## FCR 4

Office of the President February 23, 2024

Members, Board of Trustees:

## ACCEPTANCE OF CHARITABLE GRANT COMMITMENT FROM JIM BEAM BRANDS CO. AND SUBMISSION OF THE GRANT COMMITMENT TO THE COMMONWEALTH OF KENTUCKY RESEARCH CHALLENGE TRUST FUND (RCTF) ENDOWMENT MATCH PROGRAM

<u>Recommendation</u>: that the Board of Trustees accept a charitable grant commitment of \$7,500,000, from Jim Beam Brands Co. (the "Donor") of Clermont, Kentucky, to support the University of Kentucky's James B. Beam Institute for Kentucky Spirits and submit \$3,750,000 of this grant commitment for matching state funds from the Commonwealth of Kentucky Research Challenge Trust Fund (RCTF) Endowment Match Program. Further, pursuant to guidelines approved by the Council on Postsecondary Education, that the Board of Trustees acknowledge its responsibility for UK's participation in and implementation of the RCTF Endowment Match Program and for providing oversight of all university endowment funds.

<u>Background</u>: The 2022 General Assembly of the Commonwealth of Kentucky approved a sixth round of funding for the RCTF Endowment Match Program. UK has been allocated \$20,000,000 of matching state funds for endowments supporting initiatives in the fields of science, technology, engineering, mathematics, and health (i.e., STEM+H). Furthermore, the endowments are to support research activities that stimulate business development, increase externally sponsored research, create better jobs and a higher standard of living, and facilitate Kentucky's transition to a knowledge-based economy. The RCTF Endowment Match Program requires a dollar-for-dollar match of private to public funds at a minimum. To increase the impact of the state funds, UK will match each state dollar with two dollars of private funds. As a result, UK will leverage \$20,000,000 of state funds into \$60,000,000.

Jim Beam® is the world's best-selling bourbon, crafted by seven generations of family distillers since 1795. Jim Beam Brands Co.'s parent company, Beam Suntory, was created in 2014 by combining the world leader in bourbon and the pioneer in Japanese whisky to form a new company that promotes innovative spirit and a passion for quality. The Jim Beam Brands Co. and the University of Kentucky share a common goal of maintaining the welfare, prosperity, and sustainability of Kentucky's spirit industry for generations to come. This shared commitment led to a partnership in 2019 to expand support for and rename an existing institute the "James B. Beam Institute for Kentucky Spirits" (the "Institute"). The Institute is growing the next generation of distillers, scientists, and engineers who can tackle the needs of this industry well into the future. Since its inception, the exceptional teaching, research, and outreach programs of the Institute have

made it a leader for Kentucky's spirits industry from farm to product.

The Donor's grant is intended to support the Institute's operations, research and exceptional teaching. The grant amplifies support for the Institute's existing operating fund, the "James B. Beam Institute for Kentucky Spirits Endowment" and establishes two faculty support funds, the "Endowed Chair of the James B. Beam Institute Fund" and the "Endowed Research Professorship in the James B. Beam Institute Fund." The portion of the grant commitment establishing the faculty support funds, \$3,750,000, is eligible to receive RCTF state matching funds.

In recognition of the significance of the grant commitment, and with the consent of the Office of the Vice President for Research, it is recommended that the eligible portion of the grant commitment be submitted for state matching funds at a ratio of 2:1. As a result, the Endowed Chair of the James B. Beam Institute Fund will eventually receive \$3,000,000 including \$2,000,000 from the grant commitment and \$1,000,000 from the RCTF Endowment Match Program. In addition, the Endowed Research Professorship in the James B. Beam Institute Fund will eventually receive \$2,625,000 including \$1,750,000 from the grant commitment and \$875,000 from the RCTF Endowment Match Program.