Minutes of the Finance Committee Meeting
University of Kentucky Board of Trustees
April 23, 2026

The Finance Committee of the University of Kentucky Board of Trustees met on Thursday, April 23, in the Gatton Student Center, Harris Ballroom.

A. Meeting Opened

Chair Todd Case called the meeting to order at 3:01 p.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, Jim Gray, Janie Greer, Karen Petrone, Frank Shoop, Zachary Stacy and Robert Vance. 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 February 20, 2026, meeting which were distributed. Trustee Vance made a motion to approve the minutes. Trustee Greer seconded the motion. The motion carried without dissent.

D. Vice President for Philanthropy and Alumni Engagement Report

Mr. Jake Lemon, vice president for philanthropy and alumni engagement, presented the Philanthropy and Alumni Engagement Report to the Finance Committee, board members and President. Mr. Lemon stated that his presentation would focus on four areas, including selected FCRs, the division's balanced scorecard approach to accountability, a production update related to commitments and donors and peer comparison data.

Mr. Lemon highlighted several philanthropic initiatives and gifts. He discussed a $2 million endowed gift from Altria Client Services to establish an endowed chair in tobacco growers' sustainability. He noted the importance of endowed chairs in recruiting and retaining leading faculty and emphasized the significance of tobacco agriculture to Kentucky's rural economies. He also discussed the Bill Gatton Foundation Scholars program and referenced the transformational gift accepted in December. He explained that the Foundation continues to provide $5 million annually in spendable scholarship funding, which has supported more than 3,500 scholarships for Kentucky students, including need-based scholarships and support for medical students from underserved areas of Kentucky who may return to practice in those communities.

Mr. Lemon also recognized Mr. Jim Hardyman for a $1 million gift toward UK Invests, noting this was Mr. Hardyman's second $1 million contribution to the program. He described UK Invests as an initiative that promotes experiential education, financial literacy and student well-being while preparing students to lead meaningful lives. In addition, he discussed a $1 million non-endowed gift from the USA Equestrian Trust, Inc. to support workforce development efforts related to the shortage of equine veterinarians. He explained that the initiative would help create a pipeline for students through partnerships with K-12 schools and other institutions. Finally, Mr. Lemon reviewed an amendment elevating the Dr. Claire Louise Caudill Endowed Professorship in Family Medicine to an endowed chair, noting the enhancement would support the College of Medicine's ability to recruit and retain outstanding faculty in family medicine. He also noted that as the endowment had received state funds through the Research Challenge Program, the amendment required board approval.

Mr. Lemon then reviewed the division's balanced scorecard approach to accountability, organized around four pillars: culture and people, fundraising success, engagement and other initiatives. He stated that the division has focused heavily on core values, leadership training and proactive 360-degree assessments. He explained that fundraising efforts are increasingly focused on stewardship and technology to ensure donors understand the impact of their philanthropy regardless of gift size. He further stated that engagement efforts are expanding beyond alumni to include faculty, staff, students and parents. Mr. Lemon also discussed ongoing database reconfiguration efforts and thanked the multidisciplinary team involved in the initiative.

Reviewing fundraising production data as of April 8, 2026, Mr. Lemon reported total commitments of $362 million for FY26. He shared that removing the largest single gift from annual comparisons can be a better measure of consistent fundraising momentum over time. He noted steady increases in fundraising production from FY22 through FY25 and expressed optimism about continued growth in FY27. Mr. Lemon also reported that total donor numbers remained relatively flat and encouraged participation in One Day for UK.

Mr. Lemon concluded with peer comparison data from the University's designated Education Advisory Board (EAB) peer group. He reported that over a three-year period, the University averaged $234.3 million in fundraising compared to a peer median of $217 million. He also highlighted fundraising efficiency data, noting that the University spends approximately 10 cents to raise one dollar compared to the peer median of 12 cents. He expressed pride in both the University's production and efficiency. Chair Case thanked Mr. Lemon for the report and recognized the division's continued progress.

E. <u>Executive Vice President for Finance and Administration Report</u>

Dr. Eric Monday, executive vice president for finance and administration, then introduced Angie Martin, vice president for financial planning and chief budget officer, to present FCR 8 related to tuition and mandatory fees for the upcoming academic year. Dr. Monday explained that the recommendation was being brought forward in April rather than June due to the timing of the June board meeting and the importance of communicating tuition information promptly to students.

Ms. Martin presented the proposed tuition and mandatory fee rates for fiscal year 2026-27, which would become effective beginning with the fall semester. She explained that the recommendations were developed based on three primary considerations: guidance from the Kentucky Council on Postsecondary Education (CPE), actions taken by the Kentucky General Assembly during the biennial budget process and changes to federal student borrowing regulations implemented by the U.S. Department of Education.

Ms. Martin explained that CPE established tuition and fee parameters for a two-year period and limited increases to no more than 5% or $675 over the biennium with no more than a 3.3% increase in any single year. Because the Board approved a 3% increase the prior year, the University may increase resident undergraduate tuition and mandatory fees by up to 1.94% for FY27. She further reported that the University expects to receive flat state appropriations over the next biennium following action by the Kentucky General Assembly.

Ms. Martin also discussed federal student borrowing changes, including the elimination of Parent PLUS loans beginning July 1, 2026, and new borrowing caps for graduate and professional programs. She stated that professional programs at the University affected by these caps include dentistry, medicine, pharmacy, law and clinical psychology, with borrowing limits of $50,000 annually and $200,000 over a student's lifetime.

Ms. Martin reviewed broader economic conditions, including inflation trends reflected in the Consumer Price Index and the Higher Education Price Index. She noted that higher education continues to face inflationary pressures due to its labor-intensive nature.

Addressing affordability, Ms. Martin shared data showing that 92% of resident full-time undergraduate students received financial aid during fall 2025. Students receiving aid averaged $6,469 in financial assistance against an average tuition and mandatory fee bill of $6,967, leaving an average out-of-pocket cost of $498 per semester. She also reviewed recent student debt data released by CPE, noting that 46.8% of Kentucky resident undergraduates statewide graduated without debt during 2024-25 and that the University's percentage of debt-free graduates of 50.5% exceeded the statewide average.

Ms. Martin then reviewed the proposed tuition and fee increases. The recommendation includes a 1.94% increase in resident undergraduate tuition and mandatory fees, amounting to approximately $135 per semester. She stated that similar percentage increases are proposed across most student categories with somewhat higher adjustments for graduate and UK Online students due to the treatment of mandatory fees. Mandatory fees would increase by approximately $14 per semester to support debt service associated with the Johnson Center renovation and expansion project.

Finally, Ms. Martin reviewed historical tuition trends, noting that the proposed resident undergraduate tuition rate for fall 2026 would be $7,088.50 and that the rolling four-year average annual increase would remain approximately 2.5%. She emphasized that the proposed increase represents one of the lowest annual increases in recent years. Ms. Martin concluded by noting that the complete tuition and mandatory fee schedules were included as attachments to FCR 8.

F. Business Items

FCR 1 Acceptance of Charitable Grant from the Bill Gatton Foundation to Support Student Scholarships

FCR 1 seeks acceptance of a charitable grant totaling $5,000,000 from The Bill Gatton Foundation to support student scholarships through the "Bill Gatton Scholarship Program" at the University of Kentucky.

This grant will support the "Bill Gatton Scholarship Program," launched in 2022. This scholarship program provides scholarships based on merit or need for undergraduate, graduate and College of Medicine students from Kentucky. The program has reached students from 119 counties across the Commonwealth of Kentucky. The foundation's contributions to the fund now total $25,100,000.

Mr. Gatton and the Bill Gatton Foundation are the University of Kentucky's largest private donors.

Trustee Petrone made a motion to accept FCR 1. Trustee Geoghegan seconded the motion. The motion carried without dissent.

FCR 2 Acceptance of Charitable Gift from James F. Hardymon to Benefit the University

FCR 2 seeks acceptance of a charitable gift totaling $1,000,000 from James F. Hardymon to support the "UK Invests" program, a first-of-its-kind initiative designed to help students and employees build a foundation of financial literacy, allowing them to achieve greater financial security and well-being.

Mr. Hardymon served the University as a member of the Board of Trustees from 1992 to 1999, and then again from 2003 to 2009. During his tenure as a Trustee, he served as Chair of the Board, Chair of the Executive Committee and Community Advisory member of the Investment Committee.

Mr. Hardymon has given $2,000,000 in support of the UK Invests program since 2024.

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

FCR 3 Acceptance of Charitable Grant Commitment from Altria Client Services, LLC, to Benefit the Martin-Gatton College of Agriculture, Food and Environment

FCR 3 seeks acceptance of a charitable grant commitment totaling $2,000,000 from Altria Client Services, LLC (Altria), to establish and support an endowed chair fund named the "Endowed Chair in Tobacco Growers Sustainability" in the Martin-Gatton College of Agriculture, Food and Environment (M-G CAFE). The Chair shall be a permanent position in M-G CAFE for a faculty member whose work supports tobacco grower sustainability and the tobacco industry through scholarly focus and extension outreach on tobacco agronomic production and utilization.

Altria, a leader in the industry, is committed to responsibly sourcing tobacco and proactively engages with key agricultural industry and research partners to collaborate on emerging trends in the tobacco growing community and to encourage responsible farming practices, both in the United States and internationally. Altria's support for targeted, tobacco-related agricultural research funding at the University significantly impacts the advancement and success of Kentucky's tobacco economy.

Trustee Petrone made a motion to accept FCR 3. Trustee Stacy seconded the motion. The motion carried without dissent.

FCR 4 Acceptance of Charitable Grant Commitment from the USA Equestrian Trust, Inc., to Benefit the Martin-Gatton College of Agriculture, Food and Environment

FCR 4 seeks acceptance of a charitable grant commitment totaling $1,000,000 from USA Equestrian Trust, Inc. (USAET), to establish and support a non-endowed support fund named the "MGCAFE Pathfinder: Equine Pre-Veterinary Support Fund" in the Martin-Gatton College of Agriculture, Food and Environment to support activities, initiatives, outreach and teaching efforts associated with pre-veterinary enrollment and educational success for high school, undergraduate and graduate students pursuing equine veterinary careers.

USAET's mission is to assist in preserving and/or enhancing the quality of equestrian sport in the United States. Its objectives and purposes are exclusively charitable and educational, dedicated to the fostering of equestrian sports.

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

FCR 5 Amendment to Commonwealth of Kentucky Research Challenge Trust Fund and Endowment Match Program Support Fund, the “Dr. Claire Louise Caudill Endowed Chair in Family Medicine”

FCR 5 seeks acceptance of an amendment to revise the selection criteria, affirm the elevation and change the name of the “Dr. Claire Louise Caudill Endowed Chair in Family Medicine” endowment in the College of Medicine, and acknowledges its responsibility for UK’s participation in and implementation of the Commonwealth of Kentucky Research Challenge Trust Fund (RCTF) program.

Lucille Caudill Little, a patron of the arts, a vocal performer and a teacher, along with her husband, W. Paul Little, a businessman and thoroughbred breeder, established the W. Paul and Lucille Caudill Little Foundation in 1993. This amendment honors the legacy of Dr. Claire Caudill, Lucille’s sister, and expands the pool of faculty scholars and clinicians who will carry forward Claire’s legacy of improving the quality of life for Kentuckians through the practice of family medicine.

Trustee Gray made a motion to accept FCR 5. Trustee Boone seconded the motion. The motion carried without dissent.

FCR 6 Acceptance of Interim Financial Report for the Six Months Ended December 31, 2025

FCR 6 seeks acceptance of the University of Kentucky consolidated financial report for the six months ended December 31, 2025. As of December 31, 2025, the University has recognized $4,342,862,856 of current funds revenue representing 50 percent of the 2025-26 approved budget of $8,622,715,700. Expenses and transfers total $3,998,553,373 or 46 percent of the approved budget.

Trustee Vance made a motion to accept FCR 6. Trustee Greer seconded the motion. The motion carried without dissent.

FCR 7 FY 2025-26 Budget Revisions

FCR 7 seeks authorization and approval of revisions to the FY 2025-26 budget which will increase the University’s current funds budget by a net $3,595,600, from $8,713,771,000 to $8,717,366,600.

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

FCR 8 Academic Year 2026-27 Tuition and Mandatory Fees Schedule

FCR 8 seeks approval of the Academic Year (AY) 2026-27 Tuition and Mandatory Fees Schedule. The recommended tuition and mandatory fees reflect a 1.94 percent increase for most resident and nonresident students compared to AY 2025-26.

Pursuant to KRS 164.020(8), the Council on Postsecondary Education has the statutory authority to determine tuition for Kentucky's public colleges and universities. On April 17, 2025, the Council adopted resident undergraduate tuition and mandatory fee ceilings for AY 2025-26 and AY 2026-27 with a maximum rate increase of no more than $675.00, or 5.0 percent, over the two years and a maximum increase of no more than $450.00, or 3.3 percent, in any one year for UK.

The University's AY 2025-26 tuition and mandatory fees reflected a 3.0 percent increase for most resident and nonresident students compared to the prior year. The recommended AY 2026-27 rates will increase by 1.94 percent for most students, the maximum increase permitted by the Council for resident undergraduate students.

The proposed AY 2026-27 tuition and mandatory fee rates to be assessed to full-time resident undergraduate students total $7,088.50 per semester, an increase of $135.00. The recommended AY 2026-27 tuition and mandatory fee rates are presented in Attachment I. The recommended mandatory fees are also shown separately in Attachment II. All recommended AY 2026-27 rates comply with the Council's tuition and mandatory fees ceiling and policy.

Trustee Vance made a motion to accept FCR 8. Trustee Gray seconded the motion. Trustee Dowell opposed. The motion carried.

<u>FCR 9 Lease/Purchase of Equipment for the Smart Campus Initiative</u>

FCR 9 seeks approval of the lease/purchase of equipment for continuation of the Smart Campus iPad Initiative. This seventh phase of the iPad initiative and Apple partnership will continue to level the technological playing field for all students; enhance pedagogy and innovative learning; and help build skills that set our students up for future success. For the seventh phase, the University will lease/purchase approximately 7,500 iPad kits (iPad Air, pencil and keyboard) at an estimated cost not to exceed $1,900,000 using agency funds.

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

<u>FCR 10 Approval of Lease (College of Medicine-Bowling Green Campus)</u>

FCR 10 seeks authorization for the Executive Vice President for Finance and Administration to negotiate and execute a renewal lease between the University of Kentucky, (UK), and Bowling Green Warren County Community Hospital Corporation, (dba The Medical Center), for space located at 399 US31W ByPass, Bowling Green, Kentucky.

At its May 2, 2017 meeting, the Board of Trustees approved a lease between UK and The Medical Center to house the UK College of Medicine's western Kentucky campus. Since opening the Bowling Green campus, 112 UK medical students have graduated with 33 more expected to graduate in May. Additionally, the total enrollment at this location will be increased from 120 (30 per year) to 160 (40 per year) over the next four years.

The leased space supports the UK College of Medicine - Bowling Green Campus initiative and the delivery of didactic education components and primary clinical training activities. The 24,000 square feet leased space provides both administrative and academic space, classrooms, multi-purpose rooms, a patient exam room suite with observation room, simulation lab that includes an observation room and a lounge/locker room area. The annual rent, not to exceed $912,000, will be paid with agency funds.

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

<u>FCR 11 Improve Willard Medical Education/Science Building (Replace Mechanical Equipment) Capital Project</u>

FCR 11 seeks approval of the initiation of the Improve Willard Medical Education/Science Building (Replace Mechanical Equipment) capital project. This $6,000,000 project will replace heating, ventilation and air conditioning equipment in the building.

Trustee Geoghegan made a motion to accept FCR 11. Trustee Petrone seconded the motion. The motion carried without dissent.

<u>FCR 12 Construct Site/Civil Infrastructure – Hamburg (Hamburg East)</u>

FCR 12 seeks approval of the initiation of the Construct Site/Civil Infrastructure - Hamburg (Hamburg East). At its February 23, 2024, meeting, the Board authorized the development of an approximately 200,000 square foot medical office building at the University's Hamburg East site. The new medical office building is the first phase of the planned multi-phase development of the new UK Hamburg East.

This project will include construction of interior roads, sidewalks, turf, plaza and signage to support campus entry signs and campus wayfinding and will not exceed $50,000,000.

Trustee Boone made a motion to accept FCR 12. Trustee Greer seconded the motion. The motion carried without dissent.

FCR 13 Construct/Improve Medical/Administrative Facility 2 (Hamburg East Post Acute Facility) Capital Project

FCR 13 seeks approval of the Construct/Improve Medical/Administrative Facility 2 (Hamburg East Post Acute Facility) capital project and authorize the Executive Vice President for Finance and Administration to negotiate and execute all documents necessary to create a viable Public-Private Partnership (P3).

At its February 23, 2024, meeting, the Board authorized the development of an approximately 200,000 square foot medical office building at the University's Hamburg East site. This project will initiate development of the next phase of the multi-phased development of the new UK Hamburg East location, an approximately 80,000 square foot medical facility. This new facility is expected to include post-acute care, outpatient clinical space and necessary infrastructure.

This project, authorized by the 2026 Kentucky General Assembly, is anticipated to cost up to $100,000,000, which is well within the authorized scope of $400,000,000, and will be funded with third-party financing as a Public-Private Partnership pursuant to KRS Chapter 45A.

Trustee Stacy made a motion to accept FCR 13. Trustee Vance seconded the motion. The motion carried without dissent.

FCR 14 Approval of Land Lease (UK Research and Education Center at Princeton)

FCR 14 seeks approval of an exception to Kentucky Revised Statutes (KRS) 164.131(7) pursuant to KRS 164.367, to permit the University to enter into a lease with employee Chris Rodgers under Request for Proposal (RFP) #RE-0225-26 until December 31, 2026, with the option of up to five (5) one-year renewals.

In 2024 and 2025, the University Procurement Services Office issued Requests for Proposals to lease the land to a bidder who would grow the specified crops and provide labor for all stages of the crop production in return for the marketable tobacco produced from the research trials. For both years, the only proposal submitted was from Chris Rodgers, a University employee who owns his own tobacco farm near Princeton. He disclosed the conflict of interest in his proposals. It was recommended both years that the Board approve the exception, but it was also recommended that a new RFP be issued after each year. The Board approved the exceptions each year at its December 5, 2023, and April 25, 2025, meetings.

Consistent with the prior recommendations, the University Procurement Services Office issued a new Request for Proposal (# RE-0225-26) in early 2026. Again, the only proposal submitted was from Chris Rodgers, and he disclosed the conflict of interest in his proposal. Following consultation with the General Counsel of the University and the University's Chief Accountability Officer and Audit Executive, for the same reasons provided at the previous board meetings, it is recommended that the Board approve the exception and permit a new lease to run from May 15, 2026 through February 15, 2027 with the option of up to five (5) one-year renewals. A new RFP will be issued for lease or labor needed thereafter.

Trustee Geoghegan made a motion to accept FCR 14. Trustee Gray seconded the motion. The motion carried without dissent.

FCR 15 Improve Central Plants and Construct/Improve Utilities Infrastructure UK Healthcare (University Utilities Expansion and Upgrades) Capital Project

FCR 15 seeks approval of a scope increase for the Improve Central Plants and Construct/Improve Utilities Infrastructure UK HealthCare (University Utilities Expansion and Upgrades) capital project and authorize the Executive Vice President for Finance and Administration to negotiate and execute all documents necessary to create a viable Public-Private Partnership (P3), including both third party financing and agency funds.

On September 13, 2024, the Board approved the initiation of the Improve Central Plants and Construct/Improve Utilities Infrastructure UK HealthCare (University Utilities Expansion and Upgrades) P3 capital project. This project addresses the technological improvements and mechanical upgrades needed to existing utility plants and distribution systems to better serve the University's current and future needs as the University expands and builds new facilities to address Kentucky's rising healthcare, research and academic needs.

The initial approved scope of the project was $400,000,000. After conducting a lengthy, multi-phased competitive procurement process, the University has identified a preferred respondent developer team able to design, construct, finance, operate and maintain both a new central plant (CUP) providing chilled water for cooling and steam for heating more efficiently as well as assist with a campus-wide supply optimization to reduce annual spending needed for district cooling.

As a result of several additions to the proposed work and escalating construction prices, the revised scope of the project is now expected not to exceed $600,000,000. Consistent with existing legislative authorizations, the project will be funded with third-party financing from the P3 partner group under KRS Chapter 45A and a significant amount of agency funds. Pending Board approval, the University will seek approval of the project from the Capital Projects and Bond Oversight Committee pursuant to KRS Chapter 45A.

Trustee Stacy asked if there would be a transition plan for University employees? Dr. Monday responded that this is in addition to the existing plant which would require hiring new employees. At this point, the University is not expecting any impact or transition of existing employees unless they wanted to apply for something different.

Trustee Swanson asked Dr. Monday to clarify where the location of this new plant would be. Dr. Monday responded that it will be in the healthcare district, within the same zone as parking structure one. The exact location has not been finalized.

Trustee Boone made a motion to accept FCR 15. Trustee Vance seconded the motion. The motion carried without dissent.

FCR 16 Improve Joe Craft Football Practice Facility Capital Project

FCR 16 seeks approval of the initiation of the Improve Joe Craft Football Practice Facility and affiliated, enabling capital project at the Nutter-Shively Complex. At the January 2014 Board of Trustees meeting, the Board approved construction of a new football training facility. After ten football seasons, a $3,000,000 capital project to modernize and upgrade of the weightroom is necessary to meet the strength and conditioning needs of the football program. In tandem with this project and to enable its construction, the Nutter-Shively Complex will also receive enhancements to support strength and conditioning training.

This project, authorized by the 2024 Session of the Kentucky General Assembly, is part of the multi-year financial plan for athletics approved by the Board at its June 2025 meeting. Accordingly, internal loan funds authorized in FCR 8 (June 2025) may be utilized for this project and will be repaid with private funds.

Trustee Vance made a motion to accept FCR 16. Trustee Greer seconded the motion. The motion carried without dissent.

FCR 17 Capital Construction Report

FCR 17 seeks acceptance of the capital construction report for the three months ending March 31, 2026. This report refers only to projects that had activity within this quarter.

Trustee Boone made a motion to accept FCR 17. Trustee Gray seconded the motion. The motion carried without dissent.

FCR 18 University Research Professorships

FCR 18 seeks approval of naming the individuals on the attached Exhibit I as University Research Professorships for 2026 - 2027. The University Research Professorships Program recognizes excellence across the full spectrum of research, scholarship and creative endeavors within each college. Individuals who displayed excellence in research and scholarly activity within their area of expertise were nominated based on criteria developed by college leadership.

Trustee Gray made a motion to accept FCR 18. Trustee Vance seconded the motion. The motion carried without dissent.

G. Other business

Chair Case asked if there was any other business to come before the Finance Committee.

H. Adjourn

Hearing no further business, the meeting was adjourned at 3:52 p.m.

Respectfully submitted,

Brenda Heeter
Finance Committee Secretary