

MINUTES OF THE FINANCE COMMITTEE
University of Kentucky Board of Trustees
October 14, 2012, 12:30 PM
18th Floor Patterson Office Tower, Board Room

Committee Members Present

James Stuckert, Chairperson, Jo Curris, Keith Gannon, Pam May, Terry Mobley, and Frank Shoop

Approval of Minutes

The minutes of the September 11, 2012, Finance Committee meeting were approved as presented.

FCR 1 – Resolution of the Board of Trustees of the University of Kentucky Relating to the Refunding of Bonds heretofore issued in accordance with a Lease Agreement among the University, The Kentucky Asset/Liability Commission, The Finance and Administration Cabinet of the Commonwealth of Kentucky and The State Property and Buildings Commission of the Commonwealth of Kentucky

Mr. Jim Stuckert, Chairperson, recommended approval to adopt the Resolution to authorize the execution and delivery of agreements, certificates and instruments that may be necessary or appropriate for the refunding of outstanding Agency Fund Revenue and Revenue Refunding Bonds, Project No. 80, Series A (the "Prior Bonds") of State Property and Buildings Commission (the "Commission"). Frank Shoop moved for approval. Terry Mobley seconded, and the motion for approval unanimously carried.

FCR 2 – Acceptance of Audit Report and the Report on Internal Control for the University of Kentucky for FY 2011-12

Jim Stuckert presented the University's Audited Financial Statements for the fiscal year ended June 30, 2012, and the Independent Auditor's report on the University's internal controls. BKD LLP, the University's external auditor, has completed and issued their report. The report expresses an unqualified (or "clean") opinion on the University's financial statements. Jo Curris moved for approval. Pam May seconded, and the motion for approval unanimously carried.

FCR 3 – Authorization of Lease for Phase II-A Student Housing and Amendment for Phase I Ground Lease

Angie Martin, Vice President for Financial Operations and Treasurer and Bob Wiseman, Vice President for Facilities Management, presented the recommendation to enter into long-term leases with an affiliate of Education Realty Trust, Inc. ("EdR") guaranteed by Education Realty Operating Partnership, LP for purposes of development and management of Phase II-A of the student housing project; and amend the long-term ground lease with EdR for the Phase I student housing project. The amendments include: (1) removal of demolition costs in the amount of \$518,000; (2) removal of university project reimbursement of \$50,000; and (3) reduce the fall 2013 rental rate from \$3,490 to \$3,325. A summary of the terms and a draft of the leases were provided. The draft agreements may be modified prior to execution, if necessary. Any substantive modifications will be reported to the Board. If the Board authorizes the President to enter into these long-term leases, an affiliation agreement between the University and EdR

outlining how the housing facilities would be operated and maintained will also be executed. Terry Mobley moved for approval. Pam May seconded, and the motion for approval unanimously carried.

FCR 4 – Approval of Lease

Jim Stuckert recommended that the Vice President for Financial Operations and Treasurer, be authorized to negotiate and execute a lease between the University of Kentucky and Royal Lexington Apartments, 695 Winnie Street, Lexington, Kentucky, for space located at 695 Winnie Street, Lexington, Kentucky. Kentucky Revised Statute §48.111 requires legislative authorization of all leases with an annual cost of \$200,000 or more. This lease is authorized in the enacted 2012-14 Executive Budget. Contingent upon the Board of Trustees' approval, the lease will be reported to the Capital Projects and Bond Oversight Committee. Frank Shoop moved for approval. Jo Curriss seconded, and the motion for approval unanimously carried.

Respectfully submitted,

Barbara Royalty-Tatum

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