

Minutes of the Finance Committee Meeting
University of Kentucky Board of Trustees
February 18, 2022

The Finance Committee of the University of Kentucky Board of Trustees met on Friday, February 18, 2022, in the Gatton Student Center Harris Ballroom.

A. Meeting Opened

Chair Kimberly McCann called the meeting to order at 11:31 a.m. Chair McCann asked Ms. Brenda Heeter, secretary to the Finance Committee, to call the roll.

B. Roll Call

The following members of the Finance Committee were present: Lee X. Blonder, Joe Bowen, E. Britt Brockman, Ray A. Daniels, Michael Hawse, Kimberly Scott McCann, Elizabeth McCoy and Frank Shoop. Carol Martin "Bill" Gatton was not in attendance. Ms. Heeter announced that a quorum was present.

C. Approval of Minutes

Chair McCann asked if there were any corrections to the minutes from the December 14, 2021 meeting, which were distributed. Trustee McCoy made a motion to approve the minutes. Trustee Shoop seconded the motion. The motion carried without dissent.

D. Business Items

FCR 1 Charitable Grant Commitment from the Lighthouse Beacon Foundation

The recommendation seeks acceptance of a charitable grant commitment of \$10,000,000 from The Lighthouse Beacon Foundation to support the renovation/expansion of the W.D. Funkhouser Building on the University of Kentucky campus. The Lighthouse Beacon Foundation was created by Karen Congdon Pigman and L. Stanley Pigman in 2021. A native of Knott County, Kentucky, Mr. Pigman earned a bachelor's degree in mining engineering from the College of Engineering in 1981. For his career achievements and commitment to community service and his alma mater, he was inducted into the College of Engineering Hall of Distinction in 2009. Mr. and Mrs. Pigman are long-time supporters of the university and especially the College of Engineering. Some of their previous initiatives include support for the Power and Energy Institute (PEIK), the Pigman Philanthropic Partnership Program, a unique gift matching opportunity with the College of Engineering's young alumni, and, most recently, scholarship support for the College of Engineering's Engineering Technology program. Trustee Bowen made a motion to approve FCR 1. Trustee Hawse seconded the motion. The motion carried without dissent.

FCR 2 Charitable Grant from the Bill Gatton Foundation

The recommendation seeks acceptance of a charitable grant of \$5,000,000 from the Bill Gatton Foundation to support scholarships at the university. The Bill Gatton Foundation was established in 1985 by C.M. “Bill” Gatton of Bristol, Tennessee. Mr. Gatton earned his Bachelor of Science in Commerce from the University of Kentucky in 1954 and Master of Business Administration from The Wharton School of the University of Pennsylvania. He is an Honorary Member of the Board of Trustees; a member of the University of Kentucky Hall of Distinguished Alumni; and a member of the Gatton College Hall of Fame. Mr. Gatton is the owner of a family of automobile dealerships and has real estate and bank holdings in Kentucky and Tennessee.

The charitable grant will be used to establish and support a new scholarship program named the “Bill Gatton Scholarship Program.” This program will provide: (1) merit undergraduate scholarships for fall 2022 freshmen students from the Gatton Academy and Muhlenberg or McLean Counties, Kentucky; (2) merit scholarships for the fall 2022 first-year graduate students from the Gatton Academy and Muhlenberg or McLean Counties, Kentucky with the exception that medical students from throughout the state of Kentucky would be eligible; and (3) unmet need or first-generation scholarships for spring 2022 undergraduate students. Trustee Shoop made a motion to approve FCR 2. Trustee McCoy seconded the motion. The motion carried without dissent.

FCR 3 Pledge from Michael L. Marberry

The recommendation seeks acceptance of a pledge of \$5,000,000 from Michael L. Marberry to establish and support a non-endowed capital project fund named the “Mike L. Marberry Funkhouser Renovation Fund” in the College of Engineering to support the renovation/expansion of the university’s W.D. Funkhouser Building. Mr. Michael L. Marberry of Atlanta, Georgia graduated from the University of Kentucky with a Bachelor of Science in Chemical Engineering in 1981 and a Master of Science in Chemical Engineering in 1983. He also earned a Master of Business Administration from the Tuck School of Business at Dartmouth College in 1990. Since 2009, Mr. Marberry has served as President and CEO of J.M. Huber Corporation, a family-owned company specializing in engineered materials. He is a UK Fellow, a member of the College of Engineering’s Hall of Distinction and the Quadrangle Society and serves on the Chemical and Materials Engineering Advisory Board. Trustee Bowen made a motion to accept FCR 3. Trustee Shoop seconded the motion. The motion carried without dissent.

FCR 4 Charitable Grant Commitment from the Lighthouse Beacon Foundation

The recommendation seeks acceptance of pledge of \$1,250,000 from The Lighthouse Beacon Foundation to establish and support the “Karen and Stanley Pigman Engineering Technology Scholarship” fund in the College of Engineering. The Lighthouse Beacon Foundation was created by Karen Congdon Pigman and L. Stanley Pigman in 2021. A native of Knott County, Kentucky, Mr. Pigman earned a bachelor’s degree in mining engineering from the College of Engineering in 1981 and has had a successful career in the energy industry. For his career achievements and commitment to community

service and his alma mater, he was inducted into the College of Engineering Hall of Distinction in 2009. Mr. and Mrs. Pigman are long-time supporters of the university and especially the College of Engineering. Some of their previous initiatives include support for the Power and Energy Institute (PEIK), and the Pigman Philanthropic Partnership Program, a unique gift matching opportunity with the College of Engineering's young alumni.

The "Karen and Stanley Pigman Engineering Technology Scholarship" fund will support annual need-based scholarships for students who are enrolled in the College of Engineering's Engineering Technology program and graduated from a high school in one of the Eastern Kentucky counties described in the Charitable Grant Agreement dated January 19, 2022. Trustee McCoy made a motion to accept FCR 4. Trustee Hawse seconded the motion. The motion carried without dissent.

FCR 5 Gift from Jacqueline M. Cain

The recommendation seeks acceptance of a gift of \$1,000,089.32 from Jacqueline M. Cain to establish and support an endowed scholarship fund named the "Biz and Jackie Cain Family Medical Scholarship Endowment" in the College of Medicine. Mrs. Jacqueline M. Cain of Independence, Kentucky, graduated from the University of Kentucky with a Bachelor of Arts degree in Spanish and Italian Language in 1966. Mrs. Cain taught foreign language for over twenty years at Simon Kenton High School in Independence, Kentucky, before retiring from the Kenton County Public School System. She is a former member of the UK Women and Philanthropy Network and is a current member of the UK Alumni Association and the UK Parents Alumni Council. Her late husband, Rodney Cain (1938-2016) was a Northern Kentucky University graduate and served as a member of Northern Kentucky University's foundation and Vice Chair of the institution's capital campaign in the early 1990s. He was the owner of Wiseway, Inc., a plumbing, lighting, and electrical supplier to contractors, a founding member of the Bank of Kentucky, and a Director and Board Member of Boone State Bank. Additionally, he served as Judge Executive for Kenton County and as Secretary of the Workforce Development Cabinet under Governor Paul Patton.

The "Biz and Jackie Cain Family Medical Scholarship Endowment" will support annual scholarships for students accepted and enrolled in the College of Medicine's Northern Kentucky Campus who are in good academic standing, have demonstrated unmet financial need and graduated from a high school in Boone, Kenton, Campbell, Pendleton or Grant County, Kentucky. Trustee Bowen made a motion to accept FCR 5. Trustee McCoy seconded the motion. The motion carried without dissent.

FCR 6 Gifts from the Estate of William R. Toadvine

The recommendation seeks acceptance of gifts totaling \$1,046,344.35 from the Estate of William R. Toadvine to support the existing endowed fund named the "Bluegrass AG and HES Area Scholarship" in the College of Agriculture, Food and Environment. William R. 'Billy Bob' Toadvine (1937-2019) of Cynthiana, Kentucky, graduated with a Bachelor of Science degree from the University of Kentucky's College of Agriculture, Food

and Environment in 1960. He began his career as a farmer soon after graduation and generously supported his local farming community throughout his life. Mr. Toadvine was a past president of the Harrison County Water Association, a member of the Beef Cattle Association and received the Top Farm Hand Award from the Harrison County Agriculture Council in 2018.

The Bluegrass AG and HES Area Scholarship fund supports scholarships for students in the College of Agriculture, Food and Environment who are from Bourbon, Clark, Estill, Fayette, Harrison, Madison, Nicholas, Powell, or Scott County, Kentucky. Trustee McCoy made a motion to accept FCR 6. Trustee Bowen seconded the motion. The motion carried without dissent.

FCR 7 Amendment to the Center for Sports Marketing Endowment Fund

The recommendation seeks approval of an amendment to the “Center for Sports Marketing Endowment Fund” in the Gatton College of Business and Economics. James Host made gifts of \$75,000 to the university to establish the “Center for Sports Marketing Endowment Fund” in the Gatton College of Business and Economics. The university received \$75,000 in matching contributions from the Commonwealth of Kentucky Research Challenge Trust Fund (RCTF). The original purpose of the fund was to support the sports marketing research objectives of the university’s Center for Sports Marketing. This amendment broadens the purpose to support research-related activities for sports communication, sports media and/or sports promotion; renames the fund the “Sports Communication, Media and Promotion Endowment”; and transfers the fund from the Gatton College of Business and Economics to the College of Communication and Information. Trustee McCoy made a motion to accept FCR 7. Trustee Bowen seconded the motion. The motion carried without dissent.

FCR 8 Lease/Purchase of Equipment for the Smart Campus Initiative

The recommendation seeks approval of the lease/purchase of equipment for the continuation of the Smart Campus iPad Initiative. This fourth phase of the iPad initiative and Apple partnership will continue to level the technological playing field for all students; enhance pedagogy and innovative learning; and help build skills that set our students up for future success.

The university will continue to pay the lease on the iPads that were distributed to freshman in Fall 2019, Fall 2020 and Fall 2021 at a total cost of \$4,193,844. With this approval, the university will lease/purchase an additional 5,500 iPad kits (iPad Air, pencil and keyboard) from Apple at an estimated annual cost not to exceed \$1,500,000. The source of funds is agency funds. The university’s Debt Management Committee has reviewed the lease/purchase and assessed the impact on the institutional debt capacity and determined that acquisition of these items by lease/purchase is consistent with the university’s Debt Policy. Trustee McCoy made a motion to accept FCR 8. Trustee Hawse seconded the motion. The motion carried without dissent.

FCR 9 Approval of Improvements for the Center on Trauma and Children

The recommendation seeks approval of the payment of up to \$25,000 for improvements to leased space for the University of Kentucky – Center on Trauma and Children located in leased space at 3470 Blazer Parkway, Suite 100, Lexington, Kentucky. The Center on Trauma and Children has leased space at 3470 Blazer Parkway since 2002. The Center currently leases 11,199 square feet but requires additional office space to accommodate personnel associated with newly funded and expanded projects (e.g. COVID and the Secondary Traumatic Stress Innovations and Solutions Center). The Center also plans to create an audio-visual production lab where products can be produced (video modules, podcasts, online trainings). The Center plans to lease an additional 1,825 square feet of space in the same building. The new space requires some improvements to allow for better utilization of both the new and current space including the addition of walls and solid doors. The cost of these improvements is estimated to be up to \$25,000 which will be paid with agency funds. Trustee Shoop made a motion to accept FCR 9. Trustee McCoy seconded the motion. The motion carried without dissent.

FCR 10 Approval of Improvements to Leased Space (UK HealthCare Central Patient Monitoring)

The recommendation seeks approval of the payment of up to \$475,000 for improvements to leased space for the University of Kentucky HealthCare central patient monitoring department to be located at 2347 Sterlington Road, Lexington, Kentucky. In order to bring the new inpatient beds currently under construction in Pavilion A online for patient care, the central monitoring capacity needs to expand its footprint to accommodate additional stations and staff. The existing location in Pavilion H does not allow for this physical expansion. UK HealthCare currently leases space at 2347 Sterlington Road that can be converted for this function. Approximately 6,400 sq. ft. will be converted to accommodate up to 30 employees. The required fit-up is estimated to cost up to \$475,000 which will be paid with agency funds. Contingent upon the Board's approval, the fit-up will be reported to the Capital Projects and Bond Oversight Committee. Trustee Bowen made a motion to accept FCR 10. Trustee McCoy seconded the motion. The motion carried without dissent.

FCR 11 Approval of Improvements to Leased Space (UK HealthCare Beyond Birth)

The recommendation seeks approval of the payment of up to \$540,000 for improvements to leased space for the University of Kentucky HealthCare Beyond Birth to be located at 245 Fountain Court Lexington, Kentucky. The project will relocate Beyond Birth from the Eastern State Hospital campus to Fountain Court. The Beyond Birth program requires suburban space off campus to accommodate high patient volume, provide easy access (parking, entryway, check-in), and takes advantage of staffing and clinician efficiencies that are unavailable with multiple sites.

UK Healthcare currently leases space at 245 Fountain Court that can be converted for this function. Approximately 4,700 sq. ft. will be converted at an estimated cost of up

to \$540,000 which will be paid with agency funds. Contingent upon the Board's approval, the improvements will be reported to the Capital Projects and Bond Oversight Committee. Trustee Blonder made a motion to accept FCR 11. Trustee Shoop seconded the motion. The motion carried without dissent.

FCR 12 Approval of Disposal (Oran Little Research Center – Tobacco Barn 4)

The recommendation seeks approval to declare the Tobacco Barn 4, UK building number 3792, located on Oran Little Research Center at 1171 Midway Road, Versailles, Kentucky surplus to the needs of the university and that the Executive Vice President for Finance and Administration be authorized to dispose of the structure and remove the property using the method that produces the highest price. Due to significant storm damage and structural rot, Tobacco Barn 4 is obsolete relative to current farm operations. Since the barn is not needed by the university, the proposed sale and removal is in the best interest of the Commonwealth. It is recommended that the Board declare the property surplus to the university's needs and be sold using the method that produces the highest price. Trustee Bowen made a motion to accept FCR 12. Trustee Hawse seconded the motion. The motion carried without dissent.

FCR 13 Construct Beam Institute I and II (Still Building and Maturation Building) Capital Project

The recommendation seeks approval of the initiation of Construct Beam Institute I and II (Still Building and Maturation Building) Capital Project and an internal loan to fund a portion of the project. At its June 19, 2020 meeting, the Board approved the initiation of the Construct Beam Institute I (Still Building) capital project with a scope of \$5,500,000. The initiation of the Construct Beam Institute II (Maturation Building) capital project was approved at the Board's May 4, 2021 meeting with a scope of \$1,125,000. The total approved scope for both projects is \$6,625,000.

As the Still and Maturation Building projects are so closely related, they were bid together on November 9, 2021. The bids received were significantly higher than budgeted and a value engineering process was pursued during design. However, this process failed to bring the projects within the approved budget. After rebidding using competitive negotiation with the three low bidders pursuant to the model procurement code, the projects were value engineered once again. Unfortunately, the results were again over the approved scope. The current bid pricing is indicative of increases in construction costs, lack of competition among bidders as well as supply shortages caused by heavy demand. The revised combined scope of these projects is \$9,525,000 and will be funded with agency funds, including an internal loan not to exceed \$7,500,000, and private gifts (gift in kind). Trustee Hawse made a motion to accept FCR 13. Trustee Shoop seconded the motion. The motion carried without dissent.

FCR 14 Indoor Track Capital Project

The recommendation seeks approval of the initiation of the Construct Indoor Track capital project. This project will construct a new indoor track and field practice facility adjacent to the Outdoor Track and Field Facility and Shively Sports Complex. The proposed \$20,000,000 facility will provide a dedicated indoor training venue for the University of Kentucky Men's and Women's Track and Field and Cross-Country teams. The facility will primarily serve the Men's and Women's Track and Field programs and will include approximately 2,500 gross square feet of fully conditioned storage space for the UK Band program. Trustee Shoop made a motion to accept FCR 14. Trustee Bowen seconded the motion. The motion carried without dissent.

FCR 15 Improve Athletics Facility 2 (Nutter Fieldhouse) Capital Project

The recommendation seeks approval of the initiation of the Improve Athletics Facility 2 (Nutter Fieldhouse) Capital Project. This \$5,000,000 project will improve and renovate the Nutter Fieldhouse to create a football-focused environment while also enhancing student safety. The planned improvements include the replacement of the synthetic turf with an infill system over a wall-to-wall shock pad and refreshed finishes and graphics to update the appearance of the training area. Also included are revisions to the mechanical system to improve circulation and performance as well as new overhead doors and operable windows to add passive circulation to the practice area. New LED lighting will improve visibility during practice and reduce maintenance while improving energy efficiency. Trustee Shoop made a motion to accept FCR 15. Trustee Bowen seconded the motion. The motion carried without dissent.

FCR 16 Improve Kroger Field Stadium (Audio Visual Improvements) Capital Project

The recommendation seeks approval of the initiation of Improve Kroger Field Stadium (Audio Visual Improvements) Capital Project. This \$5,000,000 project will improve the video system at the Kroger Field Stadium. The current stadium bowl LED video displays have reached the end of their expected service life and are experiencing intermittent failures. Installation of new, improved video displays will improve the fan experience and ensure that UK Athletics facilities are in line with SEC and NCAA competitors. Trustee Bowen made a motion to accept FCR 16. Trustee Shoop seconded the motion. The motion carried without dissent.

FCR 17 Capital Construction Report

The recommendation seeks acceptance of the capital construction report for the three months ending December 31, 2021. This report refers only to projects that had activity within this quarter. Mary Vosevich, vice president for facilities management, gave the capital construction report for the fourth quarter of the calendar year. Ms. Vosevich reported that there were seven new contracts, two contracts were completed, four

amendments and 11 change orders. Trustee McCoy made a motion to accept FCR 17. Trustee Hawse seconded the motion. The motion carried without dissent.

FCR 18 Patent Assignment Report

The recommendation seeks acceptance of the Patent Report for the period of October 1, 2021 to December 31, 2021. Taunya Phillips, director of the office of technology commercialization, gave the patent report for the second quarter of Fiscal Year 2022. Ms. Phillips shared that there were 20 invention disclosures, 14 full patent applications, 21 provisional patent applications, 12 patents issued, \$73,397.91 licensing income received, two licenses and options were executed and one new startup formed during the period. Trustee Bowen made a motion to accept FCR 18. Trustee Hawse seconded the motion. The motion carried without dissent.

E. Research Report

The floor was yielded to Dr. Lisa Cassis, vice president for research, for a report on research. Dr. Cassis shared an update on inspiring ingenuity as part of the strategic plan. The report included a month-by-month view of the funding of external grants and contracts to faculty, students and staff for their research at the university. The university continues to have incredible accomplishments by the faculty to support and expand the research mission. Dr. Cassis shared that so far this year, awards are up seven percent from last year. Dr. Cassis also shared that the University of Kentucky successfully competed for the Beckman Scholars Program award, a very prestigious award. Chad Risko, Associate Professor in the Department of Chemistry in the College of Arts and Sciences is the lead on this project - SUCCESS (Scholars United by Chemistry Cultivating Excellence through Science Stewardship). The collaboration across campus includes the Office of Vice President for research, the Office Undergraduate Research Development, the Office of philanthropy, the College of Agriculture, Food and Environment, the College of Arts and Sciences, the College of Engineering, the College of Medicine, the Center for Applied Energy Research, Sanders-Brown, James B. Beam Institute for Kentucky Spirits, and the Spinal Cord and Brain Injury Research Center all working together. The award is for three years and funds two scholars per year. It affords a 15-month intense research experience with 15 faculty mentors. Dr. Cassis remarked that it is a wonderful opportunity for UK students.

F. Acting Vice President for Philanthropy and Alumni Engagement

The floor was yielded to Tom Harris, acting vice president for philanthropy and alumni engagement for a report on philanthropy. Mr. Harris provided an update on the Kentucky Can campaign. The campaign goal of \$2.1 billion was announced in September of 2018; to-date gifts and pledges have been received totaling \$1.7 Million - leaving the final \$400 million remaining to meet the fall goal. However, the report was more than numbers, it was about the love and commitment of the donors, alumni and partners who have given to the university. Mr. Harris shared information about how the contributions of \$17.3 million for scholarships impacts the students, the university and the

Commonwealth. The colleges and all the philanthropy staff are committed to making an impact in the lives of the students.

G. Executive Vice President for Finance and Administration (EVPFA) Report

The floor was yielded to Mary Vosevich, vice president for facilities management for the executive vice president for finance and administration report. Ms. Vosevich provided information about the facilities transformation on campus and the role that gifts have played in the funding of capital construction at the university. Ms. Vosevich shared information about some of the buildings that have been completed that illustrate the power of giving: John Cropp Softball Stadium, Wendell and Vicki Bell Soccer Stadium, Don and Cathy Jacobs Science Building, Gatton Student Center, James and Gay Hardyman Center for Student Success, Kentucky Proud Park, Lewis Hall, James B. Beam Institute for Kentucky Spirits and a number of projects that support quality of life and community, as well as health care facilities.

Trustee Bowen asked if the university, as a public entity, was required to award projects based on best price or was there flexibility to award based on best bid. Dr. Monday responded that the university must comply with the model procurement code which dictates that price is the driving force as it relates to construction.

H. Other Business

Chair McCann asked if there was any other business to come before the Committee.

I. Meeting Adjourned

Hearing no further business, the meeting was adjourned at 12:32 p.m.

Respectfully submitted,

Brenda Heeter
Finance Committee Secretary