

MINUTES OF THE FINANCE COMMITTEE  
University of Kentucky Board of Trustees  
March 9, 2010, 11:15 AM  
18<sup>th</sup> Floor Patterson Office Tower, Board Room

Committee Members Present

Stephen Branscum, Chair; Britt Brockman, Bill Gatton, Jim Stuckert, and Jo Curris

Approval of Minutes

The minutes of the December 1, 2009 Finance Committee meeting were approved as presented.

FCR 1, Dr. Siby P. and Mrs. Rebecca J. Saha Pledge (Consent Item)

Mr. Steve Branscum, Chairperson, acknowledged the \$100,000 gift and \$900,000 pledge from Dr. and Mrs. Saha, which will create and endow the Saha Cardiovascular Research Center in the College of Medicine. Of the \$1,000,000, \$400,000 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 the Saha's for their generous support.

FCR 2, Acceptance of Interim Financial Report for the University of Kentucky for the Six Months Ended December 31, 2009

Angie Martin, Vice President for Financial Operations and Treasurer, submitted the financial statements which included comparative totals for the first six months of FY 2009-10. A summary of financial statements highlights was distributed. The University has realized 51 percent of the revenue estimate, and expended 44 percent of the approved budget. State appropriations reflect a decrease of \$15 million (or eight percent) as compared to the prior year actual. By June 30, 2010, state funds will be reduced a total of \$30 million compared to the original Fiscal Year 2009-10 budget enacted by the 2008 Kentucky General Assembly. However, \$21 million of the \$30 million cut is offset by federal stimulus funds. The balance sheet remains sound with assets of \$3.5 billion and liabilities of \$1.1 billion. Fund balances of \$2.2 billion represent a nearly 63 percent equity position in the total assets. Revenues and appropriated fund balances have exceeded expenditures to date by \$173.1 million. At the end of the first six months of the 2009-10 Fiscal Year, financial operations are consistent with the budget plan and the University's financial condition remains excellent. Jo Curris moved for approval. Jim Stuckert seconded, and the motion for approval unanimously carried.

FCR 3, Construct Center for Applied Energy Research Laboratory Building #2

Bob Wiseman, Vice President for Facilities Management, reported that this project will construct a new 36,000 square foot facility at the Spindletop Research site. This facility will house labs for process development and prototype manufacturing and testing to support applied research on batteries, capacitors, solar energy materials, and biofuels. The Kentucky Biofuels Laboratory also will be located within this new facility. The project is estimated to cost \$16.27 million, of which \$11.8 million is funded from a federal stimulus funds grant; \$3.5 million comes from the Kentucky Energy and Environment Cabinet; and the remaining \$944,000 from the University's Office of the Vice President for Research. Additionally, a \$3.5 million grant from the Kentucky Energy and Environment Cabinet

is being negotiated to allow expanded energy efficiency and renewable energy technology implementation within the new facility. If successful, this will bring the total scope of the project to \$19.77 million.

Normally, the capital approval process begins with the Board of Trustees and upon their approval the project is submitted to Council on Postsecondary Education (CPE) and the Capital Projects and Bond Oversight Committee. However, due to the requirements of the federal grant regarding when the project is initiated and completed, and after consultation with Board Chair, President Todd submitted this project to CPE at its February 11, 2010 meeting. CPE approved the project contingent upon the approval of the Board of Trustees. Contingent on Board approval, the project will be submitted to the Capital Projects and Bond Oversight Committee for review at its March 15 meeting. Jim Stuckert moved for approval. Britt Brockman seconded, and the motion for approval unanimously carried.

#### FCR 4, Renovate 4<sup>th</sup> Floor Sanders-Brown Center

Bob Wiseman reported that this project will renovate 9,000 square feet on the 4<sup>th</sup> Floor of the Sanders-Brown Center on Aging. The project will include retrofitting outdated research support space and mechanical equipment to meet current regulatory requirements. The project is estimated to cost \$6.4 million and will be fully funded with a grant from the National Institutes of Health through the American Recovery and Reinvestment Act federal stimulus package. Contingent on approved of the Board, the project will be submitted to the Council on Postsecondary Education for review at its April 23 meeting and the Capital Projects and Bond Oversight Committee at its May 18 meeting. Jo Curris moved for approval. Jim Stuckert seconded, and the motion for approval unanimously carried.

#### FCR 5, Kentucky Cabinet of Health and Family Services Lease

Steve Branscum presented FCR 5, which authorizes the Executive Vice President for Finance and Administration or his designee to negotiate and execute a lease between the University and the Kentucky Cabinet of Health and Family Services for Lot 35 in the Coldstream Research Campus, and to execute all appropriate final record plats as to the future dedication of roadways and rights-of-way to the Lexington-Fayette Urban County Government necessary to access the property. The 2008 Kentucky General Assembly authorized \$129 million to construct a new Eastern State Hospital at the Coldstream Research Campus. As part of an agreement between the state, the Kentucky Community and Technical College System, the Lexington-Fayette Urban County Government, and the University, new KCTCS buildings will be constructed at the current Eastern State Hospital site. While KCTCS will continue to have a presence at UK, the University and KCTCS will collaborate to designate and reallocate KCTCS buildings on the University's main campus. Britt Brockman moved for approval. Jim Stuckert seconded, and the motion for approval unanimously carried.

#### FCR 6, Renovate Parking Structure #3 - Hospital

Steve Branscum reported that FCR 6 will permit the renovation of Parking Structure #3, which is the Kentucky Clinic parking structure located between Rose Street and South Limestone. The renovation will include repairing the concrete topping on levels 2 and 3, painting of pre-cast connections, and making other repairs necessary to protect the structure from moisture penetration. The project is estimated to cost \$1 million and will be funded by UK HealthCare. Bill Gatton moved for approval. Jo Curris seconded, and the motion for approval unanimously carried.

### FCR 7, Capital Construction Report

Bob Wiseman reported that during the three months ending December 31, 2009, there were three new contracts; two contracts were completed; one contract was amended; and there were 33 change orders greater than \$25,000. While the number of change orders appears large, over 20 of the 33 change orders are associated with the Patient Care Facility and total less than \$1.5 million. When the project was initiated, the Board was advised that there would be many such change orders as the project progressed. Jim Stuckert moved for approval. Bill Gatton seconded, and the motion for approval unanimously carried.

### FCR 8, Patent Assignment Report

Jim Tracy, Vice President for Research, presented the Quarterly Patent Report. As of December 31, 2009, the University has filed 16 patent applications, 12 patents were issued, and the University received \$603,077 of patent income. Bill Gatton moved for approval. Jim Stuckert seconded, and the motion for approval unanimously carried.

### **Other Business**

### **Next Meeting**

Tuesday, April 27, 11:00 A.M., 18<sup>th</sup> Floor Patterson Office Tower Board Room

Respectfully submitted,

*Barbara Royalty-Tatum*

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