

Minutes of the Finance Committee Meeting  
University of Kentucky Board of Trustees  
September 12, 2025

The Finance Committee of the University of Kentucky Board of Trustees met on Friday, September 12, 2025, in the Gatton Student Center, Harris Ballroom.

A. Meeting Opened

Chair Todd Case called the meeting to order at 10:45 a.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, David Figg, Janie Greer, Frank Shoop and Robert Vance. Elizabeth McCoy was absent. 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 June 13, 2025, meeting which were distributed. Trustee Vance made a motion to approve the minutes. Trustee Boone seconded the motion. The motion carried without dissent.

D. Executive Vice President for Finance and Administration Report

Dr. Eric Monday welcomed members of the Committee and presented the Executive Vice President for Finance and Administration report. Dr. Monday provided an update on the Rankin Health Education Building, one of the University's major capital projects. The \$410 million facility, supported by a historic \$250 million investment from the Commonwealth—the largest single investment ever made in a University building—will bring together four health-related colleges and significantly expand the University's capacity to educate healthcare professionals for Kentucky. The structure was recently topped off, with the President signing the ceremonial beam inscribed "For Kentucky—healthier, wealthier and wiser." Construction continues at an accelerated pace, with the steel frame complete and exterior cladding underway. The building is expected to open in December 2026, with occupancy beginning in January 2027.

Dr. Monday provided a summary of the Finance Committee Recommendations (FCRs). FCRs 1 and 2 include \$6 million in gifts to support scholarships and student learning, with FCR 1 benefiting thousands of University of Kentucky students. Additional recommendations address investments in patient care and research facilities, including an expansion at the Center for Applied Energy Research and the next phase of the Chandler hospital expansion, which will enhance the University's ability to accept all patient transfers. The Committee will also review proposed planning for a potential multi-use athletics facility that may include basketball practice space, research space and UK HealthCare ambulatory services. Pending approval, the University would proceed with hiring designers or programmers to develop formal proposals.

Dr. Monday then transitioned to Ms. Angie Martin, vice president for financial planning and chief budget officer, for a presentation on the state's performance funding model. This is a timely topic given that the legislative session begins in January.

Ms. Martin provided a detailed presentation on the evolution of the state's performance funding for postsecondary education institutions. She reviewed national trends and explained how performance funding has shifted over time from basic graduation metrics to more complex measures, including retention and graduate outcomes such as earnings. She summarized the structure of Kentucky's model, established by the General Assembly in 2016 and used to incentivize the eight public universities. The model's primary focus is increasing degree attainment in alignment with the Commonwealth's goal to reach the national average by 2030.

Ms. Martin outlined the 11 metrics used in Kentucky's competitive-based model, noting that the University of Kentucky scored above the system average on 9 of 11 metrics this year—the strongest performance statewide and consistent with the University's track record over all nine years of the model's operation. She described the history of the performance funding pool, including early years in which institutions contributed from their base budgets and more recent years in which the state provided recurring appropriations. Annual distributions to the institutions remain non-recurring.

Ms. Martin addressed concerns raised by regional institutions regarding disparities in funding outcomes. While the two research universities receive 53.4% of total base funding, these universities receive nearly 70% of distributed performance funds due to strong performance results. She explained that a weighting system is used to account for the research universities' higher-cost programs and responsibilities which are not reflected in the performance metrics.

Looking ahead, Ms. Martin stated that the 2026 review of the performance funding model will likely be challenging due to the regional institutions' significant concerns. She anticipates that any new model may incorporate graduate earnings, institutional and state return on investment, student debt levels and graduate placement in jobs aligned with students' field of study. During the question period, she provided clarification on the calculation of return on investment and factors such as whether graduates remain in Kentucky to work. She also noted the importance of non-resident student recruitment in meeting statewide workforce demands and the Commonwealth's goal to achieve the national average of educational attainment.

#### E. 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.

The Bill Gatton Foundation was established in 1985 by C.M. "Bill" Gatton of Bristol,

Tennessee (1932-2022). Mr. Gatton earned his Bachelor of Science in Commerce from the University of Kentucky (“UK”) in 1954 and Master of Business Administration from The Wharton School of the University of Pennsylvania. He was a board member of the UK Board of Trustees before he became an honorary member of the board, a member of the UK Hall of Distinguished Alumni, and a member of the Hall of Fame of the Gatton College of Business and Economics. This charitable grant (the “Grant”) is a continuation of Mr. Gatton’s faith in UK’s ability to improve lives through excellence in education, research and creative work, service, and health care.

This Grant will be used to support the “Bill Gatton Scholarship Program,” (the “Program”) which was launched in 2022. This coming fall, the Grant will provide merit-based and need-based scholarships to eligible undergraduate students and merit-based scholarships to eligible graduate and medical students.

To date, the Program has awarded 139 merit-based scholarships to undergraduate students, 158 merit-based scholarships to medical students, and 2,416 need-based scholarships to undergraduate students through the UK LEADS initiative (Leveraging Economic Affordability for Developing Success). The Program has reached students from 119 counties across the Commonwealth of Kentucky.

Mr. Gatton and The Bill Gatton Foundation remain the largest private donors in UK’s history.

Trustee Figg made a motion to accept FCR 1. Trustee Vance seconded the motion. The motion carried without dissent.

#### FCR 2 Acceptance of Charitable Gift Commitment from Thomas and Emily Lawton to Benefit the College of Dentistry

FCR 2 seeks acceptance of the charitable grant commitment totaling \$1,000,000 from Thomas and Emily Lawton to establish and support the existing non-endowed capital project fund named the “Ortho Graduate Clinic Renovation and Improvement Gift Fund” in the College of Dentistry. The fund supports the construction, renovation, and/or expansion of the College’s Orthodontic Graduate Clinic, located within the Dental Science Building.

The Lawtons give to honor Dr. William R. Proffit as a teacher, mentor and one of the most influential orthodontists in the last fifty years. Dr. Proffit came to the University of Kentucky in 1965, served as the first Chairman of the Department of Orthodontics until 1973 and laid the foundation upon which the Orthodontic Graduate Program of the College of Dentistry stands to this day. He authored the textbook, Contemporary Orthodontics, still used in dental schools throughout the world. As a student of Dr. Proffit, both in the DMD program (Class of 1968) and the Graduate Orthodontic Program (Class of 1973), Dr. Lawton credits Dr. Proffit with shaping him into the professional that he became. Dr. Proffit also remained a friend of the College until his passing, periodically visiting the Graduate Program and meeting with Orthodontic residents.

Dr. Lawton grew up in Winter Park, Florida. After graduating from the University of Florida, he graduated from the University of Kentucky College of Dentistry with a Doctor of Dental Medicine degree, completing a one-year hospital internship in Boston. Following that, he completed his military obligation with the United States Coast Guard in Yorktown, Virginia, where he was Senior Dental Officer. He then returned to the University of Kentucky, where he completed a three-year residency in Orthodontics, graduating with a Master of Science degree in 1973.

At UK, Tom met his wife, Emily (“Emmy”), who earned her Bachelor of Arts in English in 1968. While living in Boston and Yorktown, Emmy taught English in the public-school systems. Their daughter, Lisa, was born in Yorktown and became a “Wildcat” when the family returned to UK in 1971 for Tom’s orthodontic residency. Their son, Brett, was born in 1974 and, following in his father’s footsteps, earned his DMD with honors from UK in 2000. Brett completed his orthodontic residency at the University of Florida in 2003, and the two of them practiced together for 20 years, bringing smiles to thousands of Winter Park and other Central Florida patients. In 2008, they established a second office in Oviedo. Tom retired in 2025.

Trustee Figg made a motion to accept FCR 2. Trustee Vance seconded the motion. The motion carried without dissent.

#### FCR 3 Authorization of Negotiated Disposition of Personal

FCR 3 seeks authorization for the non-routine disposition of personal property from the University of Kentucky Physical Plant-Grounds Services of one Tennant street sweeper with a net book value of \$38,041.20.

Kentucky Revised Statute §164A.575 requires that the Board of Trustees approve disposition of any surplus property owned by the University of Kentucky. Administrative Regulation 8:1, approved by the Board of Trustees at its June 2021 meeting, establishes the policy for disposition of personal property. For non-routine dispositions, which include property items with a value greater than \$25,000, a recommendation is submitted to the Board of Trustees on an item-by-item basis setting forth the description of personal property and the reasons for and method of disposition.

The Tennant street sweeper, purchased new in 2017 for \$182,597, retains a net book value of \$38,041.20. This equipment item has become surplus to the needs of the department as it needs extensive repairs. Pursuant to Business Procedure Manual Policy E-12-4, the subject equipment has been advertised for two weeks on the University’s Surplus Property website to determine if it is needed by any other unit within the University. Having received no request, this equipment is deemed to be surplus to the needs of the University. To avoid further depreciation, it is recommended that it be sold using the disposal methods approved by the Board at its June 2025 meeting.

Trustee Boone made a motion to accept FCR 3. Trustee Greer seconded the motion. The motion carried without dissent.

FCR 4 Approval of Disposal and Demolition (UK Building 7816 – Feed Processing Center at UK Research and Education Center, Princeton, Kentucky)

FCR 4 recommends that the Feed Processing Center at the UK Research and Education Center located at Princeton, Kentucky be declared surplus to the needs of the University and that the Executive Vice President for Finance and Administration be authorized to demolish these properties.

KRS 164A.575(8) states, “The governing board shall sell or otherwise dispose of all real or personal property of the institution which is not needed or has become unsuitable for public use or would be more suitable consistent with the public interest for some other use, as determined by the board.”

The University of Kentucky Research and Education Center (UKREC) in Princeton, Kentucky with more than 1,600 acres serves as the headquarters for more than 65 faculty and staff members representing ten different departments in the Martin-Gatton College of Agriculture, Food and Environment. The loss of the infrastructure of this research hub due to the 2021 tornado was a significant setback to the state’s agricultural industry. However, UKREC is using this as an opportunity to transform into a more advanced research center that better meets the demands of today’s and tomorrow’s agricultural climate.

The aging Feed Processing Center (Bldg. 7816) was constructed in 1955 and has not been used as a feed processing support facility in many years. At 70 years of age, the facility is in poor condition and lacks usefulness in today’s research operations. As the facility has exceeded its useful life and repair or repurposing would be cost prohibitive, demolition is the most economical solution. A new feed storage shed has been constructed recently to support the beef cattle unit on the station.

Trustee Figg made a motion to accept FCR 4. Trustee Vance seconded the motion. The motion carried without dissent.

FCR 5 Approval to Acquire 500 25<sup>th</sup> Street, Ashland, Kentucky and Improve Parking/Transportation Systems – UK King’s Daughters Medical Center Capital Project

FCR 5 seeks authorization for the Executive Vice President for Finance and Administration to acquire approximately 11.69 acres located at 500 25<sup>th</sup> Street, Ashland, Kentucky and approve the initiation of the Improve Parking/Transportation Systems – King’s Daughters Medical Center capital project.

UK King’s Daughters (UKKD) needs additional parking for the UKKD Medical Center in Ashland. Approximately 11.69 acres of vacant land located at 500 25<sup>th</sup> Street in Ashland, adjacent to the main UKKD Medical Center, is available for sale. This property will be utilized as additional parking for the Medical Center.

The property has appraised for \$3,500,000. The total consideration for the property acquisition will not exceed \$2,800,000 plus customary due diligence and the costs of appraisals, land surveys, closing fees and other capitalized costs of acquisition. The

acquisition, authorized by the 2024 Kentucky General Assembly, is well within the total authorization of \$200,000,000 for the Implement Land Use Plan 1 capital project and will be funded with agency funds.

Kentucky Revised Statute §164A.575 states that upon the approval of the secretary of the Finance and Administration Cabinet, the governing board may purchase or otherwise acquire all real property determined to be needed for the institution's use. Pending Board and Cabinet approval, the University will finalize negotiations and enter into all agreements necessary to complete property acquisition.

Upon acquisition, the property will be made into a parking area to provide much needed additional parking for the Medical Center. The project scope will include acquisition, site preparation, paving and installation of lighting. This \$3,500,000 project, authorized by the 2024 Kentucky General Assembly is well within the total legislative authorization of \$100,000,000 for the Improve Parking/Transportation Systems – King's Daughters Medical Center capital project and will be funded with agency funds.

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

#### FCR 6 Approval to Acquire 2600 Carter Avenue, Ashland, KY – Conflict of Interest

FCR 6 seeks approval of an exception to Kentucky Revised Statutes (KRS) 164.131(7), pursuant to KRS 164.367, and permit the Executive Vice President for Finance and Administration to take all steps necessary to acquire real property and improvements located at 2600 Carter Avenue, Ashland, Kentucky for the use and benefit of UK King's Daughters (UKKD).

As part of its strategic planning initiatives, UKKD conducted an assessment of what properties near UKKD's Ashland location are available for purchase to further expand available parking near UKKD's newly constructed main entrance. UK and UKKD officials identified the property located at 2600 Carter Avenue, Ashland, KY which includes approximately 1 acre of land and improvements. This property is adjacent to the 500 25<sup>th</sup> Street property in Ashland, Kentucky that UK has also requested approval to purchase. Together, the two parcels will provide much needed parking for UKKD employees and patients, and both are in the best interest of the University and the Commonwealth.

Once UKKD identified the 2600 Carter Avenue property, UKKD undertook efforts to identify the property owner, F. Squared Investments, LLC. Due diligence efforts revealed F. Squared Investments, LLC was formed and managed by Richard F. Ford, M.D. and J. Brian Frederick, M.D., both of whom are employed by King's Daughters Medical Specialties, Inc., a wholly owned subsidiary of UKKD, thus raising a potential conflict of interest under KRS 164.131(7) and UK/UKKD policies.

UKKD engaged an appraiser qualified by the Commonwealth of Kentucky and appearing on the pre-approved appraiser list maintained by the Kentucky Department of Transportation. This appraiser rendered an opinion that the fair market value of the parcel

was \$225,000. However, the property owner has accepted an offer of \$175,000, less than the appraised value, contingent upon approval by the Royal Blue Health, LLC Board of Governors, the University of Kentucky Board of Trustees and the Finance and Administration Cabinet.

The potential purchase and conflict were reported at the August 7, 2025, meeting of the Board of Governors meeting for Royal Blue Health, LLC, at which the Board of Governors agreed to recommend a waiver of the conflict and approval of the purchase to the UK Board of Trustees. This proposed purchase was also reviewed by the University's general counsel and chief accountability officer and audit executive, both of whom recommend waiver of conflict and approval of the purchase.

The total consideration for the property acquisition will not exceed \$175,000 plus customary due diligence and the costs of appraisals, land surveys, closing fees and other capitalized costs of acquisition. This is less than the purchase amount typically requiring Board of Trustees approval but is being presented to the Board of Trustees due to the conflict.

KRS 164.131(7) prohibits an employee from having an interest in a contract with the University, unless approved by the Board as permitted in KRS 164.367. The recommendation to approve the purchase as an exception to KRS 164.131(7) is based on a finding that the purchase is in the best interest of the University, UKKD and the Commonwealth, and the employees' interest in the property was fully disclosed. The property is the only one of its size located in the immediate vicinity of existing or other soon-to-be purchased UKKD property. The proximity to UKKD's main campus will provide ready access to UKKD services for the community it serves. There are no other alternative parcels in the immediate vicinity that would serve the same purpose without requiring a greater investment of funds to raze existing structures and prepare the land for the intended use. The property can be acquired for less than the appraised value thus provides the best value for the University and UKKD.

Kentucky Revised Statute §164A.575 states that upon the approval of the secretary of the Finance and Administration Cabinet, the governing board may purchase or otherwise acquire all real property determined to be needed for the institution's use. Pending Board and Cabinet approval, the University will finalize negotiations and enter into all agreements necessary to complete acquisition.

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

### FCR 7 Approval of Improvements to Leased Space (UK Healthcare Cardiac Rehab)

FCR 7 seeks approval of the payment of up to \$240,000 for improvements to leased space for the University of Kentucky HealthCare Cardiac Rehab Clinic located at 135 E. Maxwell Street, Lexington, Kentucky.

Prior to the June 2024 Board meeting, UK HealthCare initiated improvements to leased property which renovated the first floor of the Good Samaritan Professional Arts Center (PAC building) to create additional clinical space for cardiac rehab services. The scope of work included minor electrical and low voltage additions, architectural finishes, HVAC improvements, reworked registration/waiting space, training and dietary demonstration spaces in addition to increasing capacity of patient throughput for rehab related activities. This project was completed in April of 2024.

A routine review of capital project documentation revealed that Board approval to proceed with the PAC building improvements was inadvertently missed. Consequently, the improvements to leased space are being presented to the Board retroactively for approval.

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

### FCR 8 Improve Center for Applied Energy Research (CAER) Facilities (CAER Outreach and Education Center – Construction Phase) Capital Project

FCR 8 seeks approval to initiate the Improve Center for Applied Energy Research (CAER) Facilities (Outreach and Education Center – Construction Phase) capital project.

The Board approved the design phase of a new Outreach and Education Center for the University's CAER at its September 2024 meeting. This project will initiate the construction phase of an approximately 5,600 square foot Outreach and Education Center adjacent to other CAER facilities. Due to continued growth, CAER no longer has access to sufficient non-laboratory space for meetings, industry engagement and education and outreach activities. This new facility will allow CAER to host Kentucky student groups for hands-on Science, Technology, Engineering and Mathematics (STEM) educational programming, collaborative meetings, continuing professional education and topical workshops and conferences. The space will also meet the needs of the CAER-administered Kentucky Nuclear Energy Development Authority and the Kentucky Energy Planning and Inventory Commission.

Trustee Figg made a motion to accept FCR 8. Trustee Vance seconded the motion. The motion carried without dissent.



FCR 9 Improve UK Healthcare Facilities – UK Chandler Hospital (Various Projects)  
Capital Project

FCR 9 seeks approval of a scope increase for the Improve UK Healthcare Facilities – UK Chandler Hospital (Various Projects) capital project.

On April 28, 2023, the Board approved the initiation of the following projects for the Albert B. Chandler Hospital with an approved scope of \$82,000,000:

1. Renovation of approximately 34,000 gross square feet of active clinical space on the third floor of Pavilion HA in the Mother Baby and Labor and Delivery Units. The scope of work includes renovation of triage and post-anesthesia care units; standardization of operating rooms; update of staff workspaces; and renovation of all inpatient workrooms, labor and delivery rooms, and public areas. The scope of work also includes relocation of the nursery to an approximately 1,550 gross square feet space in the Post Partum Unit on the ninth floor of Pavilion A.
2. Creation of space for advanced endoscopy services in the Interventional Services Suite on the first floor of Pavilion A. The scope of work includes two fixed and two mobile C-arm rooms within existing procedure rooms and constructing two general endoscopy rooms and clinical support spaces. Existing prep and recovery rooms will be equipped as appropriate to support the added advanced endoscopy rooms.
3. Construction of an observation unit in the approximately 5,500 square feet of available ground-floor space adjacent to the existing Pavilion A Emergency Department (ED). The scope of work includes the construction of observation rooms and associated clinical support spaces.
4. Completion of the operating room expansion project. The scope of work will use 15,000 square feet of shelled space adjacent to the existing operating rooms and pre-op/post-op rooms on the second floor of Pavilion A to create eight additional operating rooms, including one hybrid operating room, eight prep and recovery rooms, and all associated support spaces.

Multiple factors have contributed to the increase in the capital project scope to \$115,000,000. The first is the need for increased investment in equipment to accommodate the conversion of an operating room into a hybrid operating room and to meet the projected demands for the operating rooms, the mother/baby unit and the labor delivery unit. Additional scope is necessary to provide high quality lighting, utilities and HVAC equipment in the C-section rooms to better serve patients. Finally, the market conditions for labor, materials and equipment have changed significantly due to regional market saturation and project complexity.

The revised scope of \$115,000,000 is well within the total legislative authorization of \$150,000,000, authorized by the 2024 Kentucky General Assembly, and will be funded with agency funds.

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

FCR 10 Construct/Improve Medical/Administrative Facility 3 (Expand Patient Care Facility – Construction Phase 1) Capital Project

FCR 10 seeks approval to initiate the Construct/Improve Medical/Administrative Facility 3 (Expand Patient Care Facility – Construction Phase 1) capital project, the use of agency bonds to fund a portion of the project and declare the Board's official intent to reimburse capital expenditures from a future debt obligation for the capital project.

Since opening the first three patient care floors in Pavilion A in May 2011, UK HealthCare (UKHC) has experienced strong, consistent growth in inpatient admissions. The fit-out of the last shelled patient floor in Pavilion A was completed in 2023, and these beds are fully utilized. This consistent growth in patient volumes led to the initiation of planning activities for the expansion of the Chandler campus to ensure the future needs of the Commonwealth are met. At its April 2023, meeting the Board approved the \$180,000,000 design phase of this expansion to be funded with agency funds.

This project will initiate the first of several construction phases needed to provide additional inpatient beds and clinical support services at the Chandler campus. The first phase will include site preparation, utility relocations and demolition activities which are necessary to prepare the site for the construction of the podium and tower of the Patient Care Facility Expansion capital project. A phased approach to the Chandler expansion project is needed to provide maximum flexibility given the magnitude, scale and anticipated overall construction schedule.

This \$200,000,000 construction phase 1 project is within the total \$2,000,000,000 authorization granted by the 2024 Kentucky General Assembly and will be funded with agency funds and agency bonds.

The United States Department of Treasury regulations related to the use of proceeds of tax-exempt bonds or notes require that borrowers make a Declaration of Official Intent to reimburse itself for capital expenditures made prior to the issuance of the debt (also known as a "Reimbursement Resolution") if the issuer intends to reimburse itself from tax-exempt debt proceeds. This recommendation includes such a Declaration of Official Intent.

Pursuant to the University of Kentucky Debt Policy, the Debt Management Committee has reviewed the financing plan and supports the proposed recommendation.

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

FCR 11 Construct/Improve Athletic Facility 2 (Multi-use Facility) Capital Project – Predesign

FCR 11 seeks approval to initiate the Predesign Phase of Construct/Improve Athletic Facility 2 (Multi-use Facility) capital project.

This project will initiate the predesign and programming phases for a new multi-use facility that could potentially include a basketball practice facility, UK HealthCare Sports Medicine ambulatory space, sports-related research space and other related areas. The location of this facility will be determined during the predesign phase, but it is expected to be integral to the Sports Adjacent District (i.e., fan experience district) being studied as part of FCR 21, which was approved at the June 13, 2025, Board of Trustees meeting.

The predesign phase of the project will provide programmatic information for the various elements, including schematic floor plans with adjacencies, as well as conceptual renderings and a rough order of magnitude cost estimate for the project. Stakeholders from Athletics, UK HealthCare and others will be involved in the process to ensure that the program aligns with the University's goals and mission.

As part of Athletics' multi-year plan, internal loan funds authorized by the Board at its June 13, 2025, meeting (FCR 8) may be utilized for this project and will be repaid with private funds.

Trustee Boone made a motion to accept FCR 3. Trustee Greer seconded the motion. The motion carried without dissent.

#### FCR 12 Capital Construction Report

FCR 12 seeks acceptance of the capital construction report for the three months ending June 30, 2025. This report refers only to projects that had activity within this quarter.

Trustee Figg made a motion to accept FCR 12. Trustee Vance seconded the motion. The motion carried without dissent.

#### FCR 13 Patent Assignment Report

FCR 13 seeks acceptance of the patent assignment report for the period April 1, 2025 to June 30, 2025.

Trustee Boone made a motion to accept FCR 13. Trustee Greer seconded the motion. The motion carried without dissent.

#### F. Philanthropy Report

Jake Lemon, vice president for philanthropy and alumni engagement, provided a report on philanthropy and alumni engagement. Mr. Lemon addressed three primary areas: a production summary for the fiscal year, a comparison of the University's philanthropic production to its established peer group, and an overview of the balanced scorecard framework used to support accountability and long-term growth. The Committee also received a high-level update on strategic priorities for sustained improvement, followed by an analysis of recent federal legislation and its potential effect on philanthropy and charitable deductions.

The production report highlighted that the University concluded FY 2024-25 with total commitments of almost \$237 million, representing a strong performance. When isolating natural production by removing the largest single gift each year, the University continued to show positive upward momentum, and similar progress is anticipated for FY 2025-26. Although donor counts remain flat at approximately 32,000, this stability is viewed positively given industry-wide declines in donor participation. Strategies are being implemented to attract new donors and increase engagement.

The peer comparison, developed in partnership with EAB and including the Southeastern Conference (SEC) and the Atlantic Coast Conference (ACC) institutions, shows the University's three-year average commitments at \$234.3 million compared to a cohort median of \$217.1 million, an improvement from the prior year when the University matched the median. The cost to raise one dollar stands at 10 cents, outperforming the peer median of 12 cents and signals strong efficiency and a high return on investment. The balanced scorecard approach continues to guide divisional priorities across four pillars: culture and people, fundraising success, engagement and other initiatives including operational infrastructure. Key initiatives include strengthening talent management, improving major-gift portfolio discipline, expanding constituent engagement to include faculty, staff, students, and parents, and advancing necessary CRM integration due to expiring software systems.

Mr. Lemon shared an update related to federal legislative changes. First, the increased standard deduction may slightly reduce incentive for some donors to contribute; however, the introduction of a charitable deduction for non-itemizers—representing 90% of taxpayers—could offset this change by allowing deductions up to \$2,000 for couples and \$1,000 for single filers. Second, for taxpayers in the highest bracket, the bill caps charitable tax savings at 35% rather than 37%, which may encourage accelerated giving in the short term but is expected to have limited long-term impact. Third, corporate giving requirements now mandate that corporations donate at least 1% of pretax income before earning charitable deductions; however, corporate partnerships with the University typically provide mutual benefits beyond tax incentives, and no major change in corporate giving behavior is anticipated. Mr. Lemon concluded by noting historical precedent from similar federal changes in 2017, which ultimately did not reduce philanthropic support. The University's strong institutional mission and impact continue to inspire donor generosity.

Following the report, questions were invited. Trustee Vance asked whether the "10 cents per dollar raised" figure included salaries, benefits, and space allocation. Mr. Lemon confirmed that the calculation reflects the total budget, including all operational costs. The Committee acknowledged the strong return on investment demonstrated by current philanthropic performance.

#### 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 11:47 a.m.

Respectfully submitted,

Brenda Heeter  
Finance Committee Secretary