

MINUTES OF THE FINANCE COMMITTEE  
University of Kentucky Board of Trustees  
September 14, 2010, 11:15 AM  
18<sup>th</sup> Floor Patterson Office Tower, Board Room

Committee Members Present

Bill Gatton, Chairperson, Britt Brockman, Jo Curris, and Jim Stuckert

Approval of Minutes

The minutes of the June 8, 2010 Finance Committee meeting were approved as presented.

FCR 1-3, (Consent)

Bill Gatton, Chairperson, acknowledged the gifts and pledges totaling \$4.45 million, of which \$3 million will be used to replace an unfulfilled Endowment Match Program pledge. Mr. Gatton thanked the donors for their generous support.

FCR 4, Renovate Nursing Building

Bill Gatton requested that the Board approve the initiation of the renovation of the Nursing Building. This project will renovate approximately 8,200 square feet on the sixth floor to construct a new 118 seat computer classroom and support space. The project is estimated to cost \$1,342,500 of which \$1,287,000 is from a federal grant from the U.S. Department of Health and Human Services and the remainder will be from University funds. Jo Curris moved for approval. Jim Stuckert seconded, and the motion for approval unanimously carried.

FCR 5, Renovate Old Pharmacy Building

Bill Gatton requested that the Board approve the initiation of the renovation of the Old Pharmacy Building. This project will renovate approximately 18,120 square feet on the first, second, and third floors including offices, computer class labs, biology class lab and support space. The project is estimated to cost \$3.4 million and will be funded from University fund balances. Britt Brockman moved for approval. Jo Curris seconded, and the motion for approval unanimously carried.

FCR 6, Renovate Track and Field Facility

Bob Wiseman, Vice President for Facilities Management, requested the Board to approve the initiation of the renovation of the University's track and field facility. The renovation includes the track surfaces, field event training areas, spectator seating and amenities, press box facility, athlete staging, rest room facility and equipment storage space. The project is not expected to cost more than \$14 million, and will be funded with \$7.1 million of private funds from the University of Kentucky Athletic Association and up to \$6.9 million internal loan from the University to be repaid over a period not to exceed five years. The Debt Management Committee has reviewed the proposed loan and financing plan and determined that is consistent with the University's Debt Policy. Jim Stuckert moved for approval. Britt Brockman seconded, and the motion for approval unanimously carried.

FCR 7, A Resolution Providing for the Authorization, Issuance and Sale of Approximately \$26 Million General Receipts Obligations (Energy Savings Project) and Approximately \$35 Million General Receipts Refunding Obligations of the University of Kentucky, Pursuant to the Trust Agreement Dated as of November 1, 2005

Jim Stuckert recused himself from voting on this FCR as he is associated with Hilliard Lyons, which is the financial advisor for bond issuance.

Angie Martin, Vice President for Financial Operations and Treasurer, requested that the board approve a resolution which authorizes the issuance of approximately \$26 million in Energy Savings Project Bonds and \$35 million in Refunding Bonds. The bonds sale is scheduled for October 28, 2010. The Energy Savings Project Bonds will finance the Guaranteed Energy Savings Project approved by the Board on December 1, 2009. Savings generated by the project will pay the debt service on the bonds and the savings are guaranteed by the performance contractor. The Refunding Bonds will total approximately \$35 million and will refinance the outstanding Consolidated Educational Building Revenue Bonds, Series S and Series T, originally issued in 2003. The Refunding Bonds will only be issued if the refinancing continues to be advantageous. The exact principal amount of both bond series will be determined on the date of sale. Jo Curriss moved for approval. Britt Brockman seconded, and the motion for approval unanimously carried.

FCR 8, Transfer of Real Property Referred to as Griffith Woods in Harrison County, Kentucky to the Kentucky Department of Fish and Wildlife Resources

Frank Butler, Executive Vice President for Finance and Administration, requested that the Board authorize the transfer to the Kentucky Department of Fish and Wildlife, without consideration, approximately 390-400 acres of real property known as Griffith Woods or Silver Lake Farm in southern Harrison County, Kentucky. This property was purchased in February 2004 with a grant from the Kentucky Heritage Land Conservation Board. As a condition of the grant, the property is subject to a conservation easement and the University agreed to manage the property which requires on-going expenditures. While an important tract of land, the property is not a priority of the College of Agriculture or the Tracy Farmer Center. Thus, it is in the best interests of the University that the property be transferred to another state agency willing and able to maintain in compliance with the terms of the easement and management plan. The Vice President for Research has negotiated an agreement with the Department of Fish and Wildlife that will transfer responsibility for the management of the property to them but will allow University researchers continued access to the property. Jim Stuckert moved for approval. Jo Curriss seconded, and the motion for approval unanimously carried.

FCR 9, Lease/Purchase of Medical Equipment

Bob Wiseman requested that the Board approve a \$10 million medical equipment lease pool for the UK HealthCare Enterprise. This pool will assist with cash-flow management as UK HealthCare proceeds with several cash-intensive capital projects including the construction of the Patient Care Facility. The University's Debt Committee has determined that this request is consistent with the University's Debt Policy. Britt Brockman moved for approval. Jim Stuckert seconded, and the motion for approval unanimously carried.

### FCR 10, Patent Assignment Report

Jim Tracy, Vice President for Research, presented the quarterly Patent Report for the period ended June 30, 2010 which includes five patents. During the fiscal year ended June 30, 2010, the University filed 30 patent applications, 31 patents were issued, and patent receipts total \$2.3 million. Jim Stuckert moved for approval. Jo Curris seconded, and the motion for approval unanimously carried.

### FCR 11, Capital Construction Report

Bob Wiseman reported that during the quarter ending June 30, 2010 there were eight new contracts including three for design and five for new construction; 34 change orders greater than \$25,000; four contract amendments; and one contract was completed. Jo Curris moved for approval. Britt Brockman seconded, and the motion for approval unanimously carried.

### **Other Business**

#### **Next Meeting**

Tuesday, October 12, 2010, 11:30 AM, 18<sup>th</sup> Floor Patterson Office Tower Board Room

Respectfully submitted,

*Barbara Royalty-Tatum*  
Barbara Royalty-Tatum