

MINUTES OF THE FINANCE COMMITTEE  
University of Kentucky Board of Trustees  
September 15, 2009, 2009, 11:00 AM  
18<sup>th</sup> Floor Patterson Office Tower, Board Room

Committee Members Present

Stephen Branscum, Chair; Frank Shoop, Britt Brockman

Approval of Minutes

The minutes of the June 21, 2009, Finance Committee meeting were approved as presented.

FCR 1-8 (Consent)

FCR 1-8 were consent items. Stephen Branscum, Chairperson, reported that the gifts and pledges totaled \$2 million, of which \$1.35 million is eligible to be matched by the state through the Endowment Match Program. Mr. Branscum added that on behalf of the University he wished to thank all the donors for their generous support.

FCR 9, Providing for the Authorization, Issuance and Sale of Approximately \$105 Million of University of Kentucky General Receipts Obligations (Hospital Phase II Project) of the University of Kentucky, Pursuant to the Trust Agreement Dated as of November 1, 2005

Frank A. Butler, Executive Vice President for Finance and Administration, requested approval to issue approximately \$105 million of University of Kentucky General Receipts Obligations for the construction of the Patient Care Facility at a date to be determined by the Treasurer. The bond issue was authorized by the Kentucky General Assembly during the 2009 Special Session as part of House Bill 4. The Board of Trustees approved a reimbursement resolution in June stating the University's intent to issue the bonds. Frank Shoop moved for approval. Britt Brockman seconded, and the motion for approval unanimously carried.

FCR 10, Lease/Purchase of Health Management System

Stephen Branscum stated that this FCR was for the approval of the acquisition of a health management system for Good Samaritan Hospital by a lease-purchase financing arrangement. The system is necessary to align Good Samaritan's system with the UK HealthCare information technology system. The estimated cost is \$7.3 million and will be funded from the UK HealthCare Enterprise. The University's Debt Committee has determined that the acquisition is consistent with the University's Debt Policy. Britt Brockman moved for approval. Frank Shoop seconded, and the motion for approval unanimously carried.

FCR 11, Renovate Third Floor Little Library

Stephen Branscum presented the request for approval to initiate the "Renovation of the Third Floor of the Little Library" capital project. The project will renovate and fit-up approximately 5,300 square feet of shelled space in the Little Library. The renovated space will house three classrooms and the Center for Applied Information Technology. The scope of the project is \$800,000 and will be funded

with unrestricted University fund balances. Frank Shoop moved for approval. Britt Brockman seconded, and the motion for approval unanimously carried.

#### FCR 12, Changing the Name of Keeneland Drive to Campus Drive

Stephen Branscum reported that Keeneland Drive runs west to east between South Limestone and Martin Luther King Boulevard. Keeneland Drive was named after Keeneland Hall, a residence hall. The construction of Keeneland Hall was partly funded with a \$200,000 gift from the Keeneland Foundation. The Foundation has requested the use of the name Keeneland Drive for a road on the Keeneland Racetrack grounds. Upon approval by the Board of Trustees, the Keeneland Foundation will request similar approval from the Lexington-Fayette Urban County Government. Frank Shoop moved for approval. Britt Brockman seconded, and the motion for approval unanimously carried.

#### FCR 13, Approval for Proposed Administrative Regulation: University of Kentucky Identity Theft Program (“Red Flags Rule”)

Frank Butler presented the recommendation to approve an Administrative Regulation for a program to help prevent identity theft. Recently enacted Federal Trade Commission regulations, known as the “Red Flags Rules”, require such programs to detect, prevent, or mitigate identity theft attempts on any consumer transaction accounts. For example, student billing accounts or patient care accounts contain records that could be the target of an identity theft attempt. Approval of this Administrative Regulation is necessary to bring the University into compliance with the new rules. Britt Brockman moved for approval. Frank Shoop seconded, and the motion for approval unanimously carried.

#### FCR 14, Renovation of Equine Barns

Stephen Branscum stated that this capital project includes renovation of a barn to house the Maxwell H. Gluck Center’s Equine Mare Reproduction Biology Program and renovation of another barn to create a Stallion Research Facility. The renovated facilities will house wet laboratories, animal holding stalls, breeding areas, graduate student workspace, and meeting rooms. The facilities will enable the Gluck Equine Center to conduct research on a variety of fertility problems in mares and stallions which will benefit breeders and owners in the Commonwealth. The project is expected to cost \$1.2 million dollars and will be funded with state matching funds from the Research Capital Match program, pledges and gifts, and available unrestricted fund balances. Frank Shoop moved for approval. Britt Brockman seconded, and the motion for approval unanimously carried.

#### FCR 15, Approval of Related Transactions

Frank Butler requested approval of authorization to transfer up to \$2.35 million to the University of Kentucky Research Foundation to be used as paid-in capital for Coldstream Laboratories, Inc. (CLI). Additionally, approval of the forgiveness of \$1,468,088 University of Kentucky equipment lease agreements is requested. The loan forgiveness will provide additional paid-in capital with a corresponding decrease of liabilities for CLI. CLI was formed to expand and commercialize pharmaceutical manufacturing, research, and development at the College of Pharmacy’s Center for Pharmaceutical Science and Technology. CLI is in operation and is building a client base but has not yet become self-sufficient. This investment will be funded by the UK HealthCare Enterprise. Frank Shoop moved for approval. Britt Brockman seconded, and the motion for approval unanimously carried.

FCR 16, Easement Authorization for Legacy Trail (Maine Chance Farm/Spindletop Properties)

Bob Wiseman, Vice President for Facilities Management, requested approval to convey at no cost permanent easements on Maine Chance Farm/Spindletop Properties to the Lexington-Fayette Urban County Government to construct a bikeway trail and walking path from the Coldstream Research Campus north through the farm to Iron Works Pike. The area is commonly referred to as the Legacy Trail. Frank Shoop moved for approval. Britt Brockman seconded, and the motion for approval unanimously carried.

FCR 17, Patent Assignment Report

Jim Tracy, Vice President for Research, presented the quarterly Patent Report. As of June 30, 2009 the University has filed 37 patent applications, 19 patents were issued, and the University has received \$1.7 million of patent income (\$500,000 more than the prior year). Britt Brockman moved for approval. Frank Shoop seconded, and the motion for approval unanimously carried.

FCR 18, Capital Construction Report

Bob Wiseman presented the Capital Construction Report for the quarter ended June 30, 2009. During this period, there were six new contracts, two contracts were completed, four contracts amended, and there were 26 change orders greater than \$25,000. Frank Shoop moved for approval. Britt Brockman seconded, and the motion for approval unanimously carried.

**Other Business**

**Next Meeting**

Tuesday, October 27, 2009, 11:15 AM, 18<sup>th</sup> Floor Patterson Office Tower Board Room

Respectfully submitted,

*Barbara Royalty-Tatum*

Barbara Royalty-Tatum