

AGENDA

**Meeting of the Board of Trustees
University of Kentucky
1:00 P.M.
September 15, 1998**

Invocation

Oath of Office

Roll Call

Approval of Minutes

Nomination of Officers and Executive Committee

President's Report and Action Items

- PR 1 President's Report to the Trustees
A. College of Agriculture Report
- PR 2 Personnel Actions
- PR 3 Central Administration
A. Agreement Regarding Awarding Degrees to Students Enrolled in the Community College System
- PR 4 Community College System (No items to report)
- PR 5 Lexington Campus
A. Change in Name of Program and Degree
- PR 6 Medical Center (No items to report)

Finance Committee

1. Acceptance of Audit Report for the University of Kentucky for 1997-98
2. Report of Lease
3. 1998-99 Budget Revisions
4. Admiral William R. Sheeley Quasi-Endowment
5. Gartner Group Gift and Pledge of \$900,000
6. William T. Young Library Endowment Agreement
7. Estate of Jes and Clementine Schlaikjer
8. Property Conveyance to Lexington Fayette Urban County Government Coldstream Research Campus
9. Coldstream Research Campus Ground Lease - Century Offshore Management Corporation

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, September 15, 1998.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, September 15, 1998 in the Board Room on the 18th floor of Patterson Office Tower.

A. Meeting Opened

Governor Edward T. Breathitt, Chairperson, called the meeting to order at 1:10 p.m., and the invocation was pronounced by Dr. W. Grady Stumbo.

B. Oath of Office Administered

Governor Breathitt asked Richard Plymale, General Counsel, to administer the oath of office to the following member:

Dr. Elissa Plattner, reappointed by Governor Paul Patton, for a term expiring 2004.

Governor Breathitt and President Wethington expressed pleasure in the reappointment of Dr. Plattner to the Board.

C. Roll Call

The following members of the Board of Trustees answered the call of the roll: Governor Edward T. Breathitt (Chairperson), Mr. Nathan Brown, Mr. Paul W. Chellgren, Mr. Merwin Grayson, Mr. John "Jack" Guthrie, Mr. James F. Hardymon, Professor Loys L. Mather, Dr. Robert P. Meriwether, Mr. Billy Joe Miles, Dr. Elissa Plattner, Mr. Steven S. Reed, Professor Daniel R. Reedy, Mr. C. Frank Shoop, Mrs. Marian Sims, Dr. W. Grady Stumbo, Mr. Martin Welenken, Ms. JoEtta Y. Wickliffe, Mr. Billy B. Wilcoxson, and Mr. Russell Williams. Absent from the meeting was Mr. Ted Bates. The University administration was represented by President Charles T. Wethington, Jr.; Chancellors James W. Holsinger, and Elisabeth Zinser; Vice Presidents Fitzgerald Bramwell, Joseph T. Burch, Ben W. Carr, Edward A. Carter, George DeBin and Eugene Williams; Dr. Juanita Fleming, Special Assistant for Academic Affairs; Mr. C. M. Newton, 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 1:15 p.m.

D. Approval of Minutes

Governor Breathitt said that the Minutes of the Board meeting on August 18, 1998 had been distributed and asked for any additions or corrections. Mr. Guthrie moved that the Minutes be approved as distributed. Mr. Shoop seconded the motion, and it carried.

E. Nomination of Officers and Executive Committee

Under the Governing Regulations, officers of the Board and the Executive Committee are elected annually at the September meeting. Governor Breathitt called upon Mrs. Sims to preside and receive the report of the Nominating Committee. Mrs. Sims asked Mr. Wilcoxson, Chairperson of the Nominating Committee, to give his report.

Mr. Wilcoxson placed the following slate of officers for 1998-99 in nomination:

Edward T. Breathitt, Chairperson
Robert P. Meriwether, Vice Chairperson
Merwin Grayson, Jr., Secretary
Richard E. Plymale, Assistant Secretary

Mrs. Sims called for nominations or discussion from the floor. Mr. Wilcoxson moved that these nominations be approved for 1998-99. Mr. Shoop seconded the motion, and it carried unanimously.

Mr. Wilcoxson placed the following slate of Executive Committee members for 1998-99 in nomination:

Edward T. Breathitt, Chairperson
Robert P. Meriwether, Vice Chairperson
James Hardymon
Paul Chellgren
Billy B. Wilcoxson
Merwin Grayson, Jr., ex officio

Mrs. Sims called for nominations or discussion from the floor. On behalf of the Nominating Committee, Mr. Wilcoxson moved that these individuals be approved as the Executive Committee for 1998-99. Mr. Shoop seconded his motion, and it passed.

Governor Breathitt expressed appreciation to the Board and thanked them for their support.

F. 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 set records during the last academic year for research funding. This is the fifth consecutive year that the University has exceeded \$100 million in research funding.
2. Allan Butterfield, Department of Chemistry and Center for Membrane Science, received White House recognition for his years of helping students. He received the Presidential Award for Excellence in Science, Mathematics and Engineering Mentoring, particularly for his work with women and minorities.
3. The University is experiencing a banner year in freshman quality and enrollment. The total combined enrollment for UK and Lexington Community College is up nearly two percent to an estimated 30,300. The new figures show that the top 25 percent of freshmen scored 27 or higher on their ACT exam and had high school grade point averages of 3.8 or better.
4. The University has received a five-year \$961,000 grant from the National Institutes of Health to create an interactive internet course on writing grant proposals. The course is being designed to help historically minority institutions write funding proposals.
5. A \$2.25 million National Science Foundation grant has established a graduate program involving 15 UK chemistry and engineering students per year. The program will provide classes and research training on the development of chemical sensors.
6. Twenty high school students and two community college students have been named this year's Otis A. Singletary Scholars. They include 10 National Merit Finalists and 10 valedictorians.
7. The Lexington Community College Talent Search Project has received a \$910,600 U.S. Department of Education grant to continue its work.

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

G. College of Agriculture Report

President Wethington called upon Dr. Oran Little, Dean of the College of Agriculture, to give a report on the College of Agriculture.

Dean Little began his report with a visual presentation about the College and the scope of its activities. The College, indeed, grows ideas in the fertile minds of students. It grows ideas that farmers use to produce food. In the laboratories, scientific ideas grow into practical solutions. Through Cooperative Extension offices in every county, ideas grow into better communities and economic gain. The College grows ideas that enrich people's lives and ideas that solve problems.

Dean Little summarized the mission and objectives of the College by first identifying the scope and economic significance of Kentucky agriculture. In addition to food and fiber, agriculture involves soil and water, crops and livestock, supplies and services, and equipment and buildings. It encompasses the management of resources, capital and labor; but, agriculture is really focused on people, communities and economic growth. The farm gate value of production now exceeds \$4 billion annually and with economic multipliers, these farm gate dollars soon become \$16 billion statewide. The additional agribusiness impact truly reflects agriculture as Kentucky's number one industry.

The programs of the College of Agriculture are mission oriented and can be summarized as follows:

1. Develop human resources to meet the needs of an ever changing society,
2. Create knowledge in fields of science relating to agriculture, food, natural resources, the environment, people and communities, and
3. Transfer technology and the application of science-based knowledge with practical nonformal educational methods.

To serve these missions, the College is organized into three distinct but closely coordinated functional components with interrelating objectives.

Instruction (teaching) - to educate the students to be society ready graduates;
Agricultural Experiment Station (research) - to build knowledge bases in areas that will make a difference; and
Cooperative Extension (service) - to connect with the clientele for knowledge application and life-long learning.

This structure includes ten academic departments with laboratory, classrooms and offices in seven major buildings on the Lexington Campus. It also includes the state

Regulatory Services Division and the Livestock Disease Diagnostic Center, laboratory and field facilities at ten off campus locations and Cooperative Extension offices and county agents in all 120 counties.

Dean Little summarized examples of major activities and accomplishments in several program areas that reflect active students, superior and highly productive faculty and staff, strong and responsive linkage with clientele, and supportive organizational and business partners. He also provided specific examples of results in financial and societal benefits that have had tremendous positive impacts and examples of emerging areas of the College's programs and related high expectations that can provide the stepping stones to assure the future growth of Kentucky agriculture.

The College of Agriculture report concluded with a video which illustrated examples of how the College is leveraging technology as it goes about doing its business. These technologies are expected to greatly influence agriculture and help to lead our students and clientele into the 21st Century in advancing the mission of Kentucky's Land-Grant University.

Packets of additional information about the programs and accomplishments of the College were distributed to the Board. Dean Little recognized and expressed appreciation to Dr. Carla Craycraft, Director of Agricultural Communications Services, and Dr. Craig Wood, Director of Agricultural Distance Learning, for their efforts in preparing the materials for the presentation. Dean Little entertained questions from the Board at the end of his presentation.

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. Welenken moved approval. The motion, seconded by Mr. Williams, carried. (See PR 2 at the end of the Minutes.)

I. Agreement Regarding Awarding Degrees to Students Enrolled in the Community College System (PR 3A)

President Wethington recommended that the Board approve the Memorandum of Understanding between the University of Kentucky (UK) and the Kentucky Community and Technical College System (KCTCS) concerning degrees granted in the Community College System. He said that the Commission on Colleges of the Southern Association of College and Schools, the accrediting agency for the University of Kentucky Community College System (UKCCS), has questioned whether degrees may be granted by UK Board of Trustees to students enrolled in UKCCS programs under the administration of

KCTCS. In response to this concern expressed by the accrediting association, KCTCS has made the decision that it will set up all new degree programs and all degrees in the future will be granted by KCTCS, not by UK. Since KCTCS has made that decision, UK is, by this agreement, agreeing to award degrees to students who were officially enrolled on or before June 30, 1999 in associate degree programs approved by the Board of Trustees of UK and who complete the associate degree program on or before June 30, 2004. He said that this agreement will continue the Board's commitment to students already enrolled by giving them five years to complete their degree. He asked Mr. Chellgren, chairperson of the ad hoc committee, to comment on the agreement.

Mr. Chellgren said that this Memorandum of Understanding is very important in the transition of the community colleges to KCTCS. As President Wethington stated, this Memorandum of Understanding will permit the students an additional year to enroll in programs and six years from June 30, 1998 to complete their degree programs. He said that he believes this satisfies the students' expectations and should satisfy the Board's responsibility. It also permits KCTCS to move forward independently. KCTCS is optimistic that this Memorandum of Understanding will be acceptable in their accreditation procedure. He said that the next series of meetings regarding accreditation will be in October 1998; therefore, it is necessary to have the Board's action at this meeting to support execution of this Memorandum of Understanding. He entertained questions from the Board.

Governor Breathitt expressed his appreciation to Mr. Chellgren for his leadership as chairperson of the ad hoc committee. Mr. Chellgren has been very helpful, along with President Wethington, Dr. Carr and others in the administration, in working to make the transition smooth. He added his endorsement to the Memorandum of Understanding.

Mr. Guthrie said that contrary to some editorials you see he feels the administration and the Board are doing the job the Governor and legislature asked them to do.

Mr. Brown asked if UK was publicizing the information about the change to prospective community college students.

President Wethington said the administration would be pleased to assist; however, that is the role of KCTCS under the delegation of management. He said he expressed to President Jeff Hockaday and Chancellor Anthony Newberry that it is very important for this information to get out to prospective students. The UK administration will be pleased to help, but the community colleges and KCTCS will be doing the recruiting now.

On motion made by Mr. Grayson, seconded by Mr. Shoop and carried, PR 3A was approved.

J. Change in Name of Program and Degree (PR 5A)

President Wethington recommended that the Board approve the change in the name of the program Home Economics Education to Family and Consumer Sciences Education and the name of the degree from B.S. in Home Economics with a major in Home Economics Education to B.S. in Family and Consumer Sciences with a major in Family and Consumer Sciences Education. He noted that this is the result of the name change of a certain professional association and organization. He recommended approval of PR 5A. Dr. Meriwether moved approval. His motion, seconded by Mr. Welenken, passed. (See PR 5A at the end of the Minutes.)

K. Acceptance of Audit Report for the University of Kentucky for 1997-98 (FCR 1)

Mr. Hardymon, Chairperson of the Finance Committee, reported that the Finance Committee met and considered nine items to submit to the Board. FCR 1 is a recommendation that the Board accept the University of Kentucky financial statements for the year ended June 30, 1998, 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. He said that the statements need an explanation this time because there are historical statements that include the Community College System and the ongoing statements that do not include them. He referred to page 2, total liabilities and fund balances (\$2,173,704) and page 7, total assets transferred to the Community College System (\$274 million). He compared these figures and noted that the assets have improved and the liabilities have dropped. This is extremely important because when you take a large portion out of a financial statement there is a tremendous amount of work necessary to assure it is accurate and also to understand the balance. Even though there was a change in accounting because the University lost the Community College System, the UK balance sheet from year to year is strengthened. He said that the auditors will be making a complete report to the Board at a later meeting. The university's financial procedures have been reviewed, and an excellent report was received. He complimented the university's staff and moved approval of FCR 1. Mrs. Sims seconded the motion, and it passed. (See FCR 1 at the end of the Minutes.)

L. Report of Lease (FCR 2)

Mr. Hardymon said that FCR 2 is a report of a new lease less than \$30,000 per year in value for the College of Allied Health for a location on South Limestone in Lexington involving 1,800 square feet (a value of \$8.76 per square foot). He moved approval of FCR 2. His motion, seconded by Mr. Guthrie, carried. (See FCR 2 at the end of the Minutes.)

M. 1998-99 Budget Revisions (FCR 3)

Mr. Hardymon said FCR 3 is a quarterly report on budget revisions. He reviewed the report briefly and called attention to the gifts and grants. On motion made by Mr. Hardymon, seconded by Professor Reedy and carried, FCR 3 was approved. (See FCR 3 at the end of the Minutes.)

N. Admiral William R. Sheeley Quasi-endowment (FCR 4)

Mr. Hardymon said that FCR 4 recommends that the Board approve the establishment of a quasi-endowment in the amount of \$500,000 received from the estate of Admiral William R. Sheeley to create the William R. Sheeley Spinal Cord and Head Injury Chair in the College of Medicine. He directed that the gift be used at the discretion of the College of Medicine, and the College of Medicine is establishing the quasi-endowment to support medical research in spinal cord and head injury in recognition of Admiral Sheeley's generosity. The \$1M chair will be created by matching the \$500,000 quasi-endowment with \$500,000 previously received by the College of Medicine.

Mr. Hardymon pointed out that this resident of Kentucky did not attend the University of Kentucky. He died in 1993 and left his estate to the medical schools at the University of Kentucky and Johns Hopkins University. He did this in recognition of his heritage and the good medical care he received throughout his 86 years. This is truly a unique type of gift. He moved approval of FCR 4. Mr. Shoop seconded his motion, and it passed. (See FCR 4 at the end of the Minutes.)

O. Gartner Group Gift and Pledge of \$900,000 (FCR 5)

Mr. Hardymon said that FCR 5 recommends that the Board accept a gift of \$300,000 and a pledge of \$600,000 from the Gartner Group of Stamford, Connecticut, to create a chair in the College of Engineering Department of Computer Science. He noted that the University has a three-year contract with the Gartner Group that involves their supplying extensive technology training materials, expertise in the development of Web page instructional materials, and other items in the information technology field. This gift is to provide support for advanced research work in network engineering and for support for a curriculum to provide students a wide range of networking experience. The university's goal will be for the Challenge Fund to move this to a million dollar chair. The \$600,000 pledge will be paid before October, 1999. He moved approval of FCR 5. His motion, seconded by Mr. Welenken, carried. (See FCR 5 at the end of the Minutes.)

P. William T. Young Library Endowment Agreement (FCR 6)

Mr. Hardymon said FCR 6 is a recommendation that the Board establish the William T. Young Library Endowment, authorize the president to execute an endowment agreement with the donors, and amend the University's long-range development plan to prohibit any non-library use of the William T. Young Library site until the year 2050. Mr. Young has agreed to chair a campaign to raise the \$5,000,000 for the endowment by December 31, 2002. The University's amended long-range development plan for the library site will prohibit any non-library uses until the year 2050. The parties also want to maintain the library site as a park-like setting. To accomplish these goals, Mr. Young and the Foundation have proposed the creation of an endowment to develop research collections to help carry out the recommendations of the Task Force on Research and Graduate Education and to support the University's goal of becoming a top 20 public research university; to purchase books and other supporting materials, with special consideration to collections which also meet the library and information needs of other libraries in the Commonwealth of Kentucky; to supplement landscaping and maintenance for the library site; and for other extraordinary needs of the William T. Young Library. He moved approval of FCR 6. Professor Reedy seconded the motion, and it passed. (See FCR 6 at the end of the Minutes.)

Governor Breathitt said this is a very generous offer on the part of Mr. Young, and it will greatly enhance the service that the library will give everyone.

President Wethington said it is a wonderful opportunity for the University to have this good endowment started for the library. The preservation of this site around the library in a park-like setting is very important to the University.

Q. Estate of Jes and Clementine Schlaikjer (FCR 7)

Mr. Hardymon said FCR 7 recommends that the Board accept \$7,001,966 from the estate of Jes and Clementine Schlaikjer to establish and endow funds to study and research equine infectious diseases in the College of Agriculture's Gluck Equine Research Center in the Department of Veterinary Science. These two great individuals lived in Arizona. She died in 1995, and he died in 1996. They left most of their estate to the University of Kentucky for endowments to support equine infectious disease research. The endowments will create chairs and professorships and support other research programs and initiatives.

Jes and Clementine Schlaikjer spent 40 years together traveling the world, riding and training their horses. Obviously, the horses gave them great pleasure, and that is why they thought about this gift. He explained that they saw one of the Equine Research Foundation's newsletters in their veterinarian's office, called the foundation for more information, and within six months rewrote their will to include the University of

Kentucky. He moved approval of FCR 7. His motion, seconded by Professor Mather, passed. (See FCR 7 at the end of the Minutes.)

R. Property Conveyance to Lexington Fayette Urban County Government - Coldstream Research Campus (FCR 8)

Mr. Hardymon reminded the Board that the preliminary development plans of the Coldstream Research Campus submitted by the University of Kentucky and adopted by the Urban County Planning Commission in 1992 anticipated that the University would dedicate the right of way through Coldstream for the construction of a major roadway connecting Newtown Pike with Georgetown Road; therefore, serving as one of the major streets in the development of Coldstream.

He said that FCR 8 recommends that the administration be authorized to convey to the Lexington Fayette Urban County Government a roadway right of way and a permanent maintenance easement from Newtown Pike to the western boundary of the Coldstream Research Campus. The right of way will be approximately 150 feet in width, and the permanent maintenance easement will be 100 feet in width on each side of the right of way. He noted that this will not jeopardize the plans or infrastructure on lots 17 and 18. This action will accomplish the objective of both the government and the research campus. He moved approval of FCR 8. Mr. Reed seconded the motion, and it carried. (See FCR 8 at the end of the Minutes.)

S. Coldstream Research Campus Ground Lease - Century Offshore Management Corporation (FCR 9)

Mr. Hardymon said that FCR 9 also involves Coldstream. It is a ground lease involving the Century Offshore Management Corporation. This Lexington based independent oil and gas exploration and production company was incorporated in 1986 in the State of Kentucky. It has facilities in the Gulf of Mexico, offshore Louisiana and onshore in Mississippi and Louisiana, and the North Sea.

He said that FCR 9 is a recommendation that the administration be authorized to execute a ground lease between the University and Century Offshore Management Corporation for Lots 19 and 20 for the purpose of developing a commercial office building to house their corporate headquarters and support units of Century Offshore as well as an alternative medical clinic. The prospective tenant is interested in working with the UK Medical Center on research projects to evaluate the science related to the Ayurveda medical system. The lease arrangement is for a \$1,000 a month before construction and \$8,310 per acre per year after the start of construction. He moved approval of FCR 9. His motion, seconded by Mr. Wilcoxson, carried. (See FCR 9 at the end of the Minutes.)

T. Meeting Adjourned

Governor Breathitt announced that this is the eighth anniversary for the president of the University of Kentucky. He praised President Wethington for his good work and adjourned the meeting in respect for eight very fine years of leadership by Charles Wethington as President of the University of Kentucky. President Wethington received a round of applause. There being no further business to come before the Board, the Chairperson adjourned the meeting at 2:38 p.m.

Respectfully submitted,

Merwin Grayson, Jr.
Secretary
Board of Trustees

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

Office of the President
September 15, 1998

1. University Sets Research Funding Record

The University set records during the last academic year for research funding. Faculty and staff received a \$131.5 million in research contracts, grants and gifts during the 1997-1998 academic year, a 4.7-percent increase over the previous year. This is the fifth consecutive year that the University has exceeded \$100 million in research funding.

2. Graduate School Confers Record Number of Degrees

The Graduate School awarded 1,366 degrees last academic year, a 7.4 percent increase over the previous year and the most graduate degrees ever conferred by the University. Those degrees included 233 doctoral degrees and 1,133 master's and specialist degrees. The increase brings the University closer to the goal of increasing the number of graduate degrees 10 percent by 2003.

3. Butterfield Receives Presidential Award

Allan Butterfield, chemistry and Center for Membrane Science, received White House recognition for his years of helping students. Butterfield received the Presidential Award for Excellence in Science, Mathematics and Engineering Mentoring particularly for his work with women and minorities. The award includes a \$10,000 National Science Foundation grant to further his mentoring work. Since Butterfield came to UK in 1975, he has advised about 40 doctoral and master's degree candidates, has worked with more than 70 undergraduates in his laboratory and has worked with about a hundred students as director of the Center for Membrane Science.

4. University Experiencing Banner Year in Freshman Quality and Enrollment

Preliminary figures indicate a 1998 freshman class of 2,860 compared with the 1997 freshman enrollment of 2,626, an increase of nearly nine percent. The total combined enrollment for UK and Lexington Community College is up nearly two percent to an estimated 30,300. The new figures show that the top 25 percent of freshmen scored 27 or higher on their ACT and had high school grade point averages of 3.8 or better. The freshman class includes 75 National Merit/Achievement Scholars, 127 Governor's Scholars and 103 high school valedictorians.

5. UK Receives Grant to Help Minority Institutions Write Funding Proposals

The University has received a five-year \$961,000 grant from the National Institutes of Health to create an interactive Internet course on writing grant proposals. The course is being designed to help historically minority institutions become more competitive and will cover the grant-writing process from developing an idea to writing a final draft. Virginia State University and the University of Puerto Rico-Rio Piedras will serve as pilot schools before the course is expanded to include 80 other institutions. Don Frazier, Center for Science Outreach, is principal investigator.

6. NSF Grant Establishes New Graduate Program

A \$2.25 million National Science Foundation grant has established a graduate program involving 15 UK chemistry and engineering students per year. The program – called the Integrative Graduate Education and Research Training Program – will provide classes and research training on the development of chemical sensors. The grant will be used to establish new graduate fellowships, seminars, visits by industrial scientists, cross-disciplinary courses and workshops and internships at industrial and government laboratories. Student projects will be jointly supervised by participating professors, who will come from the departments of chemical and materials engineering, chemistry and electrical engineering. Leonidas Bachas, chemistry, is directing the program.

7. Medical Center and Charter Ridge Announce Joint Venture

The Chandler Medical Center and Charter Ridge Behavioral Health System have announced the creation of one of the largest integrated behavioral health delivery systems in Kentucky. The partnership will consolidate the resources of three entities – the UK Department of Psychiatry, the UK Hospital and Charter Ridge – into one organization known as the Behavioral Healthcare Alliance. The partnership developed out of a 16-year affiliation between UK and Charter Ridge.

8. Singletary Scholars Named

Twenty high school students and two community college students have been named this year's Otis A. Singletary Scholars. They include 10 National Merit Finalists and 10 valedictorians. This year's freshman scholars are Jaqueline M. Allshouse of Paducah, Kelly B. Brashear of Viper, Martin A. Christensen of Lexington, Brian S. Duba of Versailles, Jennifer L. Kasten of Nicholasville, Leonard Kiefer of Bellevue, Brian D. Knox of Winchester, Erin G. McKenzie of Flatwoods, Korri L. Miller of Vine Grove, Erika N. Music of Lexington, Jennifer Osterhage of Louisville, Courtney L. Reynolds of Lexington, Emily Rigdon of Paducah, John C. Scoville of East Bernstadt, Joshua Dean Shofner of Pikeville, Robert H. Stith of Vine Grove, Courtney D. Stoll of Louisville, Johanna Takach of Scottsville, Dava S. West of Inez and Justin N. Young of Adolphus. This year's community college transfers are Kelly M. Miller of Island and Forrest D. Spillman of Somerset.

9. LCC Receives Grant to Support Education in Lexington Area

The Lexington Community College Talent Search Project has received a \$910,600 U.S. Department of Education grant to continue its work. The grant will allow the project to continue for four years, providing support for supplemental education services to students in Bourbon, Clark, Fayette, Jessamine, Mercer, Scott and Woodford counties. Donald J. Long is director of the project.

10. Rare Use of Ventricular Assist Device Saves Infant's Life

Five-week-old Cassandra Work, who was born with hypoplastic left ventricular heart syndrome, has become the youngest patient in Kentucky to be placed on a ventricular assist device. Simon Abraham, cardiothoracic surgery, placed the infant on the device at the UK Hospital after performing a surgery to connect the pulmonary artery to the aorta, allowing the right ventricle to pump blood to the main circulation. After the procedure, Cassandra's heart still was not working properly, so she was placed on the device, which sustained her for a week while her heart recovered from the operation.

11. Hazard and Elizabethtown to Help Children Experience Space Flight

Hazard and Elizabethtown community colleges have received funds for equipment to simulate the experience of a space shuttle launch and flight. The Challenger Learning Centers are part of a national program to encourage elementary school students to take an interest in science and math. Hazard Community College received \$700,000 from the Appalachian Regional Commission to buy equipment for the center.

12. Student Awards and Honors

Dan Beams, anthropology, received an \$11,400 Interamerican Foundation dissertation fellowship for research in Peru.

Barbara Cellarius, anthropology, received a \$15,000 American Council of Learned Societies dissertation fellowship.

Rachel J. Chase, Charles H. Crawford III, Jaime L. Grace and Allison D. Shearer, biological sciences, became the first recipients of the \$3,000 Gertrude Flora Ribble Undergraduate Research Scholarship.

Eileen Eliason, entomology, received a \$2,000 International Society of Arboriculture grant for research on horned oak galls, an insect pest.

Andrea Jones, music, won \$3,000 in the P.E. McAllister Voice Competition in Indianapolis, Indiana.

Marco Pinto, French, won first prize in the Alliance Francaise essay contest.

Anita Williams, Prestonsburg Community College, was elected a student representative to the Kentucky Community and Technical College System Board of Regents.

13. Significant Faculty and Staff Activities

David Atwood, chemistry, was named editor of *Main Group Chemistry*.

Joseph Baber, music, won an American Society of Composers, Authors and Publishers award for his original compositions and recent performances.

Barbara Brandt and Peggy Piascik, pharmacy, and Markie Clements, educational policy studies and evaluation doctoral student, won the Association of American Medical Colleges' Innovations in Teaching Award.

Tom Butler Jr., Paducah Community College, was a finalist in the original drama category of the Alliance for Community Media Hometown USA Video Festival for a show he produced, *Portraits in Time*, which features Paducah's Festival of Murals.

Richard Clayton and Karen McClanahan, Center for Prevention Research, and Carl Leukefeld, T.K. Logan, Michele Staton and Richard Zimmerman, Center on Drug and Alcohol Research, had their article, "Substance Use During Adolescence and Initiation of Sexual Activity," accepted for publication in *Health and Social Work*.

Jim Cobb, geological sciences, won the Geological Society of America's Gordon Wood Award.

Kay Cook, Maysville Community College, received a Kentucky Association of Cooperative Education and Career Employment Distinguished Service Award.

Tom Dillehay, anthropology, received the National Merit of Honor from the president of Chile and an honorary doctoral degree from Southern University of Chile.

Roberta Dwyer, veterinary sciences, received the American Veterinary Medical Association's Outstanding Woman Veterinarian Award.

Ron Eller, history and Appalachian Center, was selected the Appalachian Regional Commission's John D. Whisman Appalachian Scholar.

John Ferm, geological sciences, was named editor-in-chief of the *Journal of Coal Geology*.

Gilbert Friedell, Markey Cancer Center, received a \$115,000 Kentucky Health Services Cabinet grant to fund the Kentucky Breast Cancer Task Force.

Vincent S. Gallicchio, allied health, received a \$42,287 Campbell Foundation grant for his project, "Cloning of HIV-1 Genes in Tissue Culture for Drug Screening and Engineering of Therapeutic Antibodies Against HIV-1 Tat Proteins."

Tracy Hawkins, Hazard Community College Lees College Campus, received a \$3,000 Kentucky Water Watch Grant to conduct water quality monitoring.

Ron Hustedde, sociology, was selected president of the Community Development Society.

Edward Jennings, Martin School of Public Policy and Administration and political science, won the Jeffrey Pressman Award for his article on welfare reform in *Policy Studies Review*.

Craig Jordan and John Yanelli, Markey Cancer Center, received a \$321,459 Leukemia Society of America grant for their project to design gene therapy treatments to help leukemia patients avoid recurrence of the disease.

Barbara Knutson, chemical engineering, received a \$348,686 National Science Foundation grant to study compressed solvent extraction processes for enhanced biomass conversion.

Carl Leukefeld and Lon Hays, Center on Drug and Alcohol Research, had their article, "Accessing Drug-Abuse Treatment: Perceptions of Out-of-Treatment Injectors," published in the *Journal of Drug Issues*.

Hartmut H. Malluche, nephrology, was appointed American editor of the *Journal of Clinical Nephrology*.

Phil McKnight, German, was chosen president of the Johann-Karl-Wezel Society and chief editor of the *Wezel Yearbook, Studies on European Enlightenment*.

Robert McNiel, horticulture, received the Southern Nursery Association's Porter Henegar Award.

Haven Miller, agricultural communications, received the Agricultural Communicators in Education's Professional Skill Award in Radio.

Phil Palmgreen, communication, was selected a member of the Behavior Change Expert Panel for President Clinton's National Youth Anti-Drug Media Campaign.

Thomas Papanicolaou, Lexington Community College, received a \$44,900 Microsoft Instructional Lab grant.

Fred Payne, biosystems and agricultural engineering, received a \$180,000 U.S. Department of Agriculture grant to study light backscatter sensor development for measurement of food consistency.

Daret St. Clair, toxicology, received a \$226,833 National Cancer Institute grant for her project, "Redox Regulation of Tumor Suppression by Manganese Superoxide Dismutase."

Julie Swain, cardiovascular and thoracic surgery, was appointed assistant editor of the journal *Perfusion* and foreign editor of the *Journal of Pathology of Circulation and Cardiosurgery*.

Mike Sharkey, entomology, was elected to the board of directors of Discover Life in America.

Salvatore Turco, biochemistry, received a \$290,388 National Institute of Allergy and Infectious Disease grant for his project, "Glyconjugates of Leishmania."

Jean Watts, Lexington Community College, received a \$3,000 Kentucky Division of Water grant to train people to conduct stream habitat assessments, take water quality samples and sample stream organisms.

PR 2

Office of the President
September 15, 1998

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 University Relations

Bailey, Rex L., from Director of Development, Giving Programs and Services, to Director of Development, Administration and Campaign Services, Office of Development, effective 8/1/98.

Richey, D. Michael, from Director of Alumni and Development, College of Agriculture, to Director of Development, Lexington Campus/Programs, Office of Development, effective 8/17/98.

B. EARLY RETIREMENT

Vice President for Fiscal Affairs

Smith, Don, Maintenance Superintendent Assistant, Physical Plant Division, after 32 years, 5 months of consecutive service, under AR II-1.6-1 Section III.A.2, effective 7/24/98.

II. ADMINISTRATIVE ACTION

A. CHANGES

Ramsey, Derrick K., from Director for Development and Community Relations, Lexington Campus, to Director of Community Relations, Office of the Vice President for University Relations, effective 8/10/98.

Ripley, Michele, from Development Assistant II, College of Fine Arts, to National Marketing Manager, Office of Public Relations, effective 9/14/98.

LEXINGTON CAMPUS

I. BOARD ACTION

A. ACADEMIC APPOINTMENTS

College of Agriculture

Franklin, Sharon Turner, Assistant Professor, Animal Sciences, 8/17/98 through 6/30/99.

College of Arts and Sciences

Atwood, David A., Associate Professor (with tenure), Chemistry, effective 8/16/98.

College of Engineering

Jaynes, Christopher, Assistant Professor, Computer Science, 8/16/98 through 6/30/00.

Zhang, Jun, Assistant Professor, Computer Science, 8/16/98 through 6/30/00.

Zhang, Yu-Ming, Associate Professor (temporary), Electrical Engineering, 8/16/98 through 6/30/99.

B. ADMINISTRATIVE APPOINTMENT

College of Education

Sandidge, Rosetta F., Associate Professor (with tenure), Curriculum and Instruction, appointed Associate Dean for Academic and Student Affairs, College of Education, effective 8/16/98.

C. REAPPOINTMENTS

College of Architecture

Eardley, Anthony, Professor (part-time), Architecture, 9/15/98 through 5/15/99.

College of Law

Hamblin, Pierce W., Professor (part-time), Law, 8/16/98 through 12/31/98.

Larson, Raymond M., Professor (part-time), Law, 8/16/98 through 5/8/99.

D. CHANGE

College of Arts and Sciences

Natter, Wolfgang, to change from Associate Professor (with tenure), German, to Associate Professor (with tenure), Geography, and joint appointment as Associate Professor (without tenure), German, effective 8/16/98.

E. RETIREMENTS

College of Agriculture

Cox, Ben W., Agricultural Regulatory Specialist, Regulatory Services, after 43 years and 6 months of consecutive service, under Section III.B of AR II-1.6-1, effective 9/30/98.

Shipman, Azel, Tech III, Biosystems and Agricultural Engineering, after 20 years of consecutive service, under Section III.B of AR II-1.6-1, effective 10/31/98.

F. EARLY RETIREMENT

College of Engineering

Hughes, Ronald D., Deputy Director, Kentucky Transportation Center, after 47 years and 4 months of consecutive service, under Section III.A.2 of AR II-1.6-1, effective 9/30/98.

G. POST RETIREMENTS

College of Agriculture

Blevins, Robert, Professor (part-time), Agronomy, 9/1/98 through 12/31/98.

College of Engineering

Grayson, Calvin, Special Assistant to the Dean (part-time), Kentucky Transportation Center, 7/1/98 through 6/30/99.

II. ADMINISTRATIVE ACTION

A. ACADEMIC APPOINTMENTS

College of Agriculture

Hasenmyer, Michael, Instructor (part-time), Horticulture and Landscape Architecture, 8/26/98 through 12/31/98.

Ibendahl, Gregory A., Assistant Extension Professor, Agricultural Economics, 8/3/98 through 6/30/99.

Newman, Melissa C., Assistant Professor, Animal Sciences, 8/13/98 through 6/30/99.

Perry, Sharyn E., Assistant Professor, Agronomy, 10/1/98 through 6/30/99.

Schneider, Krista L., Instructor (temporary), Horticulture and Landscape Architecture, 8/1/98 through 5/31/99.

Whittaker, David P., Instructor (part-time), Horticulture and Landscape Architecture, 8/27/98 through 12/31/98.

Zeuli, Kimberly A., Assistant Professor, Agricultural Economics, 8/24/98 through 6/30/99.

College of Architecture

Barry, Michael, Instructor (part-time), Architecture, 9/1/98 through 12/31/98.

Brannon, Jonathan, Assistant Professor (temporary), Architecture, 8/16/98 through 5/15/99.

Hudson, Karen Elaine, Instructor (part-time), Architecture, 9/1/98 through 12/31/98.

College of Arts and Sciences

Chico, Irene, Lecturer (half-time), Spanish and Italian, 8/16/98 through 6/30/99.

Dawson, Melanie, Assistant Professor (temporary), English, 8/16/98 through 6/30/99.

Everts, Nancy, Lecturer (half-time), Spanish and Italian, 8/16/98 through 6/30/99.

Gregory, Paul A., Assistant Professor (temporary), Philosophy, 8/16/98 through 6/30/99.

Jackson, Jennifer Kasi, Instructor (part-time), Women's Studies, 8/16/98 through 12/31/98.

Kidanemariam, Ande, Lecturer, Sociology, 8/16/98 through 12/31/98.

McAninch, Cecile, Assistant Professor (temporary), Psychology, 8/16/98 through 6/30/99.

McKoski, Nancy, Assistant Professor (temporary), English, 8/16/98 through 6/30/99.

Musser, Judith, Assistant Professor (temporary), English, 8/16/98 through 6/30/99.

Naziripour, Ali, Lecturer, Physics and Astronomy, 8/16/98 through 6/30/99.

Oaks, Janice H., Lecturer, English, 8/16/98 through 6/30/99.

Owen, David, Assistant Professor (temporary), Philosophy, 8/16/98 through 6/30/99.

Paolucci, Paul B., Instructor (part-time), Sociology, 8/16/98 through 12/31/98.

Powell, Mary Lucas, Instructor (part-time), Anthropology, 8/16/98 through 12/31/98.

Rivkin-Fish, Michelle, Assistant Professor, Anthropology, 8/16/98 through 6/30/00.

Shaw, Michael F., Lecturer, Mathematics, 8/16/98 through 6/30/99.

Veeraghanta, Seetha, Instructor (part-time), Sociology, 8/16/98 through 12/31/98.

Voss, D. Stephen, Assistant Professor, Political Science, 8/16/98 through 6/30/00.

Warkentin, Craig, Assistant Professor (part-time), Political Science, 8/16/98 through 5/15/99.

Wright, D. Wynne, Instructor (temporary), Sociology, 8/16/98 through 6/30/99.

College of Business and Economics

Sheetz, R. Michael, Instructor (part-time), Economics, 8/16/98 through 5/15/99.

Taylor, Edward C., Assistant Professor (part-time), Management, 8/16/98 through 5/15/99.

Wong, Wilson, Instructor (part-time), Management, 8/16/98 through 5/15/99.

College of Education

Babbage, Keen J., Instructor (part-time), Administration and Supervision, 8/16/98 through 12/31/98.

Kearns, Jacqueline Farmer, Instructor (part-time), Special Education and Rehabilitation Counseling, 8/16/98 through 12/31/98.

College of Engineering

Deitsch, James J., Assistant Professor, Civil Engineering, 8/16/98 through 6/30/00.

College of Fine Arts

DeFrancesco, Gion A., Assistant Professor (temporary), Theatre, 8/1/98 through 6/30/99.

Hartman, Nyalls, Assistant Professor (temporary), Theatre, 8/1/98 through 6/30/99.

Hodson, Mary Frances, Assistant Professor (temporary), Theatre, 8/1/98 through 6/30/99.

Holly, Rolf, Assistant Professor (temporary), Music, 8/16/98 through 5/15/99.

Liou, Jawshing Arthur, Assistant Professor (temporary), Art, 8/1/98 through 6/30/99.

VanHurley, Vickie L., Assistant Professor (temporary), Art, 8/1/98 through 6/30/99.

College of Law

Osborne, Duane F., Instructor (part-time), Law, 10/1/98 through 2/28/99.

College of Social Work

- Iannello, Catherine, Assistant Professor (part-time), Social Work, 8/16/98 through 5/15/99.
- Rolf, Laura A., Assistant Professor (part-time), Social Work, 8/16/98 through 5/15/99.
- Turner, Bridget C., Assistant Professor (part-time), Social Work, 8/16/98 through 5/15/99.
- Webb, Willa, Assistant Professor (part-time), Social Work, 8/16/98 through 5/15/99.
- Wilson, Patricia R., Assistant Professor (part-time), Social Work, 8/16/98 through 5/15/99.

Lexington Community College

- Adams, April Lynn, Instructor (voluntary), Lexington Community College, 7/1/98 through 6/30/01.
- Batson, William J. Jr., Instructor, Lexington Community College, 8/1/98 through 6/30/99.
- Boes, Donald V., Instructor, Lexington Community College, 8/1/98 through 6/30/99.
- Bognar, Agnes, Instructor (temporary), Lexington Community College, 8/26/98 through 12/31/98.
- Carroll, Wesley G., Instructor (voluntary), Lexington Community College, 7/1/98 through 6/30/01.
- Collins, Barry R., Instructor (voluntary), Lexington Community College, 7/1/98 through 6/30/01.
- Davis, Mike, Instructor (voluntary), Lexington Community College, 7/1/98 through 6/30/01.
- Ellis, Alicia S., Instructor, Lexington Community College, 8/1/98 through 6/30/99.
- Evans, Kathleen S., Instructor, Lexington Community College, 8/1/98 through 6/30/99.
- Fakhrid-Deen, Jashed, Instructor, Lexington Community College, 8/1/98 through 6/30/99.
- Feeney, Gregory J., Instructor, Lexington Community College, 8/1/98 through 6/30/99.
- Garcia, Samuel A., Instructor, Lexington Community College, 8/1/98 through 6/30/99.
- Green, Perry G., Instructor (voluntary), Lexington Community College, 7/1/98 through 6/30/01.
- Hall, Ray, Instructor (voluntary), Lexington Community College, 7/1/98 through 6/30/01.
- Hayes, Robert F., Instructor, Lexington Community College, 8/1/98 through 6/30/99.

Heath, Anne L., Instructor (voluntary), Lexington Community College, 7/1/98 through 6/30/01.

Hipsley, Susan O., Instructor (temporary), Lexington Community College, 8/1/98 through 5/31/99.

Holland, William O. Jr., Instructor (voluntary), Lexington Community College, 7/1/98 through 6/30/01.

Houghton, Lori L., Instructor, Lexington Community College, 8/1/98 through 6/30/99.

Johnson, Lisa M., Instructor (voluntary), Lexington Community College, 7/1/98 through 6/30/01.

Kalala, Nkongolo, Instructor, Lexington Community College, 8/1/98 through 6/30/99.

King, Patsy A., Instructor (voluntary), Lexington Community College, 7/1/98 through 6/30/01.

King, Richard N., Assistant Professor, Lexington Community College, 8/20/98 through 6/30/99.

Koegler, Karen, Assistant Professor, Lexington Community College, 8/1/98 through 6/30/99.

Ladich-Holley, Mary Katherine, Instructor (temporary), Lexington Community College, 8/1/98 through 5/31/99.

Lanier, Rebecca A., Instructor, Lexington Community College, 8/1/98 through 6/30/99.

Lear, Wanda G., Assistant Professor, Lexington Community College, 8/1/98 through 6/30/99.

Luyster, William T., Instructor, Lexington Community College, 8/1/98 through 6/30/99.

MacLean, Thomas C., Instructor, Lexington Community College, 8/1/98 through 6/30/99.

McCane, Rebecca, Instructor (temporary), Lexington Community College, 8/19/98 through 12/31/98.

Patel, Rita, Instructor (voluntary), Lexington Community College, 7/1/98 through 6/30/01.

Schinhofen, Jonathan P., Instructor, Lexington Community College, 8/1/98 through 6/30/99.

Sherrard, Jacqueline J., Instructor, Lexington Community College, 8/1/98 through 6/30/99.

Smith, Leisha A., Instructor (voluntary), Lexington Community College, 7/1/98 through 6/30/01.

Smith-Peters, Bruce, Instructor (temporary), Lexington Community College, 8/1/98 through 5/31/99.

Stout, Andrea M., Instructor, Lexington Community College, 8/1/98 through 6/30/99.

Streable, Glenda L., Instructor (temporary), Lexington Community College, 8/1/98 through 12/31/98.

Walmsley, Lee Anne, Instructor (temporary), Lexington Community College, 8/1/98 through 12/31/98.

Webster-Little, Stacy, Instructor, Lexington Community College, 8/1/98 through 6/30/99.

Wilcox, David G., Instructor (voluntary), Lexington Community College, 7/1/98 through 6/30/01.

Wilson, Duane P., Instructor (voluntary), Lexington Community College, 7/1/98 through 6/30/01.

Graduate School

Potoski, Matthew, Lecturer, Martin School of Public Policy and Administration, 8/16/98 through 5/15/99.

Wilson, Virginia C., Assistant Professor (temporary), Martin School of Public Policy and Administration, 8/16/98 through 5/15/99.

Zimmer, Ron, Assistant Professor (temporary), Martin School of Public Policy and Administration, 8/16/98 through 5/15/99.

B. ADMINISTRATIVE APPOINTMENT

Lexington Community College

Gornto, Robin, Associate Professor (with tenure), Lexington Community College, appointed Acting Division Chair, Natural Sciences and Health Technologies Division, Lexington Community College, 7/1/98 through 6/30/99.

C. JOINT APPOINTMENT

College of Arts and Sciences

Hogstrand, Christer, Assistant Professor, Biological Sciences, joint appointment as Assistant Professor, Toxicology, Graduate School, Medical Center, 7/1/98 through 6/30/00.

D. REAPPOINTMENTS

College of Agriculture

Davis, Molly, Instructor (part-time), Horticulture and Landscape Architecture, 8/26/98 through 12/31/98.

McCoy, J. Michael, Instructor (part-time), Horticulture and Landscape Architecture, 8/26/98 through 12/31/98.

College of Architecture

Guyon, Scott, Instructor (part-time), Architecture, 8/16/98 through 12/31/98.
Huestis, G. Chris, Instructor (part-time), Architecture, 9/1/98 through 12/31/98.
Jacobs, Michael, Instructor (part-time), Architecture, 8/16/98 through 12/31/98.
Pohl, Graham, Instructor (part-time), Architecture, 9/1/98 through 12/31/98.
Romanowitz, Byron F., Instructor (part-time), Architecture, 9/1/98 through 12/31/98.

College of Arts and Sciences

Ades, Harriet F., Instructor (part-time), Chemistry, 8/16/98 through 12/31/98.
Battista, Philip C., Instructor (part-time), Sociology, 8/16/98 through 12/31/98.
Clark, Stephen A., Lecturer, Statistics, 8/16/98 through 6/30/99.
Darrat, Suleiman A., Instructor (part-time), Russian and Eastern Studies, 8/16/98 through 12/31/98.
Hardesty, Sharon L., Instructor (part-time), Sociology, 8/16/98 through 12/31/98.
Ishii, Izumi, Instructor (part-time), Russian and Eastern Studies, 8/16/98 through 12/31/98.
Leedham, Cynthia, Instructor (part-time), Sociology, 8/16/98 through 12/31/98.
Lyon, Marina N., Instructor (part-time), Russian and Eastern Studies, 8/16/98 through 12/31/98.
Millin, Ann Mann, Instructor (part-time), Russian and Eastern Studies, 8/16/98 through 12/31/98.
O'Dell, Gary A., Instructor (part-time), Geography, 8/16/98 through 12/31/98.
Tri, Mary Kathryn, Lecturer, English, 7/1/98 through 6/30/99.
Wardle, Linda S., Instructor (part-time), Sociology, 8/16/98 through 12/31/98.
Williamson, Deborah, Instructor (part-time), Sociology, 8/16/98 through 12/31/98.

College of Business and Economics

Ramsey, Deanna, Instructor (part-time), Accountancy, 8/16/98 through 5/15/99.
Ross, Danny E., Instructor (part-time), Accountancy, 8/16/98 through 5/15/99.

College of Communications and Information Studies

Abate, Anne K., Instructor (part-time), Library and Information Science, 8/16/98 through 12/31/98.
Brown, Lucinda, Instructor (part-time), Library and Information Science, 8/16/98 through 12/31/98.
Hamilton, Mary, Instructor (part-time), Library and Information Science, 8/16/98 through 12/31/98.
Ireland, Sandra, Instructor (part-time), Library and Information Science, 8/16/98 through 5/15/99.

Schabel, Don, Instructor (part-time), Library and Information Science, 8/16/98 through 12/31/98.

Stephens, Rebecca, Instructor (part-time), Library and Information Science, 8/16/98 through 12/31/98.

Wesley, Threasa, Instructor (part-time), Library and Information Science, 8/16/98 through 12/31/98.

Winner, Marian, Instructor (part-time), Library and Information Science, 8/16/98 through 12/31/98.

College of Education

Cole, Kathy, Instructor (part-time), Kinesiology and Health Promotion, 8/16/98 through 12/31/98.

Trundle, Kathy, Instructor (part-time), Curriculum and Instruction, 8/16/98 through 12/31/98.

College of Engineering

Lifland, Mitchel I., Assistant Professor (part-time), Chemical and Materials Engineering, 8/16/98 through 5/15/99.

College of Fine Arts

Buchanan, Margo, Instructor (part-time), Theatre, 8/1/98 through 12/31/98.

Clark, Cynthia, Instructor (part-time), Art, 8/1/98 through 12/31/98.

Heying, Patti L., Instructor (part-time), Theatre, 8/1/98 through 12/31/98.

Holdren, Michael, Instructor (part-time), Art, 8/1/98 through 12/31/98.

Johnson, Lucy, Instructor (part-time), Art, 8/1/98 through 12/31/98.

Lehman, Rhea, Instructor (part-time), Theatre, 8/1/98 through 12/31/98.

Pickett, Irwin, Instructor (part-time), Art, 8/1/98 through 12/31/98.

Slade, Susan, Instructor (part-time), Art, 8/1/98 through 12/31/98.

Stofer, Jill, Instructor (part-time), Art, 8/1/98 through 12/31/98.

Zirkle, Ross E., Instructor (part-time), Art, 8/1/98 through 12/31/98.

College of Law

Chapuran, Jeffrey J., Instructor (part-time), Law, 10/1/98 through 2/28/99.

Crittenden, Roger, Instructor (part-time), Law, 10/1/98 through 2/28/99.

Graham, Janet M., Instructor (part-time), Law, 10/1/98 through 2/28/99.

Grise, Jane Bloom, Instructor (part-time), Law, 10/1/98 through 2/28/99.

Hall, Jennifer L., Instructor (part-time), Law, 10/1/98 through 2/28/99.

Humphreys, Gene L., Instructor (part-time), Law, 10/1/98 through 2/28/99.

Kenkel, Kenneth R., Instructor (part-time), Law, 10/1/98 through 2/28/99.

Shier, William Taylor, Instructor (part-time), Law, 10/1/98 through 2/28/99.

Underwood, Virginia H., Instructor (part-time), Law, 10/1/98 through 2/28/99.
Wellons, Kymberly T., Instructor (part-time), Law, 10/1/98 through 2/28/99.

E. LEAVE OF ABSENCE

College of Law

Bratt, Carolyn, Professor (with tenure), Law, Sabbatical leave with full salary,
1/1/99 through 6/30/99.

F. LEAVES OF ABSENCE CHANGES

College of Arts and Sciences

Kaufman, Stuart, Associate Professor (with tenure), Political Science, to change
from Scholarly fellowship leave, 7/1/98 through 6/30/99, to Scholarly
fellowship leave, 1/1/99 through 12/31/99.

Kryscio, Richard J., Professor (with tenure), Statistics, to rescind Sabbatical leave
with full salary, 7/1/98 through 12/31/98.

MEDICAL CENTER

I. BOARD ACTION

A. ACADEMIC APPOINTMENTS

College of Medicine

Brown, Raeford E., Professor* (without tenure), Anesthesiology, 9/16/98 through 6/30/99.

Conner, William T., Clinical Associate Professor, Surgery, 8/19/98 through 6/30/99.

Elder, William G., Associate Professor* (without tenure), Family Practice, 8/19/98 through 6/30/99.

Iwinski, Henry J., Clinical Associate Professor, Surgery, 9/21/98 through 6/30/99.

Murray, Peter M., Associate Professor (voluntary), Surgery, 9/16/98 through 6/30/00.

Reese, Daniel P., Clinical Assistant Professor, Anesthesiology, 11/1/98 through 6/30/99.

College of Nursing

Kidd, Pamela S., Associate Professor (with tenure), effective 9/16/98.

College of Pharmacy

Fowler, Joan B., Assistant Adjunct Professor, 9/16/98 through 6/30/99.

B. ADMINISTRATIVE APPOINTMENTS

University Hospital

Ware, Mary T., Marketing Director, Hospital Administration, effective 9/21/98.

*Special Title Series

C. PROMOTIONS

College of Nursing

Hall, Lynne A., Associate Professor (with tenure), joint appointment as Associate Professor (without tenure), College of Medicine, Department of Behavioral Science, to Professor (with tenure), joint appointment as Associate Professor (without tenure), College of Medicine, Department of Behavioral Science, effective 9/16/98.

D. RETIREMENTS

College of Dentistry

Spedding, Robert, Professor, Oral Health Science, after 35 years, six months of consecutive service, under AR II-1.6-1 Section III.B, effective 12/31/98.

University Hospital

Howard, Betty J., Custodial Worker, Environmental Services, after nine years, four months of consecutive service, under AR II-1.6-1 Section III.B, effective 1/2/98.

E. EARLY RETIREMENTS

Chancellor's Office

Thacker, Roger, Lab Animal Facility Manager, Lab Animal Resources, after 18 years, 10 months of consecutive service, under AR II-1.6-1 Section III.A.2, effective 7/10/98.

College of Medicine

Calmes, Robert B., Associate Professor (with tenure), Microbiology and Immunology, joint appointment as Associate Professor (without tenure), College of Dentistry, Department of Oral Health Science, after 24 years, three months of consecutive service, under AR II-1.6-1 Section III.A.2, effective 9/1/98.

College of Nursing

Robinson, Mary K., Associate Professor*, after 23 years, four months of consecutive service, under AR II-1.6-1 Section III.A.2, effective 12/31/98.

College of Pharmacy

Hickey, Lilia, Administrative Support Associate I, after 27 years, 10 months of consecutive service, under AR II-1.6-1 Section III.A.2, effective 10/16/98.

F. POST-RETIREMENT APPOINTMENTS

College of Dentistry

Calmes, Robert B., Associate Professor, Oral Health Science, 9/16/98 through 6/30/99.

College of Nursing

Ries, Joanne, Research Associate, 9/16/98 through 6/30/99.

II. ADMINISTRATIVE ACTION

A. ACADEMIC APPOINTMENTS

College of Allied Health Professions

Butt, Taimur S., Assistant Professor (voluntary), Health Services, 10/21/98 through 6/30/00.

Hanley, Katherine Y., Assistant Professor (voluntary), Health Services, 9/16/98 through 6/30/00.

James, Narendra N., Assistant Professor (voluntary), Health Services, 9/16/98 through 6/30/00.

Polivick, Jennifer, Instructor (voluntary), Clinical Sciences, 9/16/98 through 6/30/00.

*Special Title Series

College of Medicine

Aljabi, Iyad A., Assistant Professor (voluntary), Pediatrics, 9/16/98 through 6/30/00.
Atkins, Colby P., Assistant Professor (voluntary), Surgery, 9/16/98 through 6/30/00.
Carrithers, Stephen L., Assistant Research Professor, Internal Medicine, 9/16/98 through 6/30/99.
Crouch, Richard H., Assistant Professor (voluntary), Family Practice, 9/16/98 through 6/30/00.
El-Kalliny, Magdy M., Assistant Professor (voluntary), Surgery, 9/16/98 through 6/30/00.
Hines, H. C., Assistant Professor (voluntary), Diagnostic Radiology, 9/16/98 through 6/30/00.
McGinnis, Jeffery B., Assistant Professor (voluntary), Family Practice, 9/16/98 through 6/30/00.
Sajan, Imran S., Assistant Professor (voluntary), Pediatrics, 9/16/98 through 6/30/00.

College of Nursing

Scott, Leslie K., Clinical Instructor, 9/16/98 through 6/30/99.
Zielke, Judy, Clinical Instructor, 9/16/98 through 6/30/99.

College of Pharmacy

Bouvette, Ralph E., Instructor (voluntary), 9/16/98 through 6/30/00.

B. ADMINISTRATIVE APPOINTMENTS

College of Medicine

Geddes, James W., Associate Professor (with tenure), Anatomy & Neurobiology, named Acting Director, Spinal Cord and Brain Injury Center, 9/1/98 through 8/31/99.
Regine, William F., Associate Professor, Radiation Medicine, named Acting Associate Director for Clinical Research, 9/1/98 through 8/31/99.

C. JOINT APPOINTMENTS

College of Nursing

Cornes, Susan E., Instructor (voluntary), joint appointment as Instructor (voluntary), College of Medicine, Department of Family Practice, 9/16/98 through 6/30/00.

D. CHANGES

College of Medicine

Bush, Moria N., from Clinical Assistant Professor, Pediatrics, to Assistant Professor (part time), Pediatrics, 9/1/98 through 6/30/99.

Pripstein, Jeremy, from Clinical Instructor, Internal Medicine, joint appointment as Assistant Professor, Pediatrics, 7/1/98 through 6/30/99, to Clinical Instructor, Internal Medicine, joint appointment as Clinical Instructor, Pediatrics, 7/13/98 through 6/30/99.

Rasheed, Nadia, from Clinical Instructor, Anesthesiology, to Instructor (part time), Anesthesiology, 9/12/98 through 6/30/99.

Woods, Sheila H., from Assistant Professor*, Pediatrics, to Assistant Professor (part time), Pediatrics, 9/16/98 through 6/30/99.

College of Nursing

Chappell, Hazel W., from Instructor (full-time, temporary), to Instructor (part time), 11/1/98 through 12/31/98.

College of Pharmacy

Davis, George A., from Assistant Professor (full-time, temporary), to Assistant Professor*, 9/16/98 through 6/30/99.

E. TERMINAL REAPPOINTMENTS

College of Allied Health Professions

Brickell, Jean, Assistant Professor*, Clinical Sciences, 10/15/98 through 10/14/99.

*Special Title Series

College of Medicine

Dhillon, Harbhajan S., Assistant Research Professor, Surgery, 10/1/98
through 6/30/99.

F. LEAVES OF ABSENCE

College of Allied Health Professions

Harrison, Anne L., Associate Professor* (with tenure), Clinical
Sciences, sabbatical leave at full salary, 9/1/99 through 1/31/00.

*Special Title Series

PR 3A

Office of the President
September 15, 1998

Members, Board of Trustees:

AGREEMENT REGARDING AWARDING DEGREES TO STUDENTS ENROLLED IN THE COMMUNITY COLLEGE SYSTEM

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

Background: KRS 164.580(3)(a), enacted by the General Assembly as part of the Kentucky Postsecondary Education Improvement Act of 1997, provides that degrees earned by University of Kentucky Community College System (UKCCS) students enrolled in associate degree programs approved by the University of Kentucky Board of Trustees shall be conferred and awarded by the Board of Trustees. The Commission on Colleges of the Southern Association of Colleges and Schools (COC/SACS), the accrediting agency for UKCCS, has questioned whether degrees may be granted by the University of Kentucky Board of Trustees to students enrolled in UKCCS programs under the administration of the Kentucky Community and Technical College System (KCTCS). To address the accreditation concerns expressed by COC/SACS relating to the provisions of KRS 164.580(3)(a), KCTCS has determined that all existing and new associate degree programs in the UKCCS will be offered pursuant to KRS 164.580(3)(c) and that the KCTCS Board of Regents rather than the University of Kentucky Board of Trustees will confer degrees and award diplomas for those programs. In order to fulfill the expectations of students currently enrolled in UKCCS programs, the Board of Trustees of the University of Kentucky and the Board of Regents of the Kentucky Community and Technical College System will enter into the following understanding.

UKCCS students who were officially enrolled on or before June 30, 1999, in associate degree programs approved by the Board of Trustees of the University of Kentucky and who complete the associate degree program on or before June 30, 2004, shall have their degrees conferred by the University of Kentucky Board of Trustees. The degrees for all other students enrolled in UKCCS programs shall be awarded by the Board of Regents of the Kentucky Community and Technical College System, not the Board of Trustees of the University of Kentucky.

Action taken:



Approved



Disapproved



Other _____

MEMORANDUM OF UNDERSTANDING

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

PREAMBLE

KRS 164.580(3)(a), enacted by the General Assembly as part of the Kentucky Postsecondary Education Improvement Act of 1997, provides that degrees earned by University of Kentucky Community College System (UKCCS) students enrolled in associate degree programs approved by the University of Kentucky Board of Trustees shall be conferred and awarded by the Board of Trustees.

The Commission on Colleges of the Southern Association of Colleges and Schools (COC/SACS), the accrediting agency for UKCCS, has issued a *Report of the Special Committee of the Commission on Colleges of the Southern Association of Colleges and Schools on the Substantive Change Prospectus Submitted by the University of Kentucky Community College System (November 15, 1997)* and a June 3, 1998, letter from James T. Rogers, COC/SACS Executive Director, questioning whether degrees may be granted by the University of Kentucky Board of Trustees to students enrolled in UKCCS programs under the administration of KCTCS consistent with COC/SACS Condition of Eligibility 3 and Section 4.2.3 of the COC/SACS Criteria for Accreditation (1996), which collectively provide that the governing board of an institution of higher education must have among its responsibilities the granting of degrees.

KRS 164.580(4) provides, in pertinent part, as follows:

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

To address the accreditation concerns expressed by COC/SACS relating to the provisions of KRS 164.580(3)(a), KCTCS has determined that all existing and new associate degree programs in the UKCCS will be offered pursuant to KRS 164.580(3)(c) and that the KCTCS Board of Regents will confer degrees and award diplomas for those programs.

In order to fulfill the expectations of students currently enrolled in UKCCS programs, the Board of Trustees of the University of Kentucky and the Board of Regents

of the Kentucky Community and Technical College System enter into the following understanding.

UKCCS students who were officially enrolled on or before June 30, 1999, in associate degree programs approved by the Board of Trustees of the University of Kentucky and who complete the associate degree program on or before June 30, 2004, shall have their degrees conferred by the University of Kentucky Board of Trustees. The degrees for all other students enrolled in UKCCS programs shall be awarded by the Board of Regents of the Kentucky Community and Technical College System, not the Board of Trustees of the University of Kentucky.

WITNESS the execution of this Memorandum of Understanding by the duly authorized agents of the parties effective this 15th day of September 1998.

UNIVERSITY OF KENTUCKY

BY: _____
Edward T. Breathitt
Chair, Board of Trustees

BY: _____
Charles T. Wethington, Jr.
President

KENTUCKY COMMUNITY AND
TECHNICAL COLLEGE SYSTEM

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

By: _____
Jeff Hockaday
Interim President

PR 5A

Office of the President
September 15, 1998

Members, Board of Trustees:

CHANGE IN NAME OF PROGRAM AND DEGREE

Recommendation: that the Board of Trustees approve the change in the name of the program Home Economics Education to Family and Consumer Sciences Education and the name of the degree from B.S. in Home Economics with a major in Home Economics Education to B.S. in Family and Consumer Sciences with a major in Family and Consumer Sciences Education.

Background: The Home Economics Professional Association has changed its name to the American Association of Family and Consumer Sciences. The Kentucky Vocational Education Department has changed its Home Economics Unit to Family and Consumer Sciences. The proposed change in the title of the program and the degree will align them with national and state trends.

The proposed change was recommended for approval by the University Senate Council.

Action taken: Approved Disapproved Other _____

FCR 1

Office of the President
September 15, 1998

Members, Board of Trustees:

ACCEPTANCE OF AUDIT REPORT
FOR THE UNIVERSITY OF KENTUCKY FOR 1997-98

Recommendation: that the Board of Trustees accept the University of Kentucky financial statements for the year ended June 30, 1998, 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, 1998, which have been audited by Deloitte & Touche LLP, Certified Public Accountants. The consolidated financial statements are presented on a comparative basis for fiscal years 1996-97 and 1997-98, 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 _____

**Deloitte &
Touche**



Deloitte & Touche LLP
Suite 2100
220 West Main Street
Louisville, Kentucky 40202-5313

Telephone: (502) 562-2000
Facsimile: (502) 562-2073

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, 1998, 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 generally accepted auditing standards. 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, 1998, and the changes in their fund balances and their current funds revenues, expenditures and other changes for the year then ended in conformity with generally accepted accounting principles.

Deloitte & Touche LLP

Louisville, Kentucky
August 28, 1998

**Deloitte Touche
Tohmatsu**

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CONSOLIDATED BALANCE SHEET
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
JUNE 30, 1998

with comparative totals at June 30, 1997
(in thousands)

	1998					1997
	Current Funds	Loan Funds	Endowment and Similar Funds	Plant Funds	Total	Total
ASSETS						
Cash and cash equivalents	\$ 133,781	\$ 4,061	\$ 566	\$ 107,660	\$ 246,068	\$ 299,477
Notes, loans and accounts receivable (less bad debt allowances of \$17,406 in 1998 and \$17,415 in 1997)	133,225	20,534	839	12,382	166,980	159,212
Investments	107,632		222,911	30,356	360,899	344,468
Property, plant and equipment				1,213,718	1,213,718	1,350,448
Inventories and other	19,842				19,842	20,099
Total Assets	\$ 394,480	\$ 24,595	\$ 224,316	\$1,364,116	\$2,007,507	\$2,173,704
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 26,315	\$ 78		\$ 6,446	\$ 32,839	\$ 37,699
Accrued expense	21,947			2,324	24,271	24,866
Annuities payable			\$ 4,576		4,576	
Employee withholdings and deposits	20,288				20,288	22,958
Other liabilities	7,272			1,298	8,570	7,725
Liability for self insurance	47,501				47,501	40,751
Deferred income	11,439				11,439	12,666
Bonds payable				207,646	207,646	318,478
Capital lease obligations				4,797	4,797	38,548
Total Liabilities	134,762	78	4,576	222,511	361,927	503,691
Interfund Balances	40,081			(40,081)		
Fund Balances						
Current-Unrestricted						
Working capital	134,101				134,101	129,395
Future operations	21,914				21,914	21,856
Other	6,721				6,721	7,916
Current-Restricted	56,901				56,901	61,949
Loan						
Unrestricted		45			45	61
Restricted		6,439			6,439	5,741
U.S. Government		18,033			18,033	17,713
Endowment and Similar Funds						
True			143,461		143,461	120,327
Term			3,262		3,262	7,440
Quasi			71,018		71,018	62,980
Annuity and life income			1,999		1,999	4,344
Plant						
Unrestricted				136,159	136,159	136,971
Restricted				66,729	66,729	95,056
Net investment in plant				978,798	978,798	998,264
Total Fund Balances	219,637	24,517	219,740	1,181,686	1,645,580	1,670,013
Total Liabilities and Fund Balances	\$ 394,480	\$ 24,595	\$ 224,316	\$1,364,116	\$2,007,507	\$2,173,704

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, 1998
(in thousands)

	1998				
	Current Funds	Loan Funds	Endowment and Similar Funds	Plant Funds	Total
REVENUES AND OTHER ADDITIONS					
Unrestricted current fund revenues	\$ 864,423				\$ 864,423
Gifts	20,187	\$ 492	\$ 12,684	\$ 8,794	42,157
Endowment and investment income	8,098	117	309	8,271	16,795
Net increase in fair value of investments	148		27,412		27,560
Interest on loans receivable		423			423
Grants and contracts	106,873	457		2,100	109,430
Expended for plant facilities, including \$47,525 charged to current expenditures				142,393	142,393
Retirement of indebtedness				17,042	17,042
Cancellation of capital lease obligations				28,664	28,664
Proceeds from refunding bonds				4,695	4,695
Other sources	2,868	3			2,871
Total Revenues and Other Additions	1,002,597	1,492	40,405	211,959	1,256,453
EXPENDITURES AND OTHER DEDUCTIONS					
Unrestricted current fund expenditures	800,288				800,288
Restricted current fund expenditures	129,004				129,004
Expended for plant facilities				94,867	94,867
Payments to refunded bond escrow agents				4,612	4,612
Debt increase from refunding				415	415
Noncapitalized expenditures				9,546	9,546
Retirement of indebtedness				17,042	17,042
Interest on indebtedness				12,750	12,750
Disposal of plant facilities				44,047	44,047
Adjustment for actuarial liability for annuities payable			4,576		4,576
Other deductions		599	36	160	795
Total Expenditures and Other Deductions	929,292	599	4,612	183,439	1,117,942
TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS)					
Mandatory					
Debt service					
Educational and general	(19,657)			19,657	
Hospital and clinics	(1,995)			1,995	
Auxiliary enterprises	(6,293)			6,293	
Lease payments	(2,329)			2,329	
Matching grants	(152)	152			
Total Mandatory Transfers	(30,426)	152		30,274	
Net Increase Before Nonmandatory Transfers	42,879	1,045	35,793	58,794	138,511
Nonmandatory					
Plant					
Educational and general	(31,513)			31,513	
Hospital and clinics	(731)			731	
Auxiliary enterprises	(2,269)			2,269	
Endowment and other	(1,507)		(1,593)	3,100	
Total Nonmandatory Transfers	(36,020)		(1,593)	37,613	
NET INCREASE FOR THE YEAR	6,859	1,045	34,200	96,407	138,511
FUND BALANCES, July 1, 1997	221,116	23,515	195,091	1,230,291	1,670,013
EQUITY TRANSFER to Kentucky Community and Technical College System	(8,338)	(43)	(9,551)	(145,012)	(162,944)
FUND BALANCES, June 30, 1998	\$ 219,637	\$ 24,517	\$ 219,740	\$ 1,181,686	\$ 1,645,580

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, 1998**
with comparative totals for the year ended June 30, 1997
(in thousands)

	1998			1997
	Unrestricted	Restricted	Total	Total
REVENUES				
Educational and general				
Student tuition and fees	\$ 101,211		\$ 101,211	\$ 129,794
Government appropriations				
Federal	15,711		15,711	15,313
State	278,934		278,934	345,939
County	6,323		6,323	6,026
Government grants and contracts				
Federal	681	\$ 63,462	64,143	92,308
State	2,132	26,275	28,407	37,128
Private gifts and grants	40,288	30,201	70,489	74,290
Indirect cost reimbursement	18,275		18,275	17,791
Endowment income	797	5,395	6,192	5,194
Investment income	9,902	2,291	12,193	10,743
Increase in fair value of investments	82		82	166
Sales and services	63,811		63,811	55,361
Other	485	2,535	3,020	2,658
Total educational and general	538,632	130,159	668,791	792,711
Hospital and clinics	260,223		260,223	254,793
Auxiliary enterprises	65,568		65,568	63,232
Total Revenues	864,423	130,159	994,582	1,110,736
EXPENDITURES AND MANDATORY TRANSFERS				
Educational and general				
Instruction	194,566	8,880	203,446	263,069
Research	46,155	73,542	119,697	119,273
Public service	105,327	20,186	125,513	128,328
Libraries	16,881	3,086	19,967	23,507
Academic support	36,253	2,926	39,179	40,429
Student services	17,729	294	18,023	26,243
Institutional support	35,615	486	36,101	45,639
Operation and maintenance of plant	31,931	48	31,979	39,265
Student financial aid	15,435	16,438	31,873	60,506
Other		683	683	801
Total educational and general	499,892	126,569	626,461	747,060
Hospital and clinics	253,003		253,003	232,064
Auxiliary enterprises	47,393	2,435	49,828	54,130
Total Expenditures	800,288	129,004	929,292	1,033,254
Mandatory Transfers				
Debt service				
Educational and general	18,177	1,480	19,657	29,745
Hospital and clinics	1,995		1,995	1,998
Auxiliary enterprises	6,293		6,293	5,879
Lease payments	2,329		2,329	2,054
Matching grants	477	(325)	152	88
Total Expenditures and Mandatory Transfers	829,559	130,159	959,718	1,073,018
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS)				
Nonmandatory Transfers				
Plant fund				
Educational and general	(18,727)	(12,786)	(31,513)	(42,205)
Hospital and clinics	(731)		(731)	5,561
Auxiliary enterprises	(2,269)		(2,269)	(1,837)
Endowment and other	(5,272)	3,765	(1,507)	3,953
Excess restricted receipts over transfer to revenues		8,015	8,015	27,222
Total Other Transfers and Additions/(Deductions)	(26,999)	(1,006)	(28,005)	(7,306)
NET INCREASE FOR THE YEAR	\$ 7,865	\$ (1,006)	\$ 6,859	\$ 30,412

See notes to consolidated financial statements.

UNIVERSITY OF KENTUCKY

NOTES TO 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 (Health Associates of Kentucky, Inc.) and its affiliated 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 an 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 (\$1,752,000), invested in U.S. Government/agency repurchase agreements (\$77,610,000) and held on deposit with the Commonwealth of Kentucky (\$166,706,000). 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, 1998, \$1,318,824 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 generally accepted accounting principles 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.

2. Transfer of the University of Kentucky Community College System

The General Assembly of the Commonwealth of Kentucky during the 1997 Extraordinary Session enacted House Bill I, the Kentucky Postsecondary Education Improvement Act of 1997. This legislation transferred management responsibility and financial accountability for the University of Kentucky Community College System (UKCCS) (exclusive of Lexington Community College) to the newly created Kentucky Community and Technical College System (KCTCS) effective July 1, 1997. Accordingly, the following transfer of assets, liabilities and net equity of the UKCCS to the KCTCS was effective July 1, 1997.

	June 30, 1997 (in thousands)				
	<u>Current Funds</u>	<u>Loan Funds</u>	<u>Endowment and Similar Funds</u>	<u>Plant Funds</u>	<u>Total</u>
Assets	\$14,411	\$ 43	\$ 9,551	\$250,037	\$274,042
Less Liabilities	<u>6,073</u>	<u> </u>	<u> </u>	<u>105,025</u>	<u>111,098</u>
Net Equity Transfer	<u>\$ 8,338</u>	<u>\$ 43</u>	<u>\$ 9,551</u>	<u>\$145,012</u>	<u>\$162,944</u>

UKCCS Current Funds revenues and expenditures and transfers for fiscal year 1997 totaled \$179,550 and \$180,749, respectively.

The UKCCS amounts are included in comparative totals of the University of Kentucky consolidated financial statements for the year ended June 30, 1997.

3. Notes, Loans and Accounts Receivable

Notes, loans and accounts receivable as of June 30, 1998, net of allowances, are as follows:

Current funds:	(in thousands)
Hospital	
Third-party payor receivables; Medicare, Medicaid and other	\$ 78,208
Private pay and other receivables	4,580
Estimated settlements with third-party payors	<u>1,349</u>
Total hospital receivables	<u>84,137</u>
Reimbursable costs - grants and contracts	18,866
Other	<u>30,222</u>
Total current funds receivables	<u>133,225</u>
Loan funds: Student notes receivable	<u>20,534</u>
Endowment funds: Accrued interest receivable	<u>839</u>
Plant funds: Accrued interest receivable	1,630
Commonwealth of Kentucky	<u>10,752</u>
Total plant funds receivables	<u>12,382</u>
Total notes, loans and accounts receivable	<u>\$ 166,980</u>

4. Investments

A comparison of the fair value and cost as of June 30, 1998 of the University's investments is shown below:

(in thousands)

Type of investment	<u>Fair Value</u>	<u>Cost</u>
United States government securities	\$ 118,353	\$ 117,659
Common stocks	91,090	69,115
Pooled equity funds	46,508	41,511
Corporate bonds and notes	45,157	44,233
Repurchase agreements	25,780	25,780
Pooled fixed income funds	16,127	16,127
Equity in health care corporations	12,894	12,894
Cash and cash equivalents	4,740	4,740
Other	<u>250</u>	<u>250</u>
	<u>\$ 360,899</u>	<u>\$ 332,309</u>

(in thousands)

Fund group	<u>Fair Value</u>	<u>Cost</u>
Unrestricted current	\$ 22,819	\$ 22,696
Restricted current	84,813	84,407
Endowment	222,911	194,850
Plant	<u>30,356</u>	<u>30,356</u>
	<u>\$ 360,899</u>	<u>\$ 332,309</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 71% 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:

Original investment	\$22,855,000
Equity in losses through December 31, 1997 (CHA's fiscal year end)	<u>(12,505,000)</u>
Carrying value	<u>\$10,350,000</u>

The University's equity in net losses of CHA for the six months ended June 30, 1998 was \$7,201,000 (unaudited). This additional loss is not reflected in the University's consolidated financial statements as of June 30, 1998. In August 1998, the University's Board of Trustees authorized an additional investment in CHA in an amount not to exceed \$17,700,000.

5. Investment in Plant

The major components of property, plant and equipment as of June 30, 1998 are as follows:

	(in thousands)
Land and improvements	\$ 59,618
Buildings and structures	732,016
Equipment and library books	379,697
Construction in progress	<u>42,387</u>
	<u>\$1,213,718</u>

The estimated cost to complete construction under contract at June 30, 1998 is approximately \$23,518,555. 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 \$200 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 1997 to 1998. 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, 1998 is based on the requirements of Governmental Accounting Standards Board 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, 1998.

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, 1998 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, 1998.

Changes in the liability for self-insurance for the year ended June 30, 1998 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, 1997	\$ 27,110		\$ 8,953	\$ 4,688	\$ 40,751
Accruals for current claims/ changes in estimates	4,125	\$39,212	2,064	(881)	44,520
Investment income	1,777	180	314		2,271
Claims paid	<u>(1,387)</u>	<u>(35,784)</u>	<u>(2,133)</u>	<u>(737)</u>	<u>(40,041)</u>
Liabilities at June 30, 1998	<u>\$ 31,625</u>	<u>\$ 3,608</u>	<u>\$ 9,198</u>	<u>\$ 3,070</u>	<u>\$ 47,501</u>

7. Bonds Payable

Bonds payable at June 30, 1998, consist of the following:

	(in thousands)	
	<u>Outstanding</u>	<u>Current Maturities 1998-99</u>
Lexington Campus and Medical Center: Consolidated Educational Buildings Revenue Bonds, issued 1987 to 1998, maturities to 2018, interest rates 2.85% to 7.25%.	\$123,470	\$ 12,080
Consolidated Housing and Dining System Revenue Bonds, issued 1965 to 1997, maturities to 2023, interest rates 2.80% to 5.875%.	29,336	2,065
Hospital Revenue Bonds, issued 1993, maturities to 2006, interest rates 2.5% to 5.5%	15,285	1,385
Lexington-Fayette Urban County Government Governmental Project Revenue Bonds Series 1994 (University of Kentucky Alumni Association, Inc. Commonwealth Library Project), issued 1994, maturities to 2024, interest rates 6.5% to 6.75%.	<u>39,555</u>	<u>955</u>
Total	<u>\$ 207,646</u>	16,485
Interest		<u>10,270</u>
Total debt service for 1998-99		<u>\$ 26,755</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.

For the year ended June 30, 1998, the University defeased revenue bonds in the amount of \$4,695,000 by irrevocably placing the proceeds of new refunding bonds on deposit with bond trustees. The amounts placed on deposit with the trustees will provide for all future debt service payments on the defeased bonds. The refunding resulted in an economic gain of \$173,000.

Trust account assets and a total liability for all defeased bonds of \$24,335,000 at June 30, 1998 are not included in the financial statements.

On July 7, 1998, \$43,420,000 Lexington-Fayette Urban County Government (LFUCG) Governmental Project Revenue Refunding Bonds, Series 1998 (University of Kentucky Alumni Association, Inc. Commonwealth Library Project) were issued at a net interest cost of 5.0249%, representing a partial refunding of the original \$41,000,000 LFUCG Project Revenue Bonds, Series 1994, dated November 1, 1994. The refunding bonds will defease \$34,850,000 of the Series 1994 bonds. The refunding will decrease the University's total debt service payments over the next twenty-five years by \$5,148,673 representing an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,861,179. The transaction will be reflected in the 1998-99 fiscal year financial statements.

The aggregate amount of maturities for the next five years, after giving effect to the \$43,420,000 LFUCG Governmental Project Revenue Refunding Bond, Series 1998 described above, is as follows:

	(in thousands)
1999	\$16,485
2000	\$15,245
2001	\$16,000
2002	\$16,780
2003	\$15,680

8. Capital Lease Obligations

The University has utilized capital leases to acquire various items of equipment costing \$10,280,000. The minimum future lease payments on the capital lease obligations are as follows:

	(in thousands)
1999	\$ 3,058
2000	989
2001	934
2002	179
2003	34
Total	<u>5,194</u>
Less: Amount representing interest	(397)
Present value of net minimum lease payment	<u>\$ 4,797</u>

The 1998 General Assembly appropriated debt service funds to the Finance and Administration Cabinet for Project Revenue Bonds previously issued by the Commonwealth of Kentucky to purchase certain assets which were leased to the University under capital leases. Accordingly, debt service payments on the Bonds after June 30, 1998, will be made directly by the Finance and Administration Cabinet and capital lease obligations of the University, totaling \$28,664,000, were cancelled and are not included in the consolidated financial statements as of June 30, 1998.

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, 1998, the University received income from these trusts amounting to \$945,539. The University has no equity interest in the principal of the trusts which, accordingly, is recorded at a nominal value of \$1 each. The 1998 income received from these trusts is recorded as endowment income in the current unrestricted fund (\$490,251) and in the current restricted fund (\$455,288).

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 group retirement plan, the University and plan participants make contributions to provide fully vested retirement benefits to employees. The University's contributions and costs for 1998 were \$34,215,000 and the employees contributed \$17,015,000. The University's total payroll costs were \$528,442,000. The payroll for employees covered by the retirement plan was \$341,523,000.

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 \$4,632,000 for 1998.

The latest actuarial valuation was prepared as of June 30, 1998 by TIAA. The actuarial present value of vested and non-vested accumulated supplemental retirement income benefits as determined by this valuation, utilizing an assumed rate of return of 7%, was \$32,717,000.

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 \$2,620,000 for the year ended June 30, 1998. At June 30, 1998, 1,709 retirees met the service requirement and were receiving benefits.

13. Contingencies

The University is defendant in several 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 \$31,023,000 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 \$62,200,000.

The University records contributions as revenue when the cash is received.

15. Grants and Contracts Awarded

At June 30, 1998, grants and contracts of approximately \$76,000,000 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.

16. Reclassifications

Certain reclassifications to fiscal 1997 comparative amounts have been made to conform with the fiscal 1998 classifications.

FCR 2

Office of the President
September 15, 1998

Members, Board of Trustees:

REPORT OF LEASE

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

A new lease between the University of Kentucky (Allied Health) and Sam Mashni, 4853 Wyndhurst Road, Lexington, Kentucky, for space located at 933 South Limestone, Lexington, Kentucky, effective September 15, 1998 through June 30, 2000, for the use of 1,800 square feet of office space, at an annual rate of \$15,750.00, be accepted and made a matter of record.

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

Action taken: Approved Disapproved Other _____

FCR 3

Office of the President
September 15, 1998

Members, Board of Trustees:

1998-99 Budget Revisions
Central Administration

Recommendation: that the following revisions to the 1998-99 budget be authorized and approved.

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
A. <u>GENERAL FUND</u>			
1. Income Estimates			
Gifts and Grants			
The Fund for Advancement of Education and Research in the Medical Center	\$ 6,806,800	\$ 6,913,300	\$ 106,500
University of Kentucky Research Foundation - General Fund			
Grants	4,875,400	4,978,800	103,400
Other Gifts and Grants	51,525,700	52,959,700	1,434,000
Sales and Services			
Departmental Sales and Services	40,324,800	40,436,600	111,800
			<u>\$ 1,755,700</u>
2. Expenditures			
Central Administration			
Office of the President			
Legal Counsel	671,900	701,900	30,000
Lexington Campus			
College of Engineering			
Regional Higher Education Center in Paducah	-0-	734,000	734,000
Medical Center			
College of Medicine			
Advanced Medical Research	-0-	700,000	700,000
Dean's Office	2,044,600	2,126,400	81,800
Administration and Support			
Kentucky Center for Clinical Research and Investigator Services	-0-	209,900	209,900
			<u>\$ 1,755,700</u>

A. GENERAL FUND (continued)

3. Comments - The increase in gifts and grants from the Medical Center Fund and the University of Kentucky Research Foundation provides administrative support and services for faculty initiatives in industry-sponsored clinical trials in the Kentucky Center for Clinical Research and Investigator Services. A portion of the increase in other gifts and grants reflects the match for the Research Challenge Trust Fund that will support the Advanced Medical Research Program. The remaining increase in other gifts and grants represents a grant from KCTCS of state funds for the Paducah Community College Engineering Building Instructional Labs. Programs to be supported by increased departmental sales and services include the activities of the Legal Office, and programs in the College of Medicine.

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
B. <u>RESTRICTED FUNDS</u>			
1. Income Estimates	\$ 56,917,000	\$ 57,074,000	\$ 157,000
2. Expenditures			
Lexington Campus			
Agricultural Experiment Station			
Animal Sciences	626,300	628,300	2,000
Entomology	291,200	300,100	8,900
Medical Center			
College of Medicine			
Internal Medicine	1,303,800	1,439,800	136,000
Obstetrics and Gynecology	481,500	483,500	2,000
Ophthalmology	176,600	179,700	3,100
Centers of Excellence			
Center on Aging	717,800	722,800	5,000
			<u>\$ 157,000</u>

3. Comments - Income restricted for the purposes indicated above will fund the proposed additional program activities.

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
C. <u>AFFILIATED CORPORATIONS</u>			
1. Income Estimates	\$148,402,500	\$148,238,900	\$ (163,600)
2. Expenditures			
Athletics Association	29,890,000	29,900,000	10,000
The Medical Center Fund	6,127,200	6,020,700	(106,500)
Mining Engineering Foundation	95,600	131,900	36,300
Research Foundation	109,050,000	108,946,600	(103,400)
			<u>\$ (163,600)</u>

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 are in some instances tentative subject to the approval of the respective affiliated

C. AFFILIATED CORPORATIONS

3. Comments (continued)

corporation boards. The revision for the Mining Engineering Foundation represents the budget as subsequently approved by the affiliated corporation board. The increase in the Athletics Association budget is the interest earnings from a quasi-endowment fund established to support Fellowships. The decrease in the Medical Center Fund and the Research Foundation reflects the additional transfer of funds from the respective affiliated corporations to the University general fund for support of the Kentucky Center for Clinical Research and Investigator Services.

Action taken:

Approved

Disapproved

Other _____

FCR 4

Office of the President
September 15, 1998

Members, Board of Trustees:

ADMIRAL WILLIAM R. SHEELEY QUASI-ENDOWMENT

Recommendation: that the Board of Trustees approve the establishment of a quasi-endowment in the amount of \$500,000 received from the estate of Admiral William R. Sheeley to create the William R. Sheeley Spinal Cord and Head Injury Chair in the College of Medicine.

Background: Admiral William R. Sheeley, a native of Van Buren in Anderson County, Kentucky, retired in 1975 after a distinguished career as a United States Navy officer. He died in 1993 and left his estate to the medical schools at the University of Kentucky and Johns Hopkins University. The initial distribution of \$275,000 from his estate was accepted by the UK Board of Trustees in September, 1995. Subsequent distributions have brought the total estate gift to \$667,845.

Although he did not attend the University of Kentucky, nor did he receive treatment at the UK Medical Center, Admiral Sheeley's bequest was in recognition of his Kentucky heritage and in appreciation of the medical profession for the medical care he received throughout his 86 years. He directed that the gift be used at the discretion of the College of Medicine, which is establishing the quasi-endowment to support medical research in spinal cord and head injury in recognition of Admiral Sheeley's generosity. The \$1 million chair will be created by matching the \$500,000 quasi-endowment with \$500,000 previously received by the College of Medicine from the Kentucky Spinal Cord and Head Injury Trust Fund, which was created by the state General Assembly to support spinal cord and head injury research.

Action taken:

Approved

Disapproved

Other _____

FCR 5

Office of the President
September 15, 1998

Members, Board of Trustees:

GARTNER GROUP GIFT AND PLEDGE OF \$900,000

Recommendation: that the Board of Trustees accept a gift of \$300,000 and pledge of \$600,000 from the Gartner Group of Stamford, Connecticut, to create a chair in the College of Engineering's Department of Computer Science.

Background: The Gartner Group is one of the world's leading information technology consultants. The University has established a unique partnership with Gartner, thus gaining access to all Gartner Group products. These include extensive information technology training materials, expertise in the development of Web-based instructional materials, and comprehensive research materials and briefs on all aspects of information technology. The chair will be named the Gartner Group Chair in Network Engineering. The fund established by this gift will provide support for advanced research in network engineering and for the chair to lead a cross-disciplinary curriculum to provide students a wide range of relevant networking experience.

The \$600,000 pledge will be paid before October, 1999.

Action taken:

Approved

Disapproved

Other _____

FCR 6

Office of the President
September 15, 1998

Members, Board of Trustees:

WILLIAM T. YOUNG LIBRARY ENDOWMENT AGREEMENT

Recommendation: that the Board of Trustees establish the William T. Young Library Endowment, authorize the President to execute an endowment agreement with the donors, and amend the University's long-range Physical Development Plan to prohibit any non-library use of the William T. Young Library site until the year 2050.

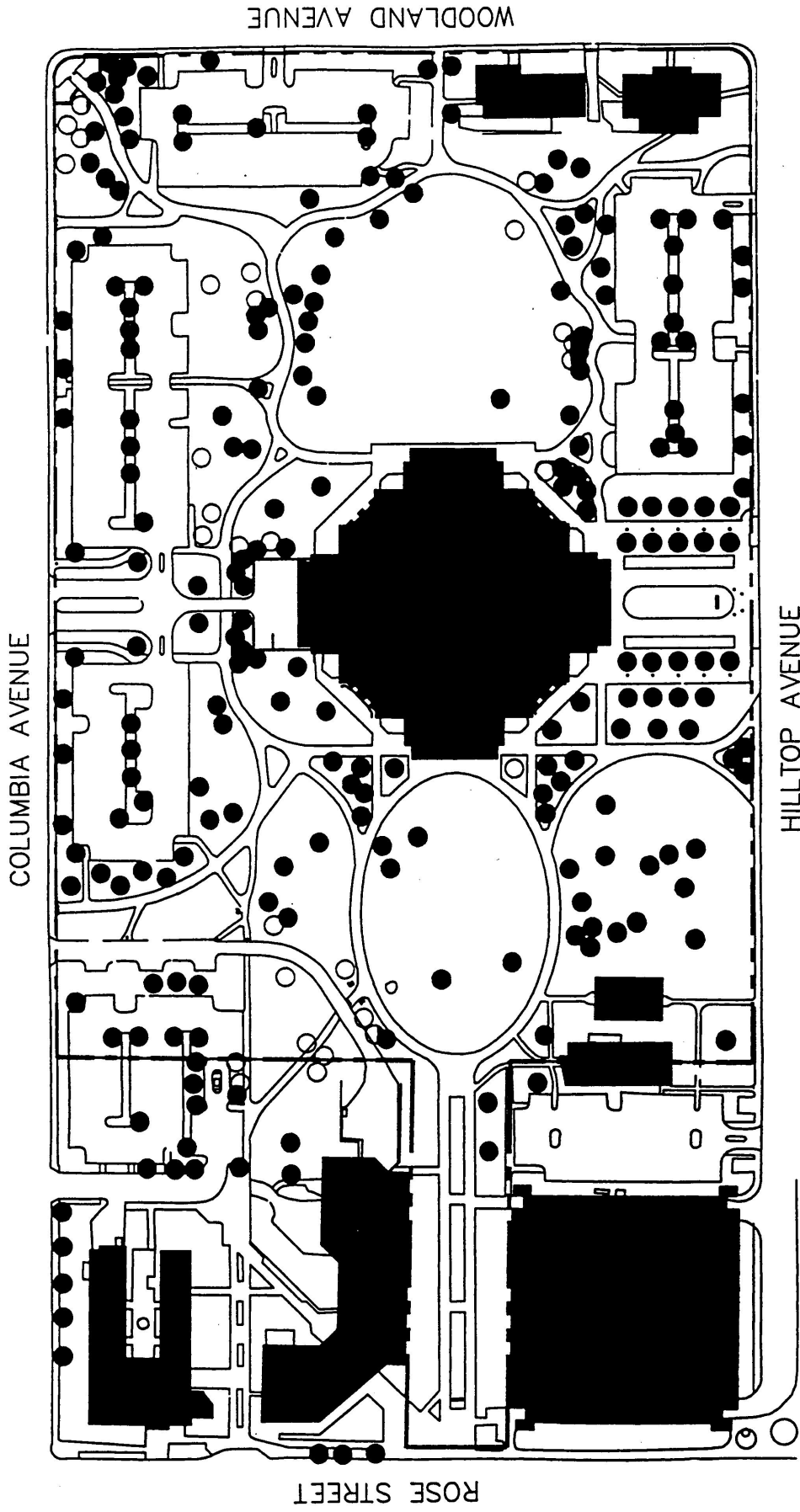
Background: William T. Young, the William T. Young Foundation, and the University share a goal that the William T. Young Library achieve and maintain a level of excellence which may not be provided by University funding alone. The parties also want the library site to be maintained in a park-like setting. To accomplish these goals, Mr. Young and the Foundation have proposed creation of an endowment to develop research collections to help carry out the recommendations of the Task Force on Research and Graduate Education and to support the University's goal of becoming a top 20 public research university; to purchase books and other library materials, including digital and electronic formats, with special consideration to collections which also meet the library and information needs of other libraries in the Commonwealth of Kentucky; to supplement landscaping and maintenance for the library site; and for other extraordinary needs of the William T. Young Library. Mr. Young has agreed to chair a campaign to raise \$5,000,000 for the endowment by December 31, 2002. The University's amended long-range Physical Development Plan for the library site will prohibit any non-library uses until the year 2050. The proposed amendment to the Physical Development Plan is attached.

Action taken:

Approved

Disapproved

Other _____



WILLIAM T. YOUNG LIBRARY SITE
 PROPOSED AMENDMENT TO THE 1991 PHYSICAL DEVELOPMENT PLAN



■ BUILDING
 - - - - WILLIAM T. YOUNG LIBRARY SITE

FCR 7

Office of the President
September 15, 1998

Members, Board of Trustees:

ESTATE OF JES AND CLEMENTINE SCHLAIKJER

Recommendation: that the Board of Trustees accept \$7,001,966 from the estate of Jes and Clementine Schlaikjer to establish and endow funds to study and research equine infectious diseases in the College of Agriculture's Gluck Equine Research Center in the Department of Veterinary Science.

Background: Jes and Clementine Schlaikjer lived in Prescott, Arizona. She died in December, 1995, and he died in September, 1996. They bequeathed most of their estate to UK for endowments to support equine infectious disease research. The endowments will create chairs and professorships in the Department of Veterinary Science and support other equine research programs and initiatives.

Jes and Clementine Schlaikjer spent 40 years together traveling the world riding and training their horses - mostly Saddlebreds and Morgans. Horses had given them so much pleasure that they committed their life's worth to equine research. While in their veterinarian's office in Arizona in 1991, they saw one of the UK Equine Research Foundation newsletters. They called the foundation asking for more information and within six months rewrote their will to include UK. Even though they never visited UK and never met personally with university officials, the Schlaikjers, who insisted on anonymity until after their deaths, left their estate to UK to fund research to search for cures for equine infectious diseases.

Action taken:



Approved

Disapproved

Other _____

FCR 8

Office of the President
September 15, 1998

Members, Board of Trustees:

PROPERTY CONVEYANCE TO
LEXINGTON FAYETTE URBAN COUNTY GOVERNMENT
COLDSTREAM RESEARCH CAMPUS

Recommendation: that the Administration be authorized to convey to the Lexington Fayette Urban County Government a roadway right of way and a permanent maintenance easement from Newtown Pike to the western boundary of the Coldstream Research Campus as shown on the Preliminary Development Plan. The right of way will be approximately 150 feet in width and the permanent maintenance easement will be 100 feet in width on each side of the right of way.

Background: The Preliminary Development Plan for the Coldstream Research Campus submitted by the University and adopted by the Urban County Planning Commission in 1992 anticipated that the University of Kentucky would dedicate the right of way through Coldstream for the construction of a major roadway connecting Newtown Pike with Georgetown Road and therefore serving as one of the major streets in the development of Coldstream.

The permanent maintenance easement will permit the Urban County Government to have access to 100 feet on each side of the road for maintenance purposes rather than having a dedicated right of way. A right of way dedication of 100 feet on each side of the roadway would have altered the Coldstream Development Plan along the roadway including the possible reconstruction of existing infrastructure in lots 17 & 18. The permanent maintenance easement serves the objective of the Urban County Government of having access to the area for any needed repairs and maintenance and the Coldstream Development objective of maintaining the existing Development Plan which was adopted by the Urban County Planning Commission in 1992.

Action taken:

Approved

Disapproved

Other _____

FCR 9

Office of the President
September 15, 1998

Members, Board of Trustees:

COLDSTREAM RESEARCH CAMPUS GROUND LEASE -
CENTURY OFFSHORE MANAGEMENT CORPORATION

Recommendation: that the Administration be authorized to execute a ground lease between the University of Kentucky and Century Offshore Management Corporation for Lots 19 & 20 of the Coldstream Research Campus for the purpose of developing a commercial office building to house their corporate headquarters and other corporate support units of Century Offshore as well as an alternative medical clinic.

Background: Century Offshore Management Corporation is a Lexington based corporation. Century Offshore Management Corporation is an independent oil and gas exploration and production company that was incorporated in 1986 in the State of Kentucky. Century's production facilities are located in the Gulf of Mexico, offshore Louisiana and onshore Mississippi and Louisiana, and the North Sea.

Medical Doctors (MD's) licensed to practice medicine in the Commonwealth of Kentucky will staff the alternative Ayurveda Health Clinic and will utilize the Ayurveda medical system along with traditional medicine. The prospective tenant is interested in working with the UK Medical Center on research projects to evaluate the science related to the Ayurveda medical system.

KEY TERMS OF GROUND LEASE

PARTIES	Lessor - University of Kentucky
	Lessee - Century Offshore Management Corporation
TERM OF GROUND LEASE	108 years
SIZE OF PARCEL	Lots 19 & 20, 11.18 acres; as shown on the Coldstream Research Campus Development Plan.

GROUND RENT

Until the last day of the calendar month in which commencement of construction of the improvements has occurred, the annual rent to be paid by the lessee shall be at the rate of \$1,000 per month.

After commencement of construction of the improvements has occurred, Lessee will pay Lessor monthly at the rate of \$8,310 per acre per year (annual lease payment \$99,720) (Value per acre \$99,105 times 11.18 = \$1,108,000 times 9%=\$99,720).

Rent increases by 25% of the Consumer Price Index every five years.

OPTION TO PREPAY RENT

At any time during the initial five year period, Lessee will have the option of prepaying all of the annual rent due for the initial term and thereby extinguishing its obligation to pay annual rent by paying Lessor the sum of \$1,108,000 (11.8 acres time \$99,105/acre). Lessor shall be entitled to retain any monthly lease payments made to the date of prepayment.

DESIGN GUIDELINES

To ensure a quality project and compatibility with the University's long-term development concepts for the Coldstream Research Campus, the lease requires Lessee to comply with Architectural and Landscape Guidelines.

UNSUBORDINATED LEASE

The University's interest in the property or the Lease will not be subordinated.

INFRASTRUCTURE

The University of Kentucky will provide infrastructure to the site.

Action taken:



Approved

Disapproved

Other _____