

Minutes of the Finance Committee Meeting
University of Kentucky Board of Trustees
December 11, 2018

The Finance Committee of the University of Kentucky Board of Trustees met on Tuesday, December 11, 2018, in Ballroom A of the Gatton Student Center.

A. Meeting Opened

James Booth, Chair of the Finance Committee, called the meeting to order at 11:45am. 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, Elizabeth McCoy, Dave Melanson, Derrick Ramsey, and 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 of the September 14, 2018 meeting which were distributed. Trustee Christian made a motion to approve the minutes. Trustee McCoy seconded the motion. The motion carried without dissent.

D. FCR 1 Scholl Gift

The recommendation seeks acceptance of a gift from the Harriett S. Scholl Charitable Remainder Unitrust to establish the "Provost Excellence Fund". This gift of \$1,514,029.51 will establish a new non-endowed fund to be used to retain and recruit highly quality faculty to enhance the quality of education at the University. Trustee Shoop made a motion to accept FCR 1. Trustee McCoy seconded the motion. The motion carried without dissent.

E. FCR 2 Rich Gift Amendment

The recommendation seeks approval of an amendment to the Marie Rich Professorship in Arts & Sciences. The gift dates back to March 2007, in the amount of \$50,000 and was matched with state funds from the Research Challenge Trust Fund. The request is to broaden the scope of the fund to provide support for associate and full professors. The change is supported by the Dean of Arts & Sciences. Trustee Blonder made a motion to accept FCR 2. Trustee Melanson seconded the motion. The motion carried without dissent.

F. FCR 3 Acceptance of 2017-18 Audited Financial Statements and the Independent Auditor's Report on Financial Statements and Required Supplementary Information

The recommendation requests acceptance of the 2017-18 audited financial statements for the fiscal year ended June 30, 2018, and acceptance of the independent auditor's report. The University received an unmodified opinion by the auditors. Trustee McCoy made a motion to accept FCR 3. Trustee Barber seconded the motion. The motion carried without dissent.

G. FCR 4 Acceptance of Interim Financial Report for the Three Months ended September 30, 2018

The recommendation seeks acceptance of the University of Kentucky consolidated financial report for the three months ended September 30, 2018. The University recognized approximately 27 percent of the approved budget through the three months ended September 30, 2018. University expenses and transfers represent approximately 24 percent of the approved budget. Trustee Shoop made a motion to accept FCR 4. Trustee Christian seconded the motion. The motion carried without dissent.

H. FCR 5 2018-19 Budget Revisions

The recommendation seeks authorization and approval of revisions to the Fiscal Year 2018-19 budget totaling \$42,180,500. The University's budget will increase from \$3.88 billion to \$3.93 billion. The adjustments primarily relate to fund balances. During the budget process fund balances are estimated and once the fund balances are known, the budget is revised. Trustee Melanson made a motion to accept FCR 5. Trustee Ramsey seconded the motion. The motion carried without dissent.

I. FCR 6 Proposed 2019-20 Room Rates for University-Constructed Housing

The recommendation requests approval of the recommended housing rates for University-constructed housing for the Fiscal Year 2019-20.. The recommended rates reflect a 3.0 percent increase and are necessary to generate revenue to fund anticipated operating costs. Trustee Shoop made a motion to accept FCR 6. Trustee Melanson seconded the motion. The motion carried without dissent.

J. FCR 7 Election to Obtain Private Property Loss Insurance

The recommendation seeks authorization for the Executive Vice President for Finance and Administration to obtain private insurance to cover all property in the University's possession against loss; terminate the University's insurance coverage through the State Fire and Tornado Insurance Fund coverage; execute any and all documents necessary for these actions. This is an autonomy that universities in Kentucky received from the last legislative session. The University expects to pay less for more coverage. Trustee Ramsey made a motion to accept FCR 7. Trustee McCoy seconded the motion. The motion carried without dissent.

K. FCR 8 Approval of Improvements for Speech Language Pathology Space

The recommendation authorizes payment of up to \$200,000 for improvements to space for Speech Language Pathology in the Professional Arts Center Building. Through autonomies granted during the last legislative session, public universities in Kentucky may pay for these improvements directly instead of through a lease arrangement. Trustee Melanson made a motion to accept FCR 8. Trustee Shoop seconded the motion. The motion carried without dissent.

L. FCR 9 Approval of Disposal of Property

The recommendation seeks authorization to sell a .1148 acre segment of the Kentucky Experiment Station Farm in Caldwell County, Kentucky. The triangular shaped segment of unimproved land is surplus to the needs of the University. The FCR recommends that the Executive Vice President for Finance and Administration be authorized to sell the property using the method that produces the highest price in the best interest of the University. Trustee Christian made a motion to accept FCR 9. Trustee McCoy seconded the motion. The motion carried without dissent.

M. FCR 10 Construct Agriculture Research Facility 2 Capital Project

The recommendation seeks approval to initiate construction of an agricultural research facility capital project for the purpose of relocating the poultry research facility. The existing program facility was constructed in the late 1980's and is on University property at Coldstream that is included in the Real Property Exchange between the University and Lexington-Fayette Urban County Government, (Economic Development Land Swap). The new poultry research facility will be at the C. Oran Little Research Center in Versailles, Kentucky. The \$6 million project will be funded with an internal loan. Trustee Shoop made a motion to accept FCR 10. Trustee Melanson seconded the motion. The motion carried without dissent.

N. FCR 11 Improve Mechanical Infrastructure

The recommendation seeks approval to initiate improvements to the mechanical infrastructure of central campus utilities. The project will relocate all utilities (chilled water, steam, domestic water, natural gas, electric, and communications) out of the Kirwan-Blanding Residential Complex and Commons. The Kirwan-Blanding Complex has been decommissioned and is slated for demolition. Trustee Melanson made a motion to accept FCR 11. Trustee McCoy seconded the motion. The motion carried without dissent.

O. FCR 12 Improve Building Mechanical Systems

The recommendation seeks approval to improve the mechanical systems in the Agriculture Science Center North building. This \$8 million project will be paid for from annual funds set aside for this type of projects. Trustee Christian made a motion to accept FCR 12. Trustee Barber seconded the motion. The motion carried without dissent.

P. FCR 13 Improve Campus Parking and Transportation Capital Project

The recommendation seeks approval to initiate the Improve Campus Parking and Transportation Capital Project and authorization for the Executive Vice President for Finance and Administration to negotiate and execute all documents necessary to create a viable public-private partnership. Kennedy's Bookstore and Fazoli's restaurant occupied this site. The University anticipates additional parking and possibly other innovative ideas for space within the mixed-use facility. Trustee McCoy made a motion to accept FCR 13. Trustee Barber seconded the motion. The motion carried without dissent.

Q. FCR 14 Capital Construction Report

The floor was yielded to Mary Vosevich, Vice President for Facilities, for the Capital Construction Report. The Report was for the three months ended September 30, 2018. There were four new contracts, four contracts completed, and one amendment. The report also details 23 change orders greater than \$25,000 involving seven different projects. Trustee Christian made a motion to accept FCR 14. Trustee Barber seconded the motion. The motion carried without dissent.

R. FCR 15 Endowment Match Report

The recommendation requests acceptance of the 2017-18 Endowment Match Program Annual Report. The Endowment Match Program, also known as 'Bucks for Brains', is one of several programs created as part of the Research Challenge Trust Fund. Trustee Melanson made a motion to accept FCR 15. Trustee Barber seconded the motion. The motion carried without dissent.

S. FCR 16 Patent Assignment Report

The floor was yielded to Lisa Cassis, Vice President for Research, for the Patent Assignment Report. Dr. Cassis presented the Report for the period July 1, 2018 to September 30, 2018. During this period, seven full patent applications were submitted, 10 provisional patent applications were submitted, two patents were issued, and licensing income totaled \$1,176,827.69. Trustee Melanson made a motion to accept FCR 16. Trustee Christian seconded the motion. The motion carried without dissent.

T. EVPFA Report

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

Dr. Monday began by sharing that the University had been named the 2018 Most Bike Friendly Campus in America by Bicycling.com. The University of Kentucky was recognized for hiring a full time alternative transportation coordinator and for offering innovative financial incentives, such as the bike voucher program, cash out options, and free bike share

memberships. This has been an ongoing effort, over years, thanks to our campus planning group, sustainability unit, transportation services, and bicycle advisory group.

Next, Dr. Monday asked Mary Vosevich, Vice President for Facilities Management, to share our vision for facilities over the next few years.


Ms. Vosevich presented the Capital Project Plan, which was developed within the context of "Our Path Forward". The Plan is a result of many months of evaluating the impact to students, research, and college/program growth potential; evaluating recent capital expenditures for colleges; and conducting broad based discussions with deans, and University leadership.

Ms. Vosevich reviewed many of the major proposed projects for the 2018-20 Biennium and beyond. The Plan includes creating 150,000 to 200,000 square feet of space, which will accommodate more students; consolidate space for colleges; and programs; create space for new programs; and create student collaborative spaces, high tech classrooms, and study spaces. Additionally, the Plan allows for renewal of facilities; reduces escalating maintenance costs; improves energy efficiencies; expands research space; supports historic preservation; improves parking and pedestrian safety; facilitates surge space for future phases of modernization; and aligns with the campus master plan.

U. Meeting Adjourned

Hearing no further business, the meeting was adjourned at 12:49pm.

Respectfully submitted,



Brenda Heeter
Finance Committee Secretary