

MINUTES OF THE FINANCE COMMITTEE  
University of Kentucky Board of Trustees  
June 19, 2015 – 11:00 AM  
18<sup>th</sup> Floor Patterson Office Tower, Board Room

Committee Members Present

James Stuckert, Chairperson, C.B. Akins, Sr., Jim Booth, Britt Brockman, Sheila Brothers, Bill Gatton, Cammie Grant, Kelly Holland, and Robert Vance.

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

1) Transportation Master Plan (TMP) –

Evolving from our campus masterplan we looked at ways to improve access and mobility to, from, and around campus for all members of the UK community. The campus overwhelmingly responded to surveys and forums, and we received over 1,000 suggestions from our community. In response to the feedback we announced a partnership with our local transportation company - Lextran. Effective July 1, 2015 a new program called “BluPass” allows our students, faculty or staff to use their Wildcard ID to ride any Lextran route for free.

2) Dining –

A dining advisory committee was formed. It’s comprised of faculty, students and staff that help in managing the dining agreement. From that committee we learned that the students often wanted to bring guests to dine with them. As a result of this, we will be adding a new guest plan at no additional charge. Five guest meals will be added to the student’s plan or depending on their plan they could have up to ten additional free meals. There will be no additional cost to the student or to the University. Our dining partner, Aramark, is picking up the cost. Meals plans are up 30 percent over the previous year. This is another opportunity to add value to our meal plans for the students.

3) Efficiencies and Effectiveness –

We have reviewed our existing process with our travel partner, AAA. They provide travel services to our faculty and staff for their airline tickets, car rentals and hotels when they travel on official University business. We looked at how more efficiently we could process and how could we reduce the per ticket cost that is charged. We re-negotiated with our travel service to reduce the per ticket charge. This savings will be about \$25,000 a year and the savings will remain in the departments.

Also, there are two announcements from our area –

- 1) Introduction of Todd Shupp, our new Chief Investment Officer. Todd has been with us for about six months. We're happy he's a part of the investment team and his performance as he helps us look at our endowments and how we can construct that for the future for our success.
- 2) The University budget has just been completed and to balance a \$3.4 billion dollar budget to within \$1.08 is something to be celebrated. A special note of appreciation to Angie Martin, Roxanne McLetchie and the budget office staff for their outstanding work.

These are just a few of the items we're working on within Finance and Administration, and we will continue to give the Board updates.

### Approval of Minutes

The minutes of the May 8, 2015, Finance Committee meeting were approved as presented.

### FCR 1 – W. Rodney and Kathryn K. McMullen Pledge (Consent)

Jim Stuckert recommended acceptance of a pledge of \$500,000 from W. Rodney and Kathryn K. McMullen of Cincinnati, Ohio, to be used for the \$65 million redesign and expansion of the Gatton College of Business and Economics Building. In 2007, the McMullen's pledged \$250,000 to endow the W. Rodney and Kathryn McMullen Scholarship Fund for the Global Scholars Program in the Gatton College of Business and Economics Building.

### FCR 2 – Acceptance of Interim Financial Report for the Nine Months Ended March 31, 2015

Susan Krauss, Treasurer, presented the Interim Financial Report. As of March 31, 2015, the University has recognized \$2 billion of current funds revenue representing 78 percent of the 2014-15 approved budget of \$3 billion. Expenses and transfers total \$2.1 billion or 70 percent of the approved budget. Jim Booth moved for approval. C. B. Akins, Sr. seconded, and the motion for approval unanimously carried.

### FCR 3 – Fiscal Year 2015-16 Operating and Capital Budget

Angie Martin, Vice President for Financial Planning and Chief Budget Officer, presented a summary of the Fiscal Year 2015-16 operating and capital budget. The operating budget totals \$3.3 billion, an increase of \$351 million compared to the Fiscal Year 2014-15 revised budget. Britt Brockman moved for approval. Kelly Holland seconded, and the motion for approval unanimously carried.

### FCR 4 – Disposal of Personal Property

Jim Stuckert recommended approval of a fiscal year 2015-16 plan for the routine disposal of equipment and other surplus personal property as required by the Kentucky Revised Statutes. Robert Vance moved for approval. Sheila Brothers seconded, and the motion for approval unanimously carried.

FCR 5 – A Resolution Providing for the Authorization to Enter into Agreements to Issue Standby Letters of Credit for the University of Kentucky on Behalf of Itself or its Affiliates

Jim Stuckert recommended the acceptance of a resolution authorizing the Treasurer to enter into an agreement with PNC Bank for a Standby Letter of Credit in the amount of \$500,000, the applicant being The University of Kentucky on behalf of Central Kentucky Management Services, Inc. (“CKMS”), naming Safety National Casualty Corporation (SN) as sole beneficiary and also authorizing the Treasurer to execute the appropriate documents. The Letter of Credit will have a term of a minimum of one (1) year and will be automatically extended (without amendment) on an annual basis. The resolution would allow additional letters of credit to be executed by the Executive Vice-President for Finance and Administration, up to a total amount of \$1 million, if required for future insurance purposes or other University business purposes. Jim Booth moved for approval. Cammie Grant seconded, and the motion for approval carried.

FCR 6 – Authorization of Lease for Phase III-A Student Housing and Naming of University Building

Penny Cox, Director for Housing Project Implementation, recommended that the Board of Trustees authorize the President, or his designee, to enter into a long-term lease with our housing affiliate, Education Realty Trust, Inc. (EdR) for purposes of development and management of Phase III-A of the student housing project; and to approve the official naming of the facility as University Flats.

The scope of the project is \$74 million and requires approval of the Board of Trustees. The Phase III-A lease will have provisions similar to the prior leases (Phase I and Phase II A-C) such as a term period up to 75 years, maintenance standards for the facility, and parameters for the rental rates for the duration of the lease. The University will receive 5.25 percent of gross revenues and a share of net income after EdR achieves a minimum internal rate of return.

The UK Housing Project Implementation Team recommended a name designation, University Flats, for the facility to the Committee on Naming University Buildings. The Committee found the recommended name to be in compliance with Administrative Regulation 9:5 and recommends Board approval. The new student housing facility, University Flats, is expected to be online by August 2017. Cammie Grant moved for approval. Bob Vance seconded, and the motion for approval carried.

FCR 7 – Repair/Upgrade/Improve Electrical Infrastructure (Student Housing Project Phase III) Capital Project

Jim Stuckert recommended the initiation of the Repair/Upgrade/Improve Electrical Infrastructure (Student Housing Project Phase III) Capital Project. This project will upgrade and improve the electrical infrastructure for the pending FCR 6 – Authorization of Lease for Phase III-A Student Housing and Naming of University Building, and any future components of Phase III, by providing 12KV electrical installation of a pad mounted switch between the two building sites and electrical duct banks to each building transformer. The estimated cost of the project is \$900,000. Sheila Brothers moved for approval. Jim Booth, seconded, and the motion for approval unanimously carried.

#### FCR 8 – Construct Greek Park (Alpha Gamma Rho Fraternity) Capital Project

Jim Stuckert recommended approval of the initiation of the Construct Greek Park (Alpha Gamma Rho Fraternity) Capital Project. This project will construct a 21,000 square foot facility for the Alpha Gamma Rho (AGR) fraternity at the corner of Rose Lane and Woodland Avenue on land owned by the University of Kentucky. The \$6 million project was authorized by the 2014 Session of the Kentucky General Assembly to be funded with agency funds. However, the recommended financing plan is \$3 million of private funds and the remaining \$2.9 million to be funded from an internal loan. The internal loan will be repaid by the Alpha Gamma Rho fraternity over a period not to exceed 10 years, and will include interest charges in accordance with the University's Debt Policy. Pursuant to the University of Kentucky Debt Policy, the Debt Management Committee has reviewed the financing plan and supports the proposed internal loan. Pending Board approval, the change in fund source for the project will be reported to the Capital Projects and Bond Oversight Committee. Britt Brockman moved for approval. Kelly Holland seconded, and the motion for approval unanimously carried.

#### FCR 9 – Design Phase of the Expand Hilary J. Boone Tennis Center Capital Project

Jim Stuckert recommended approval of the initiation of the Design Phase of the Expand Hilary J. Boone Tennis Center Capital Project. The current facility has an insufficient number of courts to fully accommodate collegiate matches. The expansion will add two tennis courts and more spectator seating on the south end of the Boone Tennis Center. Also, the project will add new team offices; player locker rooms; a player lounge and study area; spectator rest rooms; and many system-related upgrades such as HVAC, lighting, and roof structure. The project will be financed by Athletics using private funds. C.B. Akins, Sr. moved for approval. Sheila Brothers seconded, and the motion for approval unanimously carried.

#### FCR 10 – Design Phase of the Construct Baseball Facility Capital Project

Jim Stuckert recommended the initiation of the Design Phase of the Construct Baseball Facility Capital Project. This project will initiate the design phase of the construction of a new baseball stadium on a new site along Alumni Drive. The new baseball facility will include seating for 4,500 spectators, locker rooms, offices, concessions, viewing suites, practice infield, scoreboard, sport turf maintenance facilities, and a parking area.

The cost of design is not expected to exceed \$4 million, well within the project's legislative authorization of \$40 million. The project will be financed by Athletics using private funds. Prior to the initiation of construction, the project will be brought to the Board of Trustees for approval. Jim Booth moved for approval. C.B. Akins, Sr., seconded, and the motion for approval unanimously carried.

#### FCR 11 – Renovate Academic/Administrative Space 4 (Anderson Hall) Capital Project

Jim Stuckert recommended initiation of the Renovate Academic/Administrative Space 4 (Anderson Hall) Capital Project. This project will renovate a computer lab to a Chemical and Materials Engineering teaching lab and includes structural improvements, floor replacement, and other infrastructure and life safety repairs. The estimated most of this project is \$900,000 and will

be financed with agency funds. Cammie Grant moved for approval. Sheila Brothers seconded, and the motion for approval unanimously carried.

FCR 12 – Construct/Expand/Renovate Ambulatory Care Facility – UK HealthCare Capital Project (Warren Wright Medical Plaza – First Floor)

Jim Stuckert recommended initiation of the Construct/Expand/Renovate Ambulatory Care Facility – UK HealthCare Capital Project (Warren Wright Medical Plaza – First Floor). The project will renovate the areas currently occupied by the Department of Orthopedic Surgery’s clinic located on the first floor of the Warren Wright Medical Plaza Building. This renovation project will create more usable exam rooms; enhance patient and staff circulation; improve waiting areas; and upgrade the HVAC systems to current standards. The project scope is \$3.5 million and will be funded with agency funds. Bill Gatton moved for approval. Bob Vance seconded, and the motion for approval unanimously carried.

Hearing no further business, Chair Stuckert adjourned the meeting.

Respectfully submitted,

*Barbara Royalty-Tatum*

Barbara Royalty-Tatum