

MINUTES OF THE FINANCE COMMITTEE
University of Kentucky Board of Trustees
October 14, 2008, 11:15 AM
18th Floor Patterson Office Tower, Board Room

Committee Members Present

Stephen Branscum, Chair; Frank Shoop; JoEtta Wickliffe, Dermontti Dawson, Britt Brockman.

Approval of Minutes

The minutes of the September 9, 2008, Finance Committee meeting were approved as presented.

FCR 1-2 (Consent)

FCR 1 and 2 were consent items. Stephen Branscum, Chairperson, reported that the gifts and pledges totaled \$3.8 million. Mr. Branscum acknowledge the \$1 million pledge from W. Paul and Lucille Caudill Little Foundation of Lexington, Kentucky, to create and endow the Lucille Caudill Little Performing Arts in Healthcare Program in the College of Fine Arts' School of Music in partnership with UK HealthCare's Arts in HealthCare Program. Mr. Branscum also reported the gift of \$2.8 million from the Felix E. Martin Trust of Greenville, Kentucky, to create and endow the Felix E. Martin Scholarship in the Gatton College of Business and Economics.

FCR 3, Merging of the Janet Galloway Carter Professorship in Physical Medicine with the Janet Galloway Carter Chair in Rehabilitation Medicine

Mr. Branscum presented FCR 3 which is a request from the donor and the College of Engineering to change the name and use of funds of an endowment from an academic chair to graduate fellowships in the college's Department of Computer Science. The merger of the professorship with the chair will provide full funding for the endowment and maintain the intent of the donors. JoEtta Wickliffe approved the request. Dermontti Dawson seconded, and the motion for approval unanimously carried.

FCR 4, Acceptance of Audit Report and the Report on Internal Control for the University of Kentucky for 2007-08

Marc Mathews, Treasurer, presented the audit report and the report on internal controls for the University for fiscal year 2007-08. BKD, LLP, the University's external auditors, have issued their Independent Auditor's Report which expresses an unqualified or clean opinion on the University's financial statements. BKD has also issued its Report on Internal Controls, which, as part of their audit, noted no material weaknesses in the University's system of internal controls. The University ended the year in excellent financial condition. As of June 30, 2008, the University had assets of \$3.33 billion, liabilities of \$1.03 billion, and fund balances of \$2.3 billion. Net assets increased \$18.9 million. Frank Shoop approved the audit report. Dermontti Dawson seconded, and the motion for approval unanimously carried.

FCR 5, Expand Coldstream Research Campus – Redundant Feeds

Frank Butler, Executive Vice President for Finance and Administration, presented FCR 5 which requests approval to initiate the Expand Coldstream Research Campus – Redundant Feeds project. This project will install redundant electrical and fiber optic supply on the Coldstream Campus. Kentucky Technology, Inc. (KTI) will be the agent for the project which is estimated to cost \$6.5 million. The project will be financed with a \$5.5 million grant from the Kentucky Economic Development Finance Authority to KTI and \$1 million from unrestricted University fund balances that will be transferred to KTI to complete the project. Britt Brockman approved the request. Frank Shoop seconded, and the motion for approval unanimously carried.

FCR 6, Repair, Upgrade, Improve Building Systems Hospital – Upgrade Elevators

Stephen Branscum presented FCR 6 which requests approval to upgrade eight elevators in the Kentucky Clinic and Medical Plaza. The project is expected to cost \$1 million and will be funded by the UK HealthCare Enterprise. Dermontti Dawson approved the request. JoEtta Wickliffe seconded, and the motion for approval unanimously carried.

FCR 7, Renovation of the Thomas Hunt Morgan Biological Sciences Building

Stephen Branscum presented FCR 7, a capital construction project which will convert space to teaching and research labs in the Thomas Hunt Morgan Biological Sciences Building. This project is part of the plan developed by the new Biology Department Chair, Dr. Vince Cassone, to improve and grow the department. This project will consolidate class labs to the ground floor and renovate space on the upper floors for use as research labs for two additional faculty members. The relocation of these labs will also make space available for a future project to construct labs for four other faculty lines. This project is estimated to cost approximately \$2.9 million and will be funded with University unrestricted fund balances. Frank Shoop approved the recommendation. Britt Brockman seconded, and the motion for approval unanimously carried.

FCR 8, Authorization for Disposal of Surplus Property

Stephen Branscum presented FCR 8 which recommends that the Board of Trustees authorize the sale of equipment to Southern Illinois University at a price of \$41,025.50. Disposal of surplus property having a value of greater than \$25,000 per item must be approved by the Board of Trustees.

A departing faculty member has requested certain items pertaining to her research be transferred to Southern Illinois University. This sale request has been approved by the department chair, the Dean of the College and the Vice President for Research. Consistent with University practice, the sales price of equipment to another educational institution is the University's net book value, which in this case is \$41,025.50. Dermontti Dawson approved the request. JoEtta Wickliffe seconded, and the motion for approval unanimously carried.

FCR 9, Authorization to Acquire Utility Easements Associated with the UK HealthCare Patient Facility Project

Frank Butler presented FCR 9 which requests Board authorization for the Executive Vice President for Finance and Administration or his designee to negotiate the acquisition of certain utility easements located on the west side of Woodland Avenue between Euclid and Columbia Avenues for a price not to exceed the fair market value as determined by a qualified appraiser or through condemnation proceedings. While the University has been acting in good faith and will continue to do so to acquire these easements through fee simple property acquisitions, this Board action will ensure that if these negotiations fail, the University will be authorized to proceed with condemnation proceedings to avoid any negative impact on the construction schedule of the new Patient Care Facility. Britt Brockman approved the request. Frank Shoop seconded, and the motion for approval unanimously carried.

Other Business

Next Meeting

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

Respectfully submitted,

Barbara Royalty-Tatum