

Minutes of the Finance Committee Meeting
University of Kentucky Board of Trustees
April 25, 2025

The Finance Committee of the University of Kentucky Board of Trustees met on Friday, April 25, 2025, in the Gatton Student Center, Harris Ballroom.

A. Meeting Opened

Chair Todd Case called the meeting to order at 10:45 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 February 21, 2025, meeting which were distributed. Trustee McCoy made a motion to approve the minutes. Trustee Boone seconded the motion. The motion carried without dissent.

D. Business Items

Dr. Eric N. Monday, executive vice president for finance and administration and co-executive vice president for health affairs, reminded the Board members that a few weeks ago the leadership team shared with the Board the ongoing efforts to further integrate the important work being performed by the Markey Cancer Center Foundation and the cancer center itself. More than a year ago, members of the Markey Foundation Executive Committee, led by its chair, Trustee Boone, recognized a critically important goal related to philanthropy: how do we integrate our efforts, and how do we raise more philanthropic support for research, education, and patient care across the Commonwealth.

Since its creation, the Foundation has raised more than \$115 million to bolster the fight against cancer at Markey. These resources have supported patient care, research, critical infrastructure, recruitment and retention of faculty, and have played a key role in our success of achieving comprehensive status from the National Cancer Institute.

Trustee Boone and his colleagues share the University's belief that there is even more that can be accomplished together. We have been actively exploring how we can more seamlessly coordinate the Markey Cancer Foundation's fundraising responsibilities with the efforts of the Markey Cancer Center and the University of Kentucky. This work is part of a broader examination of shared services across the entire University enterprise. Just as we have looked at philanthropy across our health system, we are asking: how can

we operate more efficiently, provide more robust service, and continue advancing our mission as the state's needs grow?

Mike Harders, associate vice president of philanthropy for UK HealthCare and the health colleges, is currently providing leadership to the Markey Cancer Foundation, pending formal action to name him interim president next week. Harders has been meeting regularly with Markey staff to continue their important work and discuss how best to align our philanthropic efforts moving forward. Additionally, our philanthropy and financial teams are collaborating to determine what deeper integration could look like and how it might be implemented effectively.

We hope to share more detailed information about our next steps at our next meeting in June. Thank you to Trustee Boone for his leadership and commitment to these important efforts.

FCR 1 Acceptance of Charitable Grant Commitment from The Bill Gatton Foundation

FCR 1 seeks acceptance of a charitable grant commitment of \$4,850,000 from The Bill Gatton Foundation of Bristol, Tennessee to support the planning and design phase of the expansion of the University's Gatton College of Business and Economics building.

The Bill Gatton Foundation was established in 1985 by C.M. "Bill" Gatton of Bristol, Tennessee (1932-2022). Mr. Gatton earned his Bachelor of Science in Commerce from the University of Kentucky in 1954, and Master of Business Administration from The Wharton School of the University of Pennsylvania. He was a member of the Board of Trustees, a member of the University of Kentucky Hall of Distinguished Alumni and a member of the Gatton College of Business and Economics Hall of Fame. This charitable grant is a continuation of Mr. Gatton's faith in the University's ability to improve lives through excellence in education, research and creative work, service and health care.

Mr. Gatton and The Bill Gatton Foundation remain the largest private donors in the University's history.

Trustee McCoy made a motion to accept FCR 1. Trustee Figg seconded the motion. The motion carried without dissent.

FCR 2 Acceptance of Interim Financial Report for the Six Months Ended December 31, 2204.

FCR 2 seeks acceptance of the University of Kentucky consolidated financial report for the six months ended December 31, 2024. As of December 31, 2024, the University has recognized \$3,856,245,516 of current funds revenue representing 46 percent of the 2024-25 approved budget of \$8,367,136,200. Expenses and transfers total \$3,693,830,010 or 44 percent of the approved budget.

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

FCR 3 Lease/Purchase of Equipment for the Smart Campus Initiative

FCR 3 seeks approval of the lease/purchase of equipment for continuation of the Smart Campus iPad Initiative. This comprehensive initiative to use technology will continue the partnership with Apple by purchasing another year of iPad technology aimed to:

- Refine and optimize student recruitment, retention and graduation efforts;
- Improve and enhance pedagogy for both in-class and online learning for students and faculty;
- Better prepare and equip underrepresented students for college;
- Increase safety and mental health and well-being among students, faculty and staff that could be scaled to other audiences and for other uses beyond the campus;
- Leverage access to financial wellness and online learning to increase opportunity for life-long success and;
- Assist interventions and programs in healthcare.

For the sixth phase, the University will lease/purchase approximately 7,750 iPad kits (iPad Air, pencil and keyboard) at an estimated cost not to exceed \$1,800,000. The University will continue to pay the leases on iPads that were distributed to freshmen in Fall 2022, Fall 2023 and Fall 2024, a total cost of \$4,533,351. The University's Debt Management Committee has reviewed the recommended lease-purchase, assessed the impact on the institution's debt capacity and determined that acquisition of these items by lease/purchase is consistent with the University's Debt Policy.

Trustee Greer made a motion to accept FCR 3. Trustee Melanson seconded the motion. The motion carried without dissent.

FCR 4 Authorization of Negotiated Disposition of Personal Property

FCR 4 seeks authorization for the non-routine disposition of personal property from the University of Kentucky Center for Aging, a SIMOA HD-X Immunoassay Analyzer. The analyzer, which was purchased new with an original purchase price of \$180,575.00 in 2020 and retains a net book value of \$100,821.13, has become surplus to the Center's needs. The manufacturer of this equipment is no longer able to produce proprietary supplies needed to utilize the machine due to financial hardships.

In accordance with Business Procedure Manual Policy E-12-4, the equipment has been advertised for two weeks on the University's Surplus Property website to determine if it was needed by any other unit. Having received no request, this equipment is deemed to be surplus to the needs of the University. To avoid further depreciation, it is recommended that the equipment be sold using the disposal methods approved by the Board at its June 2024 meeting.

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

FCR 5 Authorization of Negotiated Disposition of Personal

FCR 5 seeks authorization for the non-routine disposition of personal property from the University of Kentucky Center for Environmental and Systems Biochemistry, a Bruker Advanced III HD 400WB Spectrometer. The spectrometer, which was purchased new with an original purchase price of \$845,029.64 in 2017 and retains a net book value of \$225,341.56, has become surplus to the Center's needs.

In accordance with Business Procedure Manual Policy E-12-4, the equipment has been advertised for two weeks on the University's Surplus Property website to determine if it was needed by any other unit. Having received no request, this equipment is deemed to be surplus to the needs of the University. To avoid further depreciation, it is recommended that the equipment be sold using the disposal methods approved by the Board at its June 2024 meeting.

Trustee Melanson made a motion to accept FCR 5. Trustee Duff seconded the motion. The motion carried without dissent.

FCR 6 Authorization of Negotiated Disposition of Person Property

FCR 6 seeks authorization for the non-routine disposition of personal property from the University of Kentucky W.T. Young Library, a Smart Locker System. The Smart Locker System, which was purchased new with an original purchase price of \$45,930.00 in 2022 and retains a net book value of \$38,275.00, has become surplus to the needs of the W.T. Young Library.

In accordance with Business Procedure Manual Policy E-12-4, the equipment has been advertised for two weeks on the University's Surplus Property website to determine if it was needed by any other unit. Having received no request, this equipment is deemed to be surplus to the needs of the University. To avoid further depreciation, it is recommended that the system be sold using the disposal methods approved by the Board at its June 2024 meeting.

Trustee Boone made a motion to accept FCR 6. Trustee Greer seconded the motion. The motion carried without dissent.

FCR 7 Upgrade/Renovate/Expand Research Labs (Center for Clinical and Transitional Science Enterprise Data Center Expansion) Capital Project

FCR 7 seeks approval to initiate the Upgrade /Renovate/Expand Research Labs (Center for Clinical and Transitional Science Enterprise Data Center Expansion) capital project. This project will renovate, expand and upgrade the University's secure research data center space within the Enterprise Data Center at the Center for Clinical and Translational Science (CCTS) located in the Lee T. Todd, Jr. Building. The increase in secure biomedical research data center space will allow the University to support rapid advances in research computing and data capabilities that are revolutionizing research.

Trustee Figg made a motion to accept FCR 7. Trustee Vance seconded the motion. The motion carried without dissent.

FCR 8 Construct Academic Building (Makerspace Building – Design Phase) Capital Project

FCR 8 seeks approval to initiate the Construct Academic Building (Makerspace Building – Design Phase) capital project. This project will design a Makerspace building for the College of Engineering that will be located within the Engineering Quad. This project is the first phase of a multi-phase plan to further the College of Engineering's robust and innovative education mission.

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

FCR 9 Improve Academic/Administrative Space 1 (Expand Carol Martin Gatton Business and Economics Building - Design Phase) Capital Project

FCR 9 seeks approval to initiate the Improve Academic/Administrative Space 1 (Expand Carol Martin Gatton Business and Economics Building - Design Phase) capital project. The College continues to experience growth in enrollment and currently educates more than 5,000 undergraduate, masters and doctoral students in accounting, economics, finance, management, marketing and supply chain management. This project will initiate the design phase to further expand the building to enable the College to better serve its students and meet future enrollment growth needs.

Trustee McCoy made a motion to accept FCR 9. Trustee Figg seconded the motion. The motion carried without dissent.

FCR 10 Acquire/Partnership Medical System 1 (Radiation Oncology Medical Practice)

FCR 10 seeks authorization for the CEO of UK King's Daughters (UKKD) to enter into a purchase agreement to acquire a radiation oncology medical practice located at 706 23rd Street, Ashland, Boyd County, Kentucky. UKKD will acquire the radiation oncology medical practice, and its land, building and equipment located at 706 23rd Street, Ashland, Boyd County, Kentucky. The primary physician within the practice is nearing retirement and will remain on staff to assist with the transition to UKKD. It is in the best interest of the community and the University to own these assets to ensure continued service and care for the patients and their families.

Total consideration is not to exceed \$13,700,000 plus the costs for customary due diligence, appraisals, land surveys, closing fees and other capitalized costs of acquisition.

Trustee Duff made a motion to accept FCR 10. Trustee Melanson seconded the motion. The motion carried without dissent.

FCR 11 Improve UK Good Samaritan Hospital Facilities (Cafeteria Renovation) Capital Project

FCR 11 seeks approval to initiate the Improve UK Good Samaritan Hospital Facilities (Cafeteria Renovation) capital project. This project will replace old equipment which has exceeded its useful life and no longer meets the needs of the patients, patients' families and staff. In addition, the \$1,500,000 project includes necessary infrastructure and system upgrades.

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

FCR 12 Approval of Land Lease (UK Research and Education Center at Princeton)

FCR 12 seeks approval of an exception to Kentucky Revised Statutes (KRS) 164.131(7) and Governing Regulation XIV, *Ethical Principles and Code of Conduct*, pursuant to KRS 164.367, to permit the University to enter into a lease with employee Chris Rodgers under Request for Proposal (RFP) #RE-0219-25 until December 31, 2025.

Due to the intermittent nature of the work and a shortage of reliable farm labor contractors in the region, the project has had great difficulty procuring labor to assist with the harvest of the tobacco plots. The only proposal submitted in response to the University's RFP was from Chris Rodgers, a University employee who owns his own tobacco farm near Princeton but also works on the project. He disclosed the conflict of interest in his proposal.

KRS 164.367 allows the University to establish a procedure whereby the Board may approve an employee having an interest in a contract with the University. Following consultation with the chair of the Ethics Committee, it is recommended that the Board approve the exception and permit a new lease to run from May 15, 2025 until December 31, 2025. A new RFP will be issued for lease or labor needed after 2025.

Trustee McCoy 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 March 31, 2025. This report refers only to projects that had activity within this quarter.

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

E. Research Report

Dr. Ilhem Messaoudi, acting vice president for research, stated that her report will focus on celebrating and showcasing the impactful research being conducted at the University of Kentucky. Total research awards are up by 6.4 percent compared to March

2024. The increase is driven by both federal and non-federal funding, underscoring the strength of UK's research enterprise.

A new National Institutes of Health (NIH) supported video campaign will launch Monday to highlight the impact of NIH-funded research at UK, ranging from basic biomedical studies to clinical trials. Trustees were encouraged to share the campaign widely to showcase UK's excellence and commitment to advancing health outcomes across Kentucky.

The celebration of research continued with presentations from distinguished members of UK's research community. Dr. John D'Orazio, a pediatric oncologist, shared details about the "Project Inherited Cancer Risk" study, which offers free genetic testing to young cancer patients and their families. The program aims to identify inherited cancer risk genes and guide families through the various testing and personalized cancer prevention strategies. Dr. D'Orazio emphasized that this work is made possible by the Markey Cancer Center's NIH-supported core facilities.

Dr. John Gensel, director of the Spinal Cord and Brain Injury Research Center, highlighted the devastating and often random nature of spinal cord injuries and the lack of FDA-approved therapies. He shared how NIH funding helped establish UK as a hub for neurotrauma research, which influenced his decision to join UK in 2012. Dr. Gensel described how his recruitment led to a multiplying effect, bringing in new faculty and trainees. Over the last 13 years, more than 50 trainees have passed through his lab, with 90 trainees working across the Center last year.

Ph.D. candidate, Madison Blanton, in the College of Medicine Department of Microbiology, Immunology and Molecular Genetics, provided a trainee perspective. She shared her research focuses on the effects of chronic alcohol misuse on the immune system and its role in organ damage. Blanton is supported by an NIH fellowship that funds her tuition, stipend, healthcare, and research needs.

Dr. Mark Evers, director of the Markey Cancer Center, concluded the research report by speaking about recent advances in cancer treatment. He emphasized that mortality rates are declining, in large part due to research at NCI-designated centers like Markey. He highlighted how UK's efforts are directly benefiting Kentuckians, particularly in early detection of lung cancer in the Appalachian region.

Dr. Evers also discussed the economic impact of research, citing that UK's \$527.7 million research and development expenditures in FY24 generated \$937 million in economic activity and supported over 4,700 jobs across the state.

Following the presentations, Trustee Bower expressed gratitude for the researchers' efforts and offered a personal thank-you to Dr. Evers and others at Markey, referencing his own experience as a cancer survivor. He also congratulated Dr. Gensel, Dr. D'Orazio, and Madison Blanton for their outstanding work. Additional trustees echoed this appreciation, emphasizing the Board's full support of the research mission and UK's life-changing work.

F. Other business

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

G. Adjourn

Hearing no further business, the meeting was adjourned at 11:31 a.m.

Respectfully submitted,

Brenda Heeter
Finance Committee Secretary