

MINUTES OF THE FINANCE COMMITTEE
University of Kentucky Board of Trustees
December 15, 2015 – 11:00 AM
Patterson Office Tower

Committee Members Present

Jim Booth, Interim Chairperson, Claude A. “Skip” Berry, III, Sheila Brothers, Kelly Holland, Frank Shoop, and Robert Vance.

Approval of Minutes

The minutes of the September 11, 2015, Finance Committee meeting were approved as presented.

Finance and Administration Report

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

In January, 2015, the national firm, Sasaki, was retained to assist in the development of a Transportation Master Plan and the University engaged in many months of campus involvement and communication. The University has received and accepted the final Transportation Master Plan recommendations from Sasaki and is beginning implementation. The Transportation Master Plan lays out a strategic direction for enhancing mobility to, from, and around campus built around four primary imperatives: aggressively invest in transportation demand management; revise the parking permit allocation process in order to increase choice and predictability; increase parking supply; and, enhance the user experience through technologies, customer service, and communications.

FCR 1 - Barnstable Brown Foundation Gift

The Barnstable Brown family has hosted the premiere Derby Eve celebrity gala for the past 27 years to raise funds in support of diabetes and research at the University of Kentucky and the University of Louisville. Trustee Booth recommended acceptance of a \$638,000 gift from the Barnstable Brown Foundation of Louisville, Kentucky, to support the existing Barnstable Brown Kentucky Diabetes and Obesity Center located in the Kentucky Clinic. A motion to accept was made by Trustee Shoop and seconded by Trustee Brothers. The motion carried without dissent.

FCR 2 - Gift from the Estate of James C. Blair

Trustee Booth recommended acceptance of a \$858,911.63 gift from the Estate of Mr. James Blair to support the Adair County Scholarship Fund. Total gifts from this estate are expected to exceed \$4,000,000 with more expected in 2016. Mr. Blair established the scholarship fund in 1998 to provide scholarships to students from Adair County. The motion to accept was made by Trustee Berry and seconded by Trustee Vance. The motion carried without dissent.

FCR 3 - William S. Cooper Pledge

Trustee Booth recommended acceptance of a \$1,000,000 pledge from Mr. William S. Cooper to support the renovation and expansion of the Law Building. The University has received \$800,000 of the \$1,000,000 pledge. Justice Cooper will have a naming opportunity in the new building. The motion to accept was made by Trustee Vance and seconded by Trustee Holland. The motion carried without dissent.

FCR 4 - EdR Pledges

Trustee Booth recommended acceptance of four pledges totaling \$1,000,000 from EdR, the University's housing partner. The funds will be added to the University of Kentucky Corporate Partner Scholarship Quasi-Endowment Fund. A motion to accept was made by Trustee Brothers and seconded by Trustee Vance. The motion carried without dissent.

FCR 5 - Gifts from the Estate of Deborah Eggum

Trustee Booth recommended acceptance of gifts totaling \$629,857.09 from the Estate of Deborah Eggum to support the Eggum Family Scholarship Fund which benefits the Honors Program. A motion to accept was made by Trustee Berry and seconded by Trustee Brothers. The motion carried without dissent.

FCR 6 - The T.W. Lewis Foundation Pledge

Trustee Booth recommended acceptance of a pledge from the T.W. Lewis Foundation for the future Lewis Honors College. A portion of the \$15,000,000 pledge will be used to fund a life insurance policy, with the death benefit payable to the University in the amount of \$8,500,000. The total \$23,500,000 commitment represents the largest single gift commitment in the history of the University. Payments of \$1,500,000 towards the pledge have already been received. A motion to accept was made by Trustee Holland and seconded by Trustee Vance. The motion carried without dissent.

FCR 7 - Brett and Billie Joe Setzer Pledge

Trustee Booth recommended acceptance of a \$1,000,000 pledge from Brett and Billie Jo Setzer of Nicholasville, Kentucky. This pledge will support the Construct Football Training Facilities and Practice Fields capital project that was approved by the Board at their January 2014 meeting. A motion to accept was made by Trustee Shoop and seconded by Trustee Brothers. The motion carried without dissent.

FCR 8 - Charles Koch Foundation Charitable Grant Commitment

David Blackwell, Dean of the Gatton College of Business and Economics, gave a brief presentation regarding the Charles Koch Foundation charitable grant commitment. Dean Blackwell stated that the John. H. Schnatter Foundation and the Charles Koch Foundation have committed a total of \$10,000,000 to form the John H. Schnatter Institute for the Study of Free Enterprise within the Gatton College of Business and Economics. Trustee Booth recommended acceptance of the \$4,000,000 charitable grant commitment. A motion to accept was made by Trustee Shoop and seconded by Trustee Brothers. The motion carried without dissent. _

FCR 9 - John H. Schnatter Family Foundation Charitable Grant Commitment

Trustee Booth recommended acceptance of charitable grant commitment totaling \$8,000,000 from the John H. Schnatter Family Foundation. The commitment includes \$6,000,000 which will be combined with \$4,000,000 from the Charles Koch Foundation to form the John H. Schnatter Institute for the Study of Free Enterprise. In addition, the John H. Schnatter Family Foundation committed \$2,000,000 to support the Renovate/Expand Gatton College Capital Project. A motion to accept was made by Trustee Vance and seconded by Trustee Holland. The motion carried without dissent.

FCR 10 - Hanban Confucius Institute Headquarters Investment and Renovate Lucille Little Library Capital Project

Susan Carvalho, Associate Provost for Internationalization, gave a brief presentation regarding an investment and capital project for the University of Kentucky Confucius Institute. Dr. Carvalho stated that the Hanban/Confucius Institute Headquarters is a public institution affiliated with the Chinese Ministry of Education and promotes Chinese language, culture, and knowledge. The Hanban/Confucius Institute has committed to invest \$1,700,000 towards the renovation of interior and exterior space in the Lucille Little Library for the University of Kentucky Confucius Institute. The University has committed to designating this space for the Confucius Institute for 25 years, with appropriate exit clauses in case of global changes, cessation of annual funding, or a university decision to suspend the program. A motion to approve was made by Trustee Brothers and seconded by Trustee Vance. The motion carried without dissent.

FCR 11 - Acceptance of 2014-15 Audited Financial Statements and the Independent's Auditor's Report on Financial Statements and Supplementary Information

Susan Krauss, Treasurer, stated that Mary McKinley, BKD LLP, Certified Public Accountants, presented the audit of the University's 2014-15 financial statements to the Audit and Compliance Committee and the committee accepted the report. Trustee Booth recommended acceptance of the audited financial statements. Trustee Shoop made a motion to accept and it was seconded by Trustee Holland. The motion carried without dissent.

FCR 12 - Acceptance of Interim Financial Report for the Three Months Ended September 30, 2015

Susan Krauss, Treasurer, presented the Interim Financial Report for the Three Months Ended September 30, 2015. Trustee Booth recommended acceptance of the report. A motion to accept was made by Trustee Brothers and seconded by Trustee Shoop. The motion carried without dissent.

FCR 13 – Fiscal Year 2015-16 Budget Revisions

Angela Martin, Vice President for Financial Planning, presented the Fiscal Year 2015-16 Budget Revisions. The proposed revisions totaled \$11,796,100, or .35 percent of the University's budget. A motion to authorize and approve the budget revisions was made Trustee Berry and seconded by Trustee Vance. The motion carried without dissent.

FCR 14 - Approval to Dispose of University Property, Harry L. Crisp Higher Education Center, and Establishment of a Scholarship Endowment with the Proceeds

Trustee Booth recommended approval of the recommendation to sell at public absolute auction University property known as Harry L. Crisp Higher Education Center in Paducah, Kentucky. The property, a gift from Marion Pepsi-Cola Bottling Company, is no longer needed by Kentucky public postsecondary education institutions. To fulfill the donor's intent that the gift be used for educational purposes, the proceeds will be used to create an endowed scholarship fund. A motion to approve was made by Trustee Vance and seconded by Trustee Holland. The motion carried without dissent.

FCR 15 - Authorization to Acquire Seven Properties on the Corner of Limestone Street and Virginia Avenue

Trustee Booth recommended authorization to acquire seven properties encompassing 1.3 acres on the corner of Limestone and Virginia Avenue, Lexington, Kentucky. The property is estimated to cost \$1,799,000 based upon appraisals and will be acquired using agency funds. Mr. Monday stated that the property was needed for a major utility corridor to support the new research building. A motion to authorize acquisition was made by Trustee Holland and seconded by Trustee Berry. The motion carried without dissent.

FCR 16 - Renovate Erikson Hall Capital Project

Trustee Booth recommended initiation of the Renovate Erikson Hall Capital Project. The \$900,000 project will renovate space to support the Veterans Resource Center. The project will be initially financed with agency funds which will be repaid with philanthropy over a period not to exceed three years. A motion to approve initiation of the project was made by Trustee Brothers and seconded by Trustee Holland. The motion carried without dissent.

FCR 17 - Renovate Academic/Administrative Space: Nutter Football Training Facility Capital Project

Trustee Booth recommended initiation of the Renovate Academic/Administrative Space: Nutter Football Training Facility Capital Project. The project will renovate 29,150 square feet of the Nutter Football Training Facility for the new Sports Science Research Institute, an academic center, coaches' offices, and other athletics programs. A motion to approve initiation of the project was made by Trustee Shoop and seconded by Trustee Brothers. The motion carried without dissent.

FCR 18 - Repair/Upgrade Improve Building Shell Systems Capital Project (2016 Parking Garage Maintenance Restoration)

Trustee Booth recommended initiation of the Repair/Upgrade Improve Building Shell Systems Capital Project, the 2016 preventative maintenance and repair program. This \$1,000,000 project will address recommended maintenance and repairs for the University's parking structures and will be financed with agency funds. A motion to approve the initiation of the project was made by Trustee Berry and seconded by Trustee Brothers. The motion carried without dissent.

FCR 19 – Repair/Upgrade/Improve Building Systems-UK HealthCare Capital Project (Roach Air Handling Unit: Roach S-1)

Trustee Booth recommended initiation of the Repair/Upgrade/Improve Building Systems – UK HealthCare Capital Project (Roach Air Handling Unit: Roach S-1). This \$1,200,000 capital project will replace a 32-year old air handling unit in the Ben F. Roach Cancer Care Facility. A motion to approve was made by Trustee Vance and seconded by Trustee Shoop. The motion carried without dissent.

FCR 20 – Capital Construction Report

Mary Vosevich, Vice President for Facilities Management, reported that during the quarter ending September 30, 2015, there were ten new contracts, one contract amendment, 42 change orders and six contracts were completed. Trustee Vance moved for acceptance. Trustee Brothers seconded, and the motion for approval unanimously carried.

FCR 21 – Patent Assignment Report

Lisa Cassis, Vice President for Research, presented the Patent Assignment Report for the period of July 1 through September 30, 2015. During this period, one application was submitted, six patents were issued, and patent receipts totaled \$586,147.36. Trustee Holland moved for acceptance. Trustee Brothers seconded, and the motion for approval unanimously carried.

Hearing no further business, Interim Chair Booth adjourned the meeting.

Respectfully submitted,
Leigh Bays Donald