

Minutes of the Finance Committee Meeting
University of Kentucky Board of Trustees
February 20, 2026

The Finance Committee of the University of Kentucky Board of Trustees met on Friday, February 20, 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, McKenna Dowell, Ron Geoghegan, Janie Greer, Karen Petrone, Frank Shoop, Zachary Stacy and Robert Vance. Jim Gray was not in attendance. 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 2, 2025, meeting which were distributed. Trustee Geoghegan made a motion to approve the minutes. Trustee Boone seconded the motion. The motion carried without dissent.

D. Executive Vice President for Finance and Administration Report

Dr. Eric Monday, executive vice president for finance and administration, provided an overview of the 14 Finance Committee Recommendation (FCRs) presented for consideration. He noted that, in addition to the recommendations, the Committee would receive an update regarding UK King's Daughters. Dr. Monday referenced the previous day's presentation by Don Lloyd, president and CEO UK St. Claire, regarding the first 18 months of the partnership with UK St. Claire and stated that the current presentation would focus specifically on the capital and infrastructure plan for UK King's Daughters. He reminded the Committee that the University formally entered into a partnership with UK King's Daughters on December 1, 2022, and emphasized the significant outcomes and opportunities that had emerged for Ashland and the surrounding region during that period.

Dr. Monday summarized the 14 FCRs into four principal themes: sustaining philanthropic momentum, expanding patient care and clinical capacity, financing and accelerating major capital projects, and continuing strategic planning related to parking and real estate as the University expands service to the Commonwealth. He noted that preparation of the recommendations involved the coordinated efforts of hundreds of individuals across philanthropy, facilities, finance, treasury and real estate. He highlighted philanthropic progress in the Martin-Gatton College of Agriculture, Food and Environment, the Health Education Building, and partnerships involving the Markey Cancer Foundation.

Dr. Monday then introduced Sara Marks, president and CEO of UK King's Daughters to provide a detailed report on UK King's Daughters and its future capital requests. Ms. Marks presented an overview of UK King's Daughters, describing its main medical center campus as a 455-bed facility in Ashland, Kentucky, with additional operations including King's Daughters Ohio in Portsmouth, a rural emergency hospital and surgery center; Kingsbrook Life Care Center, a 137-bed long-term care and rehabilitation facility; medical transport services providing approximately 18,000 transports annually; and support services through the King's Daughters Health Foundation and Child Development Center. She reported that the system operates more than 80 clinic locations across 11 counties, serving a geographic area approximately the size of New Jersey.

Ms. Marks reported substantial growth since joining the University system, including the addition of more than 1,600 team members, growth to 715 physicians, recruitment of more than 50 physicians in recent years, and a 40 percent increase in wages and benefits for employees. She noted that UK King's Daughters is the largest employer in its immediate region. She further presented service growth data showing increased inpatient discharges, emergency department visits, nearly half a million primary care and urgent care visits, and more than 175,000 surgical procedures during the previous fiscal year.

Ms. Marks reviewed recent capital investments completed through agency funds in partnership with the University. These included expansion into South Point and Louisa for primary care, urgent care and subspecialty services; completion of a sixth-floor inpatient tower addition providing 36 beds through a \$16 million investment; acquisition of two mobile mammography units providing 3D screening services throughout northeastern Kentucky and southern Ohio; and a \$16 million central sterile department renovation that significantly expanded sterilization capacity and workflow efficiency.

Additional investments included purchase of the King's Daughters Pavilion and Health Park facilities for support services and clinical expansion, totaling approximately \$5.5 million, as well as completion of the new main entrance facility opened in May 2025. Ms. Marks described the new entrance project as a 200,000-square-foot, \$160 million investment featuring a 63 percent expansion of the emergency department, centralized imaging services, and additional diagnostic equipment including CT and MRI capability.

Ms. Marks also reported that two projects remain underway: completion of the ground floor of the new addition, which will house endoscopy suites, urology procedures and a bronchoscopy center through a \$40 million investment expected to open in August 2026; and a \$7 million facility in Greenup that will provide primary care, urgent care, subspecialty rotations, diagnostics and serve as the future ambulatory home for the internal medicine residency program beginning this year.

Turning to future projects, Ms. Marks outlined a five-year master facility plan totaling approximately \$400 million, averaging \$80 million annually, with long-term reinvestment expected to return to approximately \$25 million annually for equipment,

facilities and technology following completion of major projects. Planned projects on the Ashland campus include three additional completed floors on the inpatient tower adding 150 beds; cardiovascular operating room expansion including cardiovascular intensive care and post-anesthesia care support; pediatric inpatient expansion creating a 12-bed pediatric unit; renovation and expansion of main operating rooms to add six new operating rooms and modernize aging facilities; laboratory expansion to support more than three million annual tests; and development of a future regional cancer center.

Ms. Marks also described off-campus plans for expansion of the Ohio campus, including increased emergency department capacity, additional diagnostics, pharmacy and ancillary services, and expanded physician practice space. She explained that the current FCR requests approval for design-phase funding for the Ohio campus in order to determine total project cost and refine future development plans. Additional requests include \$30 million for cardiovascular operating room completion and associated support areas, pediatric inpatient expansion, labor and delivery renovation, and design review for inpatient tower expansion, operating room renovation and laboratory growth.

During Committee discussion, a member commented on the remarkable progress achieved through the partnerships with UK King's Daughters and UK St. Claire and asked about the Ohio expansion. Ms. Marks explained that the Ohio campus currently operates as a rural emergency hospital with multiple medical practices, four operating rooms, two urology procedure suites and three endoscopy spaces. She noted that while the Southern Ohio Medical Center provides inpatient capacity in the area, demand for emergency services has increased significantly, making expansion necessary.

Chair Case remarked that the progress and positive community response in the region had been highly visible and commended Ms. Marks and the UK King's Daughters team for their work. Ms. Marks expressed appreciation and attributed the success to the strength of the organization's culture and team.

E. Business Items

FCR 1 Acceptance of Charitable Grant Commitment from the UK Markey Cancer Foundation, Inc. to Benefit the College of Medicine, Markey Cancer Center

FCR 1 seeks acceptance of a charitable grant commitment totaling \$12,500,000 from the UK Markey Cancer Foundation, Inc. (the "Markey Foundation"), to support the priorities of the College of Medicine, Markey Cancer Center. The University shall direct \$12,000,000 to establish a new endowed fund, the "Markey Cancer Foundation Endowment Fund", and \$500,000 to establish a non-endowed fund, the "Markey Cancer Foundation Fund" in the College of Medicine, Markey Cancer Center.

The Markey Foundation is dedicated to reducing cancer mortality in Kentucky by supporting innovative cancer research and treatments, education, community engagement, state-of-the-art facilities and compassionate patient care.

In 1978, the Markey Foundation, previously the Ephraim McDowall Cancer Research Foundation, was incorporated through a generous gift of \$1,000,000 from

Admiral Gene and Mrs. Lucille Parker Markey, owners of Calumet Farm. Since its inception, the Markey Foundation has raised more than \$110,000,000 dollars to fuel the fight against cancer at the Markey Cancer Center, supporting compassionate patient care and funding research grants, endowed chairs, capital projects and donating four buildings.

Thanks, in no small part, to the work of the Markey Foundation's Board of Trustees, the UK Markey Cancer Center achieved and is now recognized as a National Cancer Institute Designated Comprehensive Cancer Center (NCI designation) enabling the delivery of state-of-the-art care to all UK Markey Cancer Center patients. There are only 57 such designated Comprehensive Care Centers in the U.S.

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

FCR 2 Acceptance of Charitable Gift Commitment from Linda G. Ball to Benefit the College of Medicine, Markey Cancer Center

FCR 2 seeks acceptance of a charitable gift commitment totaling \$5,000,000 from Linda G. Ball to provide faculty and research support for the College of Medicine, Markey Cancer Center. The charitable contribution shall support a gastrointestinal cancer research program in the Center, the "D. Ray Ball, Jr. Program of Excellence in Pancreatic Cancer," which includes an endowed chair fund, the "D. Ray Ball, Jr. Chair in Gastrointestinal Cancer;" two endowed professorship funds, the "D. Ray Ball, Jr. Professorship in Pancreatic Cancer" and the "D. Ray Ball, Jr. Professorship in Gastroenterology;" and an endowed research fund, the "D. Ray Ball, Jr. Research Fund for Pancreatic Cancer." In recognition of Mrs. Ball's support, the University shall name the Cancer Acute Treatment Clinic in the UK Cancer and Advanced Ambulatory Building the "Ray and Linda Ball Cancer Acute Treatment Clinic."

The Ball family, known throughout Kentucky for their leadership in business and the community, have a long history of philanthropic support for the University. The eldest of Don and Mira Ball's three children, Donald Ray Ball, Jr. (Ray), carried on the family's corporate legacy as President of Ball Homes (among other ventures), and dedicated himself to his community through board service and a commitment to care for his employees, friends and neighbors.

Sadly, Ray died after a courageous two-year battle with pancreatic cancer. His family – wife Linda and children Rachel, DR, and Kelly – want to honor his legacy. Linda's gift to the Markey Cancer Center also honors Ray's physicians and practitioners.

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

FCR 3 Acceptance of Charitable Gift and Pledge from the University of Kentucky Real Estate Foundation, Inc. to Benefit the Colleges of Medicine, Nursing, Health Sciences and Public Health

FCR 3 seeks acceptance of a charitable gift and pledge totaling approximately \$7,932,791 from the University of Kentucky Real Estate Foundation, Inc. (UKREF) to support the construction, renovation and/or expansion of the Michael D. Rankin MD Health Education Building.

The University is committed to helping the Commonwealth overcome the health challenges that are barriers to quality of life and prosperity. The construction, renovation and/or expansion of the Michael D. Rankin MD Health Education Building on the University's campus is a critical step toward this goal. This health education building brings four health colleges—the colleges of Health Sciences, Medicine, Nursing and Public Health—and the Center for Interprofessional and Community Health Education together in one building to learn, collaborate and solve the health problems that impede economic growth and personal prosperity. It will be a place from which larger numbers of students will graduate thinking of health and medicine in a different way, with the skills to innovate how we create a healthier, more work-ready Kentucky.

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

FCR 4 Acceptance of Charitable Gift from Lois Mateus to Benefit the Martin-Gatton College of Agriculture, Food and Environment

FCR 4 seeks acceptance of a charitable gift totaling \$2,000,000 from Lois Mateus to establish and support a new endowed chair fund, the “Dr. Craig H. Wood Endowed Chair in Cooperative Extension Agriculture and Natural Resources.” This gift is dedicated in honor of Dr. Craig H. Wood, whose exemplary leadership, dedication and contributions have made significant impact for the University's Cooperative Extension Service. Dr. Wood has served as a catalyst for creativity, innovation and meaningful impact for all of Kentucky. Dr. Wood has been a pioneer for statewide outreach and engagement through creative strategies, digital technologies and innovative delivery models to enhance inclusive Extension programming across Kentucky.

Lois Mateus graduated from the University of Kentucky College of Agriculture in 1968 with a bachelor of science degree in Home Economics. She studied textiles in Ireland and Denmark, as well as art history at the Victoria and Albert Museum in London. She is a member of the College of Communication and Information National Advisory Board, College of Communications and Information Studies Dean's list, Arts External Board – Visual, University of Kentucky Alumni Association and endowment contact for the Institute for Rural Journalism and Community Issues Endowed Fund for Excellence. Ms. Mateus received the Lifetime Achievement Award by the UK School of Journalism and Telecommunications in 2004.

Ms. Mateus is a retired Senior Vice President of the Brown-Forman Corporation. For over 26 years she oversaw the company's public relations, corporate communications, community relations and contributions activity. With CEO Owsley Brown, she launched Brown-Forman's Sustainability Initiative and was a major shareholder for the company's creation of Woodford Reserve bourbon. Representing Brown-Forman, she became the first woman to serve on the board of the Kentucky Distillers Association (KDA). In 2013, KDA created the annual Lois Mateus Mentoring Award in her honor. Ms. Mateus owns Tallgrass Farm where she raises grass-fed Black Angus cattle and is the President and Director of Tallgrass Farm Foundation, Inc., which

aims to preserve the agricultural heritage of Kentucky farmland and rural communities by demonstrating sustainable methods.

Trustee Boone made a motion to accept FCR 4. Trustee Geoghegan seconded the motion. The motion carried without dissent.

FCR 5 FY Acceptance of Charitable Grant Commitment from Kentucky Medical Services Foundation, Inc. to Benefit the College of Medicine

FCR 5 seeks acceptance of a charitable grant commitment totaling \$1,000,000 from Kentucky Medical Services Foundation, Inc. to support the construction, renovation and/or expansion of the Michael D. Rankin MD Health Education Building in the College of Medicine. In recognition of the Donor's charitable contribution, the University agrees that a classroom in the building shall bear the name and inscription "Department of Emergency Medicine 2026."

The University is committed to helping the Commonwealth overcome the health challenges that are barriers to quality of life and prosperity. The construction, renovation and/or expansion of the Michael D. Rankin MD Health Education Building on the University's campus is a critical step toward this goal. This medical campus brings four health colleges and the Center for Interprofessional and Community Health Education together in one building to learn, collaborate and solve the health problems that impede economic growth and personal prosperity. It will be a place from which larger numbers of students will graduate thinking of health and medicine in a different way, with the skills to innovate how we create a healthier, more work-ready Kentucky.

The Kentucky Medical Services Foundation, Inc. was founded in 1978 with two primary missions that have guided its activities and focus for more than 40 years: to bolster efforts to recruit and retain the best clinicians to ensure the provision of high-quality health care for the region and the Commonwealth; and to serve as a charitable organization to support the education, research, service and patient care missions of the University of Kentucky and UK HealthCare.

Trustee Stacy made a motion to accept FCR 5. Trustee Geoghegan seconded the motion. The motion carried without dissent.

FCR 6 A Resolution Providing for the Authorization, Issuance and Sale of Approximately \$850,000,000 General Receipts Obligations of the University of Kentucky, Pursuant to the Trust Agreement Dated as of November 1, 2005.

FCR 6 seeks authorization, the issuance, in one or more installments, of approximately \$850,000,000 of University of Kentucky General Receipts Obligations, to be designated as "University of Kentucky General Receipts Bonds" with such series designation or designations that are appropriate to the order of issuance thereof (the "Chandler Expansion and Health Education Projects Bonds") and to be dated as of a date determined by the Treasurer, or, in lieu of issuing the Chandler Expansion and Health Education Projects Bonds, to enter into a Financing Agreement (the "Financing Agreement") with the Kentucky Asset/Liability Commission ("ALCo") or a lease (the

“Lease”) with the State Property and Buildings Commission of the Commonwealth of Kentucky (“SPBC”) (the obligations authorized by the resolution and evidenced by the Chandler Expansion and Health Education Projects Bonds, Financing Agreement or Lease being referred to herein collectively as “Chandler Expansion and Health Education Projects Obligations”).

The resolution approves the issuance of the Chandler Expansion and Health Education Projects Bonds for the purpose of financing the project identified in House Bill 6 of the General Assembly of the Commonwealth of Kentucky, 2024 Regular Session, as enacted, as “Construct/Improve Medical/Administrative Facility 3 Additional Reauthorization” and “Construct Health Education Building Additional Reauthorization” (collectively, the “Projects”). The amount authorized for project costs is (i) \$800,000,000 for Construct/Improve Medical/Administrative Facility 3 Additional Reauthorization and (ii) \$50,000,000 for Construct Health Education Building Additional Reauthorization (the authorization allows for issuance costs, capitalized interest, and an allowance for original issue discount in the sale price for the Projects). As an alternative to issuing the Chandler Expansion and Health Education Projects Bonds to finance the Projects, the resolution authorizes (i) entering into the Financing Agreement with ALCo, or (ii) entering into the Lease with SPBC, with such Financing Agreement or Lease to be in the form prescribed by ALCo or the SPBC, as applicable.

The resolution also approves the offering for sale of the Chandler Expansion and Health Education Projects Obligations in one or more installments, on a date or dates to be determined by the Treasurer of the University, upon the advice of the financial advisor to the University. The resolution further authorizes the acceptance of the bid or bids for the sale of the Chandler Expansion and Health Education Projects Obligations by the Treasurer. The exact principal amount of the Chandler Expansion and Health Education Projects Obligations to be sold will be determined on the date or dates of sale as the amount required to (i) pay the budgeted costs of the Projects, (ii) fund any capitalized interest determined to be appropriate by the Treasurer of the University and (iii) pay the costs of issuing the Chandler Expansion and Health Education Projects Obligations. The first installment for the Chandler Expansion Project will not exceed \$100,000,000.

Approval of the resolution declares the Board of Trustees’ official intent that the proceeds of the Chandler Expansion and Health Education Projects Obligations will be used, in whole or in part, to reimburse authorized expenditures for the proposed projects, to be located on the campus of the University, made prior to the issuance of such Obligations.

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

FCR 7 Internal Loan for Improve Parking/Transportation Systems 1 – UK Healthcare (Expand Parking Structure 8 – Construction Phase) Capital Project

FCR 7 seeks approval of an internal loan to fund a portion of the Improve Parking/Transportation Systems 1 - UK HealthCare (Expand Parking Structure 8 – Construction Phase) capital project.

In December 2022, the Board of Trustees approved the construction phase of the Improve Parking/Transportation 1 – UK HealthCare (Expand Parking Structure 8) capital project. This project will expand Parking Structure 8 by adding approximately 700 parking spaces and a shelled office and administrative space to support future University needs due to the UK HealthCare expansion in this area of campus. The project was approved with a scope of \$60,000,000 to be funded with agency funds. UK HealthCare has determined it does not require the approximately 37,000 square foot office and administrative space. Consequently, the UK Police Department will be relocated to this area of campus to gain efficiencies by consolidating a large part of their support services into a central location. Pursuant to Administrative Regulation 8:2, a scope increase to fund the fit-up costs related to occupancy by the UK Police Department was approved by the president in October 2024 increasing the total scope of the project to \$67,000,000.

The Board is requested to approve a revised funding plan to include an internal loan not to exceed \$8,712,115 for a portion of the project. The remaining \$58,287,885 will be funded with agency funds. Pursuant to the University's Internal Loan Program Policy, the Debt Management Committee has reviewed and approved this internal loan recommendation.

Trustee Geoghegan made a motion to accept FCR 7. Trustee Boone seconded the motion. The motion carried without dissent.

FCR 8 Approval to Acquire 377 399 Rose Street, Lexington, Kentucky

FCR 8 seeks authorization for the Executive Vice President for Finance and Administration to enter into a purchase agreement and acquire a commercial parcel owned by Coliseum Plaza, LLC located at 377 399 Rose Street in Lexington, Kentucky and approve an internal loan to fund the purchase.

The University of Kentucky and Coliseum Plaza, LLC have held intermittent discussions regarding the purchase of 377 399 Rose Street which includes .43 acres and a multi-tenant commercial building near Historic Memorial Coliseum. The parcel will be used for future development projects in the area.

The property has appraised for \$3,900,000. The acquisition price of \$3,900,000.00, plus customary due diligence and the costs of appraisals, land surveys, closing fees and other capitalized costs of acquisition, has been authorized by the 2024 Session of the Kentucky General Assembly as part of the Acquire Land (Land Acquisition Pool) and will be funded with an internal loan of up to \$3,925,000.

Kentucky Revised Statute §164A.575 states that upon the approval of the secretary of the Finance and Administration Cabinet, the governing board may purchase or otherwise acquire all real property determined to be needed for the institution's use. Pending Board and Cabinet approval, the University will finalize negotiations and all agreements necessary to complete the acquisition. In accordance with the University's Internal Loan Program Policy, the Debt Management Committee has reviewed and approved this internal loan request.

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

FCR 9 Approval to Acquire 1008 South Broadway, Lexington, Kentucky

FCR 9 seeks approval for the Executive Vice President for Finance and Administration to enter into a purchase agreement and acquire a commercial parcel owned by Virginia Way, LLC located at 1008 South Broadway in Lexington, Kentucky and approve an internal loan to fund the purchase.

Pursuant to the University's Internal Loan Program Policy, any internal loan for capital purposes greater than \$1,000,000 must be approved by the Board.

The University of Kentucky and Virginia Way, LLC have held intermittent discussions regarding the purchase of a corner lot at 1008 South Broadway which includes .57 acres. The property appraised for \$1,425,000. The acquisition price of \$1,425,000.00, plus customary due diligence and the costs of appraisals, land surveys, closing fees and other capitalized costs of acquisition, has been authorized by the 2024 Session of the Kentucky General Assembly as part of the Acquire Land (Land Acquisition Pool) and will be funded with an internal loan of up to \$1,442,000.

Kentucky Revised Statute §164A.575 states that upon the approval of the secretary of the Finance and Administration Cabinet, the governing board may purchase or otherwise acquire all real property determined to be needed for the institution's use. Pending Board and Cabinet approval, the University will finalize negotiations and all agreements necessary to complete the acquisition. In accordance with the University's Internal Loan Program Policy, the Debt Management Committee has reviewed and approved this internal loan request.

Trustee Greer made a motion to accept FCR 9. Trustee Stacy seconded the motion. The motion carried without dissent.

FCR 10 Improve UK Healthcare Facilities – UK Chandler Hospital (Maternal Fetal Medicine Clinic) Capital Project

FCR 10 seeks approval of the initiation of the Improve UK HealthCare – UK Chandler Hospital (Maternal Fetal Medicine Clinic) capital project.

This project will renovate approximately 10,000 square feet on level 3 of Pavilion H at Chandler Hospital to create a Maternal Fetal Medicine (MFM) Clinic to treat high-risk obstetric patients. The MFM Clinic will include general clinical space and offer services such as ultrasound, minor procedures such as amniocentesis, fetal non-stress test (NST) monitoring, genetic counseling, perinatal mental health services and telemedicine consults. Other associated general clinic support spaces will also be included.

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

FCR 11 Improve Medical Facility 7 – UK King's Daughters (Ohio Campus – Design Phase) Capital Project

FCR 11 seeks approval of the initiation of the Improve Medical Facility 7 – UK King's Daughters (Ohio Campus - Design Phase) capital project.

This project will initiate the design phase of the expansion of the existing UK King's Daughters Ohio Campus. The project will design an expansion of the existing facility by an additional 12,000 square feet to include space for increased emergency room and urgent care capacity; expansion and improvement of diagnostic testing services; and expansion for additional ambulatory and procedural services. This expansion is needed to provide greater access and efficiency in patient care.

Trustee Stacy made a motion to accept FCR 11. Trustee Dowell seconded the motion. The motion carried without dissent.

FCR 12 Expansion/Improve Medical Facility 1 – UK King's Daughters Medical Center (Various Projects – Main Campus) Capital Project

FCR 12 seeks approval of the initiation of the Improve Medical Facility 1 – UK King's Daughters Medical Center (Various Projects - Main Campus) capital project.

This recommendation contains six projects for the expansion of the existing UK King's Daughters Main Hospital campus in Ashland, Kentucky.

1. Renovate approximately 18,000 square feet on the fourth floor adjacent to the Cardiovascular Operating Room (CVOR). This project will increase capacity for Cardiovascular operating rooms including the addition of another hybrid Operating Room; increased Post Anesthesia Care Unit (PACU) rooms and Cardiovascular Intensive Care Unit (CVICU) beds.
2. Renovate and expand existing space to create a 12-bed inpatient pediatric unit and will include an expanded nurse's station. This project will encompass approximately 8,500 square feet and is needed to support growth in inpatient pediatric patients.
3. Renovate approximately 8,300 square feet in the labor and delivery unit. This project is needed to standardize design and flow with the mother baby unit which has completed renovation.
4. Initiate the design phase to increase space for laboratory services needed for additional automation and efficiency in testing and treatment. This project will encompass approximately 23,000 square feet adjacent to the current laboratory. Additional Board approval will be required to initiate the construction phase.
5. Initiate the design phase to construct an additional three floors to the Main Patient Tower of approximately 108,000 square feet which will add up to 150 inpatient beds. This project is needed to support an increased need for inpatient bed capacity. Additional Board approval will be required to initiate the construction phase.
6. Initiate the design phase of the expansion and renovation of the Main Operating Room to improve access to surgical services. This project will encompass approximately 26,000 square feet and will increase the size of existing operating rooms to support an increase in Robotic procedures and the complexity of procedures for neurosurgery and orthopedics. The project will add six additional operating rooms and pre-operative and post-anesthesia care recovery space. Additional Board approval will be required

to initiate the construction phase.

Trustee Vance made a motion to accept FCR 12. Trustee Stacy 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, 2025. This report refers only to projects that had activity within this quarter.

The report indicated that during the quarter there were four new contracts executed, two contracts completed, two amendments processed and 47 change orders issued. It was noted that the number of change orders was higher than usual due primarily to implementation of the University's job order contracting process, commonly referred to as JOC. The JOC process was described as an indefinite-delivery, indefinite-quantity construction delivery method that allows the University to complete multiple time-sensitive and smaller-scale projects without issuing separate bids for each individual project. Under this process, a single contract is established to streamline procurement, ensure statutory compliance and maintain budget control through pre-established pricing.

The Committee was advised that CannonDesign had been selected through a competitive request-for-proposals process to serve as JOC administrator and provide a standardized price book for labor and materials. In addition, six general contractors were selected through a competitive request-for-proposals process based on qualifications and pricing, with each contractor bidding a percentage markup to be applied to the established price book costs. University staff explained that projects appropriate for JOC typically include smaller projects under \$1 million, projects requiring accelerated completion during academic breaks and projects requiring expedited delivery. Contractors are assigned based on qualifications and workload, after which pricing is verified by CannonDesign and a notice to proceed is issued through University Procurement Services.

The Committee further received clarification that work associated with the soccer and softball stadium had been reported in the quarterly materials as change orders but more accurately consisted of several separate JOC assignments performed under one project number. It was explained that each assignment represented an independent subproject and should have been reported separately under the same project designation. University staff indicated that internal reporting systems are being updated so that future reports will more accurately distinguish these assignments.

In response to a Committee question regarding bid review and pricing oversight, University staff confirmed that CannonDesign participates during the early design and procurement stages for JOC projects, including coordination during the per diem design selection process. Staff further reported that the average time from engaging CannonDesign to issuing bid packages under the JOC process is currently 23 days, representing a significant improvement in project delivery speed. It was also reported that internal comparisons between JOC projects and traditionally bid general contractor projects show that approximately 70 percent of JOC projects have resulted in lower costs than competitively bid alternatives.

Trustee Boone made a motion to accept FCR 13. Trustee Stacy 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, 2025 to December 31, 2025.

At its March 1997 meeting, the Board of Trustees authorized the University of Kentucky Research Foundation to conduct all future copyright and patent filings and prosecutions. Quarterly reports on patent and copyright applications are to be submitted to the Finance Committee of the Board.

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

F. Research Report

Dr. Ilhem Messaoudi, acting vice president for research, presented to the Committee an update on research funding reflecting activity through December 31, 2025. University leadership reported that research funding levels had remained stable despite concerns arising from recent changes in the federal research funding environment. Although a decrease had been anticipated, total research funding remained largely unchanged compared to the prior year, reflecting the resilience and effectiveness of the University's research community. Indirect cost recovery, or facilities and administrative cost recovery, was also reported to have remained stable when compared to the same point in fiscal years 2024, 2025, and 2026.

It was noted that while total award levels reflected a slight decrease compared with the prior year, federal grant awards had increased, demonstrating continued success by University researchers in securing competitive federal support. A modest decline was reported in state funding, attributed largely to changes in federal pass-through dollars supporting state-based projects subcontracted to the University.

Several research accomplishments were highlighted during the presentation. Dr. Brent Seales was recognized for being selected to lead the artificial intelligence and advanced computing institute at Schmidt Sciences, where his work applying artificial intelligence to read ancient scrolls contributed to his appointment. Research by Dr. Jennifer Meekins in the College of Design was also highlighted the development of digitally knitted multi-layer textiles with conductive fibers supported by NASA Kentucky Established Program to Stimulate Competitive Research (EPSCoR) funding, with potential future applications in energy capture and advanced materials.

The Committee also heard about research conducted through the Martin-Gatton College of Agriculture, Food and Environment demonstrating the economic potential of maple syrup production in Kentucky forests, with projected annual economic impact of up to \$25 million and creation of approximately 1,300 jobs. Additional agricultural research involving horse genetics identified a unique characteristic in the equine genome that may have implications for both veterinary and human medicine, particularly in understanding endurance, muscle function and treatment of muscle-related diseases.

Additional research presentations included work in the College of Engineering and the Center for Applied Energy Research involving conversion of noise pollution into electricity through advanced sensors funded by the Defense Advanced Research Projects Agency; statewide hepatitis C detection and treatment efforts designed to improve rapid diagnosis and treatment access across the Commonwealth; pharmaceutical research funded by the National Institutes of Health to isolate anti-inflammatory properties within azithromycin for treatment following heart attacks; and research involving performance monitoring and injury prevention for military aviation personnel supported by the Office of Naval Research.

The Committee also received updates regarding sustainable aviation fuel research identifying corn oil as the safest low-risk feedstock for Kentucky production, and federal appropriations supporting graphite technology development through the University's graphite research center to strengthen domestic supply chains for critical materials.

G. Capital Transformation Report

Barry Swanson, interim vice president for Facilities Management and Kevin Locke, Associate Vice President, Planning Design and Construction presented to the Committee regarding major capital projects currently underway across the University. Eleven major projects with budgets exceeding \$50 million were highlighted as representative of several hundred active projects. University leadership emphasized that these projects reflect the University's strategic investments in academic, healthcare, student life and research infrastructure to advance service to the Commonwealth.

Projects nearing completion include the Martin-Gatton Agricultural Sciences Building Barnhart addition, a four-story addition scheduled for completion at the end of the month and reported to be under budget, and renovation of Scovell Hall, expected to be completed in April 2026, also under budget. The White Hall Classroom Building renovation, an \$82 million asset preservation project, was described as a comprehensive modernization of classroom and student collaboration space scheduled for completion in July 2026.

The Committee also received updates on the new Kerwin-Blanding Residence Hall, a public-private partnership project providing 649 undergraduate beds and scheduled to open for the fall 2026 semester, and the Agricultural Research Facility, a \$300 million project supported by state bond funding that will house research functions relocated to support future healthcare expansion.

Additional projects discussed included the Michael D. Rankin MD Health Education Building, scheduled for completion in January 2027 and designed to house four health colleges; expansion of the Johnson Center and Parking Structure 7, adding approximately 1,300 parking spaces and expanded recreational facilities; and the Cancer and Advanced Ambulatory Building, a \$900 million facility scheduled for completion in late 2027 that will support National Cancer Institute-designated cancer care and specialty clinical services.

The Committee also received an update on the planned expansion of Albert B. Chandler Hospital, a long-range healthcare project currently estimated at approximately \$3.5 billion and planned to add 900 beds. Additional major projects include asset

preservation work at William T. Young Library and planning for a new arts district that will connect arts facilities on the western side of campus through a new academic building and pedestrian promenade.

During discussion, a Committee member asked for the total estimated value of the major projects presented. University staff reported that the combined value of the projects is approximately \$6 billion, including approximately \$600 million in state bond funding and asset preservation support. Additional questions addressed student housing designations and future hospital wayfinding. It was clarified that the new residence hall is intended for undergraduate students.

In response to questions regarding future hospital entrances, University leadership explained that completion of the Chandler expansion will create a more integrated hospital platform and likely reduce the number of principal hospital entry points while improving navigation between facilities. It was noted that future patient wayfinding will increasingly incorporate technology, including mobile device-based beacon systems, to improve navigation throughout healthcare facilities and reduce confusion for patients and visitors.

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 12:00 p.m.

Respectfully submitted,

Brenda Heeter
Finance Committee Secretary