

MINUTES OF THE FINANCE COMMITTEE
University of Kentucky Board of Trustees
June 9, 2009, 10:30 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 April 21, 2009, Finance Committee meeting were approved as presented.

FCR 1-28 & FCR 30 (Consent)

FCR 1-28 & 30 were consent items. Stephen Branscum, Chairperson, reported that the gifts and pledges totaled \$5.3 million and are eligible to be matched by the state through the Research Challenge Trust Fund. \$4.2 million will be matched by the Endowment Match Program and \$1.1 million will be matched by the Research Capital Match Program. Mr. Branscum added that on behalf of the University he wished to thank all the donors for their generous support.

FCR 29, Allocation of Endowment Match and Research Capital Match Program Funds

Stephen Branscum reported that the 2008 Kentucky General Assembly authorized \$33.33 million of state bonds for the University through the research Challenge Trust Fund. The Trust Fund may be used for traditional Endowment Match Program and the new Research Capital Match Program. The new Capital Research Program provides funds for research-related capital projects. The Board of Trustees is to determine the allocation of funds between the two programs. There is a dollar-for-dollar matching requirement for both programs. Based on anticipated and received gifts, pledges and grants, the administration recommends allocating \$21,926,570 to the Research Capital Match Program and \$11,406,430 to the Endowment Match Program.

Upon approval by the Board of Trustees, the University will report the allocation of funds to the Secretary of the Finance and Administration Cabinet, President of the Council on Postsecondary Education, and the Interim Joint Committee on Appropriations and Revenue. JoEtta Wickliffe approved the request. Dermontti Dawson seconded, and the motion for approval unanimously carried.

FCR 31, Endowment Match Program Submission of Previously Accepted Gifts and Pledges

Stephen Branscum reported that the Council on Postsecondary Education requires that the Board of Trustees acknowledge its responsibility for UK's participation in the Endowment Match Program including compliance with the CPE guidelines and annual reporting requirements. The administration requests that the Board of Trustees approve submitting \$5.25 million of previously accepted gifts and pledges for matching funds from Kentucky's Endowment Match Program. Including these gifts and pledges, the University will have matched \$18.9 million of the available \$33.3 million of research challenge trust funds. Britt Brockman approved the request. Frank Shoop seconded, and the motion for approval unanimously carried.

FCR 32, 2009-2010 Operating and Capital Budget

Angie Martin, Vice President for Planning, Budget and Policy, presented the 2009-2010 operating and capital budget totaling \$2.4 billion, a net increase of \$213 million. Mrs. Martin quoted Dr. Todd as eloquently stating in the accompanying budget address, "This is an imperfect budget. But it is designed to advance this institution in a time that is far from perfect."

Angie Martin presented the details of the 2009-2010 operating and capital budget at the finance Committee. President Todd provided a summary of the budget. Frank Shoop approved the budget. Dermontti Dawson seconded, and the motion for approval unanimously carried.

FCR 33, Reimbursement Resolution for the Patient Care Facility

Frank Butler, Executive Vice President for Finance and Administration, presented FCR 33 which requests the Board to adopt a resolution declaring official intent to reimburse capital expenditures for the Patient Care Facility from a future bond issue. Due to the economic downturn and financial market declines, the administration recommends amending the financing plan for the facility to avoid liquidating the University Hospital Quasi-Endowment Fund at this time. Passage of this Resolution preserves the option of reimbursement of up to \$100 million of project costs from a future bond issue. The Board of Trustees will be asked to approve the proposed bonds prior to issuance. JoEtta Wickliffe approved the resolution, Britt Brockman seconded, and the motion for approval unanimously carried.

FCR 34, 2010-2016 Capital Plan and 2010-2012 Capital Request

Angie Martin reported that the University is required to submit a six-year capital plan to the Capital Planning Advisory Board by April 15 of each odd-numbered year. Pursuant to the University's administrative regulation, the Capital Plan and the Capital Request are reported to the Board at its April or June meeting. The submission of the Capital Plan is the first-step in obtaining required legislative authorization for any project which costs \$600,000 or more, equipment estimated to cost \$200,000 or more, and leases with an annual value of \$200,000 or more. The Board will continue to approve each capital project prior to initiation. Britt Brockman approved the request. JoEtta Wickliffe seconded, and the motion for approval unanimously carried.

FCR 35, Lease/Purchase of Medical Equipment

Frank Butler requested that the Board approve the UK HealthCare Enterprise Medical equipment lease pool of \$25 million for 2009-10. The pool will assist with cash-flow management as UK HealthCare proceeds with several cash-intensive capital projects such as the construction of the new Patient Care Facility. The University's Debt Committee has determined that this request is consistent with the University's Debt Policy. Frank Shoop approved the request. Dermontti Dawson seconded, and the motion for approval unanimously carried.

FCR 36, Disposal of Personal Property

The Kentucky Revised Statutes require the Board to approve disposals of equipment and other surplus personal property. The Board is requested to approve an annual plan for the routine disposal of obsolete or surplus property. The various methods of disposal are listed in the attached to FCR 36.

JoEtta Wickliffe approved the request. Britt Brockman seconded the request, and the motion for approval unanimously carried.

FCR 37, Patent Assignment Report

Jim Tracy, Vice President for Research, presented the quarterly patent report. The University filed 29 patent applications, eleven patents were issued and the University has received \$1.5 million of patent income. Dermontti Dawson approved the report. Britt Brockman seconded, and the motion for approval unanimously carried.

FCR 38, Capital Construction Report

Bob Wiseman, Vice President for Facilities Management, presented the Capital Construction Report for the quarter ended March 31, 2009. During this period, there were two new contracts, one contract was completed, one contract amended, and there were 17 change orders greater than \$25,000. Frank Shoop approved the report. Britt Brockman seconded, and the motion for approval unanimously carried.

Other Business

Next Meeting

Tuesday, September 15, 2009, 11:00 AM, 18th Floor Patterson Office Tower Board Room

Respectfully submitted,

Barbara Royalty-Tatum
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