

MINUTES OF THE FINANCE COMMITTEE
University of Kentucky Board of Trustees
March 4, 2008
11:30 AM

Committee Members Present

Stephen Branscum, Chair; Dermontti Dawson, Frank Shoop; JoEtta Wickliffe

Approval of Minutes

The minutes of the January 22, 2008, Finance Committee meeting were approved as presented.

FCR 1, Approval of Leases

Frank A. Butler, Executive Vice President for Finance and Administration, presented FCR 1, which requests that the Board authorize the Executive Vice President for Finance and Administration to renew a lease between the University and Kentucky Utilities for space located at One Quality Street, Lexington, KY for the use of 48,026 square feet at an annual rate of \$308,864. This lease is for space on the 6th, 7th, and 8th floors of the KU Building which is being used for classrooms and offices. The original lease was executed on August 1, 2002. Frank Shoop approved the authorization. Dermontti Dawson seconded, and the motion for approval unanimously carried.

FCR 2, Renovate/Expand the Center for Applied Energy Research

Jim Tracy, Vice President for Research, presented FCR 2 which requests the Board approve initiation of the renovation and expansion of the Center for Applied Energy Research. The Kentucky General Assembly appropriated \$2 million of state funds in the 2007 Special Session to improve the Center. This project will create additional space for research and the processing of minerals. The consultant hired for the expansion will prepare a plan for the entire facility along with a prioritized cost list to be implemented sequentially in accordance with the stated goals of the legislation. This project is expected to cost \$2 million, the scope authorized and funded by the Kentucky General Assembly. Dermontti Dawson approved the request. Frank Shoop seconded, and the motion for approval unanimously carried.

FCR 3, Acceptance of Interim Financial Report for the University of Kentucky for the Six Months ended December 31, 2007

Marc Mathews, Treasurer, presented FCR 3 which requests acceptance of the Interim Financial Report for the three months ended December 31, 2007. As of December 31, 2007 the University has realized 54 percent of the revenue estimate and expended 45 percent of the approved budget. The balance sheet is strong with assets of \$3.3 billion and liabilities of \$950 million. Fund balances of \$2.2 billion represent a 67 percent equity position in the total assets. Revenues and appropriated fund balances have exceeded expenditures to date by \$176.2 million, creating a strong cash position and balance sheet as of December 31, 2007. At the end of the first six months of the 2007-08 fiscal year, financial operations are consistent with the budget plan and the University's financial condition is excellent. Frank Shoop approved the acceptance of the report. JoEtta Wickliffe seconded, and the motion for approval unanimously carried.

FCR 4, Capital Construction Report

Bob Wiseman, Vice President for Facilities Management, presented the Capital Construction Report for the three months ending December 31, 2007. During this period, there were 7 new contracts, 2 contracts were completed, 4 contracts were amended, and there were 13 change orders greater than \$25,000. Dermontti Dawson approved the report. JoEtta Wickliffe seconded, and the motion for approval unanimously carried.

FCR 5, Patent Assignment Report

Jim Tracy presented the Patent Report. As of January 31, 2008, the University filed six patent applications, seven patents were issued, and the University received \$752,203 of patent income. Frank Shoop approved the report. Dermontti Dawson seconded, and the motion for approval unanimously carried.

FCR 6, UK and Vulcan Exchange of Properties

Frank Butler presented FCR 6 which requests that the Board authorize the President or his designee to execute an exchange with Vulcan Lands, Inc. for properties at and adjacent to Maine Chance Farm to create an easement for the Maine Chance Trail.

At the request of Mayor Jim Newbery, the University is working with the Lexington-Fayette Urban County Government to develop a bike trail which will extend through the University's Maine Chance Farm and Spindletop properties. The committee reviewed a map of the proposed land exchange. This is a community project approved for federal funding by the Kentucky Transportation Cabinet. In exchange for ownership of a portion of the surface area of the Vulcan property, the University will transfer ownership of subsurface mineral and mining rights under a portion of the Maine Chance Farm. This exchange will be contingent upon appraised values satisfactory to both UK and Vulcan. Frank Shoop approved the request. Dermontti Dawson seconded, and the motion for approval unanimously carried.

Other Business

Next Meeting

Tuesday, April 22, 2008, 10:30 AM, 18th Floor Patterson Office Tower Board Room

Respectfully submitted,

Barbara Royalty-Tatum