

**Regular Meeting of the Board of Trustees
January 25, 2011**

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UNIVERSITY OF CINCINNATI

Official Proceedings of the

Three Hundred and Third Meeting of the Board of Trustees

(A Regular Meeting)

January 25, 2011

The Three Hundred and Third Session of the Board of Trustees of the University of Cincinnati was opened at 10:49 a.m. on Tuesday, January 25, 2011, 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*.

Sandra W. Heimann, Chairperson of the Board of Trustees, presided. Mrs. Heimann asked that roll be called.

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

BOARD MEMBERS ABSENT: H.C. Buck Niehoff

ALSO PRESENT: Gregory H. Williams, President;
Robert F. Ambach, Sr. Vice President for
Administration and Finance;
Santa J. Ono, 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;

Anthony Filak, Interim Vice President for Health Affairs;
Lawrence J. Johnson, Chair for Council of Deans;
Mitchel D. Livingston, Vice President for Student Affairs and Chief Diversity Officer;
Mitchell D. McCrate, General Counsel;
James D. Plummer, Vice President for Finance;
Michael J. Thomas, Director of Athletics;
Gregory J. Vehr; Vice President for Governmental Relations and University Communications;
Greg Hand, University of Cincinnati Spokesperson;
Portia Watkins, Graduate Student Trustee;
Kyle Quinn, Undergraduate Student Trustee;
Steven A. Wilson, UC Foundation Chair;
Russell C. Myers, Alumni Representative;
Richard Harknett, Faculty Representative;
Dale Schaefer, Faculty Representative;
Drew Smith, 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 Meetings and the Regular Board Meeting, Chairman Heimann began the proceedings at approximately 8:35 a.m.)

Mrs. Heimann:

Good morning everybody and happy New Year. I'd like to welcome you to our first meeting of 2011. I would also like to note that Buck Niehoff will not be with us today.

Now at this time, it is my pleasure to call on President Williams for his remarks, Greg?

President Williams:

Thank you, Chairman Heimann. One week ago today, UC was fortunate to be part of a very significant announcement. The head of the EPA, Lisa Jackson, and the Small Business Administration, Karen Mills, came to Cincinnati to announce a government-university-business partnership called the Water Technology Innovation Cluster. The intention of this cluster is to position the Ohio, Indiana, and Kentucky region as a national, in fact, a world leader in water technology innovation as well as development and commercialization.

UC is clearly proud to be a leading partner in the cluster and I was pleased to make good on a promise that I had made in my investiture speech that we would have and begin to have a number of collaborations and folks coming together.

I also want to acknowledge our highly-ranked environmental engineering programs and the water researchers whose work has given us a leg up on this important issue and put us in a great situation.

Two UC Foundation members, Foundation Board Members Jerry Leamon and Jeff Williams, played a critical role in helping put this all together. They both, of course, love their Alma Mater and work very hard to support all of our activities here at the UC.

EPA Director Lisa Jackson and I later that day signed a memorandum of understanding strengthening the UC-EPA relationship around this issue of water. Water, as well all know, is not only an essential ingredient to life, it is an essential component in virtually every product we make. Fred Reynolds, our departing Executive Vice President, worked very hard on this as well and we appreciate what Fred did and we are grateful to him. We are excited about that. We had a really nice turn out at the EPA and the beginning of an even close relationship than we have had with them in the past. We are coming together in a very positive way.

There's more UC news on the printed report at your place, but I want to mention just a couple of things. UC has received wonderful news that three of our faculty members have been selected as Fellows in the American Association for the Advancement of Science. The inductees include two members of the College of Medicine – Jerry Lingrel in molecular genetics and Marepalli Rao in environmental health. Also included from the College of Engineering and Applied Science is Professor Andrew Steckl. That brings to seventeen the number of AAAS members at the University of Cincinnati.

I also received some really great information yesterday that I wanted to share with you. As we all know, we continue to look for the very best students we can find and they are coming to the University of Cincinnati. We received information about the National Merit Finalists. Right now we have about forty-five National Merit Finalists. Of the group of all the universities in the country, the University of Cincinnati ranks 55th among campuses nationally and 21st in the country among public universities. We are at 3rd in the State of Ohio behind Ohio State and Oberlin and we're second in the Big East behind Notre Dame. To give you some other ideas about this – we talked about the AAU schools and of the AAU schools we are ahead of Michigan State, Case Western, Johns Hopkins, University of Iowa, Carnegie Mellon, Pitt, and UCLA to give you some idea of where we're stacking up. That really reinforces the fact that stronger and stronger students are considering the University of Cincinnati as the place they want to come to pursue their higher education.

Over the holidays I had the very great pleasure of giving our Osher Lifelong Learning Institute a huge surprise. The president of the Osher Foundation, Mary Bitterman, has contacted me and swore to me secrecy. Actually, I didn't even tell the folks from the Foundation about this. They wanted me to make to an unexpected announcement at the institute's annual holiday gathering. We had made a proposal for \$50,000 dollars and so when I went out to bring holiday greetings to the group, I said, "Well, I've heard from the Osher Foundation and we had a proposal in for \$50,000, but they decided to give us a million dollars." You can imagine that went down pretty well at

lunch. *(Laughter)* We owe a great debt to Mr. and Mrs. Osher, the living trustees of the Osher Foundation. It's been a long program for us and many, many people are involved in it.

Since we've been talking about finances, what I'd like to do now is turn it over to the Chairman of the UC Foundation, Steve Wilson.

(Steve Wilson., UC Foundation Chairman, gave the following Foundation Update.)

Mr. Wilson:

Thank you, President Williams. I'm sitting in this morning for Otto Budig. Otto was called out-of-town unexpectedly on business. Since he is one of our major donors – we always grant that privilege. *(Laughter)*

I'm here to provide a quick recap of fundraising results and details about upcoming campaign activity.

As a quick refresher, all of our work is guided by three organizational goals, and those are:

1. Successfully raise one billion dollars and complete the campaign;
2. Position UC to be able to raise \$125 million per year after the campaign concludes; and
3. Significantly increase UC's alumni participation rate.

With less than two and a half years remaining in the *Proudly Cincinnati* campaign, we stand at slightly more than \$721 million raised as of December 31st. I'm pleased with the progress we've made toward our goal and proud of the commitment demonstrated by those of you here today, as well as our staff and volunteers throughout the country.

It's important for the Board to note that our efforts are focused primarily on the identification, cultivation and solicitation of our most qualified principal gift prospects. When the campaign was in the preliminary or quiet phase, we were asked to identify individuals, corporations and foundations capable of making gifts of \$1 million or more. That list had 72 names on it after our first pass. Today, our Top Principal Gifts Prospect list has grown considerably, with approximately 354 names on it. We continue to build relationships with these entities as part of the solicitation and giving process, and have secured major commitments from a number of them so far. This list will continue to be important well beyond the campaign as we move toward a new standard of giving.

Our regional campaign committees are also a major focus, and they continue to grow stronger and attract new donors to the campaign. To facilitate even more engagement, a number of them are holding special events over the next two months, including the New York, Washington DC, and Chicago regional committees. In addition, President Williams is taking part in a four-day swing of visits to members of our Florida committee, with stops in Orlando, Sarasota, Naples and Miami. It's a tough job (*laughter*) but this time of year somebody, we realize, has to do it.

President Williams:

What can I say Steve?

Mr. Wilson:

Jay Chaterjee, Dean Emeritus of DAAP, will also be presenting at three of the four visits.

We feel these events help position us to be able to ask for the significant gifts I discussed earlier. With a broad spectrum of events scheduled, we will evaluate our success against resources and refine future event plans based on the feedback we receive, as well as the number of people who participate.

Moving on to the support and generosity of UC's alumni and friends, total private support committed to UC from July 1 through December 31, 2010 stands at \$45.84 million. This includes more than \$34.2 million in gifts and grants, and more than \$11.6 million in non-governmental research funding.

We have been fortunate to receive more than a dozen major gifts in the past few months. To quickly spotlight just a few, the John Hauck Foundation awarded a grant of \$100,000 to UC Libraries for capital improvements to the Henry L. Winkler Center for the History of the Health Professions – a medical archive, library, and exhibit facility that encourages visitors and researchers to explore the area's rich medical history.

And, much to our pleasant surprise and as President Williams mentioned, we received a \$1 million grant from the Bernard Osher Foundation to expand educational offerings through the Osher Lifelong Learning Institute.

I'd like to once again thank everyone for their support and involvement in the efforts to raise private support for the University of Cincinnati. We're used to thanking our donors and volunteers, but it's important to realize how essential each of your efforts have been to get us this far in our campaign. It takes a lot of dedication to make a campaign like *Proudly Cincinnati* successful, and each day we move closer toward realizing this goal because of people like you. Thank you very much and I am *Proudly Cincinnati*.

President Williams:

Thank you, Steve and thank you for all you do for the University of Cincinnati. Today we are going to have two presentations. The first one will focus on a Report on Investments and for that I call on our Senior Vice President for Administration and Finance, Bob Ambach, and the Chief Investment Officer, Tom Croft.

(Robert F. Ambach, 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:

Thank you, President Williams and Board of Trustees. Tom Croft and I are here this morning to present the annual report on the UC Endowment and the Temporary Investment Pool of the university. The data presented reflects both fiscal year end as well as our most recently available data which is November 30, 2010.

I'd like to begin with an overview of the investment and cash position of the university. As of November 30th, the total endowment was approximately \$937 million. We are still down about 21% from the peak of almost \$1.2 billion in June of 2007; however, for this year it is up over 12% from the low of \$833 million in FY 2009.

In reviewing the endowment section of this table you'll notice there are three primary components to the endowment pool. The largest, at \$690 million, is the "endowment pool" which we often refer to here at the university as the "A" pool. These funds are the funds that are directly managed by our internal investment office. The second component is the "separately invested" pool. These assets are specific assets outside of our endowment "A" pool such as real estate and those types of investments. The "other trustees" fund of \$197 million are endowments which have been trusteeed and managed by outside organizations as required by the bequests.

Included within our endowment pool are the Neighborhood Development Corporations loans. As you can see, the Neighborhood Development Corporations loan balance held by the endowment has declined to \$79 million as of June 30th from a high of about \$104 million at the end of 2006. That number is not presented on this slide, but since it was the high-water mark in terms of our loans related to Neighborhood Development Corporation, I think it's important to continue to draw back to that number and see the progress we're making on refunding some of those dollars. The significant change in those Neighborhood Development loans have been the reimbursement related

to the King/Highland project as well as the decision to actually begin reserving funds related to the projects in both our principal and outstanding accounts receivable.

If you look at the cash for the Temporary Investment Pool for the university, we continue to have very positive news in that area. As of November 30, 2010, the Temporary Investment Pool has a balance of \$369 million up from the historic low back in 2006 of \$93 million. I will be covering more on the Temporary Investment Pool as I go forward in my presentation, but this really is a positive sign for us at the university in terms of our liquidity.

What Tom and I want to cover this morning is a brief overview of the Neighborhood Development Corporations Loans and Program; the annual return and issue related to the Temporary Investment Pool; as well as Tom coming up and talking about the Endowment Investments as well as our spending within that pool.

I would like to begin with a brief update on the Neighborhood Development Corporations loans. On this slide you can see on the portfolio as of November 30, 2010, the Neighborhood Development Corporations portfolio has a balance of about \$119 million offset by reserves of about \$40 million. You can see that the three major projects still remaining are our Calhoun Corridor and University Park project, Stratford Heights, as well as the Stetson Village Apartments. We again in fiscal year 2010 evaluated the funds, the loans, and the projects and we did make an additional half million dollar allocation into our reserves against the loan balance. That is primarily based on based on the market value of some of the projects that are up on Short Vine. We continue on an annual basis to evaluate the loans, the corporations, and determine the potential long-term cash flows of these projects to make sure they are still able to reimburse or repay the loans made from the endowment of the university. One of the critical issues to our Neighborhood Development Corporations initiative continues to be the stringent credit markets and the difficulty that presents to us to have some of these good projects actually begin to come out of the ground.

On this slide we provided a brief description of many of the projects that we continue to work on within that portfolio. I'm not going to go into great detail related to any of the projects, but I'm happy to answer questions about any of the specific projects. In general, we continue to work with the Neighborhood Development Corporations as well as the Uptown Consortium on the various projects in order to ensure that they are able to service their debt including loans made by the endowment pool of the university.

If we move on to our Temporary Investment Pool – this is a chart that we've all become pretty used to seeing over the last four or five years. As I shared with you earlier, the Temporary Investment Pool as of November 30, 2010 stands at \$369 million. You continue to see an upward trend in the cash and it's partly a result of our operating and structural deficit policies, but it also has a large part related to our increased enrollment and our enrollment patterns which has helped our cash position.

The smaller increase year-over-year that you see continues to be an increase but it has slowed down a bit. That's a product I think of what is really good news. We actually as of June 30th were able to return back to the units that \$19 million in quasi-endowment funds that we had sequestered back in 2006 as part of our strategy for building our liquidity. To me this is really a strong sign that our liquidity of the university has increased significantly and it's also a fulfillment of the promise we made to our academic units and departments that we were able to return these funds. I think it was a milestone this past June that those funds were actually returned back into the endowment pool. As a result of this, we've had multiple credit rating calls and they've acknowledged the progress that we've made relative to our liquidity in our financial position. We've been able to maintain our current ratings with S&P and Moody's, but related to Moody's we've actually moved from "stable" to "positive" in a very tight credit market.

As you can see on this graph we continue to be doing well in a very competitive and difficult interest market. The one-year return as you can see in the very left side of the slide continues to outperform the benchmarks, but we were down from the previous year. Our performance in the Temporary Investment Pool exceeded benchmarks

primarily due to significant holdings of investment grade corporate securities versus the lower yielding government backed securities.

Even though we outperformed the benchmark, which is often a false indicator, our performance was still down from last year. We went from 4.1% last year in FY 2009 down to only 2.9% in FY 2010. As you can imagine, this is really a result of a very difficult interest markets. You can see that money market funds and treasuries still remain at the 10 to 30 basis point range. We were able to get that return that we achieved because we did have really good quality holdings and corporate holdings as well as a strong Ohio municipal bond market. The continued slowed recovery are just allowing us or making us a little cautious in projecting that our return for FY 2011 is only going to be in the 1.1% range. If interest rates continue or start to bump up through the remainder of this fiscal year that number could be a little higher, but we have not built that into our estimations at this point.

I think the takeaway message is we continue our dug diligence to maintain quality investments; however, we must remain vigilant in protecting the cash of the institution. We're not going to chase higher returns with riskier investments. The outlook for next year will be lower returns based on the current market and the environment.

I now want to turn it over to Tom who will walk us through the endowment spending and performance.

Mr. Croft:

Good morning. Today, as Bob said, we're going to cover the endowment focusing first on performance, then we'll turn to the investment environment that we're in and our strategy in the environment, and finally a little bit on endowment payoff prospects.

First on performance – you can see the growth of the endowment over the past twenty years. From 1991 through the market peak in 2007 we enjoyed an 8% compound

growth in the value of the endowment. At that point we began to experience the impact of the very significant decline in global equity markets in 2008 and 2009. That took the value of the endowment, as Bob mentioned, down from about \$1.2 billion to a low of about \$730 million in March of 2009. Since then as you know, we've experienced a substantial rebound in equity markets and that has taken us back by the end of the calendar year to about \$950 million for the total endowment.

There are many components – different components – that contribute to the change of the market value of the endowment. They are displayed here for FY 2009 and FY 2010. Of course, the most significant is always investment return. In FY 2009 you see that we suffered a negative return of over \$200 million. We recovered about half of that in FY 2010.

The next most important factor in the change in market value is generally what we pay out in spending. Here you see in FY 2009 we paid out about \$60 million and it declined to \$50 million in FY 2010. That decline due to the change in the policy spending rate from 6% to the normal 5% long term policy rate and also the three year moving average methodology we use to calculate our payout.

Lesser factors in the change in market value are \$15 million in gifts collected. What we spend for the UC Foundation development charge, and then finally approximately \$7 million per year for our management expenses, custody accounting, etc. So that's the components of changes in market value.

Let's turn now to a comparison of our investment returns to our returns. Now we have two important benchmarks that we employ. The first is the target weighted index. Target weighted index is simply the index return of the components of our strategic asset allocation to such investments as US equities, international equities, investment grade, fixed income, etc. The primary investment objective which is really our very most important long-term objective is to meet that 5% policy spending rate, cover our investment expenses, and in addition, cover inflation. Achieving that objective assures

that we'll keep the endowment whole for future generations of students. So how have we done versus the target weighted index? You see here that the index return was 9 ½%. The endowment pool excluding the Neighborhood Development Corporations loan was only 7.7% – 1.8% below the benchmark. We had very good performance in our international equities, in fixed income, in hedge funds, and in private equities – overall good performance except for the negative impact of a real estate investment partnership which we made over five years ago. That real estate investment partnership was hurt badly by leveraged properties that required additional financing, developmental financing, in an extremely tight lending environment for real estate. The negative results there more than offset the good results in other sectors of our portfolio. The story is really the same over the whole period. You can see that we're underperforming the benchmark by a declining amount though as we go back in time and the result of that partnership is diluted. By the time we get to the 15 year time frame, you see that our underperformance relative to the benchmark is less than half of a percent. That's the story versus the target weighted index.

How about performance versus the primary objective? You can see that our performance with or without the Neighborhood Development Corporations loans exceeded 7% for the past year. That compares well to the 6.5% primary investment objective. However, primary investment objective is most important in longer term time frames. In here we see substantial underperformance which shows up really in the three year time frame where we have a -2% return relative to a 6.7% objective – about a 9% underperformance. However, once again the negative impact of the big market decline that we experienced gets diluted as we move back in time. In fact, by the time we get to the fifteen year time frame we see the primary investment projected is 7.7% and our endowment pool excluding the Neighborhood Development Corporations loans is 7.8% so that is encouraging.

How are we doing versus other endowments? We compare ourselves to the competition. We focus on similar sized endowments that is ones in the \$500 million to \$1 billion size range. For the one year period our return was 12.1% compared to 11.9%.

We had larger holdings of equities, we had very good fixed-income return and we also had good private equities returns. On the longer term time frame, we are underperforming slightly. This is due to the real estate investment partnership that I've already discussed and also the successful larger investments that the other endowments have made in private markets including hedge funds and private equity. Altogether though when you look at it our underperformance is not really very large and I think that we are doing pretty well in the sense that real estate partnership is behind us and we are prudently building up our holdings in alternative investments. I think that bodes well for the future of our returns versus our competition.

Let's turn now to the investment environment. There's been a dramatic change in the way that we feel about the markets, although I think that we are still probably nervous, than where we stood two years ago. I'd like to illustrate that with this chart of three stock market bubbles and the post-crash performance in those bubbles. Of course, the most profound market experience most of us remember although we weren't present necessarily is the American experience that began in 1929 and that's depicted by the red line. Really a difficult period – the market was down over 80% at one point and it took twenty-five years before the market got back to the level that it was at in 1929. The other big experience that most of us are familiar with is what happened in Japan commencing in December of 1989. Once again, 80% market decline and we still have not seen a significant improvement in the Japanese market after twenty-one years.

How about the current experience? Just two years ago when we were here it looked like we were on track for those kinds of declines. Our market was down 50% and we were tracking right along with those other two experiences. However, by now we see that we've had a great big equity market rebound. We're only 20% off the high with yesterday's close of the S&P at 1290. What's the difference? As I pointed out in March of 2009 the big difference has been the unprecedented buildup of liquidity by our Federal Reserve Board. That was depicted then by my graph of the change of the monetary base. It was simply off the chart – we had to extend the chart to make it go up more. That's been the primary difference. Of course the fact that we've avoided getting into restrictive

trade policies and have created structures to help financial institutions sort out their difficulties have been important factors also. The key though, as I said, has been the consistent application of liquidity in this market by our Federal Reserve. Our Federal Reserve Chairman, Ben Bernanke, has really continuously voiced his intention to stay on that track. So, are we out of the woods? I think that we're still in a risky market environment. We still have valuations that are somewhat higher than long-term norms and more than that, we're faced with a very large debt problem. I talked about that at some length last year when I went over the household debt relative to the gross domestic product in our country. That is the size of debt of households relative to the total size of our economy. That's still at uncomfortably high levels despite many defaults and some repayments.

More than that though, we have a growing problem in the area of government debt. I depict this here by the "ring of fire" and the situation that most developed countries find themselves in the world today is one where they have a large amount of public sector debt relative to GDP. That's higher if you move right on the horizontal axis. At the same time, they are continuing to borrow. These are current deficits or public sector borrowing relative to their GDPs.

Now if your borrowing is very high relative to your GDP then that's only adding to this problem. What's the significance of that? Some very important research by Reinhart and Rogoff in their book *This Time Is Different* shows that when public sector debt relative to GDP gets to about 90% – and it doesn't have to be that precise, but big heavy – you get a distinct slowdown in economic growth. That's very important from an investment perspective. I'd like to point out one other thing that comes out in this graph. Unlike the countries in the "ring of fire" these that are in green up here which includes many emerging markets, in fact, the big ball right there is emerging markets on average, have relatively low public sector debt and they aren't borrowing a lot currently. They are really positioned for much better growth going forward.

So what are the takeaways from this investment environment that we find ourselves in? Well, first of all, lower growth and higher risk is in prospect for developed countries relative to emerging markets. It's kind of a flip-flop of what we're used to. Second, with lower economic growth, lower equity market returns are in prospect particularly in the developing countries. The spread, the reward that you get for taking on the risk of equities, is lower relative to fixed income than it has been in the past. Third, we have significant of either deflation or inflation and I'm not sure which. In the near term it feels more deflationary and in the longer term I can't believe that all of this monetary expansion isn't going to be answered in some way. Finally, our research continues to find opportunities in private markets and hedge funds that will give us higher returns and diversification. And last, we have to keep liquidity and flexibility to meet our spending requirements, the commitments we've made to private market investments, and also to take advantage of potential opportunities to buy assets cheap in a real volatile environment.

So, how does all of this play out in terms of our strategy? This is very high level, but what I'm showing here is what our asset allocation in terms of our actual holdings was at June 2005, June 2008 and finally at November 2010 and just to show you broad sweeping trend of what our strategy has been. Over this period of time, we've reduced our total holding of equity from about 71% of the endowment to 53% of the endowment. Most of that, or all of that, has been declined through holdings of global equities offset by growth in private equities. That big decline reflects that change in our evaluation of the risk and reward of holding equities. We still hold a lot of equities – just not as much as we used to. So where did we put that money? We put it in fixed income. Our research has shown that in the environment that we're in, where it's very unlikely that we are going to experience a combination of both high growth and high inflation that corporate debt is a reasonable alternative to equities. It's unlikely that over the long term that it will earn as much as equities, but it provides a volatility buffer that keeps us well positioned in a touch environment. We have about 29% by now in fixed income.

Regarding other asset categories, you can see the private equities up here. We've grown those and we've hedge funds at a gradual pace. We know that our fixed income provides a good buffer in the event of deflation, but what about inflation that I talked about before? Within private equities we continue to focus on natural resource investments and natural resource infrastructure. We're looking in the area of fixed income at both treasury inflation securities and also emerging market debt because those look like good areas to be in the event of inflation. Finally, in the area of real estate, we're working on opportunities to invest in the distressed commercial real estate market that we expect to persist for several years as they work through their debt difficulties. That's our strategy at a very high level.

Just one final note now and that has to do with spending from the endowment. The red line shows what our spending policy has dictated. A very preliminary number, but probably pretty close to right would be \$4.27 per share. Payout for FY 2012 would be a 12% decline from the \$4.86 which isn't really shown on the graph but would fall right about there for FY 2011. Prospects going forward – we have three scenarios here. The first scenario says that the market goes up 20% this year and that would yield about a 10% increase in the endowment. In other words, we'd go back to the old high. You can see that results in an outcome where we have some gradual growth over the next few years in endowment payoff per share. The other scenario is that basically we just meet our primary objective – there is no particular pop in the market – and that results in a pretty flat payout for the endowment over the next few years. The final scenario that we show is if we have a renewed significant slump in the market, say about 40%, which could lead to about a 20% decline in FY 2011 and that results in a significant decline to \$3.35. Now again, that's just one scenario and I'm just trying to demonstrate impact of various market outcomes. I just remind you that the endowment, looking at it on a total university basis, is about 5% of the budget so that at least on a total university basis, that impact is somewhat muffled.

Those are my comments and if you have any questions, I'd be happy to address them.

Mr. Barrett:

I have a question. That last figure you gave, if the endowment is 5% of the budget, is that in range with institutions of this type?

Mr. Croft:

Public institutions tend to have a smaller amount of their income relative to their endowment. I think that it is, but I could confirm that. We have a lot of data on the amount of endowment based on enrollment, etc., that allows us to parse that better, but I'd be happy to come back to you on that.

Mr. Barrett:

Do I understand that but for the real estate investments the endowment would be doing quite well?

Mr. Croft:

It would be very well relative to its benchmarks and relative to its primary objective.

Mr. Barrett:

And, also, we understand that the reallocation of assets that you are recommending positions us best for the uncertain market conditions in the future?

Mr. Croft:

That's exactly why we are undertaking that. Again, it's always a risk/reward thing. It's like a poker game. If you're holding a good hand you want to play that hand for all its worth without, of course, tipping everyone else off. At the same time, if you don't hold a real good hand, you want to minimize your exposure.

Mr. Barrett:

Tom, I just want to thank you. That was a very informative lesson in economics and very understandable. I appreciate it very much.

Mr. Croft:

Thank you.

President Williams:

Any other questions of Tom or Bob?

Mr. Barrett:

Just wanted to ask Bob one question. Bob, on the quasi endowments we have fully reimbursed all those funds, correct?

Mr. Ambach:

That's correct. When we did the first triage it was around \$40 million. Between 2006 and 2010, many of the colleges and units used those dollars to pay back deficit funds that they had accumulated over a number of years. As of June 30th there was about \$19 million and we returned all that back to the endowment and units. It was a great moment for us.

Mr. Barrett:

That's a very significant accomplishment, correct?

Mr. Ambach:

Yes.

President Williams:

Thank you, Tom and Bob. Now it's a pleasure to put the spotlight on our students. I have mentioned before about Mason Stout, a young man I saw speak at the Foundation event we had up in Dayton, and I decided to bring him here today. He's going to talk about his experiences as a UC student in the Engineers without Borders' program. Mason is a mechanical engineering major in the ACCEND program who is also working on an MBA. He is from Centerville, Ohio, and serves as the project leader

for one of the organization's initiatives in Tanzania. Other members of the Stout family have also attended UC – his father, Greg, and Mason's sister, Taylor, is a first-year student. Mason would you please come forward.

(Mason Stout, a mechanical engineering major in the ACCEND program in the College of Engineering and Applied Science, gave the following presentation titled Focus on Students: Engineers Without Borders using PowerPoint slides. A copy of the presentation is on file in the Office of the Board of Trustees.)

Mr. Stout:

Hello. As President Williams said, I have a pretty strong history in my family with the University of Cincinnati. But the reason that I chose to attend UC was because of the reputation of UC's College of Engineering and the Co-op Program and the opportunities that I knew that it would be able to provide me. One of those opportunities was to get involved in the student group Engineers Without Borders and travel internationally.

Engineers Without Borders is a national organization that is made of professional and student chapters. Our chapter is currently working on three separate design projects which you can see outlined in the informational packets at your places. Our chapter is funding entirely by donations and fundraisers. The Burere and Nyambogo projects are located in northwest Tanzania and the Otho Abwao project is located in Kenya.

Our projects are based on building long-term working relationships within our communities and even after we complete a projects we usually go back several times over the next couple of years to ensure that our project is functioning as intended and that the village is sharing the knowledge that we've given them with surrounding villages to help development of the entire area.

Each week our group meets as whole for a general meeting. All of the project groups share what they've accomplished in the last week. When we do this we generally

encourage our younger members to try to take initiative and develop leadership skills so that even after we've graduated that the program can still remain strong.

When I was a freshman I came into UC looking for an opportunity to join a group where I could do work relative to my engineering major while also helping people who don't have access to the type of knowledge or resources that we have in this country. After attending a few meetings, I decided to join the Nyambogo Project. The Nyambogo Design Project is a large scale effort to improve the quality and the quantity of water for the roughly 5,000 people who live in the village of Nyambogo. When I joined the project as a freshman I figured that maybe I wouldn't be able to do too much because I didn't know a whole lot, but it quickly became apparent that any help that you can give is greatly appreciated. I did a whole lot of research about water and all of UC's faculty were very helpful when I came to them with questions, for providing resources, recommending reading and stuff like that.

By the end of the year, I was very involved with our project and I was interested in helping to plan our summer trip which we would take to Tanzania. I took on the role as the Logistics Coordinator which meant that I was responsible for planning the entire trip in advance while we were in the United States. I worked with our partner organization, the Village Life Outreach Project, which is a Cincinnati based non-profit organization and they went with us on the trip because they are mostly medical based. They helped to provide medical attention to the residents of the region and they alert us of places where there are common problems that would require the assistance of people with engineering knowledge. So, I was in charge of making sure that everyone in our group got their payments in on time, got their vaccinations, and that all of our lodging and travel expenses were taken care of. When we were on the ground I was the Nyambogo Assessment Coordinator which means that I was responsible for making sure all of our water testing and community surveys were accomplished.

In the picture, which is from our summer trip, you can see us with some of the children from the village. They were really excited and followed us everywhere. It was definitely a fun experience.

The day after spring quarter's last exams, we met early at the airport, said goodbye to our families, and started thirty-six hours of travel to reach Shirati from Cincinnati. For the next sixteen days we were cut off from the outside world pretty much with the exception of a few satellite phones that we could use if there was an emergency. When we got to Shirati we found that the town where we were staying was pretty large, but the electricity was unreliable at best. The only running water was found at the hospital. Each day we'd get up early, eat breakfast, pack lunches and leave to travel to our communities in the packed little vans. In the picture there you can see Dr. Durbin in the front seat and just a bunch of our students. It was definitely a fun ride. It took about four hours to get there.

While we were in the communities we were surrounded by beautiful landscapes and friendly people. Those things just betrayed the difficulty of living in the area with sparse seasonal rainfall, no running water, and no electricity. One of the main objectives for Nyambogo was to collect samples of water from the three seasonal springs which pop up after the rainy season every year and then to check the dam that was built by the government which contains a large pond. Basically, all the rainwater that comes during the rainy season runs downhill and then they just build a wall and that creates a little pond.

The top picture there is one of the seasonal springs. It is just caused by rainwater and the people just go and fill up their buckets and drink from it. In the picture, Dr. Durbin is taking one of the water samples that we would be testing. So after taking the samples of water, we set up a temporary water testing lab with equipment that we brought. Our water testing was supervised by Professor Durbin. We tested water sources for twenty-two different mineral contaminants that were outlined by the World Health Organization for standards for water. In addition to the mineral contaminants we tested

for coliform bacteria. Coliform bacteria can cause a variety of digestive and stomach illnesses and are the most common, preventable disease in the community.

The picture on the slide there is the end result of our tests. Each of those vials is from a different water source. If you see any black color that develops in the sample that means that the bacteria is present in that water. As you can see, the first couple of samples are okay and the first three are from different locations in the pond and the last three are from the seasonal springs. The villagers prefer the seasonal springs because they were a lot closer to walk to so it is unfortunate that the water was that contaminated.

Using the knowledge that we gained from testing their water, we were able to revise the design of our proposed water system which is going to incorporate the use of a well. We believe that we hopefully will hire someone to come in and dig a bore-hole and then we will design the entire distribution system from there. Until then, we were able to advise them the best practices for drinking water – where you can collect the cleanest water and just common-sense stuff on how to prevent the spread of disease.

This year – Nyambogo – my project is still in the assessment phase and will soon move into the design phase. At the end of last year, I was elected to the executive board of Engineers Without Borders as the leader for the Nyambogo design project. About thirty-five students attend my weekly meetings to help research and design the water system.

This is pictures of a slow sand filter which are just kinda really cool technology. It's just two buckets, gravel, smaller rocks and sand. With those, if they are properly maintained, they can eliminate the coliform bacteria and all the other sediment from the water and make it safe enough to drink. These were part of a big project that was put together through VLOP, UC, and some of the work of past graduate students. They are part of our proposed design implementation. We use them with our project and they've been easy technology to spread throughout the village and they are really working well.

We're glad to see that even after we left, the village continued to build them on their own and distribute them throughout the community.

If you have any questions, I can answer them. If you have questions about other projects, you can email me or if you think of questions later, I can put you in touch with someone who can answer it.

Mr. Barrett:

How many total people were involved in the program with you?

Mr. Stout:

I think a couple hundred students this year that attend the general meetings.

Mr. Richardson:

I just want to thank you for your leadership. I know being a former engineering student that a lot of engineers focus so much on academics that they don't necessarily go outside and use their talents to help people. I applaud the fact that you are doing that. You represent this university well. Thank you.

Mr. Stout:

Thank you.

President Williams:

Thank you, Mason. (*Applause*) That concludes my report, Madame Chairman?

Mrs. Heimann:

Thank you. Before we proceed with our committee meetings, I would like to make some new committee appointments. Buck Niehoff will be a new member of the Academic and Student Affairs Committee. I would like to appoint Rob Richardson as a new member of the Finance and Administration Committee. Tom Cassidy will join the Governance and Audit Committee. Margaret Buchanan will chair the Compensation

Subcommittee and Tom Cassady will be Co-chair of the Investment Committee. The other committee chairs will be the same as in the past. Fran Barrett will chair the Governance and Audit Committee, Rob Richardson will chair the Academic and Student Affairs Committee, Gary Heiman will chair the Finance and Administration Committee and Stan Chesley will chair the Health Affairs Committee.

The first committee meeting this morning will be the Governance and Audit Committee followed by the Academic and Student Affairs Committee and then the Finance and Administration Committee meeting. Fran?

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 9:27 a.m.; the meetings concluded at 10:49 a.m.

THE REGULAR MEETING OF THE BOARD OF TRUSTEES

The Regular Meeting of the Board of Trustees was convened at 10:49 a.m. and, as noted on the first page (page 111) of these minutes, roll call was taken.

Approval of the Minutes from the Regular Meeting of the Board of Trustees

Mrs. Heimann called for additions, corrections, or deletions to the minutes of the Regular Meeting of the Board of Trustees of November 25, 2010. Upon proper motion by Mr. Humes and seconded by Mr. Richardson, 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 25, 2011, prior to the Regular Meeting of the Board of Trustees.

Academic and Student Affairs Committee Recommendations

11.01.25.01 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

Francesco Simonetti, Ph.D.	Associate Professor with Tenure College of Engineering Effective January 1, 2011
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Alex Lentsch, Ph.D.	Director of the Institute for Military Medicine College of Medicine Effective October 1, 2010
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Emeritus Status

Frederick Kryman, MS	Professor Emeritus College of Engineering Effective September 1, 2010
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Roger Collins, M.D.	Professor Emeritus College of Education, Criminal Justice and Human Services Effective August 31, 2011
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Jean J. Steichen, M.D.	Professor Emeritus in the Department of Pediatrics College of Medicine Effective January 15, 2011
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Andrea R. Lindell, Ph.D., RN, ANEF	Professor Emeritus College of Nursing Effective January 1, 2011
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Kenneth Martin, Ph.D.	Professor Emeritus College of Education, Criminal Justice and Human Services Effective January 1, 2011
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Marilyn Palkovacs, Ph.D.	Professor Emeritus College of Arts & Sciences Effective January 1, 2011
Janet Reed, MA	Professor Emeritus College of Arts & Sciences Effective January 1, 2011
M. Ann Welsh, Ph.D.	Professor Emeritus College of Business Effective January 1, 2011

11.01.25.02 DEGREE TITLE CHANGES

Synopsis: Degree title changes in the College of Medicine

It is recommended that the Board of Trustees approve the degree title changes in the College of Medicine for the existing graduate degree:

From: Masters of Science in Radiological Sciences
To: Masters of Science in Medical Physics

The proposals have been reviewed and approved by the appropriate authorities.

**11.01.25.03 CHANGE OF DEPARTMENT NAME TO OPERATIONS AND
BUSINESS ANALYTICS
COLLEGE OF BUSINESS**

Synopsis: Change of Department name from Quantitative Analysis and Operations
Management to Operations and Business Analytics

It is recommended that the Department of Quantitative Analysis and Operations Management change its name to the Department of Operations and Business Analytics, College of Business, effective February 1, 2011. Documentation* to support this recommendation is attached.

Finance and Administration Committee Recommendations

11.01.25.04 AUTHORIZATION TO REFUND OUTSTANDING DEBT

Synopsis: Authority is requested to issue general receipts obligations to refund/refinance existing outstanding General Receipts Obligations and/or Certificates of Participation, if reductions in debt service can be realized, to react to market conditions, or to manage and/or improve the university's cash flow.

*Filed in the Office of the Board of Trustees

This is not a request for new debt authority, but rather for a refunding authorization that would allow the university to quickly and responsibly respond to changes in the market place and/or to achieve debt service reductions. All refunding actions will be considered after a thorough analysis of market conditions and will be done in accordance with the university debt policy.

The board previously approved refunding authority under various refunding resolutions beginning in 1992. The more recent board resolutions numbers are 05.3.29.12, 07.03.27.15, 08.3.18.08, 09.05.19.06 and 10.03.16.14. From September 1992 through January 2011, \$767,070,000 of refunding bonds were issued, which achieved debt service reductions exceeding \$29 million and realigned a portion of the university's debt portfolio.

The authority granted within this resolution will not materially increase the amount of outstanding university debt as existing debt will be replaced as a result of any refunding activity. Refunding authority is necessary to adjust quickly to changes in the market environment. Examples of how this authority was used in the last 3 years are as follows:

- Auction Rate Securities (ARS) obligations which comprised less than 4% of the outstanding debt was quickly refunded before the ARS market collapsed in February 2008 thus avoiding potential remarketing concerns as well as higher interest rates.
- In April 2008, debt was issued to refund near term bond maturities in order to improve university cash flow as part of the university's plan to increase liquidity reserves.
- The university's variable rate debt issues were partially refunded during fiscal year 2010 and then fully refunded during fiscal year 2011, to take advantage of low long term interest rates
- In November 2010, debt was issued to refund \$63.3 million of bonds, yielding total debt service savings of \$4.2 million over 17 years.

It is recommended the University of Cincinnati Board of Trustees approve the attached resolution* that authorizes the issuance of not to exceed \$175,000,000 general receipt obligations to refinance outstanding general receipts obligations and/or Certificates of Participation should favorable market conditions provide additional opportunities to achieve debt service reductions, to react to market conditions or to manage and/or improve the cash flow of the university.

11.01.25.05 AUTHORIZATION TO REFUND OUTSTANDING CERTIFICATES OF PARTICIPATION

Synopsis: Authority is requested to authorize and direct the execution and delivery of one or more lease agreements in connection with the refinancing of certificates of participation issued for the benefit of the university if reductions in debt service can be realized, or to react to market conditions, or to manage and/or improve the University's cash flow.

This is not a request for new debt authority. This refunding authorization provides sufficient flexibility for the university to quickly and responsibly respond to changes in the market place. The attached resolution* authorizes the execution and delivery of lease agreements to refinance

*Filed in the Office of the Board of Trustees

outstanding certificates of participation, for the purpose of lowering debt service costs, to react to market conditions or to manage and/or improve the cash flow of the university. As of January 1, 2011 the university has \$94,405,000 outstanding in certificates of participation. All refunding actions will be considered after a thorough analysis of market conditions and will be done in accordance with the university debt policy.

The board previously approved refunding authority under various refunding resolutions. The more recent board resolution numbers are 05.3.29.12, 07.03.27.15, 08.3.18.08, 09.05.19.07 and 10.03.16.15. From September 1992 through January 1, 2011, \$81,275,000 of refunding certificates of participation have been issued, which achieved debt service reductions exceeding \$3.7 million.

It is recommended that the University of Cincinnati Board of Trustees authorize the execution and delivery of lease agreements to refinance outstanding certificates of participation, should favorable market conditions provide additional opportunities to achieve debt service reductions, to react to market conditions, or to manage and/or improve the University's cash flow.

11.01.25.06 GENERAL RECEIPTS OBLIGATIONS (RENEWAL)

Synopsis: It is recommended that the Board of Trustees approve the attached resolution,* which renews the authority to issue General Receipts Obligations, of the University of Cincinnati, not to exceed \$279,289,979.

This is not a request for new debt authority. This renewal authorization is a summary of the debt previously authorized by the University of Cincinnati Board of Trustees. Renewal is requested for authorized general receipt obligations that have not been issued, or were issued in the form of non-permanent short term debt (Bond Anticipation Notes [BANS]). The attached table to the resolution labeled as Exhibit A, details the original authorized amount of general receipt obligations, the authorized debt that has been retired or will not be issued, the obligations issued and outstanding as of January 1, 2011 and the total authorization requested within this renewal.

The \$279,289,979 authorization being renewed is comprised of \$45,100,000 of obligations that are currently issued and outstanding in the form of BANS which mature in fiscal year 2012, and \$234,189,979 of debt authorized but not yet issued; most of which is for the Medical Sciences Building Renovation project.

This renewal of authority is performed annually. The purpose of an annual renewal is to keep all board members uniformly informed of previously board approved debt for which permanent debt may be issued in the future. The last renewal in the amount of \$300,874,979 was approved on March 16, 2010, recommendation number 10.03.16.16.

The university provides a sufficient amount of margin of safety in the authorized amount. The actual debt amount is determined by the project needs and the market conditions at the time of issue.

11.01.25.07 APPROVAL OF THE TENTATIVE AGREEMENT BETWEEN THE UNIVERSITY AND THE OHIO NURSES ASSOCIATION

Synopsis: It is recommended that the Board of Trustees approve the tentative agreement between the university and the Ohio Nurses Association.

*Filed in the Office of the Board of Trustees

It is recommended that the Board of Trustees approve the tentative agreement between the university and the Ohio Nurses Association pursuant to Ohio Revised Code 4117.14. The University and the Ohio Nurses Association negotiators reached a tentative agreement on December 10, 2010 and a copy of the agreement is attached.* It is further recommended that the Board authorize the Chairperson to execute the agreement.

11.01.25.08 AMENDMENT OF UNIVERSITY RULE 3361:40-13-15

Synopsis: Revision to University Rule 3361:40-13-15, to direct the university office of financial aid to establish and maintain a satisfactory academic progress policy

It is recommended that the Board of Trustees approve amendments to University Rule 40-13-15. The proposed changes would direct the university office of student financial aid to establish and maintain a satisfactory academic progress policy. This policy, which defines eligibility for financial aid in terms of satisfactory progress for a degree, is currently contained in Rule 40-13-15. While applicable state and federal regulations require that the university issue such a policy, none requires that such a policy be included in the rules of the board. Moreover, changes in the federal and state regulations that underlie this policy are not infrequent, and effecting these changes by amending this board rule in each and every instance is cumbersome and unnecessary.

A copy of the proposed amendment* is attached.

11.01.25.09 RECOMMENDATION TO APPOINT KAREN FAABORG AS EXECUTIVE VICE PRESIDENT

Synopsis: It is recommended that the Board of Trustees appoint Karen Faaborg to the position of Executive Vice President in the Office of the President

It is recommended that the Board of Trustees appoint Karen Faaborg to the position of Executive Vice President in the Office of the President effective February 1, 2011. This position provides advice and counsel to the President on all matters related to the University. The Executive Vice President serves as the President's primary strategic liaison with the University and community constituencies.

Comments from Chairman Heimann

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?

*Filed in the Office of the Board of Trustees

Upon motion of Robert E. Richardson, Jr., seconded by Stanley M. Chesley, the Board approved the items recommended by the Committees by the roll call vote.

Recommendation Nos. 11.01.25.01 through 11.01.25.09

AYE: C. Francis Barrett, Thomas D. Cassady, Stanley M. Chesley, Gary Heiman, Sandra W. Heimann, Thomas H. Humes, and Robert E. Richardson, Jr.

NAY: None

ABSTAIN: Gary Heiman abstained from voting on 10.01.25.07

ABSENT: H.C. Buck Niehoff and Margaret E. Buchanan (*Mrs. Buchanan was out-of-the-room during voting*)

Unfinished Business and New Business

Mrs. Heimann:

Is there any unfinished business?

Mrs. Heimann:

Thank you, everybody. We will now have reports from the board representatives and student trustees. Rusty, would you like to give the Alumni Association Report?

Alumni Association Report

Mr. Myers:

There is a full report in your board books so I just want to hit the highlights. We really have three top priorities for 2011 coming up:

- First is increasing our engagement. We intend to really do this through our college boards, our affinity groups, and all of our networks around the

country, hopefully engaging more of our alumni through those different opportunities.

- Second is improving our communications while working closely with the marketing group at the Foundation to do that and improve our communications for Alumni.
- Third is with our switch to our new open membership model. We're looking to increase and add different revenue sources of support for the Alumni Association. So we will be looking at those opportunities coming up here in 2011.

One of primary focuses for this year is the "1819" initiative. I am pleased to report we have 2600 new donors since the beginning of the fiscal year. We have 260 new gifts to 1819. I'm pleased to report we had 100 of the December graduates commit to 1819. That was also matched by some generous donations from our alumni so that helped to recruit some of our new graduates to the program. We're looking to do that for the graduation period in June as well. The other thing that we have done is to add 1819 to the Telefund so that as they go through the requests in the telefund calls, 1819 is part of that ask.

As a point of emphasis for our alumni in the market today, we've instituted with the College of Business a Career Tools Plus resource. We've gotten a lot of our alumni requesting help with their careers (career networking) so we have now on our website and with the College of Business a free tool that our alumni can use to help them through the process. We're looking that kind of activity as well.

We do have some major events coming with the basketball team's success we are hoping for a big turnout in New York for the Big East men's basketball tournament and our events there. Hopefully, many of you will join us there.

Also, with the resurgence of the Reds, we've been partnering with them on some opportunities. We'll be taking trip down to Phoenix come March 6th and would invite anybody on the board and here to join us. It will really be an alumni event for the Network in Phoenix, but we'll be joining in spring training there. Then on Friday, April 29th we will have what we call UC Day at the Reds. We've moved that date up so the students can participate with us this year so we are hoping for a big turnout on April 29th with the Reds as well.

Alumni Weekend will be held on campus May 13th through the 15th. Our UC Day Celebration will be Thursday, June 9th. At that event we do award our William Howard Taft Medal. Those award nominations are open through the end of this month. We'd ask if anybody does want to bring forth a nomination to do so.

Spring Commencement exercises will be Friday and Saturday, June 10th and 11th. After that commencement we will have a reception at the Alumni Association welcoming all of our new alumni. Throughout the year we will continue at our regional network level through our "UC Where YOU Are" initiative – many events out across the country and actually throughout the world.

As always, I thank the board for your support of our Alumni Activities. Thank you. That concludes my report.

President Williams:

Thank you, Rusty.

Mrs. Heimann:

Thank you, Rusty. Dr. Harknett had to leave the meeting early today to go teach a class so he has included his written report in our board materials at your places today.

University Faculty Chair Report (written report in the board materials)

The University Faculty consider the University of Cincinnati's conversion to semesters not as a calendar change, but as a transformational moment for the institution

in which we have the opportunity to assess and strengthen the lifeblood of our academic enterprise – our curriculum.

We have developed an on-line course conversion process that in the opinion of many could be marketed as a model of how to handle such large institutional change. It has reinforced a process of examining current syllabi and degree programs in terms of student learning objectives and making much more explicit the interconnection between individual course objectives and those learning outcomes.

While we have correctly been focused on processing those new course descriptions and the bureaucratic requirements necessary to have everything in place by 2012, the faculty want to ensure that we remain focused on the ultimate strategic objective of curricula transformation.

So in December, the Faculty Senate passed a resolution calling on Provost Ono to organize a campus wide-one day retreat in the 2011-2012 to focus on the actual writing of the syllabi and serve as an anchor for programming throughout the year that assists faculty in incorporating the very best pedagogy.

Working with the Office of the Provost, I believe we will leverage this institutional change to produce an even stronger course curriculum through which we will enhance our capacity to transform lives, knowledge, and education itself.

The following is submitted for the official record:

University Faculty Senate Endorsed Recommendation to Provost Ono
December 9, 2010

University Faculty Curriculum Transformation Retreat: Concept Paper

Will we wind up with an actual curriculum that aligns with the one expected through e-curriculum?

How do we insure that we transform our curriculum under semesters?

Objective: To establish a dedicated university-wide one day retreat on actual syllabi conversion to semesters to leverage fully the opportunity to transform our curriculum. The retreat day will act as an anchor for syllabi conversion throughout the 2011-12 year.

Rationale: The curriculum process has worked exceedingly well in supporting a conversion process to semesters. However, the reality on the ground is that many faculty will likely not reconstruct their syllabi until after they have taught the class for the last time in a quarter system. Thus, while curriculum has guided faculty to consider such things as student learning outcomes (C1) and has supported program development with integrated core learning objectives (P1), the ultimate transformation of the course curriculum will occur at the point at which individual faculty re-write their own syllabi, which in most cases will be 18 months out from the original curriculum submission. A retreat day will close this circle from the point at which faculty initially began thinking about semester conversion to the point where many will begin re-writing syllabi actively.

In order to leverage fully the conversion process to encourage pedagogical improvement and innovation and produce a curriculum that is re-designed for the 21st century, we recommend that a Retreat day be set aside to anchor attention and focus to the opportunity of transforming the curriculum. Such a day will provide faculty the chance to manifest our intention to enhance our already strong efforts to provide students with the best courses possible across the university. We recommend that the provost designate the Semester Conversion Committee to coordinate best practice workshops throughout the 2011-12 year leading up to the start of the Spring Quarter and organize a central meeting in the Great Hall, TUC with each unit of the university sending minimally one faculty member to the opening session, who will then serve as facilitator(s) in their units to guide a department-level syllabi-writing activity. As a University Faculty Retreat, all faculty would be expected to meet at their unit-level and work on the retreat's focus – semester-based syllabi. The entire faculty would be invited at the end of the day to a celebratory reception in the Great Hall.

Process to Implement: Provost Ono can designate the Semester Conversion Committee or an adhoc planning committee to plan a University Faculty Retreat for academic year 2011-12. Faculty would not meet their classes on that day. With this advanced notice, faculty will be able to build alternative class activities for that day that will advance course objectives but not require meeting students.

Faculty in a Collegial Mode: Ultimately, courses work best when they leverage the specific expertise of the course instructor and thus individual faculty are the ultimate sources of syllabi construction. The Retreat is an effort to engage in that exercise in the application of expertise in a collegial mode. This will create opportunities for collaborative discussions for a highlighted day (the essence of a retreat) that will improve on our individual syllabi development and produce for the university as a whole an institutional outcome of core value.

Outcomes:

- The actual day creates a focusing event that allows lead-up activities in 2011-12 to build faculty commitment to re-thinking the curriculum at the course level. So, while we would expect faculty to re-work at least some syllabi on the actual day, the preparatory focus of intent would move greater percentages of faculty toward (re-)designs with improved pedagogical methods.
- Actually facilitates departmental and cross-departmental collaboration.
- This is a culminating moment of major change that produces actual substance. While not the reason to do it, additionally it will create a very positive PR moment for the university and clearly signal to students and the wider community that we are actively prepared for this major overhaul.
- It manifests faculty as creators of the learning process.

Endorsements: This concept paper has been circulated and revised through discussions with Faculty Senate cabinet, the Office of the Provost, and the Council of Associate

Deans representing the entire University. The full University Faculty Senate endorsed the concept paper on December 9, 2010 without objection.

Mrs. Heimann:

We will now move on to the student trustee reports, Portia?

Graduate Student Report

Ms. Watkins:

Thank you, Madame Chair. Good Morning Distinguished Members of the Board, President Williams, Faculty, Staff and Students.

I would like to begin by congratulating President Alex Ignatiou and Vice President Key Beck who proposed and won the Regional Bid for the Midwest National Association of Graduate and Professional Students conference. This conference will take place the second week in April. This accomplishment is anticipated to attract media attention as well as a large participant turnout. The Graduate Student Governance Association welcomes the opportunity to highlight our great university. So congratulations on that accomplishment.

Also, Vice President Key Beck has also begun to hold what we are calling coffee hours in the departments of Graduate Student Associations in order to make sure that we are staying in touch with our student base and hearing the concerns of what the graduate students' needs are as well as helping them with programming and other concerns they may have.

Thus far, graduate student research is underway and GSGA is aiding in the effort by having awarded over \$66,500 in conference travel and research awards.

Also, I attended last week's EPA announcement last week which highlighted UC as a leading partner in the Water Innovation Cluster. I would like to congratulate

President Williams and all of those involved who are leading efforts to help the University of Cincinnati to become a known leader of excellence in collaboration and research.

I would also like to comment on President Williams' efforts to further diversify the university. These efforts will attract students, faculty, administrators and staff and make UC more competitive. These efforts are just a couple of the many reasons that make me proud to be a Graduate Bearcat.

This concludes my report, the information mentioned can be found on UC's website as well as the website for GSGA. <http://www.uc.edu/gsga/>)

Mrs. Heimann:

Thank you, Portia. Kyle?

Undergraduate Student Report

Mr. Quinn:

Good morning. The end of Fall quarter and beginning of Winter has been very busy time for our undergraduates despite the small break in between. Student Body President Drew Smith and I have made it a point to connect our efforts and ensure that support is given to our students and organizations by showing up to their events and providing the resources to make their organizations better. Along the way, we attended a women's basketball game with the leadership scholars which is a program for intercity, minority, outstanding students that we have here in the City. Drew and I had the opportunity to talk to a few, give some tours and did some bearcat "recruiting" so that was very rewarding. We also enjoyed a vibrant performance, and I'm not cursing, but it's called the GenderF*ck fashion drag show and that was presented by our LGBTQ community. That community has just been outstanding on our campus with their resources and their new LGBTQ Center as well as the local support of developing that with the program director. We saw some incredible displays of art at the DAAP Galleries

and at CCM with the performance of “EVITA” (and I saw President Williams there as well) which personally, drew tears. A great performance and it drew standing ovations from the audience – obviously incredible. So, the more outreach we do, the more impressed we are with the incredible students including today’s student presentation. I would say that with the students, undergrads in particular, there is a heavy, heavy emphasis in involvement here at UC and that has grown a lot in my three years here. I think that is something we can definitely be proud of and something that we’re head and shoulders above in other universities just through conversations that I’ve had with other student trustees especially in Ohio.

Nevertheless, we’ll get into our usual student spotlight that I like to do:

- 1) Last time I discussed Eric Finan who won the NCAA Cross-Country Regionals and I would just like to add that he has a 3.94 GPA. I just have the upmost respect for student athletes in general and the way they balance their time. That’s just an incredible accomplishment.
- 2) Men’s basketball team who have started their season with incredible success
- 3) Stephanie Conklin – January student-athlete in Swimming. She too has a 3.88 GPA.
- 4) Josh Schneider, although no longer an undergrad, the NCAA champion swimmer who set an American record in the 50-freestyle in Dubai in late December.
- 5) Students participating in the Hoxworth Blood Drive and Holiday clothing/food drives.
- 6) UC Clermont students whose digital photographs were featured in a multimedia show in the Park National Bank Art Gallery.
- 7) Students enrolling in service-learning courses that were awarded the ‘Pay It Forward’ grant from Ohio Campus Compact. These students partnered with

CPS, Boys & Girl Club, and the City Gospel Mission to study Diversity, Health, Writing, Philanthropy, Student Engagement, and Intercultural Communication respectively in a “for-others” setting.

- 8) Students in the Undergraduate Serve Beyond Cincinnati organization. Similar to the presentation we had today, these students spent their winter break in South Carolina, Louisiana, Peru, and El Salvador doing physical construction projects in housing communities.
- 9) Students participating in Dr. Ono’s Provost Advisory Committee – those students completed their first quarter of work and in an official professionally written document will summarize their findings and insights into their view of UC in 2019 and will be available for your view.
- 10) As always, we again congratulate those participating in the commencement exercises.

I did receive one invitation to the Board of Trustees from the programs and activities council as a lot of you know “RENT” is coming to CCM in the upcoming quarter so they are having on February 7th Anthony Rapp, who was the star in that, do a speaking performance and CCM will open it up so that high schools will be there so you can do your bearcat recruiting. That’s from 7:00-9:00 pm on February 7th. There’s going to be a book signing and a lot of things going on there.

I’ll thank the students who were able to come to the first of the meeting in the back. Drew and I are working on getting more student representation and outreach from them in terms of the Board of Trustees.

Finally, a lot of you have tracked the progress of the young gentleman involved in the car accident, as well as I, over one year and two months ago. We are proud to report that the two students who were paralyzed, an anonymous donor made a scholarship to them called the Inspiration Award which will now be an annual thing for the College of

Business. Ryan Atkins who was paralyzed from the neck down in that accident, now has motion in his arm and just two days ago lifted his leg. I'm sure some of you saw the YouTube video of that. It brought us all to tears. Obviously, a very blessed individual and will do great things for UC and the Bearcats in the future.

That concludes my Undergraduate report, thank you.

Mrs. Heimann:

That's really good news Kyle. Thank you for your leadership. Drew Smith will now give the Student Government report.

Student Government Report

Mr. Smith:

Thank you Madame Chair. Student Government is off to another great start for this quarter. This past weekend we held our annual retreat, which actually took place in Columbus this year. We developed goals for the rest of the year and re-energized after our winter break. We also met with the leadership of Ohio State's student government to share best practices and work on collaborative projects. I am currently working on one major project with Ohio State and other universities in Ohio. We are writing letters to Governor Kasich taking a stand for the importance of higher education funding. We are telling him that higher education funding is not just important for our young citizens, but for the future of the state of Ohio. To date, we have about 3000 student signatures just from our campus and thousands more from other campuses around Ohio. In early February, I will be headed to the statehouse with other Student Body Presidents from Ohio to personally deliver these letters to the Governor's office.

Student Government is also continuing our extensive outreach efforts to students on a greater level than has been done in the past. There are monthly town hall meetings in TUC and our student group outreach programs, we are being able to better understand what our students want and where their concerns lie. Our team is compiling a video

titled, “These are your students” that we will share with the University community. It highlights interviews with random students explaining their favorite parts of campus, what they love most about the university, and of course, their primary concerns for the UC. This will help us, as well as administrators, and even you, the trustees to hear the voices from our student body.

Finally, I headed down to Florida this past week to cheer on our nationally ranked dance and cheer teams. Our cheerleaders placed 15th in the country and our 4 time national champion, 1 time world champion dance team placed 2nd place in both the pom and hip hop divisions, so congratulations to them on their valiant efforts. The competition was very intense, and I’m sure our dance squad will be back in the national championship spot in the coming years. This concludes my report.

Mrs. Heimann:

Thank you, Drew.

Mr. Richardson:

Just a comment – it’s interesting to see how you guys are carrying on and doing very similar activities to what I did when I was student body president. We had similar times and I really think that it’s important for you guys to really make your voice heard. What happened when I was a student, and Bob Ambach alluded to this earlier, it is not a good policy to just charge the students. What happened here when I was a student was the cost increased over 50% from when I started to when I ended and in one year it went up 15%.

Mr. Cassady:

Was that the year you were president?

Mr. Richardson:

Yes. (*Laughter*)

Mr. Ambach:

Timing is everything. *(Laughter)*

Mr. Richardson:

So, maybe I did have something to do with it. We were actually ignored by many people who were in the state senate at that time because I think they have this recurring belief that young people just don't really care and are not involved. To the greatest extent possible, it is important that you can get more and more people involved and make their voices heard, to register and go out and vote, so that the legislators can understand that there are consequences to their actions. I think what is easiest for some at that level is to make a reaction based upon the path of least resistance. Our higher education institutions are too important. The more students who make that message and resonate that message to the governor and to others, the more likely it is that we can at least minimize drastic draconian cuts. So, thank you.

Mrs. Heimann:

Thank you, Rob. As our last item of business today, the board will hold an election of officers. Today we will elect the chairperson, the vice chair, and the secretary. The term of office is one year or until the next election.

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

Mr. Chesley:

Madame Chairperson, I would like to nominate you [Sandra Heimann] as Chairman of our Board. You have done a magnificent job in your year.

Mrs. Heimann:

Thank you. Is there a second?

Mr. Barrett:

I'd like to second that motion and echo those comments. Sandy, it is really wonderful that you are willing to continue to do another year. You've led us so well this past year especially through major issues like UCHealth and the budget issues that we have coming on. I don't think that anyone could better serve our board as chair. I'll be pleased to second that motion.

Mrs. Heimann:

Thank you. All those in favor say "aye".

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

Mrs. Heimann:

All those opposed? (*There were none.*) I guess that I'm elected Chairman. I'd like to take just a moment to say and I'm sorry so many have left today, but I have really enjoyed this past year. We did have a few challenges but because we have such an accomplished board of trustees and that is who I would have liked to have thanked in front of more people. These folks are very accomplished in their own individual professions. They are busy in their own individual professions, but they are passionate about the university. This is a great institution and it is one of the major assets of our city and of our state. They clearly understand their fiduciary responsibility and the trust that the governor, the state, and the taxpayers have put in their hands to protect the assets of this university. I can say that I have called them during their business day and during business hours, in the evenings, on Saturdays and Sundays and they are always available. They give enormous amounts of time and energy to the university. I think they are honored to be in that position, and particularly as Rob mentioned it is a privilege to serve the students and perhaps make a difference in their lives someday. So – thank you.

We will now have the election of the Vice Chairman of the Board. Do I have a motion?

Mr. Chesley:

I would make the motion if I can?

Mrs. Heimann:

Certainly.

Mr. Chesley:

I would like to nominate as Vice Chairman somebody who has really been dedicated and continues to be dedicated on an ongoing basis. We are very, very fortunate in having Mr. Barrett.

Mrs. Heimann:

Thank you. Is there a second?

Mr. Heiman:

I would echo exactly what Stan said. I've had the opportunity and good fortune to work very closely on many matters over the years with Fran. There is nobody that I can think of that would be a more worthy Vice Chairman. I second the motion.

Mrs. Heimann:

Thank you. All those in favor say "aye".

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

Mrs. Heimann:

All those opposed? *(There were none.)* Congratulations Fran as our Vice Chairman of the Board of Trustees. May I have a nomination for Secretary of the Board of Trustees?

Mr. Richardson:

I would like to nominate Tom Humes.

Mrs. Heimann:

Do we have a second?

Mr. Cassady:

Second.

Mrs. Heimann:

Thank you. All those in favor say "aye".

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

Mrs. Heimann:

All those opposed? (*There were none.*) Is there any other new business?

Adjournment

Our next regular board meeting will be held here in the Russell C. Myers Alumni Center, on Tuesday, March 15, 2011. I suspect that will be an important meeting so thank you for being here with us today.

There being no further business before the Board, upon motion made by Mr. Richardson and seconded by Mrs. Buchanan, the meeting adjourned at 11:11 a.m.


SANDRA W. HEIMANN
CHAIRPERSON


THOMAS H. HUMES
SECRETARY