

# PR 4

Office of the President  
September 21, 2004

Members, Board of Trustees:

MEMORANDUM OF AGREEMENT BETWEEN THE UNIVERSITY OF  
KENTUCKY  
AND KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM

Recommendation: that the Board of Trustees approve the attached Memorandum of Agreement between the University of Kentucky and the Kentucky Community and Technical College System Board of Regents relating to the Trust Indenture Covenants of the UK Consolidated Educational Building Revenue Bonds in accordance with the provisions of House Joint Resolution 214.

Background: House Joint Resolution 214, HJR 214 was passed by the General Assembly on March 12, 2004 and signed into law by the Governor on April 2, 2004. HJR 214 transferred the governance and management responsibilities for the Lexington Community College to the Kentucky Community and Technical College System. On May 4, 2004 the Board of Trustees delegated the governance and management responsibilities from the University of Kentucky Board of Trustees to the Kentucky Community and Technical College System Board of Regents in accordance with the provisions of HJR 214. On July 1, 2004 a Memorandum of Agreement was signed by the officials of the University of Kentucky and the Kentucky Community and Technical College System Board of Regents. HJR 214 also declared that the parties may execute an agreement relating to the Trust Indenture Covenants of the UK Consolidated Educational Buildings Revenue Bonds. This agreement is attached and has been signed by the Kentucky Community and Technical College System Board of Regents Chair.

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Action taken:     Approved     Disapproved     Other \_\_\_\_\_

## ATTACHMENT A

This attachment is intended to set forth the specific understandings and agreements between UK and KCTCS regarding LCC liabilities and assets to be transferred to KCTCS as of June 30, 2004, and any pro rata share of UK university-wide assets, liabilities and fund balances (net assets) which LCC has been a part of prior to HJR214:

- I. Accrued Vacation - On June 30, 2004, UK shall compute, in accordance with Governmental Accounting Standards Board (GASB) standards, an estimated amount of the total accrued vacation liability for all UK employees, including LCC employees. UK shall then separate this amount into two distinct components: (a) the accrued vacation liability for LCC employees and (b) the accrued liability for other UK employees. The accrued vacation liability for LCC employees shall be included in the accrued liabilities on the June 30, 2004, LCC audited financial statements. Cash balances at June 30, 2004, shall contain funding for LCC's proportion of the accrued vacation liability.
- II. Accrued Terminal Temporary Disability (Sick) Leave – Staff employees hired prior to July 1, 1995, who officially retire from UK and who meet certain eligibility requirements are eligible to be paid for an amount of accrued but unused temporary disability leave (TDL). On June 30, 2004, UK shall compute, in accordance with GASB standards, the estimated liability of the accrued TDL liability for all UK employees, including LCC employees. UK shall then calculate this liability into two distinct components: (a) the accrued TDL liability for LCC employees and (b) the accrued TDL liability for other UK employees. The accrued TDL liability for LCC employees shall be included in the accrued liabilities on the June 30, 2004, LCC audited financial statements. UK has funded only \$2.5 million of the estimated TDL liability. Accordingly, LCC cash balances at June 30, 2004, shall contain funding for the LCC pro rata share of the accrued TDL liability of the \$2.5 million.
- III. Accounts Payable - On June 30, 2004, UK shall record, in accordance with GASB standards, an accounts payable liability for all goods and services received by LCC on or before June 30, 2004, for which payment has not yet been remitted. LCC's audited financial statement as of June 30, 2004, shall contain cash to offset the LCC accounts payable.
- IV. Accrued Expenses - On June 30, 2004, UK shall record, in accordance with GASB standards, an accrued expense liability for all services received by LCC on or before June 30, 2004, for which payment has not yet been remitted. Accrued expenses include, but are not limited to, payroll accruals for June 2004. LCC cash balances at June 30, 2004, shall contain full funding for the LCC accrued expenses.

- V. Post Retirement Health Benefits - In accordance with GASB standards, UK does not record a liability for post retirement health benefits. The benefits are recorded when paid as a current operating expense with funding for such expense coming from current operating revenues. Accordingly, on June 30, 2004, there shall be no asset or liability related to post retirement health benefits reflected in the LCC audited financial statements. Because the transfer of LCC to KCTCS from UK may inadvertently encourage a more than usual number of retirements for which LCC had not anticipated nor budgeted, and because the preponderance of the number of years of service were earned while under UK's management, UK shall assume the cost for the post retirement health benefit liability for the period July 1, 2004, through June 30, 2006, for employees who retire (in excess of two) between July 1, 2004, and June 30, 2006. For purposes of this agreement, unusual post retirement health liability is defined as the cost associated with the number of LCC employees who retire in greater number than for the period prior to FY 2003-04, i.e. two employees. Beyond June 30, 2006, UK shall have no responsibility for any liability or payment for any post retirement benefits of these employees. KCTCS shall assume the cost of post retirement health benefits for these retirees on July 1, 2006, and all other LCC employees who remain with the UK benefit plan and who retire after June 30, 2006. Funding for the post retirement health benefit liability from UK shall be remitted to KCTCS quarterly upon exceeding the threshold number of two (2) retirees.
- VI. Workers' Compensation - On June 30, 2004, UK shall compute, in accordance with GASB standards, the estimated cost of the accrued workers' compensation liability for all UK workers' compensation open claims, including LCC's claims. UK shall then separate this amount into two distinct components: (a) the accrued workers' compensation claims liability for LCC employees and (b) the accrued workers' compensation claims liability for other UK employees. The amount of the accrued workers' compensation claims liability for LCC employees shall be included in the accrued liabilities on the June 30, 2004, LCC audited financial statements. Cash balances at June 30, 2004, shall contain funding for the LCC accrued workers' compensation claims liability.
- VII. Unemployment Claims - On June 30, 2004, UK shall compute, in accordance with GASB standards, the estimated cost of the accrued unemployment claims liability for all UK employees, including LCC employees. UK shall then separate this amount into two distinct components: (a) the accrued unemployment claims liability for LCC employees and (b) the accrued unemployment liability for other UK employees. The accrued unemployment liability for LCC employees shall be included in the accrued liabilities on the June 30, 2004, LCC audited financial statements. Cash balances at June 30, 2004, shall contain full funding for the LCC accrued unemployment liability compensation expense liability.

- VIII. Long-Term Disability (LTD) - On June 30, 2004, UK shall compute, in accordance with GASB standards, an estimate of the accrued long-term disability (LTD) liability for all UK claimants, including LCC claimants. UK shall then separate this amount into two distinct components: (a) the accrued LTD liability for LCC claimants and (b) the accrued LTD liability for other UK claimants. The accrued LTD liability for LCC claimants shall be included in the accrued liabilities on the June 30, 2004, LCC audited financial statements. Cash balances at June 30, 2004, shall contain funding for the LCC accrued LTD liability, with such funding being held in the LTD Trust, KCTCS sub-account, with National City Bank.
- IX. Claims and Litigation - Liability for any asserted claims or causes of action that arise on or before June 30, 2004, shall be considered a liability of UK.

## ATTACHMENT B

This attachment is intended to set forth the specific understandings and agreements between KCTCS and UK as to the following service areas for LCC:

### I. Academic and Student Support Services

- A. UK shall provide LCC with all academic and student services support as has been historically provided LCC until such time as KCTCS formally notifies UK these services are no longer required. These services include but are not limited to the following services. UK shall:
1. Provide Student Information System (SIS) management and maintenance through June 30, 2006.
  2. Create registration records in SIS for web and student voice registration (Voice Interaction Program) to allow continuing and new LCC students to priority register.
  3. Register LCC students and maintain student biographical/demographic and academic data.
  4. Provide billing, collection, and reconciliation of LCC student receivables.
  5. Provide billing, collection, and reconciliation of Plus Accounts related to LCC.
  6. Provide Ombud and customer services to LCC students.
  7. Process student residual tuition and fee checks, to include processing of stop pay/cancel, reissue, and check research services for LCC students. (Direct charge: annual estimate postage for residual checks equals \$5,735)
  8. Provide proof of payment receipts to LCC students.
  9. Provide historical student account research and review for LCC students.
  10. Prepare and mail 1098-T forms and submit original electronic file information to the United States Office of Internal Revenue Service (IRS). Answer 1098-T related telephone calls, process returned mail, and process reprint requests. Submit corrected electronic files to the IRS as necessary.
  11. Bill, collect, report, and process student and student financial aid files; prepare and mail exit materials, and provide customer service for LCC Federal Perkins Loan borrowers.
  12. Process and collect LCC returned checks.
  13. Provide KCTCS and LCC monthly and year-end reconciliation of all student financial transactions.
  14. Provide semi-annual bad debt calculation/reports.
  15. Process all student financial aid transactions and information reporting, to include Federal Pell Grant Program (PELL),

Supplemental Educational Opportunity Grants (SEOG), Federal Work-Study, Perkins loans, private loans, State aid programs such as College Access Program (CAP) and Kentucky Educational Excellence Scholarship (KEES), and all Kentucky Higher Education Assistance Authority (KHEAA) sponsored programs such as National Guard and Early Childhood Development.

16. Process all student waiver transactions in accordance with state mandates and KCTCS policies.
17. Provide reports of student data to KCTCS as requested.
18. Process scholarship awards.
19. Maintain historic student data in accordance with KCTCS and UK record retention schedules.

- B. To facilitate and expedite the transfer of services to KCTCS for LCC from UK, UK shall provide historical and current student data in a KCTCS designated electronic format for the purpose of recreating the data in KCTCS' Student Information System. Charges for these services are included within KCTCS' payment to UK for administrative overhead, except where annual direct costs are noted above.

## II. Accounting, Financial Systems, Treasury and Related Services

- A. UK shall provide to KCTCS accounting, financial systems, and treasury services necessary for the successful management of LCC until such time as KCTCS notifies UK the services are no longer needed. These services include but are not limited to the following. UK shall:
1. Process IRS 1099 forms for calendar year 2004 by January 31, 2005.
  2. Provide ongoing consultation with LCC personnel on pre-July 1, 2004, vendor inquiries.
  3. Provide ongoing maintenance of benefits billings, reporting, and reconciliation for KCTCS employees who remain under UK benefit plans.
  4. Provide ongoing consultation regarding historical endowment account activity.
  5. Provide ongoing access to UK's FRS/HRS/Data Warehouse/BETA93 systems.
  6. Retain LCC historical data within UK's HRS/FRS systems in accordance with record retention schedules used by UK/KCTCS.
  7. Schedule student financial aid check batches for awarding of student financial aid.
  8. Process 2003-04 inter-departmental invoice vouchers (IDIVs) for revenue and expense and general ledger accounts through the 2003-04 year-end closing.

9. Process accrual entries for accounts receivable, accounts payable, and payroll through 2004 year-end closing.
10. Issue vendor checks for 2003-04 accounts payable in 2004-05, as necessary.
11. Research, void, and reissue checks as necessary for transactions processed for LCC in which UK's administrative systems are or were used.
12. Provide ongoing maintenance for original account information sheets.
13. Provide ongoing accounting for any future plant fund accounts related to LCC projects handled by UK's physical plant division (PPD) or capital procurement management division (CPMD).
14. Provide ongoing consultation regarding accounts and balances transferred to KCTCS.
15. Reconcile all activity related to LCC on bank reconciliations, including student refund checks, cash deposits, and electronic wire transfers.
16. Process weekly, end-of-month, and fiscal year-end cash transfers to/from KCTCS.
17. Provide to KCTCS and LCC weekly and end-of month detailed reports of all financial transactions posted to FRS on behalf of LCC.
18. Provide daily reconciliation of LCC financial aid disbursements.
19. Provide maintenance of direct loan accounts for LCC.
20. Provide preparation and submission to KCTCS of audited financial statements for LCC for FY 2003-04 including all assets, liabilities and net assets that will be transferred to KCTCS. Provide detail composition of all financial schedules to include supporting documentation as necessary to answer specific questions regarding all assets and liabilities, net assets, and financial matters related to LCC while under UK's management. LCC's audited financial statements are to include the following:
  - Prepare Management Data and Analysis (MD and A) and footnote disclosures.
  - Record and balance activity related to LCC equipment and land for the year ended June 30, 2004.
  - Provide a draft audited financial statement to KCTCS from Deloitte & Touche by August 16, 2004.
  - Assist Deloitte & Touche in completion of its work of LCC's audited financial statement with a target sign-off date of September 7, 2004. (Direct charge: annual estimate for audit equals \$3,900; and estimate for printing 55 copies equals \$300.)
21. Provide oversight of all Office of the Treasurer activities related to LCC.
22. Provide KCTCS with listings of LCC employees and their year-to-date OASDI taxable gross income after final June payrolls.

23. Provide KCTCS with reports of balances of court-ordered deductions as of final June payrolls.
24. Process hourly payroll in July for time worked through June 30, 2004.
25. Provide remittance of all June 2004 payroll withholding and fringe benefits.
26. Process calendar year 2004 W-2's by January 31, 2005.
27. Provide consultation as necessary on payment of termination benefits and participation of KCTCS employees in UK benefit plans and related historical information.
28. File all federal and state tax returns as required.
29. Provide processing of paychecks and all related activities for LCC work-study students.
30. Process all transactions for the purchase of capital equipment through UK's 2003-04 cut-off date and provide the information to KCTCS in electronic format as specified by KCTCS.
31. Provide ongoing consultation as necessary on fixed asset and space inventory records.
32. Provide ongoing consultation as necessary regarding encumbrances outstanding at June 30, 2004 and historical purchasing activity.
33. Provide records retention documents upon request as necessary.
34. Process all 2003-04 IDIVs, including corrections for unallowable expenses, for ledgers 4, 3-6 and 3-8 accounts.
35. Provide a listing of sponsored projects that have a deferred income balance as of June 30, 2004, by July 19, 2004.
36. Provide a listing of accounts receivable as of June 30, 2004, by August 2, 2004.
37. Make all final return of expenditures (ROE) for accounts ending June 30, 2004, by August 31, 2004.
38. Bill state grants ending June 30, 2004 prior to June 30, 2004, and make refunds as necessary by August 31, 2004.
39. Process 2003-04 faculty effort certifications by September 30, 2004.
40. Provide documentation as required to support KCTCS/LCC bills generated for expenses incurred prior to June 30, but unbilled by UK.
41. Provide ongoing establishment and maintenance of student financial aid accounts, including cash draws, invoicing, reconciliations and closeouts.
42. Provide ongoing preparation of A133 report including LCC student financial aid for FY2003-04 and subsequent years as necessary.
43. Post cash receipts corrections for 2003-04 cash receipts through 2003-04 year-end close.
44. Electronically wire transfer the book balance of LCC cash accounts as of June 30, 2004, to KCTCS by August 1, 2004.
45. Provide ongoing deposit of cash receipts for student accounts receivable and student financial aid.
46. Provide for operation of lockbox for student receivables. (Direct charge: annual estimate equals \$2,200.)



47. Provide for operation of NCB credit card services for application fees. (Direct charge: annual estimate equals \$350.)
48. Provide for operation of NCB credit card services for tuition.
49. Provide for continued operation of AT Systems services for picking up deposits related to LCC student receivables. (Direct charge: annual estimate equals \$3,100.)
50. Make annual debt service payment through FY 2010-11 for physical facilities located on Cooper Drive Campus occupied by LCC. (Direct charge for FY 2004-05 equals \$718,500.)
51. Make final annual payment related to capital equipment leases in FY 2005. (Direct charge for FY 2004-05 equals \$53,089.)

B. Charges for these services are included within the KCTCS payment to UK for administrative overhead except where annual direct charges are noted above.

### III. Information Technology

- A. During the implementation of the Integrated Resource Information System SAP Project (IRIS), changes to all legacy systems are on hold unless they are maintenance or required by law. UK and KCTCS agree to cooperate in the appropriate transition of all services provided on the existing UK mainframe. Once the SAP system is functioning, the UK mainframe shall no longer be operational.
- B. Network and Telephony Services - LCC shall continue to use the college's current telephone system and use UK's physical network facilities for local data and voice systems until such time as KCTCS develops and implements a different network and telephony system strategy. UK Information Technology provided a detailed description of 2003-04 charges to LCC (see Schedule 1 of Attachment B) including phones, pagers, cell phones, network access fee, software licensing, etc.
- C. All network infrastructure components installed in buildings occupied by LCC on June 30, 2004, and currently owned by UK, shall remain the property of UK. LCC agrees to follow the UK CNS network standards at url: <http://www.uky.edu/IS/CNS/cnsstand.html>. At the time of transfer to KCTCS, LCC shall become responsible for the cost of maintaining these network infrastructure components.

All network components and infrastructure installed in buildings leased by UK and occupied by LCC shall be transferred to KCTCS, and LCC shall be responsible for the cost of maintaining those assets.

- D. Email - UK shall continue providing LCC students e-mail as long as the LCC student administration system is hosted by UK. KCTCS shall provide e-mail

accounts for LCC faculty and staff on or before July 1, 2004. On July 1, 2004, LCC ITS technical staff shall begin moving blocks of individual LCC e-mail accounts to the KCTCS e-mail system on a scheduled basis through August 31, 2004. UK agrees to forward only the specific email accounts requested at various times through August 31, 2004. UK agrees to continue to forward all LCC email to the KCTCS email system through June 30, 2005.

- E. UK and KCTCS agree to work together to find the best strategy to provide for LCC's data network as the Kentucky Postsecondary Education Network (KPEN) goes live and new pricing and contracts become available in the future.
- F. As long as KCTCS deems necessary for reporting purposes, UK shall furnish to KCTCS data and reports to support KCTCS' reporting requirements as well as support LCC's use of the campus Course Management System.
- G. UK and KCTCS agree to work together to transition all LCC data from the UK data warehouse to KCTCS no later than June 30, 2005.
- H. UK agrees to allow LCC to participate in software and/or hardware licensing and/or maintenance agreement(s) through June 30, 2005.
- I. UK agrees that the service rates charged to LCC for UK services network hardware and software shall be the same as those charged to all other UK internal customers. This applies to all direct charges from CNS and includes the network access fee (NAF) for faculty, staff, and students.
- J. UK agrees to continue to provide web and student services through June 30, 2005.
- K. No other charges for network and information technology shall apply.

#### IV. Library Services and Recurring Software Licenses

- A. LCC students shall retain privileges to UK's library services and student databases as long as LCC occupies the Cooper Drive Campus. Charges for these services are to be included within any payment KCTCS pays UK for administrative overhead through June 30, 2006. After June 30, 2004, any direct costs incurred by UK due to providing these services to LCC students shall be reimbursed by KCTCS.
- B. KCTCS shall assume fiscal responsibility for annual software license renewals used by LCC on July 1, 2004. Multi-year software contracts currently in place and due for renewal after July 1, 2004, shall require a

renegotiation of terms among UK, KCTCS, and the software vendor to ensure continuous coverage of the software license(s).

V. Housing and Dining Services

LCC shall retain UK housing facilities and dining privileges. Availability of dormitory beds may vary from year to year, but shall not be less than the FY 2004-05 level -- 100 beds for entering freshmen. UK shall determine the number of beds for returning residential students based on the number of students who transfer to UK from LCC. Housing charges and fees for LCC students shall be consistent with the fee schedule approved by the UK Board of Trustees for UK students. Move-in and move-out dates shall be consistent with schedules for UK students. The UK Code of Conduct and Residence Hall regulations shall apply to all LCC students living in UK owned or operated housing. In case any damage to UK's housing facilities occurs, KCTCS shall cooperate with UK in UK's collection efforts for the damage and shall place a hold on the LCC student's account. LCC students living in UK housing facilities shall pay their fees through UK Student Billing Services.

VI. Auxiliary Enterprise Services

- A. Bookstore – KCTCS shall honor UK's existing contract for bookstore services ending June 30, 2006. During this period, LCC shall continue to be credited a distribution of the net revenues from the proceeds according to the percentage of sales using UK's FY 2003-04 methodologies (the same method of distribution used by UK for all affected parties who share in the distribution of bookstore revenue). When the existing UK bookstore contract expires on June 30, 2006, LCC bookstore services shall be included within KCTCS' bookstore services.
- B. Stores – LCC shall retain purchasing privileges with the UK Stores. LCC purchases may include, but shall not be limited to: office supplies, paper, computers, computer supplies and software, janitorial supplies and other commodities. LCC shall use a KCTCS ProCard as the preferred method of payment.
- C. Postal Services - Until such time as KCTCS no longer needs postal services for the Cooper Drive Campus, UK shall continue to provide mail services for LCC. Mail services include, but may not be limited to, processing regular US Postal Service incoming and outgoing mail and college campus mail. Additionally, UK Postal Services shall continue to provide bulk mail services for LCC until such time as KCTCS no longer needs these services. Rates

charged to LCC for UK Postal Services shall be the same as those charged to all other UK internal customers.

- D. Duplicating Services - UK shall continue to provide LCC with duplicating services until such time as KCTCS no longer needs these services. Rates charged to LCC for UK Duplicating Services shall be the same as those charged to all other UK internal customers.
- E. Vending - KCTCS shall honor UK's existing vending contracts in which LCC is a participant, i.e. contracts in force prior to HJR214. When the existing vending contracts expire, LCC vending services shall be included within any KCTCS vending contracts.
- F. Food Services - UK shall continue to provide the current level of food services to LCC Cooper Drive Campus until such time as KCTCS no longer needs these services. LCC food services shall be included within any KCTCS food service contracts at that time.

VII. Student Activities Fee Support

In an effort to assist LCC in building a strong independent student activities support structure, UK agrees that for FY 2004-05 and 2005-06 UK shall provide LCC a sum of \$25,000 annually (from the mandatory student fees LCC students pay to UK) to be used for LCC student activities and student government. This financial commitment will help bridge LCC's local student activities and enable LCC to develop its student services government support infrastructure without additional UK support beginning July 1, 2006.

VIII. Student Temporary Employee Placement Service (STEPS)

Effective July 1, 2004, and as long as LCC remains on the Cooper Drive Campus, LCC students shall retain access to seek job placement and referrals on and off the UK Campus utilizing the Student Referral Service part of the UK's Student Temporary Employee Placement Service (STEPS). As this service is currently provided free of charge to students, and free of charge to employers (both on and off campus/community wide) no charges shall apply to KCTCS for this service. Effective July 1, 2004, LCC shall no longer use the employee temporary services part of the STEPS program.

IX. UK Wellness Program

Effective July 1, 2004, and as long as LCC remains on the Cooper Drive Campus, benefit-eligible LCC employees who remain under the UK HR benefits program, retirees, and spouses of employees and retirees, shall retain

the option to participate in UK's Wellness Program as provided to UK employees, including but not limited to, health education and fitness opportunities and programs and facilities located on the Lexington campus. Any employee-paid charges for services shall remain the responsibility of the employee. Rates charged employees, retirees, and spouses of employees and retirees for the service may be adjusted in the future, but shall remain the same as the rate charged to all UK internal customers/departments/employees. All other charges for services shall be direct-billed.

SCHEDULE 1

**LCC Voice and Data charges 2003-04**

**COOPER DRIVE**

		2003-2004	July - March	April - June	Total Fiscal
	Quantity	Rate for Service	actuals 03-04	projected 03-04	
<b>3031</b>					
Phone Lines	4	\$23.00	\$828.00	\$276.00	\$1,104.00
T-1	1	\$607.35	\$5,466.15	\$1,822.05	\$7,288.20
PRI	1	\$2,222.00	\$19,998.00	\$6,666.00	\$26,664.00
Software	1	\$4.00	\$36.00	\$12.00	\$48.00
800 Handling	1	\$5.00	\$45.00	\$15.00	\$60.00
Handling	1	\$13.75	\$123.75	\$41.25	\$165.00
4 Wire	1	\$36.00	\$324.00	\$108.00	\$432.00
B1	0	\$0.00	\$0.00	\$0.00	\$0.00
<b>Totals</b>			<b>\$26,820.90</b>	<b>\$8,940.30</b>	<b>\$35,761.20</b>
		2003-2004	July - March	April - June	Total Fiscal
	Quantity	Rate for Service	actuals 03-04	projected 03-04	
<b>3032</b>					
Long Distance	424,766	\$0.07	\$29,733.62	\$9,911.21	\$39,644.83
<b>Totals</b>			<b>\$29,733.62</b>	<b>\$9,911.21</b>	<b>\$39,644.83</b>
		2003-2004	July - March	April - June	Total Fiscal
	Quantity	Rate for Service	actuals 03-04	projected 03-04	
<b>3034</b>					
Cell Phones	2	\$10.00	\$180.00	\$60.00	\$240.00
Cell Phones	2	\$29.99	\$539.82	\$179.94	\$719.76
Cell Phones	5	\$39.02	\$1,755.90	\$585.30	\$2,341.20
Cell Phones	2	\$39.99	\$719.82	\$239.94	\$959.76
Cell Phones	5	\$49.99	\$2,249.55	\$749.85	\$2,999.40
Cell Phones	2	\$69.99	\$1,259.82	\$419.94	\$1,679.76
<b>Totals</b>			<b>\$6,704.91</b>	<b>\$2,234.97</b>	<b>\$8,939.88</b>
		2003-2004	July - March	April - June	Total Fiscal
	Quantity	Rate for Service	actuals 03-04	projected 03-04	
<b>3036</b>					
Voice Mail	1	\$8.50	\$76.50	\$25.50	\$102.00
<b>Totals</b>			<b>\$76.50</b>	<b>\$25.50</b>	<b>\$102.00</b>
		2003-2004	July - March	April - June	Total Fiscal
	Quantity	Rate for Service	actuals 03-04	projected 03-04	
<b>3039</b>					
Pagers	7	\$7.50	\$472.50	\$157.50	\$630.00
Pagers	8	\$9.50	\$684.00	\$228.00	\$912.00

<b>Totals</b>		<b>\$1,156.50</b>	<b>\$385.50</b>	<b>\$1,542.00</b>
<b>3035</b>				
NAF Faculty/Staff		\$49,294.00	\$16,431.33	\$65,725.33
NAF Students				\$88,815.00
Total LCC NAF				<b>\$154,540.33</b>

Note: The LCC Report reports differing amounts for NAF on pages 5 & 9

**LCC SOUTH**

	Quantity	2003-2004 Rate for Service	July - March actuals 03-04	April - June projected 03-04	Total Fiscal
<b>3031</b>					
B-1	1	\$57.35	\$516.15	\$172.05	\$688.20
B-1	1	\$57.36	\$516.24	\$172.08	\$688.32
B-1	3	\$53.16	\$1,435.32	\$478.44	\$1,913.76
DS3	1	\$1,980.00	\$17,820.00	\$5,940.00	\$23,760.00
4 Wire	1	\$36.00	\$324.00	\$108.00	\$432.00
<b>Totals</b>			<b>\$20,611.71</b>	<b>\$6,870.57</b>	<b>\$27,482.28</b>

	Quantity	2003-2004 Rate for Service	July - March actuals 03-04	April - June projected 03-04	Total Fiscal
<b>3032</b>					
Long Distance	203	\$0.07	\$14.21	\$4.74	\$18.95
<b>Totals</b>			<b>\$14.21</b>	<b>\$4.74</b>	<b>\$18.95</b>

**OTHER**

Winchester DSL	Not paid through UK CNS				\$0.00
Winchester B1's	Not paid through UK CNS				\$0.00
KU Building B1	Not paid through UK CNS				\$0.00
					<b>\$0.00</b>

**ANNUAL PASS THRU'S**

Item	Quantity	2003-2004 Rate for Service	July - March actuals 03-04	April - June projected 03-04	Total Fiscal
Alltel PBX Maintenance	1	\$18,579.60	\$18,579.60	\$0.00	\$18,579.60
Espire fiber to KU	1	\$936.00	\$936.00	\$0.00	\$936.00
Newbridge Maintenance	1	\$1,119.49	\$1,119.49	\$0.00	\$1,119.49
Novell	1	\$11,750.00	\$11,750.00	\$0.00	\$11,750.00
Tivoli	1	\$600.00	\$600.00	\$0.00	\$600.00
<b>Totals</b>			<b>\$32,985.09</b>	<b>\$0.00</b>	<b>\$32,985.09</b>

<b>Grand Totals</b>					<b>\$301,016.56</b>
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## ATTACHMENT C

This attachment is intended to set forth the specific understandings and agreements between KCTCS and UK as to the following facility and service areas:

### I. Physical Plant, Buildings, and Grounds

LCC currently occupies three buildings on the Cooper Drive Campus as identified and set forth as Attachment D to this MOA. Attachment D sets forth square footages, land, building age, and condition as of the time of this agreement. Attachments C and D are intended to guide the future “landlord-tenant” type of relationship by setting forth the current status quo in terms of items such as cost sharing and operating procedures, and continuing these into the foreseeable future.

#### A. Utility Services

UK shall continue to provide and bill LCC for the following utility services to the Oswald Building, Moloney Building and the Academic Technical (A/T) Building:

1. Electric
2. Gas
3. Water
4. Sewer
5. Steam
6. Chilled water (Oswald Building only)
7. Garbage collection/Recycling collection
8. Fire Alarm Inspection and Monitoring
9. Storm water control

The rates for such services during 2003-04 are estimated at approximately \$290,000. Future rates shall be adjusted from time to time; however, UK agrees that service rates charged to KCTCS shall be the same as those rates charged to other UK internal customers.

UK shall be the sole provider of these specific utility services with the exception that future garbage and recycling collection may be outsourced as determined through discussion and mutual agreement.

#### B. Grounds Maintenance

UK shall continue to provide LCC with grounds maintenance adjacent to the Moloney, Oswald and Academic Technical (A/T) Buildings consisting of the following services:



1. Mowing and trimming (grass, shrubbery and trees).
2. Snow and ice removal and treatment. LCC shall continue to provide assistance with snow and ice removal at entrances and steps, especially during extreme/heavy snowfalls.
3. Exterior sign maintenance and replacement.
4. Street and pedestrian lighting repairs and service.

UK shall be the sole provider of these services and all charges to LCC for these services are included in the payment KCTCS makes to UK for general administrative overhead.

C. Routine Minor Building Services and Maintenance

Throughout future occupancy LCC shall continue to provide personnel capable of handling day-to-day custodial functions, minor building maintenance and minor repairs, and other normal housekeeping functions. UK shall provide and charge LCC for the following sole provider services or optional services as noted below:

1. Interior keying and locking (UK sole service provider).
2. Sewer pump repairs (optional as determined by KCTCS). Costs of repairs will be prorated on a square foot basis among LCC and other campus users connected to the pumps.
3. Interior signage maintenance and replacement (optional as determined by KCTCS).
4. Carpet and ceiling tile replacement (optional as determined by KCTCS).
5. Minor interior electric repairs and maintenance (optional as determined by KCTCS).
6. Minor interior plumbing repairs and maintenance (optional as determined by KCTCS).
7. Sprinkler system reviews and inspections (UK sole service provider).
8. Weed, insect control, vector and rodent control (UK sole service provider).
9. Electrical service – all high voltage (UK sole service provider).

LCC shall continue to perform at its own expense the following:

1. Routine maintenance of building exteriors including painting, cleaning and repair of gutters and downspouts, maintenance of railings and handicap-accessible facilities.

2. Routine maintenance of heating and cooling systems to include filter replacement and normal lubricating of all equipment such as, but not limited to, compressors and fan units.
3. Supplying and replacing light bulbs for building-mounted outside fixtures.

D. Major Building Services and Maintenance

Major building services and maintenance are considered those in excess of \$20,000 per occurrence or item. LCC shall be responsible for funding those items less than \$20,000. Items between \$20,000 and \$50,000 shall be subject to negotiation between KCTCS and UK. Those above \$50,000 shall be the responsibility of UK. UK shall treat these buildings in similar fashion to all other UK buildings and shall provide funding for such needs in accordance with existing UK criteria. Some projects and needs may be deferred as is consistent with how all UK buildings are managed and maintained due to limited funding and numerous needs. Unfunded needs on these particular buildings shall be added to the general university deferred maintenance listing. Beginning July 1, 2004, UK shall provide and be responsible for, and bear the cost of the following subject to available funding:

1. Major repairs on all building and major equipment items as follows: boilers, chillers, water softeners, hot water heaters, and central air conditioners.
2. Major repairs and replacements of roofs, sidewalks, parking lots and roadways.
3. Maintenance of building exteriors to include, but not limited to, masonry and roofing.
4. Structural repairs to all buildings.
5. Major repairs/replacement of existing elevators.
6. Major repairs/replacement of existing and future plumbing equipment.
7. Maintenance of all major electrical circuits and major electrical fixtures to include, but not limited to, the high-voltage fuses, parking lot lighting, and roadway lighting, including supplying and replacing light bulbs for the above-mentioned outside pole-mounted fixtures.
8. Major changes, renovations, or repairs to facilities to meet future mandated safety and handicap codes.

E. Renovations

Interior remodeling and renovations shall be an expense of LCC. UK shall generally be considered the sole service provider and shall bill for all supplies and labor at normal internal UK service center rates. However,

KCTCS, with prior plan review by UK, may be permitted to utilize outside contractors. Normal UK design standards and equipment standards shall apply.

F. Planning Services

KCTCS shall seek advance approval from UK regarding any proposed locations of additional facilities on the Lexington campus, proposed changes to building exterior appearances, landscaping additions or alterations, exterior signage (type and location), or sidewalk or other hard surface changes, additions or alterations. KCTCS shall seek advance approval from UK regarding any proposed major internal renovations. The normal planning and review process of UK shall be followed with KCTCS contacting the UK Architect.

G. Vehicle Maintenance

UK shall continue to provide vehicle maintenance services as may be needed by KCTCS. Normal UK service center rates shall apply for such services.

H. Annual Facility Inspections

KCTCS and UK facilities personnel shall conduct an annual physical assessment of the buildings and grounds each July and prepare a condition report for KCTCS and UK. The report shall document problems, maintenance expenditures, and any and all remodeling or alterations undertaken in the prior year.

KCTCS shall maintain public liability insurance for all interior furnishings and equipment to insure both KCTCS and UK, as their respective interests may appear.

I. Charges for Services

Except as noted above, charges to cover all the above physical plant, buildings, grounds maintenance, routine minor maintenance and building services, and major building services and maintenance shall be included in KCTCS' general overhead payment.

II. Parking and Transportation Services:

The following functions shall continue to be provided and managed by UK:

1. student parking
2. employee parking
3. visitor parking

4. transportation to/from UK (LCC Cross Campus CATS Route)

- A. UK shall continue to maintain the same relationship with LCC and its employees, students, and visitors that currently exists in operating and managing all parking and transportation related functions for LCC. The UK parking regulations, parking rates, and associated fines and fees shall be applicable to LCC so long as LCC occupies facilities on the Cooper Drive Campus.
- B. As KCTCS transitions LCC to its PeopleSoft administrative systems, UK and KCTCS shall work closely to ensure that employees are able to payroll-deduct their parking charges. KCTCS shall remit collected parking fees from employee payroll checks to UK on a semi-monthly basis. As LCC transitions to KCTCS' PeopleSoft student and employee administrative system, KCTCS shall ensure that UK is provided weekly data updates. The data format must be capable of being imported into UK's central parking database to ensure record legitimacy prior to issuance of permits for employees and students.
- C. UK shall continue to provide parking related services to the LCC South Campus located on Regency Road. (Due to limited parking at this facility, UK sells parking permits and enforces parking regulations. This relationship shall continue until such time as no longer needed by KCTCS.)
- D. LCC students and employees shall retain access to bus transportation from LCC to the UK Main Campus via the CATS Route.
- E. Effective July 1, 2004, with the exception of employee and student parking permits and/or fines, all charges related to UK's parking and transportation services provided to LCC are included in KCTCS' general overhead payment.

III. University Police

UK shall continue to provide the following services for LCC located at the Cooper Drive Campus:

1. Emergency response (i.e., crimes, fire, bomb threat, unrest/disorder, hostage)
2. Criminal investigation
3. Kentucky Michael Minger Act reporting compliance
4. Federal Clery Act reporting
5. General patrols (driving/walking)
6. Crime prevention
7. Emergency incident management

LCC and the UK Police Department (UKPD) shall continue to work together as long as LCC occupies the buildings located on the Cooper Drive Campus.

- A. Emergency response for LCC's South Campus on Regency Road shall be the responsibility of the local police force as of July 1, 2004. (With the lease of this property transferring from UK to KCTCS, UKPD shall no longer have jurisdiction over this property.)
- B. UK shall continue to file Minger reports and forward a copy of the reports for all incidents occurring at the UK campus to KCTCS and LCC for their annual reporting requirements. Minger reporting for LCC South Campus and all other LCC campuses shall be the responsibility of KCTCS. The crime information for the latter locations shall be secured from local police departments.
- C. As long as LCC occupies the Cooper Drive Campus, UK shall report Clery Act information for said campus. Clery Act reporting for LCC South Campus and all other LCC campuses shall be the responsibility of KCTCS. The crime information for the latter locations shall be secured from local police departments.
- D. As a result of LCC's current location on the Cooper Drive Campus, it shall fall under the UK's emergency management plan. This comprehensive plan is designed to assist UK leaders in responding to major incidents that impact the campus and/or community. Further, this will assist UKPD in properly notifying and involving KCTCS personnel in potentially serious or dangerous situations. Accordingly, LCC shall provide and maintain a current emergency contact list of administrators and facility personnel who are on-call to respond to emergency incidents associated with the UK campus.
- E. Effective July 1, 2004, all charges related to UK police department's services provided to LCC are included in KCTCS' general overhead payment to UK.

#### IV. Environmental Health and Safety

UK shall continue to provide the following environmental health and safety (EHS) functions for LCC while they remain on the Cooper Drive Campus:

1. Hazardous waste pick-up and disposal – Fayette County only.
2. Asbestos/lead testing and abatement.
3. Lab and fume hood inspection.
4. Indoor air quality investigations.

5. Review of all construction plans for code and safety compliance.
6. Fire Marshall response and inspections.
7. X-ray unit inspections and registration.

The annual cost for these services will be \$1,100.00. Any extraordinary cost for hazardous waste cleanup will be direct-billed to LCC at actual cost.

KCTCS has identified several items that were previously performed by EHS that shall now be the responsibility of KCTCS. These include routine safety training, response to spills and injuries, and maintenance and monitoring of radiation badges. As with other UK services provided to LCC, effective July 1, 2004, all charges related to environmental health and safety provided by UK, except as noted above, are included in the KCTCS' general overhead payment.

V. Insurance and Risk Management:

- A. UK and KCTCS shall name each other as additional insureds on the following coverages:
  1. Educators Legal Liability
  2. General Liability
  3. Commercial Crime
- B. UK shall name KCTCS as additional insured on automobile liability policy.
- C. Each party shall assume responsibility for its own liability in all other claim matters.
- D. UK and KCTCS shall each cover its own students and employees for Limited Professional Liability insurance.
- E. UK shall pay the risk property insurance policy on buildings on the Cooper Drive Campus (approximately \$10,650 per year).
- F. UK shall cover with appropriate insurance coverage its students, camps and programs and KCTCS shall cover with appropriate insurance coverage its students, camps and programs.
- G. UK shall insure UK sponsored activities and KCTCS shall insure LCC sponsored activities in organized sports/intramurals/club sports.
- H. UK and KCTCS shall each provide workers' compensation coverage for their respective employees.

- I. Policies governing employee use of UK owned vehicles shall also apply to LCC employees authorized to use UK vehicles.
- J. The parties shall review insurance requirements applicable to future joint projects to determine if it is feasible to acquire jointly.
- K. Effective July 1, 2004, any charges related to UK's risk management services, excluding insurance premiums, provided to LCC are considered included in KCTCS' general overhead payment, unless identified as a direct-bill.

## ATTACHMENT D

### Condition of Buildings and Grounds Used by LCC on the Cooper Drive Campus

#### #235 – Oswald Building

Built in 1977 at a cost of \$5,112,423, the building contains 124,554 gross square feet.

Building condition in 2004 is considered as follows:

(A) Site infrastructure	Fair
Sanitary Sewer	Poor
(B) Building enclosure	
Roof	Good
Walls	Good
Windows	Poor
(C) Interior finishes	
Floors	Fair
Walls	Fair
Ceiling	Fair
(D) Electrical	Fair
(E) Mechanical	Fair

#### #274 – Moloney Building

Built in 1988 at a cost of \$3,314,749, the building contains 40,310 gross square feet.

Building condition in 2004 is considered as follows:

(A) Site infrastructure	Good
(B) Building enclosure	
Roof	Fair
Walls	Good
Windows	Good
(C) Interior finishes	
Floors	Good
Walls	Good
Ceiling	Good
(D) Electrical	Good
(E) Mechanical	Good



#481 – Academic Technical Building

Built in 1993 at a cost of \$3,463,241, the building contains 43,850 gross square feet.

Building condition in 2004 is considered as follows:

(A) Site infrastructure	Good
(B) Building enclosure	
Roof	Good
Walls	Good
Windows	Good
(C) Interior finishes	
Floors	Good
Walls	Good
Ceiling	Good
(D) Electrical	Good
(E) Mechanical	Good

Grounds

The Cooper Drive Campus campus grounds for purposes of this agreement are considered as follows:

Building Sites:	5 acres
Storm Water Drainage Area:	4 acres
Parking:	6 acres

Acreages as shown are approximate.

The storm water drainage area is considered non-building land.