

MINUTES OF THE FINANCE COMMITTEE
University of Kentucky Board of Trustees
June 17, 2008
10:00 AM

Committee Members Present

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

Approval of Minutes

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

FCR 1-4 (Consent)

FCR 1-4 were consent items. Stephen Branscum, chairperson, reported that the gifts and pledges totaled \$2.5 million. He noted that FCR 3 gave the University a \$1 million gift and pledge from the Makenna Foundation. In recognition of the Foundation's many contributions to the University, the Committee on Naming of University Buildings recommends that the pediatric center be named the Makenna David Pediatric Emergency Center. Mr. Branscum also recognized the \$1 million gift and pledge from Dr. M. S. and Sowmya Viji for their gift and pledge to fund a professorship in India studies in the Gatton College of Business and Economics.

FCR 5, College Department of Behavioral Science Internal Transfer for Vaughan Professorship in Behavioral Science Quasi-Endowment

Mr. Branscum asked the committee to approve an internal transfer of \$100,000 from the College of Medicine's Department of Behavioral Science to create and endow the Vaughan Professorship in Behavioral Science Quasi-Endowment in the Department of Behavioral Science in the College of Medicine. These funds combined with previous pledges will provide full funding for the endowed professorship. JoEtta Wickliffe approved the request. Dermontti Dawson seconded, and the motion for approval unanimously carried.

FCR 6, Establishment of Quasi-Endowment for the Endowed Opera Studies Chair Support Fund
Provost Kumble Subbaswamy requested establishment of a quasi-endowment for the Endowed Opera Studies Chair Support Fund. The University has received a commitment of \$10,000 from the UK Athletics Association in honor of Everett McCorvey, Director of Opera in the College of Fine Arts. The quasi-endowment will provide support for education and research related to Opera Studies. Frank Shoop approved the request. Dermontti Dawson seconded, and the motion for approval unanimously carried.

FCR 7, Name Change Request for the University Professorship in Dentistry

Agenda Item Pulled

(FCR 9 was presented prior to FCR 8 to allow Board Members, coming from other committee meetings, to hear the 2008-2009 Operating and Capital Budget presentation).

FCR 9, Expand and Upgrade Livestock Disease Diagnostic Center (LDDC)

Stephen Branscum presented FCR 9 which requests approval to initiate Phase II of the Expand and Upgrade Livestock Disease Diagnostic Center (LDDC) project and consolidate Phase I and Phase II for a total combined scope of \$28.5 million. In 2004, the Kentucky General Assembly authorized Phase I of the LDDC project for \$8.5 million in state bonds. The 2008 Kentucky General Assembly authorized \$20 million in state bonds for Phase II. The University will request authorization from the Capital Projects and Bond Oversight Committee to consolidate Phase I and Phase II of the LDDC project at its July meeting. Frank Shoop approved the proposal. JoEtta Wickliffe seconded, and the motion for approval unanimously carried.

FCR 8, 2008-2009 Operating and Capital Budget

Angie Martin presented the details of the 2008-09 operating and capital budget. The budget totals \$2.2 billion, a net increase of \$113.7 million, or a 5.4% increase; the increase is primarily from hospital revenues and transfers from KMSF, Inc. for physician salaries. Undesignated General Fund expenses are expected to increase \$11 million creating a \$20.2 million funding gap. Undesignated General Fund expenses are expected to increase \$11 million creating a \$20.2 million funding gap. As a result, a \$14 million budget cut has been allocated to the colleges and support units; \$4.3 million of excess budget funds for faculty and staff benefits have been eliminated; and \$1.9 million of nonrecurring fund balances have been used to balance the budget. Even with these challenges, however, the Provost has created a \$3.5 million strategic investment pool to focus on student success, provide critical services to the Commonwealth, and to leverage synergies across academic disciplines. Mrs. Martin quoted Dr. Todd's eloquent budget address. "We cannot use current conditions as license to shrink from the responsibility that has been placed upon our shoulders. We cannot give in to the temptation to sit idly by, waiting for better days. If this University is not working, every day, to build sustained economic prosperity in Kentucky, that prosperity will never arrive. Every budget represents a choice. We can choose to go forward to we can choose to retreat. Today we choose to go forward." Frank Shoop approved the budget report. Dermontti Dawson seconded, and the motion for approval unanimously carried.

FCR 10, Lease/Purchase of Equipment and Information Technology Items

Steve Branscum requested the Board approve the acquisition of five major equipment and information technology items totaling \$2.78 million by lease-purchase financing. The University's Debt Committee has determined that this request is consistent with the Debt Policy. The request was approved by JoEtta Wickliffe. Dermontti Dawson seconded, and the motion for approval unanimously carried.

FCR 11, Disposal of Personal Property

Stephen Branscum submitted to the Board the annual plan for disposal of personal property. The FCR will allow the disposal of items having values of less than \$25,000 during fiscal year 2008-09. The previous limit, established in 1994, was \$10,000. The surplus personal property may include minor equipment, vehicles, livestock and other materials no longer needed by the University. The various methods of disposal for each type of property are listed in the FCR. Dermontti Dawson approved the request. Frank Shoop seconded, and the motion for approval unanimously carried.

FCR 12, Capital Construction Report

Steve Branscum presented the Capital Construction report for the three months ending March 31, 2008. During this period, there were six new contracts, five contracts were completed, one contract was amended, and there were eleven change orders greater than \$25,000. Frank Shoop approved the request. Dermontti Dawson seconded, and the motion for approval unanimously carried.

Other Business

Next Meeting

Tuesday, September 9, 2008, -- 11:00 AM, 18th Floor Patterson Office Tower Board Room

Respectfully submitted,

Barbara Royalty-Tatum