

**Regular Meeting of the Board of Trustees
January 26, 2010**

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UNIVERSITY OF CINCINNATI

Official Proceedings of the

Two Hundred and Ninety-Sixth Meeting of the Board of Trustees

(A Regular Meeting)

January 26, 2010

The Two Hundred and Ninety-Sixth Session of the Board of Trustees of the University of Cincinnati was opened at 10:19 a.m. on Tuesday, January 26, 2010, in the Russell C. Myers Alumni Center of the University of Cincinnati. Notice of this meeting was given in accordance with Section 121.22 of the Ohio Revised Code. The proceedings of the Board, when not otherwise provided for by its bylaws, are governed by *Robert's Rules of Order*.

H.C. Buck Niehoff, Chairperson of the Board of Trustees, presided. Mr. Niehoff asked that roll be called.

BOARD MEMBERS PRESENT: C. Francis Barrett, Margaret E. Buchanan, Thomas D. Cassady, Gary Heiman, Sandra W. Heimann, Thomas H. Humes, H.C. Buck Niehoff, and Robert E. Richardson, Jr.

BOARD MEMBERS ABSENT: Stanley M. Chesley

ALSO PRESENT: Gregory H. Williams, President;
Robert H. Ambach, Sr. Vice President for
Administration and Finance;
Anthony J. Perzigian, Senior Vice President
for Academic Affairs and Provost;
Michael W. Carroll, Vice President for
Development and Alumni Affairs;
Sandra J. Degen, Vice President for
Research;
Mitchel D. Livingston, Vice President for
Student Affairs and Chief Diversity
Officer;

Mitchell D. McCrate, General Counsel;
Carlo Montemagno, Chair for Council of
Deans;
James D. Plummer, Vice President for
Finance;
David Stern, Vice President for Health
Affairs;
Michael J. Thomas, Director of Athletics;
Gregory J. Vehr, Vice President for
Governmental Relations and
University Communications;
Greg Hand, University of Cincinnati
Spokesperson;
Otto M. Budig, Foundation Representative;
Steve Simendinger, Alumni Representative;
Marla Hall, Faculty Representative;
Makram Suidan, Faculty Representative
B. J. Zirger, Faculty Representative;
Kyle Quinn, Undergraduate Student Trustee
Tim Lolli, Student Representative
Susan Stringer, Executive Assistant to the
Board of Trustees and Sr. Vice
President for Administration and
Finance;
and the public

(Prior to the Board Committee Meeting and the Regular Board Meeting,
Chairman Niehoff began the proceedings at approximately 8:30 a.m.)

Mr. Niehoff:

Good morning everyone. We have a large audience today and we appreciate everyone being here. We would like to welcome everyone to our first board meeting for 2010. We have a couple of new faces at our table today.

I would like to welcome our new trustee Thomas D. Cassady. Tom is President, CEO, and Owner of USI Midwest Inc. He earned a bachelor's degree in History from the McMicken College of Arts and Sciences here at UC in 1976. Tom has been active as

a volunteer at UC and currently serves on the *Proudly Cincinnati* Campaign Leadership Committee for Arts and Sciences. Please welcome Tom. (*Applause*)

Also, a familiar face to the board, but in a new role here at UC is Bob Ambach. Bob has been named Interim Senior Vice President for Administration and Finance. There you are Bob. Welcome. (*Applause*)

Also, I would like to acknowledge that we are all very happy to see at our table again today our distinguished Undergraduate Trustee, Mr. Kyle Quinn. (*Applause*)

I'm excited to announce we have a special presentation this morning regarding the *Proudly Cincinnati* campaign. As you all know, this campaign is the biggest one of the history of the university, and in fact, it is the biggest for any organization in the history of our region. It seeks to fund our ambitions for the future and maintain our positive institutional momentum. As one of the convening co-chairs of *Proudly Cincinnati* and as a proud alumnus and stakeholder of the university, I support this campaign enthusiastically.

At this time, I would like to introduce Otto Budig, my fellow convening co-chair of *Proudly Cincinnati*, who will begin the special presentation with an update on campaign progress and activities we are planning for 2010. Otto has some very exciting things to share with us today.

Mr. Budig:

Ladies and Gentleman and members of the board, I'm here today to share our latest campaign news and update you on our yearly progress. Before I begin my report, I'd like to acknowledge the ongoing work of our trustees, faculty and staff, as well as the academic and university leaders to advance the campaign and build private support for the University. We're grateful for your efforts and we hope your example drives even

more stakeholders to get involved in 2010. We certainly appreciate your personal generosity to the campaign and the university.

Concerning the progress of the campaign, I'm pleased to report that as of December 31, 2009 *Proudly Cincinnati* cumulative fundraising stands at \$638,598,177 – an extraordinary amount of money. (*Applause*) In terms of our yearly fundraising progress we've raised north of \$49 million through the first six months of Fiscal 2010. This includes \$41 million in gifts and pledges and more than \$8 million in non-governmental research funding.

In 2010, we're going to maximize our opportunities for support and exposure with expanded leadership. As co-chair's we have recruited some extraordinary individuals: Jeff Williams, the former UC Foundation chairman and DAAP graduate; Todd DeGarmo, chairman of the Washington, DC campaign committee and DAAP alumnus; Carrie Hayden, UC Foundation trustee and Cincinnati Cancer Consortium supporter; and Bob Fealy, UC Foundation trustee and chairman of the Chicago campaign committee. We've also invited Larry Sheakley who is the UC Foundation Trustee and athletics benefactor responsible for issuing the fundraising challenge that benefited the Jefferson Avenue Sports Complex last year. This distinguished group of business professionals will be a major asset to the campaign. Buck and I look forward to working with them as we reach out to alumni, friends and corporations across the country who are not yet familiar with our message.

In addition to these co-chairs, we are planning to establish more regional campaign committees in the year ahead, and are investigating the possibility of holding more regional campaign celebrations in key areas where opportunities for additional private support are greatest. The committees we will be forming will be modeled after the successful committees we've already established in Chicago, New York, and Washington D.C. The new regional areas for 2010 will include Atlanta, Columbus, Florida and Southern California. These moves will best position us to identify and connect with those new donors, as well as past UC supporters who have yet to make a campaign gift.

As always, thank you for the opportunity to be here, and thank you for being *Proudly Cincinnati*. President Williams?

President Williams:

Good morning everyone and thank you, Otto. Before I get into the next portion of the program, actually I would be remiss if I did not pause to acknowledge the extraordinary dedication of our campaign volunteers and our great leaders here, the volunteer leadership provided by you and co-chair Buck Niehoff. The success that we've enjoyed so far really is due in large part to your personal commitments and all of us – trustees, faculty, staff, and of course, the current and future students of the University of Cincinnati – are tremendously gratified by the assistance you have provided.

Mr. Budig:

Thank you.

President Williams:

As I mentioned in my first address to the university, I chose a career in higher education because I truly believe in education's transformational impact for the men and women from all backgrounds acquiring the knowledge and skills they need to make a better life today and provide a better future for their own children.

And it didn't take me long to recognize the transformative effect the University of Cincinnati has on the world as well as the institutional transformation that has been taking place here for quite some time:

- Advances in life-saving and life changing medical research into diseases and conditions that afflict millions around the world – Parkinson's disease, diabetes, cancer and neurological disorders.
- Nationally acclaimed programs across the university – from performing arts and design to business, humanities, law and engineering.

- Near record enrollments – above 39,000 with students who continue to be more academically prepared than ever before.
- A record level of research productivity at almost \$380 million last year.
- A modern and dynamic campus brimming with new facilities.
- And, of course, who could ever forget the back-to-back Big East Championships, going to the Sugar Bowl and inspiring all of us to dream big and to achieve new level of success.

Indeed, I'm impressed not only by the strength and the breadth of our academic programs and research excellence, but also by the generosity and engagement of UC alumni, friends and corporate partners. It's part of the reason why we've all enjoyed an almost unprecedented level of success raising more than \$638 million toward our campaign goal of one billion in the first four and a half years of the *Proudly Cincinnati* campaign.

We've been fortunate to receive dozens of major gifts that are transforming programs, strengthening research, and bolstering academic excellence. College of Business alumnus and JC Penney CEO Mike Ullman along with his wife and DAAP graduate, Cathy, made a \$10 million pledge to the School of Design in DAAP, which transformed design education by giving the university the proper resources to maintain and strengthen the program while attracting and retaining the best faculty.

We've been fortunate to receive gifts of this nature throughout the campaign and even though the economy has created a challenging climate for fundraising, donors have still responded to our calls for support. Western & Southern Financial Fund has pledged a multi-million dollar gift to the Cincinnati Cancer Consortium, which is the ambitious collaboration between UC, University Hospital, and Cincinnati Children's Hospital. This gift will aid our efforts to gain recognition as a National Institute of Health-approved Cancer Center, the first such center in Southwest Ohio.

In addition, the College of Law has received a gift of \$1 million from UC alumnus James Helmer and his wife, Debra and this will go toward a long-term goal of providing a new law building. The new facility will have space for a courtroom, informal meetings rooms, student-government activities, career development resources, and a new library.

While I've highlighted major gifts, keep in mind that all gifts make a difference. Annual gifts of \$50 to \$100 quickly add up to meaningful support for the university's programs and funding priorities. In fact, more than 2500 individuals and couples gave \$1,000 or more to UC and are recognized by the Charles McMicken Society. McMicken Society members provide the university with the largest block of annual funding – more than \$23 million – which goes to support the programs, departments and areas of the university they are most passionate about.

Our athletic programs also benefit from the annual support generated by UCATS and the George Smith Society. This largesse was recently taken to a new level by Foundation Trustee Larry Sheakley who has committed over \$2 million build the Jefferson Avenue Sports Complex and he has challenged others to make gifts to match his support.

And many of UC's faculty and staff have chosen to give back and the cumulative effect of this support actually is astounding. Gifts to *Proudly Cincinnati* from current and retired faculty and staff total more \$48 million, let me repeat that again, \$48 million, proving that each gift – whether \$10, \$100, or \$10 million – really adds up to the margin of excellence that keeps the University of Cincinnati moving forward and is evidence that UC will be strong today and will have a great future.

One of the great challenges that we have in the campaign is articulating the need for support and demonstrating the impact of the gifts that we do receive. Case statements, flyers and websites can provide factual information in a factual basis, but nothing compares to hearing directly from the students who benefit from the generosity

of others. The Foundation has actually created a video to share with our donors, with our alumni and with friends across the country and I'm pleased to share it with you at this time.

(A Video entitled UC Transformation was shown)

President Williams:

These stories are simply just a few examples of the students and alumni who have had their lives changed – transformed – here at the University of Cincinnati by the private support made available to us. And they as well as future generations are the reason that I am making this presentation today to tell everyone in the University of Cincinnati and beyond that I fully embrace the *Proudly Cincinnati* Campaign and will do everything that I can do to make sure that we reach our goal of \$1 billion. With less than four years remaining in that campaign I realize that we're facing an immense challenge especially considering, what Otto mentioned in his presentation, the second half of the campaign requires us to reach out to new donors and others who are not necessarily overly familiar with what we are doing at the university these days. But I have no doubt that we in fact will be successful by telling our stories, by making the compelling case that private support does enhance our ability to transform lives and the world around us and by engaging many people who are interested in seeing our great university move forward to greatness and to become even better and thrive in the years to come. So you can count on me to be the University of Cincinnati's strongest advocate and I'll do everything I can to make sure we move on this path of success.

In addition to confirming my commitment to the campaign, I am also here to challenge every program, every department, every college, every student, every faculty member, and every staff member to demonstrate the same commitment that I've just discussed as we go forward in the final years of the campaign.

Our colleagues at the UC Foundation are spearheading our fundraising efforts, but this not the Foundation's campaign – this is the university's campaign. And it's up to

each of us to make *Proudly Cincinnati* part of the university's DNA and share the university's story of transformation which each and every one of us helps to write everyday. Now I know all of us in the room have a significant stake in the University of Cincinnati and the success of the campaign. At this time I would like to ask Trustee Tom Humes to speak on behalf of the Board of Trustees and discuss their motivations for supporting *Proudly Cincinnati* and why the challenges that I have mentioned today are essential to the university. Mr. Humes.

Mr. Humes:

President Williams, thank you. And on behalf of the Board of Trustees I want to extend to you a very personal and special thank you for your great commitment to our university and your great commitment to our *Proudly Cincinnati* campaign. No one knows or understands better the transformative power of education than Greg Williams. That is why you are sitting with us today. We are blessed with a wonderful university, we have a great heritage and we have had many great presidents. We have a man today who is going to lead us to another level—another level of success academically, success enrollment wise and success fundraising wise. We owe a tremendous thank you to the work of the UC Foundation; our convening co-chairs, Otto Budig and Buck Niehoff; combined with the senior staff of Mike Carroll and Bill Mulvihill who have truly led this campaign and organized it and gotten us to this amazing \$638 million level. I know that many of you, like myself, have been here many years—many, many, many years—and I can say it is remarkable when you look at how quickly we have achieved this \$600 million plus number. The work that has gone into it has been phenomenal – the effort, the planning, the execution. But what it means most of all to our university is the spirit that is going to help continue to grow – the spirit of our university. It is that spirit that has gotten us everything that we have achieved over the years.

I think the power of this transformation and the power of the gift and I believe, I would guess that just about everybody in this room has given to the university in fact, many times, and in many different ways. It doesn't matter whether you can give \$100, \$10,000 or \$10 million, that fact is you give and you give what you can. You give what

you can because you believe and you believe what the university is about. You believe in the transformational nature of what we can do in people's lives like we saw in the program.

We have been very blessed in the history of this university to have many people that believe that. If you just look around and see some of the names on our buildings today – the Nippert family and the Corbett family (of course, have endowed CCM and very early on, Athletics for the Nippert family), and the Lindner Family (through the College of Business and Carl Lindner and our recently departed, very special friend, Richard Lindner who created and really funded the primary gift for the spectacular Varsity Village campaign.) Indeed, we would not be one of the leading, if not the leading, College of Music were it not for the Corbett's and the Nippert's. We may not be in the Big East and have gone to the Orange Bowl and the Sugar Bowl had it not been for Rich Lindner. The power of these gifts is amazing. It is a wonderful time in our university and we have a great opportunity over the next three to four years to complete this campaign. There's no doubt that we will do it. Your new campaign co-chairs are fantastic and they will lead us to a new level of excitement and giving. I just know how many of you out there have been holding back a little bit, just waiting a little bit to make that gift. Maybe you even made that first gift but you've been waiting for that time to say, "You know, okay I really have to open the wallet up now, I really have to dig in deep and we really need to do something." Well, Ladies and Gentlemen, now's the time. Get that wallet out and get this thing going and put it over the top as quickly as we can. President Williams, thank you for your great leadership and, Go Bearcats. *(Applause)*

President Williams:

Thank you Trustee Humes for your support and I thank all the trustees for their support in this campaign because I know that each and every one of you is going to help make a difference in reaching our goal. Many of you know of the great changes that have occurred at the university over the past years and the great opportunities that really lie out there for us to move forward to even greater heights that we may not have even imagined yet. I am excited about this and I'm excited to turn the podium over to a young man I've

gotten a chance to know in the brief time I've been president, who is the president of our student body, who is definitely committed in any way and every way possible to the University of Cincinnati – Tim Lolli. Tim would you please come up? (*Applause*)

Mr. Lolli:

President Williams and members of the Board, good morning. I'm here today as the president of the Student Body at the University of Cincinnati to voice student support for the *Proudly Cincinnati* campaign. President Williams, we recognize the importance of achieving the campaign's goal and we fully embrace your challenge of becoming more involved in the campaign. As a result, I've been working with students all over across the university to implement a fundraising endeavor led entirely by the student body. We are calling our campaign *Proudly Pennies*.

The goal of *Proudly Pennies* is to have student representatives from each college work together to collect one billion pennies as a symbolic reminder of *Proudly Cincinnati's* billion-dollar fundraising goal. While this is a student-led initiative, we welcome and we will be encouraging everyone in the community to get involved and make contributions to our effort. We hope *Proudly Pennies* gets students and alumni thinking about *Proudly Cincinnati*, and motivates members of the UC family to become involved in the campaign.

One of the main reasons we decided on a penny campaign is the idea that President Williams touched on a few minutes ago that all gifts, put together, make a difference in the University's future. If we are able to achieve our goal and raise one billion pennies, we will have raised \$10 million for the University of Cincinnati. *Proudly Pennies* is a great way to illustrate the concept of all gifts making a difference, and we will empower students to give whatever they can afford, even if the amount doesn't seem significant.

Proudly Pennies is also an innovative way for us to keep *Proudly Cincinnati* at the forefront of our minds and our colleges, and it gives us a platform by which to engage

alumni and others about the campaign. A conversation that starts with the explanation of *Proudly Pennies* can evolve into a discussion of the campaign and the necessity of its success for UC to continue transforming lives through education, research and service.

As the voice of the students, this is our time to give back to our university. As seen in the video, donors have already left a lasting impact of so many students and let me be the first to say we sincerely appreciate the efforts of those who give to the campaign because we know your generosity will ultimately benefit the future generations of students. By raising funds through *Proudly Pennies*, this will allow us to not only to work toward the benefit of future Bearcats, but as a way of saying thank you to those who have already given so much to this great university.

So today, I'm here to start the *Proudly Pennies* campaign right now, in this room, with those closest to the heart of the university – our trustees, academic and university leaders, and of course, President Williams. The pennies you give today will inspire the student body to make their own contributions and seek out support from others. Let's show the world that not only are we *Proudly Cincinnati*; we're *Proudly Pennies* as well.

President Williams, we look forward to collecting as many pennies as we possibly can. Once again, we accept your challenge and we will raise one billion pennies. We want to partner with you as we continue to transform the University of Cincinnati. I'm Tim Lolli and I'm *Proudly Pennies*. And, I happen to have a jar right here to accept the first donation for the first taker. So with that – thank you very much. (*Applause*)

President Williams:

Thank you, Tim. I'm really amazed. This is such a creative and great idea and I'm so appreciative of what you and all the students do on a daily basis and the support you provide for the university. This is truly a creative and ambitious goal and actually I am delighted to be the first contributor to the *Proudly Pennies* campaign. (*President Williams contributed the first donation to the Proudly Pennies campaign. (Applause)*)

President Williams:

Actually I'd like Trustee Humes to come back up if he might.

Mr. Humes:

I might have a heart attack. (*Laughter as Mr. Humes carries up large and heavy jar of pennies*). Maybe I won't come back up there. Mr. Lolli, thank you for your challenge. The Board of Directors graciously accepts your challenge and to help you and the students we thought we would give you collectively our contribution to help kick off the *Proudly Pennies* campaign. (*Laughter*)

President Williams:

Well I want to thank you all for the support for the campaign and allowing us to use the board meeting this morning to kick off the campaign. As you know the board tradition also is for me to give a good news report to present at every meeting, but after this display of dedication and passion for the University of Cincinnati and the *Proudly Cincinnati* campaign, I believe we've covered a lot of good news. So actually what I'd like to do now is move on to our next presentation and ask Caroline Miller to give us the enrollment update. Caroline?

(Caroline Miller, Ph.D., Associate Vice President for Enrollment Management, gave the following enrollment update information.)

Dr. Miller:

Thank you, President Williams. I'd like to begin today with a few snip-its from the *Cincinnati Times-Star* editorial written November 22, 1929 entitled *Our Wonderful University*. "There must be growing wonder at the enrollment statistics of the University of Cincinnati. That this great university has eleven thousand and seventy-nine students is indeed a wonderful fact. Today many new buildings in Burnet Woods attest to our growth. Who would have thought 30 years ago we would have grown so big." It goes on to recount the statistics of our campus and it ends with the following. "The large attendance from other states and countries is a tribute to the reputation of UC. These

students not only add to the revenues of the University, but are in a way educative to our local students. One of the supposed advantages of a Cincinnati young man's or woman's attending an out-of-town educational institution is the contact with persons coming from other parts of the country and world. The University of Cincinnati now affords such contact and thus is enabled to give all the benefits of a university education." Ahhh – the more things change the more they seem to stay the same.

So let's fast forward to today, as we enter this new decade, we continue to see progress on enrollment trends that began in the last – or perhaps those of 81 years ago. The gains from fall quarter have carried through to winter. We continue to be roughly 2500 students larger than we were last winter.

Admissions applications are up some 12% and that's about 1500 applications. Last week we exceeded 14,000 applications for the 4,000 spots in our freshman class – a number not seen until March last year and never prior to that.

The quality of the applicant pool is stronger as well by all measures including grades, class rank and test scores. Unfortunately this also includes about 1500 students who do not meet main campus minimums. So we have started our referral processes to the regional campuses and to Cincinnati State for there are many roads to a UC degree. As a result the offer pool is “way” stronger than last year.

The applicant pool is also considerably more diverse by almost any measure – 13% more African American students and 30% more Hispanic and Latino students. New state and federal reporting requirements featuring the opportunity for students to report as multi-racial are changing our baselines. We're also up 30% in International undergraduate applicants and 15% in domestic out-of-state students – and the pool, like UC, remains pretty gender balanced.

So, today at the end of January, we know we've been successful in getting these students “to the door”. But, 4,599 prospective student visitors to our campus this fall,

14,000 outgoing phone calls, 38,500 incoming calls, 5,000 email enquiries, and 500 Facebook Friends is not quite enough. What's left?—just the small task of getting these students to walk through the door and join the Class of 2010. Our focus has now turned exclusively to yield. The Cincinnatus Competition occurs the first two Fridays in February. Some 3,700 students are eligible for Cincinnatus consideration this year. And, 700 will be coming to campus to compete for higher awards. Their credentials are stunning and they have oh so many options. 600 students are eligible for our Turner Scholar consideration – again stunning students with lots of options. Our Washington's Birthday open house – traditionally our largest of the year – will draw many back “to make up” their minds. All of our institutional aid packaging and the theme that you all have had this morning will occur between now and the end of March. The housing application opens next week and yes we will make another 20,000 phone calls and email responses before we reel in the Class of 2010.

I guess it is indeed better to “be hot than not” – whether it's 1929 or 2010. Thank you. I'm Caroline Miller and I, too, am *Proudly Cincinnati*.

President Williams:

Thank you, Caroline. And now our next presentation focuses on a report on investments. Interim Senior Vice President for Administration and Finance, Bob Ambach, and Chief Investment Officer, Tom Croft will make the presentation.

(Robert F. Ambach, Interim Senior Vice President for Administration, and Thomas D. Croft, Chief Investment Officer, gave the following Report on Investments, using PowerPoint slides. A copy of the presentation is on file in the Office of the Board of Trustees.)

Mr. Ambach:

Good morning Chairman Niehoff, distinguished members of the Board, and President Williams. It is indeed a pleasure to present to you the annual Report on Investments to you this morning. Based on the video and all of the presentations, I think

it is not only important to emphasize raising money, but also being good stewards of those dollars once they come to the university—not only in the application of how we use the dollars, but also how we invest and spend them from the administrative side of the house.

Tom and I will be discussing the UC Endowment and short term investments in this report. The data that we'll be presenting reflects fiscal year-end data as well as the most recently available data from November 30, 2009.

Let's begin with an overview of the endowment and cash positions of the university. If you'll turn to page three, you'll see that as of November 30, 2009 the total endowment was approximately \$915 million down about 23% from the peak of almost \$1.2 billion in June 2007.

If you review the endowment section you will notice that there are three components of the endowment. The largest, at \$667 million, is the Endowment Pool often referred to as the A Fund. This Fund is managed by our Investment Office. The second component is the Separately Invested Funds totalling \$49 million which are invested in special assets outside of the pool such as real estate and single purpose stock investments. The Other Trustees fund of \$199 million are endowments trustees manage outside of the university's A Fund under the terms of the bequest which created them.

You'll see in this second section that there is a group included in the Endowment Pool and in the Separately Invested Funds that are the Neighborhood Development Corporations Loans. As you can see, the NDC loan balance held by the endowment has declined to \$78 million as of November 30, 2009 from a high of \$104 million at the end of FY 2006. The significant changes from the high are related to a \$26 million repayment related to the King-Highland Project and the decision to create a \$25 million dollars of reserve and principal and accrued interest. There's been a change at the end of FY 2009 of \$7 million and this was mainly due to funding our \$9 million commitment to the Uptown Consortium and the projects related to that and it was offset by similar small

transactions such as liquidating the Re Kirk Portfolio and the sale of the Old St. George's Church.

As far as our cash position at the university, we continue to have positive news. As of November 30, 2009, the Temporary Investment Pool stood at \$258 million. This is up from a fiscal year-end low of \$93 million in 2006. I will be covering the results and future concerns related to the Temporary Investment Pool in more detail in a few minutes.

If you turn to page four, our agenda this morning is to share with you more information on the Neighborhood Development Corporations Loans, which are part of the Endowment Pool, and the annual return and challenges facing the Temporary Investment Pool. I'll then turn over the presentation to Tom Croft who will review the Endowment Investments and Spending.

I'd like to begin with a brief update on the Neighborhood Development Corporations Loans. If you turn to Tab #1 in your booklet, you can begin by reviewing the portfolio as of November 30, 2009. There really have been minimal changes in the outstanding balances since we last reported this information. There have been advances with tenant improvements to University Park, but these are offset primarily by sales of condos at the Stetson Complex. Additional reserves of \$2.2 million were made in Fiscal 2009. As you'll notice, total reserves are now \$36 million against a total principal and interest of \$112 million. This interest in reserve reflects market value adjustments for undeveloped real estate. We continue to track the accrued interest on large projects, but most of it is reserved to the long-term project on the payout of these projects because of the nature of the returns. The tight credit markets really continue to prevent good projects from getting started thus increasing the carrying costs of undeveloped properties. On a positive note related to the Neighborhood Development Corporations, the neighborhoods of Uptown remain supportive of the overall community development effort. And, thanks to Gerry Siegert and Beth Robinson, UC continues to have positive relationships with neighbors and the Uptown Consortium partners.

On this slide we provide a listing of the various projects that are covered under the Neighborhood Development Corporations Loans. In the interest of time, I will not reviewing each of the projects, but if you have any questions or interest in details of the projects, we'd certainly be comfortable getting together at a later time and reviewing those details. For now, I'm going to move on. In general, it's best to say that we continue to work with the Neighborhood Development Corporations on various projects in order to ensure that they are able to service their debt as well as making their repayment back to the endowment fund which made the loans.

If we move on now to the Temporary Investment Pool, you will see on page seven the chart that we have all become very familiar over the past years. I think some refer to it often as the heart attack chart and I think the patient seems to be getting better. As I shared with you earlier, the Temporary Investment Pool as of November 30th stands around \$258 million. The upward trend in the cash balances have continued partially as a result of the 2006 Operating Cash and 2008 Structural Deficit Operating Policies that were implemented. And the continued use of the adopted Fiscal Policies and the disciplined business practices also added to the strengthening of our financial position. As a result, rating agencies have acknowledged the continued upward trend which has resulted in maintaining our debt ratings in these very difficult economic times and the pressure from the state funding.

On page eight, as you can see, we've continued to be competitive in a very difficult interest market with enhanced due diligence on security purchases and holdings. The fiscal 2009 results were exceptionally good due to moving into longer term investments. Our performance outperformed the benchmark primarily due to a larger portion of our longer term securities being placed in corporate bonds rather than treasuries. As depicted in the first set of bar charts the treasury turns are still well below historic lows at less than 1%.

As it relates to the Temporary Investment Pool we have managed to do well, but we will continue to face a very challenging environment in 2010 because yields on very short term instruments have dropped to less than 20 basis points. However, prices in longer term instruments over the last eighteen months have enabled us to get a return over 4% in fiscal year 2009. Our larger cash portfolio has also enabled a larger allocation to longer term instruments but we are still maintaining an average maturity below two years for liquidity purposes. I really think the take away message is that we must continue our due diligence to maintain quality investments; however, safety is paramount and we will never sacrifice it for better returns. The outlook for the next year will be lower returns based on the current market rates and environment. I'd now like to turn it over to Tom for review of the endowment and investments and spending.

Mr. Croft:

Thank you, Bob. Good morning. I'm going to cover our endowment performance, the investment environment, our strategy at a high level and payout from the endowment.

Beginning with the longer term perspective on the market value of our endowment, you can see that we enjoyed very strong growth for many years until 2007. At that time, the endowment peaked at \$1.2 billion. As the equity market deteriorated and finally began its precipitous fall so did the endowment value – reaching a low of about \$770 million in March of 2009. We've experienced something of a recovery since then as I'm sure you're aware and we're up 20% off of that low and the endowment is now at about \$915 million.

Now changes in endowment value have several components and I won't go through each of those, but you can see the lines are down in investment return. Investment return is generally the biggest number on the page in terms of page. Unfortunately, it's been moving in the wrong direction. Let's move now to investment return per se.

We compare our UC investment returns to two important benchmarks. First, the target weighted benchmark which is the weighted average of the index returns of our strategic asset allocation. And then to the primary objective, the primary objective is to basically achieve our spending requirements plus the rate of inflation. Meeting that objective assures that we'll sustain the long-term value and spending power of the endowment well into the future.

So, how've we done versus the target weighted index? As you can see for the one year we returned 20.2% – a strong absolute return (this is through November 30, 2009). The target weighted index was up 23.1 so we gave up 3 percentage points in relative return. The two negative factors that affected us were the poor returns of an investment in real estate partnership and also a mismatch between our private equity holdings (the size of those holdings) and a much smaller amount of those holdings in our strategic asset allocation which we've been in the process of revising. So that second factor is somewhat temporary. I think in these volatile markets that it's important to look at longer term returns. As you can see on a three year basis we're about tied with the target weighted index with our .8% negative return compared to .7% negative return for the target weighted index. The very strong performance of our investment managers in both equities and fixed-income have allowed us to overcome the negatives that I mentioned on a one year basis. I won't go into detail on the five, ten, and fifteen year numbers, but you will see that we are pretty much in line with the benchmark over that period of time.

How about the Primary Investment Objective? We don't really look at this on a one year basis, that's just too short term; however, if you look at the three year, five year, and ten year number you can see that the Primary Objective is in excess of 9%. We're lagging well behind that. Some comments – first of all, that negative gap gets less as we extend the time horizon. Looking at the 3 year you can see that we are lagging over by over 10 percentage points; however, when you get out to the 15 year we are about even. That's one point. The second thing is that as the market recovers from its precipitous decline over the years ahead, this gap is going to naturally close.

We also look at how we are doing versus the competition. This is data as of June 30, 2009 so don't compare the numbers here to the numbers we were just looking at on the previous page. We like to look at ourselves compared to similar size endowments. What you'll see on a one-year basis is that we had a very bad return, -18.7%, but it was marginally better than the -19.9% return of our competition. Two factors involved there – first of all, our somewhat larger holdings of fixed income and secondly, our smaller holdings of private equity in a very difficult environment. However, looking at the longer term what you'll see is that on average we are lagging our competition by about a half of a percentage point per year. We've spent considerable time understanding why that is so and the reason is because of the historically good results that our competition has achieved in alternative investments such as hedge funds and private equities where we have not participated as much as they have. I'll have more on that later. So that's performance.

Let's turn now to the investment environment. The primary consideration in the environment we are in is that we are in a long-term debt deleveraging. This chart shows U.S. Household Debt relative to GDP since 1930. You can see that we've been on quite a tear in terms of increasing our level of debt over that past ten or fifteen years. Most of that's been fueled by increases in mortgage debt. That's been a tremendous tailwind for our economy until the bubble burst. Now it's going to be a tremendous headwind and it's really going to drag down economic growth for a long period of time. Now we do have very strong government programs in place to stabilize the situation in terms of fiscal stimulus and monetary stimulus. Will that allow us to overcome those headwinds and get us back on the growth track that we're used to at least in the short run? We studied that question and frankly looking at the result of Japan, the results are not encouraging. I won't dwell on this, but if you look at the situation that has prevailed in Japan since their bubble burst, you can see big increases in government borrowing to fuel spending but not necessarily produced the rate of economic growth that we would hope for. Japan was growing at 6% per year. This is their GCP on a year-over-year basis through 1990. When their bubble burst it dropped down to approximately 0 and this is despite a very

large increase in the amount of central government debt from about 50% of GDP to nearly 175%.

So with that backdrop, let's turn now to the strategic considerations that affect our investment thinking for UC's endowment. These include not only the investment environment, but also circumstances that are special to the university.

First of all and as I just said, going forward we expect that we're going to be in a lower growth environment. Also, we believe that we are threatened with the potential for either higher inflation or actually for deflation. One point that I neglected to mention on the Japan chart was that while my personal inclination is that our policies today may very well have an inflationary payoff, Japan (despite the incredible in debt at the central government level and strenuous monetary activities) has been mired in a deflationary situation for many years. So we have to be ready for either eventuality.

Second consideration, we have a large commitment to the Neighborhood Development Corporations Loans. While these investments have a long-term payoff, in the short run they produce little income and more than that they don't behave exactly as investments in ordinary fixed income.

Another consideration is that for some time the Investment Committee and the Investment Office have been studying the opportunities that may be available to us in alternative investments including private equity and hedge funds. We think that these opportunities are real and are interested in increasing our participation there.

We're in a really tough environment, but tough investment environments present opportunities and we are taking advantage or opportunities in distressed debt, real estate, and in secondary positions and partnerships where the holders are being forced out due to their liquidity needs.

And speaking of liquidity, this is of paramount consideration for us. We need to maintain sufficient liquidity in our endowment to make our payout, to meet our private markets commitments, and also to maintain a balanced portfolio.

How are those things playing out in terms of our actual holdings in the endowment? I'll ask you to focus mainly on the two columns on the left. These are UC's holdings as of the end of the fiscal year ended June 2009 and then at November 2009. The reason that I am showing you both columns is because of an important change that we made in our strategic asset allocation. This was approved by the Investment Committee to be effective on October 1st. So we see a significant change in our equity holdings moving from about 58% to 43% at November. This is offset by an increase in fixed income – 15 percentage points up to 30%. Why did we make this change? This is really a strategic consideration and not a tactical one. We studied the investment environments that have existed in the past and what we've observed, and this is over a period of over one hundred years, is that when you're in a low growth environment, the edge that equities have over fixed income is far, far smaller than it has been in the past—the past that we are used to previous to our bubble puncturing. The point is that the risk reward of holding equities is reduced and under those circumstances, smaller holdings of equities and bigger holdings of fixed income is in order.

The second focus of our change in asset allocation was to change our official strategic asset allocation so it was more in line with the actual 18% we held. We have been building our holdings in private equity for some period of time at a steady pace and at a prudent pace. We expect to continue that. Over the past four years, we've moved that up five percentage points. That's all that I'll have on asset allocation now, but as you look at your books, if you have questions, or course, please contact me – I'll be happy to talk to you about that in some detail.

What I'd like to move to now (and this is the last slide) is our Payout Per Share. Last week the administration declared a \$4.86 dividend per share for the shares that the colleges hold in the Endowment A Pool. That's down 10% from fiscal 2010. What are

the prospects going forward from fiscal 2011? I don't have a crystal ball, but we did run a few simple scenarios. The first scenario (A) is an increase of the endowment size of 10% this year and just stable going forward (just to keep it simple). The second scenario (B) is no change from here. The third scenario (C) is a 20% decline in the endowment, which would be consistent with about a 40% decline in the equity market back to the levels we saw in 2009. The outcome of this in each case is a decline in payout. In Scenario A it's very mild, only down 5%. However, in Scenario C, it's more severe with a decline from \$4.86 of 30%. Now while that would be a very difficult situation to confront, it is mitigated by the fact that endowment spending is only 5% of the university's budget.

So, those are all of my comments. If you have any questions, I can take them, or you can address them to me later.

President Williams:

Thank you. Mr. Chairman, that concludes our presentations.

Mr. Niehoff:

Thank you, Mr. President. Prior to the start of our committee meetings, I would like to appoint Tom Cassady to be a member of the Academic and Student Affairs Committee. We will now proceed with the committee meetings. The first meeting will be the Academic and Student Affairs Committee followed by the Finance and Administration Committee meeting.

THE BOARD COMMITTEE MEETINGS

(Proceedings of the Board committee meetings are contained in the respective committee meeting minutes, which are on file in the Office of the Board of Trustees.)

The committee meetings began at 9:30 a.m.; the meetings concluded at 10:19 a.m.

THE REGULAR MEETING OF THE BOARD OF TRUSTEES

The Regular Meeting of the Board of Trustees was convened at 10:19 a.m. and, as noted on the first page (page 139) of these minutes, roll call was taken.

Approval of the Minutes from the Regular Meeting of the Board of Trustees of November 17, 2009

Mr. Niehoff called for additions, corrections, or deletions to the minutes of the Regular Meeting of the Board of Trustees of November 17, 2009. Upon motion of Mr. Richardson; seconded by Mr. Heiman, the minutes were approved as distributed.

Approval of the Items Recommended by the Board Committees

Listed below are the items recommended to the Board of Trustees for approval by the Academic and Student Affairs Committee and the Finance and Administration Committee at their respective meetings held on January 26, 2009, prior to the Regular Meeting of the Board of Trustees.

Academic and Student Affairs Committee Recommendations

10.01.26.01 ACADEMIC APPOINTMENTS

Synopsis: Appointments of Faculty and Academic Administrators

It is recommended that the Board of Trustees approve the academic appointments of faculty identified in the attached document. These recommendations have been approved by the appropriate departments, colleges, and offices of the Vice President for Health Affairs and the Senior Vice President for Academic Affairs and Provost.

Appointments

Marjorie Fox, MS

Head of Electronic Media Division
College-Conservatory of Music
Effective: January 1, 2010 – August 31, 2013

Joel Hoffman, DMA Head of Composition, Musicology, and
Theory Division
College-Conservatory of Music
Effective: September 1, 2010 – August 31, 2014

Fred Reynolds, PhD Professor of English with Tenure
McMicken College of Arts and Sciences
Effective: February 1, 2010

John Wolfer, MFA Academic Unit Head of Art & Visual Communication
Department
Raymond Walters College
Effective: September 1, 2010 – August 31, 2013

Administrative Leave

Douglas Knehans, DMA Dean
College-Conservatory of Music
January 1, 2010 – March 28, 2010

Emeritus Status

Jo-Ann Adelsperger, EdD Assistant Professor Emerita of Nursing
College of Nursing
Effective: September 1, 2009

Frances Ott Allen, MS Associate Librarian Emerita
University Libraries
Effective: March 1, 2010

Ralph Buncher, PhD Professor Emeritus of Environmental Health
College of Medicine
Effective: February 2, 2010

Charles Deitschel, Jr. MD Volunteer Professor Emeritus of Pediatrics
College of Medicine
Effective: January 1, 2010

Nettina Eckert, MA Field Service Associate Professor Emerita of
Romance Languages and Literatures
McMicken College of Arts and Sciences
Effective: September 1, 2009

Nancy Evers, PhD Professor Emerita of Educational Leadership and
Urban Educational Leadership
College of Education, Criminal Justice, and Human
Services
Effective: August 31, 2010

Joseph Fondacaro, PhD Research Professor Emeritus of Pediatrics
College of Medicine
Effective: December 1, 2009

Dexter Meyer, MD	Volunteer Assistant Professor Emeritus of Ophthalmology College of Medicine Effective: February 1, 2010
Mary Anne Pitman, PhD	Professor Emerita of Educational Studies College of Education, Criminal Justice, and Human Services Effective: September 1, 2009
C. Frederic Strife, MD	Professor Emeritus of Pediatrics College of Medicine Effective: February 1, 2010
Jane Thompson, MS	Associate Senior Librarian Emerita University Libraries Effective: January 2, 2010
Manfred Wolfram, PhD	Professor Emeritus of Electronic Media College-Conservatory of Music Effective: January 2, 2010

10.01.26.02 RECOMMENDATION FOR PROMOTION

Synopsis: Approval of promotion

It is recommended that the Board of Trustees approve the following promotion for faculty effective September 1, 2009. This recommendation has been approved through the process of progression through the department, college and the Senior Vice President for Academic Affairs and Provost.

FROM ASSOCIATE PROFESSOR TO PROFESSOR

College of Medicine

Christy Holland	Biomedical Engineering	Has Tenure
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10.01.26.03 CHANGE DEGREE DESIGNATION

Synopsis: Change degree designation from MA of Women's Studies to MA of Women's, Gender, and Sexuality Studies in the McMicken College of Arts and Sciences

It is recommended that the Board of Trustees approve the change degree designation from MA of Women's Studies to MA of Women's, Gender, and Sexuality Studies in the McMicken College of Arts and Sciences. The proposal* has been reviewed and approved by the appropriate authorities.

*Filed in the Office of the Board of Trustees

10.01.26.04 CHANGE DEGREE DESIGNATION

Synopsis: Change degree designation from MEd Literacy to MEd Literacy and Second Language Studies and EdD Literacy to EdD Literacy and Second Language Studies in the College of Education, Criminal Justice, and Human Services

It is recommended that the Board of Trustees approve the change degree designation from MEd Literacy to MEd Literacy and Second Language Studies and EdD Literacy to EdD Literacy and Second Language Studies in the College of Education, Criminal Justice, and Human Services. The proposal* has been reviewed and approved by the appropriate authorities.

10.01.26.05 NEW DEGREE PROGRAM

Synopsis: New degree program in the College of Nursing

It is recommended that the Board of Trustees approve the new degree program in the College of Nursing for a Doctorate in Nursing Practice (DNP). The proposal* has been reviewed and approved by the appropriate authorities.

Finance and Administration Committee Recommendations

110.01.26.06 APPROVAL OF THE TENTATIVE AGREEMENT BETWEEN THE UNIVERSITY AND THE FRATERNAL ORDER OF POLICE (EMERGENCY DISPATCHERS UNIT)

Synopsis: It is recommended that the Board of Trustees approve the tentative agreement between the university and the Fraternal Order of Police (Emergency Dispatchers unit).

It is recommended that the Board of Trustees approve the tentative agreement* between the university and the Fraternal Order of Police (Emergency Dispatchers unit) pursuant to Ohio Revised Code 4117.14. The parties began negotiations on June 4, 1009, reached a tentative agreement on December 16, 2009.

10.01.26.07 APPROVAL OF THE TENTATIVE AGREEMENT BETWEEN THE UNIVERSITY AND THE FRATERNAL ORDER OF POLICE (SECURITY OFFICERS UNIT)

Synopsis: It is recommended that the Board of Trustees approve the tentative agreement between the university and the Fraternal Order of Police (Security Officer's unit).

It is recommended that the Board of Trustees approve the tentative agreement between the university and the Fraternal Order of Police (Security Officer's unit) pursuant to Ohio Revised Code 4117.14. A fact finding hearing was conducted on August 13, 2009, after the parties reached impasse over wages in their negotiations. The fact finder's recommendations were rejected by the Board of Trustees. The parties resumed negotiations and reached a tentative agreement on December 16, 2009.

*Filed in the Office of the Board of Trustees

10.01.26.08 AMENDMENT OF SECTION 4.7 OF THE HEALTH ALLIANCE CODE OF REGULATIONS

Synopsis: It is recommended that the Board of Trustees approves an amendment to section 4.7 of the Health Alliance Code of Regulations eliminating the number of years that a Voting Director of the Health Alliance Board may serve.

At a December 16, 2009 meeting of the Health Alliance, the Board of Directors of the Health Alliance unanimously approved an amendment to section 4.7 of the Health Alliance Code of Regulations that eliminates the number of years that an individual can serve as a Voting Director of the Health Alliance. Because section 4.17 of the Code of Regulations provides that all amendments to the Code must be approved by each of the Participating Entities, the amendment is being submitted to the Board of Trustees for approval.

A form resolution and a copy of the proposed amendment are attached*.

10.01.26.09 ADOPTION OF TWO AMENDMENTS AND THE RESTATEMENT OF THE ALTERNATIVE RETIREMENT PLAN DOCUMENT

Synopsis: It is recommended that the Board of Trustees authorizes the adoption of two amendments and the restatement of the University of Cincinnati Alternative Retirement Plan to conform to the requirements of: the Internal Revenue Code of 1986, as amended; the Economic Growth and Tax Relief Reconciliation Act of 2001; and other applicable laws, regulations and administrative authority.

In order to comply with the Internal Revenue Code of 1986, as amended (the "Code"), the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA"), and other applicable laws, regulations, and administrative authority, the University must amend and restate the University of Cincinnati Alternative Retirement Plan (the "Plan"). In addition, the University must submit the amendments and the restated Plan to the Internal Revenue Service (the "IRS") for a favorable determination letter that the Plan continues to meet the qualification requirements of Section 401 et seq. of the Code.

It is recommended that the Board adopts the amendments and restated alternative retirement plan document, and authorize the Senior Vice President for Administration and Finance, or his or her designee, to do all things necessary and appropriate, including the execution of additional documents, to comply with and to carry out the purposes of this recommendation. A copy of the proposed amendments, the restated Plan, and a form of resolution are attached.*

10.01.26.10 AUTHORIZATION TO LEASE OFFICE AND CLASSROOM SPACE WITH OPTION TO PURCHASE REAL ESTATE IN CLERMONT COUNTY.

Synopsis: This resolution seeks approval and authorization by the Board of Trustees of a lease of 81,000 sq. ft. of office and classroom space located in Clermont County. The Lease will include options to lease additional space to accommodate future space needs and to purchase the leased space including 45 adjacent acres for future development. The space is needed to accommodate the dramatic growth in enrollment in the two year programs offered by Clermont College and to allow the University to offer four year programs in Clermont County under a program referred to as "UC East."

*Filed in the Office of the Board of Trustees

In the Fall of 2008, at the request of James McDonough, then Dean of the Clermont College, the University's office of Planning + Design + Construction began a wide ranging search for space needed to accommodate the growth in enrollment in the two year programs offered by Clermont College, growth which is projected to continue into the future. The space search criteria was subsequently expanded to provide space necessary to accommodate the extension of four year University programs into Clermont County as a result of the Provost Office's response to the Chancellor's University System of Ohio Report.

Eventually, the search identified a handful of potential sites. Last September the Board authorized the execution of a lease on property located on Founders Drive in Clermont County subject to the finalization of certain deal terms including square footage and build-out costs. At that time another site, owned by the Ford Motor Company (Ford) was considered to have greater potential considering the University's long term needs, but it was not immediately available for lease. However, when the parties were unable to finalize lease terms on the Founders Drive site, the University turned again to the Ford site and learned that development plans had proceeded such that it might be available for lease to accommodate the needs of Clermont College by Fall 2010. During that same time, interest had grown in the UC East concept dramatically increasing the amount of space required to accommodate the University's needs in Clermont County rendering the Ford site far more attractive than the alternatives.

Ford has entered into an agreement to sell its site in Clermont County to a development entity known as IRG Batavia I, LLC (IRG). Closing is expected to take place during the week of February 18, 2010, concurrent with the funding of purchase money financing through the issuance of Ohio State Economic Development Revenue Bonds with proceeds loaned to IRG by the Ohio Enterprise Bond Fund Program. Although the University is not participating in the financing, the lease transaction proposed by IRG must be carefully coordinated with the financing and closing on the real estate.

To facilitate the proposed transaction the University and IRG have negotiated and received in advance of IRG's actual purchase of the Ford site a Letter of Intent* (LOI) describing in detail the terms of a lease with option to purchase that the parties intend to enter into, subject to a number of conditions not the least of which is the approval of this transaction by the University's Board of Trustees. The Office of General Counsel has participated in the negotiations with IRG and the drafting of the Letter of Intent, and has also reviewed a proposed lease agreement, and found it reasonable and acceptable to the University subject to certain modifications and incorporation of the detailed terms described in the LOI.

For its part, the Office of Planning + Design + Development has thoroughly reviewed the proposed space and the proposed build-out and found it most suitable for the University's needs. That office has further considered the term of the proposed lease, five years with four five year renewal options, together with an option to purchase, sufficient to provide for the University's long term needs in Clermont County.

Finally, the Vice President for Finance has reviewed the financial obligations that the University will assume under the proposed lease and has verified that the funds are budgeted and will be available to cover those obligations.

In order to accommodate the anticipated closing on the bond financing transaction and the real estate closing, and to allow the necessary space to be placed under lease and built-out prior to the commencement of the Fall Semester, we respectfully request that the Board of Trustees approve the proposed transaction and authorize the completion of negotiations as to the form of lease incorporating the terms identified in the attached LOI under the direction of the Office of General Counsel, and further authorize the Interim Senior Vice President for Administration and Finance to execute the lease in its approved form.

*Filed in the Office of the Board of Trustees

10.01.26.11 AMENDMENT OF UNIVERSITY RULE 10-6-01, UNIVERSITY COMMITTEES: PRESIDENTIAL SEARCH COMMITTEE

Synopsis: It is recommended that the Board of Trustees approves an amendment to University Rule 10-6-01, University Committees: Presidential Search Committee to more accurately reflect the role of the search committee.

University Rule 10-6-01, University committees: Presidential search committee, is being amended to more accurately reflect the role of the presidential search committee. The current rule states that the search committee shall recommend candidates to the Board. As revised, the rule states that the search committee shall assist the Board in identifying candidates.

It is recommended that the Board approves the changes to University Rule 10-6-01. A copy of revised University Rule 10-6-01 is attached.*

10.01.26.12 APPROVAL TO RESCIND AND REPLACE BOARD RULE 3361:50-3-02 REGARDING UNIVERSITY FACULTY: BYLAWS

Synopsis: The recommendation seeks approval to rescind and replace University Rule 3361:50-3-02 regarding the faculty bylaws. The major change is a reorganization of the existing bylaws. Other changes as detailed in 'Exhibit A' will update language and allow for more efficient functioning of the university's faculty senate and college faculty governance bodies.

An ad hoc committee on bylaws and governance was established by the faculty senate last year with the charge of reviewing and making recommendations for revising the faculty bylaws. The committee carried out its review and brought forward a number of changes that were approved by the faculty and the Board of Trustees in May/June 2009. The committee continued its work in developing the present recommended revisions.

The current proposed changes to the University Rule have been vetted by the faculty senate cabinet and the faculty senate and were unanimously approved by the faculty at the November 18, 2009 All-university faculty meeting.

The majority of the changes in the current proposal involve no content change, but rather simply reflect a reorganization of the faculty bylaws such that they are more coherent and cohesive. Because of the extensive changes to the structure of the bylaws, the current rule* must be rescinded and replaced. The proposed changes are described in Exhibit A*

It is recommended that the Board of Trustees approve these changes to the University Rules.

10.01.26.10 RECOMMENDATION TO APPOINT JOHN FREDERICK REYNOLDS AS EXECUTIVE VICE PRESIDENT

Synopsis: It is recommended that the Board of Trustees appoint John Frederick Reynolds to the newly created position of executive vice president in the Office of the President.

The Office of the President is being staffed to better meet the needs of the University and the President. This newly created position will provide advice and counsel to the President on all

*Filed in the Office of the Board of Trustees

matters related to the university. The executive vice president will serve as the President's primary strategic liaison with University and community constituencies.

It is recommended that the Board of Trustees appoint John Frederick Reynolds to the newly created position of executive vice president in the Office of the President.

Comments from Vice Chairman Niehoff

Mr. Niehoff:

The full Board has been present at the Committee Meetings held today and has received the recommendations of the Academic and Student Affairs and the Finance and Administration Committees. The items reviewed and recommended by the Committees are named in the Action Items list at your place.

May I have a motion to approve all of the recommended items?

Upon motion of Mr. Humes, seconded by Mr. Barrett, the Board approved the items recommended by the Committees by the following roll call vote:

Recommendation Nos. 10.01.26.01 through 10.01.26.13

AYE: Mr. Niehoff, Mrs. Heimann, Mr. Barrett, Mrs. Buchanan, Mr. Heiman, Mr. Humes, Mr. Richardson and Mr. Cassidy

NAY: None

ABSENT: Mr. Chesley

Unfinished Business and New Business

Mr. Niehoff:

The next item is unfinished business. Is there any unfinished business? Hearing none we will move on to the reports of the board representatives and student trustees. Our first report is from our distinguished representative to the faculty senate, Dr. Marla Hall.

Faculty Senate Report

Dr. Hall:

Thank you, Mr. Chair. The Faculty was very pleased to welcome President Williams as he gave his first official address to the university at the November 18th All-university Faculty Meeting. Also at that meeting, the by-laws revisions brought before the board today were passed unanimously by the faculty.

In late November the Faculty Senate Cabinet collaborated to articulate the faculty's recommendations for “Big Ideas” for the University and for the more immediate goals for Faculty Senate. The three “Big Ideas” presented by the Faculty Senate were:

1. Be a “Destination” university for faculty in order to be a “Destination” university for students.
2. Be a university that truly offers a comprehensive 21st Century curriculum that enhances the student learning experience.
3. Be the “Premier Urban Research University”

The three main goals for the 2010 Faculty Senate are:

1. Build a stronger sense of community among the faculty.
2. Strengthen the voice and impact of faculty input in decision making.
3. Act on (by making recommendations and/or resolutions) at least one agenda item from each of the senate’s eight Standing Committees.

These Big Ideas and Goals were presented to President Williams on December 1 as per his request. Further elaboration on both the Faculty's Big Ideas and the Faculty Senate Goals can be found on our Faculty Senate Website.

The main agenda item at the December meeting of the Faculty Senate involved a presentation by Vice President of Student Affairs and Services and Chief Diversity Officer, Mitchel Livingston, on a proposal for integrating diversity and inclusion

initiatives into the university planning process for 2010-2011 and a unanimous vote to support the November 6, 2009 Working Draft Proposal for this effort.

The faculty were very excited about the success of the Bearcat football athletes both on and off the field and following their successes and the untimely announcement of the departure of Coach Kelly, the Faculty Senate Cabinet issued the following:

Considering, the extra-ordinary competitive success of the student-athletes of the University of Cincinnati Football team on the playing field in winning the Big East Championship and in earning a trip to the Sugar Bowl;

Further, considering their success in the classroom with a graduation rate of 75% which leads the [top 10] BCS schools; and

Recognizing, the positive manner in which the student-athletes of the University of Cincinnati Football team have presented themselves to the community and the nation;

Therefore, be it resolved, that the University of Cincinnati Faculty Senate Cabinet commends the student-athletes of the University of Cincinnati Football team for their excellence on the playing field, their academic achievements, and their promotion of a positive image for the university.

At its January 14th meeting, the Faculty Senate entertained a discussion on textbook affordability specific to the timing of providing textbook information and passed a resolution supporting the process and procedures developed collaboratively by the UC Registrar, UCit, and UC Bookstore personnel to provide this information, in compliance with the Higher Education Opportunity Act. Also at the January meeting, a discussion on the impacts of Performance Based Budgeting was held. There is significant general concern about the potential adverse impacts of PBB on the quality of

education as it is clearly influencing such things as class size, course offerings, workload distributions and a myriad of other decisions that may very well influence our ability to meet the needs of our students. The University's Integrated Core Learning Committee and Academic Coordinating Committee as well as the Faculty Senate will continue to discuss these issues with the intent of coming forward with formal recommendations.

The Faculty Senate Cabinet held a special meeting earlier this month to begin discussions on the Athletics Task Force Report as well as other issues surrounding both the University's budget and the Athletic Department's Budget. In addition, the Faculty Senate sent me to a conference of the Coalition on Intercollegiate Athletics, which is a group of Faculty Senate representatives from, currently, 57 universities across the country, to participate in discussions on issues surrounding intercollegiate athletics. The main topics addressed at this year's conference held just this past week dealt with student-athlete welfare and the faculty role in sports reform. COIA's stated long range goal is "to preserve and enhance the positive contributions athletics can make to academic life by addressing longstanding problems in college sports that undermine those contributions." The Senate Cabinet will be meeting again this week to continue our discussions and will likely develop resolutions for consideration at the February Senate meeting.

Lastly, we are continuing our efforts to develop an annual Faculty/Staff Art Show and Auction and are pleased that President William's wife, Sara, has agreed to join us in these efforts as our honorary co-chair. We are hoping to hold our first show and auction in conjunction with the Fall All-university Faculty meeting in October. Also, it should be noted that this will be a fund raising effort contributing to the Proudly Cincinnati Campaign with proceeds going specifically to the Faculty Service Award Endowment.

This concludes my report for the November 17, 2009 meeting of the Board of Trustees.

Mr. Niehoff:

Thank you, you've been busy. Our next report is from our increasingly active and wonderful Alumni Association President Steve Simendinger.

Alumni Association Report

Mr. Simendinger:

Thank you, Mr. Chairman. It's been a busy period for the UC Alumni Association. We had more than 25,000 alumni and students travel to New Orleans for the Sugar Bowl. Representatives from the title sponsor Allstate and the Sugar Bowl described us as setting new standards for attendance and enthusiasm. That's the largest gathering of the Bearcat clan outside the City of Cincinnati that I can ever remember. It was a wonderful event.

Our pep rally, by the way, was determined as a case study for "how to do it" and in the future they will be using that as a model. We had about 8,000 in attendance and it was a wonderful event. Our fans showed a lot of class in New Orleans and we can be very, very proud of both our students and our alumni.

The Alumni Association coordinated multiple events in New Orleans, including a New Year's Eve riverboat dinner cruise on the Mississippi, which drew more than 425 alumni and President Williams, we thank you for attending as well.

We also managed the bus trip that took 500 students on 10 buses to New Orleans. And in the meantime, we think that's very important for them in shaping their lifelong relationship to UC. It was a great event for all of the students.

During this time we also coordinated game watches in fifteen cities. So, we did keep fairly busy during our Sugar Bowl Events.

This year's UC Day Celebration will be on June 10th and will feature the presentation of the UC Alumni Association's top awards, including our highest honor the

Williams Howard Taft Medal for Notable Achievement. Nominations are open through February 1st and I encourage you to please nominate someone if you know of a deserving alum, please give that serious consideration.

Our 2010 calendar of national alumni events has begun in our 35 regional alumni networks. Early highlights would be the Cincinnati Reds' inaugural spring training season in Goodyear, Arizona on March 21st and we'll have activities in New York related to the Big East Basketball Tournament on March 8th. We also will host a spring football tailgate here at the Alumni Canter.

We've had about 400 students apply for our 50 or so freshman scholarships – the Demakes Legacy Scholarship and the Regional Alumni Network Scholarship.

Finally, dedicated giving to the UC Alumni Association has been rising dramatically. Calendar year 2009 doubled 2009 and we were up 181% over 2007. So things are on the upward path there. We have greater organizational focus and raising funds so we can continue to be as independent as possible.

Again, thank you to the Board for your ongoing interest and support.

Mr. Niehoff:

Thank you, President Simendinger. Now we will have the reports of our student trustees. Our graduate student, Diana Hechavarría, is not here today but I would welcome Jim Bowen to give the Graduate Student Report.

Graduate Student Report

Mr. Bowen:

Good morning. Thank you, Chairman Niehoff, distinguished members of the board, Dr. Williams, faculty, students and students.

Ms. Hechavarria regrets that she can not be here this morning to personally share the following news. However, she is currently lecturing this morning on “Competitive Strategy and Advantage in the Marketplace” as part of the curriculum in the business capstone strategy seminar for the College of Business.

I am pleased to report on behalf of the graduate student community that the 10th Annual Graduate Recruitment Weekend will be held March 5-7 this year. This event is sponsored by the Graduate School and allows graduate programs to host up to four top candidates for three days of informative activities, including meetings with professors and current students. And, it kicks off with the graduate poster research forum on Friday, March 5th. The registration for this poster forum is currently underway for current UC graduate and professional students, and this event promises to highlight the innovative scholarship currently being undertaken at the University of Cincinnati.

The Graduate Student Graduate Association would also like to congratulate the graduate student recipients of the Editorial Assistantship Award. Each year, the Graduate School supports outstanding faculty who also take on editing responsibilities in important academic journals, by offering the Editorial Assistantship Awards. This year, faculty submitted applications for sixteen journals. A faculty selection committee made awards to ten of these journals. These Editorial Assistantship Awards provide 10-month stipends and full tuition to a graduate student of the faculty member’s choice and these students then act as the Editorial Assistant for the faculty member. This year, disciplines in Medicine, Arts and Sciences, and Engineering are among the prestigious cohort of scholars making important editorial contributions within their respective fields at UC.

Concurring with graduate student scholarship, The GSGA has also been actively working to fund research as well. For instance, year-to-date we have awarded students close to \$90,000 this academic year from our operating budget for a variety of things such as Full Conference Travel Awards, Partial Conference Travel Awards and Research Awards. A great example of how students can use these funds is Denise Britigan who used a research award to complete her dissertation work. Her dissertation, which is titled

“A Qualitative Study Examining Latino Functional Health Literacy Levels and Sources of Health Information” was recently published in the *Journal of Community Health*.

Finally, the GSGA is continuing its efforts on the graduate student housing initiative. Our executive board is actively working with university representatives to identify short term resolutions and long term opportunities to provide graduate student and family on-campus housing.

This completes my report this morning and again thank you for letting me speak.

Mr. Niehoff:

Thank you, Jim. Our next report is from our outstanding student trustee, Kyle Quinn.

Undergraduate Student Report

Mr. Quinn:

I’m going to have to start believing that, right? Thank you. First, a special welcome goes to Mr. Tom Cassady to the board. Our students are obviously excited about your leadership and continued presence on campus.

Like usual, our Bearcat undergrads have been hard at work since our last meeting. Students finished their fall quarter strong before a much needed respite during winter break. I’d like to send my personal congratulations to our graduates who participated in the commencement exercises.

Our student-athletes have been the main reason for praise recently. The past few weeks have been highlighted by winter sports action in men’s and women’s basketball, swimming and diving, indoor track and field, volleyball, and football. Special recognition goes to the Women’s Volleyball in their national tournament appearance; Stephanie Niemer, who was Honorable Mention All-American on that team: Women’s

Lacrosse for winning the IWLCA Team Community Awareness Award; Men's and Women's Soccer earning the NSCAA Team Academic Award; and obviously, Football competing in the Sugar Bowl after an undefeated regular season and finishing in the Top 10.

Although I cannot personally attest—hearing from Mr. Simendinger's stories—I hear the atmosphere was electric highlighted by a superior amount of Bearcat fans to those of the Gators. Undergrads made their way down on bus trips that you mentioned and thank you for making that a possible experience possible for all of us.

Winter quarter has begun in earnest with the welcoming of a brand new social sorority, Pi Beta Phi; a weeklong blood drive; and the backing of a specific, horrific car accident by many students who were affected. One special story—I just want to quickly share that I just found out this morning—is the starting of a fundraiser for Mr. Michael Jarvis, who due to limited insurance abilities has to leave his rehab hospital. In less than one week, members of the Carl H. Lindner Honors-PLUS program have raised over \$30,000 to purchase him a handicap accessible van for him to go home – so very encouraging there.

Finally, I'll give Student Spotlight again to members of the Lindner Honors-PLUS program at the College of Business who competed in the PricewaterhouseCoopers xTreme Tax Competition. This campus champion team, quite appropriately named "Make it Reign" qualified as a Top 5 National Team, won \$10,000, and will compete for the National Championship Hamilton Award leaving this Thursday for Washington DC next week in front of their headquarters' tax executives.

That will conclude my undergraduate report. A quick special thank you to the entire UC community who have been extremely supportive of all the individuals involved in the accident—myself included. I very much am appreciative of everything that's been brought my way. So, Happy New Year!

Mr. Niehoff:

Thank you, Kyle. Our final report today is from our now wealthy Student Government President, Tim Lolli. (*Laughter*)

Student Government Report

Mr. Lolli:

Thank you, Mr. Chairman. First of all, I'd like to say thank you not only for your contributions today to the *Proudly Pennies* campaign but for also your support you have given. I'm not going to lie about it—it's going to be a tough road, but I have the utmost confidence that we will achieve in collecting \$1 billion in pennies. The students will donate to the largest, from what I've been told, campaign ever run by students which will be \$10 million dollars to the *Proudly Cincinnati* campaign. I'm very excited to kick that off today.

You want some more—alongside the kickoff the student driven *Proudly Pennies* campaign, Student Government has been working on generating multiple student led initiatives on our campus that work towards the betterment of the college experience. The first of which is the formation of the Student Diversity Subcommittee. The mission of the SDS will serve as an advocacy group for all those who represent a diverse student body in accordance with the university's goal of embracing diversity as one of the university's core values. The SDS will support the President's Diversity Council's efforts to achieve this goal through representation and communication on Student Senate, collaboration with Student Government cabinet, and maintaining a body committed to serving the UC community. In addition, they will support student's efforts to create a more diverse atmosphere through support of student-oriented programming and initiatives. I firmly believe that the efforts of this organization will lead to a more unified student body and generate a greater atmosphere of UC pride on campus.

Another student government led initiative works to serve the President's Advisory Council on Environment and Sustainability. This subcommittee, The Student

Sustainability Coalition, works toward raising awareness within the student body on sustainability issues through activism, volunteerism and various projects. This quarter, they are working on implementing a campus-wide bike share program, advocating for the expansion of recycling and promoting sustainability at UC. This organization, much like the Student Diversity Subcommittee, is filled with passionate students who put time and effort into these organizations for no other reason than love for the university, and the desire to leave UC a better place than when they first arrived.

That concludes my report. Thank you very much.

Mr. Niehoff:

Thank you, Tim. Our final item of business today is the election of officers which is an annual election for the board. Today we will elect the Chairperson, the Vice Chairperson and the Secretary of the Board of Trustees. The term of office is for one year or until the next election. The first item is the election of the Chairperson. May I have a nomination for the Chairperson of the Board of Trustees?

Mr. Humes:

Mr. Chairman, it is with great honor that I nominate Sandra W. Heimann to be our next Chairman of the Board of Trustees.

Mr. Niehoff:

Thank you. Is there a second?

Mr. Cassady:

I second.

Mr. Niehoff:

All those in favor say "aye".

Aye: Mr. Niehoff, Mr. Barrett, Mrs. Buchanan, Mr. Heiman, Mr. Humes, Mr. Richardson and Mr. Cassady

Mr. Niehoff:

All those opposed? *(There were none.)* Chairman Heimann, congratulations.

Mrs. Heimann:

I'll just briefly say that it is a great honor to be a part of this great university. Tommy Humes can attest to the fact that Saturday night, when we thought this might be a possibility, my husband said, "Thanks a lot!" But I can truly say from my heart, "Thanks a lot." You can't help be on the grounds of this great university or in this meeting this morning without being excited about all the wonderful things we do.

I particularly care so much about the transformation that we talked about earlier and the things that we can do and how we can change our student's lives. I know that I speak on behalf of all of the board when I say that they truly care, too. We are here to support President Williams, your administration, the faculty, Marla and all the deans, and particularly again – all of the students.

So, I will do my very best. I'm not unaware that we don't have some major challenges going forward, but I'm confident that if we just attack them one by one we will continue the momentum that we've had for the past few years. Thank you.
(Applause)

Mr. Niehoff:

Thank you. Chairman, with your permission, I will conclude the meeting. We have just a few more items. The next item is the election of the Vice Chairperson of the Board. May I have a nomination for Vice Chairperson of the Board of Trustees?

Mr. Richardson:

Mr. Chairman, I have the distinct honor to nominate Francis Barrett for the Vice Chairperson for the Board of the University of Cincinnati.

Mr. Niehoff:

Thank you. Is there a second?

Mr. Heiman:

I second.

Mr. Niehoff:

Thank you, Mr. Heiman. All those in favor say "aye".

Aye: Mr. Niehoff, Mrs. Heimann, Mrs. Buchanan, Mr. Heiman, Mr. Humes,
Mr. Richardson and Mr. Cassady

Mr. Niehoff:

All those opposed? *(There were none.)* Congratulations.

Mr. Barrett:

Thank you very much. I cannot improve on what Sandy said. Sandy, I echo everything you said.

Mr. Heimann:

Thank you, Fran.

(Applause)

Mr. Niehoff:

May I have a nomination for the Secretary of the Board of Trustees?

Mr. Barrett:

I would like to have the honor of nominating the honorable Thomas H. Humes to the office of Secretary of the Board of Trustees.

Mr. Niehoff:

Is there a second?

Mr. Richardson.

Second.

Mr. Niehoff:

Thank you. All those in favor say “aye”.

Aye: Mr. Niehoff, Mrs. Heimann, Mr. Barrett Mrs. Buchanan, Mr. Heiman,
Richardson and Mr. Cassady

Mr. Niehoff:

All those opposed? *(there were none)* Mr. Humes, Congratulations.

(Applause)

Mr. Humes:

Thank you. I hope that doesn't mean I'm becoming a judge or anything.
(Laughter) It's indeed a great honor as my cohort said. I'll do the best I possibly can
along with the rest of our team.

Mr. Niehoff:

Thank you. Is there any other new business?

Mr. Humes:

Chairman, I have just a couple of observations as a result of listening and
watching. First of all, I think we have to congratulate Sandy. She has taken on a mega
responsibility, but she has a mega background behind her to do this and we are very
fortunate that you were willing to take this on. We know that you will attack it and
approach it with everything you can in the best interests of the university. So,
congratulations.

I think we also have to, and I personally want to, welcome Tom Cassady to the board. I've had the pleasure of knowing Tom just a few years—somewhere in that 30 to 40 year range. He is a great Bearcat and he will do a wonderful job on this board.

I also think we owe a special thank you to the Alumni Association. You guys did an absolutely unbelievable job in New Orleans. If anybody was down there – it was all UC all the time. The work was done and the spirit that was among everybody was truly phenomenal. People came in from all over the county. Your team did a great job Steve. So, to you and Myron and everybody, thank you very much.

Mr. Simendinger:

Thank you.

Mr. Humes:

Also, Bob Ambach – serving in his first day – we get more things from Bob in the last two days than I can remember and they were all very well done. So Bob, thank you, for your job.

Lastly, I've got to say what a special person we have with us in Kyle Quinn. Kyle has been through one of those experiences that we hope no one goes through in their lives, but he came through it with a wonderful attitude, a great commitment to our university, and representing the Bearcat spirit in its highest way. So again, we're so happy that you are back with us. Thank you, Mr. Chair.

(Applause)

Mr. Richardson:

Mr. Chairman? Very, very quickly and I don't know if this is the appropriate moment, but I wanted to thank you for your service, Buck, that you have done. I have enjoyed working with you and I think you have been fair and as transparent as possible and I really appreciate that. I think you deeply care about this university. Obviously you

give it lots of time as Chairman of the Board, but you also help lead the *Proudly Cincinnati Campaign*. You don't have to do those things that you do and I just want to say personally that I appreciate what you've given to this university and I know this university owes you a great debt, so thank you for your service.

(Applause)

Adjournment

Mr. Niehoff:

Thank you, Rob. Any other comments? Our next regular board meeting will be held here in the Russell C. Myers Alumni Center, on Tuesday, March 16, 2010. And, I would like to invite everyone to join us out in the lobby for a retirement reception for our wonderful retiring trustee Jeff Wyler immediately after the board meeting.

There being no further business before the Board, upon motion made by Mr. Barrett and seconded by Mr. Heiman, the meeting adjourned at 10:42 a.m.


SANDRA W. HEIMANN
CHAIRPERSON


THOMAS H. HUMES
SECRETARY