student Services Director, to Assistant Vice President for Student Affairs/Director of Residence Life, effective 8/1/03.

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H. RETIREMENTS

Allen, Carolyn M., College of Agriculture, Account Clerk II, Plant Pathology, after 37 years of consecutive service, under Section III.B of AR II-1.6-1, effective 7/18/03.

Collins, Clinton, College of Education, Associate Professor (with tenure), Educational Policy Studies and Evaluation, after 35 years and 3 months of consecutive service, under Section III.B of AR II-1.6-1, effective 6/30/03.

Hoskins, Eloise Joyce, College of Agriculture, Staff Support Associate II, Field Programs, after 22 years and 3 months of consecutive service, under Section III.B of AR II-1.6-1, effective 7/11/03.

Mateyka, Wilbur C., College of Arts and Sciences, Scientific Glassblower, Chemistry, after 13 years and 2 months of consecutive service, under Section III.B of AR II-1.6-1, effective 7/1/03.

Tauchert, Theodore, College of Engineering, Professor (with tenure), Mechanical Engineering, after 31 years and 5 months of consecutive service, under Section III.B of AR II-1.6-1, effective 6/30/03.

Wheeler, Donna M., College of Arts and Sciences, Administrative Support Associate I, Sociology, after 18 years and 7 months of consecutive service, under Section III.B of AR II-1.6-1, effective 7/31/03.

I. EARLY RETIREMENTS

Bruce, Douglas A., Chancellor's Office, Director of Strategic Initiatives, Strategic Initiatives, after 23 years, 2 months of consecutive service, and a total of 23 years, 8 months, under AR II-1.6-1, Section III.A.2, effective 6/30/03.

Button, Frank S., Jr., College of Agriculture, Agriculture Research Specialist, Animal Sciences, after 33 years and 10 months of consecutive service, and a total of 35 years and 2 months of service, under Section III.A.2 of AR II-1.6-1, effective 9/30/03.

Dickison, Kathy J., Lexington Community College, Associate Professor (with tenure), Lexington Community College, after 23 years and 10 months of consecutive service, and a total of 24 years and 1 month of service, under Section III.A.2 of AR II-1.6-1, effective 6/30/03.

Greenwood, Alice R., College of Medicine, Department Administrator III, Family Practice and Community Medicine, after 18 years, 8 months of consecutive service, and a total of 26 years, 8 months, under AR II-1.6-1, Section III.A.2, effective 7/31/03.

Havice, Christine, College of Fine Arts, Associate Professor (with tenure), Art, after 29 years of consecutive service, under Section III.A.2 of AR II-1.6-1, effective 7/31/03.

Kelleher, Marie A., College of Medicine, Staff Support Associate II, Pediatrics, after 34 years, 5 months of consecutive service, under AR II-1.6-1, Section III.A.2, effective 8/25/03.

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O'Connor, William N., College of Medicine, Professor (with tenure), Pathology and Laboratory Medicine, joint appointment as Professor (without tenure), Graduate School, Graduate Center for Toxicology, after 27 years, 6 months of consecutive service, under AR II-1.6-1, Section III.A.2, effective 7/14/03.

Polk, L. Reed, Chancellor's Office, Special Assistant to the Senior Vice President and Chancellor, after 22 years, 3 months of consecutive service, and a total of 23 years, 2 months, under AR II-1.6-1, Section III.A.2, effective 6/30/03.

Scheurich, Mary Jo, Undergraduate Education, Administrative Support Associate I, Teaching and Learning Center, after 16 years and 11 months of consecutive service, under Section III.A.2 of AR II-1.6-1, effective 8/15/03.

Staras, Sally L., College of Dentistry, Dental Patient Services Coordinator, Dental Clinic, after 32 years, 1 month of consecutive service, under AR II-1.6-1, Section III.A.2, effective 9/5/03.

J. POST-RETIREMENTS

Berger, Phillip, Graduate School, Professor (part-time), Martin School of Public Policy and Administration, 7/1/03 through 6/30/04.

Brady, Mary, College of Agriculture, Extension County Clerk (part-time), Cooperative Extension Service, 7/1/03 through 6/30/04.

Collins, Clinton, College of Education, Professor (part-time), Educational Policy Studies and Evaluation, 7/1/03 through 8/16/03.

Drummond, James F., College of Dentistry, Professor (part-time), Oral Health Science, 7/1/03 through 6/30/04.

Hall, Janet M., College of Agriculture, Extension County Clerk (part-time), Cooperative Extension Service, 7/1/03 through 6/30/04.

Knapp, Fred, College of Agriculture, Professor (part-time), Entomology, 7/9/03 through 6/30/04.

Lightfoot, Robert W., College of Medicine, Professor (part-time), Internal Medicine, 7/1/03 through 6/30/04.

Rodgers, James W., College of Fine Arts, Professor (part-time), Theatre, 8/16/03 through 12/31/03.

Sands, Donald, College of Arts and Sciences, Professor (part-time), Chemistry, 7/1/03 through 6/30/04.

Sisken, Betty F., Graduate School, Professor (part-time), Center for Biomedical Engineering, 7/1/03 through 6/30/04.

Stewart, Doug, College of Agriculture, Research Farm Technician II (part-time), Management Operations, 2/14/03 through 2/13/04.

Taylor, Norman, College of Agriculture, Professor (part-time), Agronomy, 7/1/03 through 6/30/04.

Wiehe, Vernon R., College of Social Work, Professor (part-time), Social Work, 8/16/03 through 5/15/04.

Wilson, Joseph, College of Arts and Sciences, Professor (part-time), Chemistry, 6/1/03 through 6/30/03, and 7/1/03 through 6/30/04.

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II. ADMINISTRATIVE ACTION

A. ACADEMIC APPOINTMENTS

Abner, Gerald, College of Education, Instructor (part-time), Special Education and Rehabilitation Counseling, 8/16/03 through 12/31/03.

Abner, Linda S., College of Health Sciences, Instructor (voluntary), Rehabilitation Sciences, 9/17/03 through 6/30/06.

Armistead, Jane, College of Education, Instructor (part-time), Curriculum and Instruction, 8/16/03 through 12/31/03.

Augsburger, Samuel, College of Education, Instructor (part-time), Kinesiology and Health Promotion, 8/16/03 through 12/31/03.

Bacha, Fadi, College of Medicine, Assistant Professor (part-time), Internal Medicine, 8/1/03 through 6/30/04.

Ballard, Genny, College of Arts and Sciences, Lecturer, Hispanic Studies, 8/16/03 through 6/30/04.

Bourbia, Abdelhamid, College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 9/17/03 through 6/30/06.

Boyson, Aaron, College of Communications and Information Studies, Assistant Professor, Communication, 7/1/03 through 6/30/04.

Buck, Patrick L., Lexington Community College, Instructor (temporary), Lexington Community College, 8/1/03 through 12/31/03.

Burnham, J. Douglas, College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.

Cantrell, Susan C., College of Education, Lecturer, Curriculum and Instruction, 8/1/03 through 6/30/04.

Carew, Molly B., College of Nursing, Instructor (voluntary), 8/15/03 through 6/30/06.

Carfagno, Jacalyn, College of Communications and Information Studies, Instructor (part-time), Journalism and Telecommunications, 8/16/03 through 5/31/04.

Charnigo, Richard, College of Arts and Sciences, Assistant Professor, Statistics, 8/16/03 through 6/30/05.

Chendil, Damodaran, College of Health Sciences, Assistant Research Professor, Clinical Sciences, 9/1/03 through 6/30/04.

Chevuru, Srinivas C., College of Medicine, Assistant Professor (voluntary), Pediatrics, 9/17/03 through 6/30/06.

Childers, Kyle, College of Medicine, Assistant Professor (voluntary), Pediatrics, 7/1/03 through 6/30/06.

Christle, Christine, College of Education, Assistant Research Professor, Special Education and Rehabilitation Counseling, 8/16/03 through 6/30/04.

Chunn, Michael A., College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 9/17/03 through 6/30/06.

Cichocki, David, College of Communications and Information Studies, Assistant Professor (temporary), Communication, 8/1/03 through 5/31/04.

Clute, Shannon, College of Arts and Sciences, Visiting Assistant Professor, Modern and Classical Languages, 8/16/03 through 6/30/04.

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Collins, Ashli N., College of Medicine, Assistant Professor (voluntary), Pediatrics, 9/17/03 through 6/30/06.
Colton, Sharon, College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 9/1/03 through 6/30/06.
Cook, Alicia G., College of Nursing, Instructor (voluntary), 8/15/03 through 6/30/06.
Cox, Angela, College of Education, Instructor (part-time), Curriculum and Instruction, 8/16/03 through 12/31/03.
Cox, Hope L., College of Pharmacy, Assistant Professor (voluntary), 9/17/03 through 6/30/06.
Craig, Carlton D., College of Social Work, Assistant Professor, Social Work, 8/16/03 through 6/30/04.
Creech, Donna M., College of Nursing, Instructor (voluntary), 8/15/03 through 6/30/06.
Cross, Tracy, College of Medicine, Instructor (voluntary), Surgery, 9/17/03 through 6/30/06.
Davenport, Daniel L., College of Business and Economics, Instructor (part-time), Management (DSIS), 8/16/03 through 5/15/04.
Davis, Wyvonna K., College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.
Day, Richard, College of Education, Instructor (part-time), Administration and Supervision, 8/16/03 through 12/31/03.
Deo, Sapna, College of Arts and Sciences, Assistant Research Professor, Chemistry, 4/1/03 through 6/30/04.
Dimon, Linda J., Lexington Community College, Instructor (temporary), Lexington Community College, 8/1/03 through 12/31/03.
Dominique, Paul A., College of Dentistry, Clinical Assistant Professor, Oral Health Science, 8/15/03 through 6/30/04.
Doolen, Andrew, College of Arts and Sciences, Assistant Professor, English, 8/16/03 through 6/30/05.
Duncan, Janice, College of Education, Instructor (part-time), Curriculum and Instruction, 8/16/03 through 12/31/03.
Durham, Jeffery L., Lexington Community College, Instructor, Lexington Community College, 8/1/03 through 6/30/04.
Eike, Ann M., College of Business and Economics, Lecturer, Economics, 8/16/03 through 5/15/04.
Ellington, Virginia H., College of Agriculture, Instructor (temporary), Human Environmental Sciences (Family Studies), 8/16/03 through 5/15/04.
Folk, Jessie L., College of Business and Economics, Instructor (part-time), Economics, 8/16/03 through 5/15/04.
Friel, Margaret B., College of Nursing, Instructor (voluntary), 7/1/03 through 6/30/06.
Gassaway, Linda, College of Education, Instructor (part-time), Special Education and Rehabilitation Counseling, 8/16/03 through 12/31/03.
Gluesing-Luerssen, Heide, College of Arts and Sciences, Visiting Assistant Professor, Mathematics, 8/16/03 through 6/30/04.
Goff, Jaime, College of Agriculture, Instructor (temporary), Human Environmental Sciences (Family Studies), 8/16/03 through 5/15/04.

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Grondin, Richard C., College of Medicine, Assistant Research Professor, Anatomy and Neurobiology, 10/1/03 through 6/30/04.

Hagan, Kelly L., Lexington Community College, Instructor, Lexington Community College, 8/1/03 through 6/30/04.

Hamilton, Phyllis, College of Education, Instructor (part-time), Curriculum and Instruction, 8/16/03 through 12/31/03.

Hammond, Kathy, College of Nursing, Instructor (voluntary), 7/1/03 through 6/30/06.

Hardin, Dave, College of Business and Economics, Instructor (part-time), Management (Marketing), 8/16/03 through 5/15/04.

Hatfield, Regina B., College of Dentistry, Assistant Professor (voluntary), Oral Health Science, 6/17/03 through 6/30/03.

Hawkins, Melodie, College of Pharmacy, Assistant Professor (voluntary), 9/17/03 through 6/30/06.

Hazle, Charles, College of Health Sciences, Assistant Professor*, Rehabilitation Sciences, 6/1/03 through 6/30/04.

Helm, David, College of Education, Instructor (part-time), Curriculum and Instruction, 8/16/03 through 12/31/03.

Henly, Nancy J., College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 9/1/03 through 6/30/06.

Hinkle, Robert R., Lexington Community College, Instructor, Lexington Community College, 8/1/03 through 6/30/04.

Honaker, Joshua T., College of Medicine, Assistant Professor (voluntary), Pediatrics, 9/17/03 through 6/30/06.

Huber, Paul T., College of Agriculture, Instructor (part-time), Human Environmental Sciences (Family Studies), 8/16/03 through 12/31/03.

John, Dejie, College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 8/1/03 through 6/30/06.

Jones, Dale E., College of Medicine, Instructor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.

Jones, Jeffery A., College of Medicine, Assistant Research Professor, Kentucky School of Public Health, 10/1/03 through 6/30/04.

Joseph, Michael A., College of Dentistry, Assistant Professor (part-time), Oral Health Practice, 9/17/03 through 6/30/04.

Kelly, Robert L., College of Design, Instructor (part-time), Architecture, 8/1/03 through 12/31/03.

King, Benita, College of Nursing, Instructor (voluntary), 7/1/03 through 6/30/06.

Kitaev, Sergey, College of Arts and Sciences, Visiting Assistant Professor, Mathematics, 8/16/03 through 6/30/04.

Land, Lou Ann, College of Education, Instructor (part-time), Special Education and Rehabilitation Counseling, 8/16/03 through 12/31/03.

Lee, Brian D., College of Agriculture, Assistant Professor, Landscape Architecture, 8/1/03 through 6/30/04.

Lewis, William D., College of Medicine, Assistant Professor (part-time), Diagnostic Radiology, 9/17/03 through 6/30/04.

Lim, Allen S., College of Medicine, Instructor (voluntary), Family Practice and Community Medicine, 8/1/03 through 6/30/06.

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Lin, Elizabeth G., College of Pharmacy, Lecturer, 8/15/03 through 5/15/04.
Loan, Theresa D., College of Nursing, Assistant Professor (part-time), 8/1/03 through 12/31/03.
Majmundar, Mamata G., College of Medicine, Instructor (part-time), Family Practice and Community Medicine, 9/17/03 through 6/30/04.
Matyunas, Nancy J., College of Pharmacy, Assistant Professor (voluntary), 9/17/03 through 6/30/06.
Mayne, Robert, College of Pharmacy, Instructor (voluntary), 7/1/03 through 6/30/06.
McCrary, Nancye, College of Education, Assistant Research Professor, Special Education and Rehabilitation Counseling, 7/1/03 through 6/30/04.
McDaniel, Rockie C., College of Nursing, Instructor (voluntary), 8/1/03 through 6/30/06.
McFalls, Christina L., College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.
McNabb, Sarah Patton, College of Design, Instructor (temporary), Interior Design, 8/1/03 through 6/30/04.
Meek, Constance I., Lexington Community College, Instructor (temporary), Lexington Community College, 8/1/03 through 12/31/03.
Muntz, Betty, College of Education, Instructor (part-time), Special Education and Rehabilitation Counseling, 8/16/03 through 12/31/03.
Noar, Seth Michael, College of Communications and Information Studies, Assistant Professor, Communication, 7/1/03 through 6/30/04.
Pease, Robynn M., College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.
Price, James D., College of Engineering, Lecturer, Center for Manufacturing, 7/1/03 through 6/30/04.
Prout, Susan, College of Agriculture, Instructor (part-time), Human Environmental Sciences (Family Studies), 8/16/03 through 12/31/03.
Rickert, Gregory W., Lexington Community College, Instructor, Lexington Community College, 8/1/03 through 6/30/04.
Ridgley, Robyn, College of Education, Instructor (part-time), Special Education and Rehabilitation Counseling, 8/16/03 through 12/31/03.
Robinson, Bennie C., College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.
Robinson, Donna M., College of Nursing, Lecturer, 8/1/03 through 6/30/04.
Savage, Todd, College of Education, Visiting Assistant Professor, Educational and Counseling Psychology, 7/1/03 through 6/30/04.
Schaar-Eviston, Kelli, College of Nursing, Instructor (voluntary), 8/15/03 through 6/30/06.
Schmidt, Jodi Lynn, College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.
Schuller, Juawanna L., College of Nursing, Instructor (voluntary), 8/1/03 through 6/30/06.
Sheppard, Carol A., College of Agriculture, Visiting Assistant Professor, Entomology, 7/8/03 through 6/30/04.

* Special Title Series

Shirley, Sharlee M., College of Dentistry, Assistant Research Professor, Oral Health Science, 7/1/03 through 6/30/04.

Singh, Indrapal N., College of Medicine, Assistant Research Professor, Anatomy and Neurobiology, 10/1/03 through 6/30/04.

Sossou, Marie Antoinette, College of Social Work, Assistant Professor, Social Work, 8/16/03 through 6/30/04.

Stanford, John A., College of Medicine, Assistant Research Professor, Anatomy and Neurobiology, 10/1/03 through 6/30/04.

Stegner, John M., College of Fine Arts, Instructor (part-time), Music, 8/1/03 through 5/31/04.

Street, Chad C., College of Dentistry, Assistant Professor (voluntary), Oral Health Science, 7/23/03 through 6/30/06.

Thacker, Jack W., College of Nursing, Instructor (voluntary), 8/1/03 through 6/30/06.

Thompson, Timothy, College of Arts and Sciences, Instructor (temporary), Sociology, 8/16/03 through 6/30/04.

Umberger, Gloria G., College of Medicine, Instructor (part-time, temporary), Anatomy and Neurobiology, 10/1/03 through 6/30/04.

Watanabe, Akihiko, College of Arts and Sciences, Instructor (temporary), Modern and Classical Languages, 8/16/03 through 6/30/04.

Watson, Mark, College of Arts and Sciences, Assistant Professor, Chemistry, 8/16/03 through 6/30/05.

White, Tanya, College of Education, Instructor (part-time), Special Education and Rehabilitation Counseling, 8/16/03 through 12/31/03.

Whitler, Elmer T., College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.

Williamson, Melanie G., Lexington Community College, Instructor, Lexington Community College, 8/1/03 through 6/30/04.

Wilson, J. T., College of Dentistry, Assistant Professor (voluntary), Oral Health Science, 6/16/03 through 6/30/03.

Worne, Janet, College of Communications and Information Studies, Instructor (part-time), Journalism and Telecommunications, 8/16/03 through 5/31/04.

B. ADMINISTRATIVE APPOINTMENTS

Bolin-Reece, Mary, Student Affairs, Director for Counseling and Testing, effective 8/1/03.

Carlson, Charles, College of Arts and Sciences, Professor (with tenure), Psychology, appointed Acting Chair, Psychology, 7/1/03 through 12/31/03.

Carpenter, Dennis, College of Fine Arts, Associate Professor (with tenure), Art, appointed Acting Chair, Art, 7/1/03 through 6/30/04.

Clayton, Richard R., College of Medicine, Professor (with tenure), Kentucky School of Public Health, appointed Acting Chair, Department of Preventive Medicine and Environmental Health, 7/1/03 through 6/30/04.

Davin, Marybeth, University Hospital, Co-Acting Patient Care Manager, effective 6/15/03.

* Special Title Series

Flynn, Jeremy, University Hospital, Clinical Staff Pharmacist II, Pharmacy Services, effective 7/13/03.

Griffith, Darrell A., University Hospital, Business Development and Decision Support Manager, Hospital Finance Decision Support, effective 8/4/03.

Guinn, Helen, University Hospital, Co-Acting Patient Care Manager, effective 7/13/03.

Haas, Genevieve, University Hospital, Co-Acting Director, PeriOperative Services, effective 6/1/03.

Hall, Melissa, University Hospital, Co-Acting Patient Care Manager, effective 6/15/03.

Hougland, James, College of Arts and Sciences, Professor (with tenure), Sociology, and Chair, Sociology, appointed Acting Chair, Sociology, 7/1/03 through 6/30/04.

Kearns, Lynne, University Hospital, Co-Acting Patient Care Manager, effective 6/15/03.

Kemper, Jon R., University Hospital, Medical Records Director, Spinal Cord and Brain Injury, effective 7/7/03.

Lorch, Robert, College of Arts and Sciences, Professor (with tenure), Psychology, appointed Acting Chair, Psychology, 1/1/04 through 6/30/04.

Lyons, Marilyn, Graduate School, Assistant Dean, Graduate School, effective 7/7/03.

O'Neill, Charles D., Student Affairs, Associate Director for Counseling and Testing, effective 8/1/03.

Puleo, David A., Graduate School, Associate Professor (with tenure), Graduate Center for Biomedical Engineering, appointed Acting Director, Graduate Center for Biomedical Engineering, 7/1/03 through 6/30/04.

Roberts, Donna, College of Medicine, Nurse Practitioner, Obstetrics and Gynecology, effective 8/1/03.

Rosbolt, Margaret B., College of Pharmacy, Pharmacist Clinical, effective 7/1/03.

Rosenman, Ellen, College of Arts and Sciences, Associate Professor (with tenure), English, appointed Acting Chair, English, 7/10/03 through 6/30/04.

Samuel, Thomas W., College of Health Sciences, Associate Professor* (with tenure), Health Services, joint appointments as Associate Professor* (without tenure), College of Medicine, Kentucky School of Public Health and Graduate School, Martin School of Public Policy and Administration, appointed Acting Director, Kentucky School of Public Health, College of Medicine, 7/1/03 through 6/30/04, and Acting Chair, Department of Health Services, College of Health Sciences, 10/17/03 through 7/1/04.

Trapskin, Kari, University Hospital, Clinical Staff Pharmacist I, Pharmacy Services, effective 7/15/03.

Walter, Charlene K., University Hospital, Co-Acting Director, PeriOperative Services, effective 6/1/03.

Watkins, Jennifer, University Hospital, Co-Acting Patient Care Manager, effective 6/15/03.

Werkmeister, Raymond F. Jr., College of Engineering, Engineer Associate IV/Research, Kentucky Transportation Center, effective 8/4/03.

* Special Title Series

Werner, Heinrich A., College of Medicine, Associate Professor* (with tenure), Pediatrics, joint appointment as Associate Professor* (without tenure), Anesthesiology, appointed Acting Chair, Department of Pediatrics, 8/1/03 through 7/31/04.

C. JOINT APPOINTMENTS

Benson, James M., College of Engineering, Associate Professor (with tenure), Murray State University, joint reappointment as Assistant Professor, Mechanical Engineering, 7/1/03 through 6/30/04.

Rogers, James W., College of Engineering, Assistant Professor, Murray State University, joint appointment as Assistant Professor, Mechanical Engineering, 7/1/03 through 6/30/04.

Thiede, Theodore D., College of Engineering, Assistant Professor, Murray State University, joint reappointment as Assistant Professor, Mechanical Engineering, 7/1/03 through 6/30/04.

D. REAPPOINTMENTS

Absher, Dale R., College of Medicine, Assistant Professor (voluntary), Diagnostic Radiology, 7/1/03 through 6/30/06.

Adair, Gerald M., Lexington Community College, Instructor (temporary), Lexington Community College, 8/1/03 through 12/31/03.

Alexander, Karen, College of Agriculture, Assistant Professor, Human Environmental Sciences (Family Studies), 7/1/03 through 6/30/04.

Allen, Lawrence, College of Education, Instructor (part-time), Administration and Supervision, 8/16/03 through 12/31/03.

Arnett, Charles F., College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.

Arroz, Vincent C., College of Health Sciences, Assistant Professor (voluntary), Clinical Sciences, 7/1/03 through 6/30/06.

Badger, Karen S., College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.

Bailey, W. Clark I., College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.

Barclay, Clayton C., College of Medicine, Assistant Professor (part-time), Emergency Medicine, 7/1/03 through 6/30/04.

Barnett, Kathleen, College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.

Becknell, William E., College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.

Belhasen, Franklen, College of Health Sciences, Assistant Professor (voluntary), Clinical Sciences, joint appointment as Assistant Professor (voluntary), College of Medicine, Department of Family Practice and Community Medicine, 7/1/03 through 6/30/06.

* Special Title Series

Bell, Jennifer, College of Education, Instructor (part-time), Special Education and Rehabilitation Counseling, 8/16/03 through 12/31/03.

Bell, Marcia, College of Agriculture, Instructor (temporary), Human Environmental Sciences (Family Studies), 8/16/03 through 5/15/04.

Bernales, Nannette E., College of Health Sciences, Assistant Professor (voluntary), Clinical Sciences, 7/1/03 through 6/30/06.

Blackburn, Peter J., College of Medicine, Instructor (part-time), Ophthalmology, 7/1/03 through 6/30/04.

Blackport, Ross, College of Education, Instructor (part-time), Kinesiology and Health Promotion, 8/16/03 through 12/31/03.

Borst, George, College of Health Sciences, Assistant Professor (voluntary), Clinical Sciences, joint appointment as Assistant Professor (voluntary), College of Medicine, Department of Internal Medicine, 7/1/03 through 6/30/06.

Bradford, Kay, College of Agriculture, Assistant Professor, Human Environmental Sciences (Family Studies), 7/1/03 through 6/30/04.

Brandewie, Ted, College of Business and Economics, Instructor (part-time), Management, 8/16/03 through 5/15/04.

Branson, Pamela, College of Nursing, Instructor (voluntary), 7/1/03 through 6/30/06.

Brown, Ralph C., College of Business and Economics, Adjunct Instructor, Management, 8/16/03 through 5/15/04.

Bryan, Valerie, College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.

Bryant, Charles, College of Communications and Information Studies, Instructor (part-time), Journalism and Telecommunications, 8/16/03 through 5/31/04.

Burchett, Blake R., College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.

Burk, Charles, College of Education, Instructor (part-time), Kinesiology and Health Promotion, 8/16/03 through 12/31/03.

Bynum, Gus A., College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.

Cai, Lijian, College of Pharmacy, Assistant Professor (voluntary), 7/1/03 through 6/30/06.

Carlin, Patricia, College of Education, Instructor (part-time), Curriculum and Instruction, 8/16/03 through 12/31/03.

Castaneda, Marco, College of Business and Economics, Assistant Professor, Economics, 7/1/03 through 6/30/04.

Caudill, Cliff M., College of Medicine, Clinical Assistant Professor, Ophthalmology, 7/1/03 through 6/30/04.

Chandra, Uday, College of Business and Economics, Assistant Professor, Accountancy, 7/1/03 through 6/30/04.

Chirravuri, Veerabhadra, College of Health Sciences, Assistant Professor (voluntary), Clinical Sciences, 7/1/03 through 6/30/06.

Christiansen, David C., College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.

Clark, John Robert, College of Business and Economics, Instructor (part-time), Accountancy, 8/16/03 through 5/15/04.

* Special Title Series

Clauter, Nancy, College of Fine Arts, Assistant Professor*, Music, 7/1/03 through 6/30/04.
Cleaver, Becke, College of Education, Instructor (part-time), Administration and Supervision, 8/16/03 through 12/31/03.
Cole, Kelly K., College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.
Collins, Lisa C., College of Nursing, Instructor (voluntary), 7/1/03 through 6/30/06.
Collins-Camargo, Crystal F., College of Social Work, Assistant Clinical Professor, Social Work, 7/1/03 through 6/30/04.
Copp, Kenneth W., College of Business and Economics, Instructor (part-time), Management, 8/16/03 through 5/15/04.
Corman, Elizabeth B., College of Social Work, Clinical Instructor, Social Work, 8/1/03 through 6/30/04.
Crouch, Richard H., College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.
Cummins, Karen M., College of Agriculture, Instructor (temporary), Human Environmental Sciences (Merchandising, Apparel and Textiles), 8/18/03 through 12/31/03.
Curl-Nagy, Deborah J., College of Social Work, Clinical Instructor, Social Work, 8/1/03 through 6/30/04.
Daniel, Lois, College of Education, Instructor (part-time), Curriculum and Instruction, 8/16/03 through 12/31/03.
Davenport, Mary, College of Pharmacy, Assistant Professor (voluntary), 7/1/03 through 6/30/06.
Davis, Lois A., College of Nursing, Instructor (voluntary), 7/1/03 through 6/30/06.
Day, Anna Grace, College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.
Decker, David S., College of Health Sciences, Assistant Professor (voluntary), Clinical Sciences, 7/1/03 through 6/30/06.
DeLetter, Mary C., College of Nursing, Assistant Professor (part-time), 7/1/03 through 6/30/04.
DelVecchio, Devon S., College of Business and Economics, Assistant Professor, Management (Marketing), 7/1/03 through 6/30/04.
Denman, Rose M., College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.
DeShea, Lise, College of Education, Assistant Professor, Educational and Counseling Psychology, 7/1/03 through 6/30/04.
Devine, Carol, College of Agriculture, Instructor (part-time), Human Environmental Sciences (Family Studies), 8/16/03 through 5/15/04.
Donohue, Thomas A., College of Medicine, Assistant Professor (voluntary), Surgery, 7/1/03 through 6/30/06.
Doss, Dianne M., College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.
Dunn, Gary, College of Education, Instructor (part-time), Educational and Counseling Psychology, 8/16/03 through 12/31/03.

* Special Title Series

Durbin, Eileen, College of Agriculture, Instructor (part-time), Human Environmental Sciences (Family Studies), 8/16/03 through 5/15/04.

Enlow, A. C., College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.

Erwin, Anne B., College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.

Evans, Connie, College of Education, Instructor (part-time), Curriculum and Instruction, 8/16/03 through 12/31/03.

Evans, Julie L., College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.

Fairchild-Kienlen, Sherry R., College of Social Work, Assistant Professor, Social Work, 7/1/03 through 6/30/04.

Fell, Steve, College of Health Sciences, Assistant Professor (voluntary), Clinical Sciences, 7/1/03 through 6/30/06.

Ferrucci, Joseph P., College of Design, Lecturer, Architecture, 7/1/03 through 6/30/04.

Fitzpatrick, Michael A., College of Health Sciences, Assistant Professor (voluntary), Clinical Sciences, 7/1/03 through 6/30/06.

Fox, Stephen R., College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.

Francies, Regina, College of Communications and Information Studies, Lecturer, Communication, 7/1/03 through 6/30/04.

Frebis, James R., College of Business and Economics, Instructor (part-time), Accountancy, 8/16/03 through 5/15/04.

French, Annie Rooney, College of Agriculture, Instructor (part-time), Human Environmental Sciences (Family Studies), 8/16/03 through 12/31/03.

Garrison, Lynn, College of Agriculture, Instructor (part-time), Forestry, 8/15/03 through 12/15/03.

Geldhof, Eric, College of Education, Instructor (part-time), Kinesiology and Health Promotion, 8/16/03 through 12/31/03.

Gerhardstein, Donna C., College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.

Geurin, Lynn, College of Social Work, Clinical Instructor, Social Work, 8/1/03 through 6/30/04.

Gholz, Charles Eugene, Graduate School, Assistant Professor, Patterson School of Diplomacy and International Commerce, 7/1/03 through 6/30/05.

Gildersleeve, Marion, College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.

Godlaski, Theodore M., College of Social Work, Assistant Clinical Professor, Social Work, 8/1/03 through 6/30/04.

Griffen, Ann, College of Education, Instructor (part-time), Special Education and Rehabilitation Counseling, 8/16/03 through 12/31/03.

Groeber, Chris, College of Social Work, Clinical Instructor, Social Work, 7/1/03 through 6/30/04.

Gross, Joseph W., College of Health Sciences, Instructor (voluntary), Health Services, 7/1/03 through 6/30/06.

* Special Title Series

Gunther, Denotra S., College of Business and Economics, Instructor (part-time), Management, 8/16/03 through 5/15/04.
Haigood, Traci L., College of Business and Economics, Assistant Professor, Management (Marketing), 7/1/03 through 6/30/04.
Hall, Jennifer G., College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.
Hallam, Rena, College of Agriculture, Assistant Professor, Human Environmental Sciences (Family Studies), 7/1/03 through 6/30/04.
Hammonds, Pamela, College of Education, Instructor (part-time), Curriculum and Instruction, 8/16/03 through 12/31/03.
Hassell, Roslyn C., College of Nursing, Instructor (voluntary), 7/1/03 through 6/30/06.
Hatfield, Regina B., College of Dentistry, Assistant Professor (voluntary), Oral Health Science, 7/1/03 through 6/30/06.
Hatter, Angie, College of Pharmacy, Assistant Professor (voluntary), 7/1/03 through 6/30/06.
Hauser, Brenda, College of Education, Instructor (part-time), Administration and Supervision, 8/16/03 through 12/31/03.
Hayden, Arthur C., College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.
Hayslett, Kris, College of Education, Instructor (part-time), Kinesiology and Health Promotion, 8/16/03 through 12/31/03.
Hazlette, Margaret A., College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.
Hescock, Harold R., College of Health Sciences, Instructor (voluntary), Clinical Sciences, 7/1/03 through 6/30/06.
Hill, Diane, College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.
Hiller, Matthew L., College of Social Work, Assistant Professor (part-time), Social Work, 8/16/03 through 5/15/04.
Holbein, Gordon F., College of Business and Economics, Lecturer, Management, 8/16/03 through 5/15/04.
Holm-Hudson, Kevin, College of Fine Arts, Assistant Professor, Music, 7/1/03 through 6/30/04.
Holzknecht, Robert G., College of Health Sciences, Assistant Professor (voluntary), Clinical Sciences, 7/1/03 through 6/30/06.
Howard, Chad E., Lexington Community College, Instructor (temporary), Lexington Community College, 8/12/03 through 12/31/03.
Humkey, Mary J., College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.
Hungerbuhler, Jennifer L., College of Nursing, Instructor (voluntary), 7/1/03 through 6/30/06.
Hunter, Pauline, College of Agriculture, Instructor (part-time), Human Environmental Sciences (Nutrition and Food Science), 8/16/03 through 12/31/03.
Hutchinson, Judy, College of Education, Instructor (part-time), Curriculum and Instruction, 8/16/03 through 12/31/03.

* Special Title Series

Hutchinson, R. K., College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.

Jacks, Dean, College of Education, Instructor (part-time), Kinesiology and Health Promotion, 8/16/03 through 12/31/03.

Jackson, Jim, College of Education, Instructor (part-time), Administration and Supervision, 8/16/03 through 12/31/03.

Jahed, Peyman, College of Design, Instructor (part-time), Architecture, 7/1/03 through 6/30/04.

James, Gary V., College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.

James, Narendra N., College of Health Sciences, Assistant Professor (voluntary), Clinical Sciences, joint appointment as Assistant Professor (voluntary), College of Medicine, Department of Family Practice and Community Medicine, 7/1/03 through 6/30/06.

Jolivette, Kristine, College of Education, Assistant Professor, Special Education and Rehabilitation Counseling, 7/1/03 through 6/30/04.

Kamlager, Carolee, College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.

Keller, De-De C., College of Business and Economics, Instructor (part-time), Management (Finance), 8/16/03 through 5/15/04.

Kenney, Charles W., College of Dentistry, Assistant Professor (voluntary), Oral Health Science, 7/1/03 through 6/30/06.

Kerr, Mary Lee, College of Business and Economics, Lecturer, Management (Marketing), 8/16/03 through 12/31/03.

Kersting, Carol M., College of Nursing, Instructor (voluntary), 7/1/03 through 6/30/06.

Kim, Hyungsoo, College of Agriculture, Assistant Professor, Human Environmental Sciences (Family Studies), 7/1/03 through 6/30/04.

Lankster, Florence, College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.

Laureano, Alberto, College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.

Lawhon, S. M., College of Health Sciences, Assistant Professor (voluntary), Clinical Sciences, 7/1/03 through 6/30/06.

Lazzari, Lori W., College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.

Leet, Vicki, College of Education, Instructor (part-time), Curriculum and Instruction, 8/16/03 through 12/31/03.

Letcher, Traci, College of Communications and Information Studies, Lecturer, Communication, 7/1/03 through 6/30/04.

Lewis, Thomas T., College of Business and Economics, Instructor (part-time), Accountancy, 8/16/03 through 5/15/04.

Little, Glennis S., College of Nursing, Instructor (voluntary), 7/1/03 through 6/30/06.

Liu, George, College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.

* Special Title Series

Lockhart, Daniel E., College of Business and Economics, Lecturer, Management, 7/1/03 through 6/30/04.
Lockhart, Kathy A., College of Business and Economics, Instructor (part-time), Management, 8/16/03 through 5/15/04.
Loeffler, Diane, College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.
Lowe, Donald I., College of Communications and Information Studies, Lecturer, Communication, 7/1/03 through 6/30/04.
Luhan, Gregory, College of Design, Assistant Professor, Architecture, 7/1/03 through 6/30/04.
Lynch, John, College of Communications and Information Studies, Instructor (part-time), Journalism and Telecommunications, 8/16/03 through 5/31/04.
Martin, Aribbe A., College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.
Mason, Bobbie Ann, College of Arts and Sciences, Writer-in-Residence, English, 7/1/03 through 6/30/04.
May, Beverly, College of Nursing, Instructor (voluntary), 7/1/03 through 6/30/06.
McClure, Thirzie Leola, College of Communications and Information Studies, Assistant Professor, Communication, 7/1/03 through 12/31/03.
McCoy, Lisa W., College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.
McEachin, Neal, College of Education, Instructor (part-time), Kinesiology and Health Promotion, 8/16/03 through 12/31/03.
McFadden, Steven Y., College of Engineering, Instructor (part-time), Electrical and Computer Engineering, 7/1/03 through 6/30/04.
McFarland, Martha, College of Education, Instructor (part-time), Kinesiology and Health Promotion, 8/16/03 through 12/31/03.
McGhee, William R., College of Medicine, Assistant Professor (voluntary), Internal Medicine, 7/1/03 through 6/30/06.
McGinnis, Jeffery B., College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.
Meyer, Stacie, College of Education, Instructor (part-time), Special Education and Rehabilitation Counseling, 8/16/03 through 12/31/03.
Milbourne, Karen, College of Fine Arts, Assistant Professor, Art, 7/1/03 through 6/30/04.
Miller, Cynthia H., College of Communications and Information Studies, Lecturer, Communication, 7/1/03 through 6/30/04.
Molenaar, Lori S., College of Nursing, Instructor (voluntary), 7/1/03 through 6/30/06.
Moore, Bacon R., College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.
Moore, Daniel B., College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.
Mullaney, Sean T., Lexington Community College, Instructor (temporary), Lexington Community College, 8/18/03 through 12/31/03.
Muntz, Charlie, College of Education, Instructor (part-time), Special Education and Rehabilitation Counseling, 8/16/03 through 12/31/03.

* Special Title Series

Neltner, Scott, College of Health Sciences, Assistant Professor (voluntary), Clinical Sciences, 7/1/03 through 6/30/06.

Newman, Jerry L., College of Health Sciences, Instructor (voluntary), Clinical Sciences, 7/1/03 through 6/30/06.

Nuckols, Leslie, College of Education, Instructor (part-time), Curriculum and Instruction, 8/16/03 through 12/31/03.

Ortwein, Mary, College of Agriculture, Instructor (part-time), Human Environmental Sciences (Family Studies), 8/16/03 through 12/31/03.

Osborne, Anthony, College of Communications and Information Studies, Instructor (part-time), Journalism and Telecommunications, 8/16/03 through 5/31/04.

Osetinsky, Gregory V., College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.

Otis, Melanie D., College of Social Work, Assistant Professor, Social Work, 7/1/03 through 6/30/04.

Parker, Lawrence A., College of Business and Economics, Instructor (part-time), Management, 8/16/03 through 5/15/04.

Pathi, Janna R., College of Health Sciences, Assistant Professor (voluntary), Clinical Sciences, 7/1/03 through 6/30/06.

Paul, Mark, College of Communications and Information Studies, Instructor (part-time), Library and Information Science, 8/1/03 through 12/31/03.

Pauly, Daryl L., College of Health Sciences, Assistant Professor (voluntary), Clinical Sciences, 7/1/03 through 6/30/06.

Pennington, Lisa, College of Health Sciences, Instructor (voluntary), Clinical Sciences, 7/1/03 through 6/30/06.

Perry, Gerald R., College of Business and Economics, Lecturer, Management, 8/16/03 through 5/15/04.

Perry, Truman L., College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.

Pezzi, James S., College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.

Pierce, Andrew J., College of Medicine, Assistant Professor, Microbiology, Immunology and Molecular Genetics, 7/1/03 through 6/30/04.

Pike, Marilyn A., College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.

Potluri, Ramprasad, College of Engineering, Instructor (part-time), Electrical and Computer Engineering, 7/1/03 through 6/30/04.

Powell, David B., College of Medicine, Instructor (part-time), Anesthesiology, 7/1/03 through 6/30/04.

Powell, William, College of Communications and Information Studies, Instructor (part-time), Journalism and Telecommunications, 8/16/03 through 5/31/04.

Powers, Robert, College of Communications and Information Studies, Instructor (part-time), Journalism and Telecommunications, 8/16/03 through 5/31/04.

Primm, Daniel D., College of Medicine, Assistant Professor (part-time), Surgery, 7/1/03 through 6/30/04.

Pringle, Robert W. Jr., Graduate School, Instructor (part-time), Patterson School of Diplomacy and International Commerce, 8/27/03 through 12/18/03.

* Special Title Series

Reed, Robert R. III, College of Business and Economics, Assistant Professor, Economics, 7/1/03 through 6/30/04.
Reid, Caroline E., College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.
Roach, James P., College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.
Roberts, Kittye R., College of Nursing, Instructor (part-time), 7/1/03 through 6/30/04.
Robinson, Deirdra, College of Social Work, Clinical Instructor, Social Work, 7/1/03 through 6/30/04.
Rogers, Michael L., Lexington Community College, Instructor (temporary), Lexington Community College, 8/1/03 through 12/31/03.
Rogier, Francesca, College of Design, Assistant Professor, Architecture, 7/1/03 through 6/30/04.
Rosdeutscher, David, College of Medicine, Assistant Professor (voluntary), Diagnostic Radiology, 7/1/03 through 6/30/06.
Ross, Danny, College of Business and Economics, Instructor (part-time), Accountancy, 8/16/03 through 5/15/04.
Sanders, Scott C., College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.
Savage, Joe S., College of Engineering, Instructor (part-time), Electrical and Computer Engineering, 7/1/03 through 6/30/04.
Schabel, Donald, College of Communications and Information Studies, Instructor (part-time), Library and Information Science, 8/1/03 through 12/31/03.
Schipke, Roger W., College of Business and Economics, Instructor (part-time), Management, 8/16/03 through 5/15/04.
Seraphine, Jeff, College of Health Sciences, Instructor (voluntary), Health Services, 7/1/03 through 6/30/06.
Shahzad, Mohammad F., College of Medicine, Assistant Professor (voluntary), Internal Medicine, 7/1/03 through 6/30/06.
Shalash, Amina, College of Medicine, Instructor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.
Simpson, Cinda J., College of Nursing, Instructor (voluntary), 7/1/03 through 6/30/06.
Skaggs, Bruce C., College of Business and Economics, Assistant Professor, Management, 7/1/03 through 6/30/04.
Slaton, Robert, College of Health Sciences, Instructor (voluntary), Health Services, 7/1/03 through 6/30/06.
Small, Karen M., College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.
Snodgrass, H.M., College of Education, Instructor (part-time), Administration and Supervision, 8/16/03 through 12/31/03.
Stafford, Richard J., College of Business and Economics, Lecturer, Management (Marketing), 8/16/03 through 5/15/04.
Stanley, Michael, College of Health Sciences, Assistant Professor (voluntary), Clinical Sciences, 7/1/03 through 6/30/06.

* Special Title Series

Stephens, Taylor Cartwright, College of Communications and Information Studies, Lecturer, Communication, 7/1/03 through 6/30/04.

Stephenson, Tammy, College of Agriculture, Instructor (temporary), Human Environmental Sciences (Nutrition and Food Science), 8/16/03 through 5/15/04.

Storer, Robert, College of Education, Instructor (part-time), Administration and Supervision, 8/16/03 through 12/31/03.

Sutton, Laura, College of Communications and Information Studies, Instructor (part-time), Journalism and Telecommunications, 8/16/03 through 5/31/04.

Swanberg, Jennifer, College of Social Work, Assistant Professor, Social Work, 7/1/03 through 6/30/04.

Swanson, Elizabeth, College of Design, Assistant Professor, Architecture, 7/1/03 through 6/30/04.

Taylor, Elizabeth M., College of Arts and Sciences, Assistant Professor (temporary), Geography, 7/1/03 through 6/30/04.

Thompson, Angelia F., College of Medicine, Assistant Professor (voluntary), Ophthalmology, 7/1/03 through 6/30/06.

Tindall, Michele S., College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.

Trammell, Rebecca S., College of Law, Assistant Professor, Law, 7/1/03 through 6/30/05.

Vallance, R. Ryan, College of Engineering, Assistant Professor (temporary), Mechanical Engineering, 7/1/03 through 8/15/03, and Visiting Assistant Professor, 8/16/03 through 6/30/04.

Van Erden, Don, College of Communications and Information Studies, Instructor (part-time), Journalism and Telecommunications, 8/16/03 through 5/31/04.

Volpenhein, Charles, College of Health Sciences, Instructor (voluntary), Clinical Sciences, 7/1/03 through 6/30/06.

Walker, Robert, College of Social Work, Assistant Professor (part-time), Social Work, 8/16/03 through 5/15/04.

Wall, Joseph J., College of Health Sciences, Assistant Professor (voluntary), Health Services, 7/1/03 through 6/30/06.

Walters, Jackie, College of Agriculture, Instructor (part-time), Human Environmental Sciences (Nutrition and Food Science), 8/16/03 through 5/15/04.

Watts, John M., College of Medicine, Assistant Professor (voluntary), Family Practice and Community Medicine, 7/1/03 through 6/30/06.

Weeks, Pamela L., College of Social Work, Assistant Clinical Professor, Social Work, 7/1/03 through 6/30/04.

Wertzler, Jon, College of Business and Economics, Instructor (part-time), Management (Finance), 8/16/03 through 5/15/04.

West, Colleen, College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.

Whiting, Jason B., College of Agriculture, Assistant Professor, Human Environmental Sciences (Family Studies), 7/1/03 through 6/30/04.

Whitt, Adrienne L., College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.

* Special Title Series

Whorley, Larry W., College of Social Work, Instructor (part-time), Social Work, 8/16/03 through 5/15/04.

Wild, Susan L, Libraries, Librarian IV, Libraries, 7/1/03 through 6/30/04.

Wilson, J. T., College of Dentistry, Assistant Professor (voluntary), Oral Health Science, 7/1/03 through 6/30/06.

Wright, Scott, College of Fine Arts, Assistant Professor*, Music, 7/1/03 through 6/30/04.

Xu, Yong, College of Arts and Sciences, Assistant Research Professor, Biology, 4/1/03 through 6/30/04.

Zangari, Barbara A., College of Nursing, Instructor (voluntary), 7/1/03 through 6/30/06.

Zielke, Judy, College of Nursing, Clinical Instructor, 7/1/03 through 6/30/04.

E. PROMOTIONS WITHOUT TENURE

Dineen, Brian R., College of Business and Economics, from Instructor, Management, to Assistant Professor, Management, 8/16/03 through 6/30/04.

Flannery, Maureen A., College of Medicine, Clinical Instructor, Family Practice and Community Medicine, to Assistant Professor (part-time), Family Practice and Community Medicine, 8/1/03 through 6/30/04.

McLarney, John T., College of Medicine, Clinical Instructor, Anesthesiology, to Clinical Assistant Professor, Anesthesiology, 7/1/03 through 6/30/04.

Steyn, Pieter G., College of Medicine, Clinical Instructor, Anesthesiology, to Clinical Assistant Professor, Anesthesiology, 9/1/03 through 6/30/04.

Torbeck, Laura J., College of Medicine, Instructor (part-time, temporary), Anatomy and Neurobiology, to Assistant Research Professor, Family Practice and Community Medicine, 9/1/03 through 6/30/04.

F. CHANGES

Allen, Larry J., College of Medicine, from Rural Project Manager, to Rural Health Director of State Office, U.K. Center for Rural Health, effective 8/1/03.

Bennett, John M., College of Medicine, from Assistant Professor (part-time), Family Practice and Community Medicine, to Assistant Professor*, Family Practice and Community Medicine, 9/1/03 through 6/30/04.

Byron, Raymond J., College of Dentistry, from Assistant Professor (part-time), Oral Health Practice, to Assistant Professor*, Oral Health Practice, 9/17/03 through 6/30/04.

Crutcher, Michael, College of Arts and Sciences, Assistant Professor, Geography, to change from 8/16/03 through 6/30/05, to 1/1/04 through 12/31/05.

Everson, William V., College of Medicine, from Assistant Research Professor, Physiology, to Assistant Research Professor, Pediatrics, joint appointment as Assistant Research Professor, Physiology, 7/1/03 through 6/30/04.

Fisk-Owais, Carol E., College of Medicine, from Assistant Professor (part-time), Psychiatry, 4/1/03 through 6/30/03, to Assistant Professor (part-time), Psychiatry, 5/1/03 through 6/30/03.

* Special Title Series

Grossardt, Theodore H., College of Engineering, from Engineer Associate IV/Research, Kentucky Transportation Center, to Engineer Associate Program Manager/Research, Kentucky Transportation Center, effective 8/1/03.

Graves, Ronnie C. II, College of Engineering, from Engineer Associate IV/Research, Kentucky Transportation Center, to Engineer Associate Program Manager I/Research, Kentucky Transportation Center, effective 8/1/03.

Howard, Patricia K., from University Hospital, Staff Development Specialist, Nursing Administration, to College of Nursing, Research Protocol Manager/Clinical, effective 8/1/03.

Hughes, Harry, College of Pharmacy, from Associate Director, Mental Health Data Management, to Information Technology Manager II, effective 8/11/03.

MacDuffee, David, College of Engineering, from Industry Extension Specialist IV, Center for Manufacturing, to Industry Extension Specialist V, Center for Manufacturing, effective 8/1/03.

May, Roger W., College of Medicine, from Clinical Assistant Professor, Family Practice and Community Medicine, 5/7/03 through 6/30/03, to Clinical Assistant Professor, Family Practice and Community Medicine, 6/1/03 through 6/30/03.

Newman, Ronald L., College of Medicine, from Assistant Professor*, Anesthesiology, joint appointments as Assistant Professor*, Physical Medicine and Rehabilitation and College of Health Sciences, Department of Clinical Sciences, to Clinical Assistant Professor, Anesthesiology, joint appointments as Clinical Assistant Professor, Physical Medicine and Rehabilitation and College of Health Sciences, Department of Clinical Sciences, 9/1/03 through 6/30/04.

Panchal, Mahendra J., College of Medicine, from Clinical Assistant Professor, Diagnostic Radiology, 7/1/03 through 6/30/04, to Clinical Assistant Professor, Diagnostic Radiology, 8/1/03 through 6/30/04.

Reddy, Arundathi M., College of Medicine, from Clinical Instructor, Anesthesiology, 7/1/03 through 6/30/04, to Clinical Instructor, Anesthesiology, 7/14/03 through 6/30/04.

Rock, Troy C., College of Medicine, from Assistant Professor (part-time), Emergency Medicine, to Clinical Assistant Professor, Emergency Medicine, 8/1/03 through 6/30/04.

Saha, Sibu P., College of Medicine, from Professor (voluntary), Surgery, to Clinical Assistant Professor, Surgery, 7/1/03 through 6/30/04.

Stava, Michael W., College of Medicine, from Clinical Assistant Professor, Emergency Medicine, to Assistant Professor (part-time), Emergency Medicine, 7/1/03 through 6/30/04.

Thompson, Angelia F., College of Medicine, from Assistant Professor (voluntary), Ophthalmology, to Clinical Assistant Professor, Ophthalmology, 11/10/03 through 6/30/04.

Veech, David, College of Engineering, from Industry Extension Specialist IV, Center for Manufacturing, to Industry Extension Specialist V, Center for Manufacturing, effective 8/1/03.

* Special Title Series

G. TERMINAL REAPPOINTMENTS

Chesire, Dan, College of Social Work, Assistant Professor, Social Work, 7/1/03 through 6/30/04.

Cooper, Bonnie, Lexington Community College, Instructor, Lexington Community College, 7/1/03 through 6/30/04.

Costich, Julia F., College of Health Sciences, Assistant Research Professor, Health Services, joint appointment as Assistant Research Professor, College of Medicine, Kentucky School of Public Health, 7/1/03 through 6/30/04.

Knight, Evelyn A., College of Health Sciences, Associate Research Professor, Health Services, 7/1/03 through 6/30/04.

Litzelfelner, Pat, College of Social Work, Assistant Professor, Social Work, 7/1/03 through 6/30/04.

Terry, Alison M., College of Health Sciences, Clinical Assistant Professor, Rehabilitation Sciences, 7/1/03 through 6/30/04.

Vorobieva, Irina, College of Fine Arts, Assistant Professor*, Music, 7/1/03 through 6/30/04.

H. LEAVES OF ABSENCE

Carlton, Heather, Lexington Community College, Associate Professor (with tenure), Lexington Community College, to rescind Sabbatical leave with half salary, 7/1/03 through 6/30/04.

Crutcher, Michael, College of Arts and Sciences, Assistant Professor, Geography, to rescind Leave without pay, 7/1/03 through 12/31/03.

Hackbart, Merl, College of Business and Economics, Extension Professor (with tenure), Management (Finance), Sabbatical leave with full salary, 1/1/04 through 6/30/04.

Lindlof, Thomas, College of Communications, Professor (with tenure), Journalism and Telecommunications, Sabbatical leave with full salary, 1/1/05 through 6/30/05.

Pienkowski, David, Graduate School, Associate Professor (with tenure), Graduate Center for Biomedical Engineering, joint appointment as Associate Professor (without tenure), College of Medicine, Department of Surgery, sabbatical leave, without pay, 7/1/03 through 12/31/03.

Smith, Douglas, College of Education, Associate Professor (with tenure), Curriculum and Instruction, Sabbatical leave with full salary, 1/1/04 through 6/30/04.

Thelin, John R., College of Education, Professor (with tenure), Educational Policy Studies and Evaluation, Sabbatical leave with full salary, 7/1/04 through 12/31/04.

Wever, Jo Ann M., College of Nursing, Associate Professor* (with tenure), miscellaneous leave, without pay, 8/1/03 through 12/31/03.

* Special Title Series

EXECUTIVE VICE PRESIDENT FOR RESEARCH

I. BOARD ACTION

A. CHANGES

Andrews, Rodney, Center for Applied Energy Research, from Engineer Associate III/Research to Engineer Associate Program Manager II/Research effective, 8/1/03.

B. POST-RETIREMENT APPOINTMENTS

Berdine, Patricia, Interdisciplinary Human Development Institute, Disability Program Specialist (part time), 7/1/03 through 6/30/04.

* Special Title Series

PR 3

Office of the President
September 16, 2003

Members, Board of Trustees:

APPOINTMENT OF DEAN OF THE
COLLEGE OF DENTISTRY

Recommendation: that the Board of Trustees approve the appointment of Dr. Sharon P. Turner as Dean of the College of Dentistry, effective October 1, 2003.

Background: Dr. Leon Assael resigned as Dean of the College of Dentistry in June 2003. A search committee was appointed to identify and recommend qualified persons for the position of Dean of the College of Dentistry. The search committee considered approximately 30 candidates and three finalists were interviewed on campus. Dr. Turner received excellent endorsement within the college and from the search committee.

Dr. Turner currently serves as professor and Dean of the School of Dentistry at Oregon Health and Science University. She received a bachelor's degree (1971) from Winthrop College and a D.D.S. degree (1979) from University of North Carolina, and J.D. (1995) from North Carolina Central University. She also completed a National Institutes of Health Postdoctoral Fellowship in craniofacial pain mechanisms at the University of North Carolina in 1981. Dr. Turner is a fellow of the International College of Dentists, American College of Dentists and the American College of Legal Medicine. She appears in *Who's Who of American Women* and has been named one of the "Top Twenty-five Visionaries in Dentistry" by *Dentistry*, the Journal of the American Student Dental Association.

Dr. Turner is a member of numerous national and international dental organizations including the American Dental Association, the National Association for Women in Higher Education and the International Association for Dental Research. Dr. Turner is an internationally known lecturer and has been published in both dental and legal journals.

Dr. Turner has the experience and qualifications to be an excellent Dean of the College of Dentistry. The University is fortunate to attract such a highly qualified person to this position.

Action taken: ☑ Approved ❑ Disapproved ❑ Other _____

PR 4

Office of the President
September 16, 2003

Members, Board of Trustees:

APPOINTMENT OF EXECUTIVE VICE PRESIDENT
FOR HEALTH AFFAIRS

Recommendation: that the Board of Trustees approve the appointment of Dr. Michael Karpf as Executive Vice President for Health Affairs, effective October 1, 2003.

Background: In December 2002, the Task Force on Medical Center Organization and the Provost Model recommended the establishment of an Executive Vice President for Health Affairs with authority and responsibility for administering the University of Kentucky's clinical enterprise, including the clinical activities of the College of Medicine, the University Hospital and Kentucky Clinics and the UK Health Insurance Plans. In response to this recommendation, the Executive Vice President for Health Affairs position was established and an advisory committee named to identify candidates for the position. The search committee considered a national pool of candidates and four candidates were interviewed on campus. Dr. Karpf received excellent endorsement across the university and from the search committee.

Dr. Karpf currently serves as professor and Vice Provost of the Hospital Systems, UCLA Medical Center and Director of the Practice Plan Operations, UCLA Healthcare. He received both his undergraduate and medical degrees from the University of Pennsylvania. After an internship in Medicine at Johns Hopkins Hospital, he served as a Research Associate in the Laboratory of Immunology at the National Institutes of Health. He returned to the University of Pennsylvania to complete his medical residency, fellowship in Hematology and Oncology and a Chief Residency in Internal Medicine.

Dr. Karpf's academic interests have been in developing and evaluating innovative educational and clinical programs. He established the Primary Care Training Residency and the General Medicine Fellowships at the University of Pittsburgh. He established a health service research program at the University of Pittsburgh, which received extensive funding from the National Institutes of Health, the National Library of Medicine and other sources. He has published extensively and has been a reviewer for many journals. Dr. Karpf is involved in many civic and professional organizations.

Dr. Karpf has the experience and qualifications to be an excellent Executive Vice President for Health Affairs. The University is fortunate to have such a highly qualified person to serve in this position.

Action taken: ☑ Approved ☐ Disapproved ☐ Other _____

PR 5

Office of the President
September 16, 2003

Members, Board of Trustees:

ESTABLISHMENT OF ENGINEERING ALUMNI ASSOCIATION PROFESSORSHIP

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

Background: The Executive Board of the Engineering Alumni Association recommended the establishment of an Engineering Alumni Association Professorship in the College of Engineering at its meeting on January 11, 2003. The Dean of the College of Engineering will provide funding for the professorship using discretionary funds that are available on a yearly basis within the college. Selection of the recipient will be governed by the rules of the College of Engineering.

Action taken: ☑ Approved ❑ Disapproved ❑ Other _____

PR 6

Office of the President
September 16, 2003

Members, Board of Trustees:

NAMING OF UNIVERSITY BUILDING

Recommendation: that the Board of Trustees approve the renaming of Building 38 (Mining Lab) to the Engineering Annex.

Background: Building use within the Engineering complex has changed over the past few years with the addition of new facilities. Building 38 (Mining Lab) currently houses portions of three Engineering units, none of which is Mining. To accurately reflect the usage of the building, the College of Engineering has requested that the name of the Mining Lab be changed to the Engineering Annex.

The Committee on Naming University Buildings has reviewed the request and found it to be in compliance with university policy A.R. II-1.1-6 and unanimously recommended approval of this name change. The Provost of the University supports this recommendation.

Action taken: ☑ Approved ❑ Disapproved ❑ Other _____

PR 7

Office of the President
September 16, 2003

Members, Board of Trustees:

RENAMING OF ADMINISTRATIVE OFFICE

Recommendation: that the Board of Trustees approve the renaming of the Office of Minority Affairs to the Office for Multicultural and Academic Affairs, effective retroactively to July 1, 2003.

Background: The periodic program review of the Office for Minority Affairs was conducted during the 2001-02 academic year. The External Review Team report recommended that Minority Affairs assume university wide responsibility to lead diversity and equality efforts across campus, that it extend its mission to include a broader range of services, and change its name to reflect these changes.

As changes in the demographic make-up of American institutions continue, leaders and educators need to respond by formulating visionary solutions to deal creatively with the challenges posed by increasing diversity in educational institutions. The transformation of the Office for Minority Affairs to the Office for Multicultural and Academic Affairs is the University of Kentucky's positive response to these dramatic changes occurring within the larger society. Multiculturalism is not only consistent with the mission of UK, it is in keeping with the democratic values of this nation and the highest ideals of the finest colleges and universities in our society.

Action taken: ☑ Approved ❑ Disapproved ❑ Other _____

AACR 1

Office of the President
September 16, 2003

Members, Board of Trustees:

CANDIDATES FOR DEGREES
UNIVERSITY SYSTEM

Recommendation: that the President be authorized to confer upon each individual whose name appears on the list presented herewith the degree to which he/she is entitled, upon certification by the Registrar and approval by the University Senate, that the individual has satisfactorily completed all requirements for the degree for which application has been made.

Background: Each individual whose name appears on the attached list completed the work leading toward the degree for which application was made at the close of the 2003 Summer Session.

For information regarding the AACR1 Candidates for Degree List, please contact Cleo Price, 859-257-7169, Office of Undergraduate Admissions and University Registrar.

Action taken: ☑ Approved ❑ Disapproved ❑ Other _____

AACR 2

Office of the President
September 16, 2003

Members, Board of Trustees:

CANDIDATES FOR DEGREES -- COMMUNITY COLLEGE SYSTEM

Recommendation: that the degrees specified on the attached list be awarded to the persons named, upon certification that the requirements for those degrees have been satisfactorily completed.

Background: At the November 12, 1965 meeting of the Board of Trustees authorization was given to the awarding of the Degrees of Associate in Arts, Associate in Science and Associate in Applied Science. The candidates on the attached list are recommended to the President and the Board by the Community College Faculty and the Chancellor.

Action taken: ☑ Approved ❑ Disapproved ❑ Other _____

KCTCS/UK Candidates Applying for Credentials April 1, 2003 through June 30, 2003

Elizabethtown Community College

Credential, College, and Student

Associate in Arts — KCTCS/UK

Bedson, Lance Wade	Humanities	Associate in Arts
Collins, Francena Elizabeth	Humanities	Associate in Arts
Cornacchia, Sherilee L	Humanities	Associate in Arts
Decker, Thomas W	Humanities	Associate in Arts
Jones, Richard Bernard	Humanities	Associate in Arts
Kuster, William T	Humanities	Associate in Arts
McCampbell, Samantha C	Humanities	Associate in Arts

Associate in Science — KCTCS/UK

Elkins, Becky Lynn	Life & Natural Sciences	Associate in Science
Jayne, Rodney D	Life & Natural Sciences	Associate in Science
Ward, Marcy A	Life & Natural Sciences	Associate in Science

Associate in Applied Science — KCTCS/UK

Aldridge, Julie A	Business	Bus Tech:Mgmt Opt
Arel, Kelly L	Business	Bus Tech:Mgmt Opt
Butler, Patricia Ann	Soc & Behav Science	Early Child Education
Clark, Karen S	Soc & Behav Science	Early Child Education
Ford, Vivian Woodring	Soc & Behav Science	Early Child Education
Fultz, Douglas M	Business	Comp Info Sys Prog
Hawks, Cecil H	Business	Comp Info Sys Micro
Haynes, Christopher M	Business	Comp Info Sys Prog
Hockenberry, Bradley J	Business	Bus Tech:Banking Opt
Jackson, Tara L	Business	Quality Tech
Joyce, Lisa M	Business	Office Systems
Livers, Tyra D	Soc & Behav Science	Law Enforc Tech
Loyall, Heather A	Business	Quality Tech
Lucas, Rhoda F	Soc & Behav Science	Early Child Education
Macht, James W	Business	Comp Info Sys Micro
Masden, Veronica S	Soc & Behav Science	Early Child Education
Woosley, Deborah Leigh	Soc & Behav Science	Early Child Education

Henderson Community College

Associate in Arts — KCTCS/UK

Brosman, Carolynn G	Humanities	Associate in Arts
Brown, Jason L	Humanities	Associate in Arts
Davis Jr, Charles Henry	Humanities	Associate in Arts
Jones, Susan Marie	Humanities	Associate in Arts

Associate in Science — KCTCS/UK

Payne, Steven D	Life & Natural Sciences	Associate in Science

Hopkinsville Community College

Associate in Applied Science — KCTCS/UK

Cook, Amanda Catherin	Allied Health	Nursing

Jefferson Community and Technical College District

Associate in Arts — KCTCS/UK

Anderson, Trena M	Humanities	Associate in Arts	Davis, Keja K	Humanities	Associate in Arts
Bright, Tammy L	Humanities	Associate in Arts	Medley, Melinda Bethna	Humanities	Associate in Arts
Buday, Jayme R	Humanities	Associate in Arts	Roberts, Syerria L	Humanities	Associate in Arts

Associate in Science — KCTCS/UK

McAuliffe, Teresa M	Life & Natural Sciences	Associate in Science

Associate in Applied Science — KCTCS/UK

Baete, Laura Jo	Allied Health	Nursing	Caproon, Sean M	Engineering Tech	ET Computer Repair
Barnes, April Ann	Allied Health	Radiography	Clark, Leslie M	Allied Health	Respiratory Care
Bogdanovic, Dusko	Engineering Tech	Eng Tech Elect Opt	Collins, Tina A	Allied Health	Radiography
Brown, Amy D	Allied Health	Radiography	Hawkins, Angela Marie	Allied Health	Nursing

Maysville Community College

Associate in Arts — KCTCS/UK

Beckett, Joseph M	Humanities	Associate in Arts	Ginn, Laurie Wise	Humanities	Associate in Arts

Associate in Applied Science — KCTCS/UK

Gibbs, Kandi G.	Business	Office Systems	*Meadows, Kendra L	Business	Bus Tech:Acctg Opt
Ishmael, Angela L	Business	Bus Tec:Mgt Info Sys	Reynolds, Cynthia H	Business	Bus Tech:Mgmt Opt
*Meadows, Kendra L	Business	Bus Tech:Mgmt Opt			

* Candidate for one degree with two options

Somerset Community College

Credential, College, and Student

Associate in Arts — KCTCS/UK

Hamm, Jeremy William	Humanities	Associate in Arts	Hines, Jennifer	Humanities	Associate in Arts
Higginbotham, Vicky J	Humanities	Associate in Arts			

Associate in Applied Science — KCTCS/UK

Frye, John C	Business	Bus Tec:Mgt Info Sys

Southeast Community College

Associate in Science — KCTCS/UK

Foister, Chrissie Gail	Life & Natural Sciences	Associate in Science	Lyons, Jessica Leah	Life & Natural Sciences	Associate in Science

Associate in Applied Science — KCTCS/UK

Hammond, Deborah G	Business	Office Systems

West Kentucky Community and Technical College*

Associate in Arts — KCTCS/UK

Greene, Kristin Ann	Humanities	Associate in Arts

Associate in Applied Science — KCTCS/UK

Ivie, Tammy D	Business	Bus Tech:Acctg Opt

AACR 3

Office of the President
September 16, 2003

Members, Board of Trustees:

BACHELOR OF ARTS IN RUSSIAN STUDIES AND BACHELOR OF SCIENCE IN RUSSIAN STUDIES

Recommendation: that the Board of Trustees approve the change in the name of the Bachelor of Arts with a major in Russian and East European Studies to Bachelor of Arts with a major in Russian Studies and the Bachelor of Science with a major in Russian and Eastern European Studies to Bachelor of Science with a major in Russian Studies.

Background: The change is requested to more accurately reflect the content in the major. There are no East European Studies courses offered in the Division or required for the major. Students who complete this major take courses only in Russian Studies. The requested change will also make the major title consistent with similar programs at our benchmark institutions.

This proposal has the approval of the Undergraduate Council, Senate Council and University Senate. The Provost of the University supports this recommendation.

Action taken: ☑ Approved ❑ Disapproved ❑ Other _____

FCR 1

Office of the President
September 16, 2003

Members, Board of Trustees:

ACCEPTANCE OF AUDIT REPORT
AND THE REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
FOR THE UNIVERSITY OF KENTUCKY FOR 2002-03

Recommendation: that the Board of Trustees accept (1) the University of Kentucky Consolidated Financial Statements for the year ended June 30, 2003, consisting of the Consolidated Statement of Net Assets, Consolidated Statement of Revenues, Expenses and Changes in Net Assets, Consolidated Statement of Cash Flows, Notes to Consolidated Financial Statements and Management's Discussion and Analysis, and (2) the Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on the Audit Performed in Accordance with Government Auditing Standards.

Background: The Audit Subcommittee of the Finance Committee of the University of Kentucky has reviewed the Consolidated Financial Statements for the year ended June 30, 2003, that have been audited by Deloitte & Touche LLP, Certified Public Accountants. The Consolidated Financial Statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities,* which focuses on the financial condition, results of operations and cash flows of the University as a whole, with resources classified for accounting and reporting purposes into four net asset categories: invested in capital assets (net of related debt), restricted-nonexpendable, restricted-expendable, and unrestricted.

The Consolidated Financial Statements include the financial operations of the University of Kentucky and its nine 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, Inc., University of Kentucky Business Partnership Foundation, Inc., University of Kentucky Humanities Foundation, Inc., University of Kentucky Gluck Equine Research Foundation, Inc., University of Kentucky Center on Aging Foundation, Inc., and Health Care Collection Service, Inc.

Action taken: ☑ Approved ☐ Disapproved ☐ Other _____

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of the University of Kentucky (the University) and its affiliated corporations for the year ended June 30, 2003. Management has prepared this discussion and we encourage you to read it in conjunction with the consolidated financial statements and the notes appearing in this report.

About the University of Kentucky

The University of Kentucky is a public, research-extensive, land-grant university dedicated to enriching people's lives through excellence in teaching, research, and service. The University, as the flagship institution, plays a critical leadership role for the Commonwealth by promoting human and economic development that improves lives within Kentucky's borders and beyond. The University models a diverse community characterized by fairness and social justice. Founded in 1865 as the Agricultural and Mechanical College, the University has grown over the years into a comprehensive public institution of higher learning, with 98 undergraduate programs, master's degrees in 96 fields, and doctoral degrees in 62 programs.

The University of Kentucky Chandler Medical Center, encompassing five colleges, the University Hospital, the UK Children's Hospital, and several Centers of Excellence, consistently receives national rankings for excellence in teaching, research and patient care. The Medical Center serves primarily patients from central and eastern Kentucky with approximately 19,100 inpatient discharges and 596,000 outpatient visits annually.

The University enrolls over 34,000 students, including over 8,000 at Lexington Community College, and awards approximately 5,400 degrees annually. Additionally, thousands more people are educated through continuing education programs. Two thousand full-time faculty and 9,000 full-time staff are employed by the University.

Research Challenge Trust Fund

The Commonwealth of Kentucky initiated the Research Challenge Trust Fund, an endowment match program, in 1998. Since that time, the Commonwealth has appropriated over $350 million to the public universities to be matched with private donations primarily to support chairs and professorships, fellowships and scholarships, and the research and graduate missions of the institutions. The University of Kentucky has been allocated $200.1 million, including $66.7 million from the sale of bonds in the 2002-04 biennium.

Financial Highlights

The slowing economy has resulted in significant financial challenges to the University in fiscal year 2003. In March 2003, state appropriations to the University were reduced by $8,675,400, or 2.89 percent. Additionally, low interest rates and recent stock market declines have resulted in significant reductions in investment income and losses on endowment assets.

Despite these factors, the University's overall financial position remains strong with assets of $2.04 billion and liabilities of $465.7 million. Net assets, which represent the University's residual interest in assets after liabilities are deducted, were $1.58 billion or 77 percent of total assets.

- Total assets increased $59.3 million, or 3 percent, primarily due to an increase in capital assets.
- Total liabilities decreased $9.3 million, or 2 percent, due to a reduction in long-term liabilities primarily from payments of current year principal maturities on bonds and capital lease obligations.
- Total net assets increased $68.6 million, or 5 percent, due to an increase in net capital assets of $59.8 million, an increase in current unrestricted net assets of $14.7 million, primarily from hospital operations, and a decrease of $5.9 million in restricted net assets, primarily due to the expenditure of net assets restricted for capital projects.
- Operating revenues were $912.4 million and operating expenses were $1.24 billion, resulting in a loss from operations of $329.6 million. Nonoperating revenues, including $304.7 million in state appropriations, net of nonoperating expenses, were $398.2 million, which, when combined with the loss from operations, resulted in an overall increase in net assets of $68.6 million.

Using the Consolidated Financial Statements
The Consolidated Financial Statements consist of three financial statements: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities.* GASB requires that statements be presented on a consolidated basis to focus on the University as a whole.

Reporting Entity
The University of Kentucky is a component unit of the Commonwealth of Kentucky. The consolidated financial statements of the University include the operations of the University and the following entities:

- University of Kentucky Research Foundation, and its for-profit subsidiary, Kentucky Technology, Inc.
- University of Kentucky Athletic Association
- The Fund for Advancement of Education and Research in the University of Kentucky Medical Center
- University of Kentucky Business Partnership Foundation, Inc.
- University of Kentucky Center on Aging Foundation, Inc.
- University of Kentucky Gluck Equine Research Foundation, Inc.
- University of Kentucky Humanities Foundation, Inc.
- University of Kentucky Mining Engineering Foundation, Inc.
- Health Care Collection Service, Inc.
- Kentucky Healthcare Enterprises, Inc., a for-profit subsidiary.

Consolidated Statement of Net Assets
The Consolidated Statement of Net Assets presents the financial position of the University at the end of the fiscal year and includes all assets and liabilities. Net assets, the difference between total assets and total liabilities, is an important indicator of the current financial condition, while the change in net assets is an indicator of whether the overall financial position has improved or worsened during the year. Generally, assets

and liabilities are reported using current values. A major exception is capital assets, which are stated at historical cost, less accumulated depreciation. A summarized comparison of the University's assets, liabilities and net assets at June 30, 2003 and 2002 is as follows:

Condensed Consolidated Statement of Net Assets (in thousands)

	2003	2002
ASSETS		
Current assets	$ 439,034	$ 395,040
Capital assets, net of depreciation	885,615	835,604
Other noncurrent assets	717,051	751,800
Total Assets	2,041,700	1,982,444
LIABILITIES		
Current liabilities	194,495	174,102
Noncurrent liabilities	271,204	300,916
Total Liabilities	465,699	475,018
NET ASSETS		
Invested in capital assets, net of related debt	667,485	607,663
Restricted		
Nonexpendable	337,498	307,732
Expendable	169,472	205,147
Unrestricted	401,546	386,884
Total Net Assets	$ 1,576,001	$ 1,507,426

Assets. As of June 30, 2003, total assets amounted to $2.04 billion. Of this amount, investment in capital assets (net of depreciation) of $885.6 million, or 43 percent of total assets, represented the largest asset class. Endowment assets amounted to $432.4 million or 21 percent of total assets and cash and cash equivalents amounted to $360.7 million or 18 percent of total assets. During the year, total assets increased by $59.3 million primarily due to increases in capital assets.

Liabilities. As of June 30, 2003, total liabilities amounted to $465.7 million. Bonds payable and capital leases for educational buildings, the housing and dining system, the University hospital and the W.T. Young library amounted to $235.1 million, or 50 percent of total liabilities. During the year total liabilities decreased by $9.3 million primarily due to principal payments on bonds and capital lease obligations.

Net Assets. The equity of the University of $1.58 billion as of June 30, 2003 is reported on the Statement of Net Assets in four net asset categories: invested in capital assets, net of related debt, $667.5 million (42 percent), restricted-nonexpendable, $337.5 million (22 percent), restricted-expendable, $169.5 million (11 percent), and unrestricted, $401.5 million (25 percent).

Restricted net assets are subject to externally imposed restrictions governing their use. Although unrestricted net assets are not subject to externally imposed stipulations, substantially all of the unrestricted net assets have been designated for support of

academic and research programs and initiatives, capital projects and working capital requirements.

Total net assets increased by $68.6 million during the year ended June 30, 2003. Invested in capital, net of related debt, increased by $59.8 million, primarily due to net additions to capital assets of $117.7 million offset by current year depreciation expense of $67.6 million. Restricted net assets decreased by $5.9 million, due to an increase in permanent endowments of $29.8 million, and a decrease in expendable restricted net assets of $35.7 million, primarily due to the expenditure of net assets restricted for capital projects. Unrestricted net assets increased $14.7 million, primarily due to University Hospital operating revenues in excess of expenses.

Consolidated Statement of Revenues, Expenses and Changes in Net Assets
The Consolidated Statement of Revenues, Expenses and Changes in Net Assets is prepared on the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. All items that increase or decrease net assets must appear on the Consolidated Statement of Revenues, Expenses and Changes in Net Assets as revenues, expenses, gains or losses.

Financial activities are reported as either operating or nonoperating. GASB Statement No. 35 requires state appropriations, gifts, and investment and endowment income to be classified as nonoperating revenues. Accordingly, the University reports a net operating loss for the year prior to the addition of nonoperating revenues. The utilization of long-lived capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life. Tuition revenue is reduced by gift scholarships and institutional aid, and is reported net of scholarship allowances in the financial statements. A summarized comparison of the University's revenues, expenses and changes in net assets for the years ended June 30, 2003 and 2002 is as follows:

Condensed Consolidated Statement of Revenues, Expenses and Changes in Net Assets (in thousands)

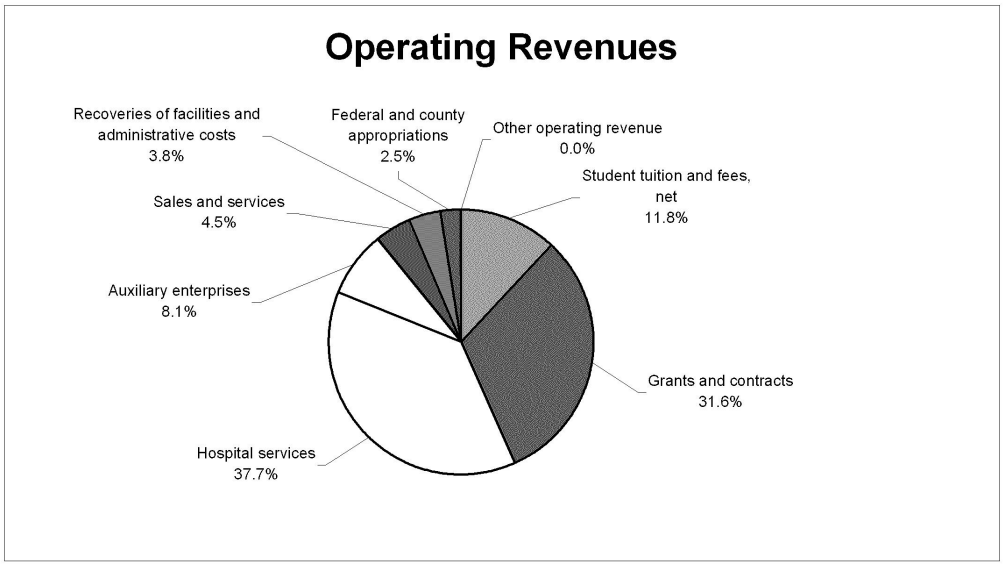
	2003	2002
OPERATING REVENUES		
Student tuition and fees, net of scholarship allowances	$ 107,485	$ 103,770
Grants and contracts	287,599	255,969
Hospital services	343,393	316,345
Auxiliary enterprises, net of scholarship allowances	74,495	73,189
Sales and services	40,974	45,140
Recoveries of facilities and administrative costs	34,364	30,406
Federal and county appropriations	23,866	23,051
Other operating revenue	250	510
Total operating revenues	912,426	848,380
OPERATING EXPENSES		
Educational and general, excluding depreciation	799,265	761,564
Hospitals and clinics, excluding depreciation	296,775	283,656
Auxiliary enterprises, excluding depreciation	78,097	71,361
Depreciation	67,648	64,688
Other	223	474
Total operating expenses	1,242,008	1,181,743
OPERATING LOSS	(329,582)	(333,363)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	304,735	303,639
Capital appropriations	1,660	49,002
Capital grants and gifts	20,464	12,626
Gifts and grants	20,832	29,968
Investment income	33,344	2,387
Interest on capital asset - related debt	(11,487)	(12,575)
Additions to permanent endowments	26,417	29,107
Other	2,192	11,253
Total nonoperating revenues (expenses)	398,157	425,407
Total increase in net assets	68,575	92,044
Net assets, beginning of year	1,507,426	1,415,382
Net assets, end of year	$ 1,576,001	$ 1,507,426

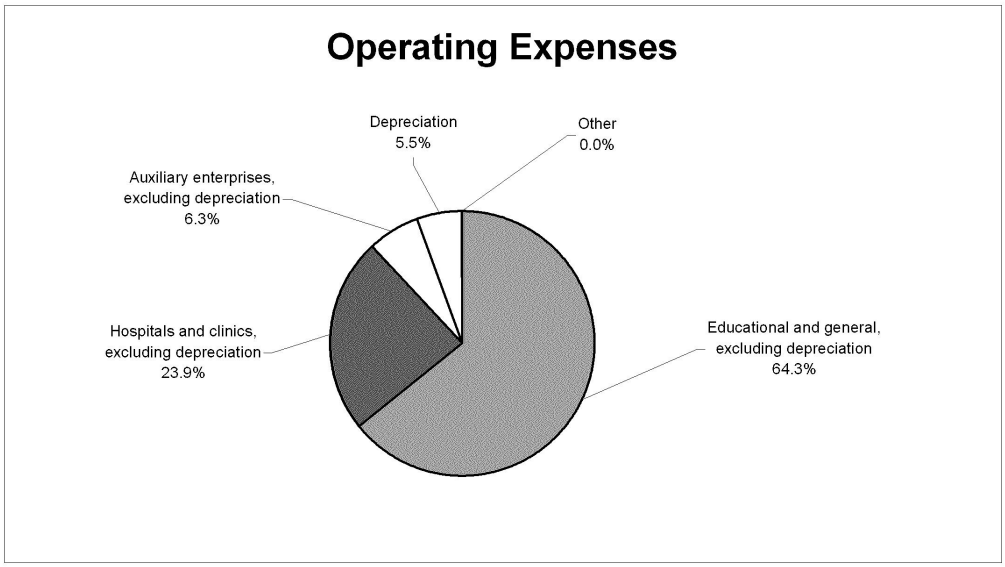
Total operating revenues were $912.4 million for the year ended June 30, 2003, including student tuition and fees of $107.5 million (11.8 percent), grants, contracts and recoveries of facilities and administrative costs of $322.0 million (35.3 percent) and hospital services of $343.4 million (37.7 percent).

Operating expenses totaled $1.24 billion. Of this amount, $799.3 million, or 64.3 percent was expended for educational and general programs, including the functions of

instruction, research and public service. Hospital and clinics expenses, excluding depreciation, amounted to $296.8 million, or 23.9 percent of the total expenses.

The net loss from operations for the year amounted to $329.6 million. Nonoperating revenues, net of expenses, amounted to $398.2 million, resulting in an increase in net assets of $68.6 million for the year. Nonoperating revenues include state appropriations of $304.7 million.





Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows presents information related to the University's cash inflows and outflows summarized by operating, capital, financing and investing activities. The primary purpose of the Consolidated Statement of Cash Flows is to provide information about the cash receipts and cash payments made by the University during the year that will allow financial statement readers to assess the institution's:

- Ability to generate future net cash flows,
- Ability to meet obligations as they become due, and
- The possible need for external financing.

A comparative summary of the University's consolidated statement of cash flows for the years ended June 30, 2003 and 2002 is as follows:

Condensed Consolidated Statement of Cash Flows (in thousands)

	2003	2002
Cash provided (used by):		
Operating activities	$ (250,625)	$ (244,339)
Noncapital financing activities	353,673	361,064
Capital and related financing activities	(129,189)	(106,746)
Investing activities	30,536	7,184
Net increase in cash	4,395	17,163
Cash and cash equivalents, beginning of year	356,342	339,179
Cash and cash equivalents, end of year	$ 360,737	$ 356,342

Major sources of cash received from operating activities are student tuition and fees of $108.4 million, hospital services of $358.4 million, and grants, contracts and recoveries of facilities and administrative costs of $312.2 million. Major uses of cash for operating activities were payments to employees for salaries and benefits of $738.4 million and to vendors and contractors of $401.9 million.

Noncapital financing activities includes state appropriations from the Commonwealth of Kentucky of $304.7 million.

Capital and related financing activities include proceeds of capital debt of $9.0 million, capital grants and gifts of $6.6 million and other receipts of $6.0 million. Cash of $100.5 million was expended for construction and acquisition of capital assets, $37.3 million was expended for principal and interest payments on debt and $13.0 million was paid to refunding bond agents.

Investing activities include proceeds from sales and maturities of investments of $1.046 billion and interest and dividends on investments of $31.2 million. Cash of $1.047 billion was used to purchase investments.

Capital Asset and Debt Administration

Capital Assets

Capital assets, net of accumulated depreciation, totaled $885.6 million at June 30, 2003, an increase of $50.0 million. Capital assets as of June 30, 2003 and significant changes in capital assets during the year are as follows (in millions):

	Balance June 30, 2002	Net Additions FY 02-03	Balance June 30, 2003
Land and land improvements	$ 76	$ 8	$ 84
Buildings, fixed equipment and infrastructure	901	145	1,046
Equipment, vehicles and capitalized software	331	11	342
Library materials and art	108	8	116
Construction in progress	141	(78)	63
Accumulated depreciation	(721)	(44)	(765)
Total	$ 836	$ 50	$ 886

At June 30, 2003, the University has capital construction projects in progress totaling $211 million in scope. Major projects include: the Biomedical/Biological Sciences Research Building, Student Housing Facilities, the Primary Care/Outpatient Diagnosis and Treatment Center, the Main Building reconstruction and the Center for Rural Health.

Debt

At June 30,2003, capital debt amounted to $235.1 million, summarized below by trust indenture and type (in millions):

	2003	2002
Consolidated Educational Buildings Revenue Bonds	$ 114.1	$ 126.4
Consolidated Housing and Dining System Revenue Bonds	28.6	31.0
Hospital Revenue Bonds	3.8	9.3
Commonwealth Library Project (W.T. Young Library) Bonds	43.6	44.6
Capital Lease Obligations	45.0	48.8
Notes Payable	-	1.4
Total	$ 235.1	$ 261.5

Debt decreased approximately $26.4 million during the year due to payments of current year maturities.

On July 22, 2003, the University sold $29,755,000 of University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series S, at a net interest cost of 4.34%. The proceeds of this bond issue will be used to complete the construction of the Biomedical Sciences Research Building on the main campus in Lexington, Kentucky.

On August 13, 2003, the University sold $52,815,000 of University of Kentucky Housing and Dining System Revenue Bonds, Series S, at a net interest cost of 4.58%. The proceeds of this bond issue will be used to construct new dormitories with approximately 700 new beds on the main campus in Lexington, Kentucky.

Economic Factors That Will Affect the Future

Executive management believes that the University is well-positioned to maintain its strong financial condition and to continue providing excellent service to students, patients, the community and the Commonwealth of Kentucky. The University's strong financial condition, as evidenced by the receipt of a credit rating of Aa3 from Moody's Investors Service, will provide a high degree of flexibility in obtaining funds on competitive terms. This flexibility, along with ongoing efforts toward revenue diversification and cost containment, will enable the University to obtain the necessary resources to sustain excellence.

- As a result of a declining economy, budgeted state appropriations for fiscal year 2003-2004 will decline for the third consecutive year. One of the consequences of this decrease is an increase in tuition rates for fiscal year 2004 of 15 percent for resident and 6.5 percent for nonresident undergraduate and graduate students. Professional school tuition will increase 25 percent. The tuition rate increases are expected to generate additional operating revenues of approximately $17.4 million.
- As state appropriations continue to decrease, the University must rely to a greater extent on the support of donors to maintain and enhance its core academic programs. However, economic pressures may influence the future level of support that the University receives from corporate and individual giving.
- The University began transitioning to the Provost model in July 2003. Significant organizational changes have been implemented, including the transition of the reporting relationship of the five medical center colleges to the Provost and the Executive Vice President for Health Affairs. The consolidation of many support functions performed by the UK Chandler Medical Center and other units across campus are expected to provide cost savings of $2,000,000 annually.
- As of June 30, 2003, grants and contracts of approximately $155 million had been awarded to the University, but not expended. These contracts will provide grant revenue to future periods. Research grants and contracts awarded to the University in fiscal year 2003 were a record high of $222.7 million.
- The University is conducting its Campaign for the University of Kentucky, a capital campaign with a goal of $600 million. As of June 30, 2003, nearly $575 million of gifts had been received or pledged toward this goal.
- The University has been allocated $66.7 million in the 2002-04 biennium for Research Challenge Trust Fund IV which is available to the University on a dollar-for-dollar match basis for endowments.
- The University will continue its long-term endowment investment strategy to maximize total returns, at an appropriate level of risk, while utilizing a spending rate policy to insulate programs funded by the endowment from temporary market volatility.
- The University does not record a liability for post-employment retiree health benefits. Future changes in governmental accounting standards will require that this liability be recognized in the financial statements. This liability will have a significant impact on the University's financial statements.

Although many economic challenges have faced the University in the past year and will continue to impact the future, university management believes that the University of Kentucky will be able to sustain its sound financial position and continue its progress to become one of America's 20 best public research institutions.

Deloitte & Touche LLP
Suite 2100
220 W. Main Street
Louisville, Kentucky 40202-5313

Tel: (502) 562-2000
Fax: (502) 562-2073
www.deloitte.com

Deloitte & Touche

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the
University of Kentucky

and

the Secretary of Finance and
Administration Cabinet of the
Commonwealth of Kentucky

We have audited the accompanying consolidated statements of net assets of the University of Kentucky (the University) (an agency of the Commonwealth of Kentucky) and affiliated corporations as of June 30, 2003 and 2002, and the related consolidated statements of revenues, expenses and changes in net assets and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the University of Kentucky and affiliated corporations as of June 30, 2003 and 2002, and their consolidated revenues, expenses and changes in net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis (MD&A) on pages 1 through 9 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the University's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit such information and we do not express an opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2003, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Deloitte & Touche LLP

August 29, 2003
Louisville, Kentucky

Deloitte
Touche
Tohmatsu

UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
CONSOLIDATED STATEMENT OF NET ASSETS
JUNE 30, 2003 AND 2002

	2003	2002
ASSETS		
Current Assets		
Cash and cash equivalents	$ 288,549,024	$ 245,566,649
Notes, loans and accounts receivable, net	133,845,955	134,784,105
Inventories and other	16,638,913	14,688,788
Total current assets	439,033,892	395,039,542
Noncurrent Assets		
Restricted cash and cash equivalents	72,187,676	110,775,519
Endowment investments	432,405,612	414,784,126
Other long-term investments	187,865,158	201,097,461
Notes, loans and accounts receivable, net	24,592,526	25,143,192
Capital assets, net	885,615,008	835,603,880
Total noncurrent assets	1,602,665,980	1,587,404,178
Total assets	2,041,699,872	1,982,443,720
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	111,430,980	95,896,976
Deferred revenue	43,029,339	41,937,189
Long-term liabilities - current portion	40,035,034	36,267,612
Total current liabilities	194,495,353	174,101,777
Noncurrent Liabilities		
Long-term liabilities	271,203,943	300,916,372
Total liabilities	465,699,296	475,018,149
NET ASSETS		
Invested in capital assets, net of related debt	667,485,054	607,662,960
Restricted		
Nonexpendable		
Scholarships and fellowships	64,044,365	58,886,920
Research	142,000,873	127,519,689
Instruction	54,059,533	49,775,066
Academic support	74,252,561	68,774,532
Other	3,140,103	2,775,398
Total restricted nonexpendable	337,497,435	307,731,605
Expendable (See note 9.)		
Scholarships and fellowships	38,178,527	43,445,440
Research	21,392,421	24,178,301
Instruction	30,818,475	33,705,038
Academic support	6,415,042	9,288,300
Loans	8,026,507	7,750,713
Capital projects	29,759,063	49,986,926
Debt service	10,175,572	14,132,105
Other	24,706,351	22,659,877
Total restricted expendable	169,471,958	205,146,700
Total restricted	506,969,393	512,878,305
Unrestricted (See note 10.)	401,546,129	386,884,306
Total net assets	$ 1,576,000,576	$ 1,507,425,571

See notes to consolidated financial statements.

UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
CONSOLIDATED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

	2003	2002
OPERATING REVENUES		
Student tuition and fees, including pledged revenues	$ 145,176,234	$ 133,915,941
Less: Scholarship allowances	(37,691,166)	(30,145,793)
Net tuition and fees	107,485,068	103,770,148
Federal grants and contracts	126,281,668	106,302,165
State and local grants and contracts	58,308,131	49,643,203
Nongovernmental grants and contracts	103,009,285	100,023,819
Recoveries of facilities and administrative costs	34,364,247	30,406,284
Sales and services	40,974,033	45,139,948
Federal appropriations	14,065,904	14,400,994
County appropriations	9,800,456	8,649,815
Hospital services, including pledged revenues	343,393,345	316,344,568
Auxiliary enterprises:		
Housing and dining, including pledged revenues	32,300,052	30,583,632
Less: Scholarship allowances	(5,677,857)	(4,495,648)
Net housing and dining	26,622,195	26,087,984
Athletics	35,236,012	35,635,768
Other auxiliaries	12,636,429	11,465,536
Other operating revenues	249,544	509,829
Total operating revenues	912,426,317	848,380,061
OPERATING EXPENSES		
Educational and general:		
Instruction	244,785,143	236,449,207
Research	187,657,131	170,113,907
Public service	164,249,711	157,736,901
Libraries	12,009,480	12,852,395
Academic support	48,096,181	47,071,284
Student services	19,837,490	18,690,589
Institutional support	47,804,101	47,372,665
Operations and maintenance of plant	46,393,309	46,219,286
Student financial aid	28,432,862	25,057,009
Depreciation	48,992,899	45,426,274
Total educational and general	848,258,307	806,989,517
Hospital and clinics (including depreciation of $13,996,082 in 2003 and $15,011,754 in 2002)	310,770,586	298,667,864
Auxiliary enterprises:		
Housing and Dining (including depreciation of $2,109,639 in 2003 and $1,799,542 in 2002)	30,925,912	30,034,051
Athletics (including depreciation of $2,549,659 in 2003 and $2,450,217 in 2002)	38,482,252	35,912,791
Other auxiliaries	13,347,968	9,664,001
Other operating expenses	223,386	474,990
Total operating expenses	1,242,008,411	1,181,743,214
Net loss from operations	(329,582,094)	(333,363,153)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	304,734,856	303,639,256
Gifts and grants	20,831,731	29,968,963
Investment income	33,343,891	2,387,327
Interest on capital asset-related debt	(11,486,908)	(12,574,751)
Other nonoperating revenues and expenses, net	1,542,248	(111,463)
Net nonoperating revenues (expenses)	348,965,818	323,309,332
Net gain (loss) before other revenues, expenses, gains, or losses	19,383,724	(10,053,821)
Capital appropriations	1,659,523	49,002,114
Capital grants and gifts	20,463,840	12,626,433
Additions to permanent endowments, including Research Challenge Trust Funds of $7,245,700 in 2003 and $8,588,454 in 2002	26,417,392	29,106,731
Other, net	650,526	11,362,157
Total other revenues (expenses)	49,191,281	102,097,435
INCREASE IN NET ASSETS	68,575,005	92,043,614
NET ASSETS, beginning of year	1,507,425,571	1,415,381,957
NET ASSETS, end of year	$ 1,576,000,576	$ 1,507,425,571

See notes to consolidated financial statements.

UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	$ 108,388,929	$ 101,001,794
Grants and contracts	279,344,143	258,220,546
Recoveries of facilities and administrative costs	32,824,951	30,860,490
Sales and services	41,639,718	45,216,891
Federal appropriations	13,780,753	14,599,019
County appropriations	9,595,694	8,853,565
Payments to vendors and contractors	(401,888,222)	(384,975,342)
Student financial aid	(28,426,920)	(24,235,625)
Salaries, wages and benefits	(738,438,298)	(702,623,044)
Hospital services	358,378,930	340,066,788
Auxiliary enterprise receipts:		
Housing and Dining	27,176,723	25,396,132
Athletics	36,572,243	35,448,849
Other auxiliaries	12,111,501	11,273,701
Loans issued to students	(8,591,245)	(7,815,846)
Collection of loans to students	7,917,958	8,100,582
Self insurance receipts	28,479,489	31,038,903
Self insurance payments	(30,297,265)	(35,313,518)
Other receipts (payments), net	806,297	546,715
Net cash provided (used) by operating activities	(250,624,621)	(244,339,400)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	304,734,856	303,639,256
Gifts and grants received for other than capital purposes:		
Gifts received for endowment purposes	26,457,392	29,106,731
Gifts received for other purposes	21,415,775	29,485,605
Agency and loan program receipts	88,111,872	75,739,289
Agency and loan program payments	(88,188,032)	(76,027,203)
Other nonoperating receipts (payments), net	1,141,067	(879,560)
Net cash provided (used) by noncapital financing activities	353,672,930	361,064,118
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital appropriations	537,241	43,969,460
Capital grants and gifts	6,644,447	3,115,937
Purchases of capital assets	(100,480,393)	(134,898,092)
Proceeds from capital debt	8,960,371	6,100,000
Payments to refunding bond agents	(12,992,620)	-
Proceeds from sales of capital assets	3,975,507	-
Principal paid on capital debt and leases	(25,482,155)	(24,763,783)
Interest paid on capital debt and leases	(11,824,703)	(12,727,717)
Other capital and related financing receipts (payments), net	1,472,918	12,457,958
Net cash provided (used) by capital and related financing activities	(129,189,387)	(106,746,237)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	1,046,059,072	612,681,197
Interest and dividends on investments	31,154,578	32,489,062
Purchase of investments	(1,046,678,040)	(637,985,560)
Net cash provided (used) by investing activities	30,535,610	7,184,699
NET INCREASE IN CASH	4,394,532	17,163,180
CASH AND CASH EQUIVALENTS, beginning of year	356,342,168	339,178,988
CASH AND CASH EQUIVALENTS, end of year	$ 360,736,700	$ 356,342,168
Reconciliation of net loss from operations to net cash used by operating activities:		
Operating loss	$ (329,582,094)	$ (333,363,153)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation expense	67,648,279	64,687,787
Change in assets and liabilities:		
Notes, loans and accounts receivable, net	3,917,697	21,729,254
Inventories and other assets	(1,788,451)	652,074
Accounts payable and accrued liabilities	7,114,057	1,887,746
Deferred revenue	1,527,424	2,735,569
Long term liabilities	538,467	(2,668,677)
Net cash used by operating activities	$ (250,624,621)	$ (244,339,400)

See notes to consolidated financial statements.

UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies

Reporting Entity

The University of Kentucky (the University) is a component unit of the Commonwealth of Kentucky and is included in the general-purpose financial statements of the Commonwealth. The consolidated financial statements of the University include the operations of the University, its for-profit subsidiary (Kentucky Healthcare Enterprise, Inc.) and its affiliated non-profit corporations (entities for which the University is financially accountable as defined by Statement No. 14 of the Governmental Accounting Standards Board) as follows: The University of Kentucky Research Foundation and its for-profit subsidiary (Kentucky Technology, Inc.); The Fund for Advancement of Education and Research in the University of Kentucky Medical Center; University of Kentucky Athletic Association; Health Care Collection Service, Inc.; University of Kentucky Mining Engineering Foundation, Inc.; University of Kentucky Business Partnership Foundation, Inc.; University of Kentucky Gluck Equine Research Foundation, Inc.; University of Kentucky Humanities Foundation, Inc.; and the University of Kentucky Center on Aging Foundation, Inc.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). GASB establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net assets categories:

- **Invested in capital assets, net of related debt:** Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- **Restricted:**
  Nonexpendable – Net assets subject to externally imposed stipulations that they be maintained permanently by the University. Such assets include the principal of the University's permanent endowment funds.

  Expendable – Net assets whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.

- **Unrestricted:** Net assets whose use by the University is not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

The financial statement presentation is intended to provide a comprehensive, entity-wide perspective of the University's assets, liabilities, net assets, revenues, expenses, changes in net assets and cash flows.

Summary of Significant Accounting Policies

Accrual Basis. The consolidated financial statements have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. The University reports as a Business Type Activity (BTA) as defined by GASB Statement No. 35. BTA's are those activities that are financed in whole or part by fees charged to external parties for goods and services.

Cash and Cash Equivalents. Cash and cash equivalents consist of deposits with local banks and with the Commonwealth of Kentucky and investments in repurchase agreements. Deposits with local banks and investments in repurchase agreements are covered by federal depository insurance or collateralized by securities held in the University's name by its agents. Deposits with the Commonwealth of Kentucky are covered by federal depository insurance or collateralized by securities held by the Commonwealth in the Commonwealth's name. The University considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Noncurrent cash and cash equivalents includes plant funds allocated for capital projects and endowment fund cash pending transfer to the custodian for investment. Cash and cash equivalents held by the University's endowment fund managers are included in endowment investments.

Inventories. Inventories are stated principally at the lower of average cost or market.

Pooled Endowment Funds. The University employs the total return concept of investment management for setting investment objectives and determining investment performance. This concept recognizes dividends and interest, plus or minus realized and unrealized gains or losses, in determining the total return earned during any particular period. The market value method of accounting for pooled endowment funds is employed to ensure proper distribution of market price changes, realized gain (loss) on sales, accrued income earned, and distribution of investment earnings for expenditure by participating funds.

The Uniform Management of Institutional Funds Act (UMIFA), as adopted by the Commonwealth of Kentucky, permits the University to appropriate an amount of the realized and unrealized endowment appreciation to support current programs. Accordingly, spendable return from the endowment is determined using the total return philosophy. This philosophy recognizes a prudent amount of realized and unrealized gains as spendable return in addition to traditional yield. Distribution of investment earnings for expenditure by participating funds is supported first by traditional yield earned and, if necessary, a transfer from the endowment of any prior years' accumulated earnings (unexpended traditional yield) or net realized or unrealized gains. The University's endowment spending rule provides for an annual distribution of 5% of the three-year moving average market value of fund units. For the years ended June 30, 2003 and 2002 approximately $13,892,000 and $9,539,000, respectively, was transferred from endowment realized and unrealized gains to support current programs in accordance with the University's endowment spending rule. Appreciation on endowments available to support future spending rule distributions amounted to approximately $38,505,000 at June 30, 2003.

Investments. Investments in marketable securities are carried at fair value, as determined by the major securities markets. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income (loss) in the statement of revenues, expenses and changes in net assets.

Capital Assets. Capital assets are stated at cost at date of acquisition or, in the case of gifts, at fair market value at date of gift, except for the following: (1) the University has title to certain tracts of land which were either donated or purchased at a nominal price with no book value assigned to these properties; and (2) buildings acquired prior to June 30, 1958, were recorded at appraised value of $33,000,000 at that date.

Equipment with a unit cost of $2,000 or more ($1,000 for computers) and having an estimated useful life of greater than one year, is capitalized. Renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

Depreciation of capital assets is computed on a straight-line basis over the estimated useful lives of the respective assets, generally 40 years for buildings, 10 – 25 years for land and building improvements and infrastructure, 10 years for library books and 5 – 20 years for equipment.

The University capitalizes, but does not depreciate, works of art and historical treasures that are held for exhibition, education, research and public service.

Deferred Revenue. Deferred revenue consists primarily of amounts received from grant and contract sponsors that have not yet been earned under the terms of the agreement. Deferred revenue also includes amounts received in advance of an event, such as advance athletic ticket sales relating to future fiscal years.

Student Tuition and Fees. Student tuition and fees are presented net of scholarship allowances applied to student accounts. Stipends and other payments made directly to students are presented as student financial aid expenses.

Hospital Services Revenue. Hospital services revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including contractual allowances and estimated retroactive adjustments under reimbursement programs with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Income Taxes. The University is an agency and instrumentality of the Commonwealth of Kentucky, pursuant to Kentucky Revised Statutes sections 164.100 through 164.280. Accordingly, the University is excluded from Federal income taxes as an organization described in Section 170 (b)(1)(A)(ii) of the Internal Revenue Code of 1986. The majority of the University's affiliated non-profit organizations have been granted exemption from federal income taxation pursuant to the provisions of Internal Revenue Code section 501(c)(3).

Restricted Asset Spending Policy. The University's policy is that restrictions on assets cannot be fulfilled by the expenditure of unrestricted funds for similar purposes. The determination on whether restricted or unrestricted funds are expended for a particular purpose is made on a case-by-case basis. Restricted funds remain restricted until spent for the intended purpose.

Operating Activities. The University defines operating activities, as reported on the Statement of Revenues, Expenses and Changes in Net Assets, as those that generally result from exchange transactions, such as payments received for providing goods and services and payments made for goods and services received. Nearly all of the University's expenses are from exchange transactions. Certain significant revenues relied upon for operations, such as state appropriations, gifts and investment income, are recorded as non-operating revenues, in accordance with GASB Statement No. 35.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to use estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The accompanying financial statements include estimates for items such as bad debt and contractual allowances, self-insurance reserves, accrued expenses and other liability accounts.

Recent Accounting Pronouncements. In May 2002, the GASB issued Statement No. 39, `Determining Whether Certain Organizations Are Component Units." This statement provides additional guidance to determine whether certain organizations for which the University is not financially accountable should be reported as component units based on the nature and significance of their relationship with the University. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2003. As a result of the provisions of GASB No. 39, Kentucky Medical Services Foundation will be considered a component unit of the University beginning with the fiscal year ending June 30, 2004.

In March 2003, the GASB issued Statement No. 40, "Deposit and Investment Risk Disclosures." This statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rate risk. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2004. The University does not expect the adoption of this statement to have a material effect on its financial statements.

2. Research Challenge Trust Fund

The Research Challenge Trust Fund (RCTF) was created by the Kentucky General Assembly with the passage of the Postsecondary Education Improvement Act of 1997 (House Bill 1). The objectives of the Trust Fund, as stated in the Bill, include support of efforts by the University of Kentucky to attain status as a top-20 public research university. The RCTF Endowment Match Program provides state funds on a dollar-for-dollar match basis. This program, also known as "Bucks for Brains", supports endowed chairs, professorships and graduate fellowships, and the research and graduate mission of the University.

The status of the RCTF endowed funds as of June 30, 2003 is summarized as follows (in thousands):

	Kentucky General Assembly Funding	University of Kentucky Share of Funding	State Funds Received to Date	Matching Pledges Receivable
1998 Biennium	$100,000	$ 66,700	$ 66,700	$ 8,953
2000 Biennium	100,000	68,900	68,800	22,738
Total	$200,000	$135,600	$135,500	$ 31,691

Interest income of approximately $2.2 million earned on the state matching funds is included in the University's share of the 2000 Biennium funding.

The University expects to fully realize all outstanding matching pledges, however, it may be obligated to return any state funds and accrued interest income related to pledges not received within five years of the initial pledge dates if unable to replace the unpaid pledges with other eligible gifts. A payment schedule of the outstanding pledges is shown below (in thousands):

	1998 Biennium	2000 Biennium
Pledges due in fiscal years 2003 or prior	$ 981	$ 1,937
Pledges due in fiscal year 2004	7,972	2,359
Pledges due in fiscal year 2005		8,988
Pledges due in fiscal year 2006		7,872
Pledges due in fiscal year 2007		1,421
Pledges due in fiscal year 2008		161
Total	$ 8,953	$22,738

3. Notes, Loans and Accounts Receivable

Notes, loans and accounts receivable as of June 30, 2003 and 2002, respectively, are as follows (in thousands):

	2003		
	Gross Receivable	Allowance	Net Receivable
Hospital patient accounts	$113,565	($53,418)	$ 60,147
Student loans	25,903	(3,185)	22,718
Reimbursement receivable – grants and contracts	28,990		28,990
Pledges receivable	6,885	(2,927)	3,958
Accrued interest receivable	8,737		8,737
Receivable for malpractice insurance	11,066		11,066
Other	26,442	(3,619)	22,823
	$221,588	($63,149)	$158,439
Current portion			133,846
Noncurrent portion			$ 24,593

	2002		
	Gross Receivable	Allowance	Net Receivable
Hospital patient accounts	$106,252	($35,726)	$ 70,526
Student loans	25,400	(3,327)	22,073
Reimbursement receivable – grants and contracts	20,805		20,805
Pledges receivable	8,949	(3,446)	5,503
Accrued interest receivable	10,299		10,299
Receivable for malpractice insurance	10,925		10,925
Other	23,177	(3,381)	19,796
	$205,807	($45,880)	$159,927
Current portion			134,784
Noncurrent portion			$ 25,143

4. Investments

The fair value and cost of the University's investments as of June 30, 2003 and 2002, respectively, are as follows (in thousands):

	2003	
	Fair Value	Cost
Type of investment		
United States government securities	$157,571	$156,911
Common and preferred stocks	188,807	180,492
Pooled equity funds	114,867	97,796
Pooled fixed income funds	63,056	61,919
Corporate bonds	19,678	19,361
Repurchase agreements	26,500	26,500
Equity in health care corporations	36,686	36,686
Cash and cash equivalents	12,344	12,353
Other	762	762
Total	$620,271	$592,780

	Fair Value	Cost
Statement of Net Assets classification		
Endowment investments	$432,406	$405,252
Other long-term investments	187,865	187,528
Total	$620,271	$592,780

	2002	
	Fair Value	Cost
Type of investment		
United States government securities	$202,081	$199,511
Common and preferred stocks	165,161	181,043
Pooled equity funds	110,129	96,891
Corporate bonds	69,706	67,943
Repurchase agreements	30,560	30,560
Equity in health care corporations	31,082	31,082
Cash and cash equivalents	6,813	6,804
Other	350	350
Total	$615,882	$614,184

	Fair Value	Cost
Statement of Net Assets classification		
Endowment investments	$414,784	$414,373
Other long-term investments	201,098	199,811
Total	$615,882	$614,184

All investments of the University are registered in the name of the University of Kentucky or held in the University's name by its agents and trustees.

The University owns approximately 84% of CHA Service Company (CHA), a Kentucky for-profit corporation, established to provide an integrated health care delivery system throughout the Commonwealth of Kentucky. The University accounts for its investment in CHA by the equity method since, under the provisions of CHA's by-laws, the University cannot exercise control over the day-to-day operations of CHA. A summary of the University's investment in CHA is as follows (in thousands):

	June 30, 2001	FY2001-02	June 30, 2002	FY2002-03	June 30, 2003
Investment	$ 38,180		$ 38,180		$ 38,180
Equity in income (losses) through December 31, 2001 and 2002 (CHA fiscal year end)	(18,330)	$ 9,555	(8,775)	$ 5,841	(2,934)
Carrying value	$ 19,850	$ 9,555	$ 29,405	$ 5,841	$ 35,246

The University's equity in the net income of CHA for the six months ended June 30, 2003 was approximately $3,421,000 (unaudited). This income is not reflected in the University's consolidated financial statements as of June 30, 2003.

5. Capital Assets, net

Capital assets as of June 30, 2003 and capital asset activity for the year ended June 30, 2003 are summarized as follows (in thousands):

	June 30, 2002	Additions	Deletions	June 30, 2003
Land	$ 30,936	$ 3,151	$ 239	$ 33,848
Land improvements - nonexhaustible	2,426	4,746	-	7,172
Land improvements - exhaustible	43,126	470	-	43,596
Buildings	856,501	127,361	1,281	982,581
Fixed equipment - communications	25,359	4,707	-	30,066
Infrastructure	19,225	14,246	-	33,471
Equipment	309,730	31,157	23,373	317,514
Vehicles	15,819	2,191	1,829	16,181
Library materials	101,172	9,069	956	109,285
Capitalized software	5,681	2,891	-	8,572
Art	6,500	293	-	6,793
Construction in progress	140,751	40,337	118,679	62,409
	1,557,226	240,619	146,357	1,651,488
Accumulated Depreciation				
Land improvements - exhaustible	35,020	1,641	-	36,661
Buildings	384,296	24,661	318	408,639
Fixed equipment - communications	14,094	1,999	-	16,093
Infrastructure	4,324	1,054	-	5,378
Equipment	197,933	31,573	21,645	207,861
Vehicles	11,438	1,349	1,434	11,353
Library materials	74,517	5,371	-	79,888
	721,622	67,648	23,397	765,873
Capital assets, net	$ 835,604	$ 172,971	$ 122,960	$ 885,615

Capital assets as of June 30, 2002 and capital asset activity for the year ended June 30, 2002 are summarized as follows (in thousands):

	June 30, 2001	Additions	Deletions	June 30, 2002
Land	$ 28,771	$ 2,165		$ 30,936
Land improvements - nonexhaustible	1,553	965	$ 92	2,426
Land improvements - exhaustible	40,880	2,251	5	43,126
Buildings	833,167	33,566	10,232	856,501
Fixed equipment - communications	23,405	1,966	12	25,359
Infrastructure	9,470	9,755	-	19,225
Equipment	296,188	29,116	15,574	309,730
Vehicles	15,067	1,120	368	15,819
Library materials	93,235	8,322	385	101,172
Capitalized software	1,848	3,833	-	5,681
Art	6,440	60	-	6,500
Construction in progress	82,184	76,774	18,207	140,751
	1,432,208	169,893	44,875	1,557,226
Accumulated Depreciation				
Land improvements - exhaustible	33,458	1,567	5	35,020
Buildings	366,493	22,154	4,351	384,296
Fixed equipment - communications	12,293	1,806	5	14,094
Infrastructure	3,751	573	-	4,324
Equipment	180,222	32,518	14,807	197,933
Vehicles	10,490	1,342	394	11,438
Library materials	69,789	4,728	-	74,517
	676,496	64,688	19,562	721,622
Capital assets, net	$ 755,712	$ 105,205	$ 25,313	$ 835,604

At June 30, 2003, the University has construction projects in process totaling approximately $211 million in scope. The estimated cost to complete these projects is approximately $149 million. Such construction is principally financed by appropriations from the Commonwealth of Kentucky and proceeds from bonds.

The University has utilized capital leases to acquire various items of equipment costing approximately $17.9 million and financing/lease agreements with the Kentucky Asset/Liability Commission to (a) finance renovations to Commonwealth Stadium and (b) to provide financing for various construction projects.

6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as of June 30, 2003 and 2002, respectively, are as follows (in thousands):

	2003	2002
Payable to vendors and contractors	$ 52,837	$39,607
Accrued expenses, primarily vacation and sick leave	32,600	31,199
Employee withholdings and deposits payable to third parties	25,994	25,091
Total	$111,431	$95,897

7. Deferred Revenue

Deferred revenue as of June 30, 2003 and 2002, respectively, is as follows (in thousands):

	2003	2002
Unearned summer school revenue	$ 3,646	$ 3,644
Unearned hospital revenue – Kentucky Healthcare Provider Income	3,895	4,178
Unearned grants and contracts revenue	20,241	20,752
Prepaid athletic revenues, primarily ticket sales	10,000	7,731
Unearned state deferred maintenance pool funds	2,731	3,853
Other	2,516	1,779
Total	$ 43,029	$ 41,937

8. Long-term Liabilities

Long-term liabilities as of June 30, 2003 and long-term liability activity for the year ended June 30, 2003, are summarized as follows (in thousands):

	June 30, 2002	Additions	Reductions	June 30, 2003	Current Portion	Noncurrent Portion
Bonds, notes and capital leases						
Educational buildings bonds	$ 126,380	$ 5,115	$ 17,395	$ 114,100	$ 10,235	$ 103,865
Housing and dining bonds	31,021	-	2,400	28,621	2,490	26,131
Hospital bonds	9,320	3,850	9,320	3,850	-	3,850
Library bonds	44,545	-	980	43,565	1,045	42,520
Capital leases	48,806	3,178	6,971	45,013	11,441	33,572
Notes payable	1,425	-	1,425	-	-	-
Total bonds, notes and capital leases	261,497	12,143	38,491	235,149	25,211	209,938
Other liabilities						
Medical malpractice	27,149	346	2,712	24,783	3,512	21,271
Long term disability	10,672	2,760	2,658	10,774	1,916	8,858
Annuities payable	5,658	342	702	5,298	392	4,906
Health insurance	2,855	22,160	21,194	3,821	3,821	-
Federal loan programs	20,215	607	55	20,767	-	20,767
Workers compensation	3,316	4,477	2,966	4,827	3,284	1,543
Mining and Minerals Trust	1,126	-	522	604	-	604
Compensated absences	2,250	250	-	2,500	366	2,134
Supplemental disability	657	90	380	367	205	162
Arbitrage rebate	1,117	968	223	1,862	841	1,021
Outstanding check liability	472	374	472	374	374	-
Unemployment compensation	200	-	87	113	113	-
Total other liabilities	75,687	32,374	31,971	76,090	14,824	61,266
Total	$ 337,184	$ 44,517	$ 70,462	$ 311,239	$ 40,035	$ 271,204

Long-term liabilities as of June 30, 2002 and long-term liability activity for the year ended June 30, 2002, are summarized as follows (in thousands):

	June 30, 2001	Additions	Reductions	June 30, 2002	Current Portion	Noncurrent Portion
Bonds, notes and capital leases						
Educational buildings bonds	$ 140,100		$ 13,720	$ 126,380	$ 12,455	$ 113,925
Housing and dining bonds	33,336		2,315	31,021	2,400	28,621
Hospital bonds	10,920		1,600	9,320	1,680	7,640
Library bonds	45,470		925	44,545	980	43,565
Capital leases	45,773	$ 9,153	6,120	48,806	5,940	42,866
Notes payable	1,500	8	83	1,425	-	1,425
Total bonds, notes and capital leases	277,099	9,161	24,763	261,497	23,455	238,042
Other liabilities						
Medical malpractice	30,425	1,000	4,276	27,149	4,003	23,146
Long term disability	10,798	1,989	2,115	10,672	1,925	8,747
Annuities payable	6,206	-	548	5,658	417	5,241
Health insurance	3,236	17,730	18,111	2,855	2,855	-
Federal loan programs	19,552	967	304	20,215	-	20,215
Workers compensation	3,330	4,395	4,409	3,316	1,792	1,524
Mining and Minerals Trust	2,642	-	1,516	1,126	-	1,126
Compensated absences	2,000	250	-	2,250	380	1,870
Supplemental disability	648	369	360	657	380	277
Arbitrage rebate	755	489	127	1,117	389	728
Outstanding check liability	379	472	379	472	472	-
Unemployment compensation	87	113	-	200	200	-
Total other liabilities	80,058	27,774	32,145	75,687	12,813	62,874
Total	$ 357,157	$ 36,935	$ 56,908	$ 337,184	$ 36,268	$ 300,916

Principal maturities and interest on bonds, notes and capital leases for the next five years and in subsequent five-year periods as of June 30, 2003 are as follows (in thousands):

	Principal	Interest	Total
2004	$ 25,211	$ 10,948	$ 36,159
2005	17,911	9,867	27,778
2006	17,711	9,124	26,835
2007	15,840	8,399	24,239
2008	11,920	7,748	19,668
2009 - 2013	58,215	30,151	88,366
2014 - 2018	49,225	17,205	66,430
2019 - 2023	29,865	5,559	35,424
2024 - 2025	9,251	551	9,802
Total	$ 235,149	$ 99,552	$ 334,701

At June 30, 2003, assets with a fair market value of approximately $44,131,000 have been placed on deposit with trustees to totally defease bonds with a par amount of $42,490,000. The liability for these fully defeased bonds is not included in the financial statements.

On March 26, 2003, $5,115,000 of Consolidated Educational Building Refunding Revenue Bonds (CEBRB) Series K (Third Series) were issued at a net interest cost of 2.78%, representing a full refunding of the original $7,575,000 CEBRB Series K (Second Series), dated June 1, 1993. The refunding defeased $5,515,000 Series K (Second Series) bonds outstanding as of May 1, 2003. The refunding will decrease the University's total debt service payments over the next ten years by $358,345, presenting an economic gain (difference between the present value of the debt service payments on the old and new debt) of $326,743.

On June 4, 2003, $3,850,000 of University of Kentucky Hospital Revenue Bonds Series A (Third Series) were issued at a net interest cost of 1.27%, representing a full refunding of the original $21,280,000 Hospital Revenue Bonds Series A (Second Series), dated January 1, 1993. The refunding defeased $5,875,000 Series A (Second Series) bonds outstanding as of August 1, 2003. The refunding will decrease the University's total debt service payments over the next three years by $431,256, presenting an economic gain (difference between the present value of the debt service payments on the old and new debt) of $417,617.

9. Components of Restricted Expendable Net Assets

Restricted expendable net assets are subject to externally imposed stipulations or conditions that must be followed and cannot be used for support of general operations of the University. At June 30, 2003 and 2002, respectively, restricted expendable net assets were composed of the following (in thousands):

	2003	2002
Appreciation on permanent endowments	$ 12,756	$ 27,999
Term endowments	5,001	4,593
Quasi-endowments initially funded with restricted assets	40,741	40,485
Funds restricted for capital projects	39,935	64,781
Funds restricted for non-capital purposes	63,013	59,539
Loan funds (primarily University funds required for Federal match)	8,026	7,750
Total	$169,472	$205,147

10. Designations of Unrestricted Net Assets

Unrestricted net assets are designated for specific purposes by action of the Board of Trustees or management or may otherwise be limited by contractual agreements. Commitments for the use of unrestricted net assets at June 30, 2003 and 2002, respectively, are as follows (in thousands):

	2003	2002
Working capital requirements	$144,733	$149,993
Budget appropriations for future year fiscal operations	20,768	21,837
Designated for capital projects	64,671	77,792
Designated for renewal and replacement of capital assets	153,042	119,040
Quasi-endowments initially funded with unrestricted assets	18,332	18,222
Total	$401,546	$386,884

11. Pledged Revenues

Certain revenues reflected in the Statement of Revenues, Expenses and Changes in Net Assets as of June 30, 2003 and 2002, respectively, are pledged as security for the University's outstanding bonds, as follows (in thousands):

	2003	2002
Student tuition and fees, pledged as collateral for the University's Consolidated Educational Buildings Revenue Bonds	$145,176	$133,916
Housing and Dining system revenues, pledged as collateral for the University's Consolidated Housing and Dining System Revenue Bonds	$ 22,194	$ 22,559
Hospital patient services revenue, pledged as collateral for the University's Hospital Revenue Bonds	$345,143	$318,949

12. Investment Income

Components of investment income for the years ended June 30, 2003 and 2002 are as follows (in thousands):

	2003	2002
Interest and dividends earned on endowment investments	$ 9,253	$11,661
Realized and unrealized gains and losses on endowment investments	(1,439)	(38,145)
Interest on cash and non-endowment investments	19,218	22,741
Realized and unrealized gains and losses on non-endowment investments	5,333	5,167
Investment income from external trusts	979	963
Total	$ 33,344	$ 2,387

13. Funds Held in Trust by Others

The University is the income beneficiary of various trusts that are held and controlled by independent trustees. For the years ended June 30, 2003 and 2002, respectively, the University received income from these trusts of approximately $979,000 and $963,000. The University has no equity interest in the principal of the trusts that, accordingly, are recorded at a nominal value of $1 each.

14. Pledges and Deferred Gifts

At June 30, 2003, pledges totaling approximately $42,035,000 are expected to be collected primarily over the next five years, as follows (in thousands):

Operating purposes	$ 3,501
Capital projects	4,405
Endowment principal	34,129
Total	$42,035

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," the University is required to record operating and capital pledges as revenue when all eligibility requirements have been met. Endowment pledges are not recognized as revenue until the gifts are actually received. Accordingly, for the years ended June 30, 2003 and 2002, the University recorded the discounted value of operating and capital pledges, net of the allowance for uncollectible pledges, of approximately $3,958,000 and $5,503,000, respectively.

Deferred gifts through insurance, known bequests and irrevocable trusts in which the University has a remainder interest are estimated to be approximately $46,500,000 at June 30, 2003. The University records these amounts as revenue when the cash is received.

15. Grants and Contracts Awarded

At June 30, 2003, grants and contracts of approximately $155 million had been awarded to the University and the University of Kentucky Research Foundation but not expended. These amounts will be recognized in future periods.

16. Pension Plans

Regular full-time employees, including faculty, are participants in the University of Kentucky Retirement Plan, a defined contribution plan. The University of Kentucky Retirement Plan consists of five groups as follows:

Group I	Established July 1, 1964, for faculty and certain administrative officials.
Group II	Established July 1, 1971, for staff members in the clerical, technical and service categories.
Group III	Established July 1, 1972, for staff members in the managerial, professional and scientific categories.
Group IV	Established January 1, 1973, for staff members having U.S. Civil Service retirement entitlement.
Group V	Established July 1, 1987, for staff members covered under the Federal Employees Retirement System that replaced Civil Service (those whose employment began during the period from January 1, 1984 to March 31, 1987). Staff members whose employment began after March 31, 1987 are under one of the above University of Kentucky Retirement Plans.

Participation in the University of Kentucky Retirement Plan is mandatory for all regular full-time employees in groups I, II and III who are age 30 or older. Participation is voluntary for regular full-time employees under the age of 30 and for those employees in groups IV and V. Participants in groups I, II, III and IV contribute 5% and the University contributes 10% of the participant's eligible compensation to the retirement plan. Participants in group V contribute 1% and the University contributes 2% of the participant's eligible compensation to the retirement plan.

The University has authorized three retirement plan carriers, as follows:

Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF)
Fidelity Institutional Services Company
American Century Investments

Under the fully funded University of Kentucky Retirement Plan, the University and plan participants make contributions to provide fully vested retirement benefits to employees in individually owned contracts. The University's contributions and costs for 2003 and 2002 were approximately $46,691,000 and $43,334,000, respectively. Employees contributed approximately $23,170,000 in 2003 and $21,538,000 in 2002. The University's total payroll costs were approximately $677,945,000 and $647,455,000, respectively, for the years ended June 30, 2003 and 2002. The payroll for employees covered by the retirement plan was approximately $466,914,000 and $433,338,000 for 2003 and 2002, respectively.

In addition to retirement benefits provided from the group retirement plan, the University provides supplemental retirement income benefits to certain eligible employees in each of the retirement groups (see Note 17).

17. Minimum Annual Retirement Benefits and Supplemental Retirement Income

Employees in retirement groups I, II and III, referred to in Note 16, who were age 40 or older prior to the date of establishment of each group plan, and who were employed by the University prior to that date, qualify for the minimum annual retirement benefit provisions of the retirement plan. Benefits for these eligible employees are based upon a percentage, determined through years of service, of the participant's annual salary in the last year of employment prior to retirement. Retirement benefits as determined are funded by each individual retiree's accumulation in the group retirement plan, with the balance, if necessary, provided by the University as supplemental retirement income.

The Legislature of the Commonwealth of Kentucky has appropriated funds to the University for the payment of supplemental retirement income benefits since adoption of the group retirement plans, and is expected to continue this practice. However the Constitution of the Commonwealth of Kentucky prohibits the commitment of future revenues beyond the end of the current biennium. Accordingly, the University does not recognize the liability for supplemental retirement income benefits during the service life of covered employees, but recognizes its costs when funds are appropriated by the Legislature and payments are made. The University intends to continue paying supplemental retirement income benefits contingent upon the Legislature continuing to appropriate funds required to make these payments. Supplemental retirement benefit payments were approximately $3,767,000 and $3,962,000 for the years ended June 30, 2003 and 2002, respectively.

The latest actuarial valuation was prepared as of June 30, 2002 by TIAA. The actuarial present value of accumulated supplemental retirement income benefits as determined by this valuation, utilizing an assumed rate of return of 7%, was $25,672,000.

18. Health Insurance Benefits for Retirees

The University provides a health care credit towards health insurance coverage to retirees who have a minimum of fifteen years service. The University recognizes the cost of providing this credit by expensing the credit in the year provided. These health care credits totaled approximately $6,041,000 and $5,068,000 for the years ended June 30, 2003 and 2002, respectively. At June 30, 2003, 2,074 retirees met the service requirement and were receiving the health care credit.

19. Risk Management

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by (1) the State Fire and Tornado Insurance Fund (the Fund), (2) Sovereign Immunity and the State Board of Claims or, (3) in the case of risks not covered by the Fund and Sovereign Immunity, commercial insurance, participation in insurance risk retention groups or self-insurance.

The Fund covers losses to property from fire, wind, earthquake, flood and most other causes of loss between $250 and $500,000 per occurrence. Losses in excess of $500,000 are insured by commercial carriers up to $500 million per occurrence principally on an actual cash value basis. As a state agency, the University is vested with Sovereign Immunity and is subject to the provisions of the Board of Claims Act, under which the University's liability for certain negligence claims is limited to $200,000 for any one person or $350,000 for all persons damaged by a single act of negligence. Claims against educators' errors and omissions and wrongful acts are insured through a reciprocal risk retention group. There have been no significant reductions in insurance coverage from 2002 to 2003. Settlements have not exceeded insurance coverage during the past three years.

The University and its agents are insured against medical malpractice by a combination of self-insurance, commercial liability insurance, and an excess coverage fund established by the Commonwealth of Kentucky. The malpractice liability at June 30, 2003 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be recorded if it is probable that a liability has occurred and the amount of loss can be reasonably estimated. The liability includes an estimate for claims that have been incurred but not reported at June 30, 2003.

The University is self-insured for the long-term disability income program and has established a 501(c)(9) trust for purposes of paying claims and establishing necessary reserves. The estimated long-term disability payments for known claims at June 30, 2003 are reported at their present value assuming an investment yield of 6.0%.

The University also self-insures certain employee benefits, including health insurance, worker's compensation, unemployment claims, and a long-term disability supplemental reserve, to the extent not covered by insurance. The University has recorded an estimate for asserted claims at June 30, 2003.

Long-term liabilities related to self-insurance are detailed in Note 8, above.

20. Contingencies

The University is defendant in various lawsuits. However, University officials are of the opinion, based on advice of in-house legal counsel, that the effect of the ultimate outcome of all litigation will not be material to the future operations or financial position of the University.

21. Natural Classification

The University's operating expenses by natural classification were as follows for the years ended June 30, 2003 and 2002, respectively (in thousands):

	2003	2002
Salaries and wages	$ 599,813	$ 578,889
Employee benefits	142,479	127,198
Repairs and maintenance	64,100	60,040
Supplies	140,488	137,768
Depreciation	67,648	64,688
Student scholarships and financial aid	34,084	29,736
Utilities	46,514	43,454
Communications	17,449	17,144
Professional services	60,983	57,864
Travel	12,815	12,405
Resale	8,962	9,419
Other, various	46,673	43,138
Total	$1,242,008	$1,181,743

22. Subsequent Events

On July 22, 2003, the University sold $29,755,000 of University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series S, at a net interest cost of 4.34%. The proceeds of this bond issue will be used to complete the construction of the Biomedical Sciences Research Building on the main campus in Lexington, Kentucky.

On August 13, 2003, the University sold $52,815,000 of University of Kentucky Housing and Dining System Revenue Bonds, Series S, at a net interest cost of 4.58%. The proceeds of this bond issue will be used to construct new dormitories with approximately 700 new beds on the main campus in Lexington, Kentucky.

23. Reclassifications

Certain reclassifications to fiscal 2002 comparative amounts have been made to conform with the 2003 classifications.

Deloitte & Touche LLP
Suite 2100
220 W. Main Street
Louisville, Kentucky 40202-5313

Tel: (502) 562-2000
Fax: (502) 562-2073
www.deloitte.com

Deloitte
& Touche

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

To the Board of Trustees of the
University of Kentucky

and

the Secretary of Finance and
Administration Cabinet of the
Commonwealth of Kentucky

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The additional consolidating information contained on pages 31 and 32, is presented for the purpose of additional analysis of the basic consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual entities, and is not a required part of the basic consolidated financial statements. This additional information is the responsibility of the University's management. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic consolidated financial statements taken as a whole.

Deloitte & Touche LLP

August 29, 2003
Louisville, Kentucky

UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
CONSOLIDATING SCHEDULE
STATEMENT OF NET ASSETS
JUNE 30, 2003
(in thousands)

	UK	UK Research Foundation	The Fund	Equine Research Foundation	UK Athletic Association	Humanities Foundation	Mining Engineering Foundation	Business Partnership Foundation	Center on Aging	Health Care Collection Service	Total
ASSETS											
Current Assets											
Cash and cash equivalents	$ 268,214	$ 319	$ 6,845	$ 1,327	$ 10,967	$ 46		$ 234	$ 328	$ 269	$ 288,549
Notes, loans and accounts receivable, net	102,212	29,085	2,007	3	519	20					133,846
Inventories and other	12,849	1,505			2,274					11	16,639
Total current assets	383,275	30,909	8,852	1,330	13,760	66	-	234	328	280	439,034
Noncurrent Assets											
Restricted cash and cash equivalents	72,188										72,188
Endowment investments	406,485	3,583	191	7,551	266	1,080	$ 1,860	11,390			432,406
Other long-term investments	183,922	613		154	3,176						187,865
Notes, loans and accounts receivable, net	24,526					66					24,592
Capital assets, net	825,229	4,690			55,351					345	885,615
Total noncurrent assets	1,512,350	8,886	191	7,705	58,793	1,146	1,860	11,390	-	345	1,602,666
Total assets	1,895,625	39,795	9,043	9,035	72,553	1,212	1,860	11,624	328	625	2,041,700
LIABILITIES											
Current Liabilities											
Accounts payable and accrued liabilities	101,886	6,540	235		2,467	1	3	19		280	111,431
Deferred revenue	12,477	20,552			10,000						43,029
Long-term liabilities - current portion	38,990				1,045						40,035
Total current liabilities	153,353	27,092	235	-	13,512	1	3	19	-	280	194,495
Noncurrent Liabilities											
Long-term liabilities	228,684				42,520						271,204
Total liabilities	382,037	27,092	235	-	56,032	1	3	19	-	280	465,699
INTERFUND BALANCES	1,143		(574)	(569)							-
NET ASSETS											
Invested in capital assets, net of related debt	647,489	4,690			14,961					345	667,485
Restricted											
Nonexpendable	322,885	1,117	37	4,676		605	872	7,306			337,498
Expendable	155,850	2,771	500	3,790	343	606	985	4,299	328		169,472
Total restricted	478,735	3,888	537	8,466	343	1,211	1,857	11,605	328	-	506,970
Unrestricted	388,507	4,125	7,697		1,217						401,546
Total net assets	$ 1,514,731	$ 12,703	$ 8,234	$ 8,466	$ 16,521	$ 1,211	$ 1,857	$ 11,605	$ 328	$ 345	$ 1,576,001

UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
CONSOLIDATING SCHEDULE FOR THE YEAR ENDED JUNE 30, 2003
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
(in thousands)

	UK	UK Research Foundation	The Fund	Equine Research Foundation	UK Athletic Association	Humanities Foundation	Mining Engineering Foundation	Business Partnership Foundation	Center on Aging	Health Care Collection Service	Total
OPERATING REVENUES											
Student tuition and fees, net	$ 107,485										$ 107,485
Federal grants and contracts	18,388	$ 107,894									126,282
State and local grants and contracts	23,636	34,474	$ 198								58,308
Nongovernmental grants and contracts	79,674	21,723	1,612								103,009
Recoveries of facilities and administrative costs	317	34,047									34,364
Sales and services	28,030	669	8,867						$ 2	$ 3,406	40,974
Federal appropriations	14,066										14,066
County appropriations	9,801										9,801
Hospital patient services	343,393										343,393
Auxiliary enterprises:											
Housing and Dining, net	26,622										26,622
Athletics					$ 35,236						35,236
Other auxiliaries	12,636										12,636
Other operating revenues	250										250
Total operating revenues	664,298	198,807	10,677	-	35,236	-	-	-	2	3,406	912,426
OPERATING EXPENSES											
Educational and general:											
Instruction	229,996	14,568	117			$ 1	$ 43	$ 55	5		244,785
Research	64,454	122,939	13	$ 4			43	55	149		187,657
Public service	130,475	33,346	420				9				164,250
Libraries	12,006		3								12,009
Academic support	43,810	1,880	2,138					268			48,096
Student services	19,747	2	83			6					19,838
Institutional support	43,511	389	498	10						3,396	47,804
Operations and maintenance of plant	46,390		3								46,393
Student financial aid	26,685	1,474	67			42		165			28,433
Depreciation	48,660	258								75	48,993
Total educational and general	665,734	174,856	3,342	14	-	49	95	543	154	3,471	848,258
Hospital and clinics (including depreciation of $13,996)	310,771										310,771
Auxiliary enterprises:											
Housing and Dining (including depreciation of $2,110)	30,926										30,926
Athletics (including depreciation of $2,550)	4,569				33,913						38,482
Other auxiliaries	13,348										13,348
Other expenses	223										223
Total operating expenses	1,025,571	174,856	3,342	14	33,913	49	95	543	154	3,471	1,242,008
Net income (loss) from operations	(361,273)	23,951	7,335	(14)	1,323	(49)	(95)	(543)	(152)	(65)	(329,582)
NONOPERATING REVENUES (EXPENSES)											
State appropriations	304,735										304,735
Gifts and grants	20,242		86	179	52	92	1	56	124		20,832
Investment income	32,407	205	181	166	183	14	23	150	10	5	33,344
Interest on capital asset-related debt	(9,307)				(2,180)						(11,487)
Grant to/(from) the University for non-capital purposes	24,084	(15,913)	(7,234)	(629)	(173)	(10)	(17)	(108)			-
Other nonoperating revenues and expenses	(700)	798			1,444						1,542
Net nonoperating revenues	371,461	(14,910)	(6,967)	(284)	(674)	96	7	98	134	5	348,966
Net income (loss) before other revenues, expenses, gains, or losses	10,188	9,041	368	(298)	649	47	(88)	(445)	(18)	(60)	19,384
Capital appropriations	1,660										1,660
Capital grants and gifts	17,061	3,403									20,464
Additions to permanent endowments	26,290						7	120			26,417
Grant to/(from) the University for capital purposes	18,804	(15,195)	(308)		(3,282)			(7)	(12)		-
Other	616				34						650
Total other revenues	64,431	(11,792)	(308)	-	(3,248)	-	7	113	(12)	-	49,191
INCREASE (DECREASE) IN NET ASSETS	74,619	(2,751)	60	(298)	(2,599)	47	(81)	(332)	(30)	(60)	68,575
NET ASSETS, beginning of year	1,440,112	15,454	8,174	8,764	19,120	1,164	1,938	11,937	358	405	1,507,426
NET ASSETS, end of year	$ 1,514,731	$ 12,703	$ 8,234	$ 8,466	$ 16,521	$ 1,211	$ 1,857	$ 11,605	$ 328	$ 345	$ 1,576,001

FCR 2

Office of the President
September 16, 2003

Members, Board of Trustees:

CAPITAL CONSTRUCTION REPORT

Recommendation: that the capital construction report for the three months ending June 30, 2003 be accepted. This report refers only to projects that had activity within this quarter.

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

For the period April 1, 2003 – June 30, 2003, there was one new contract:

Student Housing Facilities 2153.0

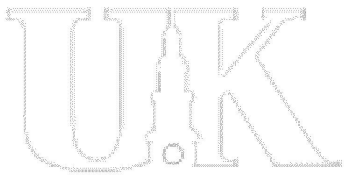
Three contracts were completed; they are as follows:

Gluck Equine Research Center Renovation 2005.0
Plant Sciences Building 1745.0
Renovate Parking Structure # 1 – Phase I 2138.0

There was one amendment this quarter, and ten change orders.

Action taken: ☑ Approved ❑ Disapproved ❑ Other _____

University of Kentucky



Capital Construction Quarterly Activity Report

For the three months ending June 30, 2003

CAPITAL CONSTRUCTION CONTRACTS
QUARTERLY ACTIVITY REPORT

This report contains capital projects that have a dollar scope value of $400,000 and above. The projects are listed in alphabetical order and contain the project number, the dollar scope, a brief description of the project work and information pertaining to the primary consultant's contract and the primary contractor's contract. This information includes:

Consultant: This section contains the name of the consultant, the contract number, the original contract amount, the total number of amendments, the cumulative amendment amount, the revised contract amount, and a notes section. The notes section will describe, in bold face type, all amendments to the consultant's contract for the current quarter.

Contractor: This section contains the name of the contractor, the contract number, the original construction contract amount, the total number of change orders, the cumulative change order amount, the revised contract amount, information on the low, high and number of bids, the percent of the contract completed, and a section for notes. The notes section will describe, in bold face type, all change orders greater than $25,000 for the current quarter.

CAPITAL CONSTRUCTION QUARTERLY ACTIVITY REPORT

Glossary

Amendment: refers to modifications or changes to the Consultant' s contract with the University, usually the result of changes in the program or scope of a project caused by unforeseen conditions or at the request of the University.

Change Order: refers to modifications or changes to the Contractor' s contract with the University, usually the result of conditions not anticipated by the contract documents, plans and/or specifications for the work.

Consultant: the entity, usually an architectural or engineering firm, with whom the University contracts and who has primary responsibility for providing services to design and to administer the contract for construction of a construction project. The prime consultant frequently employs the services of one or more sub-consultants in fulfilling its contractual obligation.

Contract administration: refers to the activities of the consultant during the construction phase of the project in which they verify that construction is in compliance with the requirements of the contract between the University and the contractor.

General Contractor: the entity, usually a general contractor but occasionally a trade contractor, with whom the University contracts and who has primary responsibility for completion the construction of a project. This "prime" contractor usually employs the services of various subcontractors (trade contractors) and vendors in fulfilling its contractual obligations.

Feasibility Study: refers to investigation, usually commissioned through an outside consultant, to advise the University of the merits of an anticipated construction project, and to evaluate and comment on matters such as need, probably cost, preliminary program issues, and so forth.

Gross square feet: the total area of the project, generally measured from the outside of exterior walls for all floors of the project, including mechanical spaces.

H.B.C.: refers to the Commonwealth of Kentucky Department of Housing, Buildings and Construction, the state agency having responsibility for review and approval of University construction projects to assure compliance with applicable building codes.

Penthouse: refers generally to the enclosure around roof mounted mechanical spaces in a project. Not considered occupied (or net assignable) space.

Percent complete: as used in the report refers to the expenditure to date divided by the total amount of the construction contract for the work.

Net assignable square feet: the usable area of the project excluding corridors, rest rooms, storage areas, mechanical spaces, etc.

Phase: The various stages of design and construction of a capital project, including:

- Programming phase: refers to the initial planning phase of a project, during which the University (with or without participation by a consultant) defines in detail the needs and requirements of a project. This program becomes the basis for consultant selection, fee negotiation, and design of the project.
- Schematic design (S/D or Phase 1): refers to the first formal phase of design by the consultant, in which a general design solution to project programmatic requirements is developed.
- Design development (D/D or Phase 2): refers to the second formal phase of design by the consultant, during which the schematic design is expanded to identify solutions to design issues in broad terms, sufficient to insure the stated programmatic needs can be met.
- Construction document phase (C/D or Phase 3): refers to the final phase of the design process in which the details and specific project requirements are identified and incorporated in a final set of biddable construction documents.
- Bidding phase: refers to the stage of a project during which proposals for construction are solicited, culminating in the award of one or more contracts for construction.
- Construction phase (or Phase 5): refers to the actual construction of the project by contractors.

Scope: The total estimated value of a capital project on completion, including all design, construction and administrative costs as well as the cost of capitalized furnishings and equipment.

Substantial Completion: refers to the time during construction, certified by the consultant, when the work is sufficiently complete for the University to occupy the facility for its intended use without significant interruption. Upon certification of substantial completion, the University assumes operational and maintenance responsibility and insurance liability for the project and the warranty period begins for most elements of the construction. Some work generally remains, including correction of minor punchlist items, before the work is certified finally complete.

Trade Contractor: Sub-contractors, or individual bid package contractors, who practice a specific, trade (electrical, painting, structural steel, for example).

CAPITAL CONSTRUCTION QUARTERLY ACTIVITY

Biomedical /Biological Sciences Research Bldg

Project Number: 1876.0

Scope: $72,867,555

Project Description:

The new structure will serve as a state of the art facility for collaboration in research and graduate education, biological chemistry, genetics, molecular and cellular biology, neuroscience and related fields. The design will allow the faculty of multidisciplinary teams to be housed in adjoining labs.

Consultant: A.M. Kinney

Contract # A001400		Original Contract Amount:	$5,600,000
Total Amendments to Date:	3	Cumulative Amendment Amount:	$786,154
		Revised Contract Amount:	$6,386,154

Describe all amendments :

Amendment #1, 12/11/01, an increase of $485,742.00, was approved to provide consultant services to include the addition of a pedestrian bridge to the main campus, expanded Vivarium facilities and the addition of space for an amenity feature. **Amendment #2,** 10/8/02, an increase of $204,750.00, was approved to provide for owner requested changes to the design during the construction document phase and for reimbursable expenses for printing and HB&C plan review fees. **Amendment #3, 6/10/03, an increase of $95,662, was approved for additional service during the Bidding Process which includes Specification and Bidding of a Boiler for the CUP, Revision of Division 1700 Specifications to current standards and analysis of multiple bid packages.**

Contractor: Gilbane (Construction Manager At-Risk)

Note: This is 'CM-At-Risk' contract. The contracted amount will be increased as sub-contracts are bid and added.
*Gilbane's contract was awarded by RFP process.

Contract # X203535		Original Contract Amount:	$59,379,657
Total Change Orders to Date:	83	Cumulative Change Order Amount:	$584,161
Low Bid:		Revised Contract Amount:	$59,963,818
High Bid:		Contract Percent Complete:	28%
Number of Bids:			

Describe all change orders greater than $25,000.00:

Change Order #26, 1/9/03, was approved for $35,958 to extend 30" condenser water pipe from bullhead tee to future cooling tower well. **Change Order #27,** 1/9/03, was approved for $32,683 to delete Adsco steam expansion joints from Specification 15121CUP. After bid, issues were discovered with one of the specified expansion joints, as such this manufacurer was eliminated from specification, resulting in additional cost for alternate joints. **Change Order #30,** 1/15/03, was approved for $42,019 to revise material for 48" and 30" condenser water pipe to ductile iron pipe. **Change Order #40,** 3/14/03 was approved for $72,705 to incorporate revisions to pumping systems and valves. **Change Order #44,** 3/17/03, was approved for $82,037 to change direct buried steam piping Multitherm 500 System Class A. This will provide a more durable protective jacket for steam piping. **Change Order #45,** 3/28/03, was approved for $48,745 to revise circuit breaker specification and to relocate bus differential relays. **Change Order #49, 4/8/03, was approved for $42,430 to undercut BBSRB ground floor from column line 8 north as required due to unsuitable soils and uneven rock. Change Order #52, 4/24/03, was approved for $28,102 to undercut CUP area beyond 7' depth indicated on documents due to unsuitale soils not previously identified in soils investigation. Change Order #59, 5/20/03, was approved for $87,614 because it was deterrmined that certain portions of the plumbing design did not comply with the Kentucky HB&C requirements as interpreted by the reviewer. Change Order #61, 5/23/03, was approved for $117,246 to revise the RO/DI water system in the BBSRB to increase the quality of water provided at the labs to a Level II. Change Order #70, 6/11/03, was approved for $26,383 to revise routing of ductbanks east of CUP. Change Order #71, 6/11/03 was approved for $35,484 to provide additional down leads for the Lightning Protection System required to obtain U.L. Listing.**

CAPITAL CONSTRUCTION QUARTERLY ACTIVITY

Building/Site Upgrade III (RO system upgrade)

Project Number: 2074.0

Scope: $753,250

Project Description:
This project consists of providing separate Reverse Osmosis Water recirculation systems for Riser A/B and Riser C of the University of Kentucky Medical Science wing. Common softener and carbon filter equipment will be located in Mechanical Room MA2. R.O. equipment, storage tanks, distribution pumps, deionizied equipment, UV unit and final filters will be located in Mechanical Room MA2 and H46 for Riser A/B and Riser C respectively. Piping and fittings will be schedule 80 PVC.

Consultant: Biagi, Chance, Cummins, London, Titzer, Inc.

Contract # A021190		Original Contract Amount:	$40,000
Total Amendments to Date: 0		Cumulative Amendment Amount:	
		Revised Contract Amount:	$40,000

Describe all amendments :
No amendments this quarter.

Contractor: Finney Company

Contract # X301139		Original Contract Amount:	$413,000
Total Change Orders to Date:	6	Cumulative Change Order Amount:	$24,113
Low Bid: $413,000		Revised Contract Amount:	$437,113
High Bid: $604,965		Contract Percent Complete:	97%
Number of Bids: 3			

Describe all change orders greater than $25,000.00:

No change orders greater than $25,000 this quarter.

Infrastructure Utility Upgrade Phase I - Hospital Drive Steam

Project Number: 1949.2

Scope: $637,400

Project Description:
Replace steam and condensate lines under the Medical Center Hospital Drive.

Consultant: Staggs & Fisher (Amendment to 1949.0 Contract)

Contract # A011180		Original Contract Amount:	$67,600
Total Amendments to Date: 0		Cumulative Amendment Amount:	
		Revised Contract Amount:	$67,600

Describe all amendments :
No amendments this quarter.

Contractor:

Contract # No Construction contracts awarded to date.		Original Contract Amount:	
Total Change Orders to Date:		Cumulative Change Order Amount:	
Low Bid:		Revised Contract Amount:	
High Bid:		Contract Percent Complete:	
Number of Bids:			

Describe all change orders greater than $25,000.00:

No change orders greater than $25,000 this quarter.

CAPITAL CONSTRUCTION QUARTERLY ACTIVITY

Main Building Reconstruction (Administration Bldg.)

Project Number: 2025.0

Scope: $16,075,000

Project Description:

The Administration Building Reconstruction project involves rebuilding the interior and exterior portions of the building while re-using the exterior masonry wall shell that remained after the May 2001 fire. In general, the President's office and related functions will be housed in the building along with a visitor's center, a smart classroom, public ceremonial space and other administrative offices. All building systems will be new and include state of the art HVAC, electrical, communications, fire/smoke detection and suppression components and will be connected to the central campus utility systems. Structural and architectural systems and details are now being developed but will include new toilets, elevator and other amenities associated with new construction to meet current building codes and accessibility standards. Sitework will include the creation of a Patterson Plaza entrance at the east side of the building and a connecting link to the Gillis Building. Other sitework details are now being programmed.

Consultant: James W. Potts Architects

Contract # A021160		Original Contract Amount:	$841,340
Total Amendments to Date:	1	Cumulative Amendment Amount:	$172,000
		Revised Contract Amount:	$1,013,340

Describe all amendments :

Amendment #1, 9/10/02, was approved for $172,000 to provide for an increase in scope for additional design services. The additional services include the design and construction of increased site work that includes re-grading, utilities relocation and installation, roadwork and landscaping to incorporate the reconstruction of the building into the surrounding campus buildings and grounds. **No amendments this quarter.**

Contractor: Messer Construction Company (Construction Manager At-Risk)

Note: This is 'CM-At-Risk' contract. The contracted amount will be increased as sub-contracts are bid and added.
*Messer's Contract was awarded by RFP process.

Contract # X301712		Original Contract Amount:	$6,356,502
Total Change Orders to Date:	22	Cumulative Change Order Amount:	$17,520
Low Bid:		Revised Contract Amount:	$6,374,022
High Bid:		Contract Percent Complete:	29%
Number of Bids:			

Describe all change orders greater than $25,000.00:

No change orders greater than $25,000 this quarter.

CAPITAL CONSTRUCTION QUARTERLY ACTIVITY

Nursing Unit Modification IX (5-North GCRC Unit)

Project Number: 2057.0

Scope: $1,080,000

Project Description:

The project involves the design of a renovation to the 5th floor, north GCRC Unit. . The outpatient services will be relocated and the space evacuated will be renovated to provide additional inpatient rooms. When the outpatient services of the GCRC Unit are relocated, this project will provide for possibly 5 additional inpatient rooms and support facilities. The remaining rooms will be upgraded aesthetically with new finishes to the extent the project budget will allow.

Consultant: Gartner, Burdick, Bauer-Nilsen, Inc. (GBBN)

Contract # A021140		Original Contract Amount:	$49,900
Total Amendments to Date:	1	Cumulative Amendment Amount:	$7,150
		Revised Contract Amount:	$57,050

Describe all amendments :

Amendment #1, 3/7/03, in the amount of $7,150. was approved to provide drawing revisions due to a change in function of the new patient rooms from "in-patient" to "exam/procedure" rooms. **No amendments this quarter.**

Contractor: E H Construction

Contract # X304381		Original Contract Amount:	$314,990
Total Change Orders to Date:		Cumulative Change Order Amount:	
Low Bid:		Revised Contract Amount:	$314,990
High Bid:		Contract Percent Complete:	
Number of Bids:			

Describe all change orders greater than $25,000.00:

No change orders greater than $25,000 this quarter.

Primary Care Ctr/Outpatient Diagnostic & Treatment Ctr

Project Number: 1764.0

Scope: $24,491,723

Project Description:

Construct a new facility of approximately 90,000 gross square feet of space to house the Center for Advanced Surgery and the Gill Heart Institute. The new facility will consist of an outpatient surgery center and an outpatient clinic devoted to diagnostic and treatment services.

Consultant: CMW, Inc.

Contract # A991240		Original Contract Amount:	$2,147,765
Total Amendments to Date:	1	Cumulative Amendment Amount:	$217,894
		Revised Contract Amount:	$2,365,659

Describe all amendments :

Amendment #1, 12/10/02, an increase of $217,894.00 was approved for additional design services as a result of value added changes. **No amendments this quarter.**

Contractor: D.W. Wilburn, Inc.

Contract # X014454		Original Contract Amount:	$18,670,000
Total Change Orders to Date:	106	Cumulative Change Order Amount:	$1,531,335
Low Bid: $18,670,000		Revised Contract Amount:	$20,201,335
High Bid: $20,799,000		Contract Percent Complete:	88%
Number of Bids: 4			

Describe all change orders greater than $25,000.00:

Change Order #6,1/11/01, was approved for $35,748.88 to modify roof assembly, fire proofing, one hardware set, four doors, exit signs at penthouse and smoke detectors at air code system per review by Housing, Building and Construction Division. **Change Order #9,** 5/8/01, was approved for $62,186.00 to relocate 5 existing water lines that are in conflict with the ramp in the courtyard area, and to relocate existing storm drainage structures that are also in conflict with new construction. **Change Order #12,** 5/16/01, was approved for $39,302.40 to add lantern light fixtures to match Allied Health Project. **Change Order #33.** 2/7/02, was approved for $42,875.27 to make architectural and structural modifications to the electrical room to accomodate electrical gear. **Change Order #37**, 4/8/02, was approved for $34,909.40 to change the key switches to a Yale seven pin cylinder. **Change Order #44,** 5/29/02, was approved for $31,459.40 to add light fixtures consisting of 21 Holophane Bollards and 9 Holophane Pole lights. Cost of fixture installation is included in the original contract work. These fixtures were originally planned to be owner provided and contractor installed. This change order will have the contractor provide these fixtures. **Change Order #46,** 10/15/02, was approved for $64,896.34 to install a Hill-Rom Nurse Call System compatible with the Nurse Call in the rest of the hospital. **Change Order #51, 1**1/27/02, was approved for $669,115.00 to add mechanical chase through the building and to modify wall configurations. The revisions include widening of corridors 000H and 000I to 8'-0", relocation of the elevator equipment room 503, construction of a vertical chase adjacent to same elevator from Penthouse through the floor slab of the first floor. This change is to allow the ground floor to become a diagnostic center in the future for both outpatients and inpatients and provide sufficient HVAC support for future diagnostic center. **Change Order #53,** 12/17/02, was approved for $30,164.50 to relocate the roof leader from the stairwell as required by code. **Change Order #57,** 1/13/03, was approved for $38,882.39 for electrical revisions for equipment in the O.R.'s. **Change Order #58,** 1/10/03, was approved for $45,198.45 was approved to extend the communication conduit from outlets to cable tray per CCR #76. **Change Order #67,** 2/27/03 was approved for $65,055.08 to install new vibration isolation system support. **Change Order #68,** 3/31/03 was approved for $93,035.58 to revise the decontamination room. **Change Order #72, 4/1/03, was approved for $38,981.55 to provide the 1/2 ' thick Corian-Sierra Eclipse material solid surface countertops in lieu of the 1/8' veneer solid surface. Change Order #75, 4/14/03, was approved for $46,262.77 to provide fire rated enclosures on tops of elevator shafts and adjacent machine rooms. Change Order #76, 4/14/03, was approved for $28,606.25 to provide fire rated enclosures of the duct chase. Change Order #77, 4/29/03, was approved for $80,447.10 to add door position switches , this change indicates connections for electronic door security not previously covered in the contract documents.**

CAPITAL CONSTRUCTION QUARTERLY ACTIVITY

Renovate Parking Structure #1 - Phase Two

Project Number: 2138.1

Scope: $1,120,240

Project Description:

Scope of work shall consist of:
1) Repair delamination on upper slab
2) Waterproof entire structure
3) Replace and repair expansion joints
4) Repair remaining columns and walls
5) Clean and repair grout filler holes, all locations.

Consultant: Buell Fryer McReynolds

Contract # A031080 — Original Contract Amount: $161,000

Total Amendments to Date: 0 — Cumulative Amendment Amount:

Revised Contract Amount: $161,000

Describe all amendments :

*** Consultant's contract is under project 2138.0**

Contractor: Volunteer Restoration Inc.

Contract # X304906 — Original Contract Amount: $973,400

Total Change Orders to Date: 0 — Cumulative Change Order Amount:

Low Bid: $973,400 — Revised Contract Amount: $973,400

High Bid: $1,436,117 — Contract Percent Complete:

Number of Bids: 4

Describe all change orders greater than $25,000.00:

No change orders greater than $25,000 this quarter.

Renovation of Urology Clinic

Project Number: 2061.0

Scope: $550,000

Project Description:

The Urology Clinic is currently located on the first floor of the Kentucky Clinic and shares some functions with the Orthopaedics clinic. The intent of this project is to provide services allowing Urology to function as an independent clinic, with a new and distinctive entrance. The project is also to provide the clinic with a registration/medical records/phone area, waiting room, eight exam rooms, two Cysto/Flouro rooms (one of which will require lead lined walls), a consultation room, manager's office, clean utility, soiled utility, lab, staff toilet, and a handicap accessible patient toilet.

Consultant: James W. Potts Architects

Contract # A021150 — Original Contract Amount: $35,000

Total Amendments to Date: 1 — Cumulative Amendment Amount: $3,290

Revised Contract Amount: $38,290

Describe all amendments :

Amendment #1, 11/12/02 was approved for an increase of $3,290 for additional design services for added scope of work. **No amendments this quarter.**

Contractor: Jarboe Construction Company

Contract # X304214 — Original Contract Amount: $387,000

Total Change Orders to Date: 1 — Cumulative Change Order Amount: $583

Low Bid: — Revised Contract Amount: $387,583

High Bid: — Contract Percent Complete:

Number of Bids:

Describe all change orders greater than $25,000.00:

No change orders over $25,000 this quater.

Research Lab Fit-up (Aging Allied/Health) 5th Floor

Project Number: 1984.0

Scope: $5,250,000

Project Description:
This project consists of the construction to fit-up the shelled fifth floor of the Aging/Allied Health Building for the Research Lab use.

Consultant: James W. Potts Architects

Contract # A011160
Total Amendments to Date: 1

Original Contract Amount: $410,000
Cumulative Amendment Amount:
Revised Contract Amount: $410,000

Describe all amendments :
No amendments this quarter.

Contractor: Woodford Builders

Contract # X301038
Total Change Orders to Date: 19
Low Bid: $3,877,000
High Bid: $4,428,000
Number of Bids: 8

Original Contract Amount: $3,877,000
Cumulative Change Order Amount: $66,648
Revised Contract Amount: $3,943,648
Contract Percent Complete: 74%

Describe all change orders greater than $25,000.00:

No change orders greater than $25,000.00 this quarter.

Student Housing Facilities

Project Number: 2153.0

Scope: $46,000,000

Project Description:
In an effort to respond to issues related to students living off campus, the University has undertaken efforts to assess its campus housing. Consistent with the recently adopted UK Physical Development Campus Plan 2050 Final Report December 2002, the University is constructing new dormitories with approximately 500 to 700 new beds. The dormitories will be configured with suites or semi-suites bedrooms and living areas. The dormitories will be located at sites as identified in the Phase 1 Housing - 2010 Campus Plan. New housing may include ancillary components including common areas, student activity spaces, academics, food services, parking and central campus utilities. The goal of this effort is to provide new dormitories by the start of the Fall semester, August 2005.

Consultant: Ayers/Saint/Gross

Contract # A031090
Total Amendments to Date: 0

Original Contract Amount: $545,000
Cumulative Amendment Amount:
Revised Contract Amount: $545,000

Describe all amendments :
No amendments this quarter.

Contractor:

Contract # No construction contracts awarded to date.
Total Change Orders to Date:
Low Bid:
High Bid:
Number of Bids:

Original Contract Amount:
Cumulative Change Order Amount:
Revised Contract Amount:
Contract Percent Complete:

Describe all change orders greater than $25,000.00:

No change orders greater than $25,000 this quarter.

CAPITAL CONSTRUCTION QUARTERLY ACTIVITY

UK Center for Rural Health

Project Number: 1965.0

Scope: $13,065,000

Project Description:

The University of Kentucky is undertaking the design and construction of a new Center for Rural Health to provide space to house the existing programs of the Center and the Health Professions programs of Hazard Community College.

Consultant: Omni Architects

Contract # A011110		Original Contract Amount:	$879,845
Total Amendments to Date:	1	Cumulative Amendment Amount:	$140,682
		Revised Contract Amount:	$1,020,527

Describe all amendments :

Amendment #1, 3/12/02, was approved for an increase of $140,682.00 for consultant services to expand the scope of the project. Federal funding was received requiring re-programming and design. **No amendments this quarter.**

Contractor: D.W. Wilburn

Contract # X301039		Original Contract Amount:	$8,320,000
Total Change Orders to Date:	11	Cumulative Change Order Amount:	$2,027
Low Bid:	$8,320,000	Revised Contract Amount:	$8,322,027
High Bid:	$8,990,000	Contract Percent Complete:	42%
Number of Bids:	3		

Describe all change orders greater than $25,000.00:

No change orders greater than $25,000.00 this quarter.

FCR 3

Office of the President
September 16, 2003

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 renewal lease between the University of Kentucky (Cooperative Extension Service) and Molly Ershig, 502 Norris Lane, Henderson, Kentucky, for space located at 409 South Green Street, Henderson, Kentucky, effective July 1, 2003 through June 30, 2005, for the use of 1,050 square feet of office space, at an annual rate of $9,975.00, be accepted and made a matter of record.

A new lease between the University of Kentucky (Center for Drug & Alcohol Research) and North Creek Properties, LLC, P. O. Box 2512, Brentwood, Tennessee for space located at 115 Walker Drive, Russellville, Kentucky, effective September 1, 2003 through June 30, 2008, for the use of 635 square feet of office space, at an annual rate of $5,715.00, be accepted and made a matter of record.

A new lease between the University of Kentucky (College of Engineering) and Kentucky Technology, Inc., 1501 Bull Lea Blvd, Suite 101, Lexington, Ky., for space located in the ASTeCC Building, University Campus, Lexington, Kentucky, effective July 1, 2003 through June 30, 2005, for the use of 387.96 square feet of laboratory space, at an annual rate of $5,431.44, be accepted and made a matter of record.

A new lease between the University of Kentucky (Department of Art) and Young Properties, 807 Press Avenue, Lexington, Kentucky, for space located at 330 Rose Street, Lexington, Kentucky, effective August 23, 2003 through June 30, 2004, for the use of a 650 square foot apartment, at an annual rate of $6,300.00, 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 4

Office of the President
September 16, 2003

Members, Board of Trustees:

PATENT ASSIGNMENT REPORT

Recommendation: that the patent assignment report for the period May 1, 2003 through July 31, 2003 be accepted.

Background: FCR 5, dated March 4, 1997, authorized that all future copyright and patent filings and prosecutions be conducted by the University of Kentucky Research Foundation (UKRF), and that the Vice President for Research and Graduate Studies or his designee be authorized to execute any needed documents to obtain appropriate patent or copyright protection. Quarterly reports on patent and copyright applications are to be submitted to the Finance Committee of the Board.

Action taken: ☑ Approved ❑ Disapproved ❑ Other _____

PATENT ASSIGNMENT
QUARTERLY FOR THE PERIOD MAY 1, 2003 THROUGH JULY 31, 2003

Patents

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

1. U.S. Patent Serial Number: 10/445,320, filed May 27, 2003, titled "COMPOSITIONS AND METHODS FOR DETECTING AND TREATING ATHEROSCLEROSIS." Inventors: Dr. Nancy R. Webb and Dr. Frederick C. DeBeer." The present invention provides methods for detecting atherosclerotic plaque and quantifying the amount of Group V $sPLA_2$ in plasma. These methods can be used to assess the risk of cardiovascular pathology in a patient.

2. U.S. Patent Serial Number: (to be assigned), filed July 21, 2003, titled "RECOMBINANT STOKESIA EPOXYGENASE GENE." Inventors: Drs. David Hildebrand and Tomoko Hatanaka. This invention provides a chimeric gene comprising an isolated nucleic acid molecule encoding a delta 12-fatty acid epoxygenase enzyme and transgenic plants containing the chimeric gene. Expression of the chimeric 12-epoxygenase gene leads to altered levels of fatty acids in transformed cells.

3. U.S. Patent Serial Number: 10/419,261, filed April 21, 2003, titled "VECTORS AND METHODS FOR CANCER CELL-SPECIFIC GENE EXPRESSION." Inventors: Drs. David M. Kaetzel and Susan Kraner. This invention provides nucleic acid molecules and vectors comprising at least one ACE66 element operably linked to a promoter and a gene encoding an anti-cancer agent. The vectors and nucleic molecules are useful in the treatment of cancer.

4. U.S. Patent Serial Number: 10/421,955, filed April 24, 2003, titled "MODIFIED SOY PRODUCTS AND METHODS FOR REDUCING ODOR AND IMPROVING FLAVOR OF SOY PRODUCTS." Inventor: Dr. William L. Boatright. This invention provides a method for reducing odor in soy products and compositions containing soy products by adding or admixing a compound having one or more disulfide bonds to the soy product or composition. The disulfide compound includes a peptide containing at least cystine residue, a peptide or polypeptide containing at least one disulfide bond, L-cystine, D-cystine, DL-cystine and any combination thereof.

FCR 5

Office of the President
September 16, 2003

Members, Board of Trustees:

GIFTS TO UK CENTER FOR RESEARCH ON VIOLENCE AGAINST WOMEN

Recommendation: that the Board of Trustees accept gifts totaling $381,292.53 from 28 donors to create and endow the UK Center for Research on Violence Against Women Endowment Fund in the office of the Executive Vice President for Research.

In accordance with the Council on Postsecondary Education guidelines, the Board of Trustees acknowledges that it has primary responsibility for the implementation of the Endowment Match Program and is responsible for providing oversight of all endowment funds.

Background: The UK Center for Research Against Women has been created to advance scientific inquiry into the legal and clinical complexities presented by domestic violence, rape, stalking and related crimes against women, and to enhance the welfare and safety of those impacted by theses crimes through research, scholarship and public service. As the endowment grows, it will support professorships, chairs, fellowships and other activities to advance the Center's mission.

The donors are: 9-West Funds, $271,492.53; Altria Group and Humana Foundation, $25,000 each; Mary Byron Foundation, $10,000; Toyota $8,000; Alice Sparks, Billy Joe Miles, Michael and Margaret Scanlon, $4,000 each; Kentucky Fraternal Order of Police and Custom Data Processing, Inc., $3,000 each; Peabody Holding Company, Inc., Appriss, Inc., WKYT-TV, Jordan/Chiles, Inc. and Paul and Judi Conway Patton, $2,000 each; Kentucky County Judge Executives Association and Kentucky Magistrates and Commissioners Association, $1,800; Kentucky Sheriff's Association, Women's Law Section of Fayette County Bar Association, Steve Alan Wilson in memory and honor of Hershell and Leda Wilson, Kentucky Commission on Women Foundation, Kentucky Association of Children's Advocacy Centers, Prevent Child Abuse Kentucky, Sheila Schuster on behalf of Kentucky Mental Health Coalition, Kentucky Association of Counties, Kentucky County Judge Executives Association, Ratcliff & Shoop LLC, Lewis Paisley, and Sheila Isaac, $1,000 each. The $381,292.53 is eligible to be matched by the state's Research Challenge Trust Fund.

Action taken: ☑ Approved q Disapproved q Other_____

FCR 6

Office of the President
September 16, 2003

Members, Board of Trustees:

KENTUCKY MEDICAL SERVICES FOUNDATION, INC., PLEDGE

Recommendation: that the Board of Trustees accept a pledge of $50,000 from Kentucky Medical Services Foundation, Inc., of Lexington, Kentucky, to create and endow the James W. Holsinger, M.D., Ph.D. Professorship in Neurosciences in the College of Medicine.

In accordance with the Council on Postsecondary Education guidelines, the Board of Trustees acknowledges that it has primary responsibility for the implementation of the Endowment Match Program and is responsible for providing oversight of all endowment funds.

Background: The pledge is being made to honor Dr. Holsinger, former chancellor of the Albert B. Chandler Medical Center, for the many contributions he has made toward enhancing the teaching, research and service missions of the University's medical center colleges and programs. The pledge qualifies for matching funds from the state's Research Challenge Trust Fund. The pledge will be paid in installments of $10,000 beginning in September 2003 and ending in August 2007.

Action taken: ☑ Approved q Disapproved q Other_____

FCR 7

Office of the President
September 16, 2003

Members, Board of Trustees:

COMP-ED, INC. GIFT AND PLEDGE

Recommendation: that the Board of Trustees accept a gift of $20,000 and a pledge of $30,000 from CompEd, Inc., of Louisville, Kentucky, to create and endow the CompEd Fellowship Fund in the College of Law.

In accordance with the Council on Postsecondary Education guidelines, the Board of Trustees acknowledges that it has primary responsibility for the implementation of the Endowment Match Program and is responsible for providing oversight of all endowment funds.

Background: CompEd is a Kentucky non-profit corporation that holds continuing education conferences in workers compensation law. Profits generated from its annual conferences are used to provide student fellowships at the state's three law schools. The $30,000 pledge will be paid in $10,000 payments in 2004, 2005 and 2006. The $50,000 commitment is eligible for matching funds from the state's Research Challenge Trust Fund.

Action taken: ☑ Approved q Disapproved q Other_____

FCR 8

Office of the President
September 16, 2003

Members, Board of Trustees:

JAMES C. ALBISETTI GIFT AND PLEDGE

Recommendation: that the Board of Trustees accept a gift of $12,500 and a pledge of $37,500 from James C. Albisetti of Lexington, Kentucky, to create and endow the Albisetti Dissertation Research Fellowship in the Department of History in the College of Arts and Sciences.

In accordance with the Council on Postsecondary Education guidelines, the Board of Trustees acknowledges that it has primary responsibility for the implementation of the Endowment Match Program and is responsible for providing oversight of all endowment funds.

Background: Dr. Albisetti is a history professor at the University and has been a generous supporter of UK. The Albisetti Dissertation Research Fellowship will be awarded to a graduate student who has passed the necessary qualifying examination to be considered a doctoral candidate. The $50,000 commitment is eligible for matching funds from the state's Research Challenge Trust Fund. The pledge will be paid in five equal payments of $7,500 by June 12 in each of the years 2004 through 2008.

Action taken: ☑ Approved q Disapproved q Other_____

FCR 9

Office of the President
September 16, 2003

Members, Board of Trustees:

BUCK-KENTUCKY LUNG CANCER RESEARCH CHAIR

Recommendation: that the Board of Trustees accept from the Kentucky Lung Cancer Research (KLCR) Program a gift of $492,494, which when added to a previously-accepted gift of $300,000 from Dr. Peter Buck of Danbury, Connecticut, will create and endow the Buck-Kentucky Lung Cancer Research Chair in the Markey Cancer Center.

In accordance with the Council on Postsecondary Education guidelines, the Board of Trustees acknowledges that it has primary responsibility for the implementation of the Endowment Match Program and is responsible for providing oversight of all endowment funds.

Background: The Kentucky Lung Cancer Research Fund was established by the Kentucky General Assembly in 2000 and is funded by tobacco settlement resources. The KLCR program is governed by representatives from the Council on Postsecondary Education, the University of Louisville, the University of Kentucky as well as state-at-large members. Funds are allocated by the board to increase understanding, facilitate treatment and reduce the morbidity and mortality from lung cancer.

The $300,000 from Dr. Buck is part of an original gift from Dr. Buck and his late wife, Carmen, of $1,500,000 accepted by the Board in October, 2002. When that gift was accepted, $500,000 was designated to endowments and was matched by the state's Research Challenge Trust Fund (RCTF). The remaining $1,000,000 was designated for use to enhance cancer research programs. By today's action, the Board is authorizing $300,000 of the $1,000,000 to be designated to the Buck-Kentucky Lung Cancer Research Chair. This $300,000 is eligible for the RCTF match. The $492,494 is not eligible for matching funds because it comes from state resources.

Action taken: ☑ Approved q Disapproved q Other_____

FCR 10

Office of the President
September 16, 2003

Members, Board of Trustees:

ALTRIA / PHILIP MORRIS, INC., GIFT

Recommendation: that the Board of Trustees accept a gift of $427,956 from Altria / Philip Morris, Inc., of Richmond, Virginia, to the College of Agriculture.

Background: Philip Morris has been a major supporter of the College of Agriculture for many years and has contributed significantly to the success of the college's research, instruction and service programs. This gift is for undergraduate scholarships, graduate fellowships, the leadership development program and tobacco research. Altria Group, Inc. is the parent company of Philip Morris.

Action taken: ☑ Approved q Disapproved q Other_____

FCR 11

Office of the President
September 16, 2003

Members, Board of Trustees:

DON AND MIRA BALL GIFT AND PLEDGE

Recommendation: that the Board of Trustees accept a gift of $100,000 and a pledge of $250,000 from Don and Mira Ball of Lexington, Kentucky, for the restoration of the Administration Building.

Background: UK alumni Don and Mira Ball are owners of Ball Homes, Inc., one of the nation's largest home builders. They are actively involved in the horse industry as owners of Donamire Farm and are well known for their civic volunteer work.

The Administration Building was nearly destroyed by fire in May 2001. It is undergoing a $16 million restoration that will be completed in April 2004. Also being restored is the structure's original name, the Main Building, which it was called upon its completion in 1882.

Action taken: ☑ Approved q Disapproved q Other_____

FCR 12

Office of the President
September 16, 2003

Members, Board of Trustees:

EMIL W. JOHNSON GIFT

Recommendation: that the Board of Trustees accept a gift of $150,000 from Emil W. Johnson of Edgewater, Florida, to create and endow the Emil Johnson Tennis Scholarship Fund in the Department of Athletics.

Background: Mr. Johnson, a retired army officer, holds two degrees from the University. He earned a degree in chemistry in 1930 and a master's in bacteriology in 1933. He was on the UK tennis team and has been actively involved in tennis throughout his life. He was the number two ranked senior tennis player in Florida and was once ranked sixth in the nation. Mr. Johnson holds eight "super senior" tennis championships.

Action taken: ☑ Approved q Disapproved q Other_____

FCR 13

Office of the President
September 16, 2003

Members, Board of Trustees:

ANONYMOUS GIFT AND PLEDGE

Recommendation: that the Board of Trustees accept a gift of $25,000 and a pledge of $75,000 from an anonymous donor to support activities in the Department of Athletics.

Background: The donor is making an unrestricted gift to be used at the discretion of the Director of Athletics.

Action taken: ☑ Approved q Disapproved q Other_____

FCR 14

Office of the President
September 16, 2003

Members, Board of Trustees:

CHANGING NAMES OF TWO GILL ENDOWMENTS

Recommendation: that the Board of Trustees approve changing the names and department designations for two professorships that were established in 1999 with gifts from Linda C. and Jack M. Gill of Houston, Texas.

Background: Linda C. and Jack M. Gill made gifts that were accepted by the Board of Trustees on January 20, 1999 to establish several chairs and professorships to enhance cardiology research and support construction of the Linda C. and Jack M. Gill Heart Institute building. On May 4, 1999, the Board approved creating and endowing chairs and professorships from previously undesignated gifts made by the Gills. The Gills have approved changing the name and department designations for two professorships and re-designating management responsibility of the Gill Heart Institute endowment as follows:

- The Jeff Gill Professorship in Cardiac Anesthesia is to be renamed the Jeff Gill Professorship in Cardiology, and the department designation will be changed from Anesthesiology to Internal Medicine.
- The Jason Gill Professorship in Cardiac Radiology is to be renamed the Jason Gill Professorship in Cardiothoracic Surgery, and the department designation will be changed from Diagnostic Radiology to Surgery.
- The Gill Heart Institute endowment, formerly managed by the Office of the Chandler Medical Center Chancellor, will be managed by the Office of the Provost. Interest income will be used to support research activities consistent with the mission of the Gill Heart Institute including supporting graduate student and postdoctoral fellowships.

Previously established chair and professorship names and departmental designations other than those listed above remain unchanged.

Action taken: ☑ Approved q Disapproved q Other_____

FCR 15

Office of the President
September 16, 2003

Members, Board of Trustees:

DELEGATION OF GENERAL PROVISIONS
OF HOUSE BILL 269

Recommendation: that the Board of Trustees delegate to the President of the University of Kentucky the responsibility for complying with the general provisions of House Bill 269 and for implementing fiscal policies at the University as a response to the financial condition of the Commonwealth.

Background: The General Assembly has declared that the financial condition of the Commonwealth requires that fiscal policies be implemented and administered by each institution's Board of Trustees during the 2002-2004 fiscal biennium. The policies are to include restrictions and/or reductions in purchasing of new equipment or furniture, the number of sole source contracts, new lease space, and discretionary expenditures. Monthly reports of encumbered dollar amounts and number of personal service contracts and any equipment purchases exceeding $5,000 shall be sent by each institution to the Interim Joint Committee on Appropriations and Revenue.

The Board is authorized to delegate responsibility for implementing performance to the President of the University of Kentucky.

Action taken: ☑ Approved ☐ Disapproved ☐ Other _____

FCR 16

Office of the President
September 16, 2003

Members, Board of Trustees:

UNIVERSITY OF KENTUCKY
CAPITAL REQUEST 2004-2006

Recommendation: that the University of Kentucky 2004-2006 Capital Request be approved for submission to the Council on Postsecondary Education, and that the Board authorize the President to adjust the priority of the projects, as needed, as the Council develops the operating and capital requests for postsecondary education.

Background: The 2004-2006 Capital Request is a result of a comprehensive capital planning process guided by the University's 2003-06 strategic plan, *The Dream & the Challenge*. Separate requests are included for the University and Lexington Community College, and the University Hospital. The Request includes all capital and information technology projects with an estimated cost of $400,000 or more and all equipment with an estimated cost of $100,000 or more, regardless of fund source.

Please contact Brenda Rice (brice@email.uky.edu) to obtain a copy of the report.

Action taken: ☑ Approved ❑ Disapproved ❑ Other _____

FCR 17

Office of the President
September 16, 2003

Members, Board of Trustees:

PROPOSED 2004-05 AND 2005-06 TUITION RATES AND MANDATORY FEES INCREASES

Recommendation: that the Board of Trustees approve the following estimated tuition rate increases for 2004-05 and 2005-06 and that the Board of Trustees approve increasing the mandatory student fees by the same percentage increase of the resident undergraduate tuition rate for each year of the biennium:

University of Kentucky

- For each year of the biennium, 2004-05 and 2005-06, the rate increase for undergraduate and graduate residents is estimated to be approximately four to ten percent above the 2003-04 and 2004-05 rates respectively.
- For each year of the biennium, 2004-05 and 2005-06, the rate increase for resident first professional students is estimated to be approximately seven to fifteen percent above the 2003-04 and 2004-05 rates respectively.
- For each year of the biennium, 2004-05 and 2005-06, the non-resident rate increases will be at least the dollar amount increase in the resident rates.

Lexington Community College

- For each year of the biennium, 2004-05 and 2005-06, the rate increase for Lexington Community College resident students is estimated to be approximately three to five percent above the 2003-04 and 2004-05 rates respectively.
- For each year of the biennium, 2004-05 and 2005-06, the rate increase for Lexington Community College non-resident students is estimated to be twenty percent above the 2003-04 and 2004-05 rates respectively.

Note: Estimated ranges for both years are contingent on state appropriation increases provided to the University of Kentucky and Lexington Community College by the Kentucky General Assembly.

Background: In May 2003 the Council on Postsecondary Education approved tuition setting guidelines to be used by the respective Boards of Trustees and Boards of Regents in setting tuition rates for fall 2004 and fall 2005. The recommended tuition rates are in compliance with the Council's tuition setting guidelines.

In accordance with the guidelines, each institution is to submit its planned biennial tuition rates and projected tuition and fees revenue for 2004-05 and 2005-06 to the Council by September 1, 2003, for use in developing the Council's 2004-06 biennial budget request. The official rates will be established by the University of Kentucky Board of Trustees in spring 2004 for 2004-05 and in spring 2005 for 2005-06.

Action taken: ☑ Approved ❑ Disapproved ❑ Other _____

FCR 18

Office of the President
September 16, 2003

Members, Board of Trustees:

2003-04 Budget Revisions

Recommendation: That the following revisions to the 2003-04 budget be authorized and approved.

	Approved Budget	Revised Budget	Change
A. GENERAL FUND			
1. Income Estimates			
Gifts, Grants, and Contracts			
Non-government Grants and Contracts	$ 84,590,200	$ 84,562,600	$ (27,600)
Sales and Services of Educational Activities			
Departmental Sales and Services	22,591,400	22,692,200	100,800
			$ 73,200
2. Expenditures			
Academic Units			
College of Agriculture			
Rural Sociology	$ 522,100	$ 586,100	$ 64,000
College of Medicine			
Family Practice	2,711,600	2,684,000	(27,600)
Health Affairs			
Center for Cancer Prevention, Education, Research, and Patient Care	3,193,200	3,230,000	36,800
Support Units			
Executive Vice President for Finance and Administration			
Controller and Treasurer	6,175,600	6,160,700	(14,900)
Fiscal Affairs and Information Technology			
Human Resource Services	4,066,900	4,081,800	14,900
			$ 73,200

3. Comments - The College of Medicine's estimated contract revenue will decrease by $27,600 because a family practice contract was not renewed. The departmental sales and services revenue increase of $100,800 will support community and leadership development in the College of Agriculture and special projects in the Center for Cancer Prevention, Education, Research, and Patient Care.

	Approved Budget	Revised Budget	Change
B. RESTRICTED FUNDS			
1. Income Estimates	$112,102,400	$112,367,200	$ 264,800
2. Expenditures			
Research			
Kentucky Tobacco Research and Development Center	$ 4,000,000	$ 4,264,800	$ 264,800

3. Comments - The Kentucky Tobacco Research and Development Center proposes to budget prior year fund balances to renovate plant labs.

	Approved Budget	Revised Budget	Change
C. AUXILIARY FUND			
1. Income Estimate	$ 48,676,300	$ 48,743,800	$ 67,500
2. Expenditures			
Provost			
Engineering Electron Microscopy	$ 16,500	$ 84,000	$ 67,500

3. Comments - The College of Engineering estimates an increase in revenues from services provided by the Electron Microscopy Program.

	Approved Budget	Revised Budget	Change
D. AFFILIATED CORPORATIONS			
1. Income Estimates	$259,995,700	$259,987,700	$ (8,000)
2. Expenditures			
Mining Engineering Foundation	$ 110,000	$ 102,000	$ (8,000)

3. Comments - The budgets of the affiliated corporations are included in the University's operating budget. The affiliated corporation budgets contained in the original operating budget document are, in some instances, tentative, subject to the approval of the respective affiliate corporation boards. The revision for the Mining Engineering Foundation represents the budget, as subsequently approved by its board.

Action taken: ☑ Approved ☐ Disapproved ☐ Other _____

FCR 19

Office of the President
September 16, 2003

Members, Board of Trustees:

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY AUTHORIZING THE ISSUANCE OF APPROXIMATELY $17,645,000 OF UNIVERSITY OF KENTUCKY CONSOLIDATED EDUCATIONAL BUILDINGS REVENUE BONDS, SERIES T, TO BE DATED THE FIRST DAY OF THE MONTH IN WHICH THE BONDS ARE SOLD

Recommendation: that the Board of Trustees approve a Resolution authorizing the issuance of approximately $17,645,000 of University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series T, to be dated the first day of the month in which the Series T Bonds are sold.

The Resolution authorizes the issuance of approximately $17,645,000 of Series T Bonds for the purpose of financing the "Parking Structure," more particularly described as a structure having approximately 1000 to 1400 parking spaces plus up to 30,000 square feet of office space to be located on a site based on the UK Physical Development Campus Plan, December 2002, constituting the Series T 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 T Project").

The Resolution also approves the offering for sale of the Series T Bonds upon the advice of the Financial Advisor, First Kentucky Securities Corporation on a date to be determined by the Treasurer of the University, upon the advice of said Financial Advisor (expected to be September 24, 2003). The Resolution further authorizes the acceptance of the bid for the sale of the Series T Bonds by the Treasurer. The exact principal amount of Series T Bonds to be sold will be determined on the date of sale as the amount required to (i) pay the budgeted costs of the Series T Project, (ii) make the required deposit in the debt service reserve fund, and (iii) pay the costs of issuing the Series T Bonds.

Background: The University presently has outstanding eleven series of University of Kentucky Consolidated Educational Buildings Project Revenue Bonds, Series E, J, L (Second Series); G, H, I (Third Series); K (Third Series); M; M (Second Series); N (Second Series); O; P; Q; R and S (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 Trust Company, NA, Lexington, Kentucky, as Trustee, Bond Registrar, Transfer Agent, Payee Bank and Depository Bank, with respect to these Bonds, 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 T Bonds will rank on a parity with the Outstanding Bonds.

Action taken: ☑ Approved ❑ Disapproved ❑ Other _____

FCR 20

Office of the President
September 16, 2003

Members, Board of Trustees:

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY AUTHORIZING THE ISSUANCE OF APPROXIMATELY $14,190,000 OF UNIVERSITY OF KENTUCKY CONSOLIDATED EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS, SERIES O (SECOND SERIES), TO BE DATED THE FIRST DAY OF THE MONTH IN WHICH THE BONDS ARE SOLD

Recommendation: that the Board of Trustees approve a Resolution authorizing the issuance of approximately $14,190,000 of University of Kentucky Consolidated Educational Buildings Refunding Revenue Bonds, Series O (Second Series), to be dated the first day of the month in which the Series O (Second Series) Bonds are sold.

The Resolution authorizes the issuance of approximately $14,190,000 of Series O (Second Series) Bonds for the purpose of refinancing the outstanding University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series O, which were originally issued to finance (a) the construction of a new Parking Garage and (b) the renovation of the Clinical Laboratories of the College of Dentistry (the "Series O Project"); and for the purpose of refinancing the outstanding University of Kentucky Consolidated Educational Buildings Refunding Revenue Bonds, Series G, Series H and Series I (Third Series), which refinanced University of Kentucky Consolidated Educational Buildings Refunding Revenue Bonds, Series G, Series H and Series I (Second Series), which refinanced University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series G, Series H and Series I, which were originally issued to finance (x) the construction of the Primary/Ambulatory Care Center and related parking facilities at the University's Medical Center, (y) the construction of the College of Pharmacy building and (z) the construction of the Mining and Minerals Resource Building and an additional three levels to the Medical Plaza Parking Structure (the "Series G, H and I Project"); the Series O Project and the Series G, H and I Project being located upon the campus of the University in Fayette County in the Commonwealth of Kentucky, which projects are a part of the University of Kentucky Consolidated Educational Buildings Project of the University (the "Project").

The Resolution also approves the offering for sale of the Series O (Second Series) Bonds upon the advice of the Financial Advisor, First Kentucky Securities Corporation on a date to be determined by the Treasurer of the University, upon the advice of said Financial Advisor (expected to be September 24, 2003). The Resolution further authorizes the acceptance of the bid for the sale of the Series O (Second Series) Bonds by the Treasurer. The exact principal amount of Series O (Second Series) Bonds to be sold will be determined on the date of sale as the

RESOLUTION AUTHORIZING THE ISSUANCE

OF

APPROXIMATELY
$14,190,000

OF

UNIVERSITY OF KENTUCKY
CONSOLIDATED EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS,
SERIES O (SECOND SERIES)
(TO BE DATED THE FIRST DAY OF THE MONTH IN WHICH THE BONDS ARE SOLD),
OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY

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RESOLUTION

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY AUTHORIZING THE ISSUANCE OF APPROXIMATELY $14,190,000 OF UNIVERSITY OF KENTUCKY CONSOLIDATED EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS, SERIES O (SECOND SERIES), TO BE DATED THE FIRST DAY OF THE MONTH IN WHICH THE BONDS ARE SOLD.

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); G, H, I (Third Series); K (Third Series); M; M (Second Series); N (Second Series); O; P; Q; R and S" (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 O (Second Series) 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); G, H, I (Third Series); K (Third Series); M; M (Second Series); N (Second Series); O; P; Q; R and S; 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 Refunding Revenue Bonds, Series O (Second Series)," 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 O (Second Series) Resolution. This Resolution (the "Series O (Second Series) 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 O (Second Series) Resolution as such terms are given in said Article of the Basic Resolution.

B. In this Series O (Second Series) 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 O (Second Series) Bonds, from time to time.

"Bond Registrar," "Registrar," "Payee Bank" or "Transfer Agent" means Bank One Trust Company, NA, Lexington, Kentucky, which shall constitute the Bond Registrar, Transfer Agent and Payee Bank, with respect to the Series O (Second Series) Bonds authorized herein, which Bank shall have the duties and responsibilities of (a) issuing semiannual checks in payment of interest requirements to the Series O (Second Series) Bonds, (b) payment of the principal as same matures upon surrender of the Series O (Second Series) Bonds, (c) authenticating, issuing, and delivering the Series O (Second Series) Bonds to the Original Purchasers of same in accordance with the sale of the Series O (Second Series) 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 O (Second Series) Bonds, as hereinafter set out, and (f) serving as depository of all funds in connection with the Series O (Second Series) Bonds and Outstanding Bonds.

"Book-Entry Form" means, with respect to the Series O (Second Series) Bonds, a form or system, as applicable, under which (i) the ownership of beneficial interests in the Series O (Second Series) Bonds and bond service charges may be transferred only through a book entry, and (ii) physical Series O (Second Series) 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 O (Second Series) 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 the first day of the month in which the Series O (Second Series) Bonds are sold, 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 4.05(3) of the Basic Resolution.

"Escrow Agreement" means the Escrow Trust Agreement dated the first date of the month in which the Series O (Second Series) Bonds are sold, as hereinafter provided, between the Board and the Escrow Trustee.

"Escrow Fund" means the Escrow Trust Fund created by the Escrow Agreement.

"Escrow Trustee" means Bank One Trust Company, NA.

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

"Financial Advisor" means First Kentucky Securities Corporation, 305 Ann Street, Suite 400, Frankfort, Kentucky 40201.

"Interest Payment Date" means May 1, and November 1 of each year, commencing the first May 1 or November 1 that is at least three months after the dated date of the Series O (Second Series) Bonds.

"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 O (Second Series) 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 O (Second Series) 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); G, H, I (Third Series); K (Third Series); M; M (Second Series); N (Second Series); O; P; Q; R and S; plus (b) the Series O (Second Series) Bonds, and (c) any and all future Bonds ranking on a parity therewith.

"Prior Bonds" means, collectively, all the outstanding University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series O and Consolidated Educational Buildings Refunding Revenue Bonds, Series G, Series H and Series I (Third Series).

"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 O Project" means (a) the construction of a new Parking Garage and (b) the renovation of the Clinical Laboratories of the College of Dentistry (which constituted the original Series O Project) and (x) the construction of the Primary/Ambulatory Care Center and related parking facilities at the University's Medical Center, (y) the construction of the College of Pharmacy building and (z) the construction of the Mining and Minerals Resource Building and an additional three levels to the Medical Plaza Parking Structure (which constituted the original Series G Project, Series H Project and Series I Project, respectively), which Project is located in Fayette County, Kentucky.

"Series O (Second Series) Bonds" or "These Bonds" means the Bonds authorized by Article II of this Series O (Second Series) Resolution.

"Series O (Second Series) Resolution" or "This Resolution" means this Resolution authorizing the Series O (Second Series) Bonds.

"Trustee" or "Trustee-Registrar" means Bank One Trust Company, 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 Series O (Second Series) 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 O (SECOND SERIES) BONDS

Section 2.1. Series O (Second Series) 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 approximately FOURTEEN MILLION ONE HUNDRED NINETY THOUSAND DOLLARS ($14,190,000). Such Bonds shall be designated "University of Kentucky Consolidated Educational Buildings Refunding Revenue Bonds, Series O (Second Series)." Said Series O (Second Series) 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. The exact principal amount of the Series O (Second Series) Bonds to be issued may be increased by up to $1,420,000 or decreased by up to $4,600,000. The exact principal amount shall be established at the time of sale of the Series O (Second Series) Bonds as the amount required to refund the Prior Bonds or any portion thereof that is deemed economically feasible at the time of the sale of the Series O (Second Series) Bonds, which amount shall be conclusively established by the acceptance of the best bid for the Series O (Second Series) Bonds in such amount.

Section 2.2. Purpose of Issue. Said Series O (Second Series) Bonds are being issued for the purpose of (a) paying the costs of refinancing the Prior Bonds which were originally issued to finance the Series O Project, upon property of the University in Fayette County, Kentucky, which Series O Project is a part of the Consolidated Educational Buildings Project of said University and (b) paying the costs of issuance of the Series O (Second Series) Bonds.

Section 2.3. Date and Maturities of Bonds. Except as set out in Section 2.5 hereof, the Series O (Second Series) Bonds shall be dated the first day of the month in which the Series O (Second Series) Bonds are sold, and bear interest payable on each Interest Payment Date (May 1 and November 1 of each year), commencing the first May 1 or November 1 that is at least three months after the dated date of the Series O (Second Series) Bonds. The Series O (Second Series) 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 O (Second Series) Bonds in order to provide for an appropriate balance of principal and interest after any adjustment as provided in Section 2.1 hereof), as follows:

Maturity Date May 1	Principal Amount	Maturity Date May 1	Principal Amount
2004	$2,310,000	2010	$790,000
2005	2,225,000	2011	815,000
2006	2,250,000	2012	840,000
2007	740,000	2013	870,000
2008	750,000	2014	900,000
2009	770,000	2015	930,000

Section 2.4. Series O (Second Series) Bonds to be Issued as Fully Registered Bonds. The Series O (Second Series) 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 O (Second Series) Bond shall bear interest from the Interest Payment Date to which interest has been paid next preceding the date on which such Series O (Second Series) Bond is authenticated by the Registrar, unless such Series O (Second Series) 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 O (Second Series) Bond is authenticated prior to the first Interest Payment Date, such Series O (Second Series) Bonds shall bear interest from their dated date. Interest on the Series O (Second Series) Bonds shall be payable commencing the first May 1 or November 1 that is at least three months after the dated date of the Series O (Second Series) Bonds, 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 O (Second Series) Bonds shall be payable in lawful money of the United States of America as same respectively become due. The principal of each Series O (Second Series) Bond is payable up on surrender of same at the main office of the Payee Bank and Bond Registrar. Interest on the Series O (Second Series) 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 O (Second Series) 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 O (Second Series) 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 O (Second Series) 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 O (Second Series) 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 O (Second Series) 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 therefore. Such exchange shall be made without the making of any charge therefore to any owner of the Series O (Second Series) 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 O (Second Series) Bonds, the same as interest thereon.

If the University determines not to issue the Series O (Second Series) 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 O (Second Series) Bonds issued in Book-Entry Form, Series O (Second Series) 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 O (Second Series) Bonds shall not be subject to optional redemption prior to maturity. The Series O (Second Series) Bonds may be subject to mandatory sinking fund redemption if the purchaser of the Series O (Second Series) Bonds designates term bonds in its bid for the Series O (Second Series) Bonds.

(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 O (Second Series) 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 therefore, 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 O (Second Series) 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 O (Second Series) 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 O (Second Series) Resolution and in Section 162.340, et seq., and 58.010 through 58.140 of the Kentucky Revised Statutes, Bank One Trust Company, 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 O (Second Series) Resolution for the owners of all of said Series O (Second Series) Bonds, with the powers and duties set forth in the Basic Resolution and in this Series O (Second Series) Resolution and with no liability in connection with any action or omission to act under the Basic Resolution or under this Series O (Second Series) Resolution except for its own negligence or willful breach of trust. Execution of the Authentication Certificate of the Trustee-Registrar on the respective Series O (Second Series) 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 O (Second Series) Resolution.

Section 2.12. Security for Series O (Second Series) 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 O (Second Series) Bonds, ranking on a parity with the Outstanding Bonds.

All of the Series O (Second Series) 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 O (Second Series) 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 O (Second Series) 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 O (Second Series) Bonds.

Section 2.14. Securities Depository; Ownership of Bonds. Except as provided in paragraph (c) below, the Series O (Second Series) 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 O (Second Series) 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 O (Second Series) 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 O (Second Series) Bond, the person in whose name such Series O (Second Series) 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 O (Second Series) 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 O (Second Series) Bonds;

(ii) the delivery to any Agent Member, any beneficial owner of the Series O (Second Series) Bonds or any other person, other than the Securities Depository, of any notice with respect to the Series O (Second Series) Bonds or the Bond Resolution: or

(iii) the payment to any Agent Member, any beneficial owner of the Series O (Second Series) 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 O (Second Series) Bonds.

So long as any Series O (Second Series) 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 O (Second Series) Bonds for all purposes whatsoever, including without limitation:

(A) the payment of principal of, premium, if any, and interest on the Series O (Second Series) Bonds;

(B) giving notices of redemption and other matters with respect to the Series O (Second Series) Bonds;

(C) registering transfers with respect to the Series O (Second Series) Bonds;

(D) the selection of Series O (Second Series) 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 O (Second Series) Bonds, the Trustee shall be entitled to rely upon written instructions from a majority of the beneficial owners of the Series O (Second Series) Bonds with reference to consent, if any, required from the owners of the Series O (Second Series) 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 O (Second Series) 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 O (Second Series) Bonds to the owners of the Series O (Second Series) Bonds as otherwise provided in this Article II.

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

(d) The principal of, premium, if any, and interest on the Series O (Second Series) 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 O (Second Series) Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
UNIVERSITY OF KENTUCKY
CONSOLIDATED EDUCATIONAL BUILDINGS REFUNDING REVENUE BOND
SERIES O (SECOND SERIES)

NUMBER R-____ PRINCIPAL AMOUNT $_____

DATE OF ORIGINAL ISSUE	MATURITY DATE	INTEREST RATE	CUSIP
	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 _____, 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 Trust Company, 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 $_____ principal amount of Bonds (said Bonds being hereinafter sometimes collectively referred to as "the Bonds," "these Bonds" or "the Series O (Second Series) 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 September 16, 2003, authorizing the Series O (Second Series) Bonds (the "Series O (Second Series) 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 (a) refunding the Prior Bonds (as defined in the Series O (Second Series) Resolution) which were issued to finance the costs (to the extent not otherwise provided) of establishing and erecting certain educational buildings and necessary appurtenances (the

"Series O Project"), upon the property of the University in Fayette County, Kentucky, which Series O Project buildings and appurtenant facilities will, when erected and acquired, become part of the Consolidated Educational Buildings Project of said University (the "Project") and (b) paying the costs of issuance of the Series O (Second Series) Bonds. Copies of the Basic Resolution and the Series O (Second Series) Resolution are on file at the office of the Trustee.

As provided in the Series O (Second Series) Resolution, these Series O (Second Series) Bonds, together with the outstanding Bonds of Series E, J, L (Second Series); G, H, I (Third Series); K (Third Series); M; M (Second Series); N (Second Series); O; P; Q; R and S, 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 O (Second Series) 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 O (Second Series) 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 O (Second Series) 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 O (Second Series) 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 O (Second Series) 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, fir the same aggregate principal amount, and the same interest rate, will be issued to the transferee in exchange therefore.

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 O (Second Series) 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 O (Second Series) Resolution (a) pursuant to which Bank One Trust Company, 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 O (Second Series) Bonds, (b) for the provisions, among others, with respect to the custody and application of the proceeds of the Series O (Second Series) Bonds, (c) the rights, duties, and obligations of the Board and of the Trustee, and (d) the rights of the owners of these Series O (Second Series) Bonds; and by the acceptance of this Bond, the registered owner hereof assents to all of the provisions of said resolutions.

The Series O (Second Series) Bonds are not subject to optional redemption prior to maturity.

[Insert mandatory sinking fund redemption provisions, if any.]

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 O (Second Series) 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 O (Second Series) Resolution, and all previous Series O 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 the Date of Original Issue set forth above; 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 O (Second Series) 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:

By: _____
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 O (Second Series) 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 O (Second Series) Bond and hereby irrevocably constitutes and appoints attorney to transfer the within Series O (Second Series) Bond on the books kept for registration and transfer of said Series O (Second Series) 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 O (SECOND SERIES) BONDS; COMPLIANCE WITH PARITY REQUIREMENTS; DISPOSITION OF PROCEEDS OF SERIES O (SECOND SERIES) BONDS

Section 3.1. Advertisement of Series O (Second Series) Bonds for Sale. The Series O (Second Series) Bonds shall be offered publicly for sale upon the basis of sealed, competitive bids at such time as the Treasurer, upon advice of the Financial Advisor, shall designate.

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 O (Second Series) 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 First Kentucky Securities Corporation, Frankfort, Kentucky, has been employed as Financial Advisor in connection with the issuance of these Series O (Second Series) Bonds, that their fee for services rendered with respect to the sale of the Series O (Second Series) Bonds is contingent upon the issuance and delivery of the Series O (Second Series) Bonds, and that they may submit a bid for the purchase of the Series O (Second Series) Bonds at the time of the advertised public sale of the Series O (Second Series) Bonds, either individually or as the member of a syndicate organized to submit a bid for the purchase of the Series O (Second Series) 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 shall be publicly opened and publicly read by the Treasurer. 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 Treasurer, upon the advice of the Financial Advisor, is authorized to 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. Calculations shall be performed as are necessary to determine the exact amount of Series O (Second Series) Bonds that are required to be issued in order to refinance and defease the Prior Bonds and the final principal amount and maturities of the Series O (Second Series) Bonds shall thereupon be established, as prescribed in the Official Terms and Conditions of Sale of Bonds.

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 O (Second Series) Bonds, there is and will be no deficiency in amounts required by the Basic Resolution or any Series O (Second Series) Resolution to be paid into the Bond Fund;

(b) That prior to the issuance of the Series O (Second Series) 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 O (Second Series) 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 O (Second Series) 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 O (Second Series) 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. Disposition of Proceeds of Series O (Second Series) Bonds. Immediately upon the issuance, sale, and delivery of the Series O (Second Series) Bonds, the entire amount received from the Original Purchasers of the Series O (Second Series) 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 the dated date of the Series O (Second Series) Bonds, to the date of delivery, for application to the payment of interest next becoming due on the Series O (Second Series) Bonds.

(b) To the Escrow Fund, the amount required by the Escrow Agreement.

(c) To the "University of Kentucky Consolidated Educational Buildings Series O (Second Series) 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 the next Interest Payment Date.

(d) The balance of the proceeds of the Series O (Second Series) Bonds, if any, shall be deposited in the Bond Fund.

(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 O (Second Series) 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 O (Second Series) 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 O (Second Series) Bonds to become "private activity bonds" within the meaning of the Code, and (3) none of the proceeds of the Series O (Second Series) Bonds will be used for any purpose which would cause the interest on the Series O (Second Series) 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 O (Second Series) 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 O (Second Series) Resolution it is not expected that the proceeds of the Series O (Second Series) 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 O (Second Series) 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 O (Second Series) Bonds from time to time. This covenant shall survive payment in full or defeasance of the Series O (Second Series) 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 O (Second Series) 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 O (Second Series) 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 O (Second Series) Bonds) to eliminate or reduce any restrictions concerning the Project, the investment of the proceeds of the Series O (Second Series) Bonds, or the application of such proceedings or of the revenues of the Project. The purchasers of the Series O (Second Series) 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 O (Second Series) 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 O (Second Series) 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 O (Second Series) 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 O (Second Series) Bonds. The Board has been advised that, based on the foregoing assumption of compliance, Bond Counsel is of the opinion that the Series O (Second Series) 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 O (Second Series) Bonds.

(1) From and after the issuance and delivery of the Series O (Second Series) 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 O (Second Series) Bonds, and (b) interest and principal, if any, falling due on each May 1 with respect to the Series O (Second Series) 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 O (Second Series) 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; Escrow Agreement. Bank One Trust Company, 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 O (Second Series) Bonds.

Its duties as Registrar, Transfer Agent and Payee Bank with respect to the Series O (Second Series) 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. Escrow Agreement. The Board shall enter into the Escrow Agreement with the Escrow Trustee, in substantially the form presented to the Board, which shall provide for the establishment of an Escrow Fund with the Trustee and the investment of the funds held therein to effect the refunding and redemption of the Prior Bonds.

Section 5.6. Subscription for SLGS. Authority is given to any partner or associate of Peck, Shaffer & Williams LLP, and any partner or associate of First Kentucky Securities Corporation, and to any one of them, to act on behalf of the Board in signing on behalf of the Board subscriptions for the purchase and issue of United States Treasury Certificates, Notes or

Bonds - State and Local Government Series, to be issued to the Escrow Trustee in connection with the investment of the proceeds of the Series O (Second Series) Bonds.

Section 5.7. Resolution Contractual With Bondowners. The Basic Resolution and this Series O (Second Series) Resolution shall, from and after the issuance and delivery of the Series O (Second Series) Bonds, constitute a contract between the Board of the University and the owners of the Series O (Second Series) Bonds as shall be outstanding hereunder.

Section 5.8. Provisions in Conflict are Repealed. All resolutions or parts thereof in conflict with the provisions of this Series O (Second Series) Resolution are hereby rescinded to the extent of such conflict.

Section 5.9. Copy to be Filed with Trustee. A certified copy of this Series O (Second Series) Resolution shall be filed with the Trustee, and this Series O (Second Series) 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.

Section 5.10. Separate Series Authorized. If, as provided in Section 2.1, a portion of the Prior Bonds are not refunded because it would be uneconomical to refund such portion at the time of sale of the Series O (Second Series) Bonds, the Treasurer shall be authorized to establish a future date for the refunding of the Prior Bonds not refunded and designate a separate series of bonds to be issued for such purpose, but otherwise in accordance with the terms of this Series O (Second Series) Resolution. To that effect, the Treasurer is authorized to designate the title for such bonds, the sale date, the amount, the Prior Bonds to be refunded thereby, the dates and amounts of maturing principal (with a final maturity date that is no later than the final maturity date of the Prior Bonds being refunded) and to make such other determinations, not inconsistent with the intent of this Series O (Second Series) Resolution as may be necessary to accomplish such refunding. Furthermore, to the extent necessary, all agreements and documents authorized herein for the Series O (Second Series) Bonds shall be authorized with respect to the additional series of bonds, including, but not limited to, an Official Statement, an Official Terms and Conditions of Bond Sale, an Escrow Agreement and a Continuing Disclosure Agreement for such series, which agreements and documents shall conform to the requirements of this Series O (Second Series) Resolution except to the extent modifications are required for such series.

(End of Article V)

Adopted September 16, 2003.

_____

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 September 16, 2003, 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 _____, 2003.

_____
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 Trust Company, 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 _____, 2003.

BANK ONE, KENTUCKY, NA,
Lexington, Kentucky

By: _____

Title: _____

amount required to refund the Series O Bonds and Series G, Series H and Series I (Third Series) Bonds; provided that the refunding of the Series O Bonds and the Series G, Series H and Series I (Third Series) Bonds may be undertaken separately and independently if conditions prevailing in the municipal bond market are favorable for the refunding of one series and not the other series such that adequate debt service savings would not be realized for one of the series.

Background: The University presently has outstanding eleven series of University of Kentucky Consolidated Educational Buildings Project Revenue Bonds, Series E, J, L (Second Series); G, H, I (Third Series); K (Third Series); M; M (Second Series); N (Second Series); O; P; Q; R and S (the "Outstanding Bonds") (in addition to the Series T Bonds also being approved on this date) 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 Trust Company, NA, Lexington, Kentucky, as Trustee, Bond Registrar, Transfer Agent, Payee Bank and Depository Bank, with respect to these Bonds, 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 O (Second Series) Bonds will rank on a parity with the Outstanding Bonds.

Action taken: ☑ Approved ❑ Disapproved ❑ Other _____

FCR 21

Office of the President
September 16, 2003

Members, Board of Trustees:

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY AUTHORIZING THE ISSUANCE OF SAID BOARD'S HOUSING AND DINING SYSTEM REFUNDING REVENUE BONDS, SERIES M AND O (SECOND SERIES), TO BE DATED THE FIRST DAY OF THE MONTH IN WHICH SOLD; AUTHORIZING PROPER PROCEEDINGS RELATIVE TO THE PUBLIC SALE OF THE BONDS AND THE DISPOSITION OF THE PROCEEDS THEREOF; AUTHORIZING EXECUTION OF A TWELFTH SUPPLEMENTAL TRUST INDENTURE BETWEEN THE BOARD AND FARMERS BANK & CAPITAL TRUST COMPANY, FRANKFORT, KENTUCKY, AS TRUSTEE, IN COMPLIANCE WITH THE PROVISIONS OF THE TRUST INDENTURE DATED JUNE 1, 1965

Recommendation: that the Board of Trustees approve a Resolution authorizing the issuance of approximately $4,240,000 of University of Kentucky Housing and Dining System Refunding Revenue Bonds, Series M and O (Second Series), to be dated the first day of the month in which the Series M and O (Second Series) Bonds are sold.

The Resolution authorizes the issuance of approximately $4,240,000 of Series M and O (Second Series) Bonds for the purpose of refinancing the outstanding University of Kentucky Housing and Dining System Revenue Bonds, Series M and Series O, which were originally issued to finance (i) general renovations and improvements to the housing and dining facilities and (ii) renovations to the Cooperstown Apartments and Shawneetown Apartments, respectively, for housing and dining purposes, all of which are a part of the University's Housing and Dining System.

The Resolution also approves the offering for sale of the Series M and O (Second Series) Bonds upon the advice of the Financial Advisor, First Kentucky Securities Corporation on a date to be determined by the Treasurer of the University, upon the advice of said Financial Advisor (expected to be September 25, 2003). The Resolution further authorizes the acceptance of the bid for the sale of the Series M and O (Second Series) Bonds by the Treasurer. The exact principal amount of Series M and O (Second Series) Bonds to be sold will be determined on the date of sale as the amount required to refund the Series M and Series O Bonds; provided that the refunding of each series of bonds may be undertaken separately and independently if conditions prevailing in the municipal bond market are favorable for the refunding of one series and not the other series such that adequate debt service savings would not be realized for one of the series.

Background: The University presently has outstanding Housing and Dining System Revenue Bonds, Series I, K, M, N, O, P, Q, R and S (the "Outstanding Bonds"), all secured by a pledge of the Revenues derived from the operation of the University's Housing and Dining System (the "System") and by a statutory mortgage lien against all of the buildings of the System. The Resolution authorizes the execution of a Twelfth Supplemental Trust Indenture with Farmers Bank & Capital Trust Company, Frankfort, Kentucky, as Trustee, Bond Registrar, Transfer Agent and Payee Bank, which provides for the execution of an appropriate parity certification establishing that the "coverage" of projected income of the System over debt service will meet the 1.30 test necessary to establish that the Series M and O (Second Series) Bonds will rank on a parity with the Outstanding Bonds, and the execution of the Certificate of the Director of Physical Plant.

Action taken: ☑ Approved ❑ Disapproved ❑ Other _____

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY AUTHORIZING THE ISSUANCE OF SAID BOARD'S HOUSING AND DINING SYSTEM REFUNDING REVENUE BONDS, SERIES M AND O (SECOND SERIES), TO BE DATED THE FIRST DAY OF THE MONTH IN WHICH SOLD; AUTHORIZING PROPER PROCEEDINGS RELATIVE TO THE PUBLIC SALE OF THE BONDS AND THE DISPOSITION OF THE PROCEEDS THEREOF; AUTHORIZING EXECUTION OF A TWELFTH SUPPLEMENTAL TRUST INDENTURE BETWEEN THE BOARD AND FARMERS BANK & CAPITAL TRUST COMPANY, FRANKFORT, KENTUCKY, AS TRUSTEE, IN COMPLIANCE WITH THE PROVISIONS OF THE TRUST INDENTURE DATED JUNE 1, 1965

WHEREAS, the Board heretofore issued its "University of Kentucky Housing and Dining System Revenue Bonds, Series M and Series O" (collectively, the "Prior Bonds") for the purpose of financing (i) general renovations and improvements to the housing and dining facilities and (ii) renovations to the Cooperstown Apartments and Shawneetown Apartments, respectively, for housing and dining purposes, all of which are a part of the University's Housing and Dining System established in the Trust Indenture between the Board with the Farmers Bank & Capital Trust Company, dated June 1, 1965 (the "Indenture"); and

WHEREAS, the conditions of the municipal bond market are much more favorable at the present time than at the time the Prior Bonds were issued, thereby enabling the University to realize substantial debt service savings by proceeding with the issuance of a series of refunding bonds to refund the Prior Bonds; and

WHEREAS, it is appropriate that the Board refund the Prior Bonds through the issuance of University of Kentucky Housing and Dining System Refunding Revenue Bonds, Series M and O (Second Series), to be dated the first day of the month in which the Series M and O (Second Series) Bonds are sold, in accordance with the right reserved in the Indenture; and

WHEREAS, it is necessary for the Board to enter into a Twelfth Supplemental Trust Indenture in the usual and customary form in order to proceed with the issuance of the Series M and O (Second Series) Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF UNIVERSITY OF KENTUCKY, AS FOLLOWS:

Section 1. Authorization of Series M and O (Second Series) Bonds. This Board hereby authorizes the issuance of its "University of Kentucky Housing and Dining System Refunding Revenue Bonds, Series M and O (Second Series) (the "Series M and O (Second Series) Bonds"), in the approximate principal amount of $4,240,000, according to statutory authority as set forth in KRS 162.340 to 162.380, inclusive, and in accordance with the terms, provisions, conditions and restrictions set forth in the Indenture, wherein the present Housing and Dining System of the University was created and established, and a certain Twelfth Supplemental Trust Indenture to be dated as of the date of the Series M and O (Second Series) Bonds (the "Twelfth Supplemental Trust Indenture"); the Series M and O (Second Series) Bonds to rank on a basis of parity and equality as to security and source of payment with the Board's

previously issued and outstanding "Housing and Dining System Refunding Revenue Bonds," Series I, K, M, N, O, P, Q, R and S (the "Outstanding Bonds").

Section 2. Tax Covenant. In order to assure the purchasers of the Series M and O (Second Series) Bonds that interest thereon will be excludable from gross income for federal income tax purposes and exempt from Kentucky income taxation, the Board agrees that (1) the Board will take all actions necessary to comply with the provisions of the Internal Revenue Code of 1986 (the "Code"), (2) the Board will take no actions which will violate any of the provisions of the Code, or that would cause the Series M and O (Second Series) Bonds to become "private activity bonds" within the meaning of the code, (3) none of the proceeds of the Series M and O (Second Series) Bonds will be used for any purpose which would cause the interest on the Series M and O (Second Series) Bonds to become subject to federal income taxation, and that the Board will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Series M and O (Second Series) Bonds.

The Board has been advised by Bond Counsel, Peck. Shaffer & Williams LLP, Covington, Kentucky, and therefore believes, that the Series M and O (Second Series) Bonds are not "private activity bonds" within the meaning of the Code, and that interest on the Series M and O (Second Series) Bonds is not included as an item of tax preference in calculating the alternative minimum tax for individuals.

Prior to or at the time of delivery of the Series M and O (Second Series) Bonds, the Chairman of the Board and/or the Treasurer of the University shall execute the appropriate certifications with reference to the matters referred to above, setting out all known and contemplated facts concerning such anticipated expenditures and investments, including the execution of necessary and/or desirable certifications of the type contemplated by applicable Treasury Regulations in order to assure that interest on the Series M and O (Second Series) Bonds will be exempt from all federal income taxes and that the Series M and O (Second Series) Bonds will not be treated as arbitrage bonds.

Section 3. 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, a Continuing Disclosure Agreement, to be dated the first day of the month in which the Series M and O (Second Series) Bonds are sold between the Board and the Trustee 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 4. Supplemental Trust Indenture; Escrow Agreement. In order to implement the issuance of the Series M and O (Second Series) Bonds, and to make provision for all details relating to the Series M and O (Second Series) Bonds, including the date thereof, the disposition thereof, respective conditions and limitations applicable to the public offering thereof, maturities, redemption provisions and security and source of payment thereof, and in order to comply with the requirements of the Indenture, in connection therewith, this Board shall execute the Twelfth Supplemental Trust Indenture with Farmers Bank & Capital Trust Company, Frankfort,

Kentucky, as Trustee. A proposed form of Twelfth Supplemental Trust Indenture has been or shall be prepared by Bond Counsel, Peck, Shaffer & Williams LLP, Covington, Kentucky, with the approval of the Treasurer of the University, and the Financial Advisor, First Kentucky Securities Corporation, Frankfort, Kentucky, in the usual and customary form prescribed in the Indenture, with permissible modifications and corrections which, in the opinion of Bond Counsel and the Treasurer of the University, do not change the import thereof in any material respect. The form of the Twelfth Supplemental Trust Indenture is hereby approved and shall be executed by the Chairman and attested by the Secretary of the Board.

Furthermore, an Escrow Trust Agreement (the "Escrow Agreement") with the Trustee is hereby authorized, in substantially the form presented or described to the Board, which shall provide for the establishment of an escrow fund with the Trustee, or other appropriate escrow trustee, and the investment of the funds held therein to effect the refunding and redemption of the Prior Bonds. 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 Escrow Agreement.

Section 5. Provisions as to Sale of Series M and O (Second Series) Bonds. The Series M and O (Second Series) Bonds shall be offered publicly for sale upon the basis of sealed, competitive bids at such time as the Treasurer, upon advice of the Financial Advisor, shall designate.

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 M and O (Second Series) 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 First Kentucky Securities Corporation, Frankfort, Kentucky, has been employed as Financial Advisor in connection with the issuance of these Series M and O (Second Series) Bonds, that their fee for services rendered with respect to the sale of the Series M and O (Second Series) Bonds is contingent upon the issuance and delivery of the Series M and O (Second Series) Bonds, and that they may submit a bid for the purchase of the Series M and O (Second Series) Bonds at the time of the advertised public sale of the Series M and O (Second Series) Bonds, either individually or as the member of a syndicate organized to submit a bid for the purchase of the Series M and O (Second Series) 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 shall be publicly opened and publicly read by the Treasurer. 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 Treasurer, upon the advice of the Financial Advisor, is authorized to 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. Calculations shall be performed as are necessary to determine the exact amount of Series M and O (Second Series) Bonds that are required to be issued in order to (i) refund the Prior Bonds or any portion thereof that is deemed economically feasible at the time of the sale of the Series M and O (Second Series) Bonds and (ii) pay the costs of issuing the Series M and O (Second Series) Bonds, and the final principal amount and maturities of the Series M and O (Second Series) Bonds shall thereupon be established, as prescribed in the Official Terms and Conditions of Sale of Bonds.

Section 6. Separate Series Authorized. If, as provided in clause (i) of the last paragraph of Section 5, a portion of the Prior Bonds are not refunded because it would be uneconomical to refund such portion at the time of sale of the Series M and O (Second Series) Bonds, the Treasurer shall be authorized to establish a future date for the refunding of the Prior Bonds not refunded and designate one or more separate series of bonds to be issued for such purpose and to change the series designation for the Series M and O (Second Series) Bonds as may be appropriate to indicate the portion of the Prior Bonds to be refunded, but otherwise in accordance with the terms of this Series M and O (Second Series) Resolution. To that effect, the Treasurer is authorized to designate the title for such bonds, the sale date, the amount, the Prior Bonds to be refunded thereby, the dates and amounts of maturing principal (with a final maturity date that is no later than the final maturity date of the Prior Bonds being refunded) and to make such other determinations, not inconsistent with the intent of this Series M and O (Second Series) Resolution as may be necessary to accomplish such refunding. Furthermore, to the extent necessary, all agreements and documents authorized herein for the Series M and O (Second Series) Bonds shall be authorized with respect to the additional series of bonds, including, but not limited to, a Notice of Bond Sale, an Official Terms and Conditions of Sale of Bonds, a Bid Form, an Official Statement, a Supplemental Trust Indenture, an Escrow Agreement and a Continuing Disclosure Agreement for such series, which agreements and documents shall conform to the requirements of this Series M and O (Second Series) Resolution except to the extent modifications are required for such series.

Section 7. Subscription for SLGS. Authority is given to any partner or associate of Peck, Shaffer & Williams LLP, and any partner or associate of First Kentucky Securities Corporation, and to any one of them, to act on behalf of the Board in signing on behalf of the Board subscriptions for the purchase and issue of United States Treasury Certificates, Notes or Bonds - State and Local Government Series, to be issued to the Escrow Trustee in connection with the investment of the proceeds of the Series M and O (Second Series) Bonds.

Section 8. Certificate of Director of Physical Plant. The Board hereby acknowledges and approves the Executive Vice President for Finance and Administration, Lexington Campus in the form attached hereto.

Dated: September 16, 2003

_____
Chairman

(SEAL)

Attest:

_____
Secretary, Board of Trustees

Re: University of Kentucky Housing and Dining System Refunding Revenue Bonds, Series M and O (Second Series)

CERTIFICATE WITH REFERENCE TO THE ISSUANCE OF HOUSING AND DINING SYSTEM REFUNDING REVENUE BONDS, SERIES M AND O (SECOND SERIES), CONFORMING TO THE REQUIREMENTS OF SECTION 1101(C) OF ARTICLE XI OF THE TRUST INDENTURE DATED JUNE 1, 1965, BETWEEN THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY AND FARMERS BANK & CAPITAL TRUST COMPANY, FRANKFORT, KENTUCKY, AS TRUSTEE, SHOWING COMPLIANCE WITH CONDITIONS FOR ISSUANCE OF PARITY BONDS

The undersigned Executive Vice President for Finance and Administration, Lexington Campus, of the University of Kentucky, hereby makes the following certification for the purpose of showing compliance by said University with the requirements of Section 1101(c) of ARTICLE XI of the Trust Indenture dated June 1, 1965, made by the Board of Trustees of University of Kentucky with Farmers Bank & Capital Trust Company, Frankfort, Kentucky, as Trustee (the "Trust Indenture"), with reference to the issuance of approximately $4,240,000 of said Board's "Housing and Dining System Refunding Revenue Bonds, Series M and O (Second Series)" in order to qualify the Series M and O (Second Series) Bonds to rank on a basis of parity and equality as to security and source of payment with the previously issued and outstanding Housing and Dining System Revenue Bonds, Series I, K, M, N, O, P, Q, R and S, inclusive:

In my capacity as the employee of the Board and the University at this time principally charged with responsibility for the maintenance and repair of the housing and dining buildings and appurtenant facilities comprising the presently existing housing and dining facilities of the System, I certify that a physical inspection of said housing and dining buildings and appurtenant facilities of the System has been made, and that the same are in a good and current state of tenantability and repair there being no exceptions or reservations in this connection.

IN TESTIMONY WHEREOF, witness my signature as Executive Vice President for Finance and Administration, Lexington Campus, this _____ day of _____, 2003.

_____
Executive Vice President for Finance and Administration, Lexington Campus

APPROVED:

_____
President, University of Kentucky

Certified to have been submitted to and approved by the Board of Trustees at a meeting held on September 16, 2003.

_____
Chairman, Board of Trustees

CERTIFICATION

I, the undersigned, do hereby certify that I am duly qualified and acting Secretary of the Board of Trustees of the University of Kentucky, and as such officer I further certify that the foregoing is a true, correct and complete copy of a Resolution duly adopted by the members of said Board at a meeting properly held on September 16, 2003, has been duly executed and is now in full force and effect, all as appears in the official records of said Board in my possession and under my control.

I further certify that said meeting held on September 16, 2003, was duly held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.820 and 61.825, that a quorum was present at said meeting, that said Resolution has not been modified, amended, revoked or I repealed, and that same is now in full force and effect.

WITNESS my hand this __ day of _____, 2003.

_____
Secretary of the Board of Trustees

FCR 22

Office of the President
September 16, 2003

Members, Board of Trustees:

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY APPROVING THE ACTION OF THE BOARD OF REGENTS OF THE KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM (KCTCS) DIRECTING THE UNIVERITY OF KENTUCKY TO CALL UNIVERSITY OF KENTUCKY COMMUNITY COLLEGE EDUCATIONAL BUILDINGS REVENUE BONDS SERIES I, J AND CERTAIN BONDS OF SERIES A, C, F, AND H (SECOND) AND FURTHER AUTHORIZING THE TREASURER OF THE UNIVERSITY TO EXECUTE A CALL OF SAID BONDS

Recommendation: that the Board of Trustees approve a Resolution authorizing the Treasurer to exercise a call of University of Kentucky Community College Educational Buildings Revenue Bonds Series I, J and certain bonds of Series A, C, F and H (second) as directed by the Board of Regents of KCTCS.

Background: The State Property and Buildings Commission and the Finance and Administration Cabinet of the Commonwealth of Kentucky have determined that the Commonwealth will reduce its annual debt service costs by refunding certain bonds initially issued by the University of Kentucky for community college buildings now under the jurisdiction of the KCTCS Board of Regents. Pursuant to the Memoranda of Agreement on Delegation and Assumption dated January 14, 1998 and January 30, 2001, by and between the Board of Trustees of the University of Kentucky and KCTCS, the KCTCS Board of Regents adopted a resolution dated August 15, 2003, directing the University of Kentucky Board of Trustees to call University of Kentucky Community College Educational Buildings Revenue Bonds Series I, J and certain bonds of Series A, C, F and H (second). The State Property and Buildings Commission will issue new bonds with the resulting debt being assumed and managed by the Commonwealth of Kentucky. The Bond Indenture requires that notice of redemption of said bonds be provided no later than 30 days in advance of said refunding by the Treasurer of the University, at the direction of the Board of Trustees.

Action taken: ☑ Approved ❑ Disapproved ❑ Other _____

RESOLUTION

Pertaining to
Direction, Acknowledgement, and Consent
Authorizing Call of Certain Bond Issues

WHEREAS, the *Kentucky Postsecondary Education Improvement Act of 1997* as amended *(The Act)* creates the Kentucky Community and Technical College System; and

WHEREAS, *The Act* mandates that KCTCS "... be responsive to the needs of students and employers in all regions of the Commonwealth with accessible education and training to support the lifelong learning needs of Kentucky citizens ..."; and

WHEREAS, *The Act* states that "the government of each of the state universities and the Kentucky Community and Technical College System is vested in its respective board of regents. Each board of regents ... shall constitute a body corporate, with the usual corporate powers, and with all immunities, rights, privileges, and franchises usually attaching to the governing bodies of educational institutions"; and

WHEREAS, *The Act* authorizes the KCTCS Board of Regents to "... receive grants of money and expend the same for the use and benefit of the colleges..."; and

WHEREAS, *The Act* states that "the governing board shall attempt in every practicable way to insure the institution's supplying its real needs at the lowest possible cost..."; and

WHEREAS, *The Act* states that "the acquisition and disposition of real property for the colleges under the jurisdiction of the Kentucky Community and Technical College board of regents that are the property of the University of Kentucky shall be approved by the Kentucky Community and Technical College System board of regents, which shall transmit the action to the University of Kentucky board of trustees for approval"; and

WHEREAS, the State Property and Buildings Commission and the Finance and Administration Cabinet of the Commonwealth of Kentucky have determined that the Commonwealth of Kentucky will reduce its annual debt service costs by refinancing certain bonds initially issued by the University of Kentucky for buildings now under the jurisdiction of the Kentucky Community and Technical College System; and

WHEREAS, the State Property and Buildings Commission and the Finance and Administration Cabinet of the Commonwealth of Kentucky have requested the KCTCS Board of Regents approve the call of certain bond issues for the purpose of refinancing said issues,

NOW, THEREFORE, BE IT RESOLVED, pursuant to the Memoranda of Agreement ("Agreements") on Delegation and Assumption dated January 14, 1998, and January 30, 2001, by and between the Board of Regents of the Kentucky Community and Technical College System (the "KCTCS") and the Board of Trustees of the University of Kentucky (the "University"), the KCTCS hereby directs the University to call Educational Buildings Revenue Bonds Series I; Educational Buildings Revenue Bonds Series J; and certain bonds of Educational Buildings Revenue Bonds Series A, C, F and H (Second Series) prior to maturity and hereby acknowledges and consents to such call for redemption prior to maturity.

Through review and analysis of the above bond issues and current market conditions, it has been determined that considerable cost savings can be achieved by the refinancing of these issues. The State Property and Buildings Commission will issue new bonds to achieve said refinancing with the resulting debt being assumed and managed by the Commonwealth of Kentucky.

BE IT FURTHER RESOLVED, that the KCTCS President and such other officers as may be required are authorized to take such other and further actions as shall be necessary and helpful in effectuating the call of said bond issues.

BE IT FURTHER RESOLVED, that the KCTCS President is hereby authorized and directed to take such action as he deems appropriate to carry out the transactions contemplated in the foregoing Resolutions.

ADOPTED, this fifteenth day of August, 2003.

ATTEST:

Joseph B. Wise, III, Secretary
KCTCS Board of Regents

Cynthia L. Read, Chair
KCTCS Board of Regents