

MINUTES OF THE FINANCE COMMITTEE  
University of Kentucky Board of Trustees  
May 8, 2015 – 11:00 AM  
18<sup>th</sup> Floor Patterson Office Tower, Board Room

Committee Members Present

James Stuckert, Chairperson, C.B. Akins, Sr., Jim Booth, Sheila Brothers, Bill Gatton, Cammie Grant, Kelly Holland, Terry Mobley, and Robert Vance

Eric Monday, Executive Vice President for Finance and Administration, provided an update on the initiatives within the Finance and Administration area.

1) Student experience –

Housing Transformation – this Board has authorized and the University currently has under construction 5,733 beds. We are on target with this project. This fall 1,610 of the 5,733 beds will be available this fall. We will have 4,592 beds completed by this fall with 132 percent demand for these beds. No students will be housed in the two Kirwan Blanding high rise buildings only the two low rise buildings. We will have 100 percent occupancy this fall.

Dining – We have a 15 year \$245 million agreement with our dining partnership. The meal plan sales have increased 30 percent in the first year. We have gone from 23 to 27 locations, 20 to 35 brands. Student employment has gone from 462 to 512 – an 11 percent increase. KY Proud has seen an 11 percent growth - \$2 million in sales.

The ‘90’ which is our state-of-the-art dining facility, with retail space, is on target to open this fall. Bowman’s Den will open as temporary dining facility replacing the Student Center as it comes off line.

We have established a UK Dining Advisory Committee to evaluate dining and ways of improving outcomes/changes.

Student Center – This is a \$175 million project that the Board approved. We are happy to announce that there will not be a student fee increase.

2) Campus transformation –

89 projects and \$1.7 billion projects that this Board has authorized and are now underway.

3) Customer service –

One of the goals of Finance and Administration is to look at ways to make faculty and staff successful. We've had to look at ways we can service departments and units' best. We are looking at ways our travel service, which is within the Treasurer's office, can improve efficiencies for our faculty and staff. We are looking forward to a new travel service within the coming months.

4) Resources for the future –

The 2015-16 capital budget will be presented at the June Board meeting. A modest tuition fee increase of 3 percent and a merit pool of 3.5 percent, and our minimum wage will be increase to \$10 an hour. This will be effective July 1 for the main campus and for HealthCare September 1.

Efficiencies and Effectiveness – We're looking at ways to do the University's business differently. We have implemented E Payables. A system that allows the University to pay its bills differently, rather than a check or electronic transfer. It allows us to use a procurement card, a credit instrument, to remit the funds to a vendor on a more expedited basis. The University receives a rebate on the use of that credit instrument. In the last ten months of this fiscal year we have received \$740,000 in rebates. Every dollar we can generate by paying our bills differently, by inventing our money differently, by being more entrepreneurial within the spirit of the University is another dollar we can invest in this enterprise. If we can save or generate \$4.5 million in new revenue that allows us to fund 1 percent of the pay raises.

These are just a few of the items we're working on within Finance and Administration, and we will continue to give the Board an update.

Trustee Robert Grossman thanked the administration on behalf of the faculty and staff for the increase in minimum wage to \$10 an hour. The impact of additional dining services has had upon the campus has been visible. It has created a sense of community as students are studying together. Trustee Grossman asked for an update on the Transportation Master Plan. Eric Monday provided information on the hiring of Sasaki, the company that completed our campus master plan, and said that the plan should be completed by end of the summer so that changes to the campus can start to take place over the next several years. Trustee Grossman also asked about the housing situation if we had more students than beds how would we handle. Mr. Monday responded that it's never our policy to turn students away that we would make accommodations off-campus as necessary. Freshmen would have priority on campus in our living/learning programs, and then we house our upper class to nearby housing.

Trustee Bill Gatton congratulated President Capilouto and Vice President Monday on the ways they are making the campus successful. Mr. Gatton asked if all students had meal cards or could they pay other ways. Mr. Monday responded that credit cards and cash were also accepted. Mr.

Gatton asked if Alumni were given benefits in the travel program to which Tom Harris, Vice President for University Relations, responded that they did have access.

Trustee Sheila Brothers, stated that on behalf of the thousands of employees on campus she wanted to say how important it was for the minimum wage to be increased. This raise will give some staff the ability to move to different neighborhoods and do very different things with their lives. She also noted her appreciation of the President's leadership – "good ideas come from the top and the bottom and when they meet in the middle it works out the best."

Chair Stuckert commented on the leadership of the University and how well the University is doing on "OPM – other people's money", thanks to companies like EdR, Aramark and others.

#### Approval of Minutes

The minutes of the March 16, 2015, Finance Committee meeting were approved as presented.

#### FCR 1 – Gift from the Estate of Charles C. Thomas Gift (Consent)

Jim Stuckert recommended acceptance of a gift of \$450,000 from the Estate of Charles C. Thomas to fund the Charles and Lillian Ojanen Thomas Endowed Scholarship. The Charles and Lillian Ojanen Thomas Endowed Scholarship Fund will provide scholarships for underprivileged students, with first preference given to students who have been orphaned or raised in a foster home. A smaller final distribution from this estate is anticipated later in 2015.

#### FCR 2 – S.J. Whalen Charitable Remainder Unitrust Gift (Consent)

Jim Stuckert recommended acceptance of a gift of \$797,597.60 from the S.J. Whalen Charitable Remainder Unitrust, to support the Chemical and Materials Engineering Facilities Gift Fund in the College of Engineering.

This gift of \$797,597.60 represents the final distribution from the Trust for a total gift of \$1,329,329.33. An initial gift of \$531,731.73 was accepted by the Board of Trustees at its March 2015 meeting

#### FCR 3 – Acceptance of Interim Financial Report for the Six Months Ended December 31, 2014

Susan Krauss, Treasurer, reported as of December 31, 2014, the University has recognized \$1.5 billion of current funds revenue representing 50 percent of the 2014-15 approved budget of \$3 billion. Expenses and transfers total \$1.3 billion. Sheila Brothers moved for approval. Bill Gatton seconded, and the motion for approval unanimously carried.

#### FCR 4 – 2014-15 Budget Revisions

Jim Stuckert recommended approval of the 2014-15 budget revisions. The budget revisions will increase the University's total budget by \$10,678,500 or .35 percent to \$3,027,343,600. Terry Mobley moved for approval. Kelly Holland seconded, and the motion for approval unanimously carried.

#### FCR 5 – Approval of Lease

Jim Stuckert recommended the initiation for the negotiation and execution of a lease renewal between the University of Kentucky and Blazer Parkway Venture, Lexington, Kentucky, for space located at 3470 Blazer Parkway, Lexington, Kentucky.

The Center for Children and Trauma in the College of Social Work, has occupied the space at this location since 2002. The Center conducts research and provides counseling services to traumatized children. As a result of a Request for Proposals, the gross lease of 11,199 square feet will be renewed effective July 1, 2015 to June 30, 2018 at a total annual cost of \$201,358, an increase of 1.3 percent. Robert Vance moved for approval. Cammie Grant seconded, and the motion for approval unanimously carried.

#### FCR 6 – Renovate Academic/Administrative Facility 3 (Combs Cancer Research Building) Capital Project

Jim Stuckert recommended the initiation of the Renovate Academic/Administrative Facility 3 (Comb Cancer Research Building) Capital Project. This project will renovate approximately 2,575 net assignable square feet of the Combs Cancer Research Building animal facility. The renovated space will provide a needed bio-exclusion barrier housing unit on the east biomedical complex campus. The project also will relocate an existing bedding dispenser and install a new dry heat sterilizer and a new automated conveyor system. The conveyor system will help prevent staff injuries. The estimated cost of this project is \$1.65 million, well within the legislatively authorized \$5 million scope, and will be funded with \$484,000 of federal funds and \$1.1 million of agency funds. Contingent upon Board approval, the University will report the use of \$484,000 of federal funds in lieu of agency funds to the Capital Projects and Bond Oversight Committee. Sheila Brothers moved for approval. Kelly Holland seconded, and the motion for approval unanimously carried.

#### FCR 7 – Construct/Replace/Upgrade Student Housing Capital Project (Fit-Up Creative Arts Living Learning Program Space in Limestone Park I)

Jim Stuckert recommended the initiation of the Construct/Replace/Upgrade Student Housing. This project will fit-up 8,500 square feet of shelled space in Limestone Park I currently under construction. The project will provide students with music practice rooms; a multipurpose art education studio; a creative writer's laboratory; performance space with large-scale visualization capability for dance, music and theatre; and rooms with the latest technology conducive for group interaction. The facility, including this project, is expected to be completed by August 2016.

The estimated project scope is \$2.2 million and will be funded with an internal loan of \$1.1 million and agency funds. The internal loan will be repaid by the colleges of Fine Arts and Arts & Sciences over a period not to exceed five years. Pursuant to the University of Kentucky Debt Policy, the Debt Management Committee has reviewed the financing plan and supports the proposed internal loan. The project scope is well within the existing legislative authorization. Cammie Grant moved for approval. Jim Booth, seconded, and the motion for approval unanimously carried.

### FCR 8 – Emergency Replacement of Central Heating Plant Boilers Capital Project

Jim Stuckert recommended the initiation of an Emergency Repair and Replacement of the Central Heating Plant Boilers Capital Project. In March 2015, the University's Central Heating Plant suffered a severe fire rendering two boilers inoperable. While the boilers continue to be inspected, both units likely need to be replaced due to age. The facility was insured at full replacement value. The scope of the project is not expected to exceed \$10 million, and will be funded with a combination of insurance proceeds and agency funds. The insurance proceeds will not be known until the damage inspection is complete. The President will report the final funding plan to the Board of Trustees once it has been determined. Britt Brockman moved for approval. Robert Vance seconded, and the motion for approval unanimously carried.

### FCR 9 – Capital Construction Report

Mary Vosevich, Vice President for Facilities Management, reported that during the quarter ending March 31, 2015, there were seven new contracts, twenty-two change orders and four contracts were completed.

Trustee Sheila Brothers requested an update on the University Loft Building that's being converted for Fine Arts. Mary said the building was lovely and the logistics were being worked out for a May move-in. Mary said she also hopes that a tour would be possible at some time.

Trustee Robert Grossman requested an updated on the Steam Academy, as to its location and the impact it would have on nearby parking facilities. Mary reported that there are frequent meetings taking place with the school district and that they are looking at a sight around the Taylor Education Building. A final determination has not been made. Trustee Grossman requested that the College of Education be kept posted as he had had several faculty contact him with a concern as to the parking around that area. Eric Monday reported that the Dean of the College of Education was taking a leadership role in this discussion making. A full analysis of the parking impact, of the impact of students and an impact of the area. We have been very clear that we want to make this a success for all parties. C.B. Akins, Sr. moved for approval. Sheila Brothers seconded, and the motion for approval unanimously carried.

### FCR 10 – Patent Assignment Report

Dr. Lisa Cassis, Interim Vice President for Research, presented the patent assignment report for the period of January 1 through March 31, 2015. During this period, six applications were submitted, twenty-six patents were issued, and patent receipts totaled \$988,194.13. Jim Booth moved for approval. Bill Gatton seconded, and the motion for approval unanimously carried.

Hearing no further business, Chair Stuckert adjourned the meeting.

Respectfully submitted,

*Barbara Royalty-Tatum*

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