

AGENDA

Meeting of the Board of Trustees University of Kentucky 1:00 P.M. September 19, 2000

Invocation

Roll Call

Approval of Minutes - (Consent)

Nomination of Officers and Executive Committee

President's Report and Action Items

- PR 1 President's Report to the Trustees
 - A. Biomedical Biological Sciences Research Building
 - B. Agriculture Animal Science Facilities – Woodford County Farm
- PR 2 Personnel Actions
- PR 3 Central Administration
 - A. Proposed Amendments to the Governing Regulations
 - B. Change in University of Kentucky Retirement Plan
 - C. Proposed Amendment to the Governing Regulations
- PR 4 Community College System (No items to report)
- PR 5 Lexington Campus
 - A. Renaming the Center for Entrepreneurship the Douglas J. Von Allmen Center for Entrepreneurship and E-Commerce - (Consent)
 - B. Naming the School of Accountancy the Douglas J. Von Allmen School of Accountancy - (Consent)
- PR 6 Medical Center
 - A. Master of Science in Physician Assistant Studies

Finance Committee

- 1. Acceptance of Audit Report for the University of Kentucky for 1999-00
- 2. 2000-01 Budget Revisions
- 3. Aluminum Industries' Gifts and Pledges
- 4. Anonymous Pledges of \$5,000,000 and \$25,000
- 5. Carden/Mason Professorship Gifts
- 6. Carol Martin Gatton Gift
- 7. Charles S. Cassis Gift
- 8. Earl F. Lockwood Gift and Pledge

9. Estate of Hazel J. Hieronymus
10. Harry, Steve and Craig Jones Gift and Pledge
11. James F. Glenn, M.D. Gift
12. KIH Online Pledge
13. Michael H. Baker and William J. Gallion Gift
14. Miller and Wrenn Families Gift and Pledge
15. Philip Morris, Inc. Gift
16. Thomas C. and Evelyn W. Finnie Gift
17. Warren W. Rosenthal Pledge
18. Agreement Between University of Kentucky and Kentucky Healthcare Enterprise, Inc.
19. Settlement of Boundary Dispute Robinson Forest Little Caney Tract
20. A Resolution of the Board of Trustees of the University of Kentucky Declaring Official Intent with Respect to Reimbursement of Temporary Advances Made for Capital Expenditures to be Made From Subsequent Borrowings; and Taking Other Actions in Connection Therewith
21. A Resolution of the Board of Trustees of the University of Kentucky Authorizing the Issuance of \$29,870,000 of University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series Q, Dated October 15, 2000

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, September 19, 2000.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, September 19, 2000 in the Board Room on the 18th floor of Patterson Office Tower.

A. Meeting Opened

Billy Joe Miles, Chairperson, called the meeting to order at 1:00 p.m., and the invocation was pronounced by Ms. Marian Sims.

B. Roll Call

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

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

C. Consent Agenda

Mr. Miles noted that the consent agenda consisted of the following three items:

Approval of Minutes

PR 5A - Renaming the Center for Entrepreneurship the Douglas J. Von Allmen Center for Entrepreneurship and E-Commerce

PR 5B - Naming the School of Accountancy the Douglas J. Von Allmen School of Accountancy

Dr. Stumbo moved approval of the Consent Agenda. The motion, seconded by Mr. Shoop, carried. (See PR 5A and PR 5B at the end of the Minutes.)

D. Nomination of Officers and Executive Committee

Dr. Plattner, Chairperson of the Nominating Committee, stated that the Nominating Committee met at the Governor's Conference of Trustees in Bowling Green to review the nominations received from the Board members via mail. She requested that the Chairman turn the Chairmanship over to another Board member while the names were read. Mr. Miles called upon Mr. Shoop to preside and receive the report of the Nominating Committee. Mr. Shoop asked Dr. Plattner to give her report.

Dr. Plattner reported that there was a unanimous reading at that meeting to continue the present officers. She placed the following slate of officers for 2000-2001 in nomination:

Mr. Billy Joe Miles, Chairperson
Mr. Steven Reed, Vice Chairperson
Dr. Daniel Reedy, Secretary

Mr. Shoop called for nominations from the floor. Mr. Williams moved that the nominations close. Dr. Mather seconded the motion. Mr. Grayson moved approval of the officers nominated for the Board of Trustees for the year 2000-2001. The motion, seconded by Dr. Stumbo, carried.

Dr. Plattner noted that the same process was followed with nominations via mail for the Executive Committee. She reported that the general feeling of the Committee present was that the Executive Committee would be well served by the following nominations:

Ms. Elaine Wilson
Ms. Alice Sparks
Ms. Marian Sims
Mr. Billy Joe Miles, Chairperson
Mr. Steve Reed, Vice Chairperson

Mr. Shoop called for nominations from the floor. Mr. Guthrie moved that nominations cease. Dr. Mather seconded the motion. Dr. Plattner moved that these individuals be approved as the Executive Committee for 2000-2001. The motion, seconded by Dr. Mather, carried.

Dr. Plattner thanked Mr. Glenn for serving on the Executive Committee during the past year.

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

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

1. The University of Kentucky announced its \$600 million capital campaign on September 15th. Mr. James W. Stuckert is chairing the campaign. The University has already raised nearly \$318 million in gifts and pledges towards the goal.
2. The University of Kentucky, which includes the Lexington Community College, began the 2000-01 academic year with an increase in enrollment, the largest in its history.
3. UK-originated technologies that are licensed generated some \$2.8 million in royalties during 1999-2000. The University currently holds 67 license agreements with various companies, 12 of which were issued during the past year.
4. The University of Kentucky is represented by eight individuals at this year's Olympic Games. Nancy Johnson, a UK graduate, has won the first gold medal at the Olympic Games in Australia.

5. The University of Kentucky College of Pharmacy has once again ranked third in the nation by *U.S. News & World Report*.

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

F. Biomedical Sciences Research Building (PR 1A)

President Wethington said that everyone had read about, heard about, and knows about the discussion that has occurred concerning the Biomedical Sciences Research Building and the difference of opinion that exists in terms of its location. He said that he had asked his staff and the consultants to give a report on the building because he would like to have the Board informed about the issue. He noted that he had given the Board the written report from the consulting firm so that they would have that report to refer to whenever they wished. He told the Board that the presentation would provide information about the process and reminded them that this is an information item. The location of the building is an administrative decision. The administration hears from faculty, staff, and others in regard to a decision like this, but by regulation this is a decision that is made by the administration of the University. This is an important decision for the administration. This facility is one that is much needed today. It needs to be built and ready to open because of the need for research space in the University. The administration has been moving this project with all due speed. It is a big project, and it is going to take some time to get it going. Time must not be wasted in making this project a reality.

President Wethington said that George DeBin would begin the presentation which would be similar to the one made to an open forum that Mr. William Fortune, Chair of the Senate Council, hosted and also to the committee that was involved in helping plan for academic programs to go in the facility. The University Architect, Warren Denny, will provide some information and the Board will hear directly from the consultants. This project was deemed to be significant enough that the firm chosen to design the building was asked to get involved in the issue of site location and give their very best advice on where this building could best be placed. President Wethington asked George DeBin, Vice President for Fiscal Affairs, to begin the presentation and to involve his staff as he sees fit in making the presentation. He noted that they would entertain questions and take comments following the presentation.

Mr. DeBin said that he appreciated the opportunity to stand before the Board and provide a brief overview of the Biomedical Biological Sciences Research Building, or as it is commonly referred to on campus as the BBSRB, an acronym of higher education. Following his remarks, Mr. Warren Denny, the University Architect, will relate how the project basically complements the campus master plan that was developed eight or nine years ago and supported by the Board by a vote. After Mr. Denny, Mr. George Nielsen, architect and principal in a selected architectural engineering firm A.M. Kinney, Inc. from Cincinnati, Ohio, and his team will detail the sites selection findings and their subsequent recommendation. Following Mr. Nielsen, and with the Chairman's approval, they will answer questions from members of the Board. Through a series of slides, Mr. DeBin, Mr. Denny and the consultants gave the following presentation.

Mr. Denny introduced Mr. George Nielsen, the leader of the consulting team who produced the report "Analyses of Site Locations for a New Biomedical Biological Sciences Research Building."

Mr. Nielsen said the University asked him to briefly describe their process in analyzing the sites. The project objective was an analysis, and that was their approach. The University had

identified two sites, and they had also said very specifically, "If you see other sites during this process, bring them into the picture, also." Mr. Nielsen said that they kept an open mind, and as they went through the analysis, they came to the conclusion that there really were not any other sites. They, therefore, focused all of their attention on the two sites that had previously been identified.

He explained that the team assembled is the team of consultants that was hired to do the design of the building. This team has a lot of campus planning experience, nationally, and it has also the architectural and engineering experience for these kinds of building types which are complex, unique and kind of demanding. The team assembled is made up of A.M. Kinney, the architects and engineers for the project; Venturi, Scott Brown and Associates, Inc, the design architects who are also renowned planners for university campuses; the laboratory consultant, which is a firm out of St. Louis that is a nationally renowned firm; Health Education and Research Associates, Inc., which will do the programming; and ZBA, the mechanical and electrical engineers, who were selected because of their experience in these kinds of projects.

Mr. Nielsen noted that he is an architect, and David Hollowood is the structural engineer. Dr. Gordon Jamison is a biotech research scientist and biotech startup consultant who is also a part of the team. Venturi, Scott Brown and Associates, Inc. were very heavily involved in the work within the report and are very conversant with all of that information. All of these people visited the site at least once and met with probably thirty different people. Approximately two-thirds to three-fourths of the people were in the Medical Center or in the research community and the others were in the administrative group. He noted that they talked both to researchers in the Medical Center and administrative people in the Medical Center.

He explained that the analysis criteria used were based on the original charge from the University to look at all of the factors that they thought should be considered in selecting a site. They took all of these and came up with five major headings. They assigned different pieces of the work to different experts within the team, and they all set out to find out as much as they could about their particular areas of expertise and experience. After they had done all of the analysis, which consisted of putting together a decision matrix, they took a look at both sites, relative to interdisciplinary potential, maximizing research space, and the functional and symbolic potential of the site. These sites were actually rated by everybody individually. They went through this in a mathematical process so that they could be as objective as possible. All of the people expressed some concern about the ethics about what they were doing. They knew that passions were rather high on the two different sites, and they wanted to be strictly objective. He said that they indicated to him that they intended to be just that way. In the process of looking at all of these different considerations, the various team members worked on the ones with which they felt most comfortable in making judgments. They went through a mathematical process that scored the campus. They looked at all of the different factors relative to campus planning, which is a major issue. They separated the financial aspects and grouped those at the end. But, they looked at maximum usable area, bench space, and the best space program that could come out of it. They looked in particular at the vibration risks, given the information that had been produced up to this point and factored not only the ambient ones in but the ones associated with construction which they know can be a problem also during the construction period. They looked at the utilities because that is a major financial factor, and it is a system on the campus that must be considered heavily in any kind of a new building project. And finally, they looked at the finances, demolition, replacement, and relocation costs that were significant. They looked at utility and capital costs, building capital costs and potential income streams. They had about twenty-five different items that were looked at. All of the team members of all of the firms went through a rating process and scored the project. When they were finished, the Virginia Avenue

site scored higher unanimously. This was summarized verbally in the report as are comments on the various aspects of the two sites. They simply made a recommendation based on that result, which really confirmed to some degree what they had been developing during the course of the study. Mr. Nielsen then asked Jamie Kolker, an architect with Venturi Scott Brown, to talk in detail about the campus planning aspects.

Mr. Kolker said that he is an architect, and Denise Scott Brown and Robert Venturi are the principals of the architectural firm. Everybody in the office is an architect and also operates as a planner. He is an architect that also does planning for academic medical centers. Denise Scott Brown is the one person who is both an architect and a planner, and she has had very much to do with the report. She has been working for thirty years on campuses all over the country and most recently at the University of Michigan, where they are doing the comprehensive master plan for the whole 3,000-acre campus, a precinct of that is their medical center campus and its various locations of which he was the project manager. He mentioned other relative experiences that the firm has had and then reviewed their process and analysis, showing how they ended up with their recommendations based on their experience at the University. Through a series of slides he provided background information; discussed the interdisciplinary zone with the two sites that were analyzed, the University Drive site and the Virginia Avenue site; talked about future expansions; and illustrated potential constraints or opportunities that a site can present in terms of pedestrian linkages which is so important on an academic medical center and also on the academic campus.

He noted that the clinical functions have very specific and very different requirements than research or academic. His slides showed where clinical functions could expand whether it is ambulatory, clinical research, institutional or disease based. Research could maybe expand between the Medical Center and the academic core. The University Drive site is bounded obviously by the MRI, Cancer Research, Women's Health, and the Health Sciences Research Building. It is a very constricted site. The Virginia Avenue site has more broad reaching influences and impacts on it. Again, the interdisciplinary zone kind of culminates there. Clinical research and clinical care could expand further across Limestone into ambulatory or hospital replacement. The barrier there being Limestone. Those analyses were included in the report and that led to the influencing factors on site location and site selection for the BBSRB listed in the report. He said that they tried to meet the charge of how to make the University of Kentucky a great research public institution/university. Based on the scale of the research, the scale of the research must increase. The rate of development must increase and the size must increase. That led them to recommend the Virginia Avenue site because of the potential there for the unknown and larger scale increments of growth and a larger scale, more high tech building than could exist on the University Drive site. He said they also feel very strongly that the University Drive site should be reserved for those functions that really do need to be continuous to the hospital, to inpatient or to other functions that are clinically based, to the MRI, to the imaging and other things there. Virginia Avenue has the capacity for the broadly based research and the beginning of a campus that could be developed there. It is an imageful site. It would be a very prominent site to really create a new image that reflects the increasing role of research. Medical Center development is more valuable, in their opinion, for clinical activities. He said that they want to be careful about being judicious with their recommended use of sites. And with the new patterns of research, medical education and clinical care provision they really felt that given the unknowns and given what has changed in the last eight or ten years, it would not be a judicious use of the University Drive site for the program as it has been presented. The Virginia Avenue site would better accommodate the new patterns that are developing and the unknown patterns that have not yet developed.

Mr. DeBin and the team entertained questions from the Board.

Mr. Miles asked Dr. Meriwether, Chairperson of the University Hospital Board, for his comments.

Dr. Meriwether said the University Hospital will have to be replaced in the next ten years. There will have to be a new patient tower and clearly that patient tower will have to be in close proximity to Markey Cancer Center and in close proximity to the MRI Center. All this is underground; Gamma Knife is underground. The idea of moving all of that over toward Virginia Avenue is just not feasible. The only place for the University Hospital to go is south toward the Agriculture School or immediately backwards toward the second site, the University Drive site. Agriculture can go south as well. There is still plenty of land heading in that direction. In his opinion, Virginia Avenue is the only place for the building to go. The Hospital Board has been talking about a replacement tower for beds in the hospital, which is a 27-year old facility. And, it becomes imperative that you build a new facility as opposed to renovating the old one. He said he thinks that some of that has been left out in the discussion somewhere along the line. It has not been as quite as thorough. When you look at the land available to the Medical Center and the Clinical Research there is no choice about where it goes. It is just not a point of discussion. You cannot dig up a Gamma Knife, you cannot dig up three MRI scans underground, and the Markey Cancer Center cannot be relocated.

Dr. Meriwether said there is already talk about the fact that the Biomedical Biological Sciences Research Building is not adequate, space wise, for the next ten years. They are going to come back to the Board again and talk about additional space for research. To be a top-twenty research university, the University must have the building. One of the things that does lend itself to that is the extra space around Virginia Avenue, plus the fact that you have the KMSF building immediately across the street that could be converted for research space. This, in his opinion, is a lot of sound and fury over nothing because there is not a lot of choice in the matter.

Mr. Shoop said his concern is the political climate, as it is today, in Frankfort. He feels the University is on the move immensely right now with this first building. He thinks in no time the University will have a second, a third, maybe even a fourth or fifth building. And this is a site, in his understanding, that can accommodate that expansion.

Mr. Chellgren said that it appeared that the process has been a fair, comprehensive, objective one. It is really sort of a short-term convenience versus long-term potential. And it sounds, based on the facts that were given; that the long-term must outweigh the short-term convenience issues and that the Virginia Avenue site is the superior one. It is clearly a trade off. There may be some short-term physical inconvenience to some sections of the institution, but the long-term advantages of the Virginia Avenue site will clearly outweigh the short-term benefits to some of the other sites.

Ms. Sparks asked if there was a site preference in Dr. Bramwell's report.

Mr. DeBin replied that when you read the report, it talks about a shared facility, and a shared facility is a preference toward the University Drive site.

Dr. Bramwell replied that Mr. DeBin was correct.

Ms. Sparks asked about the comments concerning the vibration problem on Virginia Avenue and if that was addressed in the report.

Mr. DeBin asked Mr. Hollowood, a vibration expert; to comment about the vibration.

Mr. Hollowood explained that there are two types of vibration that have been classified in the report, an ambient vibration, which is basically site-dependent. There is more ambient vibration at the Virginia Avenue site due to the railroad and due to the traffic on Limestone. There is vibration associated with the building that is site-independent due to mechanical equipment, HVAC equipment, and basic human occupancy, traveling of the halls and that sort of thing. All those types of things will generate vibration within the building. The ambient vibration that is associated with the Virginia Avenue site, based on our preliminary investigation, is not a problem as far as the design of the building based on the criteria that has been given to them. There has been some additional criteria given, basically what would be considered Class E equipment. The ones in the criteria that they were given were Class C and D. The E equipment also would not be a problem to be designed. They are basically just additional loading criteria much like a snow load, a wind load, or earthquake loads that are all possible to be designed and handled within that building.

Mr. Hollowood said that the Virginia Avenue site does have additional vibration criteria that have been investigated. Unfortunately, there is no report done or investigation done on the University Drive site, so they have no idea what the ambient vibration is on that site.

Mr. Neilsen added that he thinks that the vibration subject is probably the one that needs more scrutiny in the report. Comments had been made by various people that their criteria has become more severe than what they had when they did the report. They are talking now about instrumentation that has a higher level of isolation. And it could be as bad or worse as the Limestone site. They feel that there should be an additional investigation on the subject in order to make sure that this is not a showstopper or deal breaker because it could become an issue on both sites, and that really needs to be looked at very carefully. Their recommendation to the University at this point is to look at it with more detail, more rigor, and put it to rest in the open with all the people that are concerned.

Dr. Mather said that it is his understanding that there are types of instruments on use on the campus in the current research building on University Drive that cannot be used in the Center on Aging building. When they need to conduct certain kinds of tests, they need to truck their stuff over to the other building. Apparently the architects are right, a lot of the vibration problem is from Limestone itself, which he understands is a street that's going to become more heavily traveled as the state reroutes traffic from the Newtown Pike extension down through Virginia Avenue. He said that he did not come prepared to talk about this. He did not know until late in the morning that this was going to be on the agenda. He said he appreciated Mr. Neilson's comment about getting all the people involved in this. He thinks this is a discussion that ought to continue. They should hear from some faculty groups and some committees that have been involved with it. He said that Dr. Bramwell has chaired two committees that unanimously felt that it ought to be, as he called it, a leveraged building, an added on building. In addition, a reference was made to the session with the Senate Council. There were approximately 100 people there, and it was primarily populated with folks who themselves will be involved in this building. The Chair gave the participants there a chance to give a straw vote after listening to the architects and hearing the questions from the architects. The vote from the folks there was 92 in favor of University Drive, 2 in favor of Virginia Avenue. And I think that's a perspective that ought to be heard and to at least hear what those reasons are.

Mr. Hollowood commented that he had no doubt that there are problems that exist currently and that could be due in fact that many of the buildings in which those instruments are now were never designed to tune this out. And so they have to go elsewhere. One of the things that they are charged with is designing the building in such a way that the vibrations will be mitigated. These things are subject to analysis and to design anticipation and that's what they intend to do with this project. They are constantly seeing an upping of the requirements insofar as vibrations are concerned. So, he agreed that they should get into this more deeply and said that they are not going to be able to solve it until they do have the participation of all the people that have a vested interest in this aspect.

Mr. Chellgren asked if the Board was second-guessing the administrative decisions and micromanaging it. Having to provide a hearing for different groups arguing the favor of one side or another should not be the role of this Board.

Dr. Mather asked, "Then why did we listen today?"

President Wethington replied that the session today was to get the Board acquainted with the process that the administration has gone through to make the decision. This is the administrative decision as it is properly focused by the University regulations. If the Board chooses to override the decisions of the administration, they need to do that today because this project needs to move on. It is being brought to the Board for information because the Board is going to be encouraged to get involved in the decision. And, if the Board chooses to do so, his plea would be to get involved in it today, because the project is going to be delayed by every month that a final decision about the Biomedical Sciences Research Building location is put off.

Mr. Miles said that he did not feel that the Board should get involved in voting on every project, but he thinks it has to have due process.

Dr. Reedy commented that this is one of the most expensive buildings that will have been built on campus other than the W.T. Young Library. And, one of the issues that does bother him, both from the presentation and from what he heard, is not just an issue of functionality but how the function of the building has intersections with other functions in the Medical Center Research areas. The question of interactive functionality is an extremely important one and he did not consider it to be micromanagement to want to know more about that aspect of it rather than just the presentation that given today. As a Board member, he had read some of the other documents but he did not attend the other session. He simply thinks that a couple of weeks to be able to hear those comments and get a better appraisal is not a bad idea when you are talking about a \$65 million building and what we expect to be the product coming out of that building in revenue to the University in a couple of years. He certainly does not have his mind made up and there is a good reason. The judgments and the opinions are not consistent. He would, however, be certainly glad to support either of these sites after having heard the judgments from both sides of the issue.

Mr. Grayson said that he found himself a little bit in opposition with people who think that this is really a Board decision. He thanked Dr. Wethington and said he was pleased, but not surprised, with the depth of the knowledge, the information, and the work that went into making the decision. The decision has been questioned; however, he believes, from the presentation, that the administration has assembled an appropriate group of experts with great levels of experience in addressing these issues. He thinks the administration has done its job properly. It is not an issue for the Board. Based upon what the Board has seen today, there is no reason to think the administration will not act properly and that is not what he considers to be the role of the Board.

He said he knew academic freedom addresses the classroom but he thinks management is a different issue. He thinks that there is no reason for the project to be delayed. He sees no reason today or nothing that would indicate to him that the right decision has not been made and that the issues that were raised in terms of vibration are not going to have a second look. He is sure that if solutions are not resolved, appropriate action will be taken.

Mr. Shoop said that he supported Dr. Meriwether's position. He serves on the Hospital Board and he thinks that Dr. Meriwether laid out some plans for the future. He concurs with those plans. He thinks it is extremely important that the facility get started, get built, get completed, and the powers that be start working on building two and three."

Dr. Plattner commented that there is a point of view that is unspoken. "What about the functionality of this academy? Is this not a place where on Friday at noon we dedicated ourselves to raising hundreds of millions of dollars to bring in brilliant scientists, those in the humanities, musicians, artists, language experts who would enrich this Commonwealth. Their voices are unheard here today, and I accept that as part of the agenda. But hurry not my friends, lay a brick and you have mislaid the opportunity to allow important dialog to continue. The President's role is well known. But so are the thinkers, the scientists, and those are here. We are building for the future and I believe that. But we must build out of dialog and ideas and continued support of each other so that the eventuality of what we are working for is a collaborative and a partnership. Haste not, give us time to decide what is the right thing to do."

Mr. Williams said that he did attend the meeting last Wednesday because he was interested in hearing what was being said. He went away from that meeting a little bit conflicted because he certainly understood a woman who was quite eloquent in talking about her vision for a research park, if you will, at that corner. And he could see it in his mind's eye that this building would be the first piece of that park. Naturally, concerns were expressed about the financing of future buildings there, and he understands that. The University tends to fight for building by building to get the financing for it. But, he understood the vision, and he respected the vision. And, what a great message it would send if that were indeed one of the first things that people saw when they came across Virginia Avenue. His concern, as has been expressed by a couple of his colleagues, is the extensive information that has been given has not in any way been balanced with the information from those that are actually going to be the end users of the building. Just to hear what their concerns are and it is not necessarily the vibrations that they were talking about. It was the difficulty in human interaction between the scientists within the building. He said that he remembered one of the faculty members saying very succinctly that new ideas sometimes happen outside the seminar room: they happen at the lunch room, and they happen at the water fountain where colleagues are able to interact by being in close proximity. As he looked at the analysis that the firm did, he is not sure how much of that was weighed in making the final decision. He said he knew it was part of the consideration. But to these faculty members who were speaking, he was struck with how important that piece of it was to them. That is where their concerns are. That was their concern and he thinks that was the thing that touched his heart the most from that meeting.

Mr. Miles said that one lesson he thinks they can learn from this is communication. Dr. Meriwether said it in an earlier meeting that morning. The Board needs a closer relationship with the Hospital Board. This Board needs to know long-term plans and what is going on in the Hospital. He agreed with Mr. Grayson in that the Board does not need to start a precedent on voting on things like this as a Board. This is an administrative decision. He believes you have to maintain the right to the freedom to speak what you really believe, and you don't have to agree. He said that he and Mr. Reed probably created a little bit of this problem because they have gone

around to the department and always said let it be known whatever you think. He said that they want the faculty to feel free to participate in these things.

President Wethington said that he agreed with Mr. Miles one hundred percent, but at some point, once everybody has had a say, then it is the responsibility of the administration to make a decision. And it is highly unlikely that in this particular instance that everybody is going to be in agreement. He thinks that the administration has heard from virtually everyone who wants to say anything, and they will continue to hear from them. That is the right of these individuals to express their opinions. But, they simply have made an administrative decision after having listened to those who have every right to advise them but do not have the responsibility for the decision. The administration has the responsibility for the decision. They have sought the best advice they could get in bringing the administration data which they could use to make the decision. And, they have done so. He simply wanted the Board to know how the administration arrived at that decision and let the Board know that they intend to proceed with the building of the Biomedical Biological Sciences Research Building. He said they would continue to look at any issue that arises that they think is significant, especially the vibration issue because no one wants to build a building with significant problems associated with it.

Biomedical / Biological Science Research Building (BBSRB)

- University Requested Authority In 2000-2002
Capital Plan
- Authorized by 2000 Kentucky General
Assembly.
- Overall Authority \$65M
- Source of Funds \$39M State Bond
\$26M Agency Bonds

Biomedical / Biological Science Research Building Cont.

■ Construction Budget	\$50,910,000
■ Design Budget	\$5,980,000
■ Project Contingency	<u>\$8,110,000</u>
Total	\$65,000,000

Administration Regulation II-1.4-1

**“The Vice President for Fiscal Affairs
Shall Be Responsible for the
Administration and Oversight of the
Capital Construction at the University of
Kentucky” and “Shall Be Responsible for
the Development, Maintenance and
Implementation of Comprehensive
University-wide Long Range and Short-
term Plans and Policies for Land
Acquisition and Utilization”.**

Architectural/Engineering Selection Committee – BBSRB

- Vice President for Administration, Chair – Dr. Ben Carr
- Chancellor of the Medical Center – Dr. James Holsinger
- Vice Chancellor for Research (Medical Center) – Dr. Delwood Collins
- Vice Chancellor for Research (Lexington Campus) – Dr. James Boling
- Senior Director, Procurement and Construction Division – Ken Clevidence
- Associate Director, Procurement and Construction Division – Dall Clark
- University Architect – Warren Denny
- Project Manager – Dr. Robert Williams

A.M. Kinney Inc.

- 70 years of experience
- 5,000,000 Square Feet of Laboratories
- Projects up to \$150,000,000

A.M. Kinney Inc.

Related Experience

- Bio Research and Development Facility-National Institute of Health
- University of Cincinnati Medical Center Toxicology Suites and Biological Containment
- Mead Johnson and Company Animal Suites and Biological Containment
- Sandoz/Novartis Pharmaceuticals Research Laboratory
- Nalco Chemical Company Research Center
- Miami University Animal Surgery Suites

President's Charge to the BBSRB Planning Committee:

“Recommend to me the academic space program for a flexible, state-of-the-art BBSRB. Your space recommendations should include the support services that need to be housed in this facility. In addition to describing each of the various spaces, you should include a summarized, prioritized listing of the major spaces in your final report.”

January 12, 2000

Project History

- January 12, 2000 – President's charge to BBSRB Planning Committee
- March 28, 2000 – Architectural /Engineering Consultant selection scheduled for April 28, 2000
- April 14, 2000 - BBSRB Planning Committee report to the President
- May 31, 2000 – Chair, Senate Council, and Chair Elect, Senate Council letter to the President
- June 15, 2000 – President's letter to Chair, Senate Council, confirming a thorough analysis of the various building sites will be conducted

Project History

- July 3, 2000 – Architect confirms additional scope of services to include analysis of two sites relating to:
 - University Strategy
 - Campus Plan
 - User Requirements
 - Laboratory Program
 - BBSRB Operations
 - Utilities
 - Finance and Costs

Project History

- August 22, 2000 – Consultant site analysis report completed
- August 22, 2000 – Based on the consultants report, Vice President for Fiscal Affairs recommends to the President that the project proceed on the Virginia Avenue Site
- August 23, 2000 – President approves site recommendation
- August 31, 2000 – Chair, Senate Council, advised by the President that Vice President DeBin, the University Architect and the consultant would be available to the Senate Council

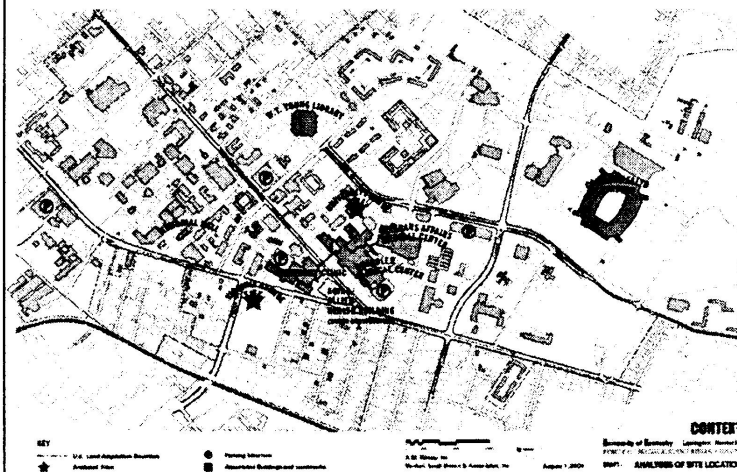
Project History

- September 16, 2000 – Based on Senate Council meeting of September 13, 2000 Project Manager requests Dr. Fitzgerald Bramwell reconfirm the level of or standard for vibration required by the BBSRB
- September 18, 2000 – Letter to Chair, Senate Council, acknowledging faculty request for a more stringent level of vibration than was requested in the BBSRB Planning Committee's program document dated April 14, 2000

Campus Zones



SITE ANALYSIS



AGENDA

PROJECT OBJECTIVE

REVIEW PROCESS

- TEAM ASSEMBLED
- CAMPUS VISITS
- ANALYSIS CRITERIA

Strategy
Campus Plan
Building
Utilities
Financial

University Strategy
Campus Plan
Demolition
Relocation
Replacement
Parking Impact
Operations
User Requirements
Laboratory Program
Utilities
Finance and Costs
Future Expansion

DECISION PROCESS

PROJECT OBJECTIVE

The following report analyzes the factors bearing on selection of a site for the new Biomedical Biological Sciences Research Building (BBSRB).

Two sites have been identified by the University; one on University Drive and the other on Virginia Avenue. Although not limited by the University to these two sites, no other sites have emerged during the study as reasonable alternatives; therefore, the data herein concentrates entirely on the two pre-designated sites.

AGENDA

PROJECT OBJECTIVE

REVIEW PROCESS

- TEAM ASSEMBLED
- CAMPUS VISITS
- ANALYSIS CRITERIA

Strategy
Campus Plan
Building
Utilities
Financial

University Strategy
Campus Plan
Demolition
Relocation
Replacement
Parking Impact
Operations
User Requirements
Laboratory Program
Utilities
Finance and Costs
Future Expansion

DECISION PROCESS

TEAM ASSEMBLED

A. M. Kinney, Inc. (AMK)

George Nielsen	Project Manager (Registered Architect)
Mark Weaver	Deputy Project Manager (Registered Professional Engineer)
John Schickner	Mechanical Project Engineer (Registered Professional Engineer)
David Hollowood	Structural/Civil Project Engineer (Registered Professional Engineer)
Gordon Jamieson	Laboratory Operations Specialist (Research Bio-Chemist and Bio-Technical Business Start-up Consultant)

Venturi, Scott Brown and Associates, Inc. (VSBA)

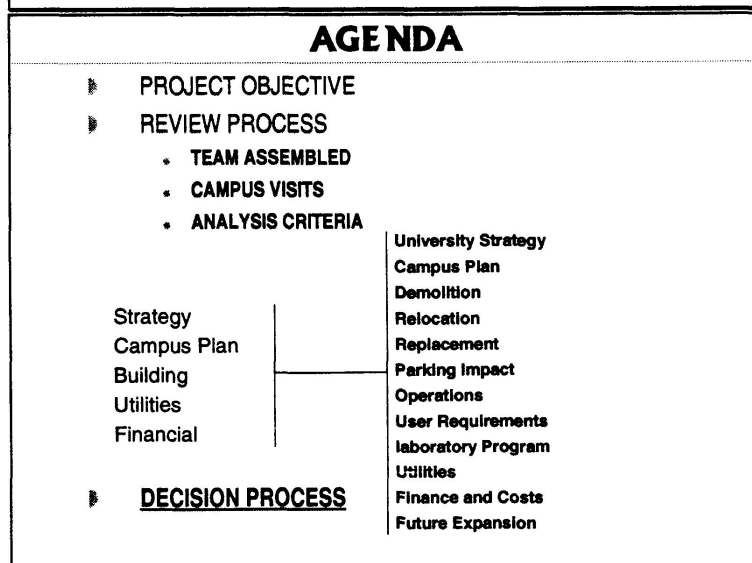
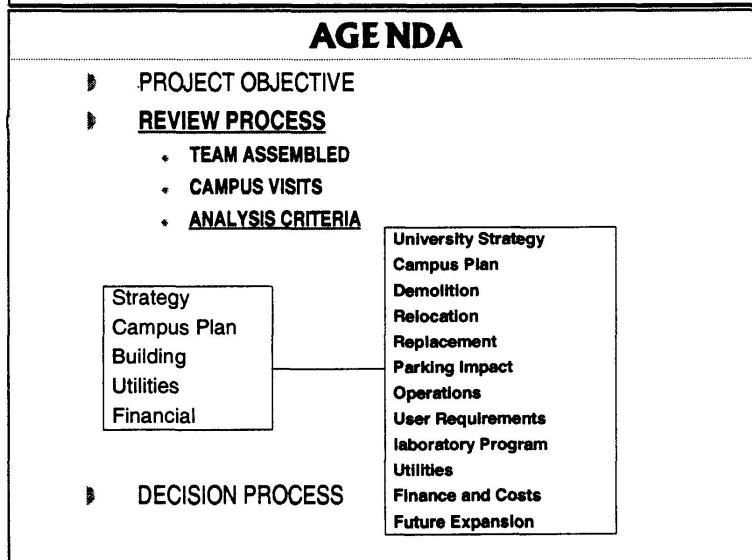
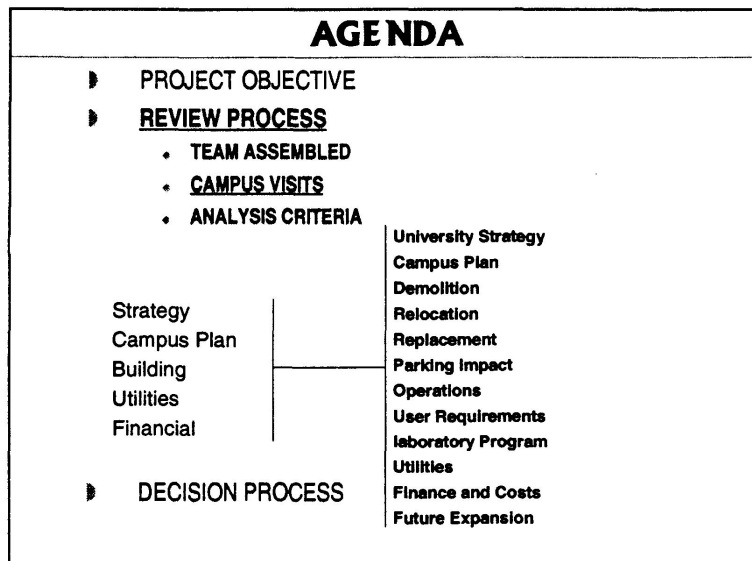
Robert Venturi	Design Architect and Planner (Registered Architect)
Denise Scott Brown	Design Architect and Planner (Registered Architect-England)
Daniel McCoubrey	Design Architect and Planner (Registered Architect)
Jamie Koller	Design Architect and Planner (Registered Architect)

Health, Education + Research, Inc. (HERA)

Janet Baum	Laboratory Consultant and Programmer (Registered Architect)
Laurie Sperling	Laboratory Consultant and Programmer

ZBA, Inc.

Donald Bahnfleth	Mechanical Project Engineer (Registered Professional Engineer)
Fred Betz	Mechanical Project Engineer (Registered Professional Engineer)



DECISION PROCESS

UNIVERSITY STRATEGY

Interdisciplinary Potential

Maximized Research Space

Functional/Symbolic Potential

DECISION PROCESS

CAMPUS PLAN

Highest/Best Use

Parking Conditions

Interdisciplinary Proximities

Medical Center Proximities

C.R.S.C. Proximities

Amenities

Visibility

Accessibility

Serviceability

Growth Potential

DECISION PROCESS

BUILDING

Capital Cost (See Financial)

Maximum Usable Area

Maximum Research (Bench) Space

Optimum Space Program

Optimum Research Options

Ambient Vibration Risks

Construction Vibration Risks

DECISION PROCESS

UTILITIES

Capital Cost (See Financial)

Expansion/Growth Potential

Construction Service Interruptions

Reliability

Emissions Problems (Potential)

Energy Use

Operations Improvements

DECISION PROCESS

FINANCIAL

Demolition/Replacement/Relocation

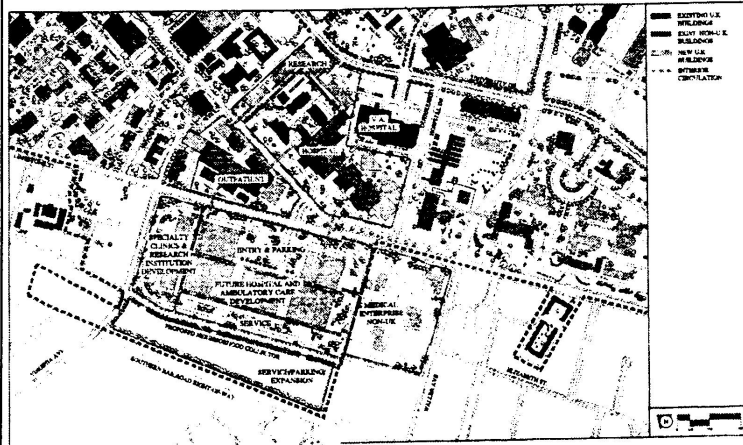
Utility Capital Cost

Building Capital Cost

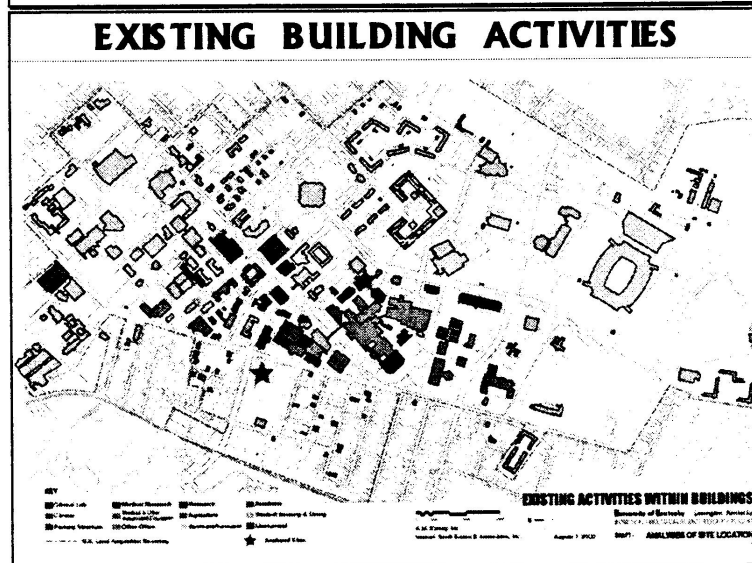
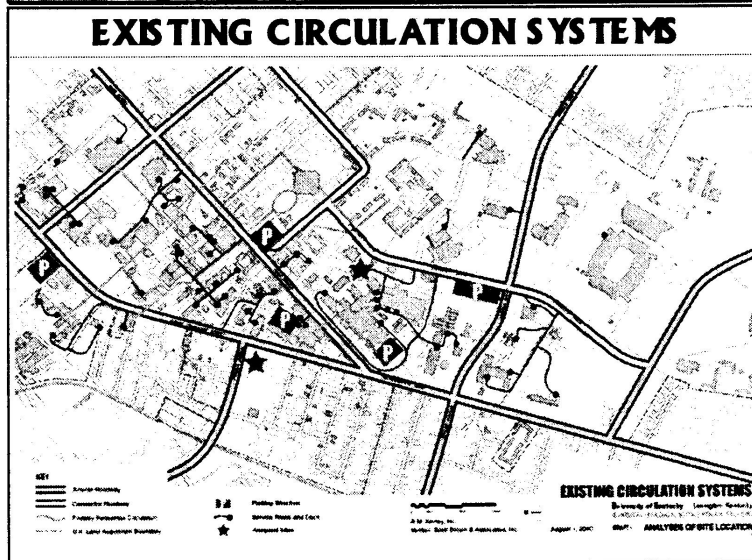
Potential Income Streams

MEDICAL CENTER PLAN

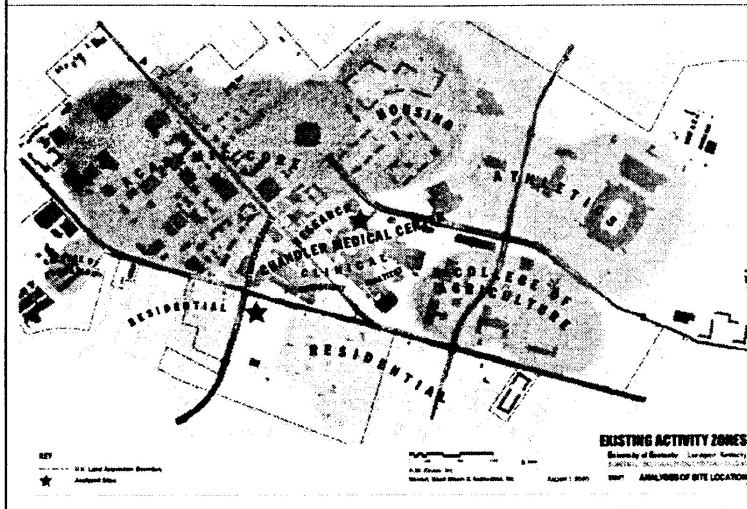
MEDICAL CENTER PLAN



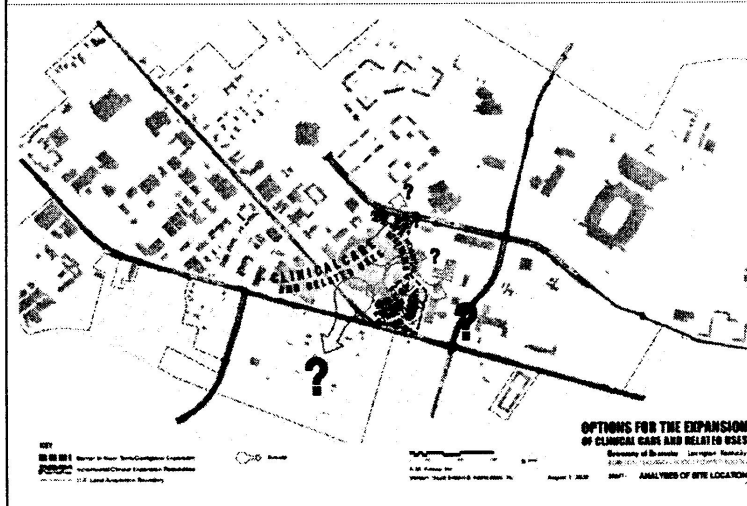
From University of Kentucky Physical Development Plan
Hansen and Meyer, May 1967



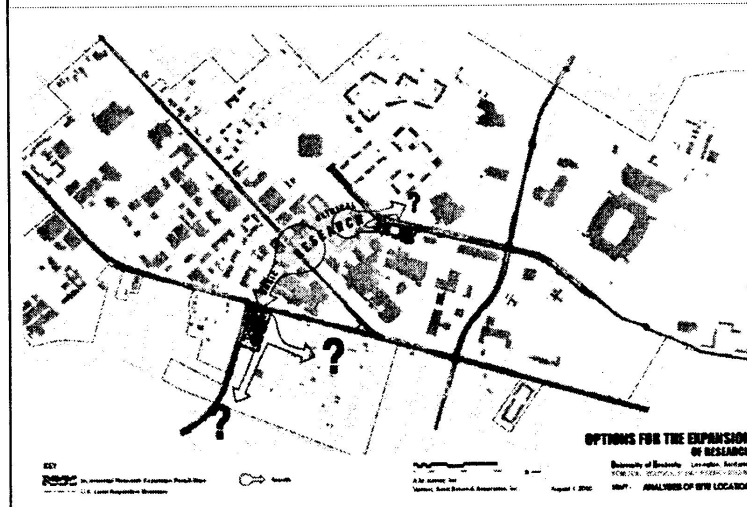
EXISTING ACTIVITY ZONES

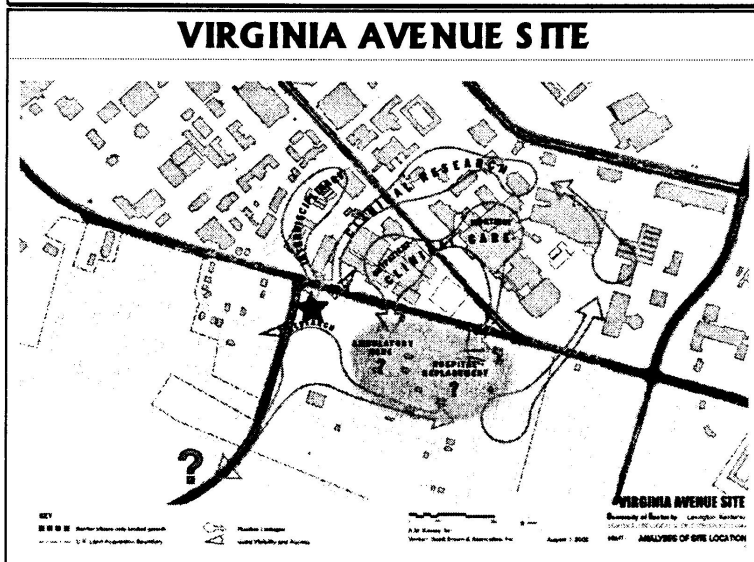
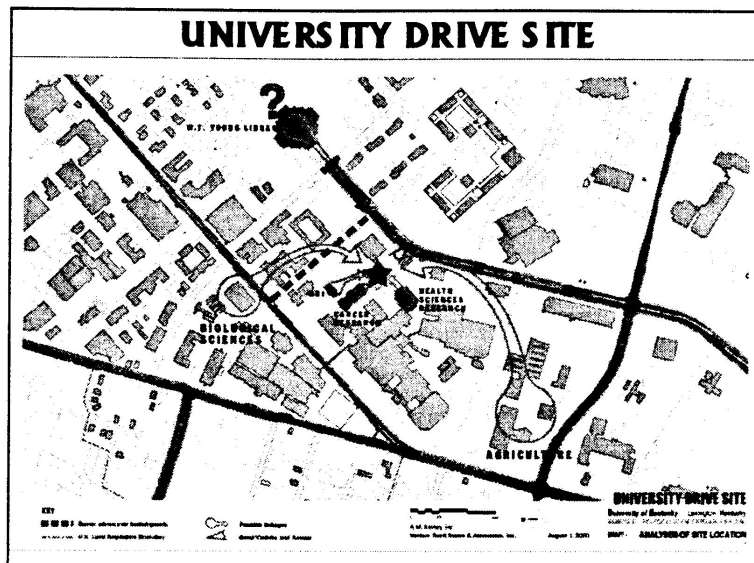


CLINICAL EXPANSION OPTIONS



RESEARCH EXPANSION OPTIONS





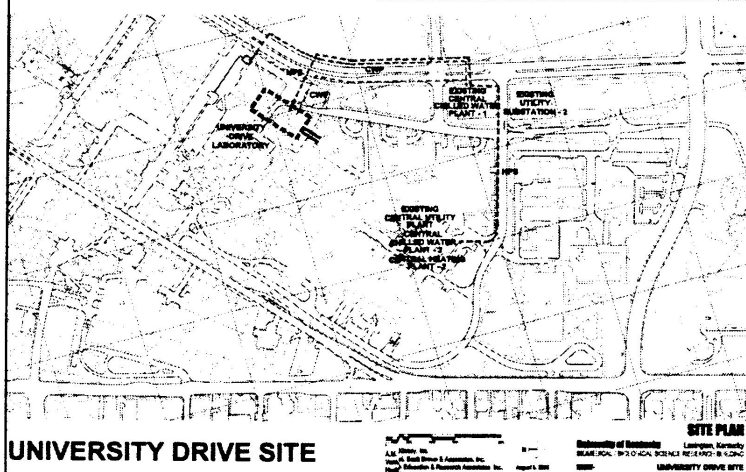
Key Influencing Factors

- A Great Public Research University
 - The Scale of Research Must Increase
 - Rate of Development Must Increase
 - Size of Facilities Must Increase
- Large Building Increments vs. Dense Campus Center
- University Avenue Site Limited Capacity

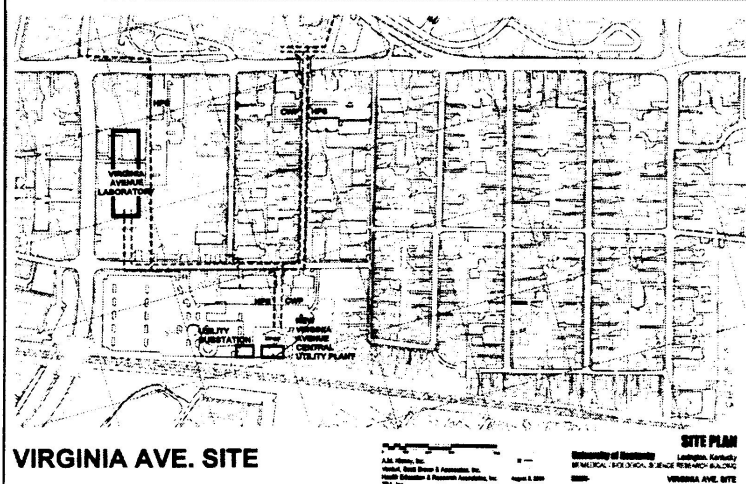
Key Influencing Factors

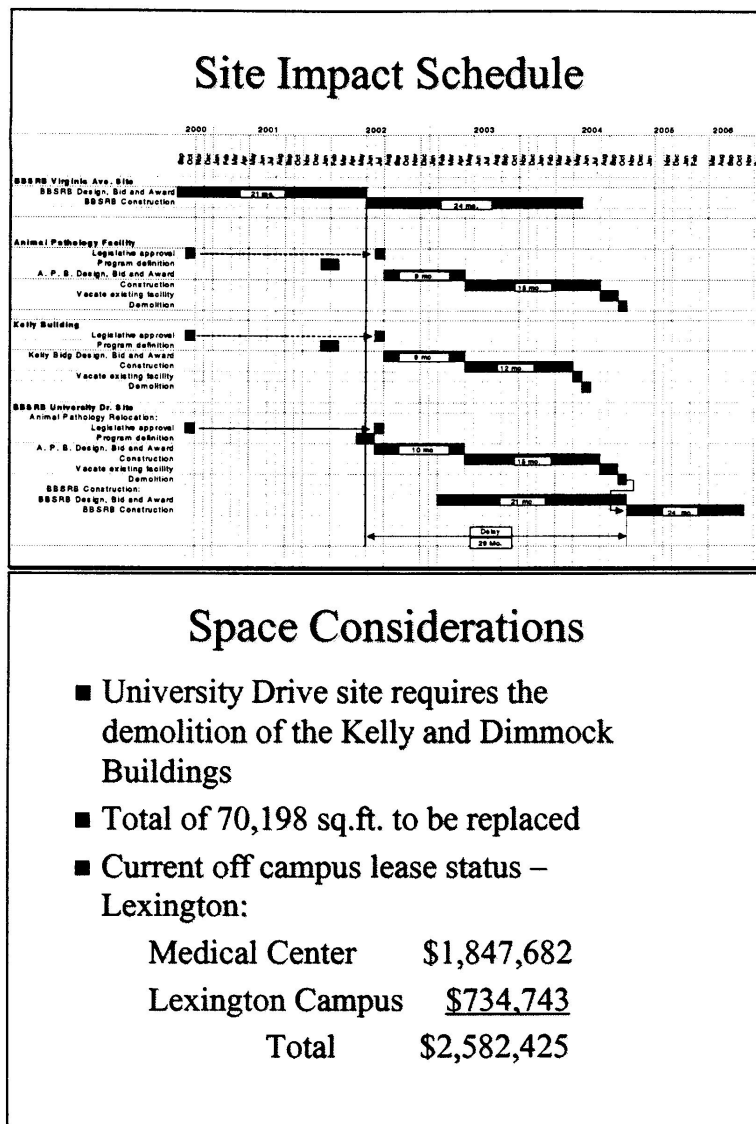
- Basic Research at Virginia Avenue
 - Capacity and Potential for Broadly Based Research Campus
 - Imageful Extension of the UK Campus
- Medical Center Development
 - University Drive More Valuable for Clinical Activities
- New Patterns and Linkages
 - Evolution of Research , Education and Care Provision

UNIVERSITY DRIVE SITE



VIRGINIA AVENUE SITE





G. Agriculture Animal Science Facilities–Woodford County Farm (PR 1B)

President Wethington introduced Dean Oran Little of the College of Agriculture to come forward for the next presentation. President Wethington reminded the Board members that there would be a tour of the Woodford County Farm following the meeting. He also invited members of the media to join them.

Dean Little reviewed the history of the relocation of the college's animal research facility from the old campus farm to the then new Coldstream Farm purchased for that purpose in the late 1950's, the subsequent growth of Kentucky's animal industry between 1960 and mid-1980, and the projected demands and expectations for research and education to support significant further growth. The question of facility expansion or relocation again became a major issue and, following lengthy discussions this Board initiated action in 1987 to relocate the animal research facilities to another site and to develop Coldstream Farm as a new industry research campus with assurance that adequate new land area would be purchased and state-of-the-art research and education facilities would be constructed to meet the needs of Kentucky's animal agriculture.

After considerable study of future program needs and wide search for a suitable site, funds were provided by the 1990 General Assembly for the purchase of the former Pin Oak Farm. This purchase was completed in late 1991. Extensive assessment of the farm history and resources and wide input from faculty, staff and stakeholders led to development of a complete land use plan and preliminary planning of the projected research and education facilities. The 1996 General Assembly provided \$12.4 million in support of Phase I construction which includes the Beef Unit, the Swine Unit and the Forage/Sheep Unit.

Dean Little led a slide tour through the Phase I units explaining various high tech features, unique capabilities and innovative program focus projections. He also described program projections for proposed Phase II which includes milking and field facilities for dairy, a learning center for technology transfer, experimental feed formulation and additional facilities for specialized new program areas. Current estimates total \$19.2 million for Phase II construction.

The presentation was concluded with a brief discussion of specific examples of expected financial return on the state's investments in this Animal Research Center. These include impacts from new beef cattle research facilitated by Phase I that's expected to exceed \$350 million annually in increased income to the beef producers and approximately \$115 million annual return to Kentucky dairy farmers through application of research that will be facilitated by Phase II. Total cash farm receipts from animal agriculture in Kentucky have shown steady increase from approximately \$0.5 billion in 1960 to an estimated \$2.4 billion in 2000. The long-term potential is estimated at \$3.6 billion annually. The urgency of focusing on attaining this potential growth of an additional \$1.2 billion farm income is evident in noting that almost \$426 million farm income has been lost over the past two years with the reductions in tobacco allotments. It is critical that the University moves forward with the completion of the Animal Research Center and bring the planned research and education programs to full speed.

Dean Little received a round of applause from the members of the Board.

President Wethington commented that the members of the Board have just seen not only another part of the University and another part of the research program, but also another part of the way the University of Kentucky is influencing the economy of the state and the potential there for increasing the agricultural-economy through the so-called traditional crops, or traditional ways of doing business in Kentucky. He commended Dean Little for the good leadership that he has provided in the College of Agriculture and stated that the expansion into the Woodford County Farm has been a great move for the University.

H. Personnel Actions (PR 2)

President Wethington recommended that approval be given to the appointments, actions and/or other staff changes which require Board action; and that the report relative to appointments and/or changes already approved by the administration be accepted. Mr. Grayson called attention to the retirement of Dr. Charles Haywood. He recognized Dr. Haywood for his contributions to the University and to the banking and finance industry nationwide as well as internationally and moved approval of PR 2. His motion, seconded by Mr. Chellgren, carried. (See PR 2 at the end of the Minutes.)

I. Proposed Amendments to the Governing Regulations (PR 3A)

President Wethington reminded the Board members that PR 3A involves changes in the Governing Regulations for the Board committee structure. The item was on the agenda at the last Board meeting and is being presented now for final approval. Dr. Reedy moved approval of PR 3A. Ms. Wilson seconded the motion, and it carried. (See PR 3A at the end of the Minutes.)

President Wethington commented that with the Board approval this new committee structure will be implemented during the next few months. Mr. Miles informed the Board members that a letter would be forthcoming in the next week regarding the new committees.

J. Change in University of Kentucky Retirement Plan (PR 3B)

President Wethington noted that PR 3B is a change in the University's retirement plan as mandated by the Internal Revenue Service regulations governing 403b plans. Mr. Chellgren moved approval of PR 3B. The motion, seconded by Mr. Grayson, passed. (See PR 3B at the end of the Minutes.)

K. Proposed Amendment to the Governing Regulations (PR 3C)

President Wethington noted that PR 3C was sent out to the Board after the tentative Board agenda had been mailed. This proposed amendment would change the composition of the Search Committee involved in the presidential search. This amendment would increase the number of committee members appointed by the Board Chairman by one person and would thus increase the size of the committee by one person. He reminded the Board that with their approval at this meeting, this item would remain on the table for one month and would be on the agenda of the October Board meeting for final approval. Ms. Wilson moved approval of PR 3C. Her motion, seconded by Mr. Shoop, carried. (See PR 3C at the end of the Minutes.)

L. Community College System (PR 4)

There were no items to report from the Community College System.

M. Master of Science in Physician Assistant Studies (PR 6A)

President Wethington stated that PR 6A is a recommendation for approval of the Master of Science in Physician Assistant Studies for submission to the Council on Postsecondary Education. He noted that programs in health care must go before the Council for approval. Dr. Meriwether moved approval of PR 6A. Mr. Guthrie seconded the motion, and it passed. (See PR 6A at the end of the Minutes.)

N. Acceptance of Audit Report for the University of Kentucky for 1999-00 (FCR 1)

Mr. Chellgren, Chairperson of the Finance Committee, reported that the Finance Committee met earlier in the day, and the single most important item they dealt with was the Acceptance of the Audit Report for the Academic Year 1999-2000. He said that Deloitte and Touch gave a clean, unqualified opinion. He noted that there were no material audit adjustments and that the statements are consistent with the regular interim statements that the Finance Committee and the Board have been reviewing for the past academic year. Mr. Chellgren moved the adoption of FCR 1. The motion, seconded by Governor Breathitt, carried. (See FCR 1 at the end of the Minutes.)

O. 2000-01 Budget Revisions (FCR 2)

Mr. Chellgren stated that FCR 2 is the quarterly review of the budget and budget adjustments during the progress of the academic fiscal year. He noted that there is an additional \$1.2 million in state appropriations in the general fund that is offset by estimated expenditures of \$950,000 in the University system and \$250,000 in the Lexington Community College. Mr. Chellgren moved the adoption of FCR 2. His motion, seconded by Ms. Sparks, passed. (See FCR 2 at the end of the Minutes.)

P. Finance Committee Consent Agenda

Mr. Chellgren stated that the Consent Agenda would consist of the following:

FCR 3 – gifts and pledges totaling \$75,000 to support the Center for Aluminum Technology,

FCR 4 – pledges totaling \$5,025,000 to support the William T. Young Library Endowment and to benefit the research and graduate programs of the University,

FCR 5 – gifts totaling \$51,960 to establish and endow the Belinda Mason Carden and Paul Mason Professorship in HIV/AIDS Research in the College of Medicine,

FCR 6 – a gift of \$100,000 to support the resurfacing of the field at Commonwealth Stadium,

FCR 7 – a gift of nearly \$103,000 to create and endow the Charles S. Cassis Professorship in the College of Law,

FCR 8 – a gift and pledge totaling \$200,000 to create and endow the Earl F. and Jean M. Lockwood Professorship of International Commerce and Entrepreneurship in the Patterson School of Diplomacy and International Commerce,

FCR 9 – a gift of \$200,000 to create additional scholarship funds in the College of Human Environmental Sciences,

FCR 10 – gift and pledge totaling \$100,000 to support the resurfacing of the field at Commonwealth Stadium,

FCR 11 – a pledge of \$500,000 to establish and endow the James F. Glenn, M.D. Endowed Professorship/Chair in Urology in the College of Medicine,

FCR 12 – a pledge of \$100,000 to support the University of Kentucky Children's Hospital,

FCR 13 – a gift of \$100,000 to establish and endow the Gallion and Baker Professorship in the College of Law,

FCR 14 – gifts and a pledge totaling \$100,000 to create and endow the Dorothy A. Miller Research Professorship in Social Work Education in the College of Social Work,

FCR 15 – a gift of \$363,108 to support undergraduate scholarships, graduate fellowships, leadership development and tobacco research in the College of Agriculture,

FCR 16 – a gift of \$98,475 for graduate fellowships in the College of Engineering,

FCR 17 – a pledge of \$1,000,000 to support the William T. Young Library Endowment.

Mr. Chellgren moved the adoption of FCR items 3-17. The motion, seconded by Mr. Shoop, carried. (See FCR 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, and 17 at the end of the Minutes.)

Q. Settlement of Boundary Dispute Robinson Forest Little Caney Tract (FCR 19)

Mr. Chellgren stated that FCR 19 is relatively procedural and will authorize the administration to execute a quit-claim deed in conveying some acreage of land in the Robinson Forest area to settle a boundary dispute. Mr. Chellgren moved the adoption of FCR 19. The motion, seconded by Mr. Breathitt, passed. (See FCR 19 at the end of the Minutes.)

R. Agreement Between University of Kentucky and Kentucky Healthcare Enterprise, Inc. (FCR 18)

Mr. Chellgren apologized for getting out of sequence. He continued with FCR 18, a modest amendment to the agreement between the University of Kentucky and Kentucky Healthcare Enterprise, Inc. He moved the adoption of FCR 18. The motion, seconded by Ms. Sparks, carried. (See FCR 18 at the end of the Minutes.)

S. A Resolution of the Board of Trustees of the University of Kentucky Declaring Official Intent with Respect to Reimbursement of Temporary Advances Made for Capital Expenditures to be Made From Subsequent Borrowings; and Taking Other Actions in Connection Therewith (FCR 20)

Mr. Chellgren stated that FCR 20 is part of the process of bonding the capital expenditures. It declares the official intent of the Board with respect to reimbursement of temporary advance made for capital expenditures and expenditures to be made for subsequent borrowings. He noted that it is consistent with U.S. Treasury Regulations and would permit the University to begin spending money on eleven anticipated capital projects over the next biennium. On motion made by Mr. Chellgren, seconded by Dr. Mather and carried, FCR 20 was approved. (See FCR 20 at the end of the Minutes.)

T. A Resolution of the Board of Trustees of the University of Kentucky Authorizing the Issuance of \$29,870,000 of University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series Q, Dated October 15, 2000 (FCR 21)

Mr. Chellgren stated that FCR 21 is a resolution to authorize the issuance of a little over \$29 million of University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series Q, for the purpose of financing the Seaton Center Addition/Renovation and the expansion of Parking Structure #2. Mr. Chellgren moved the adoption of FCR 21. The motion, seconded by Ms. Wilson, passed. (See FCR 21 at the end of the Minutes.)

U. Investment Committee Report

Mr. Grayson, Chairperson of the Investment Committee, reported that the endowment investments had a market value as of June 30, 2000 of \$378 million compared to June 30, 1999 of \$336 million, an increase of \$42 million resulting from donor gifts of \$24 million and market appreciation of investments of \$18 million. The Investment Committee has allocated endowment investments along domestic and international equities and fixed income securities and engages five professional investment firms, each having a specialized philosophy and style of investing to manage six different portfolios. As of June 30, 2000 the University's portfolio

was invested 54% in common stocks of U.S. companies, 35% in U.S. fixed income securities, and 11% in international companies. Fiscal year 2000 was an excellent year for the endowment investments with UK's domestic equity managers producing a total return of 16.1% compared to the S&P 500 Market Index of 7.2%. Investments in international companies returned 8.9% and the fixed income portfolio produced a return of 4.2%. Overall, the endowment posted an average total return of 10.5% for the 2000 fiscal year compared to 7.75% for the blended market index of allocated assets, an out performance of 2.75% over the capital market indexes. Performance results were achieved despite rising interest rates and extreme volatility in the capital markets. Preliminary data from Cambridge Associates Consultants Investment Committee indicate the UK endowment also outperformed the endowment fund median of 9.2% by 1.3%, a significant accomplishment. In summary, the University of Kentucky endowment has performed very well over the last several years in relation to both the capital markets and peer institutions.

He reported that the Investment Committee has requested proposals for an international equity manager and will meet in special session in October to hear proposals from prospective managers and decide whether a change in the international equity manager should be made which is part of the continuing process of evaluating performance.

V. Other Business

Mr. Glenn announced that Wednesday, September 20th is Free Speech Awareness Day on campus and that he will be giving the State of the Student Body Address at the Student Government meeting. He invited the Board members to attend the event scheduled at 7:30 p.m. in the Student Center Small Ballroom.

Ms. Sims commended Dean Little for his work with the College of Agriculture. She also relayed how the College positively affects the people of the Commonwealth.

W. Meeting Adjourned

There being no further business to come before the Board, the Chairperson adjourned the meeting at 3:00 p.m.

Respectfully submitted,

Daniel R. Reedy
Secretary
Board of Trustees

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

Office of the President
September 19, 2000

1. UK Launches \$600 Million Campaign: 'A Call To Greatness'

On September 15, the University kicked off its first comprehensive fund-raising campaign, "A Call To Greatness," to raise \$600 million by June 2003. This is the largest effort of its kind in Kentucky history. To date, campaign staff and volunteers, led by steering committee chairman James W. Stuckert, have received \$315 million in gifts and pledges, or more than half the goal. The campaign's focus is to increase funding for faculty, students, academic programs, libraries, public service and facilities to enable UK to join the ranks of the nation's top-20 public universities as mandated by the Kentucky General Assembly.

2. UK Begins 2000-2001 Year With Largest Enrollment Ever

The University of Kentucky and Lexington Community College began the 2000-2001 academic year on August 23 and welcomed the largest enrollment in UK-LCC history. For the first time, enrollment neared 31,000. Nearly 3,000 freshmen came to campus, reflecting also the largest number of applications (8,328) since UK adopted its selective admission policy.

3. James F. Hardyman Building Is Dedicated; Scholarships Announced

The James F. Hardyman Building, a \$4.8 million, 25,324-square-foot structure housing the UK Alliance for Networking Excellence, was dedicated on September 11. The building is named to honor former UK trustee James Hardyman, who recently provided \$2 million in funding for two endowed chairs and five engineering-MBA scholarships.

4. UK Research Contributes \$292.5 Million to the Kentucky Economy

Research grants and contracts from out-of-state sources resulted in a \$292.5 million contribution to the Kentucky economy in 1999-2000, the UK Center for Business and Economic Research reports. This impact includes \$90 million in personal income and 4,804 jobs, 3,391 of which are directly related to research.

5. Licenses Generate \$2.8 Million in Royalties

UK-originated technologies that are licensed for use by business and industry generated \$2.8 million in royalties during 1999-2000. Top royalty-producing inventions include a nasal delivery method for pharmaceuticals, three vaccines for horses, and an implant device for treating eye diseases. UK held 67 license agreements with various companies, 12 of which were issued during the past year. Eight licenses were issued to Kentucky businesses. Twenty-seven patents were issued to UK and another 30 applications were submitted for new patents.

6. Ground Is Broken For \$15.3 Million Addition To Seaton Center

Officials broke ground September 1 on an 87,000-square-foot addition to the Seaton Center. The expansion will offer students access to four multi-purpose courts; an indoor, suspended jogging track; a fitness and conditioning center; aerobic activity rooms; racquetball courts; a climbing wall; a training and first-aid room; and a wellness resource center. The project is financed by an increase in student activity fees that the student body voted upon itself.

7. UK Family Is Represented At 2000 Olympic Games

Eight persons associated with UK, including alum Nancy Johnson (air rifle), assistant athletics director Micki King (host, Olympic Village), students Annabel Kosten and Jamie Peterkin (both swimming-sprint freestyle), alum Dwight Phillips (long jump), student Passion Richardson (100 meter relay-track), alum George Yianneaus (3 kilometer steeplechase), head men's basketball coach Orlando "Tubby" Smith (assistant coach, men's basketball) and alum Tom Hammond (NBC-TV announcer), are participating in the 2000 Summer Olympics in Sydney, Australia, this month.

8. Research Explores Reducing Carbon Dioxide, a Major Greenhouse Gas

The Kentucky Geological Survey received part of a \$2.3 million grant from the U.S. Department of Energy for a three-year project related to reducing concentrations of greenhouse gases. The grant will be used to develop a computer database of information about sources of carbon dioxide and possible underground sites to sequester excess carbon dioxide emissions.

9. Gill Heart Institute Team Implants New Heart Monitor

For the first time in Kentucky, physicians at the Linda and Jack Gill Heart Institute at UK have implanted a new monitor in two heart failure patients. The device under study allows the UK health care team to monitor the patients' conditions long distance via the World Wide Web. About 100 such devices have been implanted by eight centers across the country.

10. UK Research Discovers Drug that Shows Promise in Treating Rare Cancer

New research published recently in the journal *Thyroid* shows that paclitaxel appears to slow anaplastic thyroid carcinoma (ATC). The research study was led by Kenneth B. Ain, endocrinology. ATC is a rare disease with no effective therapies. It is the most aggressive solid cancer and is always fatal, with a mean survival time after diagnosis of two to five months with treatment. Ain's study shows patients in the test had increased survival time. There are about 300 cases in the United States each year.

11. UK College of Pharmacy Ranked Third in Nation

The UK College of Pharmacy is ranked third among all U.S. pharmacy schools offering graduate degrees in the September 11 "America's Best Colleges" issue of *U.S. News & World Report*. The College of Pharmacy consistently has been ranked third in the nation for the past decade.

12. Extension Agents Report Six Million Contacts With Kentucky Clients

College of Agriculture Cooperative Extension agents had more than six million contacts with clientele last fiscal year, providing education and information about agriculture and natural resources, consumer and family science, youth and communities throughout the state.

13. Patterson School Hosts Urban Warfare Symposium At Fort Knox

The UK Patterson School of Diplomacy and International Commerce co-sponsored the symposium "Military Operations in an Urban Environment" at the Patton Museum of Armour at Fort Knox. Participants evaluated military operations in urban locations such as Mogadishu, Saigon, Belfast and Beirut. The Kentucky Commission on Military Affairs, the Association of the U.S. Army and the U.S. Army War College also were sponsors.

14. Researchers Study Native Grass As Potential Fuel Source

College of Agriculture researchers are exploring the potential use of switchgrass as a fuel source both for generating electricity and powering automobiles. The research, being conducted jointly with Virginia Polytechnic Institute and State University, attracted national media attention from CNN.

15. College Of Social Work Explores Foster Care Problems

The College of Social Work has teamed with the Kentucky Cabinet for Families and Children to organize the state's first foster care citizen review panels to evaluate state and local child welfare policies, selectively review cases and make recommendations to the cabinet. Meanwhile, a College of Social Work researcher shows that children in foster care as they reach age 18 usually encounter problems of homelessness, sexual and physical abuse and poor job performance. These children don't have the financial and parental support of other children, the study finds.

16. Student Awards and Honors

The College of Arts and Sciences has announced its 2000-2001 Student Ambassadors. They are: Brandon Bowlin, Political Science; Chris Bradley, Chemistry/Biology; Rebecca Brinker, Biology; Shannon Bryant, Biology; Mary Greaver, Biology; Amanda Lynch, Spanish; Sara Merten, Biology; Julie Murray, Biology; Dana Nash, Biology/History; Christina Nienaber, English; Anne Pickens, Biology; Courtney Reynolds, History/Biology; Julia Sander, topical ("Economics of Biology"); Doug Tabeling, Political Science/Economics; Ben Thompson, Biology; Tahn Veerasethakul, Biology/Chemistry/Communications; and Erin Yeager, Economics.

Cassie Beck, Library and Information Studies, won a \$500 scholarship to attend the Midwest Chapter of the Medical Library Association meeting in Cincinnati this month.

Randy Blevins, Clinical Laboratory Science, was recognized with a \$500 award from the Kentucky Association of Blood Banks for his paper "Close that Window and Keep Out the Bugs: NAT Technology in Blood Screening."

Bailey Hale, 2000 Horticulture graduate, received a third place award for his research paper presentation at the Southern Nursery Association Research Conference. Some 120 papers were in the competition.

Five Lexington Community College Architectural Technology students were awarded scholarships. They are Billy Salyer (\$1,000), Billy Ryker (\$1,000), Dustin Randall (\$1,000), Barbara Ball (\$500) and Wendi Powell (\$500). The scholarships were donated by Construction Specifications Institute, Tri-State Roofing and Sheet Metal Company, and Buford Burchfield.

17. Significant Faculty and Staff Activities

Thomas Dillehay, Anthropology, was the subject of a feature story in the September 2000 issue of *Scientific American* magazine about research that has reshaped theories about human habitation of the Americas.

Patricia Dyk, Rural Sociology, and Janet Ford, Social Work, received a grant of \$154,000 from the Cabinet for Families and Children to research the best ways to involve parents in helping the organization improve children's welfare and safety.

Craig Grimes, Electrical Engineering, was named the first recipient of the Frank J. Derbyshire Research Professorship.

James Houglund, Sociology, presented a paper at the annual meeting of the American Sociological Association titled "Education Reform and the Public: A Study of Attitudes during the First Decade of the Kentucky Education Reform Act."

Dewayne Ingram, Horticulture, and Larry Grabau, Agronomy, received a U.S. Department of Agriculture grant of \$557,000 to investigate new crop opportunities for Kentucky farmers.

Patricia Jennings and Herb Ridings, Physician Assistant Program, received a three-year, \$400,000 grant from the Health Resource Service Administration to provide AIDS education.

Linda Kuder, Sanders-Brown Center on Aging, and Gerry Gairola, Allied Health Services, have received a three-year award of \$381,168 to establish a rural geriatrics scholars clinical rotation in conjunction with a rural primary care center in Eastern Kentucky. The award is from the Bureau of Health Professions, Health Resources Administration.

Janet Kurzynske and Rita May, Cooperative Extension Family and Consumer Sciences, received a grant of \$269,000 to conduct an educational program about nutrition with food stamp recipients.

Paul Legg, Agronomy, received a grant of \$250,000 from Swedish Match North Europe AB to further his research in dark tobacco breeding and chemistry.

Dave S. Maehr, Forestry, received a \$60,000 grant from the Recursionist Fund to study the role of university lands in biodiversity conservation in the United States.

Ali S. Meigooni, Radiation Medicine, has been elected a Fellow of the American Association of Physicists in Medicine.

Susan Morgan, Communication, received a \$147,000 grant from the U.S. Department of Health and Human Services for a study "Increasing Commitment to Organ and Tissue Donation through a Work-Site Intervention."

Timothy Phillips and Chris Schardl, Agronomy, received a U.S. Department of Agriculture grant of \$198,000 to investigate improved forages for advancing livestock production in Kentucky.

Jeremy Popkin, History, has been named to direct a National Endowment for the Humanities Summer Seminar for College Teachers in 2001. The seminar, on "Revolution and Identity in France, 1787-1799," will be held at the Newberry Library in Chicago.

F. Douglas Scutchfield, Kentucky School of Public Health, has received the Theodore R. Ervin Award for Outstanding Service from the Public Health Foundation.

H. Spencer Turner, University Health Service, has been appointed associate editor for clinical and preventive medicine for the Journal of American College Health.

Six UK staff members received the 1999-2000 Lexington Campus Chancellor Staff Awards. They are Gail Bennett, WUKY-FM; Crista Fornash, Student Billing Services; Loretta Franklin, housekeeper in Kirwan II; Anna Harover, Registrar's Office; Paul Linton, Computer Science; and Richard E. Mundell, Agronomy.

PR 2

Office of the President
September 19, 2000

Members, Board of Trustees:

PERSONNEL ACTIONS

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

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

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

Action taken: ☒ Approved ☐ Disapproved ☐ Other _____

CENTRAL ADMINISTRATION

I. BOARD ACTION

A. CHANGES

Vice President for Fiscal Affairs

Burton, Margaret, Lab Tech Principal, after 15 years of consecutive service, under AR II-1.6-1 Section III.B, amended from effective 6/30/00 to 8/14/00.

B. RETIREMENTS

Vice President for Fiscal Affairs

Powell, Arnold, Custodian Supervisor III, after 36 years and 9 months of consecutive service, under AR II-1.6-1 Section III.B, effective 2/28/00.

Williams, Cecilia, Staff Assistant VII, after 33 years and 2 months of consecutive service and 35 years and 1 month of total service, under AR II-1.6-1 Section III.B, effective 8/31/00.

Williams, Roy T., Custodial Worker IV, after 15 years and 10 months of consecutive service, under AR II-1.6-1 Section III.B, effective 7/31/00.

Winburn, Tracy L., Carpenter III, after 22 years and 2 months of consecutive service, under AR II-1.6-1 Section III.B, effective 8/31/00.

C. EARLY RETIREMENTS

Vice President for Fiscal Affairs

Tolson, Bernie, Animal Lab Tech III, after 29 years and 11 months of consecutive service and 35 years and 8 months of total service, under AR II-1.6-1 Section III.A.2, effective 8/31/00.

Vice President for Information Systems

Butts, Martha V., Library Technician Sr., University Libraries, after 20 years of consecutive service, under AR II-1.6-1 Section III.A.2, effective 10/20/00.

Chlopan, Helene H., Technical Administrator II, Computing Center/Information Systems after 15 years of consecutive service, under AR II-1.6-1 Section III.A.2, effective 9/15/00.

Vice President for Research and Graduate Studies

Dixon, Joseph B., Info Tech Mgr I, Kentucky Geological Survey, after 15 years, 6 months of consecutive service, under AR II-1.6-1 Section III.A.2, effective 9/29/00.

Vaught, Arthur H., Research Analyst, Tobacco and Health Research Institute, after 29 years, 10 months of consecutive service, under AR II-1.6-1 Section III.A.2, effective 9/29/00.

II. ADMINISTRATIVE ACTION

A. ACADEMIC APPOINTMENTS

Vice President for Information Systems

Rosko, Thomas J., Librarian IV, Special Collections & Archives, University Libraries, effective 10/9/00 through 6/30/01.

Seamans, Marsha S., Librarian III, Serials Library, University Libraries, effective 9/25/00 through 6/30/01.

B. CHANGES

Vice President for Management and Budget

McLetchie, Roxanne, from Planning and Budget Specialist to Planning and Budget Associate Director, effective 8/1/00.

LEXINGTON CAMPUS

I. BOARD ACTION

A. ACADEMIC APPOINTMENTS

College of Arts and Sciences

Ehrenborg, Richard, Associate Professor (with tenure), Mathematics, effective 8/1/00.
Leaman, Oliver, Professor (with tenure), Philosophy, effective 8/1/00.
Phillips, Jonathan D., Professor (with tenure), Geography, effective 8/1/00.
Ye, Qiang, Associate Professor (with tenure), Mathematics, effective 8/1/00.

College of Business and Economics

Brass, Daniel J., Professor (with tenure), Management, effective 8/1/00, and
appointed to the J. Henning Hilliard Chair in Innovation Management, 8/1/00
through 6/30/05.
Stone, Dan N., Professor (with tenure), Accountancy, effective 8/1/00, and appointed
to the Gatton Endowed Chair in Accountancy, 8/1/00 through 6/30/05.

College of Engineering

Dekhtyar, Alexander, Assistant Professor, Computer Science, 8/16/00 through
6/30/02.
Fei, Zongming, Assistant Professor, Computer Science, 8/16/00 through 6/30/02.
Grimes, Craig, Associate Professor (with tenure), Electrical Engineering, appointed to
the Frank J. Derbyshire Research Professorship, 7/1/00 through 6/30/05.

B. JOINT APPOINTMENTS

College of Business and Economics

Peek, Joe, Professor (with tenure), Management (Finance), joint appointment as
Professor (without tenure), Economics, effective 8/1/00.

College of Social Work

Clark, James J., Associate Professor (with tenure), Social Work, joint appointment as
Associate Professor (without tenure), Psychiatry, College of Medicine, 9/20/00
through 6/30/01.

C. REAPPOINTMENTS

College of Engineering

Lonc, Zbigniew, Visiting Associate Professor, Computer Science, 8/16/00 through 5/15/01.

Shahidain, Abunasar, Associate Professor (part-time), Electrical Engineering, 8/16/00 through 12/31/00.

D. RETIREMENTS

College of Agriculture

Ross, Ira J., Professor (with tenure), Biosystems and Agricultural Engineering, after 33 years and 6 months of consecutive service, under Section III.B of AR II-1.6-1, effective 9/1/00.

College of Arts and Sciences

Fisher, Carolyn, Staff Support Associate II, Philosophy, after 47 years and 2 months of consecutive service, under Section III.B of AR II-1.6-1, effective 8/31/00.

College of Business and Economics

Haywood, Charles F., Professor (with tenure), Management (Finance), after 35 years and 6 months of consecutive service, under Section III.B of AR II-1.6-1, effective 12/31/00.

Office of International Affairs

Holmes, Carolyn, Student Affairs Officer I, International Affairs, after 15 years of consecutive service, under Section III.B of AR II-1.6-1, effective 7/3/00.

E. EARLY RETIREMENTS

College of Agriculture

Pelfrey, Harold D., Research Farm Tech I, Robinson Substation, after 34 years and 2 months of consecutive service, under Section III.A.2 of AR II-1.6-1, effective 7/31/00.

College of Arts and Sciences

Street, Ronald L., Associate Professor (with tenure), Geological Sciences, after 22 years and 10 months of consecutive service, under Section III.A.2 of AR II-1.6-1, effective 6/30/00.

College of Business and Economics

Haywood, Judith L., Administrative Staff Officer III, Administration, after 39 years and 5 months of consecutive service, under Section III.A.2 of AR II-1.6-1, effective 1/19/01.

Vice Chancellor for Administration

Conrad, Carolyn A., Food Service Worker I, Kirwin-Blanding Cafeteria, Auxiliary Services, after 33 years and 9 months of consecutive service, under Section III.A.2 of AR II-1.6-1, effective 9/1/00.

F. POST-RETIREMENT APPOINTMENTS

College of Arts and Sciences

Street, Ronald L., Associate Professor (part-time), Geological Sciences, 7/1/00 through 6/30/01.

College of Communications and Information Studies

Bostrom, Robert N., Professor (part-time), Communication, 7/1/00 through 6/30/01.

II. ADMINISTRATIVE ACTION

A. ACADEMIC APPOINTMENTS

College of Agriculture

Batson, William J. Jr., Instructor (part-time), Landscape Architecture, 8/23/00 through 12/31/00.

Garrison, Lynn, Instructor (part-time), Forestry, 8/15/00 through 12/15/00.

Howard, Christopher T., Instructor (part-time), Landscape Architecture, 8/23/00 through 12/31/00.

College of Architecture

Gibson, James, Instructor (part-time), Architecture, 9/1/00 through 5/15/01.

Heuke, Kevin, Instructor (temporary), Architecture, 7/1/00 through 6/30/01.

*Special Title Series

Luhan, Gregory, Assistant Professor, Architecture, 7/1/00 through 6/30/01.

College of Arts and Sciences

Desormeaux, Daniel, Assistant Professor, French, 8/16/00 through 6/30/02.

Fenton, James, Assistant Professor (temporary), Anthropology, 8/1/00 through 6/30/01.

Henke, Kevin, Assistant Professor (temporary), Geological Sciences, 8/16/00 through 6/30/01.

Kenner, Shelley Jean, Assistant Professor, Geological Sciences, 8/1/00 through 6/30/02.

Menon, Madhu, Assistant Adjunct Professor, Physics and Astronomy, 7/1/00 through 6/30/02.

Reece, Erik, Lecturer, English, 8/1/00 through 6/30/01.

Secor, Anna J., Assistant Professor, Geography, 8/1/00 through 6/30/02.

College of Business and Economics

Clark, J. Robert, Instructor (part-time), Accountancy, 8/16/00 through 5/15/01.

College of Communications and Information Studies

Francies, Regina, Lecturer, Communication, 8/16/00 through 5/15/01.

Gehring, Stephanie, Instructor (part-time), Communication, 8/1/00 through 12/31/00.

Hickman, John W., Instructor (part-time), Journalism and Telecommunications, 8/16/00 through 12/31/00.

Krumrey-Fulks, Karen, Instructor (part-time), Communication, 8/1/00 through 12/31/00.

Letcher, Traci, Instructor (part-time), Communication, 8/1/00 through 12/31/00.

Miller, Cynthia, Instructor (part-time), Communication, 8/1/00 through 12/31/00.

Miller, Laban, Instructor (part-time), Communication, 8/1/00 through 12/31/00.

Nead, Mary Jo, Instructor (part-time), Communication, 8/1/00 through 12/31/00.

Parker, James S., Instructor (part-time), Communication, 8/1/00 through 12/31/00.

College of Education

Cox-Cruey, Terri, Instructor (part-time), Administration and Supervision, 8/16/00 through 12/31/00.

Marlin, Amy, Instructor (part-time), Kinesiology and Health Promotion, 8/16/00 through 12/31/00.

College of Engineering

Woolery, Edward W., Instructor (part-time), Civil Engineering, 8/16/00 through 6/30/01.

College of Fine Arts

Adams, Ruth, Assistant Professor, Art, 8/1/00 through 6/30/01.
Ayres, Kenneth, Assistant Professor (temporary), Art, 8/1/00 through 5/31/01.
Pramuk, Mary, Instructor (part-time), Theatre, 8/1/00 through 12/31/00.
Thomas, Christopher, Instructor (part-time), Art, 8/1/00 through 12/31/00.
Waller, Susan, Assistant Professor, Art, 8/1/00 through 6/30/01.

College of Human Environmental Sciences

Baker, Marjorie M., Instructor (part-time), Interior Design, Merchandising and Textiles, 8/16/00 through 12/31/00.
Carr, Chad, Instructor (part-time), Interior Design, Merchandising and Textiles, 8/16/00 through 12/31/00.
Devine, Carol, Instructor (part-time), Family Studies, 8/16/00 through 12/31/00.
Lindberg, Laurie, Instructor (part-time), Interior Design, Merchandising and Textiles, 8/16/00 through 12/31/00.
Vivian, Beverly, Instructor (part-time), Nutrition and Food Science, 8/16/00 through 5/15/01.

College of Social Work

Anderson, Pat, Lecturer, Social Work, 8/16/00 through 5/15/01.
Collins-Camargo, Crystal F., Assistant Clinical Professor, Social Work, 8/29/00 through 6/30/01.
Corman, Elizabeth Barr, Instructor (part-time), Social Work, 8/16/00 through 5/15/01.
Groeber, Chris, Lecturer, Social Work, 8/29/00 through 6/30/01.
Swanberg, Jennifer, Assistant Professor, Social Work, 8/16/00 through 6/30/01.

Lexington Community College

Cooper, Bonnie, Instructor, Lexington Community College, 8/1/00 through 6/30/01.
Imperi, Gianna, Instructor (voluntary), Lexington Community College, 8/23/00 through 6/30/03.
Meek, Jill D., Instructor (temporary), Lexington Community College, 8/15/00 through 5/31/01.

B. JOINT APPOINTMENTS

College of Social Work

Sprang, Mary V., Assistant Professor, Social Work, joint appointment as Assistant Professor, Psychiatry, College of Medicine, 9/20/00 through 6/30/01.

C. REAPPOINTMENTS

College of Agriculture

Gnatuk, Carole Ann, Assistant Professor (temporary), Family and Consumer Sciences, 8/17/00 through 8/16/00.

Hardwick, Theodore H., Instructor (part-time), Landscape Architecture, 8/23/00 through 12/31/00.

Whittaker, David P., Instructor (part-time), Landscape Architecture, 8/23/00 through 12/31/00.

College of Architecture

Blake, Kevin, Instructor (part-time), Architecture, 7/1/00 through 6/30/01.

Jackson, Melody Farris, Instructor (part-time), Architecture, 9/1/00 through 12/31/00.

Myers, Matthew, Instructor (temporary), Architecture, 7/1/00 through 1/31/01.

Romanowitz, Byron, Instructor (part-time), Architecture, 9/1/00 through 12/31/00.

Swetnam, Bruce, Assistant Professor, Architecture, 7/1/00 through 6/30/02.

College of Arts and Sciences

Gebert, Mark A., Visiting Assistant Professor, Statistics, 8/1/00 through 6/30/01.

Hale, Frank, Instructor (temporary), Philosophy, 8/1/00 through 6/30/01.

Hayes, Harold, Instructor (temporary), German, 8/1/00 through 12/31/00.

Martin, Andrew D., Assistant Professor (temporary), Mathematics, 8/1/00 through 6/30/01.

Woodrum, Kim R., Instructor (temporary), Chemistry, 8/1/00 through 6/30/01.

College of Business and Economics

Lewis, Thomas T., Instructor (part-time), Accountancy, 8/16/00 through 5/15/01.

Parker, Larry A., Instructor (part-time), Management, 8/16/00 through 5/15/01.

Scott, John A., Instructor (part-time), Management (Marketing), 8/16/00 through 5/15/01.

College of Communications and Information Studies

Miller, Robert O., Instructor (part-time), Communication, 8/1/00 through 12/31/00.

College of Fine Arts

Buchanan, Margo R., Instructor (part-time), Theatre, 8/1/00 through 12/31/00.

Carlisle, Gregory, Instructor (part-time), Theatre, 8/1/00 through 12/31/00.

Clark, Cynthia, Instructor (part-time), Art, 8/1/00 through 12/31/00.

Hays, Allison, Instructor (part-time), Art, 8/1/00 through 12/31/00.

Holdren, Michael, Instructor (part-time), Art, 8/1/00 through 12/31/00.
Johnson, Lucy, Instructor (part-time), Art, 8/1/00 through 12/31/00.
Slade, Susan, Instructor (part-time), Art, 8/1/00 through 12/31/00.
Stofer, Jill, Instructor (part-time), Art, 8/1/00 through 12/31/00.

College of Human Environmental Sciences

Durbin, Eileen D., Instructor (part-time), Family Studies, 8/16/00 through 5/15/01.
Glass-Lamb, Tracey, Instructor (part-time), Family Studies, 8/16/00 through 5/15/01.
Goss, Clifford, Instructor (part-time), Interior Design, Merchandising and Textiles, 8/16/00 through 12/31/00.
Hunter, Pauline, Instructor (part-time), Family Studies, 8/16/00 through 5/15/01.
Wilson, Jan, Instructor (part-time), Family Studies, 8/16/00 through 12/31/00.

College of Law

Carroll, M. Redford III, Instructor (part-time), Law, 10/1/00 through 2/28/01.
Crittenden, Roger, Instructor (part-time), Law, 10/1/00 through 2/28/01.
Grise, Jane Bloom, Instructor (part-time), Law, 10/1/00 through 2/28/01.
Hall, Jennifer L., Instructor (part-time), Law, 10/1/00 through 2/28/01.
Humphreys, Gene L., Instructor (part-time), Law, 10/1/00 through 2/28/01.
Osborne, Duane F., Instructor (part-time), Law, 10/1/00 through 2/28/01.
Shier, William T., Instructor (part-time), Law, 10/1/00 through 2/28/01.
Sodini, Katherine Lewis, Instructor (part-time), Law, 10/1/00 through 2/28/01.
Underwood, Virginia H., Instructor (part-time), Law, 10/1/00 through 2/28/01.
Welch, John Kevin, Instructor (part-time), Law, 10/1/00 through 2/28/01.
Young, Margaret Mary, Instructor (part-time), Law, 10/1/00 through 2/28/01.

College of Social Work

Beckman, DeAnna, Instructor (part-time), Social Work, 8/16/00 through 5/15/01.
Oliver, Kenneth E., Instructor (part-time), Social Work, 8/16/00 through 5/15/01.
Pike, Marilyn A., Instructor (part-time), Social Work, 8/16/00 through 5/15/01.
Smith, Lynn R., Instructor (part-time), Social Work, 8/16/00 through 5/15/01.
Walker, Robert, Assistant Professor (part-time), Social Work, 8/16/00 through 5/15/01.

Lexington Community College

Cahoon, Jeanne, Instructor (temporary), Lexington Community College, 8/1/00 through 5/31/01.
McCane, Rebecca J., Instructor (temporary), Lexington Community College, 8/16/00 through 12/31/00.
Mullaney, Sean T., Instructor (temporary), Lexington Community College, 8/1/00 through 5/31/01.

D. CHANGES

College of Fine Arts

Braun, Michael, from Assistant Professor, Theatre, to Assistant Professor*, Theatre, 8/1/00 through 6/30/01.

College of Law

Bucknam, Kevin P., from Legal Research Associate, Continuing Legal Education, to Acting Director, Continuing Legal Education, effective 8/1/00.

E. LEAVES OF ABSENCE

College of Agriculture

Crankshaw, Ned, Associate Professor (with tenure), Landscape Architecture, Sabbatical leave with full salary, 1/1/01 through 6/30/01.

College of Communications and Information Studies

Jeng, Ling Hwey, Associate Professor (with tenure), Library and Information Science, Sabbatical leave with full salary, 1/1/01 through 6/30/01.

College of Human Environmental Sciences

Townley, Kimberly F., Associate Professor (with tenure), Family Studies, Leave without pay, 7/1/00 through 6/30/01.

F. LEAVES OF ABSENCE CHANGE

College of Education

Zong, Guichun, Assistant Professor, Curriculum and Instruction, to rescind Leave without pay, 7/1/00 through 12/31/00.

*Special Title Series

MEDICAL CENTER

I. BOARD ACTION

A. ACADEMIC APPOINTMENTS

College of Dentistry

Cailleteau, Johnny G., Associate Professor* (with tenure), Oral Health Practice, effective 10/25/00.

Chance, Kenneth B., Professor* (with tenure), Oral Health Practice, effective 9/1/00.

College of Medicine

Abraham, William T., Professor* (with tenure), Internal Medicine, effective 9/1/00.

Ferraris, Victor A., Professor* (with tenure), Surgery, named to the Tyler Gill Professorship in Vascular Surgery, 10/1/00 through 9/30/05.

Fowlkes, John L., Associate Professor (with tenure), Pediatrics, named to the Barnstable Brown Gala Professorship in Diabetes Research, 10/1/00 through 12/31/03.

Nadim, Yasser, Clinical Assistant Professor, Surgery, 9/20/00 through 6/30/01.

Pittman, Anne M., Clinical Assistant Professor, Internal Medicine, 10/1/00 through 6/30/01.

Samayoa, Luis M., Assistant Professor*, Pathology and Laboratory Medicine, 9/20/00 through 6/30/01.

Zaglul, Horacio F., Associate Professor* (without tenure), Pediatrics, 10/1/00 through 6/30/01.

B. ADMINISTRATIVE APOINTMENTS

Graduate School

Chen, Linda H., Professor (with tenure), Nutritional Sciences, named Director, Graduate Center for Nutritional Sciences, 9/1/00 through 6/30/01.

C. JOINT APPOINTMENTS

*Special Title Series

College of Medicine

Leukefeld, Carl G., Professor (with tenure), Psychiatry, joint appointments as Professor (without tenure), College of Dentistry, Department of Oral Health Science and Behavioral Science, joint appointment as Professor (without tenure), College of Social Work, effective 9/1/00.

McKinney, William P., Professor (with tenure), Internal Medicine, University of Louisville, joint appointment as Professor (without tenure), College of Medicine, Kentucky School of Public Health, effective 10/1/00.

College of Pharmacy

Blouin, Robert A., Professor* (with tenure), joint appointment as Associate Professor* (without tenure), College of Medicine, Department of Pathology and Laboratory Medicine, joint appointment as Professor* (without tenure), The Graduate School, Graduate Center for Toxicology, 7/1/00 through 6/30/04.

Fink, Joseph L., Professor (with tenure), joint appointment as Professor (without tenure), The Graduate School, Martin School of Public Policy and Administration, joint appointment as Professor (without tenure), College of Medicine, Kentucky School of Public Health, effective 10/1/00.

D. PROMOTIONS

College of Medicine

Sandler, Nat H., Associate Professor (voluntary), Psychiatry, to Professor (voluntary), Psychiatry, 10/1/00 through 6/30/03.

E. EARLY RETIREMENTS

Chancellor's Office

Dickey, Kenneth M., Veterinarian, Laboratory Animal Research, after 20 years, 5 months of consecutive service, under AR II-1.6-1, Section III.A.2, effective 7/21/00.

College of Medicine

Hill, Nancy, Administrative Staff Officer II, Dean's Office, after 27 years, 7 months of consecutive service, under AR II-1.6-1, Section III.A.2, effective 9/15/00.

*Special Title Series

University Hospital

Bowles, Genora L., Materials Management Technician, Materials Management, after 29 years, 11 months of consecutive service, under AR II-1.6-1, Section III.A.2, effective 8/25/00.

F. POST-RETIREMENT APPOINTMENTS

College of Nursing

Sachs, Barbara A., Professor (part time), 8/16/00 through 6/30/01.

II. ADMINISTRATIVE ACTION

A. ACADEMIC APPOINTMENTS

College of Allied Health Professions

Bischoff, Harold, Assistant Professor (voluntary), Health Services, 9/20/00 through 6/30/03.

Clough, E. Edward C., Instructor (voluntary), Health Services, 9/20/00 through 6/30/03.

Cundiff, Diane, Instructor (voluntary), Clinical Sciences, 6/7/00 through 6/30/00.

Davis, Katherine E., Instructor (voluntary), Health Services, 9/20/00 through 6/30/03.

Gross, Joseph W., Instructor (voluntary), Health Services, 9/20/00 through 6/30/03.

Madaleno, James A., Assistant Adjunct Professor, Clinical Sciences, 9/20/00 through 6/30/01.

Randolph, Stephen R., Instructor (voluntary), Health Services, 9/20/00 through 6/30/03.

Slaton, Robert, Instructor (voluntary), Health Services, 9/20/00 through 6/30/03.

Webster, Keith J., Assistant Adjunct Professor, Clinical Sciences, 9/20/00 through 6/30/01.

College of Dentistry

Gray, John I., Assistant Professor (voluntary), Oral Health Science, 9/20/00 through 6/30/03.

College of Medicine

Bruno, Jenifir J., Instructor (part time), Internal Medicine, joint appointment as Assistant Professor (part time), Pediatrics, 9/20/00 through 6/30/01.

Castro, Frank, Assistant Professor (voluntary), Surgery, 9/20/00 through 6/30/03.

Duff, William C., Assistant Professor (voluntary), Ophthalmology, 9/20/00 through 6/30/03.

Keller, Jeffrey N., Assistant Professor, Anatomy & Neurobiology, 10/1/00 through 6/30/01.

Marcone, Frank, Assistant Professor (voluntary), Family Practice, 9/20/00 through 6/30/03.

Miller, Michael J., Assistant Professor (voluntary), Family Practice, 9/20/00 through 6/30/03.

Moore, Dan, Assistant Professor (voluntary), Family Practice, 9/20/00 through 6/30/03.

Noble, James B., Assistant Professor (voluntary), Family Practice, 9/20/00 through 6/30/03.

Peters, Kenneth, Assistant Professor (voluntary), Family Practice, 9/20/00 through 6/30/03.

Spencer, Donnie R., Assistant Professor (voluntary), Family Practice, 9/20/00 through 6/30/03.

Tobita, Kimimasa, Assistant Research Professor, Pediatrics, 9/20/00 through 6/30/01.

College of Nursing

Roberts, Kittye R., Instructor (part time), 8/1/00 through 6/30/01.

College of Pharmacy

Akers, Paige S., Assistant Adjunct Professor, 9/20/00 through 6/30/01.

Allen, William P., Assistant Professor (voluntary), 9/20/00 through 6/30/03.

Botts, Sheila, Clinical Assistant Professor, 7/1/00 through 6/30/01.

Cox, Hope, Assistant Professor (voluntary), 9/20/00 through 6/30/03.

Martin, Craig A., Assistant Adjunct Professor, 9/20/00 through 6/30/01.

Murray, Janci B., Assistant Professor (voluntary), 9/20/00 through 6/30/03.

Pleacher, Anita C., Assistant Professor (voluntary), 9/20/00 through 6/30/03.

Ruwe, Don, Assistant Professor (voluntary), 9/20/00 through 6/30/03.

B. ADMINISTRATIVE APPOINTMENTS

College of Allied Health Professions

Gonzalez, Lori S., Associate Professor (with tenure), Health Services, named Associate Dean for Academic Affairs, effective 8/1/00.

College of Medicine

McKinney, William P., Professor (with tenure), Internal Medicine, University of Louisville, named Associate Director, Kentucky School of Public Health, effective 10/1/00.

College of Pharmacy

Anderson, Bradley D., Professor (with tenure), named Chair, Division of Pharmaceutical Sciences, effective 3/1/00.

C. JOINT APPOINTMENTS

College of Medicine

Walker, James R., Assistant Research Professor, Psychiatry, joint appointment as Assistant Research Professor, College of Social Work, 9/1/00 through 6/30/01.

D. CHANGES

College of Medicine

Hawse, Elizabeth C., from Assistant Professor (part time), Pediatrics, 7/1/00 through 6/30/01, to Assistant Professor (part-time), Pediatrics, 7/17/00 through 6/30/01.

McElderry, Darby H., from Assistant Professor (part time), Pediatrics, 7/1/00 through 6/30/01, to Assistant Professor (part-time), Pediatrics, 7/17/00 through 6/30/01.

Schneider, Mark, from IS Tech Support Specialist IV, Kentucky Injury Prevention and Research Center, to IS Tech Manager II, , Kentucky Injury Prevention and Research Center, effective 8/1/00.

PR 3A

Office of the President
September 19, 2000

Members, Board of Trustees:

PROPOSED AMENDMENTS TO THE GOVERNING REGULATIONS

Recommendation: that the following proposed amendments to the Governing Regulations of the University of Kentucky be approved. They were received for preliminary consideration at the regular meeting of the Board of Trustees, August 15, 2000.

(NOTE: Proposed additions are underlined; proposed deletions have a line through the text.)

Amendment 1 - Change Part II - 4 to read

4. Officers

The chairperson, vice chairperson, secretary, and assistant secretary of the Board of Trustees shall be elected annually at the September meeting of the Board. The Chairperson of the Board of Trustees shall be limited to no more than four consecutive terms as Chair. In the absence of the chairperson, the vice chairperson presides. The secretary keeps the Minutes of all meetings, issues notices of meetings, and provides for the publication and distribution of the Minutes in accordance with instructions from the Board. The secretary is responsible for the maintenance of an official revised copy of these Governing Regulations and for the publication of revisions from time to time. The assistant secretary is empowered to perform the duties of the secretary when the secretary is not present on the Lexington campus of the University and at such other place or places as are required for the efficient performance of the secretary's duties. The assistant secretary need not be a member of the Board of Trustees.

Amendment 2 - Change Part II - 5 to read

5. Committees

STANDING COMMITTEES:

The purpose of standing and special committees is to assist the Board in its oversight role by gathering information, discussing, and providing advice on policy proposals prior to their coming before the entire Board. Membership of standing committees shall include at least five members of the Board including the committee chair and shall be appointed by the Chairperson

of the Board soon after the election of officers in September. The Academic Affairs, Student Affairs, and Human Resources committees shall not be chaired by faculty, staff, or student trustees.

A. EXECUTIVE COMMITTEE

The Board of Trustees annually elects an Executive Committee of five members, which has the powers that the Board delegates to it—as spelled out in ~~(KRS 164.190)~~. This election shall be held at the September meeting of the Board. Vacancies may be filled at any meeting of the Board. The Board designates one member of the Committee to serve as its chairperson. In general, the Committee exercises oversight of the financial and business interests of the University and possesses the same powers as the Board during the periods between meetings of the full Board.

~~Ordinarily, the Executive Committee meets at least once each month, except for the months in which regular meetings of the Board of Trustees are held. Special m~~Meetings may be held as necessary ~~on~~at the call of the chairperson. The secretary of the Board of Trustees acts as secretary, *ex officio*, of the Executive Committee. The President of the University shall attend all meetings.

The Executive Committee is required to submit to the Board of Trustees at each meeting, for the latter's consideration and approval, a complete record of the proceedings of the Executive Committee. The authority of the Board to amend the actions of the Executive Committee does not extend to the rejection of any valid or authenticated expenditure of money by the Executive Committee. (KRS 164.190)

~~The Board of Trustees may appoint special committees at such times and for such purposes as it deems desirable.~~

B. ACADEMIC AFFAIRS

Shall review recommendations to the Board from the President on policy matters pertaining to the academic mission of the University in teaching, research, and public service as well as academic freedom and tenure and shared governance. Will review proposals from the President to ensure that academic programs are consistent with the University's mission, that resources are available to achieve academic priorities as set forth in the Strategic Plan, that academic programs are appropriate for its student needs and that the University has a system in place for assessing the effectiveness of its academic programs. Will review new program proposals and changes in the academic units to ensure the program proposals and changes will effectively carry out the academic mission and provide information to the Board if needed when new programs or changes in academic units are recommended to the Board for approval. Shall review the list of candidates for academic degrees and provide information to the Board if needed when degree candidates are recommended for approval.

C. STUDENT AFFAIRS

Shall accept and review recommendations from students, faculty and administrators which the President submits regarding revisions of the Code of Student Conduct. Shall review recommendations from the President concerning the general welfare of students and the adoption of rules, procedures, rights, and responsibilities governing non academic relationships between the University and its students.

D. HUMAN RESOURCES

Shall review recommendations from the President to the Board regarding policies pertaining to employee benefits, rights and privileges requiring Board approval. Shall serve as a hearing panel in the event of a faculty, student or employee appeal coming to the Board.

E. UNIVERSITY RELATIONS

Shall review recommendations from the President relating to the economic, social, and public policy environments within which the University operates that directly affect the University. Shall review policies or policy proposals from the President regarding marketing and development as well as public, governmental, and alumni relations.

F. INVESTMENT

Under delegation from the Board and consistent with KRS 164A.550 through 164A.630, the Investment Committee shall be responsible for review and oversight of the endowment investment programs of the University and its affiliated corporations. This responsibility includes: formulating and reviewing investment policies; appointing, monitoring and evaluating investment managers and consultants; and reviewing and approving plans for the general management of the endowment funds of the University.

The Investment Committee Chairperson will report to the Board at least annually on the performance results of endowment investments. Policies of the Committee are implemented by the Office of Controller and Treasurer in carrying out the day-to-day operations of the University's endowment funds.

G. FINANCE

Shall ensure the financial stability and long-term economic health of the University by monitoring the financial operations of the University and its affiliated corporations and making appropriate recommendations to the Board to ensure achievement of the University's mission. Consistent with KRS 164A.550 through 164A.630, the Committee maintains oversight responsibility for the financial management of the University in the areas of accounting, auditing, payroll, purchasing, capital construction, real property and affiliated corporations. In particular, the Committee shall: oversee the budgets of the University, reviewing and recommending to the Board on the annual Operating and Capital Budgets; ensure that accurate and complete financial records are maintained by reviewing and recommending to the Board on

annual financial reports and related recommendations from the Audit Subcommittee, interim financial reports, capital construction reports, long-term debt obligations, gifts to the University of \$100,000 or more, leases over \$30,000 per year, disposition of property, sale of assets, and financial transactions not provided for in the annual operating budget.

The Audit Subcommittee shall recommend to the Finance Committee on the appointment of the external auditors, receive and review the annual reports from the external auditors and make recommendations to the Finance Committee concerning these reports.

H. NOMINATING

Shall nominate officers of the Board and members of the Executive Committee. Shall review recommendations from the President concerning the appointment of Trustees to the boards and committees of the University and its affiliated entities which require Board approval.

I. SPECIAL COMMITTEES

Special committees may be established and appointed at any time by the Chairperson of the Board and with such charge as the Board Chair may determine. They shall carry out their duties as specified and report to the Board. They will function until discharged. Membership will include Trustees and may also include persons who are not Board members.

Rationale: These changes are proposed as a result of an assessment of the structure and role of board committees at the University of Kentucky's current benchmark institutions.

Action taken:



☒ Approved

☐ Disapproved

☐ Other

PR 3B

Office of the President
September 19, 2000

Members, Board of Trustees:

CHANGE IN UNIVERSITY OF KENTUCKY RETIREMENT PLAN

Recommendation: that the following proposed change in AR II-1.6-1 University of Kentucky Retirement Plan be approved.

(NOTE: Proposed additions are underlined; proposed deletions have a line through the text.)

VI. Contributions During Leave of Absence With Pay

~~During the participant's leave of absence with pay (whether full or partial salary), the University will continue contributions toward retirement benefits, as provided for in Section II, at the same percentage rate on the basic salary as was in effect during the participant's last monthly pay period prior to the leave of absence, if the participant elects to continue contributions in a like manner.~~

A participant on leave with pay shall make the employee contribution and receive the University contribution based on the amount of the salary that is paid through the University payroll. Contributions to a participant's retirement plan shall be made on the actual salary paid through the University payroll, not to exceed the annual base salary.

Background: TIAA notified the University that the Internal Revenue Services Regulations governing 403b plans require the change proposed.

Action taken: ☒ Approved ☐ Disapproved ☐ Other _____

PR 3C

Office of the President
September 19, 2000

PROPOSED AMENDMENT TO THE GOVERNING REGULATIONS

Recommendation: that the following proposed amendment to the Governing Regulations of the University of Kentucky be received for preliminary consideration and at the next regular meeting of the Board of Trustees be included on the agenda for action.

NOTE: Proposed additions are bold and underlined; proposed deletions are bold and in []

The President of the University is appointed by the Board of Trustees with the advice of a joint committee of the Board, faculty, staff, student body, and alumni. The committee shall consist of [five] six members of the Board, at least one of whom shall be from among the three alumni trustees, appointed by its chairperson; three members of the full-time teaching and/or research faculty of the University System, selected by a procedure determined by the University Senate; one member of the full-time staff of the University appointed by the Chairperson of the Board from a list of three staff members elected by the staff of the University; two full-time students of the University, one undergraduate and one graduate or professional student, appointed by the Chairperson of the Board from a list of three undergraduate students and three graduate or professional students selected by a procedure determined by the Student Government Association; and one member of the alumni of the University appointed by the Chairperson of the Board from a list of three alumni selected by the Board of Directors or the Executive Committee of the University of Kentucky Alumni Association. The committee shall provide opportunity for discussion between representatives of administration, faculty, staff, student, and alumni groups and prospective presidential candidates.

Background: Earlier this year, the Board approved a change in the Governing Regulations concerning the composition of the search committee for the President of the University. One of the valuable changes was designating an alumni trustee as one of the five appointed Board members to the search committee. Notwithstanding such improvement in the change to the Governing Regulations, the discretion of the Board Chairperson to name trustees at-large was reduced from five trustees to four. The appointment of one additional member from the Board will provide the Chairperson of the Board with more flexibility in the appointment of trustees and will also provide an uneven number (13) of members on the search committee.

Action taken:



☒ Approved

☐ Disapproved

☐ Other

PR 5A

Office of the President
September 19, 2000

Members, Board of Trustees:

RENAMING THE CENTER FOR ENTREPRENEURSHIP
THE DOUGLAS J. VON ALLMEN CENTER
FOR ENTREPRENEURSHIP AND E-COMMERCE

Recommendation: that the Board of Trustees approve the name of the Douglas J. Von Allmen Center for Entrepreneurship and E-Commerce in the Gatton College of Business and Economics at the University of Kentucky.

Background: First, this action would add to the name of the Center ... and E-Commerce in order to reflect a new and highly significant dimension of this Center for Entrepreneurship. The College has developed its expertise for the E-Commerce industry and is expanding its research and educational programs in this area, drawing upon various fields of study in the College.

Second, this action would name the Center in honor of Mr. Douglas J. Von Allmen. Mr. Von Allmen's career is and will remain an inspiration to the College, and he has provided a gift of \$2 million to be used to support the research activities of the Center for Entrepreneurship and E-Commerce in the Gatton College of Business and Economics. The gift has been submitted to the Research Challenge Trust Fund Program for matching funds.

Mr. Von Allmen has had a long and distinguished career in the field of leveraged buyouts and venture capital. Throughout his career he has had a strong interest in start-up companies and in E-Commerce. He strongly believes that the Center can play a significant role in enhancing the University's programs in Entrepreneurship, E-Business and E-Commerce.

The recommendation to name the Center for Entrepreneurship the Douglas J. Von Allmen Center for Entrepreneurship and E-Commerce has the strong support of the faculty and staff of the College, the Dean of the College, and the Chancellor of the Lexington Campus.

Action taken:



Approved

☐ Disapproved

☐ Other _____

PR 5B

Office of the President
September 19, 2000

Members, Board of Trustees:

NAMING THE SCHOOL OF ACCOUNTANCY THE DOUGLAS J. VON ALLMEN SCHOOL OF ACCOUNTANCY

Recommendation: that the Board of Trustees approve the name of the School of Accountancy as the Douglas J. Von Allmen School of Accountancy.

Background: Douglas J. Von Allmen, a native of Louisville and a resident of Fort Lauderdale, is a 1965 graduate of the Gatton College of Business and Economics with a major in accounting. He has had a long and distinguished career. He currently serves as chairman and co-founder of Group One Capital, a St. Louis venture capital firm launched in 1986. During his career he has acquired more than 25 businesses through Group One Capital and a predecessor company.

Mr. Von Allmen has provided a gift of \$5 million to the School of Accountancy in the Gatton College of Business and Economics. This gift will be used to establish endowments to provide income to support an endowed chair in accountancy, graduate fellowships and the research programs of the School's faculty. The gift has been submitted to the Research Challenge Trust Fund Program for matching funds.

This gift will play a very significant role in advancing the School of Accountancy. In fact, it already has had an impact. Late in the year the School was able to recruit an outstanding endowed chairholder in accountancy, and Mr. Von Allmen's gift was instrumental in attracting this professor to the School.

The recommendation to name the School the Douglas J. Von Allmen School of Accountancy has the enthusiastic support of the School's faculty, along with students, staff and alumni of the College. It is recommended to the President by the Dean of the College and the Chancellor of the Lexington Campus.

Action taken: ☒ Approved ☐ Disapproved ☐ Other _____

PR 6A

Office of the President
September 19, 2000

Members, Board of Trustees:

MASTER OF SCIENCE IN PHYSICIAN ASSISTANT STUDIES

Recommendation: that the Board of Trustees authorize the approval of the Master of Science in Physician Assistant Studies for submission to the Council on Postsecondary Education.

Background: The proposed program is designed to prepare Physician Assistant (PA) students for medical practice in the 21st Century by increasing their knowledge in geriatrics, clinical medicine, health care administration, evidence-based medicine, pharmacology, and applied research. Within the next five years, it is expected that over 66% of PA programs will develop a Master's degree curriculum that will meet the requirement that is being proposed for this program.

The proposed program has been reviewed and recommended by the Graduate Council, the Senate's Academic Programs Committee, the Senate Council and approved by the University Senate.

Approval by the Board of Trustees is required prior to submission to the Council on Postsecondary Education.

Action taken:



Approved

☐ Disapproved

☐ Other

FCR 1

Office of the President
September 19, 2000

Members, Board of Trustees:

ACCEPTANCE OF AUDIT REPORT
FOR THE UNIVERSITY OF KENTUCKY FOR 1999-00

Recommendation: that the Board of Trustees accept the University of Kentucky financial statements for the year ended June 30, 2000, consisting of the Consolidated Balance Sheet, Consolidated Statement of Changes in Fund Balances, Consolidated Statement of Current Funds Revenues, Expenditures and Other Changes, Summary of Significant Accounting Policies, and Notes to Financial Statements.

Background: The Finance Committee of the University of Kentucky has reviewed the consolidated financial statements for the year ended June 30, 2000, which have been audited by Deloitte & Touche LLP, Certified Public Accountants. The consolidated financial statements are presented on a comparative basis for fiscal years 1998-99 and 1999-00, and include the financial operations of the University of Kentucky and its affiliated corporations, consisting of the University of Kentucky Research Foundation, The Fund for Advancement of Education and Research in the University of Kentucky Medical Center, University of Kentucky Athletic Association, University of Kentucky Mining Engineering Foundation, Inc., University of Kentucky Business Partnership Foundation, Inc., University of Kentucky Humanities Foundation, Inc., University of Kentucky 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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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 balance sheet of the University of Kentucky (an agency of the Commonwealth of Kentucky) and affiliated corporations as of June 30, 2000, and the related consolidated statements of changes in fund balances and current funds revenues, expenditures and other changes for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit provides 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, 2000, and the changes in their fund balances and their current funds revenues, expenditures and other changes for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 1, 2000, 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 audit.

Deloitte & Touche LLP

September 1, 2000
Louisville, Kentucky

CONSOLIDATED BALANCE SHEET
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
JUNE 30, 2000

with comparative totals at June 30, 1999
(in thousands)

	2000					1999
	Current Funds	Loan Funds	Endowment and Similar Funds	Plant Funds	Total	Total
ASSETS						
Cash and cash equivalents	\$ 90,559	\$ 6,288		\$ 153,168	\$ 250,015	\$ 330,814
Notes, loans and accounts receivable (less bad debt allowances of \$20,772 in 2000 and \$16,986 in 1999)	167,938	20,214	\$ 1,327	426	189,905	187,498
Investments	149,258		377,013	28,608	554,879	432,485
Property, plant and equipment				1,352,780	1,352,780	1,278,586
Inventories and other	19,758			100	19,858	19,578
Total Assets	\$ 427,513	\$ 26,502	\$ 378,340	\$1,535,082	\$2,367,437	\$2,248,961
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 29,697	\$ 10		\$ 4,969	\$ 34,676	\$ 41,410
Accrued expense	28,663			1,586	30,249	26,372
Annuities payable			\$ 6,214		6,214	6,192
Employee withholdings and deposits	18,700				18,700	20,202
Other liabilities	10,694			2,041	12,735	8,843
Liability for self-insurance	49,915				49,915	48,493
Deferred income	14,675				14,675	14,641
Bonds payable				184,486	184,486	199,731
Capital lease obligations				52,636	52,636	28,792
Total Liabilities	152,344	10	6,214	245,718	404,286	394,676
Interfund Balances	18,114		753	(18,867)		
Fund Balances						
Current-Unrestricted						
Working capital	167,211				167,211	159,337
Future operations	24,749				24,749	25,492
Other	538				538	10,622
Current-Restricted	64,557				64,557	62,491
Loan						
Unrestricted		45			45	45
Restricted		7,213			7,213	6,688
U.S. Government		19,234			19,234	18,666
Endowment and Similar Funds						
True			280,152		280,152	242,865
Term			3,994		3,994	3,635
Quasi			85,226		85,226	81,145
Annuity and life income			2,001		2,001	1,898
Plant						
Unrestricted				154,838	154,838	119,958
Restricted				65,061	65,061	94,802
Net investment in plant				1,088,332	1,088,332	1,026,641
Total Fund Balances	257,055	26,492	371,373	1,308,231	1,963,151	1,854,285
Total Liabilities and Fund Balances	\$ 427,513	\$ 26,502	\$ 378,340	\$1,535,082	\$2,367,437	\$2,248,961

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE YEAR ENDED JUNE 30, 2000
(in thousands)

	2000				
	Current Funds	Loan Funds	Endowment and Similar Funds	Plant Funds	Total
REVENUES AND OTHER ADDITIONS					
Unrestricted current fund revenues	\$ 966,688				\$ 966,688
Gifts	21,145	\$ 334	\$ 17,761	\$ 911	40,151
Endowment and investment income	9,146	192	893	4,393	14,624
Net increase in fair value of investments			25,002		25,002
Interest on loans receivable		460			460
Grants and contracts	130,302	479		1,966	132,747
Expended for plant facilities, including \$26,733 charged to current expenditures				109,047	109,047
Retirement of indebtedness				15,245	15,245
Other sources	860	2	69	52	983
Total Revenues and Other Additions	1,128,141	1,467	43,725	131,614	1,304,947
EXPENDITURES AND OTHER DEDUCTIONS					
Unrestricted current fund expenditures	878,596				878,596
Restricted current fund expenditures	154,575				154,575
Expended for plant facilities				82,314	82,314
Noncapitalized expenditures				17,833	17,833
Retirement of indebtedness				15,245	15,245
Interest on indebtedness				10,099	10,099
Disposal of plant facilities				35,910	35,910
Other deductions		472	18	1,019	1,509
Total Expenditures and Other Deductions	1,033,171	472	18	162,420	1,196,081
TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS)					
Mandatory					
Debt service					
Educational and general	(13,321)			13,321	
Hospital and clinics	(2,029)			2,029	
Auxiliary enterprises	(4,846)			4,846	
Lease payments	(1,511)			1,511	
Expired term endowments	143		(143)		
Matching grants	(98)	98			
Total Mandatory Transfers	(21,662)	98	(143)	21,707	
Net Increase/(Decrease) Before Nonmandatory Transfers	73,308	1,093	43,564	(9,099)	108,866
Nonmandatory					
Plant					
Educational and general	(28,237)			28,237	
Hospital and clinics	(38,872)			38,872	
Auxiliary enterprises	(8,820)			8,820	
Endowment and other	1,734		(1,734)		
Total Nonmandatory Transfers	(74,195)		(1,734)	75,929	
NET INCREASE/(DECREASE) FOR THE YEAR	(887)	1,093	41,830	66,830	108,866
FUND BALANCES, July 1, 1999	257,942	25,399	329,543	1,241,401	1,854,285
FUND BALANCES, June 30, 2000	\$ 257,055	\$ 26,492	\$ 371,373	\$ 1,308,231	\$ 1,963,151

See notes to consolidated financial statements.

**CONSOLIDATED STATEMENT OF CURRENT FUNDS
REVENUES, EXPENDITURES AND OTHER CHANGES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE YEAR ENDED JUNE 30, 2000**
with comparative totals for the year ended June 30, 1999
(in thousands)

	2000			1999
	Unrestricted	Restricted	Total	Total
REVENUES				
Educational and general				
Student tuition and fees	\$ 118,013		\$ 118,013	\$ 109,710
Government appropriations				
Federal	16,222		16,222	14,696
State	290,817		290,817	286,525
County	7,176		7,176	6,684
Government grants and contracts				
Federal	1,058	\$ 78,744	79,802	69,629
State	6,007	31,924	37,931	38,225
Private gifts and grants	46,534	36,003	82,537	75,800
Indirect cost reimbursement	22,181		22,181	19,573
Endowment income	842	7,773	8,615	5,381
Investment income	13,396	640	14,036	11,396
Decrease in fair value of investments	(183)		(183)	(413)
Sales and services	69,628		69,628	68,328
Other		655	655	1,123
Total educational and general	591,691	155,739	747,430	706,657
Hospital and clinics	307,452		307,452	282,613
Auxiliary enterprises	67,545		67,545	63,990
Total Revenues	966,688	155,739	1,122,427	1,053,260
EXPENDITURES AND MANDATORY TRANSFERS				
Educational and general				
Instruction	212,887	11,095	223,982	211,869
Research	53,553	85,129	138,682	127,287
Public service	120,945	24,295	145,240	133,490
Libraries	22,680	1,031	23,711	20,393
Academic support	39,059	3,571	42,630	39,015
Student services	20,129	587	20,716	19,249
Institutional support	44,436	492	44,928	40,018
Operation and maintenance of plant	32,778	66	32,844	32,435
Student financial aid	20,123	22,359	42,482	38,329
Other		545	545	338
Total educational and general	566,590	149,170	715,760	662,423
Hospital and clinics	258,459		258,459	261,899
Auxiliary enterprises	53,547	5,405	58,952	53,885
Total Expenditures	878,596	154,575	1,033,171	978,207
Mandatory Transfers				
Debt service				
Educational and general	11,815	1,506	13,321	15,042
Hospital and clinics	2,029		2,029	2,060
Auxiliary enterprises	4,846		4,846	5,878
Lease payments	1,511		1,511	1,458
Expired term endowments	(133)	(10)	(143)	
Matching grants	430	(332)	98	134
Total Expenditures and Mandatory Transfers	899,094	155,739	1,054,833	1,002,779
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS)				
Nonmandatory Transfers				
Plant fund				
Educational and general	(22,501)	(5,736)	(28,237)	(24,977)
Hospital and clinics	(38,872)		(38,872)	8,421
Auxiliary enterprises	(8,820)		(8,820)	(2,804)
Endowment and other	(354)	2,088	1,734	(606)
Excess restricted receipts over transfer to revenues		5,714	5,714	7,790
Total Other Transfers and Additions/(Deductions)	(70,547)	2,066	(68,481)	(12,176)
NET INCREASE/(DECREASE) FOR THE YEAR	\$ (2,953)	\$ 2,066	\$ (887)	\$ 38,305

See notes to consolidated financial statements.

UNIVERSITY OF KENTUCKY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Reporting Entity

The University of Kentucky (the University) is a component unit of the Commonwealth of Kentucky. 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 Equine Research Foundation, Inc.; University of Kentucky Humanities Foundation, Inc.; and the University of Kentucky Center on Aging Foundation, Inc.

The accompanying consolidated financial statements have been prepared in accordance with the AICPA Industry Audit Guide "Audits of Colleges and Universities."

All significant balances and transactions among the above entities have been eliminated.

Fund Accounting

The University maintains its accounts and reports its financial transactions in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Funds that have similar characteristics are combined for reporting purposes into fund groups.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes by action of the Board of Trustees. The Board retains full control over allocated fund balances to use in achieving its institutional purposes.

Restricted gifts, grants, appropriations, endowment income and other restricted resources are accounted for in the appropriate restricted funds. Restricted current funds are reported as revenues and expenditures when expended for current operating purposes.

True endowment funds are subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be utilized. Term endowment funds are similar to true endowment funds except that upon the passage of a stated period of time or the occurrence of a particular event, all or part of the principal may be expended as well. Quasi-endowment funds are established by the Board for the same general purposes as other endowment funds, and any portion may be expended. All income from true and term endowment funds is restricted. Annuity and life income funds are funds received under deferred-giving agreements and provide that income be paid to the donor, the donor's designee, or a combination thereof for the lifetime of the recipient(s) or for a fixed period of time.

Ordinary income derived from investments, notes receivable, and the like, is recognized in the fund owning the assets, except that income derived from investments of endowments and similar funds and the majority of current restricted funds is recognized in the fund to which the income is designated.

All unrestricted revenue is recognized in the unrestricted fund.

Current Funds

The statement of current funds revenues, expenditures, and other changes is a summary of financial activities of current funds related to the current reporting period.

To the extent that current funds are used to finance plant asset acquisitions, the amounts are recognized as: (1) expenditures, in the case of replacement of movable equipment and library books; (2) mandatory transfers in the case of required provisions for debt amortization and interest; and (3) nonmandatory transfers for all other cases.

The Board allocates unrestricted current funds fund balances for specific purposes. These purposes include: (a) working capital needs of the University (including the hospital, the housing and dining system, and auxiliary enterprises); (b) budget appropriations for future operating purposes; and (c) specific uses of certain unrestricted income from private sources.

Cash and Cash Equivalents

Cash and cash equivalents are deposited in local banks (\$2,471,000), invested in U.S. Government/agency repurchase agreements (\$64,885,000) and held on deposit with the Commonwealth of Kentucky (\$182,659,000). Deposits with local banks and investment 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 are covered by federal depository insurance or collateralized by securities held by the Commonwealth in the Commonwealth's name.

Investments

Investments are stated at fair value.

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.

Spendable return from the endowment is determined using the total return philosophy. This philosophy recognizes a prudent amount of realized 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 endowment of any prior years' accumulated earnings (unexpended traditional yield) or net realized gain on sales. For the year ended June 30, 2000, \$4,068,742 was transferred from endowment realized gains on sales to current funds to support spending.

Inventories

Inventories are stated principally at the lower of average cost or market.

Property, Plant and Equipment

Land, land improvements, buildings, equipment and library books 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.

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. The accompanying financial statements include estimates for items such as bad debt allowances, accrued expenses and other liability accounts. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In December 1998, the Governmental Accounting Standards Board (the "GASB") issued Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions." This Statement established accounting and financial reporting standards for nonexchange transactions involving financial or capital resources (for example, most taxes, grants and private donations). The principal issue addressed in this statement is the timing of recognition of nonexchange transactions. This statement is effective for financial statements for years beginning after June 15, 2000. The University does not expect the adoption of this Statement to have a material effect on its financial statements.

In November 1999, the GASB issued Statement No. 35, "Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities." This statement establishes accounting and financial reporting standards for public colleges and universities within the financial reporting guidelines of GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." GASB No. 35 has the effect of changing the financial reporting requirements for basic financial statements for public colleges and universities under accounting principles generally accepted in the United States of America. This statement is effective for financial statements for fiscal years beginning after June 15, 2001. It is expected that the adoption of Statement No. 35 will have a material effect on the University's consolidated financial statements. Among other things, net assets (currently referred to as fund balances) will be reduced due to the requirement of this Statement to recognize depreciation on all capital assets. Additionally, the content and presentation of the basic consolidated financial statements will be significantly revised under this Statement, including the addition of management's discussion and analysis as required supplementary information.

2. Research Challenge Trust Fund

The Research Challenge Trust Fund endowment 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. RCTF endowment funds are provided with provision that the University match them on a dollar-for-dollar basis. RCTF funds are available to support Endowed Chairs, Professorships, Endowed Graduate Fellowships and to support the research and graduate mission of the University.

In each of the 1998 and 2000 sessions of the Kentucky General Assembly, a \$100 million endowment was appropriated for the RCTF. The University is eligible for \$66.7 million of the \$100 million from each biennium's funding. During fiscal year 1998-99, the University requested funds from the RCTF endowment program totaling \$66.7 million, which fully utilized its share of the 1998 biennium funding. The University is eligible to receive an additional \$66.7 million from the 2000 biennium funding.

Included in the amounts submitted by the University for the 1998 RCTF match are approximately \$25,745,000 million in pledges outstanding at June 30, 2000. Although the University expects to fully realize all outstanding pledges, it is obligated to return any matching funds related to pledges not fulfilled within five years. (See Note 14).

3. Notes, Loans and Accounts Receivable

Notes, loans and accounts receivable as of June 30, 2000, net of allowances, are as follows:

Current funds:	(in thousands)
Hospital	
Third-party payor receivables; Medicare, Medicaid and other	\$ 100,321
Private pay and other receivables	8,198
Estimated settlements with third-party payors	<u>5,602</u>
Total hospital receivables	114,121
Reimbursable costs - grants and contracts	21,572
Other	<u>32,245</u>
Total current funds receivables	<u>167,938</u>
Loan funds: Student notes receivable	<u>20,214</u>
Endowment funds: Accrued interest receivable	<u>1,327</u>
Plant funds: Accrued interest receivable	<u>426</u>
Total notes, loans and accounts receivable	<u>\$ 189,905</u>

4. Investments

A comparison of the fair value and cost as of June 30, 2000 of the University's investments is shown below:

(in thousands)

Type of investment	<u>Fair Value</u>	<u>Cost</u>
United States government securities	\$ 176,798	\$ 170,700
Common stocks	154,750	132,476
Pooled equity funds	89,976	76,977
Corporate bonds and notes	82,742	70,788
Repurchase agreements	27,957	27,957
Equity in health care corporations	15,306	15,306
Cash and cash equivalents	7,205	6,268
Other	<u>145</u>	<u>145</u>
	<u>\$ 554,879</u>	<u>\$ 500,617</u>

(in thousands)

	<u>Fair Value</u>	<u>Cost</u>
Fund group		
Unrestricted current	\$ 20,918	\$ 20,952
Restricted current	128,340	128,488
Endowment	377,013	322,566
Plant	<u>28,608</u>	<u>28,611</u>
	<u>\$ 554,879</u>	<u>\$ 500,617</u>

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 has a 80% interest in 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 is as follows:

Investment	\$40,555,000
Equity in losses through December 31, 1999 (CHA's fiscal year end)	<u>(27,322,186)</u>
Carrying value	<u>\$13,232,814</u>

The University's equity in net income of CHA for the six months ended June 30, 2000 was approximately \$778,000 (unaudited). This income is not reflected in the University's consolidated financial statements as of June 30, 2000.

5. Investment in Plant

The major components of property, plant and equipment as of June 30, 2000 are as follows:

	(in thousands)
Land and improvements	\$ 65,371
Buildings and structures	814,540
Equipment and library books	415,501
Construction in progress	<u>57,368</u>
	<u>\$1,352,780</u>

The estimated cost to complete construction under contract at June 30, 2000 is approximately \$96,690,000. Such construction is principally financed by Commonwealth of Kentucky appropriations and proceeds from long-term bonds payable.

6. 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 other named perils between \$250 and \$300,000 per occurrence. Losses in excess of \$300,000 are insured by commercial carriers up to \$500 million per occurrence 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 \$100,000 for any one person and \$250,000 for multiple claims resulting from a single act of negligence. Claims against educators' errors and omissions and wrongful acts are insured through a risk retention group. There have been no significant reductions in insurance coverage from 1999 to 2000. 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, 2000 is based on the requirements of Governmental Accounting Standards Board 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, 2000.

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, 2000 are reported at their present value assuming an investment yield of 7.0%.

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, 2000.

Changes in the liability for self-insurance for the year ended June 30, 2000 are as follows:

	(in thousands)				
	<u>Malpractice</u>	<u>Health</u>	<u>Long-Term Disability</u>	<u>Other</u>	<u>Total</u>
Liabilities at July 1, 1999	\$ 32,266	\$ 3,454	\$ 9,631	\$ 3,142	\$ 48,493
Accruals for current claims/ changes in estimates		26,419	2,506	2,943	31,868
Investment income	1,557	62	225		1,844
Claims paid	<u>(1,345)</u>	<u>(26,430)</u>	<u>(2,179)</u>	<u>(2,336)</u>	<u>(32,290)</u>
Liabilities at June 30, 2000	<u>\$ 32,478</u>	<u>\$ 3,505</u>	<u>\$ 10,183</u>	<u>\$ 3,749</u>	<u>\$ 49,915</u>

7. Bonds Payable

Bonds payable at June 30, 2000, consist of the following:

	(in thousands) <u>Outstanding</u>	<u>Current Maturities 2000-01</u>
Lexington Campus and Medical Center: Consolidated Educational Buildings Revenue Bonds, issued 1991 to 1998, maturities to 2018, interest rates 4.125% to 6.6%.	\$100,575	\$ 11,370
Consolidated Housing and Dining System Revenue Bonds, issued 1965 to 1997, maturities to 2024, interest rates 2.80% to 5.875%.	25,121	2,230
Hospital Revenue Bonds, issued 1993, maturities to 2006, interest rates 2.5% to 5.5%	12,445	1,525
Lexington-Fayette Urban County Government Governmental Project Revenue Bonds Series 1994 (University of Kentucky Alumni Association, Inc. Commonwealth Library Project), issued 1994, and Lexington-Fayette Urban County Government Governmental Project Revenue Refunding Bonds Series 1998 (University of Kentucky Alumni Association, Inc. Commonwealth Library Project), issued 1998, maturities to 2024, interest rates 4.0% to 6.5%.	<u>46,345</u>	<u>875</u>
Total	<u>\$ 184,486</u>	16,000
Interest		<u>9,019</u>
Total debt service for 2000-01		<u>\$ 25,019</u>

All bonds are callable by the University at various rates ranging from 100% to 103% of face value after ten years from issuance.

Revenues from student housing and dining facilities, certain other auxiliary enterprises, hospital and student fees are pledged for the retirement of the bonds related to those activities. All bonds, with the exception of the Hospital Revenue Bonds, are collateralized by land and buildings.

Trust account assets and a total liability for all defeased bonds of \$52,650,000 at June 30, 2000 are not included in the financial statements.

The aggregate amount of principal maturities for the next five years is as follows:

	(in thousands)
2001	\$16,000
2002	\$16,780
2003	\$15,680
2004	\$13,535
2005	\$14,215

8. Capital Lease Obligations

The University has utilized capital leases to acquire various items of equipment costing approximately \$18,864,000 and financing/lease arrangements with the Kentucky Asset/Liability Commission to (a) finance renovations to Commonwealth Stadium and (b) provide interim financing for various construction projects which will ultimately be funded by long term bonds. The future minimum lease payments under these capital lease obligations and financing/lease arrangements are as follows (in thousands):

	<u>Equipment Leases</u>	<u>Commonwealth Stadium Financing Lease</u>	<u>Interim Financing Lease</u>	<u>Total</u>
2001	\$4,450	\$1,882		\$6,332
2002	3,358	2,294	\$15,000	20,652
2003	2,966	2,255		5,221
2004	1,862	2,272		4,134
2005	896	2,270		3,166
Thereafter	<u>127</u>	<u>29,547</u>		<u>29,674</u>
Total	13,659	40,520	15,000	69,179
Less: Amounts representing interest	<u>(1,383)</u>	<u>(15,160)</u>		<u>(16,543)</u>
Present value of net minimum lease payments	<u>\$12,276</u>	<u>\$25,360</u>	<u>\$15,000</u>	<u>\$52,636</u>

The interim financing lease requires payment of interest only (4.45% at June 30, 2000), until maturity on June 30, 2002.

9. Funds Held in Trust by Others

The University is the income beneficiary of various trusts which are held and controlled by independent trustees. For the year ended June 30, 2000, the University received income from these trusts of approximately \$955,000. The University has no equity interest in the principal of the trusts which, accordingly, is recorded at a nominal value of \$1 each. The 2000 income received from these trusts is recorded as endowment income in the current unrestricted fund (\$467,000) and in the current restricted fund (\$488,000).

10. 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 in groups I, II, and III is mandatory for all faculty and staff members, age 30 and older, who have completed one year of service. Participation is voluntary to age 30 (after completion of one year of service). Participation in groups IV and V is voluntary. The University contributes 10% of eligible compensation to groups I, II and III. Employees contribute 5% of eligible compensation to groups I, II and III.

The University has authorized three retirement plan carriers, effective July 1, 1988, 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. The University's contributions and costs for 2000 were approximately \$37,544,000 and the employees contributed approximately \$18,663,000. The University's total payroll costs were approximately \$581,300,000. The payroll for employees covered by the retirement plan was approximately \$375,437,000.

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 11).

11. Minimum Annual Retirement Benefits and Supplemental Retirement Income

Employees in retirement groups I, II and III, referred to in Note 10, 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 \$4,130,000 for 2000.

The latest actuarial valuation was prepared as of June 30, 2000 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 \$28,458,000.

12. Health Insurance Benefits for Retirees

The University provides health care benefits to retirees who have a minimum of fifteen years service. The University recognizes the cost of providing those benefits by expensing the insurance premiums in the year paid. These premiums were approximately \$3,384,000 for the year ended June 30, 2000. At June 30, 2000, 1,898 retirees met the service requirement and were receiving benefits.

13. 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.

14. Pledges and Deferred Gifts

Pledges totaling approximately \$55,200,000 are expected to be collected over the next ten years. Deferred gifts through insurance, known bequests and irrevocable trusts in which the University has a remainder interest are estimated to be approximately \$45,880,000. The University records such contributions as revenue when the cash is received.

15. Grants and Contracts Awarded

At June 30, 2000, grants and contracts of approximately \$99,679,000 had been awarded to the University and the University of Kentucky Research Foundation but not expended. These amounts will be recognized in future periods as revenues and expenditures when the funds are expended.

FCR 2

Office of the President
September 19, 2000

Members, Board of Trustees:

2000-01 Budget Revisions Central Administration

Recommendation: that the following revisions to the 2000-01 budget be authorized and approved.

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
A. <u>GENERAL FUND</u>			
1. Income Estimates			
State Appropriation	\$307,830,100	\$309,030,100	\$ 1,200,000
Sales and Services			
Departmental Sales and Services	50,144,300	50,326,400	<u>182,100</u>
			\$ 1,382,100
2. Expenditures			
Central Administration			
Information Systems			
Communications and Network Systems	3,224,100	3,321,600	97,500
Publishing and Postal Services	1,897,900	1,907,900	10,000
University Wide			
General Expenses - University System	386,100	1,336,100	950,000
General Expenses – Lexington Community College	-0-	250,000	250,000
Lexington Campus			
College of Engineering Administration	1,348,900	1,361,900	13,000
College of Fine Arts Center for the Arts	269,800	278,300	8,500
Medical Center			
Center for Rural Health	5,411,000	5,464,100	<u>53,100</u>
			\$ 1,382,100

3. Comments – The increases in State Appropriation are the allotments for the University System and the Lexington Community College for the enrollment growth and retention program for fiscal 2001. These funds were originally appropriated to the Council on Postsecondary Education (CPE) to be distributed to institutions based on CPE criteria. Programs to be supported by increased departmental sales and services include Publishing and Postal services; programs in the Center for the Arts; College of Engineering; the Center for Rural Health Care; and services provided by Communications and Network Systems.

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
B. <u>RESTRICTED FUNDS</u>			
1. Income Estimates	\$ 72,561,100	\$ 72,585,400	\$ 24,300
2. Expenditures			
Central Administration			
Management and Budget			
E.O. Robinson Trust			
Initiatives	1,873,400	1,923,400	50,000
Research and Graduate Studies			
Vice President for Research and			
Graduate Studies	50,500	65,000	14,500
Tobacco and Health Research	3,476,900	3,483,900	7,000
Lexington Campus			
College of Engineering			
Transportation Center	387,900	388,700	800
College of Fine Arts			
Music	147,700	99,700	(48,000)
			\$ 24,300
3. <u>Comments</u> – The increase in income restricted for the purposes indicated above will fund the proposed additional program activities. The decrease in restricted income is to adjust an estimate made during the fiscal 2001 budget process.			

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

- | | | | |
|----------------------------|---------------|---------------|------------|
| 1. Income Estimates | \$173,359,100 | \$173,352,000 | \$ (7,100) |
| 2. Expenditures | | | |
| Mining Minerals Foundation | 93,000 | 85,900 | (7,100) |
3. Comments – The budgets of the affiliated corporations are included in the University Operating Budget to provide the Board of Trustees with a consolidated operating budget consistent with submissions to the Governor, the Legislature, and the Council on Postsecondary Education. The affiliated corporation budgets contained in the original operating budget document are in some instances tentative subject to the approval of the respective affiliated corporation boards. The revision for the Mining Engineering Foundation represents the budget as subsequently approved by the affiliated corporation board.

Action taken:

☒ Approved

☐ Disapproved

☐ Other _____

FCR 3

Office of the President
September 19, 2000

Members, Board of Trustees:

ALUMINUM INDUSTRIES' GIFTS AND PLEDGES

Recommendation: that the Board of Trustees accept a gift of \$5,000 and a pledge of \$20,000 each from Beneke Wire Company of Louisville, Kentucky; KB Alloys, Inc. of Reading, Pennsylvania; and Ohio Valley Aluminum Company, Inc. of Shelbyville, Kentucky, to the endowment that supports the Center for Aluminum Technology and its research mission. The gifts and pledges total \$75,000.

Background: A partnership with the aluminum industry, the University of Kentucky, the state Economic Development Cabinet and the U.S. Department of Energy has been formed to establish the nation's first aluminum technology center. The Center will be located at the Coldstream Research Park. The funding will enhance this Center by creating professorships, graduate fellowships or other named scholarly enhancements that may include named post-doctoral positions, and named graduate and research assistantships. The gifts are contingent on receipt of the Research Challenge Trust Fund matching funds and the formation and implementation of the Center.

Beneke Wire Company's pledge will be paid in \$5,000 annual installments in years 2001 through 2004. The pledges of KB Alloys, Inc. and Ohio Valley Aluminum Company, Inc. will be paid in annual \$5,000 installments in years 2000 through 2003.

Action taken:

☒ Approved

☐ Disapproved

☐ Other _____

FCR 4

Office of the President
September 19, 2000

Members, Board of Trustees:

ANONYMOUS PLEDGES OF \$5,000,000 AND \$25,000

Recommendation: that the Board of Trustees accept pledges of \$5,000,000 and \$25,000 from two anonymous donors to the William T. Young Library Endowment, to support the library collection for the benefit of the research and graduate programs of the University.

Background: This is the second \$5,000,000 pledge from the donor who has requested that the University seek matching funds from the state's Research Challenge Trust Fund. At least 60 percent of the income derived from the amount pledged and the matching funds must be used to support the library collection in the academic disciplines of engineering, technology, computer science, health sciences, life sciences, mathematics, or physical sciences. The pledge will be paid within five years. The \$25,000 pledge will be paid this year. This donor also has requested that matching funds be sought from the state's Research Challenge Trust Fund.

The William T. Young Library and the William T. Young Library Endowment are named for the new library's principal benefactor, a Lexington businessman who is a 1939 UK graduate.

Action taken:

☒ Approved

☐ Disapproved

☐ Other

FCR 5

Office of the President
September 19, 2000

Members, Board of Trustees:

CARDEN/MASON PROFESSORSHIP GIFTS

Recommendation: that the Board of Trustees accept gifts totaling \$51,960 from friends and colleagues of the late Paul Mason of Whitesburg, Kentucky, to establish and endow the Belinda Mason Carden and Paul Mason Professorship in HIV/AIDS Research in the College of Medicine.

Background: The Honorable Paul Mason was State Representative for House District 91 for 12 years until his unexpected death in December 1998. He was an advocate for laws focused on preventing the spread of HIV/AIDS and protecting those who have the disease from discrimination. His daughter, Belinda Mason Carden, died of AIDS in 1991 at the age of 33 after contracting HIV through a blood transfusion during the birth of her second child. Friends and colleagues have made contributions to endow a professorship to support HIV/AIDS research in memory of Mr. Mason and his daughter. The contributors anticipate their gifts totaling \$51,960 being matched by the state's Research Challenge Trust Fund. The College of Medicine will continue to raise funds in hopes of reaching \$1,000,000, the amount required to convert the professorship to a chair.

Action taken: ☒ Approved ☐ Disapproved ☐ Other _____

FCR 6

Office of the President
September 19, 2000

Members, Board of Trustees:

CAROL MARTIN GATTON GIFT

Recommendation: that the Board of Trustees accept a gift of \$100,000 from Carol Martin Gatton of Bristol, Tennessee, to the University of Kentucky Athletic Association for resurfacing the field at Commonwealth Stadium.

Background: Mr. Gatton is a 1954 graduate of the College of Business and Economics, which now bears his name in recognition of his generous support of the college. The project to replace the 27-year-old field will begin at the completion of the 2000 season and will be completed by the summer of 2001.

Action taken:



Approved

☐ Disapproved

☐ Other

FCR 7

Office of the President
September 19, 2000

Members, Board of Trustees:

CHARLES S. CASSIS GIFT

Recommendation: that the Board of Trustees accept a gift of \$102,984 from Charles S. Cassis of Louisville, Kentucky, to create and endow the Charles S. Cassis Professorship in the College of Law.

Background: Mr. Cassis is a 1963 graduate of the University of Kentucky College of Law and is a senior partner in the law firm of Brown, Todd & Heyburn in Louisville. He is a member of the College of Law Visiting Committee and has been a long-time and generous supporter of the college. The donor requests that the professorship support a faculty member whose research and scholarship relate to the area of litigation. The gift is contingent on the matching funds being received from the state's Research Challenge Trust Fund.

Action taken:

☒ Approved

☐ Disapproved

☐ Other _____

FCR 8

Office of the President
September 19, 2000

Members, Board of Trustees:

EARL F. LOCKWOOD GIFT AND PLEDGE

Recommendation: that the Board of Trustees accept a gift of \$40,000 and a pledge of \$160,000 from Earl F. Lockwood of Alexandria, Virginia, to create and endow the Earl F. and Jean M. Lockwood Professorship of International Commerce and Entrepreneurship in the Patterson School of Diplomacy and International Commerce.

Background: Earl F. Lockwood is the former president of Betac Corporation that is now merged with ACS Defense, Inc. in Alexandria, Virginia. He is a member of the Patterson School's Board of Visitors. The holder of the professorship is expected to be nationally or internationally renowned in the area of international trade and entrepreneurship. Mr. Lockwood anticipates his gift and pledge being matched by the state's Research Challenge Trust Fund. The pledge will be paid by 2004.

Action taken:

☒ Approved

☐ Disapproved

☐ Other

FCR 9

Office of the President
September 19, 2000

Members, Board of Trustees:

ESTATE OF HAZEL J. HIERONYMUS

Recommendation: that the Board of Trustees accept a partial distribution of \$200,000 from the estate of Hazel J. Hieronymus for the Hazel J. and William S. Hieronymus Scholarship Fund in the College of Human Environmental Sciences.

Background: Mrs. Hieronymus and her husband, William, who predeceased her, were both graduates of the University of Kentucky. A Pulaski County native and long-time resident of Clark County, Mrs. Hieronymus died in 1998 in Lexington. She was a retired schoolteacher. She established the Hazel J. and William S. Hieronymus Scholarship Fund in the College of Human Environmental Sciences in 1988. This \$200,000 distribution and other anticipated proceeds from her estate will be added to the scholarship fund.

Action taken:



Approved

☐ Disapproved

☐ Other

FCR 10

Office of the President
September 19, 2000

Members, Board of Trustees:

HARRY, STEVE AND CRAIG JONES GIFT AND PLEDGE

Recommendation: that the Board of Trustees accept a gift of \$15,000 and pledge of \$85,000 from Harry Jones, Steve Jones and Craig Jones, all of Louisville, Kentucky, to the University of Kentucky Athletic Association for resurfacing the field at Commonwealth Stadium.

Background: Harry Jones was a football player at UK in the early 1950s and holds two degrees from the University, a degree in commerce received in 1953 and a civil engineering degree received in 1955. Jones' two sons, Steve and Craig, are associated with him in the Jones Plastic and Engineering Company in Louisville. Craig Jones graduated from the Carol Martin Gatton College of Business and Economics in 1982. The project to replace the 27-year-old field will begin at the completion of the 2000 season and will be completed by the summer of 2001. The pledge will be paid in annual payments of \$15,000 in 2001, 2002 and 2003, and annual payments of \$20,000 in 2004 and 2005.

Action taken:



☒ Approved

☐ Disapproved

☐ Other

FCR 11

Office of the President
September 19, 2000

Members, Board of Trustees:

JAMES F. GLENN, M.D. GIFT

Recommendation: that the Board of Trustees accept a pledge of \$500,000 from James F. Glenn, M.D., of Lexington, Kentucky, to establish and endow the James F. Glenn, M.D. Endowed Professorship/Chair in Urology.

Background: Dr. Glenn is a retired faculty member who has brought distinction to the University of Kentucky College of Medicine. He has served the college as associate dean for clinical affairs and chief of staff of the UK Hospital. He was executive director of the Lucille P. Markey Cancer Center, interim chair of the Department of Surgery, and a faculty member in the College's Division of Urology. Prior to joining UK, he was the president of Mt. Sinai Medical Center in New York City and dean of the Emory University School of Medicine in Atlanta, Georgia. Dr. Glenn's gift is contingent on receiving matching funding from the state's Research Challenge Trust Fund. His pledge will be paid in \$100,000 annual installments beginning in 2000. The position created by this pledge will be a professorship until it is fully funded at \$1,000,000, the minimum amount required for an endowed chair.

Action taken: ☒ Approved ☐ Disapproved ☐ Other _____

FCR 12

Office of the President
September 19, 2000

Members, Board of Trustees:

KIH ONLINE PLEDGE

Recommendation: that the Board of Trustees accept a pledge of \$100,000 from KIH Online of Lexington, Kentucky, to the University of Kentucky Children's Hospital.

Background: KIH Online is one of Kentucky's leading providers of Internet, data and broadband services. It was founded in London, Kentucky, in 1995 by Carlos "Doc" Carpenter as the first statewide Internet service provider in the nation. The company has opened a switch and data center in Lexington and serves 50,000 business and residential subscribers. The gift of \$100,000 will allow the Children's Hospital to install STARBRIGHT World, an Internet connection providing children with tools for communicating, learning, playing and accessing healthcare information. The UK Children's Hospital will be one of 25 children's hospitals nationwide with STARBRIGHT World. The pledge will be paid in five \$20,000 annual installments beginning September 2000.

Action taken:



Approved



Disapproved



Other

FCR 13

Office of the President
September 19, 2000

Members, Board of Trustees:

MICHAEL H. BAKER AND WILLIAM J. GALLION GIFT

Recommendation: that the Board of Trustees accept a gift of \$100,000 from Michael H. Baker and William J. Gallion, both of Lexington, Kentucky, to establish and endow the Gallion and Baker Professorship in the College of Law.

Background: Mr. Baker and Mr. Gallion are both 1976 graduates of the University of Kentucky College of Law. They are partners in the firm of Gallion, Baker and Bray of Lexington. The donors' intent is for this professorship to develop a better understanding between the legal and medical professions. It is anticipated that this gift will be matched by the state's Research Challenge Trust Fund.

Action taken:



Approved

☐ Disapproved

☐ Other

FCR 14

Office of the President
September 19, 2000

Members, Board of Trustees:

MILLER AND WRENN FAMILIES GIFT AND PLEDGE

Recommendation: that the Board of Trustees accept a gift of \$25,000 and a pledge of \$25,000 from Jerome S. Miller of Cupertino, California, and a gift of \$50,000 from Gregory and Rachel Miller Wrenn of Los Altos, California, to create and endow the Dorothy A. Miller Research Professorship in Social Work Education in the College of Social Work.

Background: Dorothy A. Miller was an original faculty member of the College of Social Work when it was formed in 1969. She died in 1990. Professor Miller was committed to social work education and to increasing the knowledge base of the profession. The Miller professorship will enhance social work education through the examination of current research coupled with the generation of new ideas, concepts and research findings. Professor Miller was Jerome Miller's wife. His pledge will be paid before 2005. Rachel Miller Wrenn, is the Millers' daughter. The gift and pledge is contingent on the University receiving matching funds from the state's Research Challenge Trust Fund.

Action taken:



Approved

☐ Disapproved

☐ Other

FCR 15

Office of the President
September 19, 2000

Members, Board of Trustees:

PHILIP MORRIS, INC. GIFT

Recommendation: that the Board of Trustees accept a gift of \$363,108 from Philip Morris, Inc. of Richmond, Virginia, to the College of Agriculture.

Background: Philip Morris, Inc. 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, leadership development and tobacco research.

Action taken:



Approved

☐ Disapproved

☐ Other

FCR 16

Office of the President
September 19, 2000

Members, Board of Trustees:

THOMAS C. AND EVELYN W. FINNIE GIFT

Recommendation: that the Board of Trustees accept a gift of \$98,475 from Thomas C. and Evelyn W. Finnie of St. Louis, Missouri, for graduate fellowships in the College of Engineering.

Background: Mr. and Mrs. Finnie are long-time supporters of the College of Engineering. Mr. Finnie has served on the Dean's Advisory Council since 1991. Mr. Finnie, a 1940 graduate in civil engineering, is a retired consulting engineer, having enjoyed a long and successful career in the U.S. Air Force in the fields of geographic information systems and photogrammetry engineering. The gift will support engineering students who are simultaneously earning a Bachelor of Science degree and a Master of Business Administration degree. The donors anticipate the gift being matched by the state's Research Challenge Trust Fund.

Action taken:



Approved

☐ Disapproved

☐ Other

FCR 17

Office of the President
September 19, 2000

Members, Board of Trustees:

WARREN W. ROSENTHAL PLEDGE

Recommendation: that the Board of Trustees accept a pledge of \$1,000,000 from Warren W. Rosenthal of Lexington, Kentucky, for the William T. Young Library Endowment.

Background: Mr. Rosenthal, a 1947 alumnus of the Carol Martin Gatton College of Business and Economics, is one of the University's most generous benefactors. He retired in 1989 as chairman of Jerrico, Inc. and owns Patchen Wilkes Farm in Fayette County. Mr. Rosenthal is a member and former chairman of the UK Development Council Board of Directors.

Mr. Rosenthal's gift, which is contingent on matching funds from the state's Research Challenge Trust Fund, will provide funds for the purchase of books and other library research materials in support of the Carol Martin Gatton College of Business and Economics. The pledge will be paid over five years. This is Mr. Rosenthal's second pledge of \$1,000,000 to the William T. Young Library Endowment.

Action taken:

☒ Approved

☐ Disapproved

☐ Other

FCR 18

Office of the President
September 19, 2000

Members, Board of Trustees:

AGREEMENT BETWEEN UNIVERSITY OF KENTUCKY AND
KENTUCKY HEALTHCARE ENTERPRISE, INC.

Recommendation: that the Board approve the attached agreement between the Board of Trustees of the University of Kentucky and Kentucky Healthcare Enterprise, Inc. which was negotiated pursuant to the Board of Trustees Resolution of December 12, 1995 authorizing the University's participation in the development of a health care services corporation to manage, provide and deliver medical services to the citizens of the Commonwealth.

Background: The Board action on December 12, 1995 provided, in part, that:

The relationship between the University of Kentucky and this newly formed corporation be set forth and described in a contractual agreement, which will be submitted to and approved by the Board of Trustees.

Kentucky Healthcare Enterprise, Inc. was incorporated as Health Associates of Kentucky, Inc. on December 15, 1995, and subsequent to the incorporation, the University has invested \$24.1 million of \$24.7 million authorized for which it received stock of the corporation.

Since December 1995 Kentucky Healthcare Enterprise, Inc. ("KHE") has owned and operated a pediatric physician practice in Corbin, Kentucky, Urgent Treatment Centers of Kentucky and primary care offices in Frankfort, South Lexington, Versailles, Georgetown and Nicholasville. It has assumed operating responsibilities for Kentucky Clinic North and several independent physician practices. The University employs the physicians who provide services at several physician practices owned by KHE, thereby ensuring the extension of the Medical Center's network of physicians and other health care professionals who will be available for teaching, research and service.

The contractual agreement between the University and KHE makes provisions for reimbursements between the parties for employee services, financial and management reporting; delineation of responsibilities for management of University physicians and KHE employees; professional liability insurance; records retention and availability; and compensation to KHE for management services.

Action taken:

☒ Approved

☐ Disapproved

☐ Other

THIS AGREEMENT made and entered into this _____ day of [_____] September, [1998] 2000 by and between the BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY, an independent agency and instrumentality of the Commonwealth of Kentucky, existing pursuant to section 164.000 et seq. of the Kentucky Revised Statutes (hereinafter referred to as "University") and KENTUCKY HEALTHCARE ENTERPRISE, INC., a Kentucky corporation (hereinafter referred to as "KHE").

W I T N E S S E T H:

Section 1. RECITALS

A. In recognition of the University's need to develop collaborative and integrated delivery systems to participate in and support the management of Kentuckians' health care needs, the University provided investment capital for the formation of a corporation with the ability (i) to develop collaborative health care initiatives, (ii) to acquire medical practice/provider sites and (iii) to provide management services for medical practice/provider sites.

B. KHE, formerly known as Health Associates of Kentucky, Inc., was organized pursuant to this initiative and is conducting the activities for which it was formed, and is positioned to enable the University to extend availability of the expertise of its Medical Center to multiple Kentucky locations for clinical care, outreach training programs for students, and research.

C. The University had authorized the President to negotiate and execute a contract with HAK, subject to approval by the University's Board of Trustees, setting forth the relationship between the parties, which original agreement was approved by the Board of Trustees on October 22, 1996, with a new Agreement approved August 18, 1998.

Section 2. DEFINITIONS

A. "Clinics" means premises, equipment, and related businesses and operations that are owned, leased, operated, and/or managed by KHE or any of its subsidiary entities including those used by the University to further teaching, research, and service activities of the Chandler Medical Center.

B. "Doctors" means those physicians who are employed by, or under contract with, the University to provide professional medical services to patients at the Clinics.

C. "KHE" as used herein shall mean Kentucky Healthcare Enterprise, Inc. or any of its subsidiary organizations where the context of the provisions herein would encompass both Kentucky Healthcare Enterprise, Inc. and its subsidiaries.

D. "University," as used herein whenever approvals or consents are necessary, means the approval or consent of the President or his or her designee unless approval of the Board of Trustees is required.

Section 3. GENERAL RELATIONSHIP OF THE PARTIES

A. Independent Relationship. University and KHE intend to act and perform as independent contractors. Notwithstanding the authority granted to KHE herein, KHE and University agree that University shall retain the authority to direct the medical, professional, and ethical aspects of its medical practice. Each party shall be solely responsible for and shall comply with all state and federal laws pertaining to employment taxes, income withholding, unemployment compensation contributions and other employment related statutes applicable to that party. KHE shall not be required to or actually engage in the practice of medicine or otherwise act in any manner which, under applicable law, requires a license to practice medicine.

B. KHE Assets, Stock. KHE covenants and agrees that it will not without written consent

of the University merge with any other corporation, convey all or substantially all of its assets, enter into partnership agreements with other entities or sell any or all of its stock.

C. Management of Doctors. The University is responsible for, and retains authority over the medical, professional, and ethical aspects of medical practice in the Clinics as performed by its employees. The University will recruit and employ Doctors to provide high quality medical services in the Clinics, will ensure that such Doctors are appropriately licensed by the Commonwealth of Kentucky, and will cooperate with KHE in conducting ongoing programs to monitor the quality of medical care provided in the Clinics. The University and KHE will each immediately inform the other of any disciplinary or medical malpractice action initiated against any of the Doctors. KHE and University mutually acknowledge that all medical practice in the Clinics shall be conducted solely by the Doctors. Practice in the Clinics shall be conducted in full compliance with ethical standards, laws and regulations applicable to the medical profession, local ordinances, and standards of medical care. While providing medical care at the Clinics the Doctors will assist in developing and comply with established goals and objectives of the Clinics and assist in developing and comply with operational standards, scheduling and other management guidelines to implement continuity and consistency of care.

D. Patient Referrals. The parties agree that the benefits to Doctors hereunder do not require, are not payment for, and are not in any way contingent upon the admission, referral or any other arrangement for the provision of any item or service offered by KHE or University to any of Doctors' patients in any facility or laboratory controlled, managed or operated by KHE or University.

E. Corporate Compliance. KHE acknowledges and agrees that it is solely responsible for and will develop and implement an effective Corporate Compliance Plan to assure conformity with applicable statutes, laws, regulations, policies and/or practices of the federal or state

government and third party payors.

Section 4. OBLIGATIONS OF KHE FOR OWNED OR LEASED CLINICS

A. Premises, Equipment, and Supplies. For those Clinics which are owned or leased by KHE, it will provide offices and facilities for the Clinics, equipment needed to provide high quality medical services in the Clinics, and all supplies and materials needed for the day-to-day operation of the Clinics. KHE will repair and maintain clinic premises and equipment and will provide utility (telephone, electricity gas, and water), janitorial, and refuse disposal services for the Clinics. For those Clinics which are operated or managed by KHE, the provision of offices, facilities, supplies, equipment and materials will be determined by the individual agreements for such operations or management.

B. Management Services. Subject to the terms of individual agreements for operations and management of Clinics or practice sites KHE will provide all management services needed to operate the Clinics on a day-to-day basis, including the following: (i) clerical, accounting, bookkeeping, computing, printing, mail and postage, and duplication services; (ii) legal and accounting services incurred in the ordinary course of Clinic operations; (iii) support personnel for medical practice; (iv) supervision and custody of business files and records and those medical files and records that are maintained on the premises of the Clinics; and (v) other administrative and business services needed to operate the Clinics in an efficient and effective manner. KHE shall provide these services in whatever manner it finds to be most reasonably appropriate for the day-to-day requirements of the Clinics, including the right to perform business functions at locations outside the Clinics and to provide needed services through the use of qualified subcontractors. The University shall take no actions to control or unnecessarily impact on the ability of KHE to manage the Clinics in a businesslike manner.

C. Staffing. KHE shall select appropriate personnel to manage and administer the day-to-day business functions of the Clinics and shall employ all other personnel reasonably needed to perform the services described in subsections (A) and (B) of this Section, including but not limited to clerical, secretarial, administrative, janitorial, technical and non-technical professional support personnel, including nurses, nurse practitioners and physician assistants. KHE shall determine the compensation and fringe benefits of all personnel who shall for all purposes be employees of KHE. While assisting Doctors in providing medical care, clinic support personnel selected and hired by KHE will be subject to the supervision of Doctors. For all other management purposes, clinic support personnel will be subject to the direction and supervision of KHE management.

D. Physician Billing. For services provided by University contract staff Doctors at leased, owned or managed Clinics or for inpatient services, KHE shall manage the billing and collection of professionally generated clinical income in cooperation with University. For Doctors who are faculty of the University's College of Medicine, KHE will, in cooperation with University or the billing and collection entity selected pursuant to the University's Medical Practice Plan, furnish necessary information for billing and collection of professionally generated clinical income at Clinics. For those Clinics managed or operated by KHE on behalf of third party physicians or providers, KHE will manage billing and collection of professionally generated clinical income in accord with the provisions of any operating or management agreement between the parties.

Section 5. OBLIGATIONS OF THE UNIVERSITY

A. Doctors. The University shall employ those Doctors who staff the Clinics. University shall consult with KHE concerning the performance of University Doctors and shall honor

specific KHE requests concerning University Doctor assignments (if consistent with University practices).

B. Medical Malpractice. Pursuant to the provisions of KRS 164.939 et seq University employed Doctors may be entitled to the benefits of the Basic and Excess Coverage Compensation Funds and any other malpractice insurance provisions provided by University. Notwithstanding the foregoing, KHE is responsible for procuring [may procure other] medical malpractice insurance for the benefit of University employed Doctors at the sole cost of KHE.

C. Professional Licenses, Dues and Education Expenses. Doctors shall be solely responsible for the cost of licenses, membership in professional associations, and continuing professional education for the Doctors. Doctors shall ensure that physician extenders participate in such continuing medical education as is necessary for such employee to remain current and fulfill all state licensure requirements.

D. Professional Insurance. University shall cooperate in the obtaining and retaining of professional liability insurance for physician extenders by assuring that the physicians are insurable, and participating in an ongoing risk management program; however, the cost of professional liability insurance for physician extenders shall be the responsibility of KHE.

Section 6. RECORDS, BOOKS AND REPORTS

A. Records. Patient medical records in the owned or leased Clinics shall be maintained, managed and disposed of in compliance with state and federal laws applicable to medical records and shall be the property of the University only during such time the records are required to be maintained pursuant to state and federal law, after which time the records shall be disposed of in conformity with said laws. Such records shall be maintained in the Clinics or in locations otherwise designated by the University. KHE and the University shall use their best efforts to

preserve expected confidentiality of such records and shall use such records only for legitimate medical and professional purposes.

B. Books. The books, records, and accounts of KHE shall be open to inspection and audit by properly designated University representatives, including Internal Auditors, at all reasonable times and for all reasonable purposes at the sole expense of University. KHE shall deliver to the University annually an Audited Financial Statement (including an opinion of independent certified public accountants, a balance sheet, a statement of changes in fund balances, a statement of current revenues and expenditures, and supplementary schedules) and shall deliver quarterly a Financial Statement that includes a balance sheet and statement of operations.

C. Reports. In August of each calendar year, KHE shall provide the University's Board of Trustees a written report containing a description of all its significant activities for that year and all significant activities contemplated for the succeeding year, consistent with an annual report to shareholders.

Section 7. COMPENSATION FOR MANAGEMENT SERVICES AND FACILITY FEES

A. Reimbursement to University; KHE Compensation. University may make available to KHE the services of professional personnel, including Doctors, in order to implement the University's commitment to providing teaching, research, service and health care. University will submit to KHE on or before the fifteenth (15th) day of each month, its bill for services performed by University personnel during the previous calendar month, which KHE shall pay on or before the thirtieth (30th) day of each month. For recurring costs, KHE may pre-pay any charges as agreed by the parties. After making payment to the University for the services of professional personnel, KHE will retain any remaining collected revenues as assigned by

University contract staff Doctors. Retention by KHE of the remaining collected revenues is in consideration for KHE's performance of the management services, as payment for the provision of the facilities and equipment, and as payment for the provision of clerical, technical and other support personnel at the Clinics.

B. Reimbursement to KHE. KHE may make available to the University the services of professional personnel, in order to implement the University's commitment to providing teaching, research, service and health care. KHE will submit to the University on or before the fifteenth (15th) day of each month, its bill for services performed by KHE personnel during the previous calendar month, which University shall pay on or before the thirtieth (30th) day of each month.

Section 8. MANAGEMENT SERVICES

A. Services at Owned or Leased Clinics The parties acknowledge that KHE's operation of the Clinics is the result of activities which include the University. In addition, at those Clinics where College of Medicine faculty are assigned, Kentucky Medical Services Foundation, Inc. (KMSF), the billing agent for faculty physicians of the University's College of Medicine, may also participate in certain activities. For each Clinic site KHE shall be responsible for finance and budget, managed care contracts, information systems, hospital collaborations, marketing, staffing and other management services. In those instances where additional collaboration with the University and/or KMSF is necessary or desirable, a determination will be made in writing as to the allocation of responsibility at the particular Clinic site. Physician billing and collecting activities shall be governed by the provisions of Section 4.D. of this agreement.

B. Services at Non Owned or Leased Clinics The University acknowledges that KHE may enter into certain affiliations or management contracts with clinics which are neither owned

nor leased by it or the University. At those clinic sites, KHE, in the exercise of its corporate purposes, will engage in services pursuant to contracts with the owner/operator of the clinics. The services to be provided may include but not be limited to: billing and collecting, finance and budget, managed care contracts, information systems, hospital collaborations, marketing, staffing, other management services and any other services authorized by KHE's Articles of Incorporation. KHE may engage in such activities directly, through subsidiaries, through subsidiary joint ventures with others or through subcontract with others. KHE will retain all revenues generated from the provision of such management services.

C. Services on behalf of University Hospital. The University authorizes KHE, its subsidiaries, or any joint venture providing services in conjunction with KHE or its subsidiaries to provide selected management services for which University Hospital will incur a management fee to be paid to the management provider. Such management services may be provided for and on behalf of the University Hospital if the agreement for such services is specifically approved by the University President on recommendation of the Chancellor for the Medical Center.

Section 9. MISCELLANEOUS PROVISIONS

A. Unforeseeable Events. The parties shall not be liable to each other for failure to perform under this Agreement because of strikes, lockouts, calamities, acts of God, unavailability of supplies, or other events beyond their reasonable control.

B. Assurances. The parties will maintain high standards of quality in the medical and professional services of the Clinics, will comply with all applicable federal, state, and local laws and regulations in the performance of their obligations under this Agreement, and will execute any document needed by the other party to perform obligations under the Agreement.

C. Integration and Amendment. This Agreement expresses the entire contract between

the parties and neither shall be bound by any other agreements or understandings, written or oral. This Agreement shall not be modified or amended except by a written document executed by both parties.

D. Waiver and Severability. No term or condition of this Agreement can be waived except in writing and signed by both parties, except as provided in subsection E below. The waiver of any of the terms and conditions of the Agreement shall not be deemed severable, and if any such provision is held invalid, illegal or unenforceable for any reason, the remainder of the Agreement shall remain effective and binding upon the parties.

E. Special Waiver. Because KHE (as a corporate entity) has neither authority nor qualifications to engage in the practice of medicine, any act or service required of KHE by this Agreement is hereby waived and deemed forever unenforceable to the extent that it is construed to be the practice of medicine by a court or any other governmental authority. KHE may not assert that any act or service required of it by this Agreement constitutes the practice of medicine.

F. Assignment. This Agreement may not be assigned in whole or in part by either party without the express written consent of the other party.

G. Term. This agreement shall be effective as of July 1, 2000 [1998] and shall terminate on June 30, 2002 [2000] and shall be reviewed by the parties in June, 2001 [1999].

H. Governing Law. The validity and interpretation of, and performance under, this Agreement shall be governed by the laws of the Commonwealth of Kentucky.

I. Records Access. Pursuant to Public Law 96-499, Section 952, KHE agrees to make available upon written request from the Secretary of Health and Human Resources, the Comptroller General, or the Department of Human Services of the State of Kentucky or any of their duly authorized representatives, access to this contract and all other service agreements

written or oral entered into or renewed since December 5, 1980, and access to books, documents, and records necessary to verify costs of services provided by such arrangements exceeding \$10,000 in a 12-month period. Access will be permitted until four years have expired after completion of services furnished, and in accordance with the applicable federal regulations.

If KHE carries out any of the duties under this contract through a subcontract with a related organization, with a value or cost of \$10,000 or more over a 12-month period, such subcontract shall contain a clause to the effect that until the expiration of four years after the furnishing of such services pursuant to the sub-contract, the related organization shall make available, upon written request from the Secretary or Comptroller General, or any of their duly authorized representatives, the sub-contract, books, documents and records of such organization that are necessary to verify the nature and extent of such costs.

J. Notices. All notices, demands and requests hereunder shall be in writing and delivered by certified mail or personal delivery to:

UNIVERSITY

President
104 Administration Building
University of Kentucky
Lexington, KY 40506-0032

Chancellor for Medical Center
A301 Kentucky Clinic
University of Kentucky
Lexington, KY 40536-0084

KHE

Chief Operating [Executive] Officer
1510 Newtown Pike, Suite F
Lexington, KY 40511

Notices shall be deemed served on the date of actual receipt.

K. Termination. Either party may terminate this Agreement by giving thirty (30) days written notice of termination to the other party.

IN WITNESS WHEREOF, the parties hereto have executed this agreement, pursuant to proper authorization of their respective governing boards, as of the day and year first above written.

BOARD OF TRUSTEES OF THE
UNIVERSITY OF KENTUCKY

BY: _____
Charles T. Wethington, Jr.
President

ATTEST: _____

KENTUCKY HEALTHCARE
ENTERPRISE, INC.

BY: _____
James W. Holsinger, Jr., M.D.,PhD.
President

ATTEST: _____

FCR 19

Office of the President
September 19, 2000

Members, Board of Trustees:

SETTLEMENT OF BOUNDARY DISPUTE ROBINSON FOREST LITTLE CANEY TRACT

Recommendation: that the Board of Trustees authorize the President to resolve a boundary line dispute at the Little Caney tract of the Robinson Forest in Breathitt County by executing a quitclaim deed conveying approximately 35 acres of surface rights to Kenneth and Connie Montgomery.

Background: The 403-acre Little Caney tract of the Robinson Forest lies in northern Breathitt County about 6 air miles from the main block of the Forest. It is one of the outlying tracts of the Forest which is under lease for coal mining. A portion of the tract was mined in 1998. The remaining portion is scheduled for mining this year if a long-standing boundary dispute can be resolved. The ownership of approximately 35 acres of surface rights has been in dispute for many years. The issue needs to be resolved at this time to allow mining to proceed. Both the University's and the Montgomery's deeds arguably cover the disputed surface area. Because of the uncertainty of the outcome of a lawsuit to determine ownership, the University administration has determined that relinquishing the University's claim to the surface rights is the most cost-effective way to have the coal--the ownership of which is not in dispute--mined on a timely basis. A map is attached showing the area that would be deeded to the Montgomerys if they agree to sign a mining lease with the University's coal lessee.

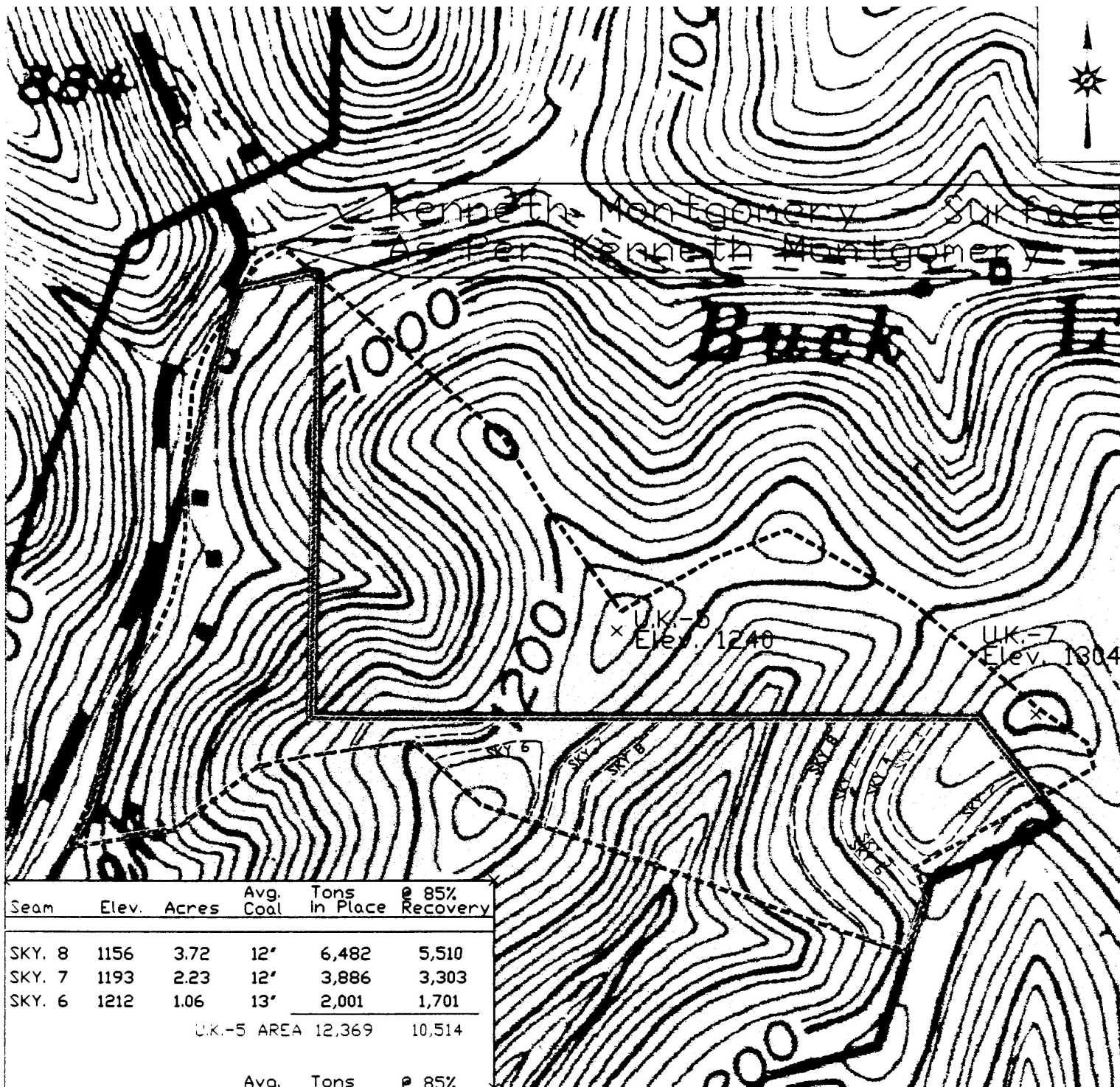
Action taken:



Approved

☐ Disapproved

☐ Other



Seam	Elev.	Acres	Avg. Coal	Tons In Place	@ 85% Recovery
SKY. 8	1156	3.72	12"	6,482	5,510
SKY. 7	1193	2.23	12"	3,886	3,303
SKY. 6	1212	1.06	13"	2,001	1,701
UK-5 AREA					12,369 10,514

Seam	Elev.	Acres	Avg. Coal	Tons In Place	@ 85% Recovery
SKY. 8	1164	6.58	9"	8,599	7,309
SKY. 7	1207	4.36	13"	8,230	6,996
SKY. 6	1220	3.84	14"	7,806	6,635
SKY. 5	1222	3.78	21"	11,526	9,797
SKY. 4	1230	3.39	25"	12,306	10,460
SKY. 3	1253	2.12	28"	8,619	7,326
SKY. 2	1254	2.09	10"	3,035	2,580
UK-7 AREA					60,121 51,103

Total of Area in Dispute	Tons In Place	@ 85% Recovery
	72,430	61,617

Exhibit A

DRAWN

j.h.

DATE

11/03/99

*Kenneth Montgomery
Surface Tract
Breathitt Co, Ky.*

APPROVED

DATE

SCALE

1" = 400'

SHEET

PROJECT NO.

E:\Mbcnew\dispute.dwg

FCR 20

Office of the President
September 19, 2000

Members, Board of Trustees

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY DECLARING OFFICIAL INTENT WITH RESPECT TO REIMBURSEMENT OF TEMPORARY ADVANCES MADE FOR CAPITAL EXPENDITURES TO BE MADE FROM SUBSEQUENT BORROWINGS; AND TAKING OTHER ACTIONS IN CONNECTION THEREWITH

Recommendation: that the Board of Trustees approve the Resolution expressing its official intent to issue University of Kentucky Consolidated Educational Buildings Revenue Bonds, University of Kentucky Housing and Dining System Revenue Bonds or enter into a lease agreement with respect to State Property and Buildings Commission Revenue Bonds, and that the proceeds of such Bonds will be used, in whole or in part, to reimburse authorized expenditures for the proposed projects made prior to the issuance of such bonds.

The Resolution states that such Bonds will be issued to finance the following projects: (a) Keeneland Hall – HVAC and Sprinklers, (b) Jewell Hall – HVAC, (c) Boyd Hall – HVAC, (d) Blazer Hall – Sprinklers, (e) Blanding Low Rise – Sprinklers, (f) Cooperstown – Phase IV, (g) Biomedical Sciences Research Building, (h) Center for Rural Health, (i) Chiller Replacement – Cooling #3, (j) Cooling Plant #1 Expansion, and (k) Communication Project.

Background: The University presently has outstanding Consolidated Education Buildings Revenue Bonds, Series E, J, L (Second Series); F (Second Series); G, H, I (Third Series); K (Second Series); L; M; M (Second Series); N; O and P and anticipates issuing Series Q in November 2000, all secured by a pledge of the Revenues derived from the operation of the University's Consolidated Educational Buildings System and by a statutory mortgage lien against all of the buildings of the System. The Consolidated Educational Building Bonds, which the Board expresses its intent to issue, will rank on parity with the said outstanding Series of Bonds. If State Property and Buildings Commission Revenue Bonds are issued, those Bonds will be secured by a biennially renewable lease agreement between the University and the Commission.

The University presently has outstanding Housing and Dining System Revenue Bonds, Series F, G, I, K, M, N, O, P and Q and anticipates issuing Series R in November 2000, all secured by a pledge of the Revenues derived from the operation of the University's Housing and Dining System and by a statutory mortgage lien against all of the buildings of the System. The Bonds, which the Board expresses its intent to issue, will rank on a parity with the said outstanding Series of Bonds.

Pursuant to the income tax regulations of the Internal Revenue Service, in order for expenditures made for a public project prior to the issuance of revenue bonds to be reimbursed upon the issuance of such bonds, it is necessary that the issuer express its official intent to issue such bonds or to have such bonds issued on its behalf and to reimburse such expenditures made prior to the issuance of such bonds.

Action taken: ☒ Approved ☐ Disapproved ☐ Other _____

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY DECLARING OFFICIAL INTENT WITH RESPECT TO REIMBURSEMENT OF TEMPORARY ADVANCES MADE FOR CAPITAL EXPENDITURES TO BE MADE FROM SUBSEQUENT BORROWINGS; AND TAKING OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, Treasury Regulations § 1.150-2 (the "Reimbursement Regulations"), issued pursuant to § 150 of the Internal Revenue Code of 1986, as amended, (the "Code") prescribes certain requirements by which proceeds of tax-exempt bonds, notes, certificates or other obligations included in the meaning of "bonds" under § 150 of the Code ("Obligations") used to reimburse advances made for Capital Expenditures (as hereinafter defined) paid before the issuance of such Obligations may be deemed "spent" for purposes of §§ 103 and 141 to 150 of the Code and therefore, not further subject to any other requirements or restrictions under those sections of the Code; and

WHEREAS, such Reimbursement Regulations require that the Borrower (as hereinafter defined) make a Declaration of Official Intent (as hereinafter defined) to reimburse any Capital Expenditure paid prior to the issuance of the Obligations intended to fund such Capital Expenditure and require that such Declaration of Official Intent be made no later than sixty (60) days after payment of the Capital Expenditure and further require that the Allocation (as hereinafter defined) of the proceeds of such Obligations to reimburse such Capital Expenditures occur no later than eighteen (18) months after the later of the date the Capital Expenditure was paid or the date the property acquired with the Capital Expenditure was placed in service, except that any such Allocation must be made no later than three years after such Capital Expenditure was paid; and

WHEREAS, THE University of Kentucky (the "Borrower") wishes to ensure compliance with the Reimbursement Regulations;

NOW, THEREFORE, be it resolved as follows by the Board of Trustees of the University of Kentucky as follows:

SECTION 1. Definitions. The following definitions apply to the terms used herein:

"*Allocation*" means written evidence that proceeds of Obligations issued subsequent to the payment of a Capital Expenditure are to effect the reimbursement of the Borrower for such payments.

"*Borrower*" means the University of Kentucky.

"*Capital Expenditures*" means any expense for an item that is properly depreciable or amortizable or is otherwise treated as a capital expenditure for purposes of the Code, as well as any costs of issuing Reimbursement Bonds.

"*Declaration of Official Intent*" means a written declaration that the Borrower intends to fund a Capital Expenditure with an issue of Reimbursement Bonds and reasonably expects to be reimbursed from the proceeds of such an issue.

"*Reimbursement*" means the restoration to the Borrower of money temporarily advanced from other funds of the Borrower to pay for Capital Expenditures before the issuance of Obligations intended to fund such Capital Expenditures. "To reimburse" means to make such a restoration.

"*Reimbursement Bonds*" means Obligations that are issued to reimburse the Borrower for Capital Expenditures previously paid by or for the Borrower.

"*Reimbursement Regulations*" means Treasury Regulations § 1.150-2 and any amendments thereto or superseding regulations, whether in proposed, temporary or final form, as applicable, prescribing conditions under which the proceeds of Obligations when allocated or applied to a reimbursement will be treated as "spent" for purposes of §§ 103 and 141 to 150 of the Code.

SECTION 2. Declaration of Official Intent.

(a) The Borrower declares that it reasonably expects that the Capital Expenditures described in Section (b), which will be paid prior to the issuance of any Obligations intended to fund such Capital Expenditures, will be reimbursed with the proceeds of Obligations, representing a borrowing by the Borrower in the maximum principal amount for such reimbursements, funding of a debt service reserve and payment of costs of issuance of approximately \$100,897,000; and

(b) the Capital Expenditures to be reimbursed are to be used for the (i) Keeneland Hall – HVAC and Sprinklers, (ii) Jewell Hall - HVAC, (iii) Boyd Hall - HVAC, (iv) Blazer Hall – Sprinklers, (v) Blanding Low Rise – Sprinklers, (vi) Cooperstown – Phase IV, (vii) Biomedical Sciences Research Building, (viii) Center for Rural Health, (ix) Chiller Replacement - Cooling #3, (x) Cooling Plant #1 Expansion, and (xi) Communication Project.

SECTION 3. Reasonable Expectations. The Borrower does not expect any other funds (including the money advanced to make the Capital Expenditures that are to be reimbursed), to be reserved, allocated on a long-term basis, or otherwise set aside by the Borrower or any other entity affiliated with the Borrower, with respect to the Capital Expenditures described in 2(b).

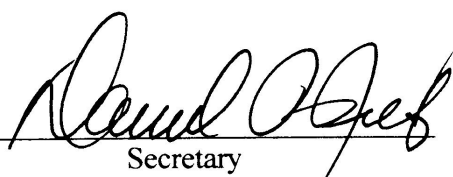
SECTION 4. Effective Date. This Resolution shall be effective from and after its date of adoption.

Adopted at a duly convened meeting of the Board of Trustees of the University of Kentucky on the 19th day of September, 2000.

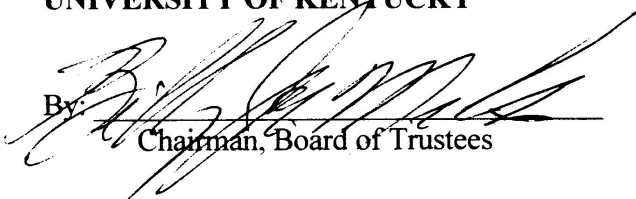
UNIVERSITY OF KENTUCKY

Attest:

By:


Secretary

By:


Chairman, Board of Trustees

CERTIFICATE

I, the undersigned Secretary of the Board of Trustees of the University of Kentucky, certify that the foregoing is a true and correct copy of a Resolution passed at a duly convened meeting of the Board of Trustees of the University of Kentucky held on the 19th day of September, 2000, at which a quorum was present, and that said Resolution has not been amended, modified, revoked or repealed and is now in full force and effect, all as appears from the official records of the Board of Trustees of the University of Kentucky in my custody and under my control.

Witness my hand as Secretary of the Board of Trustees of the University of Kentucky this 19th day of September, 2000.


Secretary

FCR 21

Office of the President
September 19, 2000

Members, Board of Trustees:

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY AUTHORIZING THE ISSUANCE OF \$29,870,000 OF UNIVERSITY OF KENTUCKY CONSOLIDATED EDUCATIONAL BUILDINGS REVENUE BONDS, SERIES Q, DATED OCTOBER 15, 2000

Recommendation: that the Board of Trustees approve a Resolution authorizing the issuance of \$29,870,000 of University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series Q, to be dated the fifteenth day of the month in which they are sold.

The Resolution authorizes the issuance of \$29,870,000 of Series Q Bonds for the purpose of financing the (i) Seaton Center Addition/Renovation and (ii) Parking #2 Expansion/Renovation/Replacement, constituting the Series Q 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 Q Project").

The Resolution also approves the sale of the Series Q Bonds upon the advice of the Financial Advisor, J.J.B. Hilliard, W.L. Lyons, Inc., on October 24, 2000, or on such other date as may be determined by the Treasurer of the University, upon the advice of said Financial Advisor and the acceptance of the bid for the sale of the bonds by the Board.

Background: The University presently has outstanding ten series of University of Kentucky Consolidated Educational Buildings Project Revenue Bonds, Series E, J, L (Second Series); F (Second Series); G, H, I (Third Series); K (Second Series); L; M; M (Second Series); N; O and P (the "Outstanding Bonds") all secured by a pledge of the Revenues (registration fees) and by a statutory mortgage lien against all of the buildings of the Project. The Bond Resolution approves the appointment of the Bank One, Kentucky, NA, Lexington, Kentucky, as Trustee, Bond Registrar, Transfer Agent, Payee Bank and Depository Bank, with respect to these Bonds, 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 Q Bonds will rank on a parity with the Outstanding Bonds.

Action Taken: ☒ Approved ☐ Disapproved ☐ Other _____

RESOLUTION AUTHORIZING THE ISSUANCE

OF

\$29,870,000

OF

UNIVERSITY OF KENTUCKY
CONSOLIDATED EDUCATIONAL BUILDINGS REVENUE BONDS,
SERIES Q
DATED OCTOBER 15, 2000,

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 \$29,870,000 OF UNIVERSITY OF KENTUCKY CONSOLIDATED EDUCATIONAL BUILDINGS REVENUE BONDS, SERIES Q, DATED OCTOBER 15, 2000.

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

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

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

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

WHEREAS, the Board has previously authorized, sold, issued, and has outstanding prior issues of Bonds designated "University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series E, J, L (Second Series); F (Second Series); G, H, I (Third Series); K (Second Series); L; M; M (Second Series); N; O and P" (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 Q Bonds (authorized herein) on a basis of parity and equality as to security and source of payment with such outstanding Bonds of Series E, J, L (Second Series); F (Second Series); G, H, I (Third Series); K (Second Series); L; M; M (Second Series); N; O and P; and

WHEREAS, the Board has determined that it is in the best interests of the Board to authorize at this time an additional series of Bonds to be designated "University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series Q," 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 Q Resolution. This Resolution (the "Series Q 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 Q Resolution as such terms are given in said Article of the Basic Resolution.

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

"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 Q Bonds, from time to time.

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

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

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement dated as of October 15, 2000, between the University and the Trustee.

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

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

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

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

"Memorandum of Instructions" means the Memorandum of Instructions Regarding Rebate delivered to the Board and the Trustee at the time of the issuance and delivery of the Series Q 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 Q Bonds at the public sale, including all members of the approved purchasing syndicate or group.

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

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

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

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

"Required Debt Service Reserve" means the amount required to be accumulated and maintained in the Debt Service Reserve portion of the Bond Fund, which required amount is an amount equal to 100% of the maximum Aggregate Principal, Interest, and Bond Fund Charges falling due on Outstanding Bonds in any twelve month period.

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

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

"Series Q Project" means the (i) Seaton Center Addition/Renovation and (ii) Parking #2 Expansion/Renovation/Replacement, which Project is located in Fayette County, Kentucky.

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

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

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

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

(End of Article I)

ARTICLE II AUTHORIZATION OF SERIES Q BONDS

Section 2.1. Series Q Bonds Authorized. Pursuant to the provisions of the Basic Resolution, there is hereby authorized to be issued by the Board of Trustees of the University of Kentucky, in its corporate capacity, a Series of Bonds in the aggregate principal amount of TWENTY-NINE MILLION EIGHT HUNDRED SEVENTY THOUSAND DOLLARS (\$29,870,000). Such Bonds shall be designated "University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series Q." Said Series Q Bonds are hereby declared to have been authorized under the Basic Resolution and in conformity with the provisions of Section 7.10 of the Basic Resolution.

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

Section 2.3. Date and Maturities of Bonds. Except as set out in Section 2.5 hereof, the Series Q Bonds shall be dated October 15, 2000, and bear interest payable on each Interest Payment Date (May 1 and November 1 of each year), commencing May 1, 2001. The Series Q 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 Q Bonds in order to provide for an appropriate balance of principal and interest), as follows:

Maturity Date	Principal	Maturity Date	Principal
<u>May 1</u>	<u>Amount</u>	<u>May 1</u>	<u>Amount</u>
2001	\$ 590,000	2011	\$1,350,000
2002	900,000	2012	1,415,000
2003	940,000	2013	1,490,000
2004	980,000	2014	1,565,000
2005	1,025,000	2015	1,650,000
2006	1,075,000	2016	1,735,000
2007	1,120,000	2017	1,830,000
2008	1,175,000	2018	1,930,000
2009	1,230,000	2019	2,035,000
2010	1,290,000	2020	4,545,000

Section 2.4. Series Q Bonds to be Issued as Fully Registered Bonds. The Series Q 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 Q Bond shall bear interest from the Interest Payment Date to which interest has been paid next preceding the date on which such Series Q Bond is authenticated by the Registrar, unless such Series Q 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 Q Bond is authenticated prior to the first Interest Payment Date, such Series Q Bonds shall bear interest from October 15, 2000. Interest on the Series Q Bonds shall be payable commencing May 1, 2001, and on each November 1 and May 1 thereafter to maturity or earlier redemption.

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

Section 2.7. Payment of Interest and Principal of Bonds. The principal of (redemption price, if redeemed prior to maturity) and interest on the Series Q Bonds shall be payable in lawful money of the United States of America as same respectively become due. The principal of each Series Q Bond is payable up on surrender of same at the main office of the Payee Bank and Bond Registrar. Interest on the Series Q 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 Q 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 Q 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 Q 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 Q 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 Q Bonds in definitive form, such temporary Bonds shall be entitled to the benefit and security of this Resolution. The Board shall, without unreasonable delay, cause to have prepared, executed and delivered printed Bonds to the Original Purchasers and/or their designees, and thereupon, upon the presentation and surrender of the temporary Bonds, such printed Bonds shall be delivered to the Original Purchasers and/or their designees in exchange therefor. Such exchange shall be made without the making of any charge therefor to any owner of the Series Q 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 Q Bonds, the same as interest thereon.

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 form as that set out in Section 2.14 hereof.

All of the Series Q 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 been 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-Registrar 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 Q Bonds maturing on and after May 1, 2011, shall be subject to redemption prior to maturity, at the option of the Board, on any Interest Payment Date on and after May 1, 2010, in inverse order of maturities and by lot within a single maturity, at the following redemption prices (expressed as a percentage of principal amount) plus accrued interest to the date of redemption, as follows:

<u>Redemption Dates, Inclusive</u>	<u>Redemption Price</u>
May 1, 2010 through April 30, 2011	101%
May 1, 2011 and thereafter to maturity	100%

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

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

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

The required notice shall be deemed to have been given upon the Board furnishing Notice of Redemption to the Trustee-Registrar and upon the Trustee-Registrar acknowledging that it has

instructions to send such notice and that it will do so at the proper time, even if the time for furnishing such notice has not yet arrived.

Section 2.10. Transferability. Title to any Series Q 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 Q 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 Q Resolution and in Section 162.340, *et seq.*, and 58.010 through 58.140 of the Kentucky Revised Statutes, Bank One, Kentucky, NA, in the City of Lexington, Kentucky, successor to First Security National Bank & Trust Company, is hereby designated as Trustee, Bond Registrar, Transfer Agent, and Payee Bank under the Basic Resolution and this Series Q Resolution for the owners of all of said Series Q Bonds, with the powers and duties set forth in the Basic Resolution and in this Series Q Resolution and with no liability in connection with any action or omission to act under the Basic Resolution or under this Series Q Resolution except for its own negligence or willful breach of trust. Execution of the Authentication Certificate of the Trustee-Registrar on the respective Series Q 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 Q Resolution.

Section 2.12. Security for Series Q 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 Q Bonds, ranking on a parity with the Outstanding Bonds.

All of the Series Q 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 Q 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 Q 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 Q Bonds.

Section 2.14. Form of Bonds. The aforesaid authorized issue of Series Q Bonds shall be in substantially the following form:

(End of Article II)

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

NUMBER R-_____

PRINCIPAL AMOUNT \$_____

DATE OF ORIGINAL ISSUE	MATURITY DATE	INTEREST RATE	CUSIP
October 15, 2000	May 1, _____	____%	

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The Board of Trustees of the University of Kentucky (the "Board"), a body corporate, as an educational institution and agency and a political subdivision of the Commonwealth of Kentucky, for value received, hereby promises to pay to the Registered Owner, identified above, or his or its registered assigns, solely from the special fund hereinafter identified, upon presentation and surrender of this Bond, the Principal Amount set out above on the Maturity Date specified above and to pay interest on said sum at the per annum Interest Rate specified above, from the interest payment date to which interest has been paid next preceding the date on which this Bond is authenticated, unless this Bond is authenticated on an interest payment date to which interest has been paid, in which event this Bond shall bear interest from such date, or if this Bond is authenticated prior to the first interest payment date, this Bond shall bear interest from the date of original issue set out above, commencing May 1, 2001, and semiannually thereafter on November 1 and May 1 of each year until payment of the Principal Amount, except as the provisions hereinafter set forth with regard to redemption prior to maturity may be and become applicable. The principal of and redemption price, if any, on this Bond are payable in lawful money of the United States of America at the main office of Bank One, Kentucky, NA, Lexington, Kentucky (the "Trustee," "Bond Registrar," and "Payee Bank"). All interest on this Bond shall be payable by check or draft mailed by the Trustee-Registrar to the registered owner hereof at the address shown on the registration books kept by the Trustee.

This Bond is one of a duly authorized issue of \$29,870,000 principal amount of Bonds (said Bonds being hereinafter sometimes collectively referred to as "the Bonds," "these Bonds" or "the Series Q 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 19, 2000, authorizing the Series Q Bonds (the "Series Q Resolution"), issuable as fully registered Bonds in the denominations of \$5,000 and any authorized multiple thereof within the same maturity, for the purpose of financing (a) the costs (to the extent not otherwise provided) of establishing and erecting certain educational buildings and necessary appurtenances (the "Series Q Project"), upon the property of the University in Fayette County, Kentucky, which Series Q Project buildings and appurtenant facilities will, when erected and acquired, become part of the Consolidated Educational Buildings Project of

said University (the "Project"), (b) the amount necessary to fully fund the Required Debt Service Reserve, and (c) the costs of issuance of the Series Q Bonds. Copies of the Basic Resolution and the Series Q Resolution are on file at the office of the Trustee.

As provided in the Series Q Resolution, these Series Q Bonds, together with the outstanding Bonds of Series E, J, L (Second Series); F (Second Series); G, H, I (Third Series); K (Second Series); L; M; M (Second Series); N; O and P, 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 Q 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 Q 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 Q 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 Q 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 Q Resolution, and up on surrender and cancellation of this Bond, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative. Upon such transfer being effected, a new fully registered Bond or Bonds of the same series and the same maturity of authorized denomination, for the same aggregate principal amount, and the same interest rate, will be issued to the transferee in exchange therefor.

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

The owner of this Bond shall have no right to enforce the provisions of the Basic Resolution or the Series Q 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 Q Resolution (a) pursuant to which Bank One, Kentucky, NA, in the City of Lexington, Kentucky has been designated as Trustee and Bond Registrar, Payee Bank, and Transfer Agent for the owners of the Series Q Bonds, (b) for the provisions, among others, with respect to the custody and application of the proceeds of the Series Q Bonds, (c) the rights, duties, and obligations of the Board and of the Trustee, and (d) the rights of the owners of these Series Q Bonds; and by the acceptance of this Bond, the registered owner hereof assents to all of the provisions of said resolutions.

The Series Q Bonds maturing on or after May 1, 2011, are redeemable at the option of the University on or after May 1, 2010, in whole or in part, and if in part, in inverse order of maturities (less than all of a single maturity to be selected in such manner as the Trustee may determine), at redemption prices expressed in percentages of the principal amount with respect to each Bond as set forth below, plus in each case accrued interest to the date of redemption:

<u>Redemption Dates, Inclusive</u>	<u>Redemption Price</u>
May 1, 2010 through April 30, 2011	101%
May 1, 2011 and thereafter to maturity	100%

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 Q 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.

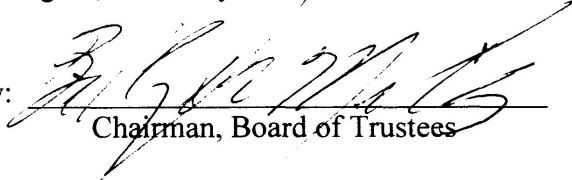
This Bond is exempt from taxation (except inheritance taxes) by the Commonwealth of Kentucky and all of its political subdivisions.

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 Q Resolution, and all previous Series Resolutions, are payable from the Bond Fund as and when the same will respectively become due.

IN TESTIMONY WHEREOF, the Board of Trustees of the University of Kentucky has caused this Bond to be executed on its behalf by the reproduced facsimile signature of its Chairman, and the facsimile of its corporate seal to be imprinted hereon, and attested by the reproduced facsimile signature of its Secretary, dated as of October 15, 2000; 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 Q Resolution pursuant to which it was authorized until the Authentication Certificate of Trustee-Registrar printed hereon shall have been executed by the manual signature of a duly authorized representative of the Trustee-Registrar.

UNIVERSITY OF KENTUCKY
Lexington, Kentucky

By:


Chairman, Board of Trustees

Attest:


Secretary, Board of Trustees

(Facsimile Seal of Board of Trustees)

(FORM OF AUTHENTICATION CERTIFICATE OF TRUSTEE-REGISTRAR)

THE AUTHENTICATION DATE OF THIS BOND IS: _____

AUTHENTICATION CERTIFICATE OF TRUSTEE-REGISTRAR

This is to certify that this Bond is one of the Bonds referred to in the within Bond and in the Series Q 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 Q Bond and hereby irrevocably constitutes and appoints attorney to transfer the within Series Q Bond on the books kept for registration and transfer of said Series Q 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.

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

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

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

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

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

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

Bids will be received for the purchase of such Bonds no later than October 23, 2000 at 2:00 P.M., local time, or at such other date and hour as shall be fixed or otherwise determined by the Treasurer of the University.

Acceptance or the successful bid for the purchase of the Series Q Bonds will be considered at the October 24, 2000 meeting of the Board of Trustees, upon the advice of the Board's Financial Advisor, J.J.B. Hilliard, W.L. Lyons, Inc.

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

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

(b) That prior to the issuance of the Series Q 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 Q 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 Q 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 Q Bonds shall rank and be payable on a parity with the Outstanding Bonds on a first lien basis from the gross revenues of the Project and further secured by a first statutory mortgage lien on the Project buildings.

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

Immediately upon the issuance, sale, and delivery of the Series Q Bonds, the entire amount received from the Original Purchasers of the Series Q 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 October 15, 2000, the date of the Series Q Bonds, to the date of delivery, for application to the payment of interest next becoming due on the Series Q Bonds.

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

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

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

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

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

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

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

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

(End of Article III)

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

Section 4.1. Compliance with Requirements of Internal Revenue Code. In order to assure purchasers of the Series Q 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 Q 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 Q Bonds to become "private activity bonds" within the meaning of the Code, and (3) none of the proceeds of the Series Q Bonds will be used for any purpose which would cause the interest on the Series Q 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 Q 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 Q Resolution it is not expected that the proceeds of the Series Q 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 Q 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 Q Bonds from time to time. This covenant shall survive payment in full or defeasance of the Series Q 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 Q 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 Q 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 Q Bonds) to eliminate or reduce any restrictions concerning the Project, the investment of the proceeds of the Series Q Bonds, or the application of such proceedings or of the revenues of the Project. The purchasers of the Series Q 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 Q 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 Q 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 Q 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 Q Bonds. The Board has been advised that, based on the foregoing assumption of compliance, Bond Counsel is of the opinion that the Series Q 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 Q Bonds.

(1) From and after the issuance and delivery of the Series Q 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 Q Bonds, and (b) interest and principal, if any, falling due on each May 1 with respect to the Series Q 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 Q Bonds, that the Debt Service Reserve shall continue to be maintained and, when necessary, accumulated and/or restored, in an amount equal to the "Maximum Aggregate Principal, Interest and Bond Fund Charges" (as defined in the Basic Resolution) with respect to all Outstanding Bonds for any future year ending May 1 (the "Required Debt Service Reserve").

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

(End of Article IV)

ARTICLE V
MISCELLANEOUS CONCLUDING PROVISIONS

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

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

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

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

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

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

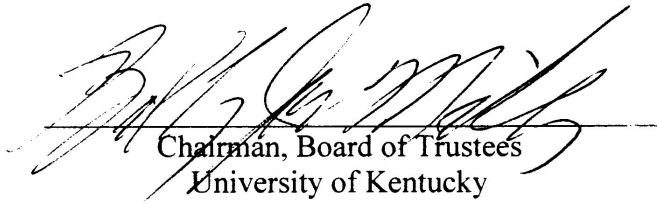
Section 5.5. Resolution Contractual With Bondowners. The Basic Resolution and this Series Q Resolution shall, from and after the issuance and delivery of the Series Q Bonds, constitute a contract between the Board of the University and the owners of the Series Q Bonds as shall be outstanding hereunder.

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

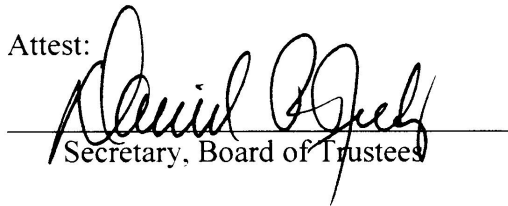
Section 5.7. Copy to be Filed with Trustee. A certified copy of this Series Q Resolution shall be filed with the Trustee, and this Series Q Resolution shall take effect immediately upon its adoption and the filing of the certified copy thereof with the Trustee, as provided in the Basic Resolution.

(End of Article V)

Adopted September 19, 2000.


Chairman, Board of Trustees
University of Kentucky

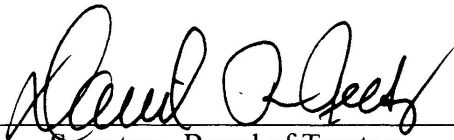
(SEAL)

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 19, 2000, 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 19 September, 2000.



Secretary, Board of Trustees
University of Kentucky

(SEAL)

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

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

Dated this _____, 2000.

BANK ONE, KENTUCKY, NA,
Lexington, Kentucky

By: _____

Title: _____

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