

Minutes of the Finance Committee Meeting  
University of Kentucky Board of Trustees  
February 21, 2025

The Finance Committee of the University of Kentucky Board of Trustees met on Friday, February 21, 2025, in the Gatton Student Center, Harris Ballroom.

A. Meeting Opened

Chair Todd Case called the meeting to order at 11:00 a.m. Chair Case 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: Alex Boone, Todd Case, Maddie Duff, David Figg, Janie Greer, Elizabeth McCoy, Dave Melanson, Frank Shoop and Robert Vance. Ms. Heeter announced that a quorum was present.

C. Approval of Minutes

Chair Case asked if there were any corrections to the minutes from the December 3, 2024, meeting which were distributed. Trustee Vance made a motion to approve the minutes. Trustee McCoy seconded the motion. The motion carried without dissent.

D. EVPFA Report

The floor was yielded to Dr. Eric Monday, executive vice president for finance and administration (EVPFA) and co-executive vice president for health affairs (EVPFA), for the EVPFA report. Dr. Monday began with an overview of the 14 Finance Committee Recommendations (FCRs).

Dr. Monday shared that the FCRs are a story of commitment for the community. A story of new ambulatory sites in Ashland, Kentucky and a story of significant philanthropy that shows a commitment to what the University is doing and what can be done. Dr. Monday emphasized philanthropy, particularly with regard to a million-dollar gift from Mr. Pollard, aimed at supporting first-generation students at the University. This donation will benefit approximately 25 percent of undergraduate students.

Dr. Monday introduced George Ward, associate vice president for economic development and real estate to provide an update on the Coldstream Research Campus. Mr. Ward shared insights on the campus' history and ongoing developments. Coldstream's land area spans 735 acres, with 28 buildings and 1.74 million square feet of space. A significant portion of the campus has been developed through public-private partnerships.

The campus now serves as a gateway to Lexington's higher education corridor and is home to over 50 organizations, with more than 2,100 employees. Mr. Ward explained that the campus has a range of amenities, including restaurants, grocery stores, and

recreational facilities like parks and biking trails. This is part of the strategy to make the campus a live-work-play and innovate hub.

Recent developments include the 1551 Apartments (260 units), the Kinetic by Windstream regional headquarters, and the Core building which offers office and lab space to growing businesses.

Additional plans are underway for more housing developments, such as a new luxury apartment complex. A Kroger store is also under construction and is expected to open in 2026.

Mr. Ward provided an update on the partnership between UK and the City of Lexington. The partnership has led to significant land swaps, infrastructure improvements, and economic development. UK and the city are working on a \$20 million infrastructure project to improve the Coldstream campus' accessibility and make it more attractive for new businesses.

UK is benefiting from the establishment of a Tax Increment Financing (TIF) district, which allows the University to reinvest in the development of infrastructure at the Coldstream campus.

Trustee Boone asked whether zone changes are necessary for future developments. Mr. Ward confirmed that the city's zoning process had already been completed, including adjustments for residential areas and green space aggregation.

Trustee Swanson inquired about tenant involvement in attracting new businesses. Mr. Ward explained that tenants play a key role in recruiting new businesses, and their presence contributes to the campus' appeal.

#### E. Business Items

##### FCR 1 Acceptance of Charitable Grant Commitment from the Garver Black Hilyard Family Foundation to Benefit the Stanley and Karen Pigman College of Engineering

FCR 1 seeks acceptance of a charitable grant commitment totaling \$4,050,000 from the Garver Black Hilyard Family Foundation to support and enhance the "Garver Endowed Scholarship Fund" in the Stanley and Karen Pigman College of Engineering.

Born in Central Kentucky, C. Michael Garver and his family foundation, the Garver Black Hilyard Family Foundation, is dedicated to the promotion and protection of clean, green, natural spaces. The Foundation's areas of focus are litter prevention research, educational scholarships, as well as beautification of parks, trails, waterways and gardens.

Trustee Duff made a motion to accept FCR 1. Trustee Vance seconded the motion. The motion carried without dissent.

FCR 2 Acceptance of Charitable Gift Commitment from Eugene A. Hessel, II and Sandra K. Haigler to Benefit the College of Medicine

FCR 2 seeks acceptance of a charitable gift commitment totaling \$1,000,000 from Eugene A. Hessel, II and Sandra K. Haigler to establish and support an endowed distinguished professorship fund named the “Dr. Eugene A. Hessel, II Distinguished Professorship for Education in Anesthesiology” in the College of Medicine, Department of Anesthesiology, Perioperative, Critical Care and Pain Medicine.

Eugene A. Hessel, II, MD, serves as Professor of Anesthesiology at the University of Kentucky College of Medicine. Sandra K. Haigler is a board-certified Anesthesiologist practicing in Lexington, Kentucky.

Trustee Boone made a motion to accept FCR 2. Trustee Figg seconded the motion. The motion carried without dissent.

FCR 3 Acceptance of Charitable Grant Commitment from the Smith Brothers Family Foundation to Benefit the Gatton College of Business and Economics

FCR 3 seeks acceptance of a charitable grant commitment totaling \$1,000,000 from The Smith Brothers Family Foundation to support the design phase of the renovation and expansion of the University’s Gatton College of Business and Economics (the “College”) building. Accordingly, this gift shall support a capital project fund named the “Gatton College Expansion Design Fund”.

The brothers, Scott and Sean Smith, both earned Bachelor of business administration degrees in Finance from the University in 1990. Entrepreneurs in the healthcare technology industry, the brothers co-founded several leading-edge businesses in healthcare cost management and data analytics.

Today, the brothers spend most of their time furthering the efforts of The Castellan Group. Castellan is an independent investment advisor wholly owned by a perpetual charitable trust. All profits beyond the expenses of the firm are donated to charities through the trust. Both brothers are lifetime members of the University of Kentucky Alumni Association, were inducted into the College’s Hall of Fame together in 2011 and were inducted into the Kentucky Entrepreneur Hall of Fame in 2024.

Trustee McCoy made a motion to accept FCR 3. Trustee Boone seconded the motion. The motion carried without dissent.

FCR 4 Acceptance of Charitable Grant and Gift Commitments from Gretchen Widmer Schar to Benefit the Gatton College of Business and Economics

FCR 4 seeks acceptance of charitable grant and gift commitments totaling \$1,000,000 from Gretchen Widmer Schar to establish and support the “Schar Endowed Fund,” along with a non-endowed companion support fund, in the Gatton College of Business and Economics.

After earning her accounting degree from the Gatton College of Business and Economics in 1976, Gretchen Widmer Schar began her career as an entry level financial analyst at Procter & Gamble, where she rose in prominence to become the company's Vice President, Treasurer, and subsequently Vice President of Finance for Global Markets. She then held senior executive positions in several other global companies. Ms. Schar was inducted into the Gatton Hall of Fame in 2001. Through this gift, Ms. Schar desires to provide global education through study abroad opportunities for the college's students.

Trustee Shoop made a motion to accept FCR 4. Trustee McCoy seconded the motion. The motion carried without dissent.

FCR 5 Acceptance of Charitable Grant from the C.F. Pollard Foundation, Inc. to Benefit the Pollard Scholarship Fund

FCR 5 seeks acceptance of a charitable grant of \$1,000,000 from the C. F. Pollard Foundation, Inc., to support and enhance the "Carl F. Pollard Scholarship Fund" in the Office for Student Success.

Born in Lancaster, Kentucky, Carl F. Pollard is a 1960 University of Kentucky graduate with a Bachelor of Science in Commerce. In 1968, he joined a small but growing nursing home business and was instrumental in its development into Humana Inc., now a Louisville-based Fortune 500 health care company. He served as Chairman of the Board of Columbia Healthcare Corporation until 1994.

Mr. Pollard was named to the Gatton College Hall of Fame in 1994 and the University of Kentucky Hall of Distinguished Alumni in 1995.

Mr. Pollard established the endowed Carl F. Pollard Scholarship Fund in 1994 to provide scholarship support to first-generation college students with first preference given to children of full-time horse farm workers currently employed by a thoroughbred horse farm in Kentucky. The recipients must also have demonstrated high academic achievement and extracurricular and community involvement and have demonstrated financial need.

Trustee Greer made a motion to accept FCR 5. Trustee Vance seconded the motion. The motion carried without dissent.

FCR 6 Acceptance of Charitable Gift Commitment from Nicholas S. Hellman and Susan Desmond-Hellmann to Benefit the College of Medicine

FCR 6 seeks acceptance of a charitable gift commitment totaling \$2,100,000 from Nicholas S. Hellmann and Susan Desmond-Hellmann to establish and support an endowed chair fund named the "Dr. Nicholas Hellmann Endowed Chair in Infectious Diseases and Immunology Research" and a companion non-endowed chair fund named the "Dr. Nicholas Hellmann Chair in Infectious Diseases and Immunology Research" in the College of Medicine, Department of Microbiology, Immunology, Molecular Genetics.

Nicholas S. Hellmann, MD, is a 1982 alumnus of the College of Medicine and is currently serving as the Strategy and Science Advisor at the Elizabeth Glaser Pediatric AIDS Foundation (EGPAF) and a consultant to the Bill and Melinda Gates Foundation on HIV-related issues. Susan Desmond-Hellmann, MD, MPH, former CEO of the Bill and Melinda Gates Foundation and a member of the President's Council of Advisors on Science and Technology, is a physician-scientist who led the development of the first gene-targeted drug for treating breast cancer. She served as Chancellor of the University of California, San Francisco, from 2009 to 2014, the first woman to hold the position. She has also served as a member of the Board of Directors for both Facebook Inc. and Procter & Gamble.

Trustee Figg made a motion to accept FCR 6. Trustee Melanson seconded the motion. The motion carried without dissent.

#### FCR 7 Approval of Ground Lease Coldstream Research Campus Lot 2

FCR 7 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 Cityscape Residential, LLC (or a closely related single purpose entity created by Cityscape Residential, LLC) for a portion of Lot 2, approximately 15 acres (exact size to be determined as part of the negotiation), on the Coldstream Research Campus.

In March 2018, the University of Kentucky issued a Request for Proposal (RFP) soliciting proposals from qualified, financially sound, and responsible firms and individuals to lease land from the University for a residential village development project.

As a result of the RFP process, Cityscape Residential, LLC (Cityscape) of Indianapolis, Indiana was selected and opened a 260-unit multi-family residential development on the Coldstream Campus. As part of the RFP, the University reserved the right to negotiate with the selected Developer (Cityscape) for additional residential projects. As such, the University would like to negotiate with Cityscape on a second project for an approximate 250-unit multi-family residential development.

Trustee Shoop made a motion to accept FCR 7. Trustee Melanson seconded the motion. The motion carried without dissent.

#### FCR 8 Improve Campus Infrastructure Upgrade (Hospital Drive Water line) Capital Project

FCR 8 seeks approval to increase the scope for the Improve Campus Infrastructure Upgrade (Hospital Drive water line) capital project. At its December 5, 2023, meeting, the Board approved the initiation of the Improve Campus Infrastructure Upgrade (Hospital Drive Water Line) capital project with a scope of \$2,100,000. This project will replace the existing water line that runs the length of Hospital Drive that is in deteriorated condition due to age. The line provides water service to the Albert B. Chandler Hospital Cooling Plant #1, Health Science Research Building, and other campus facilities and has experienced failures at two locations interrupting water service.

On June 27, 2024, pursuant to Administrative Regulation 8:2, the president approved a \$315,000 increase in the project's scope to \$2,415,000. However, due to escalating material costs and availability of contractors, only a portion of the water line repairs could be performed within that scope. To complete the remaining repairs to the water line, an additional \$1,500,000 increase in the project scope is needed.

Trustee Duff made a motion to accept FCR 8. Trustee Greer seconded the motion. The motion carried without dissent.

#### FCR 9 IMPROVE BUILDING SYSTEMS – UK HEALTHCARE CAPITAL PROJECTS

FCR 9 seeks approval to initiate the Improve Building Systems – UK HealthCare capital projects. The needed replacements include air handler “OP1” which services Pavilion H, four domestic water heat exchangers in Pavilion A, the HVAC system in the nursing bridge which connects the second floor of Pavilion H to the Kentucky Clinic, and eight electrical panels in the operating rooms of the Gill Heart and Vascular Institute.

The estimated scope for the projects totals \$6,500,000 and will be funded with agency funds.

Trustee Vance made a motion to accept FCR 9. Trustee Boone seconded the motion. The motion carried without dissent.

#### FCR 10 Improve Medical Facility 3 – King’s Daughters Medical Center (Health Park) Capital Project

FCR 10 seeks approval to initiate the Improve Medical Facility 3 – King’s Daughters Medical Center (Health Park) capital project.

UK King’s Daughters requires additional medical offices to accommodate its current and expanding patient population. On April 25, 2024, the Board approved the acquisition of the Health Park (formerly Bellefonte Centre) at 1000 Ashland Drive, Ashland, Kentucky. This project will fit out approximately 11,000 square feet of unused space in the Health Park for additional medical offices to better accommodate the growing integrative practices.

Trustee Figg made a motion to accept FCR 10. Trustee Boone seconded the motion. The motion carried without dissent.

#### FCR 11 Construct Medical Facility – King’s Daughters Medical Center (Medical Office Building) Capital Project

FCR 11 seeks approval to initiate the Construct Medical Facility – King’s Daughters Medical Center (Medical Office Building) capital project.

This project will construct a medical office building in Greenup, Kentucky. UK King’s Daughters requires additional medical offices to accommodate its current and

expanding patient population. The new facility will include space for a Family Care Center and an Urgent Care Center to serve patients in Greenup and surrounding counties.

Trustee Duff made a motion to accept FCR 11. Trustee Vance seconded the motion. The motion carried without dissent.

#### FCR 12 Improve Kroger Field 2 (2025 Stadium Maintenance) Capital Project

FCR 12 seeks approval to initiate the Improve Kroger Field 2 (2025 Stadium Maintenance) capital project.

In 2023, a study was undertaken to perform a condition assessment and evaluation of Kroger Field. Based upon the study, a master maintenance plan was developed consisting of a detailed, proposed preventative maintenance and repair program. This maintenance master plan is designed to alleviate existing deterioration, provide long-term durability and extend the football stadium's useful life.

This project contains the work defined in the second year of the master maintenance plan including concrete repairs, surface coatings installation, masonry repairs, painting, roof maintenance and other miscellaneous work as needed to extend the life and serviceability of Kroger Field.

Trustee Vance made a motion to accept FCR 12. Trustee Melanson seconded the motion. The motion carried without dissent.

#### FCR 13 Capital Construction Report

FCR 13 seeks acceptance of the capital construction report for the three months ending December 31, 2024. This report refers only to projects that had activity within this quarter.

Trustee Figg made a motion to accept FCR 13. Trustee Shoop seconded the motion. The motion carried without dissent.

#### FCR 14 Patent Assignment Report

FCR 14 seeks acceptance of the patent assignment report for the period October 1, 2024 to December 31, 2024.

Trustee Vance made a motion to accept FCR 14. Trustee Shoop seconded the motion. The motion carried without dissent.

#### F. Philanthropy and Alumni Engagement Report

The floor was yielded to Brandon McCray, associate vice president for philanthropy, for the Philanthropy and Alumni Engagement (PAE) report. Mr. McCray shared information about how the Alumni Association prioritizes collaboration with academic colleges, athletics and student success programs to adopt a more integrated approach to alumni engagement and philanthropic efforts.

Mr. McCray described some of the Alumni Association events that are organized around football and basketball seasons. For example, the DanceBlue Reunion is hosted annually to connect young alumni and foster future donor relationships.

Mr. McCray shared that a new and improved Online Giving Platform and Wildcat Network were launched, resulting in a significant increase in engagement. Online Giving saw an 8.6 percent increase during the One Day for UK event reaching \$1.4 million. The Wildcat Network saw 34 percent growth, with participation from all 50 states and 14 countries. This network has proven valuable for alumni and student connections, job placements and mentorships.

Alumni Commons has become an integral part of the University, hosting key events that bridge students and alumni such as celebrating the transition of over 4,000 students into alumni. As of February 4, 2025, the Alumni Association's fundraising efforts show a positive trajectory with over \$164 million raised this fiscal year.

Despite national trends showing a decline in donor participation, the University of Kentucky has managed to stabilize and slightly grow its number of donors. The implementation of Donor Experience Officers (DXOs), who manage portfolios of key prospects, has been a key strategy for increasing engagement. Donor participation is expected to further increase by enhancing the management of alumni relationships using digital tools (i.e., EverTrue and ThankView).

Mr. McCray concluded by sharing that the University of Kentucky Alumni Association has made significant strides in alumni engagement, digital giving and fostering new traditions. Continued growth in online giving, collaboration across departments and innovative strategies to personalize donor experiences are central to the association's goals.

#### G. Research Report

Dr. Messaoudi, acting vice president for research, provided an update on the University of Kentucky's research activities, specifically focusing on sponsored grants and contracts and the challenges related to the National Institutes of Health (NIH) funding.

For the first six months of FY 2024-25, sponsored grants and contract awards have increased 10 percent compared to the same period in the prior year. Overall, the research portfolio reflects a 3.3 percent compound annual growth rate from FY 2019-20 through FY 2023-24.

The University continues to make significant progress with National Institutes of Health (NIH) funded research, averaging \$159 million in NIH awards over the past five years. Trustee Swanson asked if the HEAL grant is part of the data. Dr. Messaoudi confirmed that the \$87 million Helping to End Addiction Long-term (HEAL) grant is excluded from the data to avoid distortion. NIH research advances have resulted in breakthroughs in Parkinson's disease, cancer treatments and Alzheimer's and dementia research.



Dr. Messaoudi said that the recent announcement about capping federal indirect cost reimbursement rates (facilities and administration costs) on NIH awards has caused concern. She highlighted that the Government Relations team is actively working with the Congressional delegation to address the negative impact this could have on the research community, particularly in Kentucky. The University has established a dedicated website to keep the research community informed of the related NIH funding issues.

Dr. Swanson asked if the University is seeing a trend toward more multi-investigator grants. Dr. Messaoudi acknowledged that the multi-investigator, multidisciplinary grants trend is being explored but has not been thoroughly tracked. The research team is working with the Institutional Research, Analytics and Decision Support (IRADS) team to gather data which will be critical for evaluating the effectiveness of initiatives such as the Research Priority Areas and the Igniting Research Collaborations (IRC) program.

Dr. Swanson asked if the University is seeing a delay in the awarding of grants due to events at the national level. Dr. Messaoudi confirmed that there have been delays in award notices, especially with NIH funding. However, the University continues to receive NIH funding for existing grants in a timely manner.

#### H. Other business

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

#### I. Adjourn

Hearing no further business, the meeting was adjourned at 12:01 p.m.

Respectfully submitted,

Brenda Heeter  
Finance Committee Secretary