

MINUTES OF THE FINANCE COMMITTEE
University of Kentucky Board of Trustees
April 21, 11:00 AM
18th Floor Patterson Office Tower, Board Room

Committee Members Present

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

Approval of Minutes

The minutes of the March 10, 2009, Finance Committee meeting were approved as presented.

FCR 1-3 (Consent)

FCR 1-3 were consent items. Stephen Branscum, Chairperson, reported that the gifts and pledges totaled \$3.5 million. Mr. Branscum acknowledged the \$1 million gift from Bernard Osher Foundation to create an endowment supporting the College of Public Health's Osher Lifelong Learning Institute, the \$2 million gift from the Markey Cancer Foundation to support the establishment of the Bone Marrow Transplant Unit in the new UK Albert B. Chandler Hospital, and the \$500,000 anonymous donor pledge to support the University of Kentucky Medical Center.

FCR 4, Construct Children's Garden at the Arboretum

Bob Wiseman, Vice President for Facilities Management, reported that this project will eventually include 1.85 acres of outdoor learning environment designed to help children ages 2 to 10 discover plants and the environment. There will be a small amphitheater, shelter for presentations, and interactive educational exhibits including a child-scaled log cabin, miniature train, and gardens planted and maintained by children.

The scope of this project may ultimately reach \$2.2 million and will be funded from private gifts. The initial phase, using \$630,000 of gifts received, will construct the stream and pond; some walks and plantings. If approved, the University will request interim authorization from the Council on Postsecondary Education and the Capital Projects and Bond Oversight Committee.

Mr. Wiseman explained that the project will be made up of several small projects to expand over several years. Frank Shoop approved the request. JoEtta Wickliffe seconded, and the motion for approval unanimously carried.

FCR 5, Renovate Research Labs in Chemistry-Physics Building

Provost Kumble Subbaswamy reported that this project will renovate space vacated by the relocation of the Chemistry and Physics Libraries to the M.I. King Library. The renovation includes converting the existing space into three wet bench research labs and one materials lab to accommodate three new faculty positions. The cost of the project is \$2,08 million, well within the authorized scope, and will be funded by the Provost's unrestricted fund balances. Britt Brockman approved the request. Dermontti Dawson seconded, and the motion for approval unanimously carried.

FCR 6, Acceptance of Interim Financial Report for the University of Kentucky for the Nine Months Ended March 31, 2009

Frank Butler, Executive Vice President for Finance and Administration, reported on the interim financial report through March 31, 2009. The University has realized 79 percent of the revenue estimate and expended 70 percent of the approved budget. In spite of the decline in investment values, the balance sheet remains strong with assets of \$3.1 billion and liabilities of \$957 million. Fund balances of \$2 billion represent a 64 percent equity position in the total assets. Revenues and appropriated fund balances have exceeded expenditures to date by \$194.2 million, maintaining a strong cash position as of March 31, 2009. At the end of the first nine months of the 2008-09 Fiscal Year, overall financial operations are consistent with the budget plan. Frank Shoop approved the request. Britt Brockman seconded, and the motion for approval unanimously carried.

FCR 7, 2008-09 Budget Revisions

Angie Martin, Vice President for Planning, Budget and Policy, presented the 2008-09 Budget Revision which will decrease the University of Kentucky's total budget by a net \$5.2 million. The majority of the adjustment is in response to an executive cut back order issued by Governor Steve Beshear reducing the University's state appropriations 2 percent or \$6.3 million. The cut will be absorbed centrally on a nonrecurring basis using operating contingency reserves, excess tuition revenue, and other internal allocations. The reduction is expected to be recurring in FY 2009-10. JoEtta Wickliffe approved the request. Frank Shoop seconded, and the motion for approval unanimously carried.

FCR 8, Revision of the Policy Statement on Tuition and Fee Refunds to Students

Angie Martin presented FCR 8 which states that the recommended revisions are necessary for the University to be in compliance with accreditation standards which require a consistent, published refund schedule for tuition and fees. In addition to updating the language of the policy, the revisions will standardize the refund policies for academic programs that charge tuition and fees on an annual basis. The University's annualized tuition programs are Dentistry, Medicine, the full-time MBA program, and the Doctorate of Physical Therapy. The revisions also establish a policy for refunding program fees. Britt Brockman approved the request. Dermonti Dawson seconded, and the motion for approval unanimously carried.

FCR 9, Designation of Executive Vice President for Finance and Administration as Applicant's Agent for the University of Kentucky for FEMA Disaster Declaration

Steve Branscum presented FCR 9 which is a recommendation that designates Frank Butler as the University's agent to receive reimbursement funds from the Federal Emergency Management Agency for damages resulting from the January 2009 ice storm. Frank Shoop approved the request. JoEtta Wickliffe seconded, and the motion for approval unanimously carried.

FCR 10, Authorization for Disposal of Surplus Property

Steve Branscum presented FCR 10, which is a recommendation for the board to authorize the sale of a reverse water purification system. Due to upgrades in the Heating and Cooling Plant within the Physical Plant Division, the filtration system has become surplus to the needs of the University. Consistent with University practice, this property will be sold by sealed bids to the highest bidder.

Dermontti Dawson approved the request. Britt Brockman seconded, and the motion for approval unanimously carried.

FCR 11, Renovate Central Computing Facility

Frank Butler reported that due to the delay of the proposed data center, power and air-conditioning problems in McVey Hall must be addressed to ensure sufficient cooling and power distribution for the next few years. The cost of the project is \$845,000 and will be funded with the executive vice president for finance and administration's unrestricted fund balances. Frank Shoop approved the request. JoEtta Wickliffe seconded, and the motion for approval unanimously carried.

Other Business

Bob Wiseman, on behalf of the Presidents' Sustainability Advisor Committee, presented an annual report on sustainability efforts. He highlighted efforts in business operations, academic and research activities, community engagement and student engagement.

Next Meeting

Tuesday, June 9, 2009, 10:30 AM, 18th Floor Patterson Office Tower Board Room

Respectfully submitted,

Barbara Royalty-Tatum

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