FCR 21

Office of the President
June 30, 2026

Members, Board of Trustees:

APPROVAL OF WITHDRAWALS OF FUNDS FROM THE CENTER FOR APPLIED ENERGY RESEARCH QUASI-ENDOWMENT

Recommendation: that the Board of Trustees approve the withdrawals of up to $25,000,000 from the Center for Applied Energy Research (CAER) quasi-endowment to support the activities of the Energy Planning and Inventory Commission (EPIC) and the Kentucky Nuclear Energy Development Authority (KNEDA) Grant Program established by the Kentucky General Assembly.

Background: The 2024 Kentucky General Assembly created KNEDA and EPIC and attached both to the University's CAER for administrative purposes (KRS §§164.2802 and 164.2807). In support, the 2024 Kentucky General Assembly appropriated $40,000,000 to the University to be invested as a quasi-endowment with the interest earned on the investment used for CAER's administration and support of KNEDA and EPIC.

In March 2025, the Kentucky General Assembly enacted Senate Bill 179 (SB 179) which created the KNEDA Grant Program (KRS §164.2803). SB 179 directed that $8,000,000 of the CAER quasi-endowment may be used to support the Grant Program. Additionally, SB 179 dedicated $2,000,000 from the quasi-endowment to a laser and photonics technology program for the Stanley and Karen Pigman College of Engineering at the Paducah campus.

In April 2026, the Kentucky General Assembly enacted House Bill 500 directing $15,000,000 of the quasi-endowment to EPIC to be used as needed to carry out its mandated mission. The 2026 Kentucky General Assembly further authorized these funds for EPIC's sole use in Senate Bill 100.

After careful evaluation and consideration, the withdrawals of up to $25,000,000 have been deemed consistent with legislative directives and the University's Endowment Investment Policy. Further, the recommended withdrawals are consistent with institutional fiduciary responsibilities and represent a strategically justified use of the CAER quasi-endowment.

Action taken: ☑ Approved ☐ Disapproved ☐ Other________________