

Minutes of the Finance Committee Meeting
University of Kentucky Board of Trustees
April 30, 2019

The Finance Committee of the University of Kentucky Board of Trustees met on Tuesday, April 30, 2019 in the Bolivar Art Gallery, School of Art and Visual Studies.

A. Meeting Opened

Chair Booth called the meeting to order at 10:01am. Chair Booth asked Ms. Heeter, secretary to the Finance Committee, to call the roll.

B. Roll Call

The following members of the Finance Committee answered the call of the roll: James Booth, Jennifer Barber, Lee Blonder, Michael Christian, Kim McCann, Elizabeth McCoy, Dave Melanson, Derrick Ramsey. Not in attendance: Frank Shoop. Ms. Heeter announced that a quorum was present.

C. Approval of Minutes

Chair Booth asked if there were any corrections to the minutes from the February 22, 2019 meeting which were distributed. Trustee Barber made a motion to approve the minutes. Trustee Christian seconded the motion. The motion carried without dissent.

D. FCR 1 Amendment to the University of Kentucky Margaret Ingels Society of Women Engineers Graduate Fellowship Fund

The recommendation seeks approval of an amendment to rename the University of Kentucky Margaret Ingels Society of Women Engineers Graduate Fellowship Fund in the College of Engineering to the University of Kentucky Margaret Ingels and Kim Sayre Society of Women Engineers Graduate Fellowship to honor Kim Sayre's ongoing commitment to the group. Trustee Ramsey made a motion to accept FCR 1. Trustee Barber seconded the motion. The motion carried without dissent.

E. FCR 2 Pledge from Siemer Milling Company

The recommendation seeks acceptance of a \$1,000,000 pledge from Seimer Milling Company of Teutopolis, Illinois, to establish the non-endowed "Siemer Milling Company Wheat Production Program Fund" to benefit the College of Agriculture, Food, and Environment's Grain and Forage Center of Excellence located in Princeton, Kentucky. Trustee McCoy made a motion to accept FCR 2. Trustee Barber seconded the motion. The motion carried without dissent.

F. FCR 3 Pledge from Wendell R. Bell and Vickie L. Bell

The recommendation seeks acceptance of a \$5,000,000 pledge from Wendell and Vickie Bell of Lexington, Kentucky to establish a non-endowed fund named “The Bell Facilities Improvement Fund” in UK Athletics. The purpose of the gift is to support improvements to UK Athletic facilities. Trustee Barber made a motion to accept FCR 3. Trustee Christian seconded the motion. The motion carried without dissent.

G. FCR 4 Establishment of the Ann Hall Taylor Scholarship Fund (Quasi-Endowment Fund)

The recommendation seeks approval of the establishment of the Ann Hall Taylor Scholarship Fund, a quasi-endowment fund, in the College of Social Work. Following Ms. Taylor’s death the University received a gift of \$197,360.09 designated for the College of Social Work. The scholarship is for both undergraduate and graduate students enrolled full-time in the College of Social Work. The College has allocated \$150,000 of the funds to establish the fund. Trustee Melanson made a motion to accept FCR 4. Trustee McCann seconded the motion. The motion carried without dissent.

H. FCR 5 Acceptance of Interim Financial Report for the Six Months Ended December 31, 2018

The recommendation seeks acceptance of the consolidated financial report for the six months ended December 31, 2018. The University has recognized \$1,835,412,894 of current funds revenue representing 47 percent of the approved budget. Expenses and transfers total \$1,781,492,930 representing 45 percent of the approved budget. The University’s net position continues to grow. Trustee Barber made a motion to accept FCR 5. Trustee Ramsey seconded the motion. The motion carried without dissent.

I. FCR 6 2018-19 Budget Revisions

The recommendation seeks authorization and approval of the revisions to the 2018-19 budget. The budget revisions will increase the University of Kentucky’s total budget by \$45,575,900 from \$3,930,787,600 to \$3,976,363,500. The revisions are primarily necessary to provide budget authority for the disbursement of internal loans previously approved by the Board. Trustee Christian made a motion to accept FCR 6. Trustee Barber seconded the motion. The motion carried without dissent.

J. FCR 7 Improve Student Center Space 1 – Harris Ballroom Capital Project

The recommendation seeks approval to initiate the capital construction project Improve Student Center Space 1 – Harris Ballroom. The space is currently a “shell space” in the Student Center. Completion is necessary at this time due to extremely high demand for large multi-functional space at the University. The project completion date is March 2020 and the project is estimated to cost \$5,500,000. Trustee McCann made a motion to accept FCR 7. Trustee McCoy seconded the motion. The motion carried without dissent.

K. FCR 8 Approval of Improvements for College of Arts and Science – Psychology Department Leased Space

The recommendation seeks approval of a payment up to \$16,000 for improvements to space for the University of Kentucky College of Arts and Science – Psychology Department located at 343 Waller Avenue, Lexington, Kentucky. The Department is expanding into an adjacent 1,100 square foot space for researchers to conduct cutting edge research related to Kentucky’s health disparities. Trustee Blonder made a motion to accept FCR 8. Trustee McCoy seconded the motion. The motion carried without dissent.

L. FCR 9 Authorization of Lease Between University of Kentucky HealthCare and Kentucky Medical Services Foundation, Inc. and Approval of Improvements to the Space

The recommendation seeks authorization for the Executive Vice President for Finance and Administration to negotiate and execute a lease between University of Kentucky HealthCare and Kentucky Medical Services Foundation, Inc. for 10,433 square feet of space located at 1221 South Broadway, Lexington, Kentucky and approve the payment of up to \$660,000 for improvements to the space. The University of Kentucky HealthCare’s Markey Cancer Center needs additional oncology space to better serve its patients. Trustee Ramsey made a motion to accept FCR 9. Trustee Barber seconded the motion. The motion carried without dissent.

M. FCR 10 Replace UK HealthCare IT Systems 1 (Single Enterprise Electronic Health Record) Capital Project

The recommendation seeks authorization for the Executive Vice President for Health Affairs and Executive Vice President for Finance and Administration to execute an agreement to initiate and expend resources for the Replace UK HealthCare IT Systems 1 (Single Enterprise Electronic Health Record) Capital Project and make a Declaration of Official Intent to use UK HealthCare operations revenue to fund the project. The project will replace the current electronic health records system with a fully integrated patient centric electronic single enterprise platform to modernize UK HealthCare’s digital infrastructure. Trustee Christian made a motion to accept FCR 10. Trustee McCann seconded the motion. The motion carried without dissent.

N. FCR 11 Authorization of Lease for UK HealthCare Information Technology

The recommendation seeks authorization for the Executive Vice President for Finance and Administration to negotiate and execute a building lease between the University of Kentucky and an appropriate location in Lexington, Kentucky, to be used by UK HealthCare Information Technology. The lease will not exceed 46,000 square feet of administrative space for an annual cost up to \$1,175,000. The final lease terms will be communicated to the Finance Committee at its June meeting as part of the EVPFA report. Trustee Ramsey made a motion to accept FCR 11. Trustee Melanson seconded the motion. The motion carried without dissent.

O. FCR 12 Approval of Premises Lease (Alpha Gamma Delta Fraternity)

The recommendation would authorize the Executive Vice President for Finance to negotiate and execute a ground lease between the University of Kentucky, as Lessor, and the

Alpha Gamma Delta Property Management, LLC, as Lessee, for property located at 325 Columbia Terrace in the University of Kentucky Greek Park. Alpha Gamma Delta proposes to renovate the 16,000 square foot house at their expense resulting in 49 beds on the site. The initial term of the lease is for 10 years with a rent of \$1 per year. The chapter is in good standing with the University. Trustee Barber made a motion to accept FCR 12. Trustee Christian seconded the motion. Trustee McCoy abstained. The motion carried.

P. FCR 13 Acquire/Renovate Housing (Alpha Gamma Delta) Capital Project

The recommendation seeks approval to initiate the Acquire/Renovate Housing (Alpha Gamma Delta) Capital Project. The project will fully renovate the current Alpha Gamma Delta facility. This \$4,900,000 project will be funded with private funds from Alpha Gamma Delta. Trustee Christian made a motion to accept FCR 13. Trustee Barber seconded the motion. Trustee McCoy abstained. The motion carried.

Q. FCR 14 Lease/Purchase of Equipment for the Smart Campus Initiative

The floor was yielded to Eric Monday, Executive Vice President for Finance and Administration, to present information relative to FCR 14. Dr. Monday asked Provost David Blackwell and Associate Provost Kirsten Turner to join him at the podium.

A smart campus strategy is the next step in the University's student success journey by using technology to assist the University to improve persistence and graduation rates. Fifteen months ago the University began conversations with Apple. A group of University of Kentucky employees traveled to Cupertino, California to share the desires of the University. Apple is excited to work with the University of Kentucky to achieve its goals.

Provost Blackwell spoke about how Apple's mission is to affect people's lives through technology. There will be three phases of deployment. First, iPads will be given to incoming students this summer to assist with the transition from high school life to college life. The program is in collaboration with Enrollment Management, Student and Academic Life, and the Office of Institutional Diversity. Phase Two will occur when students start to arrive on campus in the fall using an iPad app to build community. Third, the first-year class will be able to use the apps, developed in conjunction with Apple, for K WEEK and other activities. Additionally, there will be a cohort of faculty who will be using the iPads in the classroom with assistance from the Center for Enhancement of Learning and Teaching.

The recommendation seeks approval for the lease/purchase of approximately 5,900 iPads and accessories from Apple at an estimated cost not to exceed \$1,500,000 for the first year.

The initiative is governed by a Steering Committee which has representation across the University with Committee members from leadership, IT, UK HealthCare, deans, and students.

Dr. Turner explained that a team from the University of Kentucky will go to Apple's Enterprise Design Lab in Cupertino, California in May. "It is an elite invitation as there are only two other schools that have this opportunity – Johns Hopkins and Ohio State. Three students will be on the team that travels to Cupertino and will be an integral part of the development of the apps to make sure that what we are doing will resonate with students."

Trustee McCoy made a motion to accept FCR 14. Trustee Barber seconded the motion. The motion carried.

R. EVPFA Report

The next order of business was a report from the Executive Vice President for Finance and Administration, Dr. Eric Monday.

Dr. Monday yielded the floor to Angie Martin, Vice President for Financial Planning and Chief Budget Officer.

Ms. Martin presented the Commonwealth's Postsecondary Education Performance Funding model. Ms. Martin explained the 2016-2021 Stronger by Degree initiative of the Kentucky Council on Postsecondary Education. The initiative is meant to increase Kentucky's educational attainment level. The attainment data analyzes Kentuckians from 25 to 64 years old who have a certificate or a degree. Kentucky's percentage of population with at least a certificate is below the national average. The goal of the initiative is to increase the existing 45 percent with a certificate to 60 percent by 2030. The specific goals of the performance funding model are to increase retention, increase the number of degrees in STEM+H, and to close achievement gaps. The metrics align well with the University of Kentucky's Strategic Plan. All schools in Kentucky compete for the same dollars in the pool.

Initially the plan was to provide a gradual phase-in for the model. In most states that have a performance funding model, it is funded with new funds. Kentucky is in the third year of the funding model, and is the only state that uses existing dollars.

The results of most recent run of the model have the University of Kentucky exceeding the system average in improvement for 10 of the 11 metrics. The next closest institution exceeded the system average for five of the 11 metrics. The pool contains \$30.2 million for FY 2019-20. The University of Kentucky will receive 48.1% of the total or \$14.5 million which is \$5.4 million more than last year.

S. Other Business

T. Meeting Adjourned

Hearing no further business, the meeting was adjourned at 10:57am.