

**Regular Meeting of the Board of Trustees
June 24, 2008**

Table of Contents

Two Hundred and Eighty-First Session of the Board of Trustees	267
Attendance	267-268
Chairman’s Greeting.....	268-269
Report of the President.....	269-272
Enrollment Update by Dr. Caroline Miller	273-275
Introduction of Presentations	275
Nancy L. Zimpher, University President Monica Rimai, Senior Vice President for Administration and Finance June 2008 Finance and Budget Presentation	275-303
Comments from Chairman Wyler.....	303
Board Committee Meetings	304
Regular Meeting of the Board of Trustees.....	304
Approval of the Minutes of the May 27, 2008 Regular Meeting.....	314
Approval of the Items Recommended by the Board Committees	304 & 323
Academic and Student Affairs Committee Recommendations	304
Promotion.....	304
Faculty Appointments.....	305-306
Academy of Fellows for Teaching and Learning	306

Extension of Appointment of Peter Stern, MD.....	306
Dissolution of the Institute for the Study of Health.....	306
Establishment of Department of Radiation Oncology, College of Medicine	306
Finance and Administration Committee Recommendations	307
Approval of Amendment to University Rule 20-41-03 Authorizing Chief Investment Officer to Delegate Authority to Approve and Execute Contracts	307-309
FY2008-2009 Current Funds Budget Including Compensation Increases	309
Capital Budget for Approval Fiscal Year 2008-2009	310
Roll Call Vote on Recommendations Nos. 08-06-24-01 through 08-06-24-09.....	311
Unfinished & New Business.....	311
Faculty Report by Ann Welsh.....	311-313
Alumni Association Report by Bob Dobbs	314-317
Student Trustee Report by Seth Vensil.....	317-318
UC Foundation Report by Otto M. Budig, Jr.....	318-320
Student Representative Report by Ryan Rosensweig.....	320-322
Executive Session	322
Meeting Reconvenes.....	322
Compensation Subcommittee Recommendation	323
Recommendation for President’s Compensation.....	323
Roll Call Vote on Recommendation No. 08-06-24-10	324
Adjournment	325

UNIVERSITY OF CINCINNATI

Official Proceedings of the

Two Hundred and Eighty-First Meeting of the Board of Trustees

(A Regular Meeting)

June 24, 2008

The Two Hundred and Eighty-First Session of the Board of Trustees of the University of Cincinnati was opened at 10:30 a.m. on Tuesday, June 24, 2008, 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*.

Jeffrey L. Wyler, Chairperson of the Board of Trustees, presided. Mr. Wyler asked that roll be called.

BOARD MEMBERS PRESENT:

C. Francis Barrett, Anant R. Bhati,
Margaret E. Buchanan, Gary Heiman,
Robert E. Richardson, Jr. and Jeffrey L.
Wyler,

BOARD MEMBERS ABSENT:

Sandra W. Heimann, Tom Humes and H.C.
Buck Niehoff

ALSO PRESENT:

Nancy L. Zimpher, President;
Anthony J. Perzigian, Senior Vice President
for Academic Affairs and Provost;
Monica Rimai, Senior Vice President for
Administration and Finance;
Michael W. Carroll, Vice President of
Development and Alumni Affairs;
Mitchel D. Livingston, Vice President for
Student Affairs and Chief Diversity Officer;

Mitchell D. McCrate, Interim General Counsel;
James D. Plummer, Vice President for Finance;
Fred Siff, Vice President for Information Technology
David Stern, Vice President for Health Affairs;
Gregory J. Vehr, Vice President for Governmental Relations and University Communications;
Greg Hand, University of Cincinnati Spokesperson
Otto M. Budig, UC Foundation Representative;
Seth Vensil, Student Undergraduate Trustee;
Ryan Rosensweig, 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 Jeffrey L. Wyler began the proceedings at approximately 8:30 a.m.)

Mr. Wyler:

Good morning everyone. Welcome. A couple of notes this morning: Sandy Heimann, Tom Humes, and Buck Niehoff are unable to attend the meeting today and as usual, we have a pretty busy schedule. I would like to take a minute or two to recognize Bob Dobbs. This is Bob's last meeting as a representative of the Alumni Association and Bob has been the Alumni representative for four year it says. I've known Bob a long time. How old are those kids? Thirty?

Mr. Dobbs:

Twenty-seven.

Mr. Wyler:

Twenty-seven. Triplets?

Mr. Dobbs:

No, twins.

Mr. Wyler:

Well, you know, if you have twins, you think they're triplets, but anyway Bob, thank you very much for the service that you've provided for the Alumni Association. We always look forward to your reports and again, from all of us here at the Board, thank you.

Mr. Dobbs:

Thank you.

Mr. Wyler:

I'll now call on the President of the University of Cincinnati, Dr. Nancy Zimpher.

Report of the President

President Zimpher:

Thank you. I too want to add my congratulations to Bob Dobbs. This has been a transformative four years for our Alumni Association in every conceivable way. I think the Bearcat Nation is very, very proud of your leadership. And, as was recognized at the Alumni Association Board of Directors' meeting last night, this has really been a partnership and as everyone in this room who knows Bob Dobbs also knows Kim Dobbs. So, I also hope you will give greetings to Kim as well and thank you both for everything

that you have done and I know will continue to do for the Alumni Association. So thanks Bob.

On June 13th and June 14th, the University of Cincinnati awarded a total of 4,617 degrees to a slightly lower number 4,555 graduates. Actually, there were some superstars who got a couple of degrees simultaneously: 537 Associate degrees, 2,511 Bachelor degrees, 1,036 Master degrees, and 533 Doctoral degrees. UC's Office of Institutional Research reports the number of UC students reaching graduation was at its highest in 20 years at the University of Cincinnati. It was a great occasion and I want to thank everyone personally. I don't think Tom Hadley is here Mitch, but if you would please pass along, there isn't a person who participates in commencement that doesn't appreciate the master work that Tom Hadley does and I just want to personally thank Tom in the presence of this august body.

Among the graduates was Lekeisha Sherman, the first person in her immediate family to go to college. She was among the first UC students to graduate from a pilot program aimed at keeping talented, high demand teachers in our urban school districts. This is a program supported by Toyota Motor Engineering and Manufacturing North America Inc. The program "African-American Initiative for Math and Science" provides full tuition for its participants. Part of a Lekeisha's obligation is to teach for at least five years in an urban school district following her graduation and, of course, our goal is to keep her in Cincinnati.

An idea from a UC student, backed by UC research, will improve the appearance of Cincinnati's parks. The student discovered some innovative trash cans while conducting research for the Cincinnati Park Board, and the Park Board worked with UC's electrical engineering department to develop a wireless system that not only transmits a signal when the can needs to be emptied, but generates a map and calculates a route schedule for pickup—very, very clever.

On June 10th, UC was the site of the Cincinnati Streetcar Forum with the theme of "Promoting Growth and Mobility." Planners presented information about Cincinnati's

proposed streetcar system from the riverfront to Uptown. We brought in experts from Portland, Oregon; Little Rock; Charlotte; and Seattle to describe strategies, benefits, and obstacles to building streetcar lines.

Eight colleges and schools of pharmacy and their practice partners—including UC’s James L. Winkle College of Pharmacy and our partner, Community Pharmacy Care—were awarded the 2008 AACP Crystal APPLE which stands for “Academic-Practice Partnerships for Learning Excellence.”

Following an unannounced, comprehensive, on-site evaluation at University Pointe Surgical Hospital, the hospital was awarded the Joint Commissions Gold Seal of Approval for accreditation.

UC’s College of Applied Science construction science faculty recently led a week long workshop in Hanoi regarding modern construction management practices. This is a joint effort of Hanoi University of Civil Engineering and UC’s College of Applied Science.

UC is earning national and international headlines. In May of 2008, the university’s research efforts were recognized in the *LA Times*, *National Geographic*, *Reuter’s*, *USA Today*, *US News and World Report*, and more. The stories were wide ranging in both scope and in prominence and included coverage of the university research studies regarding coming shortages in geriatric experts; the increased incidents of certain knee injuries among young, female athletes; the potential dangers of certain plastic bottles; and a promising viral therapy weapon against cancer.

Of particular note, *The LA Times*, *USA Today*, *US News and World Report*, *The Washington Post*, and other international media featured a longitudinal study by UC researchers from the College of Medicine and the College of Education, Criminal Justice, and Human Services that followed lead exposed children from birth into adulthood, finding that even relatively low levels of lead permanently cause brain damage.

In a website guide to graduate urban planning programs is just one of the newest rankings of the nation's top master degree programs and ranked the University of Cincinnati's graduate planning program fifth in the Midwest region and 20th in the nation.

State of Ohio representatives and senators were able to sniff, drive, test, and try some of the University of Cincinnati's first rate research projects during a special event held at the state house in Columbus on May 27th. That's when researchers from UC were on hand to display applied research and technology projects now coming out of the university exemplifying the institutions standing among the nation's top research universities—a message we want to repeatedly underscore to our friends in Columbus.

I want to just preview our September Board meeting by underscoring the relationship between Chancellor Fingerhut's ten year strategic plan which calls for more accountability and the already existing, now 5 years old UC report card. These two initiatives that manage metrics and data sets will come together in what is now called the Ohio College Portrait. That means that every four year public university and soon every two year public university and surely following that, in all likelihood, our private universities will be posting a common college portrait framework. It is five pages on the website. It will bring us data on affordability and on student's success. It will provide information not only to us internally (to our board and to our local constituents) but also to public policy makers, and most importantly to students and their parents who are prospective applicants to our university. There will be a sixth page which allows us to brag about some unique characteristics of the University of Cincinnati. So that will be coming shortly, in fact, within the next 90 days and I suspect we'll beat that by about 60 days. And then in September, we'll be reducing the 100 metric famous UC report card into a dashboard of only 20-30 of the most powerful metrics so that we can all collectively continue to chart our progress.

And now I'd like to introduce Caroline Miller. You know that this has been a regular on our Board meeting agenda for lo these many meetings. Caroline is Senior Associate Vice President for Enrollment Management. She will give us our regular enrollment report. Caroline.

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

Dr. Miller:

Thank you President Zimpher. Well as most of the campus takes a collective sigh of relief as we enter the summer session, the team that leads our student orientation effort is just gearing up. We call them SOLs—Student Orientation Leaders—and they are led by a team of graduating SOLs, known as SOC—Student Orientation Coordinators. They are just back this morning from their bonding retreat. Orientation actually opens next Monday and if any of you need a shot of adrenaline, I would welcome you to show up at the Great Hall at noon on Monday through Thursday any day this summer for just that.

We also run a parallel session for transfer students. Instead of two days, it's one day. And this year it will be accompanied by an Electronic Blackboard Community that after we trial run with our campus based transfer students, we will open to our distance students as well. But to be sure, there are many staff and faculty involved in this process as well through the summer, but it is our SOL team at the heart of the effort.

It's important to mention orientation at this time not just because of our particular campus rhythms but because of its position in our success challenge programs and the role they are having in the graduation rates in our students, particularly our students with high levels of financial need. I thought about this as I participated in the commencement exercises and listened to Mr. Wyler's remarks about the Board's accountability for our students. While admissions might be the first step in retention, orientation is the first step in graduation.

There are now some great national longitudinal data sets available for study and for campuses to use as benchmarks. At UC we've taken the opportunity in the last year to compare ourselves to these national trends. And while we're in a bit of a unique position because of our very high Pell eligible rates, and also very high research

categorization, a good peer group is tough to find. Nationally these don't usually come together. Access for low income students across the country has dramatically increased in the last two decades. That is true for UC as well, but success as measured by graduation for these students, in fact, is decreased. In fact, it's decreased a little bit for all categories of students nationally—but this is not the case for UC. We've seen our grad rates creep upward and then from two Saturdays ago basically explode. The equation for our baccalaureate students shows great success and so we started looking at what is it about its success that's making a difference? And we looked at our Success Challenge Programs from a very research perspective to find out if that in fact was the case. Success Challenge Programs at UC include:

- Orientation with mandatory, now, placement in English and Math
- First year experience in learning communities
- Supplemental instruction in high, what we call DFW classes (those classes that collect the grades a parent wants to see)
- The addition of TAs to what are called “killer courses”
- Cooperative learning calculus, an array of free tutoring services ranging from one-on-one in person, to web based, to walk in labs
- Mentoring programs, support for major changers through the Center for Exploratory Studies and Career Services
- Deployment of advisors and colleges with traditionally low retention rates.

So what do these practices and the best practices across the country associated with those longitudinal data sets actually say and do some campuses with similar students do better than others? The data say those campuses who do better, look at their data and act. They pay attention to details, especially the early ones. They use technology to help them out. They take on introductory classes with high non-success rates and force course redesign. They don't hesitate to demand what they expect. They place meaning behind Placing Students at the Center or students first philosophies. And in fact, even the existence of such a mantra on a campus appears to make a difference. They assign accountability in their leaders to make success a priority.

While it is true we still have success gaps between our high need and our non-need students, the gap is shrinking for regularly admitted baccalaureate students. Pell eligible students participating in our Success Challenge Programs are more than twice as likely to graduate as their peers who do not. For this reason, increasingly the programs are being infused into the curricular and non-curricular lives of all of our students, in fact, because they make a difference. Two of us will be presenting this data at the national symposium on student retention in September and our longitudinal study will be published this winter as a positive outlier to the national trend. Thank you.

Mr. Wyler:

Thank you ma'am. Any questions? Keep it up. Thank you.

(Nancy L. Zimpher, Ph.D., President of the University of Cincinnati and Monica Rimai, JD, Senior Vice President for Administration and Finance, gave a presentation titled June 2008 Finance and Budget Presentation utilizing PowerPoint slides. A copy of the presentation is on file in the Office of the Board of Trustees.)

President Zimpher:

Thank you Caroline. And now we will turn to the presentation of the June 2008 Finance and Budget Recommendations. Monica Rimai will take the lead role. We thank Peg Allensworth for engineering the presentation. This is a presentation to the board as a whole. The recommendations will find their way to the Committee on Finance and Administration and ultimately back to the Board for a review.

As is our practice for the final meeting of the fiscal year, we provide today on this agenda a look back and a look forward. The presentation will include analysis of FY2008 and the close of our Operating and Capital Budgets, as well as a look forward to FY2009 Operating and Capital Budgets which will be approved, hopefully by the Board today. Finally, we'll give you an update on our 3-5 year growth and recovery plan. I will

now turn to Monica, Senior Vice President for Administration and Finance, to give the highlights of 2008 and the forward look at 2009. Monica.

Ms. Rimai:

Thank you President Zimpher and good morning members of the Board and to folks in the audience, many of whom have worked very long and hard to prepare this presentation and the substance of it. We do have a lot to cover so I will dive right in. I would simply start with FY2008 and the Operating Budget and remind you that last year at this time, we presented for your consideration a proposed budget—a total budget of just under a billion dollars. And, we promised you that we would return at this time to declare victory and that we would have achieved a balanced budget. I'm pleased to report that our forecast was correct. And as you can see from this total year end projection this is just the general fund. We are projecting at this time, which is with a high degree of certainty given where we are in the fiscal year, that we will, in fact, balance the budget. That has been a product of a lot of things that I'll talk about later in the presentation, but certainly realistic budgeting, a transparent university wide process, and the sharing of lots of data that really started back in October is what I think has produced these results. So, we're very pleased, but that is not to say that the work is done.

This year we did have some unplanned overages and in certain budgets. Some of this had to do with some expenditures in academic programs that we hadn't properly accounted for, some expenses associated with the distance learning program provider that we use, and our bank fees for reasons having to do with some market issues are also beyond what we had projected. On the other hand, we had some significant unplanned savings. That's a good thing, but again, our goal here is not to have anything unplanned. Now that is unlikely since we can't predict everything, but that is our goal. And so we did have significant savings in the university graduate scholarship program, the Cincinnati scholarship program, and something that we're very pleased about, significant savings in the Phase One of the CARE MSB project which resulted in lower interest costs.

What I'll do now is drill into this general roll up and talk about specific units that I know the board is accustomed to seeing over the course of the year. I'm turning first to the Raymond Walters College which continues to be a solid performer. Their projections are really very much on line with what their actual budget has been and they are also predicting, and we agree, a balanced budget. The same hold true for Clermont College which continues to be a very solid performer—well ensconced, and well supported by the community. They are experiencing very solid growth in enrollments and that is reflected in their balanced budget.

Turning now to some of our auxiliary functions, the first and the largest is Campus Services and we'll spend a little bit of time talking about this amazing success story—but that's what it is. Campus Services is actually forecasting, and I'm now going to hold them to it, a \$571,000, so well over a half a million dollar, surplus. You will recall that this is the portion of our budget that carries a significant structural deficit and because of a lot of the debt service that they bear had struggled for some time to reach a balance budget. They were on a three year plan to balance their budget. That would have balanced it next year, but in fact not only have they hit balance, they are well ahead of the game. They deserve an enormous amount of credit and we'll hear later about how it is that they accomplished that. I think it's important to note that they did accomplish this goal without sacrificing service. Their ratings in terms of student satisfaction continue to be very high. Just as a reminder, Campus Services includes Housing, Food Service, the Rec Center, the Tangeman Center, MainStreet, and a variety of other student centered functions.

Our Parking Services, which is another auxiliary, is demonstrating a balanced budget. They were one of the units that went through a pretty close business review over the course of this past year that will result in some terrific savings for this next FY 2009, but suffice it to say for purposes of FY 2008 they are projecting balanced. I'm also pleased, and I'll tell this to you right upfront, they are not including an increase in parking fees for FY 2009. So, that never gets applause. We always hear the negative reactions, but I'm still waiting.

Our next auxiliary function is Athletics. I have to say that we all acknowledge that Athletics continues to have economic challenges. One of the huge challenges that Athletics will always have is much of their economic fates are dependent upon win/loss records beyond just that which get publicity in the newspaper. That said, I cannot think of a better team to work with towards finding a long term plan not only to right size the athletic budget, but also to work on their structural deficit. Mike Thomas has assembled a stellar group of very, very committed individuals—not just business folks—but all the way into the coaches range, that are interested in working with our operation in the business university budget office to work towards dealing with their issues around negative fund balances. We'll talk a little bit more about Athletics later in the presentation.

Moving to Designated Funds—this is a fund category that we all need to pay very special attention to and that's because the structural deficit that you read about in the newspaper this morning, the vast majority of that negative fund balance, lives in the designated funds. One that I will be talking about in a little greater detail has to do with our Benefits Pool and how we fund that and plan for reducing that deficit in the long term. But there is a good news story here in that the designated funds experience positive transference in to pay down significant portions of that structural deficit. Some of that was part of the restructuring we did around our debt that brought in about \$27 million. We had over \$18 million that was transferred in from the colleges from their quasi endowments and I'll get back to that as well, but these were administratively established quasi endowments, so not restricted by donors, that had accumulated over the years and certain colleges chose to have the university retain some portion of those funds to pay down structural deficits that were in those particular colleges, including Medicine and Engineering. And then Medicine also transferred in an additional \$9.4 million from other resources that were available to them to eliminate the Millennium Plan deficit. So overall, the Designated Funds is also a real success story for the university in 2008.

Restricted Funds, let me just remind you this is where we hold our income from the endowment as well as the revenue from research and contracts and grants. We are

predicting here a balanced budget as well, which is important particularly as we watch and work towards managing the vagaries of federal research funding. So that is an overview of where we will end the Operating Budget for FY 2008. Before I dive into the Capital Budget, are there any questions about the Operating Budget?

Okay. Moving to the Capital Budget, let me just remind everyone that one of the challenges we have in presenting a year budget for capital appropriations, whether it's the close of one year or proposed budget for the future, is that our capital projects are funded over multi years and are then executed over multiple years, so what we're really showing you is a snapshot. So when we try and drill into what is the bottom line and how efficient are these projects, it is a bit of a challenge to talk about it. So what we try to do in this slide—which apparently is difficult to read, I have the big version of it—is just to remind you when certain projects were approved, what their amounts were, and what the total expenditure to date has been. There is nothing new about this list so the fact that you can't read it is probably not the end of the world. We've been updating you at every board meeting and that has been that these projects to date are either under or within budget with the exception of the CARE MSB project which is behind in terms of timing, but is now under budget. But since it's a little difficult to read, I'll just remind you and we'll go through a little bit more detail. We have a Kettering project involving science lab renovation, the roof on Langsam, perimeter heating in McMicken, of course the MSB Phase 1, some work was done on Phases 2-5 of the MSB project, Phase 2 of Teacher's, Zimmer rehabilitation which is in close out, and then one auxiliary project which was the Clifton Court Garage. We can go through some of this detail. Let me just say that all of these projects are, as I said, within or under budget. Some of them are even better—on time. Clifton Court, in particular, is three months ahead of its scheduled completion date. So that will help Parking Services in terms of their bottom line. The MSB Phase 1, the CARE building is scheduled to open this summer. I know we'll have an event around that, but this just gives you a general sense of what the total debt was and where we are in those particular projects. Any specific questions about where we are ending the Capital Budget for 2008?

Well, that leads me to FY 2009 and our proposed budget. I'm going to go over this again at a relatively high level. You have all received a document in soft cover that looks like this. This is the detail of the 2008-2009 Budget Plan. It goes through all of the units that I've just gone through in great detail. I think as we review this proposed budget at the high level I should remind everyone that we don't zero base budget. We start from where we ended and that's why it's important that we started this presentation with what happened in FY 2008. Since we are projecting that we will end that budget balanced, that means that we don't have any corrections that we have to do going into FY 2009 which is a significant sign of progress for this institution. It's something we should all feel really good about. So, since we don't zero base, what we do do is incremental budgeting. The numbers that you will see are, either the incremental increases or, in many cases, the incremental decreases for the proposed budget. We start with our sources and uses. This first diagram demonstrates that most of our revenue to date is from tuition. That number, 29%, is slightly lower than what it was last year because the other large source of our revenue which is state appropriations is slightly bigger than it was this time last year. That's a very important point I want to come back to when we talk about our revenue assumptions for the FY 2009 proposed budget.

The second diagram that I want to show now is our uses. In your budget book, we have definitions for every single slice of this pie. You would expect and it is born out that the vast majority of our expenditures are in the instructional and the general category. That includes direct and applicable allocatable expenditures for all activities that are part of the universities instructional programs. So these are the expenses that go directly to our mission and you would expect that that would occupy the bulk of our budget. So no new surprises there in large part because the budget that we're presenting to you is really a very modest increase from the one that we presented last year. And, I think if you were an auditor, you might say that a 2.6% increase is not a material increase—if you were an auditor. I'm not, so I wouldn't say that. In FY 2009, the budget process, this was really the second year and I would say a marked improvement from last year, an all university, very transparent budget process that included the alphabet soup of university committees that now drive our financial practices at UC. The process was hosted by the President's Budget Advisory Committee. It included the

Fiscal Coordinating Committee, the Academic Operations Committee, the Faculty Senate played a big role in all of this, the Cabinet, the Executive Committee, and of course, we don't have a budget without the Board of Trustees. But as I said, it began last October. The process really didn't finish until yesterday, but we were really, I think, better positioned, better informed, and produced a much more transparent and accurate budget because of the participation of everybody at the university.

So let's start with the revenue assumptions that we have for the budget. This is a chart that talks about state support for instruction. You can see that we had been on the decline for a little while starting in 2003, but over the last several years we've seen a steady increase. And this year our budget includes an almost \$15 million increase in state support for instruction. This is incredibly significant and I think we owe a great deal to the Governor, to the Legislature, to our Chancellor, for working together to really advocate for, and to recognize the value that higher education brings to the state. But the other thing I think we have to link this up to is the fact that this is now the second year of no increase in tuition. And that's part of the assumptions that we have built into the budget. So an increase in state support for instruction and no increase in tuition go hand in hand and let me just say...thank you Dr. Bhati...if we are committed to affordability there's no doubt that the state needs to do it's part and as we go through this presentation you'll see how that's played out.

Let's talk a little bit about the other part of our revenue projections and that has to do with tuition and fees. We are projecting, at this point, a total increase in tuition and fees of just under \$7 million and that comes from, let me just remind you of our discussion back in March when we presented our tuition request, our tuition proposal that did not have any increase for undergraduates in-state or out-of-state. We were only restricted to not increasing tuition for in-state undergraduates but chose to keep it flat for all of our undergraduate students. And then, very modest increases at the graduate level and for professional programs for the College of Medicine. We have a core tuition adjustment and let me explain what that means. That really is a look back. So when we were projecting the budget for FY 2008 we did not include some additional growth and enrollment because our commitment has been to be very conservative. That \$600,000

that you see on the slide is now a core or permanent adjustment to the tuition budget based upon those increases in enrollment we experienced in this path in FY 2008.

The \$3.9 million then represents an increase in tuition that flows from what we think our increases will be for FY2009 in enrollments. I want to spend a few moments talking about this. The university experienced a number of changes in both its application process and its standards for admission. We were inundated, literally inundated, with applications as you heard from Caroline Miller during her reports over the course of the year. But the reality is that we are having some challenges really dialing into what the tuition projections will be that result from these enrollments. There is no doubt that UC will be bigger in terms of its class size than it was last year overall. But the exact amount that is going to produce is still something that, honestly, we are still struggling with and something that we're going to have to work on over the course of this coming year. As part of our commitment to be conservative and to be careful about building our budgets, what we're proposing is what I would call contingency light. We're simply going to hold back or delay the distribution of about \$2 million of new revenue just so we can make sure we're going to land where we think we're going to land with our budgets. And as we have with the building of this budget, we will work very closely with the Provost's office and with the Executive Committee to make the right decisions about where we will hold funding back. I think that by the time we get to the start of the new academic year, we will be very dialed into what our tuition numbers will be and will be able to release most of that hold back. But I think that this is really the wise approach until we, frankly, get better at projecting both our enrollments and then the subsequent tuition value that comes from that. And we have to remember that it's not a one-on-one kind of process. Each student doesn't produce the exact same amount of revenue. There are costs associated with each student and that differs from program to program, college to college, and then there are discounts that have to be figured in. Do let me just say that I think we're close and certainly better than we have been in the past, but there is work that needs to be done.

So moving then to the expenditure assumptions, this is very much a product of the all university process in which the Faculty and the Deans figured very prominently. The

Academic Priorities that are reflected in the expenditures were those that bubbled up through this very complicated process. They include some specific programs that we throw into a general category called academic programs but these were priorities that came out of the Provost's office.

We have money set aside to support this increased enrollment growth and this is where we have some flexibility here—because if we don't achieve that enrollment growth then we don't necessarily need this support.

The \$1.4 million dollars for UC|21, these are a combination of new UC|21 programs and, I think more importantly, programs that were funded on a one-time basis that have proven their value and now will be funded on a permanent basis.

We now have money in there for academic salaries. I just want to caution folks, this looks like a huge number, but in fact it's really two years worth of funding for the academic salaries. You may recall that last year we completed the negotiating process for the AAUP contract after we closed the budget. So we funded that only on a one-time basis for last year. We're now funding the contract on a permanent basis. So that's why that number looks larger. You might look at that like half for each fiscal year.

Funding the Research Initiative—this is an effort to bring the research support budget into balance. This is one of those projects that we designated for this year in terms of payback plans and restructuring that was important to address some of our historical challenges.

Library Acquisition and the Lab Program—this was something that we have our relatively new Dean of Arts and Sciences, Valerie Hardcastle, to thank for this. She championed a program to renovate really the lab space for undergraduates. These are teaching labs that are in bad need of repair.

Revenue Generating Programs—this is the number that we include which is really a wash. These are a series of programs that end up paying for themselves. We include

this as an expenditure but the money generated from that fully pays for this expenditure. But you should know this is a robust area of the university's growth and it has to do with finding areas of potential growth in the market and offering programs so that we can increase our enrollments there.

Continuing on, other highlights of our expenditure assumptions are a 2% increase for compensation for unrepresented staff. This is very modest increase. We have about \$650,000 of union contract increases that we need to fund.

Performance-based budgeting is also an important commitment to going to a new system for developing our budgets that, I think, is driven by lots of data, lots of sharing of information, and accountability. So we're looking forward to implementing that process.

Significant support for the university's Diversity Initiative and lastly, a Roof Repair program—these are roofs over the academic buildings.

So if we turn to the next slide, what we see here is simply a summary of what we project our revenues to be and what we project our expenses to be. You can find all of the numbers that I just went through buried in these larger numbers. If you look at, for example, gross tuition, you see the \$600,000 for core adjustment. The two numbers \$400,000 and about \$3.5 million accounts for the \$3.9 million that is for the new enrollment figure that we estimate to generate about \$3.9 million in new tuition revenue. The \$1.6 million there is simply an amount that we add to the revenue side. This is University Graduate Scholarships that we are not going to need and so we can add that to the revenue side. There's amounts discounted and then you see about \$15 million there for our state support for instruction. On the expenditure side which is the lower half, there are about, I don't know, let's just say 6 or 7 sheets of information that go beyond, behind that very broad summary of the expense and transfer. I just want you all to know that there was a lot of detail that went into the process of arriving at these particular expenditures for this particular fiscal year. We kept track of all of them because not all of them were funded through the process or not funded to their original requests and so we'll have to start the budget process, which I think we'll start tomorrow for FY 2010

with those items. We're keeping track of all of that so we have good institutional history regarding our process.

You'll see toward the bottom of that chart then, there's a number in parentheses. That's never a good thing in a budget when you see a number in parentheses generally speaking. That's about \$971,000. In this case, that is a very good thing because what that represents is the amount of money by which our requested, desired expenditures, our wish list exceeded what our projected revenues were. We had a long discussion about this again across the university and in lieu of forgoing those expenditures, the institution, the community came together and said we need to do these things. They are important for the growth of the institution and so we are going to reallocate. So this \$971,000 is not a budget cut. It is a reallocation from some programs which either were in a position to offer those funds, or were not as high a priority as other programs. In a system of performance based budgeting, which we ultimately will go to, this kind of reallocation will happen every year. So we dipped our toe in this year and we did it very successfully in a very transparent and open manner which is what I think that number at the bottom really represents—a victory. So that is the summary of the projected revenues and expenditures.

If you go to the next page, this is a very familiar document to those of you who looked at budget books over the years, this is our overall summary. It's page 2 or 3 of the budget plan. You'll see, towards the bottom I think, it's three lines from the bottom, where you see what we projected for 2008, which is just under a billion dollars. Then we show you what we're projected for—proposing that is—for 2009. You see at the very end that represents a modest increase of about 2.6%. So that is the proposed Operating Budget for FY 2009. And I'd be pleased to answer any questions about that before turning to the Capital Budget.

Mr. Vensil:

I just have a question on the FY 2009 summary. On the bottom it says tuition increase 3% for all students in FY 2010 and FY 2011. Is that assuming one in FY 2010 and then another in FY 2011?

Ms. Rimai:

I wouldn't put too much stock in what we have for our years. They are just assumptions, place holders. I honestly don't know what our authority would even be for tuition increases. This is something that we're working very closely with the Chancellor on. The reason that we put those numbers, those out numbers, out there is we want all of you to know that we're thinking about the future. We're just not thinking as accurately as we need to. Part of the commitment for next year and really, the next few years, is to get much better at our forecasting so that the alarms don't go off when you see something and we have more data to explain why we've chosen a number.

Ms. Buchanan:

How much would you had to have increased undergraduate tuition if the state hadn't provided the \$15 million? What did that keep us from...(inaudible)...do you have any sense of that?

Ms. Rimai:

Well, what they tried to do is if we can go back to that slide, this is what the governor and the legislature tried to do. And I'm not sure that we know if that really would have worked, but I think they were trying to...they chose the increase that they did to account for about 2% of inflation and then to prevent a total of a 7.8% increase in tuition. Now the reason is they're looking at two years. Remember they froze last year and this year. That's what they tried to do. I don't know that they've ever run those numbers to know if that was accurate. Frankly, we were thrilled to get the \$15 million and so nobody said, "I'm sorry, but your math is a little off."

Ms. Buchanan:

I was just curious if that might have prevented us from having to increase tuition...*(inaudible)*.

Ms. Rimai:

Significantly. Any other questions? Okay.

I just have to get my page in the outline here. Okay, moving now then to the proposed Capital Budget for FY 2009. Again, this is a snapshot in time. Some of the excitement gets taken out of the Capital Budget process because so many of these commitments were made for some of you before your tenure on the board. We are going to finish the CARE MSB project. That is really good and going to be a substantial focus of capital budget's going forward. So the remainder of those capital priorities will really focus on deferred maintenance. I would just remind everyone that today's maintenance project deferred is tomorrow's capital project. We really do need to work hard with the state in advocating for greater support for the resources they've spent money on in any event.

That said, we did have criteria for the projects that are being presented to you today. They include our Academic Priorities. I should say that the development of the Capital Budget was as open and transparent as the development of the Operating Budget. It started not with the Fiscal Coordinating Committee, but a sub committee of the Fiscal Coordinating Committee called the Capital Advisory Committee that is staffed by students, deans, staff, and faculty, and folks from our Construction+Planning+Design Office. So the Academic Priorities were front and center in discussions about capital projects that we would bring to you for funding for FY 2009. A subset of that was STEM and part being responsive to what we were hearing from the state. The next two criteria, Highest and Best Use of Existing Space and Renovations of Existing Academic Space really represents a watershed here for UC in that we are focusing on our existing assets as opposed to building new facilities; in part, because that's more economical, but also

because we have a responsibility to maintain what we've built. And finally, something you probably haven't seen in years past, a real commitment towards Sustainability.

If we go to the next slide, this is just a very high level review of what the next two years of state support will bring. Again you'll see the focus is on MSB and basic renovations. That's our code for deferred maintenance. Clermont and Raymond Walters are also the beneficiary of state support which is important since they are growing and important partners in our effort to enroll the number of students that the Chancellor wants us to enroll in the next ten years. We can drill into that with a little more detail if we go to the next slide. Good. I'm glad this showed up a little better. You can see that this is a shorter list. MSB is not on here because it's already been approved, but this is the litany that we're asking you to take a look at and what the total amount is. Let me just briefly run through these and then we've got more detail on this. Why don't we go back to that previous slide Peg, so we can stay at that high level for a moment? The energy saving projects go directly to our sustainability efforts and some state requirements that we have to fulfill. That \$10 million in debt is fully funded by the savings that we'll achieve from these projects. That's very important. Kettering North is demolition. Talk about maintenance deferred is tomorrow's capital project; Kettering is just not fit for occupancy although I think we have people in there so be careful. Proctor Hall is another deferred maintenance project that is being funded by the state. The Rieveschl project is the lab project at UC. We've built that into our operating budget. I think its \$1.6 million is the debt service. Teacher's college, this is 2A—this is what I would call a compromise with practicality in mind. You will recall that Teachers was originally a 4-Phase project and in order to save money, we cut that to two. In doing so, we cut it originally in such a way that is wasn't the most practical use of that facility so we had to add a little bit of Phase 3 to make that more usable space and so we call that now Phase 2A. And then our only auxiliary project is life safety issues. This has to do with fire suppression in Morgens and Scioto. The cost of those projects are paid for by program revenue so the money that the leases generate will cover the debt service. So now we can go into a little bit more detail.

The energy saving project I mentioned to you before. There's nothing that you'd write home about, but you should, because this is the kind of stuff that has enormous

impact on our commitment to sustainability. It has to do with replacing controls and heating and cooling systems; measuring our efficiency in the production of steam; and insulating valves and changing out lights. But this is the kind of thing that can produce \$10 million in savings. Not only does this, I think, do service to the President's decision to join the American College of University Presidents Climate Commitment, which is a program that locally is being managed by Beth McGrew who is our Associate Vice President for Campus Planning + Design+Construction, but also directly addresses House Bill #251 which was a piece of legislation passed last year that requires all state institutions to reduce their energy consumption by about 20% from a baseline of 2004. So we are well on our way to doing that and the project we are asking you to approve today will help in that effort. Kettering, I mentioned to you, is part of a problem we need to get through to demolish a portion of that building that is no longer, I don't want to say habitable, but appropriate for lab usage. If we move then to Proctor Hall, this really is a project for the birds. Proctor Hall is where our College of Nursing is and the façade currently attracts pigeons and pigeons do bad things to the façade. The state has agreed to support tearing down that façade and replacing it with something that will last a bit longer and not be so attractive to pigeons. As I mentioned to you the Rieveschl project has to do with our teaching lab program, which too you saw in the budget, and I talked to you about Teachers/Dyer Phase 2A. And finally, Morgan's and Scioto is our life safety project. Before I turn, I close our discussion about the capital budget for 2009, are there any questions or comments? Yes?

Mr. Rosensweig:

Just a comment, I just wanted to especially applaud your commitment to sustainability and everybody working together to find ways to meet the President's commitment to really climate change and combating that as well as looking into our project innovatively. I really wanted to express a student's appreciation for that.

Ms. Rimai:

Thank you.

Mr. Wyler:

You're the people we're there for.

President Zimpher:

We have essentially concluded the presentation of the backward look at 2008 and the forward look at 2009. As I said before the Committee on Finance and Administration will take up the resolution to approve the 2009 budget, but we had promised that at this time this year, we would bring to you a 3-5 year plan to really recover revenue losses and grow our revenues going forward. So we've had a little fun with this. We've just imagined what a headline might look like in the *News Record* or quite frankly, in any other media outlet that would want to pick up this great story. We hope that by 2010 we would be able to show you that our budget, our revenue projections—all the approaches we have taken to solid financial management transparency and the integration of our fiscal and academic planning would actually find us ahead of schedule. Because if it's a 3-5 year plan and if we promised in 2007 that that would be when the clock would start to really recover financial stability for this institution then 2010 would be three years, 2012 five years. If you read the fine print, which is always important in the media, "A three decade physical transformation has costs and UC meets them. Balanced budgets from 07 forward, cash on hand, revenue growth and capital campaign made the difference. UC beats five year projection by two years." So today we wanted to spend a little time explaining to you how we think we as an institution can beat that five year planning window by two years and by 2010 make all the difference.

Now I understand why my speeches are put on the website—because I go back and read them. No one else does, I'm sure. But last night, I went all the way back to January 15, 2004. Yes. That was my fourth month here. You may recall that was a time when we were launching an Academic Planning Process which was clearly the priority given to me by both the Search Committee and by the Board of Trustees. And so here I am saying on January 15, 2004, "We have a perfect storm," borrowing a metaphor for

then a recently popular film and we remember that the conditions had not only to do with our situation but the state environment as well. So I said, "...ultimately our goal is to stop playing catch up and stop chasing enrollment targets to resolve the budget. We're at a turning point where we must begin to be proactive in planning for the future it becomes imperative that we pursue an ongoing academic planning process and for the long term we must develop a more diversified revenue base. January 15, 2004." We took in that year a mid year cut of 3% and the next year another 3% budget reduction.

Here I am again October 18, 2006. The title of this speech was something like, "Toward a UC|21 System of Accountability for Student Learning", but before I could launch into how we're meeting our accountability responsibilities, I decide to call this now "the elephant in the living room" because I'm running out of metaphors. And, it is perfectly clear that we may need to make strategic budget adjustments—in fact, more clear in '05-'06 than it had been in '04-'05, '03-'04. But I think we would all agree we were in '05 and '06 in a period of absolute discovery. Such that, by January 23, 2007, we are saying to the Board: we are making these cuts, we are making staff adjustments, and we are creating cost savings and more that you will hear momentarily to totally present ourselves as a transparent and disciplined institutional organization. So we've used over the last year and going forward a set of principles—you've heard transparency until it's almost an overused word, but in fact we are achieving immense transparency, speaking the truth about our budgets, collaborating at every level of this institution and at the same time, building capacity. So in our cost containment and efficiency efforts, you will recall, at least those of you working on the ground, that we produced a matrix. It had 19 different cost containment and efficiency initiatives. They were all farmed out or assigned; some to the provosts, some to the deans, some to staff, some to administration and finance to increase revenue and contain costs, to improve academic accountability and to use our limited resources both human and fiscal more effectively. So there have been some pretty concrete results here.

Recall, just recently, we brought to you and you approved a tuition remission plan. While most employees are not impacted by the changes beginning this fall, we will be reducing remission to 50% for medicine, law, and the PharmD program with total

elimination scheduled for fall of 2009. So that was a big and important step which you as the Board took in our long term planning.

We used to have a little pocket brochure that said we had something like 574 degree program offerings. We thought that this was an array beyond our ability to sustain that product line. So I'm very pleased to say that our reduction in academic programs which has been an initiative headed by Kristi Nelson and Andrea Lindell has reduced that number to a much more likely realistic and manageable number of program degree offerings and the number now stands at 294. It seems to creep downwards each time this group meets. They are doing a fabulous job reviewing our degree and program offerings.

Many of you know that we just received a report on semester conversion. This is a task force headed by Kettil Cedercreutz and Elizabeth King and they have completed their work. They were not asked to debate whether we should move from quarters to semesters, but rather should we decide to make that move, how would we do it and what would it cost. We are working with the state's other current quarter system institutions, Ohio State, Ohio University, Wright State, and of course UC, to coordinate with the Chancellor how and if we might proceed with this conversion.

And then finally, very important to these cost containment and efficiency efforts is the work done by Provost Perzigian on academic priorities. In January 2007 we produced to the institution a set of five themes which would identify going forward our academic priorities. And now under these five themes we have prioritized programs of existing excellence typically ranked top ten across the country. Programs that are within reach of that kind of top ten ranking that we would also want to invest in and programs that are just critical to the quality of this institution. So what we're going to do in the next few minutes, largely through Monica's voice, is present to you the elements of this 3-5 year revenue recovery and growth plan that we feel so responsible for, to finally stabilize and right side this institution's budget which I would dare say is something we have come to after two decades of not having been able to manage that kind of stabilization. We are there now. We have many partners in the room and we want you to hear what these partners are bringing to the table. Monica.

Ms. Rimai:

Thank you President Zimpher. So my focus is on that last bullet that you saw “Initiatives around more efficient use of our resources.” It’s not because those other factors aren’t critically important, and obviously there has been progress there, it’s just I suspect that’s where we had the most room for improvement. So how we did this was really to focus a variety of what I would call recovery factors. They started with an absolute re-creation of the infrastructure support for the university that we now call Administration and Finance. It included the development of the now famous, or in some people’s minds, infamous cash policy. We took a very university wide approach. It very much was centered around accountability and that often manifested itself through the development of financial policies and some very close business reviews and perhaps most importantly of all, realistic budgeting. We have now abandoned the phrase “aspirational budgeting” and are focused on realistic and conservative budget building which I think you got a real flavor for as we reviewed 2008 and 2009.

So let’s start first with creation of Administration and Finance because that was, I think, the bedrock for a lot of other changes. This new division, as you will recall, is the combination of two former divisions, Finance and Administrative & Business Services. While the reduction of management staff, and let me just say high level management staff as opposed to personnel in the trenches, got the most attention, I think the most important contributor to the overall recovery and growth of the university has been the establishment of a system of checks and balances that is embodied and sits very nicely and very clearly in central administration. The focus of that has been the Office of Internal Audit. We hired a new internal auditor last year, Christine Ackerman, and many of you have met her. She is behind, I think, a real revolutionary change in how we’ve approached this notion of governance with the Board and frankly with the university across the campus. She has a direct reporting line to this body through the Governance and Audit Committee, as does the General Counsel. And the expectation is that those two individuals are responsible for making sure if the ship goes off course that this body will be well informed and be in a position to react. But this notion of acknowledging

issues and bringing them forward and speaking the truth really is the element that defines Administration and Finance. I think you can't talk to a person in this division from the very high levels to the folks who are really critical in getting the business done everyday who don't understand that that is the driving ethic behind this new organization.

The second thing, and in some ways right up there in terms of critical changes, has been the creation of the operating cash policy. If there is one barometer, one indicator of the university's health both short and long term, it is the availability of cash on hand. And so in November of 2006 we brought to this Board a policy that required UC to build its operating cash over time to monthly and daily averages that are appropriate to an institution of our size and complexity that prohibit the overspending of budgets; that require payment plans for those budgets that have structural deficits in them; and to generally incorporate a system of realistic, conservative, and appropriate best practices driven budget planning.

If you go to the next slide, what you'll see here is the results of that effort. Now it's a little bit hard to read, and I need to start with the history here because some of you have seen what I call the EKG idea of the university's financial health. You will recall that there is a version of this that goes all the way back to 1998. What you see between 1998 and 2003 is a steady, frankly, dramatic decline in the university's operating cash. Then beginning in May of 2000 we have, at a relatively low rate given the size of our institution, the sort of steady but rather varied available cash on hand. And what you have here are three lines that represent average, maximum, and minimum. In any event, if I could draw your attention now to November of 2006, what you see there is now a steady trajectory in the right direction which is an upward movement. And, I want to remind you about the things we did to operationalize the cash policy. This was very much, if you go to the next slide, a university wide approach. We focused on the most significant contributors to what we call the structural deficit because that was the thing that was the anvil on the operating budget on the university: Campus Services, the Millennium Plan, Athletics, Utilities, the West Campus Colleges, Research, and Benefits. And then I want to talk a little bit about community development. Let me just say that I think that where we are now in this recovery plan and growth plan is we've had some

tremendous successes and we still have work to do. That is probably the lesson I would hope you draw from this discussion. You'll hear much more about what Campus Services has done to achieve their tremendous turnaround, but you saw in our projections for year-end where they were looking at significant deficits and continuing deficits. Not only are they breaking even, but they are now well positioned to pay down what is about a \$13-\$13.5 million structural deficit. The College of Medicine has paid off its debt through a combination of accessing administrative established quasi endowments and other resources. Athletics has work to do. There's no doubt about it. You read in the paper it carries about a \$27 million debt, the vast majority of which was created well before 2005. I just want to say here, there's a cautionary note that I send out to the community which all of you out there represent, and that is that none of the great accomplishments that were achieved were done in a silo. We got together around a lot of different tables and talked about the solutions towards right-sizing budgets and taking more appropriate steps toward building budgets in the future. Athletics is no exception. It really does take a village to address these issues and we can't isolate any one particular department or area or fund because it doesn't resonate with a particular individual. The truth of the matter is that Athletics is as much a part of the student experience as MainStreet, as the Rec Center, as Enrollment Services, as any of the other services that we deliver to our students. And so we have to embrace and support its effort to address its budget challenges just as we have embraced all of these other areas. And I look forward to doing that in partnership with Mike Thomas and the Fiscal Coordinating Committee and all the other alphabet soups of the committees that we've talked about at this point.

Utilities is another very important success story. It has contributed about \$3 million to the reduction of its structural deficit. It is operating at even. It has required some adjustment of its rates which was sort of a difficult thing to manage in the colleges and other units so that the rates it charges are now more appropriate for the cost of the inputs. And this is one of those areas that we have to pay special attention to. You have to have your head in a hole not to acknowledge that managing our cost of utilities in this current economic climate is incredibly challenging. And some of the business reviews that we did which included Utilities (and I'll talk about a little bit more later) allowed us

to stabilize the cost associated with running Utilities. That is something that we have to continue to watch very carefully. The West Campus has made enormous progress in paying down its debt. It made a significant down payment and has a very appropriate payment plan in place. Research is something I mentioned as part of our expenditures in the proposed FY 2009 Budget. It is out of balance by about \$11 million. We have a three year plan to bring it back to balance which involves an initial down payment of \$3 million this year. We'll continue to watch that very carefully. And Benefits – the Benefits Pool and its structural deficit – that is a fund that is in one of those designated funds that I mentioned to you earlier. That is something that we're going to have to address this year. It's something that we decided to defer. I think over the course of the last three years our approach to managing our financial challenges has been to try and tick off each year two or three items to address as a community. Some things had to be deferred. The Benefits Pool was one of those things. So, I promise you in 2010, we will not defer that. That has been sort of the highlights on this all university approach.

Another tool that we use and that has seriously helped stabilize and improve our operating cash has been the whole issue of the quasi endowments and the designated funds. This was one of those specific tools that was identified in the cash policy that got tons of media attention and was very controversial. I think it's important to remind everyone that we have in our endowment about \$330 million of quasi endowments, a significant portion of which were administratively established. In other words, there were no restrictions on how those funds were used. They were gifts that had been received for general purposes and for a variety of reasons not the least of which is that the administration encourages that we set up quasi endowments and that money be spent over time. In order to shore up a very seriously low cash reserve issue that we had two year ago, we came to this board with the request to temporarily move a portion of the quasi endowment, a total of about \$100 million over three separate draws, into our temporary investment pool to shore up our cash reserves. This was meant to be temporary. It was meant to be done in three draws and we had a total authority of no more than \$100 million. We took that first draw, I believe it was in December of 2007, and that first draw was about \$40 million. Thanks to a lot of the other efforts that we did in terms of discipline and the all university approach and paying down funds, we were able to forego

the other two draws. And now that authority for the \$100 million has lapsed and we will not be tapping into the quasi endowments any further.

What is also very interesting about this experience is that because we were tapping only the administratively established quasi endowments, these were funds that had flexibility and the owners had the ability to choose how those funds would be used, a number of those owners also own significant structural deficits. So some of the colleges chose to use their administratively established quasi endowments to pay down or pay off their portion of the structural deficit. I mentioned Medicine and Engineering and there were other colleges who participated. So now the current balance on that first and only draw on the quasi endowments is about \$20 million. We have a plan for returning it because it always was meant to be temporary. On the other hand, I suspect there may be other units, other colleges who will follow the example of Medicine, Engineering and a few other colleges, and choose to use this other \$20 million to perhaps pay down their structural deficits. So we'll see where that goes, but we do have a plan to return the money which is a function of being able to, for a period of time (18 months), demonstrate that we have at least 1% of our monthly operating budget on hand. Now we brought that to the deans. We got favorable support for that return plan. We didn't officially approve it, but about 3 months ago, we hit that target and so I'm counting. With about 15 months more to go, we'll be in a position to start returning those funds. This was a critically important process, not only for shoring up a temporary situation involving our cash, but I think it was a terrific example of self reflection towards improving our financial practices.

Another element of our approach to cash was the restructuring of a portion of our debt which we brought to this board a few months ago. It allowed us to avoid a debt payment for this month and then for June of 2009. That is at the heart of a cash reserve now that we are holding on hand. You will also recall that part of that resolution was not in a tax sense, but in a practical sense, putting that fund in a lock box. We can't use that money for operating. It sits there to provide permanent stability in our operating cash which, I think, is very important.

This next approach that we've taken to recovery and growth, from a financial perspective and from the perspective of using our resources more efficiently, has to do with how we do business. The sustainability of any recovery or growth plan really absolutely depends on the institutionalization of sound business practices. We began that with the institution and creation of the cash policy. We've continued that with the creation of eight new business policies and it was a direct result (and this is where this concept of integrated planning is so important) of the work that Internal Audit did. Audit, through a series of reviews, discovered that there were areas of significant improvement and the response to those recommendations was these eight new business policies. More importantly, I think, we have now a system in place that will allow us to institutionalize best practices and good business practices through a regularized system of policy creation and in some instances, policy elimination that involves an all university vetting process and vetting process. When it was all said and done, we had well over 1,300 people who were trained on these new policies. We have a hotline and availability on the website on how these policies work. As part of this too, we have as noted, a proposed policy on policies which really is sort of akin to how a bill becomes a law and that is how do practices at UC become institutionalized in a regularized way. Peg Allensworth, who as the President notes is driving this presentation this morning, is the real driver behind these financial policies, practices, and the institutionalization of good business practices.

Related to this notion of discipline has been what we call business reviews. This has focused thus far on auxiliary functions. We're going to invite Steve Sayers up to talk a little bit more in detail about what Campus Services did, but let me just say, what these reviews involved was the bringing together of a task forces made of some folks from that particular function, but more importantly, folks outside of the function to go in and deep dive on how that particular area, in this case Campus Services, Parking, Utilities, and Athletics does it's business to find areas where there could be improvement. We looked at everything. There was nothing we couldn't talk about including outsourcing. And although in none of these areas did we decide that outsourcing would save us any money, in all of these reviews, we discovered things that have led to significant improvement in the operation of these functions. So for example, if you drill into the proposed Parking

Budget for FY 2009, what you'll see is their budget is being reduced by \$1 million. That is a direct result of one of these business reviews. We have a new relationship with Duke Energy which was again a direct result of a business review that we did for Utilities. And as I mentioned, Athletics is still our work in progress, but I'm going to pause here and ask Steve to come up and talk about the amazing transformation of Campus Services. Steve.

Steve Sayers:

Thanks Monica. Good morning. Two years ago, faced with some significant challenges in the budget after the opening of our new housing and MainStreet facilities, Campus Services focused on a variety of ways to increase revenues and decrease our expenditures with minimal or no impact on services. We also worked very hard with our colleges, Facilities Management, Utilities and Student Affairs to gain some collaborative efficiencies where they were available and the results over the past two years I think speak for themselves. However, given this opportunity, I'm going to spend a couple more minutes talking about it.

Every year Campus Services builds a business and operating plan for each of its units and that plan identifies a variety of strategies and the corresponding details to achieve them. That includes the revenue side of the ledger as well as the expense side. I'll focus on a few key actions from this list. First, we worked diligently in the housing area to market our housing to students that aren't required to live with us. In doing so, that helped increase our occupancy rate by 2 percentage points. That can equate to roughly \$400,000-\$500,000 over the course of a year. We've also worked very diligently at building our membership base at the recreation center. Since opened the recreation center in February of 2006 our non full time student membership has quadrupled. And lastly we've worked very closely with all of our contracted or outsourced services to look for ways to maximize the revenue opportunities particularly as they apply to the revenue that the university generates, now necessarily the revenue that the contractor generates.

On the cost side, I'll focus again on a few of these strategies. Since the end of fiscal year 2006 we've reduced the size of our work staff across campus services by about 60 FTEs. This was accomplished through a variety of strategies allowing vacancies to go unfilled and those vacancies were created through a number of events including the early retirement incentive that was offered a couple of years ago and we had to abolish a number of positions. In that abolishment, probably about less than a half a dozen people actually lost their jobs. Some of the abolishment resulted in people being moved to other units in the university. In 2007 we negotiated a lower cost to meal plans to the university through some key operational changes to the dining facilities that we think also included an expansion of the services to students. And lastly, we spent a great deal of time analyzing our businesses at a sub unit level to determine the cost effectiveness of these functions. For example we looked at our summer conference business and housing. We determined we are actually subsidizing the summer conference business from the rest of the housing operations. In other words, it was on the backs of the students paying room and board bills underwriting the summer conferencing program. So we've made immediate changes to our cost structures and operational aspects such as reducing the number of halls that we use during the summer for summer conferencing and reducing some of the staff that's associated with that function to make it much closer to break even. Thank you.

Ms. Rimai:

Thanks Steve. Obviously Steve is the chief architect behind this amazing turnaround and one of the things that I have the privilege of doing in Administration and Finance is reviewing the personnel evaluation for those employees who get the highest rank and many of those folks in Administration and Finance come from Campus Services. And one of the things you need to know is that in the goal setting and evaluation process for Campus Services. These folks are judged against growth and revenue and reduction in cost. So Steve has really put into practice and the results do I think, speak for themselves.

The other thing I have to acknowledge, and one of the dangers of it identifying specific individuals is that you can't identify everyone. There's not a person in Campus Services that hasn't contributed to these amazing results, but I think Steve's number one lieutenant Pallavi Patel deserves credit and recognition here today. Not only was she a critical part in this success story, but Pallavi has been part of a number of these other task forces that I have mentioned to you that have been reviewing other auxiliary functions, so we owe her a great deal.

The last item then that I want to talk about is this notion of realistic budgeting. I think we've beat this one into the ground. This is really about involving the entire university in a budgeting process that lasts the entire year and perhaps most importantly of all, having that budget process being driven by our academic priorities. That's the commitment. If any of your are interested in the documentation, all those pages behind the summary documents that we talked about earlier, I would be happy to show you the real demonstrable commitment to building budgets around our academic priorities. I think the next fair question that you all should have for me is, "Where do we go from here?" What will the remainder of this plan involve? Well, as I mentioned, we need to pay back what is not ultimately turned over permanently in the quasi endowments which is a function of continuing our success and growing our available cash on hand. I think another key strategy in going forward and one that I will focus on quite heavily the course of the next year and half is the creation of an enterprise risk management office. And that's really a university wide office that will look at risk management beyond just the traditional fender bender and parking arm garage issues but look at our risks across all facets of the institution including compliance and finance and developing in conjunction with internal audit proactive plans to minimize those risks which will reduce our overall costs. There is no doubt that the university has to refine its projection abilities. Not only do we have to become more accurate as we predict the end of a fiscal year and the where we will end the next fiscal year, but frankly we have to get into the 3-5 year planning mode. We just have to develop our skill set in doing that with greater accuracy. And finally we need to make a greater, more aggressive commitment to paying down this historical, structural deficit. It will continue to be the anvil that slows our growth down and we'll have to make a greater commitment to managing that going forward. And that

will be the focus of what we do in Administration and Finance towards a better use, a more efficient use of our resources. Before turning this back to the President for her closing comments, with regard to this entire presentation, the budget and the capital budget as well as operating 08, 09, and this review of operating where we are, I think I would be way too easy, because I happen to be the spokesperson to credit me with this work and that would just not be appropriate. This really was a university wide effort. There are tons of people to thank and I would like to name all of them. I do need to take a moment and acknowledge that all the numbers were brought to you by the university budget office led by Jim Plummer and that includes Karen Sullivan, Jan Diegmüller, Robin Pittman, Diane White, and Doreen Clark. They have been up for the last month, all hours trying to produce all of these numbers and double check them and they deserve an enormous amount of credit. And of course our President who's had the vision and the fortitude to lead us down a path of growth and recovery. We could not have done this without her. So I will turn it back to you, but ask in recognition of the university effort that this has been, that Peg roll the credits. So thank you very much.

President Zimpher:

It's not quite a top rated movie but someday it will be. I think it probably goes without saying that the leadership of the Senior Vice President of the Office in Administration and Finance has played a pivotal role in not only the presentation of our 08 ending, our 09 beginning, but this 3-5 year recovery plan. I have to report to you that our budget process, our budget building process for the 08 budget, which began in October and now we know is going to begin tomorrow for 2010, was reported of course regularly to the cabinet and the May meeting of the cabinet Sophia Dziegielewski who is retiring as the Chair of the Council of Deans for this year, made a comment that on behalf of the Deans, she was inspired by this budget process. At that very moment, the room shook. We were in 620 University Pavilion and I thought perhaps the earth was moving because the leader of the Dean's Council was complimenting a Senior Vice President for Administration and Finance on a budget process. It turns out that that was 11:10 in the morning and that was an aftershock from an earthquake that occurred in Indiana and Illinois, but we thought perhaps it was earth moving that we were able to come together

at the end of a long and laborious budget process together and actually complimenting each other.

The second thing I want to say in this going forward strategy is that in this 5-10 year plan for realistic projections, we must absolutely focus on the once and for all retirement of this institution's structural deficit. And to steel our courage, I just want to remind you of something Jim Collins said. He wrote an appendix as you know to *Good to Great*, and it was an appendix focused on life in the social sector or the non profit sector. And he made this observation, "we must reject the idea – well-intentioned, but dead wrong – that the primary path to greatness in the social sectors is to become 'more like a business.'" Rather," he observes, "a culture of discipline is not a principle of business. It is a principle of greatness." I'm not sure you can grasp how fundamentally important it was for us today to take all of this time to wade through all of this detail on the financial status of this institution, but it is profoundly important. So mostly Monica and I, the Executive Committee, the Cabinet, the Faculty, Staff, and Students who have made this kind of discipline possible, thank you, the members of the Board of Trustees for entrusting in us, this very obvious and profound responsibility. So with that, Mr. Chair, we give the agenda back to you.

Mr. Wyler:

Thank you. I'm not sure in the seven and half years...in fact I'm positive in the seven and half years I've been on this board I've never seen a presentation like this. There is nothing that is hidden away. The facts are the facts and Nancy, Monica, Deans, Anne and the Faculty Senate, the entire place that has come together to recognize the budget's financial integrity of this institution is remarkable. Every minute has been worthwhile. Those of us on the Board of Trustees can't claim we don't know what's going on. Believe me it's the most impressive budget presentation I have ever seen and I thank each of your starting with Nancy and Monica and the Faculty, Deans, and the whole alphabet soup that she mentioned which I think remarkable. No where in there did I see a raise for the Chairman.

We'll now have the committee meetings. The first committee meeting will be the Academic and Student Affairs committee. Mrs. Buchanan is the Chairperson today. Mr. Richardson, Mr. Vensil, and I'm appointing Mr. Barrett as a temporary member of the Academic and Student Affairs committee. Margaret.

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 10:02 a.m.; the meetings concluded at 10:30 a.m.

THE REGULAR MEETING OF THE BOARD OF TRUSTEES

The Regular Meeting of the Board of Trustees was convened at 10:30 a.m. and, as noted on the first page (page 266) of these minutes, roll call was taken.

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, the Finance and Administration Committee, and the Compensation Subcommittee at their respective meetings held on June 24, 2008, prior to the Regular Meeting of the Board of Trustees.

Academic and Student Affairs Committee Recommendations

08.06.24.01 Recommendations for Promotions

It is recommended that the Board of Trustees approve promotions for faculty effective September 1, 2008, according to the attached list. These recommendations have been approved through the process of progression through the departments, college and the Senior Vice President for Academic Affairs and Provost.

FROM ASSOCIATE PROFESSOR TO PROFESSOR

Raymond Walters College

Edward Bradel	Biological Sciences	Has Tenure
Diana Feibel	Behavioral Sciences	Has Tenure

08.06.24.02 Faculty Appointments

It is recommended that the Board of Trustees approve the granting of appointment, promotion, or emeritus status to the faculty identified in the attached document. These recommendations have been approved by the appropriate departments, college, Office of the Vice President for Health Affairs, and the Senior Vice President for Academic Affairs and Provost.

Dean Appointment

Robert Probst, MFA	College of Design, Architecture, Art, and Planning Effective: July 1, 2008, through June 30, 2013
--------------------	--

Head Appointment

Ralph Katerberg, PhD	Department of Management College of Business Effective: September 1, 2008, through August 31, 2012
----------------------	--

Teresa C. Sabourin, PhD	Department of Communication McMicken College of Arts and Sciences Effective: September 1, 2008, through August 31, 2013
-------------------------	---

Tenure Appointment

John L. Glascock, PhD	Professor with Tenure Department of Finance College of Business Effective: July 1, 2008
-----------------------	--

Emeritus Status

Judith A. Baughin, MA	Professor Emerita of Romance Languages Raymond Walters College Effective: August 31, 2008
-----------------------	---

Rene Boyer, EdD	Professor Emerita of Music Education College-Conservatory of Music Effective: September 1, 2008
-----------------	---

Yi-Qi Zhou Cheng	Associate Professor Emerita of Dance College-Conservatory of Music Effective: September 1, 2008
------------------	---

Joe W. Fisher, PhD	Professor Emeritus of Mathematical Sciences McMicken College of Arts and Sciences Effective: September 1, 2008
--------------------	--

Edward S. Grood, PhD	Professor Emeritus of Biomedical Engineering College of Engineering Effective: September 1, 2008
----------------------	--

John E. Grover, PhD	Professor Emeritus of Geology McMicken College of Arts and Sciences Effective: September 1, 2008
---------------------	--

Laura W. Kretschmer, EdD	Professor Emerita of Audiology College of Allied Health Sciences Effective: September 1, 2008
Michael C. Miller, PhD	Professor Emeritus of Biological Sciences McMicken College of Arts and Sciences Effective: September 1, 2008
Edward C. Nowacki, PhD	Professor Emeritus of Musicology College-Conservatory of Music Effective: September 1, 2008
Richard L. Shell, PhD	Professor Emeritus of Industrial Engineering College of Engineering Effective: July 1, 2008
Wim J. van Ooij, PhD	Professor Emeritus of Materials Engineering College of Engineering Effective: September 1, 2008
Steven Waxler, MFA	Professor Emeritus of Theater Design and Production College-Conservatory of Music Effective: September 1, 2008

08.06.24.03 Academy of Fellows for Teaching and Learning

It is recommended that the Board of Trustees approve the following faculty for induction into the Academy of Fellows for Teaching & Learning:

Christine Colella, Associate Professor of Clinical Nursing, College of Nursing
Janice Denton, Professor of Chemistry, Raymond Walters College
Kimberly Jacobs-Beck, Assistant Professor of English, Clermont College
Suzanne Masterson, Associate Professor of Management, College of Business

08/06.24.04 Extension of Appointment of Peter Stern, M.D., Professor and Chair, Department of Orthopedic Surgery, College of Medicine

It is recommended that the appointment of Dr. Peter Stern, Professor and Chair, Department of Orthopedic Surgery in the College of Medicine be extended for three years, through August 31, 2012. At that time, a new Department Chair will be appointed.

08.06.24.05 Dissolution of the Institute for the Study of Health, Academic Health Center

It is recommended that the Institute for the Study of Health be dissolved effective June 30, 2008. Activities and Programs formerly housed in the Institute have been absorbed by the newly formed Department of Public Health Sciences. Documentation to support this recommendation is attached.

08.06.24.06 Establishment of the Department of Radiation Oncology, College of Medicine

It is recommended that a new Department of Radiation Oncology be established in the College of Medicine effective July 1, 2008; and that William Barrett, M.D., Professor of Clinical Radiology be appointment as the inaugural Department Director.

Finance and Administration Committee Recommendations

08.06.24.07 Approval of Amendment to University Rule 20-41-03 authorizing Chief Investment Officer to Delegate Authority to Approve and Execute Contracts

This resolution seeks the amendment of University Rule 20-41-03 to permit the Chief Investment Officer to delegate to one or more designees the authority to approve and execute contracts which only the Chief Investment Officer is currently authorized to execute.

The Chief Investment Officer is the only University official specifically authorized to approve, execute, and otherwise enter into contracts relating to the management and investment of the University's endowment assets. See University Rule 20-41-03. The Rule provides no power to the Chief Investment Officer to delegate such authority. During the absence, disability, or incapacity of the Chief Investment Officer, or upon his or her death and prior to the appointment of a replacement, the approval and execution of such contracts would require specific authorization of the Board of Trustees. Under such circumstances, the ability of the University to conduct business in an efficient and timely manner would be significantly impaired. The absence of delegation authority has also caused unnecessary inconvenience and expense requiring the coordination of the Chief Investment Officer's calendar with the closing of even routine business transactions. To resolve those issues, it is recommended that the Board of Trustees approve and authorize an amendment to University Rule 20-41-03 to permit the Chief Investment Officer to delegate to specific designees authority to approve and execute contracts during the absence, disability, or incapacity, or upon the death of the Chief Investment Officer, subject to limitations contained in such delegations. The language of the specific amendment sought is identified by underline in the attached.

Title: Investments: Investments committee.
Division: 20: Business and Finance
Number: 20-41-03

A. Purpose

The investment committee shall oversee the management of the university's endowment assets, subject to the investment policies stated in rule 3361:20-41-01 of the Administrative Code and such supplementary guidelines as may be approved by the finance and administration committee of the board of trustees.

B. Voting membership

1. Voting membership of the committee is no less than five and no more than ten persons, at least two-thirds of whom are active in the field of investment management, or have ten years experience in the field of investment management, and at least two-thirds of whom have a close affiliation with the university. The field of investment management is defined by the work experience guidelines for membership in CFA institute.
2. The chairperson of the board of trustees appoints members to the committee except as provided in paragraph B(3) of this rule.
3. So long as the investments of the university of Cincinnati foundation are managed in a common investment pool with the investments of the university of Cincinnati, the board of trustees of the foundation may appoint the greater of three voting members of the committee, or the number of members approximately proportionate to foundation investments in the pool relative to total investments of the pool.

4. Appointment terms are three years and will not exceed three successive terms.
5. In making appointments, the chairperson of the board of trustees and the board of trustees of the university of Cincinnati foundation will consider the recommendations of the chairperson of the investment committee and the chief investment officer if those positions have incumbents.

C. Ex officio members

The president, at his or her discretion, may appoint any or all of the following as nonvoting members of the committee: himself or herself; the senior vice president for administration and finance; the vice president for finance; and any three other employees of the university or the university of Cincinnati foundation.

D. Chairperson

1. The chairperson of the committee will be appointed from among the voting members by either the chairperson of the board of trustees or the board of trustees of the university of Cincinnati foundation, according to whether the university or the foundation has the greatest portion of investments in the common investment pool.
2. In the event of a tie vote on an issue before the investment committee, the chairperson will cast the deciding vote.

E. Chief investment officer

1. The chief investment officer will manage the university's endowment assets with the guidance, advice and oversight of the investment committee regarding policy and strategic direction.
2. In appointing the chief investment officer, the president will consider the recommendations of the investment committee, and the investment committee will provide assessment of the performance of the chief investment officer to the senior vice president for administration and finance.

F. Authorities

1. Within the authority granted to the investment committee and such supplementary guidelines as may be approved by the investment committee, the chief investment officer, or his or her duly appointed designee subject to the terms and conditions of any delegation of authority, ~~are~~ is authorized, without prior approval of the board of trustees or the investment committee, to approve, execute or otherwise enter into contracts or agreements, and modifications thereof and amendments thereto, and to take other actions to:
 - a. Retain the services of specialized investment consultants for advice in asset allocation, performance measurement and other services which may be of value in the management of the university's endowment assets;
 - b. Retain investment managers;
 - c. Retain appraisers, brokers, consultants and such other financial advisers as may be necessary or advisable in the performance of his or her duties;
 - d. Enter into custodial arrangements for the safekeeping of endowment securities or other assets;

- e. Buy or otherwise acquire, hold and sell or otherwise dispose of investments, including investment real estate, directly or through instructions to investment managers; and
 - f. Request distributions from banks or other persons who act as third-party trustees for funds of which the university is a beneficiary to the full extent provided by law; and to correspond, communicate and, where applicable, give direction to such trustees on investment policies, asset allocation, and all other matters.
2. The signature of the chief investment officer will be conclusive evidence of his or her authority to approve and execute any and all contracts, leases, deeds, certificates, instruments, delegations, and other documents as may be necessary or advisable to consummate transactions described in paragraph (F)(1) of this rule, and other transactions approved by the investment committee.
3. The signature of the designee of the chief investment officer when accompanied by a written delegation of authority executed by the chief investment officer, will be conclusive evidence of such designee's authority to approve and execute such contracts, leases, deeds, certificates, instruments and other documents described in such delegation, during the absence, unavailability, or incapacity of the chief investment officer.
- ~~34.~~ All contracts and other documents approved under section (F) of this rule will be reviewed as to form by the office of the general counsel, and the signature of the chief investment officer will be conclusive evidence that such review has taken place.
- G. The investment committee or the chief investment officer will report to the finance and administration committee of the board of trustees:
- 1. Quarterly on common pool investment performance;
 - 2. Annually on investment performance and long-range goals; and
 - 3. On other matters as the finance and administration committee requests or as the investment committee deems appropriate.

08.06.24.08 FY 2008-2009 Current Funds Budget Including Compensation Increases

WHEREAS appropriate planning and consultation within the University have been accomplished through the all-University Governance Committees implemented to make the decision-making process transparent and participatory; and

WHEREAS we are in the second year of the biennial budget wherein the State of Ohio included increased support for higher education; and

WHEREAS the President is now prepared to present the FY 2008-2009 Current Funds Budget and a 2% salary increase package for unrepresented classified and unclassified employees; and

NOW THEREFORE BE IT RESOLVED that the University of Cincinnati's Current Funds Budget including the Compensation increases for Fiscal Year 2008-2009 as described in the accompanying text and tables be approved with authorization for the President to make expenditures within the projected income levels; and

BE IT FURTHER RESOLVED that all of these supporting documents* be incorporated into the minutes of the meeting and filed with the official records of this University.

08.06.24.09 Capital Budget for Approval, Fiscal Year 2008-2009

It is recommended that the Board of Trustees approve the Fiscal Year 2008-2009 Capital Budget, a total of \$35.5 million dollars funded through a combination of state appropriations, local debt authority and program revenue, as described in the attached document*.

The Capital Budget for Fiscal Year 2008-2009 includes Energy Savings Projects (Ongoing), Kettering North Demolition/Site Preparation, Procter Hall Facade Replacement, Rieveschl 500 Level Teaching Labs Renovation, Teachers College/Dyer Renovation Phase 2A, and Morgens & Scioto Residence Hall Upgrades.

Comments from Chairman Wyler

Mr. Wyler:

The trustees were present at the committee meetings held today and have heard the recommendations of the Academic and Student Affairs Committee, the Administration and Finance Committee, and the Compensation Subcommittee. The items reviewed and recommended by the committees are named in the Action Items listed at your place. We are going to vote on all those issues except the President's compensation which will vote after the Executive Session today.

Mr. Wyler:

May I have a motion to approve?

Mr. Richardson:

So moved.

Mr. Bhati:

Second.

Mr. Wyler:

Ms. Stringer, please call the roll.

The roll was called by Ms. Stringer.

Recommendation Nos. 08-06-24-01 through 08-06-24-09

AYE: Dr. Bhati, Mr. Wyler, Mr. Heiman, Mr. Barrett, Mrs. Buchanan,
and Mr. Richardson

NAY: None

ABSENT: Ms. Heimann, Mr. Humes, and Mr. Niehoff

Mr. Wyler:

Thank you ma'am. All items are approved.

Unfinished Business and New Business

Is there any unfinished business? Okay, we will now have the reports of the board representative and student trustees.

Faculty Senate Report

Mr. Wyler:

I will call first on our faculty representative, Ms. Ann Welsh.

Ms. Welsh:

Good morning. Thank you Mr. Chairman. Today I'd like to provide a report card of sorts on the Senate's activities. Over the past two years the Senate has worked to professionalize its activities and update the role of faculty participation in the shared governance of the managed university. This has meant setting agendas and goals and reporting progress to the faculty on an annual basis; selecting the members of Senate

cabinets and faculty representatives on the all university governance committees on the basis of expertise as well as interest; developing a multi-pronged communication plan which while much improved is still insufficient to our needs because it is simply impossible to over-communicate with faculty; and conducting systematic assessments of the faculty on issues of collective impact which have led to the development of evidence based recommendations for action and have been formalized into Senate positions as resolutions. I'd like to give you three examples to give you a sense of the diversity of our work.

In academic year 2006/2007, we examined the cumulative impact of budget reductions on academic programs. This led to resolutions supporting the provost's budget recommendations as was mentioned today, and an awareness of two challenges that remain to academic excellence – faculty morale, and turnover...especially turnover of our Senior Assistant or newly tenured faculty as well as well funded researchers. Again in academic year 2006/2007, we assessed ways to improve the content and delivery of research support. This has resulted in several initiatives, one of which is the development of a proposal pre-review process to help researchers enhance their yield rate on the proposals that they submit for external funding. And finally, in that same year we also conducted research on the effectiveness of the annual review process as viewed by faculty, department heads, and deans. We believe that much of what we learned can help us attack the turnover and morale issues. As a first step, we have created and delivered a workshop for department heads on how to improve the outcomes of the annual review process. As you can see from these examples, we are working more effectively in partnership with the administration in the examples I just cited. We appreciate the

support of Provost Perzigian and Vice Provosts Faaborg and Hall, Vice Presidents Degen and Rimai, as well as Student Affairs, the Registrars Office, and all the other offices of the university that provide support.

We continue to support President Zimpher as she encourages the UC community to adapt those, as she said today, practices of greatness that are consistent with our values and that will drive the university forward. We still think there's a lot for the Senate to address. Some topics of concern to next year's Senate are prioritizing the academic focus project which has helped us know what we're good at, but now we have the next step which is how to effectively leverage and support those activities. We're still, again as mentioned today, searching to find that right combination of students, faculty, and support that is consistent with our physical plan both now and in the future. And finally academic decision making (as in semester conversion) which we believe is just one of many deserving academic opportunities under consideration.

Lastly, I'd like to introduce to you Marla Hall. Marla if you want to stand up. Marla is the incoming Chair of the university faculty. She will be taking this seat at the table, I believe at your next meeting, and I know she can count on your continued support. Thank you.

Mr. Wyler:

Thank you Anne. In my excitement to pat the President on the back, I neglected to ask you to approve the minutes of the meeting of May 27th.

Approval of the Minutes of the May 27, 2008 Regular Meeting

Mr. Wyler called for additions, corrections, or deletions to the minutes of the Regular Meeting of May 27, 2008. Upon motion of Mr. Heiman; seconded by Mr. Richardson, the minutes were approved as distributed.

Mr. Wyler:

Thank you very much. That puts us back in the right spot. The alumni association report, I guess the final one, from Robert Dobbs.

Alumni Association Report

Mr. Dobbs:

Thank you Mr. Chairman. Well it is with mixed emotions that I deliver my final UC Alumni Association update as the President of the volunteer board. But it has been my great honor and privilege to represent the UC Alumni Association to this Board of Trustees for the last four years. It has been a period of enormous transition and progress for the university and for its alumni association.

We have been steadfast in the belief that a robust alumni engagement facilitates greater levels of accomplishment for UC. And this principle has guided our work in on campus partnerships in these recent years. Last evening, our Board of Governors formally adopted a new strategic framework to guide and articulate our organizational value proposition. It contains six strategic goals which will guide our future endeavors.

In addition, we are in the final stages of redefining Alumni Association membership. In short, it will be migrating to a model that is more philanthropic in nature, which I know will make Otto happy, where our compelling story within the fabric of the UC community will invite alumni to support our work in different levels of donation. We'll provide tiers of benefits to alumni based upon the level and nature of their engagement. All of us at the Alumni Association believe that as more people understand how our work fits into the entire UC picture and as we continue to enhance our alumni experience through our programs and services, their support will naturally follow.

The Board also confirmed a slate of newly elected and re-elected officers, and at-large board members. That information is available at your place that has the university Alumni Association letterhead on it. It is an impressive and talented collection of individuals that emerged from a deep pool of nominees. I would like to acknowledge the four elected officers. Succeeding me as Alumni Association President is Steve Simendinger who is as dedicated and capable as any Bearcat that I know and he is here today and I'd like to ask him to stand. Steve? You'll be seeing his pretty face at this table in the future. Steve will be a welcome addition to the Board and an outstanding leader for our organization. Rusty Myers will be our new Vice President and Jim Kroeger, who basically was the architect of our strategic plan, will be our Vice President of Finance. Steve, Rusty, and Jim have been previous members of our executive committee. And joining the Board as Secretary Treasurer is Tony Yates, an alum who is well known throughout the UC community. Now of the available 15 at-large Board of Governor positions, 11 are first time members. And for the first time, we have included

individuals who do not live in or near Cincinnati, including the current sitting Secretary of State of the State of West Virginia and a US District Federal Judge from Phoenix, Arizona. We have also gathered alums from graduating years 1964-2005 so we believe we are beginning to diversify our board representation in the manner that it should to represent this university.

While it will be a bit strange in some ways to ease into a role of past president, I do so with great excitement about this new era. Our momentum will accelerate behind the volunteer leadership of our board, as well as our Executive Director Myron Hughes and our outstanding staff.

Of course since we exist to engage alumni, we are gratified to welcome the new 4,555 new alumni during the spring commencement activities. Young alum and current students constitute a major area of strategic focus for us even as we celebrate our most senior Bearcats as well. It was rewarding and inspirational to host so many of these great new grads and their families here at the Meyers Alumni Center after the ceremonies. And on that positive note, I'll conclude our report, but not before expressing my sincerest thanks to this board, to President Zimpher, and to the entire university administration on behalf of everyone at the Alumni Association.

You know we can't share a compelling story with alumni unless the university has its own compelling story. It has been thrilling to see the tremendous progress of these last several years and to engage our alumni in this ongoing journey. And as always,

thank you for your support and continued interest in our work at the Alumni Association.

Thank you very much.

Mr. Wyler:

Thank you Bob. The next report will be from one of the members who wants to join the Alumni Association as quickly as possible. Seth Vensil, our undergraduate student trustee.

Student Trustee Report

Mr. Vensil:

Thank you Mr. Wyler. I really don't have much of a report today mostly because in the past month since the last meeting, most of the undergraduates have been taking finals, getting ready to graduate, and things of that nature.

I would like to comment on the Textbook Advisory Committee. They are performing and helping to produce the price of textbooks for students. We had a brief meeting a couple weeks ago. We decided to look into the options of electronic textbooks after seeing the feasibility of such an option. Basically the main money saver there is that you don't have to pay for printing costs, but there are several obstacles that we have to overcome in order to make that a real feasible option, but we are looking into that as best as we can. So that concludes my report for today. Thank you.

Mr. Wyler:

Last month we had the student satisfaction report and it was good. If we eliminate finals, how will the student satisfaction report look?

Mr. Vensil:

Student satisfaction would probably double.

Mr. Wyler:

I think it would too. You can pass it back we're not going to do that. UC Foundation report, Chairman Otto Budig.

UC Foundation Report

Mr. Budig:

Chairman Wyler, on behalf of our Foundation Chairman Jeff Williams and our board, I am pleased to be here to share with you our current donor and private support totals as well as updates on our faculty staff campaign and the senior class giving campaign.

We are on track to have one of the most successful years of fundraising in UC's history. Through the first 11 months of fiscal year 2008, total private support stands over \$140 million dollars compared with \$73 million at this time last year—an appreciable increase. In addition, our donor count stands at 29,857 compared with 27,900 this time last year. At this rate we'll surpass 30,000 donors for 2008 making it our highest donor count in 8 years.

As the fiscal year comes to a close, we are looking forward to the conclusion of another successful faculty staff campaign. We had an exceptional kickoff in May that

allowed us to attract new donors and thank those who already supported the campaign. We won't have the final numbers until July, but this has been the most successful campaign on record in terms of participation. We've already surpassed last year's total record of 2,138 donors anticipating more donors will make gifts during the final week of the campaign.

We've enjoyed unprecedented success in our senior class giving campaign. As I said last month, our seniors were asked to give \$20.08 with the money raised going toward building a statue of the Bearcat on campus. I am pleased to report that more than 200 seniors gave gifts and more than \$11,000 was raised from both seniors and other members of the community who wanted to support the effort. To build on this year's success we've convened a student development council that will oversee next year's senior class giving campaign to help get the message out through various communications.

And finally I would like to remind everyone that our Proudly Cincinnati kickoff celebration will occur on October 25. Put that date down.

Mr. Wyler:

October 25.

Mr. Budig:

That's right. Remember the Date. You'll join the celebration with us. As always, I appreciate the interest of the university's board and look forward to keeping you up-to-date. Thank you.

Mr. Wyler:

Thank you Mr. Budig. Always like a pleasant report like that. Come back and do one of those next month again. Thank you Sir. Another report from a potential alumni association member, Ryan Rosensweig, student government.

Student Government Report

Ryan Rosensweig:

Thank you very much Chairman Wyler. As Seth said, the last month of school there is a lot of transition that happens. An important element to recognize, as we all saw from two of our commencement speakers, is that we are really losing a lot of great leaders and a lot of great mentors personally as well as for the entire student community. So our focus now is really turning on how do we grow and empower others to step up and mentor others and what is our position ourselves? And, how do we structure ourselves and continue to grow student leadership and continue the great job that other students that have come before us that are now members of our Alumni Association have done? So this is what we are doing.

First of all, we are looking internally and building the way that we develop our student leaders through programming. We're looking at initiatives that benefit students.

We've talked about the student legal services and we've taken strides at establishing a committee to set those up. A great big piece is bridging between different schools and different programs. Our sustainability initiative has kicked off and the first steps are really presenting a collaborative effort at the summer orientation sessions where we were able to bridge a gap between the College of Design, Art, Architecture, and Planning; the College of Business; the McMicken College of Arts and Sciences; as well as student government to create unity among different groups to create a single message (which really is difficult to do as many of us understand) and we're excited to see it working well.

We're looking at the way to respond and how to support international students that are coming in with us this fall. We are looking at how to show an even better welcome and help transport them to their location from the airport when they come in. We're looking at innovative way to do that. So we can welcome the new students coming in. We are looking at students creating and emulating a great process at Ohio State University in the way that they work with commuters through a housing website which helps create a great center for information for graduate and undergraduate students so that they can understand great opportunities of where to live as well as recommendations. So it's creating a center place for information in which we can really develop and foster growth along those lines.

And finally, another big piece is our continuing work is with technology in trying to create a sense of place for the students when they aren't on campus through looking at

ABSENT: Ms. Heimann, Mr. Humes, and Mr. Niehoff

Upon proper motion and second, the Executive Session adjourned at 11:17 a.m.

RECONVENE MEETING

Mr. Wyler:

The meeting of the Board of Trustees of the University of Cincinnati will now be reconvened. (Meeting was reconvened at 11:02 am)

Approval of the Item Recommended by the Compensation Committee

Listed below is the item recommended to the Board of Trustees for approval by the Compensation Subcommittee at their meeting held on June 24, 2008, prior to the Regular Meeting of the Board of Trustees.

Compensation Subcommittee Recommendation

08.06.24.10 Recommendation for President's Compensation

It is recommended that the Board of Trustees adjust the President's compensation packet as follows:

1. The President's base salary will be increased by 2%, which is the same percentage as the faculty. Base salary increase of 2% equals \$8,211.54.
2. The President's bonus will be 22.5% of her base salary. Bonus of 22.5% equals \$92,379.85.
3. The President's contract will be amended to increase the amount of vacation she receives annually to 30 days and a \$3000 increase in her car allowance.

The Trustees were present at the Committee Meetings held today and have heard the recommendation of the Compensation Subcommittee regarding the President's Compensation. The recommendation is the last item on the Action Items list at your place.

May I have a motion to approve the recommendation of the Compensation Subcommittee regarding the President's compensation and approval of her goals and objectives for the coming year?

Mr. Barrett:

So moved.

Mr. Richardson:

Second.

The roll was called by Ms. Stringer.

Recommendation No. 08.06.24.10

AYE: Dr. Bhati, Mr. Wyler, Mr. Heiman, Mr. Barrett, Mrs. Buchanan,
 and Mr. Richardson

NAY: None

ABSENT: Ms. Heimann, Mr. Humes, and Mr. Niehoff

Adjournment

There being no further business before the Board, upon proper motion and second, the meeting adjourned at 11:23 a.m.

JEFFREY L. WYLER, CHAIRPERSON

ANANT R. BHATI, SECRETARY