

MINUTES OF THE FINANCE COMMITTEE  
University of Kentucky Board of Trustees  
December 9, 2014 – 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, Britt Brockman, Sheila Brothers, Bill Gatton, Cammie Grant, Kelly Holland, and Terry Mobley

Approval of Minutes

The minutes of the September 5, 2014 Finance Committee meeting were approved as presented.

FCR 1 – Carl F. Pollard and C. F. Pollard Foundation, Inc. Gift and Charitable Grant (Consent)

Jim Stuckert recommended acceptance of a gift of \$984,500 from Carl F. Pollard of Louisville, Kentucky, and a charitable grant of \$200,000 from the C. F. Pollard Foundation, Inc. of Louisville, Kentucky, to provide additional endowed funds for the Carl F. Pollard Scholarship Fund. The endowment provides scholarship support to first-generation college students with first preference given to children of full-time employees working at a thoroughbred horse farm in Kentucky. The recipients must also demonstrate high academic achievement, extracurricular and community involvement and financial need.

Dr. Capilouto expressed gratitude to Mr. Pollard and further commented, “We have spent a lot of time together and Mr. Pollard’s heart-felt belief at what this can do for first-generation students is a moving conversation to have. Mr. Pollard shy’s away from any type of recognition that we want to give him. I told him I hoped that his gift would be infectious to others. Mike Richey and I are happy to say that we already have had one person infected to the magnitude of \$1,000,000.”

FCR 2 – The Bill Gatton Foundation Pledge (Consent)

Jim Stuckert recommended acceptance of a \$20,000,000 pledge from the Bill Gatton Foundation of Bristol, Tennessee toward the Renovate/Expand Student Center Capital Project. The pledge represents the largest gift commitment in the history of the University of Kentucky.

Mr. Gatton’s total philanthropy to the University of Kentucky currently exceeds \$45,000,000 with a total gift impact of almost \$57,000,000 as some of his gifts have been matched by the Commonwealth of Kentucky’s “Bucks for Brains” program. Mr. Gatton is the single largest donor in the University’s history.

Mr. Stuckert noted, “Mr. Gatton’s name will be known through these quarters for many millenniums for the generosity he has granted to our great University”.

### FCR 3 – William E. Seale Family Foundation Pledge (Consent)

Jim Stuckert recommended acceptance of a \$5,000,000 pledge from the William E. Seale Family Foundation of Annapolis, Maryland toward the campaign for the Renovate/Expand Gatton College Capital Project. The pledge is in addition to previous gifts also totaling \$5,000,000. Dr. Seale will be honored in the new facility with the naming of a signature space, the William E. Seale Finance Learning Center.

### FCR 4 – Establishment of the Arboretum Operating Quasi-Endowment

Jim Stuckert recommended approval of the establishment of The Arboretum Operating Quasi-Endowment to provide support the University of Kentucky-Lexington-Fayette County Arboretum.

The Advisory Board of The Arboretum and Molly Davis, Director of The Arboretum, have requested that \$50,000 from The Arboretum Special Gift Fund be used to create The Arboretum Operating Quasi-Endowment to provide perpetual support for general operating expenses, upkeep and maintenance, equipment purchases, salaries and supplies. The request is supported by Nancy M. Cox, Dean of the College of Agriculture, Food and Environment. Cammie Grant moved for approval. James Booth seconded, and the motion for approval unanimously carried.

### FCR 5 – Establishment of the Food Connection at the University of Kentucky Quasi-Endowment Fund

Jim Stuckert recommended approval of the establishment of The Food Connection at the University of Kentucky Quasi-Endowment Fund in the Office of the Executive Vice President for Finance and Administration with an initial transfer of \$1,000,000.

Eric Monday, Executive Vice President for Finance and Administration, stated that the dining partnership with Aramark included \$5,000,000 to be received over a period of fifteen years to create the Food Connection in conjunction with the College of Agriculture, Food & Environment. Dr. Scott Smith, former Dean of the College, leads this initiative for the University. The endowed fund will provide support for student internships, fellowships and travel related to the program and other support deemed necessary and desirable to aid in student success related to the program. Britt Brockman moved for approval. Bill Gatton seconded, and the motion for approval unanimously carried.

### FCR 6 – Establishment of the University of Kentucky Corporate Partner Scholarship Quasi-Endowment Fund.

Jim Stuckert recommended approval of the establishment of the University of Kentucky Corporate Partner Scholarship Quasi-Endowment Fund in the Office of the Executive Vice President for Finance and Administration, and to be administered by the Office of Academic Scholarships with an initial transfer of \$1,000,000.

Eric Monday stated that the quasi-endowment will be initially funded with monies received by its dining services partner, Aramark Holdings Corporation. Additional funds will be generated via future corporate sponsorships with the University. The annual spending distributions from the endowed fund shall support one or more scholarships annually, to be determined by a scholarship committee appointed by the Executive Vice President for Finance and Administration, to students who have demonstrated potential for academic success. Sheila Brothers moved for approval. Kelly Holland seconded, and the motion for approval unanimously carried.

FCR 7 – Establishment of the Undergraduate Research Office (UGR) / National Conference on Undergraduate Research (NCUR) Quasi-Endowment Fund

Jim Stuckert recommended approval of the Undergraduate Research Office (UGR) / National Conference on Undergraduate Research (NCUR) Quasi-Endowment Fund to be administered by the Office of Academic Scholarships with an initial transfer of \$200,000.

The quasi-endowment will be initially funded with monies received from hosting the National Conference on Undergraduate Research (NCUR) at the University of Kentucky. The annual spending distributions from the endowment shall be used at the discretion of the Director of the Office of Undergraduate Research or their designee, subject to approval by the Associate Provost for Undergraduate Education, to support research practices by University of Kentucky undergraduate students. Cammie Grant moved for approval. C. B. Akins, Sr. seconded, and the motion for approval unanimously carried.

FCR 8 – Acceptance of 2013-14 Audited Financial Statements and the Independent Auditor’s Report on Financial Statements and Supplementary Information

Jim Stuckert recommended acceptance of the University of Kentucky Audited Financial Statements for the Fiscal Year Ended June 30, 2014. BKD LLP, Certified Public Accountants, the University’s external auditor, has completed and issued their report.

Susan Krauss, Treasurer, stated that the report expresses an unmodified (or “clean”) opinion on the University’s financial statements. Mrs. Krauss thanked her staff for their untiring work this year. Mr. Stuckert recognized BKD for their work. Jim Booth moved for approval. Terry Mobley seconded, and the motion for approval unanimously carried.

FCR 9 – Acceptance of Interim Financial Report for the Three Months Ended September 30, 2014

Jim Stuckert recommended acceptance of the University of Kentucky Consolidated Financial Report for the three months ended September 30, 2014.

As of September 30, 2014, the University has recognized \$868,974,496 of current funds revenue representing 29 percent of the 2014-15 approved budget of \$3,012,831,900. Expenses and transfers total \$713,910,342 or 24 percent of the approved budget. Bill Gatton moved for approval. Sheila Brothers seconded, and the motion for approval unanimously carried.

#### FCR 10 – Repair/Upgrade/Improve Building Shell Systems Capital Project (2015 Parking Garage Maintenance and Restoration)

Jim Stuckert recommended approval of the initiation of the Repair/Upgrade/Improve Building Shell Systems Capital Project (2015 Parking Garage Maintenance and Restoration). The project is part of a ten-year preventative maintenance and repair program for the various campus-parking structures to maintain and extend the useful life of the facilities.. The \$1,000,000 project was authorized by the 2014 Session of the Kentucky General Assembly and will be financed with agency funds. Terry Mobley moved for approval. Kelly Holland seconded, and the motion for approval unanimously carried.

#### FCR 11 – Remote Site Fiber Infrastructure Capital Project

Jim Stuckert recommended approval of the initiation of the Remote Site Fiber Infrastructure Capital Project. The Kentucky Regional Optical Network (KyRON) is a collaborative effort of the Council on Postsecondary Education (CPE), the University of Kentucky and the University of Louisville. The primary purpose of KyRON is to promote, develop and provide advanced fiber-optic network infrastructure and services to all public universities in Kentucky.

This project was authorized by the 2014 Session of the Kentucky General Assembly. The estimated scope of this project is \$1,600,000 and will be funded with agency funds. Bill Gatton moved for approval. Sheila Brothers seconded, and the motion for approval unanimously carried.

#### FCR 12 – Renovate/Expand Student Center Capital Project

Jim Stuckert recommended approval of the initiation of the Renovate/Expand Student Center Capital Project and declared official intent to reimburse the capital expenditures from a future debt obligation. This project will include selective demolition, expansion and renovation of the Student Center and the adjacent Alumni Gym, which will be incorporated into the new Student Center. The project is expected to expand the University's Student Center to more than 350,000 gross square feet and will include an atrium, recreation area, lounges, conference facilities, entertainment venues, retail space, food service, bookstore, student organization space and administrative support offices.

The \$175,000,000 project, including design, was authorized by the 2014 Kentucky General Assembly and will be funded with \$160,000,000 of agency bonds and \$15,000,000 of agency and private funds.

The University's Debt Committee has determined that this project would be consistent with the University's Debt Policy. Britt Brockman moved for approval. Kelly Holland seconded, and the motion for approval carried.

### FCR 13 – Approval of the 2013-14 Endowment Match Program Annual Report

Jim Stuckert recommended acceptance of the 2013-14 Endowment Match Program Annual Report. The report is available online at:

<http://www.research.uky.edu/faculty/retf/index.html>.

Sheila Brothers moved for approval. C. B. Akins, Sr. seconded, and the motion for approval unanimously carried.

Sheila Brothers noted that although the State's contributions in the past are important, the contributions for 2013-14 are \$0. Mr. Stuckert further noted there currently is no "Bucks for Brains" program. He encouraged everyone to write their officials in Frankfort. Trustee Hawpe agreed and added that trustees from all the public universities in the state should express the importance of re-instituting the "Bucks for Brains" program.

### FCR 14 – Capital Construction Report

Mary Vosevich, Vice President for Facilities Management, reported that during the quarter ending September 30, 2014, there were seven new contracts, twenty-one change orders and two contracts were completed. Jim Booth moved for approval. Cammie Grant seconded, and the motion for approval unanimously carried.

### FCR 15 – Patent Assignment Report

Dr. Lisa Cassis, Interim Vice President for Research, presented the patent assignment report for the period of July 1 through September 30, 2014. During this period, two applications were submitted, twelve patents were issued, and patent receipts totaled \$293,606.10. Sheila Brothers moved for approval. Terry Mobley seconded, and the motion for approval unanimously carried.

Mr. Stuckert asked Dr. Cassis about the process of filing a patent application and the approximate cost. Dr. Cassis responded that inventors submit a disclosure statement to the University. A committee review process is used to determine if the idea is viable prior to completion of a patent application. Mr. Stuckert requested that Dr. Cassis report on pending applications at future Finance Committee meetings.

Hearing no further business, Chair Stuckert adjourned the meeting.

Respectfully submitted,

*Barbara Royalty-Tatum*

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