

Minutes of the Finance Committee Meeting  
University of Kentucky Board of Trustees  
June 17, 2022

The Finance Committee of the University of Kentucky Board of Trustees met on Friday, June 17, 2022, in the Gatton Student Center Harris Ballroom.

A. Meeting Opened

Chair Kimberly McCann called the meeting to order at 11:00 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, E. Britt Brockman, Todd Case, Michael Hawse, Kimberly Scott McCann, Elizabeth McCoy and Frank Shoop. 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 April 29, 2022 meeting, which were distributed. Trustee McCoy made a motion to approve the minutes. Trustee Hawse seconded the motion. The motion carried without dissent.

D. Business Items

FCR 1 Pledge from the University of Kentucky Markey Cancer Foundation

The recommendation seeks acceptance of a pledge of \$5,000,000 from the University of Kentucky Markey Cancer Foundation to create a urologic cancer research program in the College of Medicine to be named the “Ambassador William Stamps Farish Program of Excellence in Urologic Cancer.” This grant is contingent on the University of Kentucky Markey Cancer Foundation’s receipt of an annual grant from the “William Stamps Farish Fund.”

This \$5,000,000 grant will help expand urologic cancer research in the form of clinical trials for novel therapies for the benefit of all Kentuckians. Of the total grant, \$1,000,000 will be used to establish and support a non-endowed fund named the “William Stamps Farish Urologic Cancer Program Support Fund” to provide initial funding for the “Ambassador William Stamps Farish Program of Excellence in Urologic Cancer”; and \$4,000,000 will be used to establish and support an endowed fund named the “William Stamps Farish Urologic Cancer Program Endowment” to support research, a chair position and other faculty for the program. Trustee Shoop made a motion to accept FCR 1. Trustee McCoy seconded the motion. The motion carried without dissent.

### FCR 2 Pledge from the University of Kentucky Alumni Association, Inc.

The recommendation seeks acceptance of a pledge of \$3,000,000 from the University of Kentucky Alumni Association, Inc. (UKAA) to establish and support a non-endowed capital project fund to be named the “UKAA Rose Street Plaza Beautification Fund” in the university’s Office of the President, which will support the design, demolition, construction, renovation, expansion and other costs related to the Rose Street Plaza corridor project on the university’s campus.

In 2012, the University of Kentucky Alumni Association provided resources for Bowman, the Wildcat sculpture, and the Wildcat Alumni Plaza. The Association sees the transformed Rose Street Plaza corridor as an opportunity to create yet another iconic area of campus. Trustee Hawse made a motion to accept FCR 2. Trustee McCoy seconded the motion. The motion carried without dissent.

### FCR 3 Pledge from the University of Kentucky Markey Cancer Foundation

The recommendation seeks acceptance of a pledge of \$1,000,000 from the University of Kentucky Markey Cancer Foundation to establish and support a new endowed distinguished professorship fund to be named the “Distinguished Professorship in Neuroendocrine Tumor Research” in the College of Medicine. This pledge is contingent on the University of Kentucky Markey Cancer Foundation’s receipt of an annual grant from the Amanda W. Lockey Foundation.

This grant will be used to establish the world’s first distinguished professorship in neuroendocrine tumor research and will help the UK Markey Cancer Center advance its understanding of neuroendocrine tumor biology, support growth in translational research, and make the UK Markey Cancer Center an elite radiopharmaceutical therapy alliance program. Trustee McCoy made a motion to accept FCR 3. Trustee Case seconded the motion. The motion carried without dissent.

### FCR 4 Pledge from the MAP Foundation, Inc.

The recommendation seeks acceptance of a pledge of \$1,000,000 from The Map Foundation, Inc. to establish and support a new endowed fund named the “MAP Endowed Fund for Excellence in Advanced Pediatric Care” in UK HealthCare to benefit the Kentucky Children’s Hospital.

The MAP Foundation, Inc. was founded in 2007 by business partners Rick Avare and Jamal Mashburn. The MAP Foundation, Inc. and Rick and Diane Avare of Lexington, Kentucky are long-time supporters of the Kentucky Children’s Hospital through the “Lexus for the Little Ones Initiative.” This Initiative has been instrumental in the renovation of several spaces within Kentucky Children’s Hospital and most recently provided funding to Kentucky Children’s Hospital’s Integrative Medicine for pediatric patients. The Map Foundation, Inc. and the Averages intend for this new charitable grant to make a lasting impact on Kentucky Children’s Hospital patients and their families. Trustee Shoop made a motion to accept FCR 4. Trustee Case seconded the motion. The motion carried without dissent.

FCR 5 Acceptance of Interim Financial Report for the Nine Months Ended March 31, 2022

The recommendation seeks acceptance of the University of Kentucky consolidated financial report for the nine months ended March 31, 2022. As of March 31, 2022, the university has recognized \$3.96 billion of current funds revenue representing 78 percent of the 2021-22 approved budget of \$5.07 billion. Expenses and transfers total \$3.54 billion or 70 percent of the approved budget. Trustee Shoop made a motion to accept FCR 5. Trustee McCoy seconded the motion. The motion carried without dissent.

FCR 6 A Resolution Providing for the Authorization, Issuance and Sale of Approximately \$171,260,000 General Receipts Obligations of the University of Kentucky, Pursuant to the Trust Agreement Dated as of November 1, 2005

The recommendation seeks approval of a resolution authorizing the issuance, in one or more installments, of approximately \$171,260,000 of University of Kentucky General Receipts Obligations, to be designated as “University of Kentucky General Receipts Bonds” with such series designation or designations that are appropriate to the order of issuance thereof (the “Preservation and Modernization Bonds”) and to be dated as of a date determined by the treasurer, or, in lieu of issuing the Preservation and Modernization Bonds, to enter into a Financing Agreement (the “Financing Agreement”) with the Kentucky Asset/Liability Commission (“ALCo”) or a lease (the “Lease”) with the State Property and Buildings Commission of the Commonwealth of Kentucky (“SPBC”) (the obligations authorized by the resolution and evidenced by the Preservation and Modernization Bonds, Financing Agreement or Lease being referred to herein collectively as “Preservation and Modernization Obligations”).

Approval of the resolution declares the Board of Trustees’ official intent that the proceeds of the Preservation and Modernization Obligations will be used, in whole or in part, to reimburse authorized expenditures for the proposed project, to be located on the campus of the university, made prior to the issuance of such Obligations. Trustee McCoy made a motion to accept FCR 6. Trustee Shoop seconded the motion. The motion carried without dissent.

FCR 7 A Resolution Providing for the Authorization, Issuance and Sale of General Receipts Refunding Obligations of the University of Kentucky, Pursuant to the Trust Agreement Dated as of November 1, 2005

The recommendation seeks approval of a resolution authorizing the issuance, in one or more installments, of General Receipts Refunding Bonds (“Bonds”) or entering into a General Receipts Lease or Leases (“Lease”), or any combination thereof (the “Refunding Obligations”) in the principal amounts or respective principal amounts required to accomplish the refunding of certain outstanding General Receipts Obligations under the Trust Agreement (collectively, the “Prior Obligations”), to be designated as “University of Kentucky General Receipts Refunding Bonds” or “General Receipts Lease,” and shall bear such further series designations that is appropriate to the order of issuance thereof, and to be dated as of a date determined by the treasurer. The resolution approves

the issuance of Refunding Obligations that are sold between July 1, 2022 and June 30, 2023 for the purpose of refunding the Prior Obligations when favorable financial results may be realized through redeeming and refunding the Prior Obligations. The resolution also approves the offering for sale of the Refunding Obligations in one or more installments, on a date or dates to be determined by the treasurer of the university, upon the advice of the financial advisor to the university.

In addition to the foregoing, this resolution hereby further ratifies, approves and authorizes all actions heretofore or which hereafter may be taken that are related to the offering, sale and delivery of Obligations, offered and sold pursuant to FCR 4 dated June 17, 2021, issued to refund the outstanding General Receipts Bonds, 2014 Series A maturing on or after April 1, 2025. Trustee McCoy made a motion to accept FCR 7. Trustee Shoop seconded the motion. The motion carried without dissent.

The floor was yielded to Executive Vice President for Finance and Administration Eric Monday for the EVPFA report. Dr. Monday shared information regarding three letters of credit in place which are required to be disclosed to the Board annually. These Letters of Credit are necessary to obtain Workers' Compensation insurance coverage for Eastern State Hospital employees, who are employed by Central Kentucky Management Services as part of the management contract between UK Healthcare and the Kentucky Department of Behavioral Health, Developmental and Intellectual Disabilities. The Kentucky Department of Workers' Claims views Eastern State Hospital employees as "leased employees" and required insurance be purchased pursuant to the requirements described in KRS 342.615(4).

Dr. Monday introduced Ms. Angie Martin, vice president for financial planning and chief budget officer for the Fiscal Year 2022-23 Tuition and Mandatory Fees and Budget presentation. Dr. Monday thanked Ms. Martin, Ms. McLetchie and all the staff that took part in building this \$5.6 billion enterprise operating budget.

Ms. Martin shared that it was a historic session of the 2022 Kentucky General Assembly for the university including more than \$59.3 million of operating appropriations and \$424.2 million of capital investment and trust funds. The budget has more than doubled over the last decade, and the budget being considered is \$5.6 billion.

Ms. Martin explained that undesignated general funds are estimated to increase \$105.4 million and will be used for investing in our people, strategic investments including substantial investment in student financial aid, funding of financial allocation models for the colleges, mandated programs, and utilities and unavoidable costs.

#### FCR 8 Academic Year 2022-23 Tuition and Mandatory Fees Schedule

The resolution seeks acceptance of the Academic Year 2022-23 Tuition and Mandatory Fees Schedule which reflects tuition and mandatory fee rate increases of two percent for most students. The recommended rates comply with the Council's tuition and mandatory fees parameters and policy. Trustee Shoop made a motion to accept FCR 8. Trustee Case seconded the motion. The motion carried without dissent.

Trustee Hawse spoke about the support for FCR 8 and FCR 9 and how the budget and tuition increase will support the student body. A raise for the Teaching Assistants and funding of UK Leads is integral to increasing graduation rates.

Trustee Blonder asked about the revenue sent back to the colleges. Some colleges have minimal STEM and will their revenue be hindered. Ms. Martin responded that all degree production would be rewarded, it will not be limited to STEM.

Trustee Shoop shared that this budget is one of the very best budgets he has ever seen. He continued by thanking all who put this budget together.

#### FCR 9 Fiscal Year 2022-23 Operating and Capital Budget

The resolution seeks acceptance of the Fiscal Year 2022-23 Operating and Capital Budget. The university's recommended Fiscal Year 2022-23 Operating and Capital Budget totals \$5,611,692,500, an increase of \$537,823,300, or 10.6 percent, compared to the prior year revised budget. Trustee Shoop made a motion to accept FCR 9. Trustee McCoy seconded the motion. The motion carried without dissent.

#### FCR 10 Disposal of Personal Property

The resolution seeks approval of a plan for Fiscal Year 2022-23 authorizing: (1) routine disposition of personal property having a value less than \$25,000 to include equipment and machinery; miscellaneous supplies and furnishings; vehicles; library books and materials; livestock and other agricultural commodities and products; recyclable materials; items with no possible future use; and equipment acquired as part of the Smart Campus Initiative; and (2) the methods of disposal as listed on the attachment. Trustee McCoy made a motion to accept FCR 10. Trustee Hawse seconded the motion. The motion carried without dissent.

#### FCR 11 Approval of Ground Lease

The resolution seeks authorization for the Executive Vice President for Finance and Administration to negotiate and execute a ground lease between the University of Kentucky, as Lessor, and BioRealty, LLC, or a single purpose entity name selected by BioRealty, LLC, as Lessee, for Lot 27 on the Coldstream Research Campus. BioRealty, LLC has been selected as the developer to build new office, laboratory, and warehouse space to support Piramal Pharma Solutions, Inc. (Piramal), an existing tenant on the Coldstream Research Campus. Trustee Shoop made a motion to accept FCR 11. Trustee McCoy seconded the motion. The motion carried without dissent.

#### FCR 12 Approval of Improvements (College of Arts and Sciences, Sleep Study)

The resolution seeks approval of the payment of up to \$25,000 for improvements to leased space for the College of Arts and Sciences, Sleep Study to be located at 1509 Bull Lea Road, Lexington, Kentucky. The leased space needs to be expanded to support current research. Modifications to the space are necessary to meet the research needs.

Trustee Hawse made a motion to accept FCR 12. Trustee Shoop seconded the motion. The motion carried without dissent.

FCR 13 Approval of Improvements to Leased Space (UK Healthcare Bluegrass Clinic)

The resolution seeks approval of the payment of up to \$25,000 for improvements to leased space for the University of Kentucky HealthCare Bluegrass Clinic (Infectious Diseases) located at 3101 Beaumont Centre Circle, Lexington, Kentucky. The scope of work includes adding two Americans with Disabilities Act (ADA) door operators to suite entry doors to accommodate patients with mobility issues. Trustee Case made a motion to accept FCR 13. Trustee McCoy seconded the motion. The motion carried without dissent.

FCR 14 Approval to Acquire 845 Angliana Avenue

The resolution seeks authorization for the Executive Vice President for Finance and Administration to enter into a purchase agreement to acquire a 6.297-acre parcel of land ("Property") and building ("Building") located at 845 Angliana Avenue, Lexington, Kentucky. The Property is located just over one (1) mile from the University of Kentucky's Lexington campus. The university has leased the Building from its owner, Stockyard, LLC, since July 29, 2014. The Building has been modified to accommodate important research on opioid abuse, and both campus and UK HealthCare units have used warehouse space in the Building over the years. The Building is currently home to the Center for Drug and Alcohol Research, First Bridge Clinic, National Institute of Health HEALing Communities, and the future home of the new Cannabis Center. Other potential future uses of the Building include a Health Insurance Portability and Accountability Act compliant computing data center and research administration space. Trustee Hawse made a motion to accept FCR 14. Trustee McCoy seconded the motion. The motion carried without dissent.

FCR 15 Approval to Acquire Meadowcrest Property

The resolution seeks authorization for the Executive Vice President for Finance and Administration to enter into a purchase agreement to acquire land located at 2550 Winchester Road, Lexington, Kentucky. UK HealthCare (UKHC) is looking for a location to expand its ambulatory and hospital facilities. An initial location totaling 26.74 acres has been identified and is currently under contract to purchase contingent on approvals by the UK Board of Trustees and the Secretary of Finance for the Commonwealth of Kentucky.

The purchase sales agreement includes a right of first refusal on additional parcels in the development if UKHC deems it necessary for the execution of its clinical needs at this site. If additional acreage is required, it will also be contingent on approvals by the UK Board of Trustees and the Secretary of Finance for the Commonwealth of Kentucky.

The acquisition price in the contract is \$20,250,000 and has been authorized by the 2022 Session of the Kentucky General Assembly as part of the Implement Land Use Plan – UKHC (Land Acquisition Pool). Trustee Brockman made a motion to accept FCR 15. Trustee McCoy seconded the motion. The motion carried without dissent.

### FCR 16 Approval to Acquire R.E.I., LLC Properties

The resolution seeks authorization for the Executive Vice President for Finance and Administration to enter into a purchase agreement to acquire residential parcels owned by R.E.I., LLC located at the following addresses in Lexington, Kentucky: 112 State Street, 127 State Street, and 121, 125 and 135 Waller Avenue. To accommodate the expansion of UK HealthCare, including a new cancer center, UK will be acquiring 41 residential parcels most located in Lexington, Fayette County, Kentucky in the 100 block of Conn Terrace, State Street, University Avenue and Waller Avenue. Trustee Brockman made a motion to accept FCR 16. Trustee Case seconded the motion. The motion carried without dissent.

### FCR 17 Emergency Replacement of the Grain and Forage Center of Excellence Capital Project

The resolution seeks approval of the initiation of the bidding and construction phase of The Grain and Forage Center of Excellence as an emergency project.

On December 10, 2021, the Grain and Forage Center of Excellence and Princeton Research Farm (UKREC) received a direct hit from an EF-4 tornado with sustained winds of an estimated 190 MPH. The devastation included the destruction of most of the research facilities including the 58,000 square foot Grain and Forage Center building which was completed in February 2020. The loss of facilities impacted 11 academic departments/administrative units and more than 70 full and part-time employees. The planned new facility will replace the demolished building. The project is planned to include approximately 58,000 square feet for administrative, conference, learning, laboratory and office areas. Trustee McCoy made a motion to accept FCR 17. Trustee Case seconded the motion. The motion carried without dissent.

### FCR 18 Renew/Modernize Facilities Capital Project (Various Projects)

The recommendation seeks approval of the initiation of the Renew/Modernize Capital Project which includes but is not limited to the following: Charles E. Barnhart Building – Design only, Memorial Hall, Frazee Interior Fit-Up and Phase 2, Reynolds Building #1 (Phase 2), and campus enabling infrastructure, and declare its official intent to reimburse capital expenditures from a future debt obligation for the Capital Project.

The Renew/Modernize Facilities Capital Project is a multi-phase effort to renew and modernize buildings that make up the core of the central campus as well as buildings south of the central campus associated with the College of Agriculture, Food and the Environment. By rehabilitating, restoring, and modernizing these facilities and the campus enabling infrastructure, the university can better preserve its heritage; conserve energy; create an environment for more efficient and effective teaching, and attract and retain world-class researchers.

This modernization initiative will make improvements to existing buildings on campus that will provide needed space for teaching and learning at the Barnhart and Reynolds Buildings, provide space to celebrate diversity and inclusion on campus at

Memorial Hall, the campus enabling infrastructure, and provide needed faculty office and support space at Frazee Hall. Trustee Shoop made a motion to accept FCR 18. Trustee Hawse seconded the motion. The motion carried without dissent.

#### FCR 19 Asset Preservation Pool Capital Project (Various Projects)

The recommendation seeks approval of the initiation of the Asset Preservation Pool capital project which includes but is not limited to the following: Multi-Disciplinary Sciences (MDS) Building 5<sup>th</sup> Floor Renovation, White Hall Classroom Building Renovation – Design Only, Pence Hall Renovation, Miller Hall Renovation, Patterson Office Tower Partial Renovation, Peterson Service Building Partial Renovation, and various Infrastructure and Building Systems Renovation Projects and declare its official intent to reimburse capital expenditures from a future debt obligation for the Capital Project. The Asset Preservation Pool Capital Project is a multi-phase effort to preserve existing campus buildings and enabling infrastructure so that they continue to serve their intended functions well into the future.

This Asset Preservation initiative will make improvements to existing buildings on campus that will provide needed space for the College of Nursing and the College of Health Sciences on the 5<sup>th</sup> floor of the MDS Building, design renovations of the widely-used White Hall Classroom Building, renovations to Pence Hall and Miller Hall that are being vacated due to construction of a new College of Design, renovate two floors of the Patterson Office Tower, renovations to Peterson Services Building, as well as campus utility infrastructure and building systems projects. Trustee Hawse made a motion to accept FCR 19. Trustee McCoy seconded the motion. The motion carried without dissent.

#### FCR 20 Improve Jacobs Science Center Capital Project

The recommendation seeks approval of the initiation of the Improve Jacobs Science Center capital project and an internal loan to fund the project. The Jacobs Science Building was completed in 2016. The completed project included approximately 34,000 gross square feet of shell space located on four floors. This project fits out the shell space as an enabling initiative associated with the upcoming Modernization and Asset Preservation projects. The fit-out will include centrally scheduled classrooms as well as lab surge spaces. Trustee Hawse made a motion to accept FCR 20. Trustee McCoy seconded the motion. The motion carried without dissent.

#### FCR 21 Improve Campus Parking and Transportation System Capital Project (2023 Maintenance)

The recommendation seeks approval of the initiation of the Improve Campus Parking and Transportation System capital project (2023 Maintenance). This project will update and continue the maintenance and repairs of the eight parking structures on the Lexington campus. Trustee Hawse made a motion to accept FCR 21. Trustee Case seconded the motion. The motion carried without dissent.

FCR 22 Upgrade/Renovate/Expand Research Labs Capital Project (Biosafety Lab Renovation – Health Sciences Research Building)

The recommendation seeks approval of the initiation of the Upgrade/Renovate/Expand Research Labs (Biosafety Lab Renovation – Health Sciences Research Building) capital project. In September 2021, the Board of Trustees approved the initiation of the Upgrade/Renovate/Expand Research Labs (Biosafety Lab Renovation – Health Sciences Research Building) capital project with a scope of \$2,500,000. This project will retrofit approximately 4,200 square feet and will include reconfiguration of the existing space to accommodate a large, shared laboratory space. During design, it was determined that a dedicated rooftop air handling unit would be required for this project. This additional unit will require reinforcement of the existing roof structure and other associated costs not previously anticipated. The Board is requested to approve a revised scope of \$4,000,000. Trustee McCoy made a motion to accept FCR 22. Trustee Shoop seconded the motion. The motion carried without dissent.

FCR 23 Improve Center for Applied Energy Research Facilities Capital Project (Carbon Fiber Development Facility)

The resolution seeks approval to initiate the Improve Center for Applied Energy Research Facilities capital project (Carbon Fiber Development Facility). At its February 22, 2020 meeting, the Board approved the initiation of the Improve Center for Applied Energy Research Facilities – Carbon Fiber Development Facility capital project with a scope of \$2,500,000. The University's Center for Applied Energy Research (CAER) is working in partnership with Oak Ridge National Laboratory Carbon Fiber Technology Center (ORNL) to construct a new laboratory building to serve as a pilot-scale process development unit for the conversion of coal to high-value carbon products.

The design process has resulted in the project scope coming in \$1,000,000 higher than budgeted. A value engineering process was pursued during design. However, this process did not bring the project back within the approved budget. The pricing is indicative of increases in construction costs, lack of competition among bidders as well as supply shortages caused by heavy demand. The Board is requested to approve a revised scope of \$3,500,000. Trustee Shoop made a motion to accept FCR 23. Trustee Hawse seconded the motion. The motion carried without dissent.

FCR 24 Improve Funkhouser Building Capital Project (Design Only)

The resolution seeks approval for the initiation of the Improve Funkhouser Building (Design only) capital project and an internal loan to fund the project. Originally constructed in 1938, the Funkhouser Building is being envisioned as a gateway facility for the College of Engineering as well as the Core Campus. This project includes the renovation of existing space, selective demolition, and a major addition to the building that altogether will provide approximately 175,000 square feet of innovative and flexible learning space. Trustee Hawse made a motion to accept FCR 24. Trustee Shoop seconded the motion. The motion carried without dissent.

### FCR 25 Renew/Modernize Facilities (Reynolds Building #1 (Phase I) Capital Project)

The resolution seeks approval of the initiation of Phase I construction of the Renew/Modernize Facilities – Reynolds Building #1 Capital Project and the use of agency bonds authorized by the 2018 General Assembly to fund the Project. At its February 22, 2019 meeting, the Board of Trustees approved the design phase of the Renew/Modernize Facilities – Reynolds Building #1 Capital Project at a scope of \$3,400,000 to be financed with a combination of various institutional sources including agency bonds, agency funds or an internal loan. At its December 10, 2019 meeting, the Board of Trustees approved the initiation of the Renew/Modernize Facilities Capital Project at a scope of \$62,000,000 to be financed with agency bonds and declared its intent to reimburse capital expenditures from a future debt obligation for the Capital Project. The Capital Project approved in December 2019 included funding the design phase of the Renew/Modernize Facilities – Reynolds Building #1 Capital Project. Phase I construction will begin the renovation of the historic structure to include classrooms, class labs, offices, conference/seminar rooms and other support spaces.

Phase I construction is not expected to exceed \$12,000,000. Trustee Shoop made a motion to accept FCR 25. Trustee Case seconded the motion. The motion carried without dissent.

### FCR 26 PATENT ASSIGNMENT REPORT

The resolution seeks acceptance of the patent assignment report for the period January 1, 2022 to March 31, 2022. Ms. Taunya Philips provided the patent assignment report which included that for the period there were 25 patent disclosures, 19 full patent applications, and \$204,789.15 of license income. Trustee Hawse made a motion to accept FCR 26. Trustee McCoy seconded the motion. The motion carried without dissent.

#### G. Other Business

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

#### H. Meeting Adjourned

Hearing no further business, the meeting was adjourned at 12:16 p.m.

Respectfully submitted,

Brenda Heeter  
Finance Committee Secretary