

MINUTES OF THE FINANCE COMMITTEE
University of Kentucky Board of Trustees
September 11, 2012 – 10:30 AM
18th Floor Patterson Office Tower, Board Room

Committee Members Present

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

Approval of Minutes

The minutes of the June 19, 2012, Finance Committee meeting were approved as presented.

FCR 1 – American Music Library Endowed Fund Name Change (Consent)

Mr. Jim Stuckert, Chairperson, recommended approval of a request to change the name of the American Music Library Endowed Fund in the University Libraries to the Keith and Phyllis MacAdam Library Endowed Fund for American Music. The renaming will honor the original donors to the fund, Drs. Keith and Phyllis MacAdam.

FCR 2 – Cardiovascular Imaging Professorship Fund Name Change (Consent)

Jim Stuckert recommended approval of a request to change the name of the Cardiovascular Imaging Professorship Fund in the College of Medicine to the Dr. Anthony N. DeMaria Cardiovascular Imaging Chair. The College of Medicine wishes to honor Dr. Anthony DeMaria for his contributions as a faculty member in the College from 1981 until 1992.

FCR 3 – William E. Seale Family Foundation Gift (Consent)

Jim Stuckert recommended acceptance of a \$1 million gift from the William E. Seale Family Foundation of Annapolis, Maryland to support the Gatton College of Business and Economics Capital Campaign. The gift of \$1 million will be used for redesign and expansion of the existing building.

FCR 4 – Easement Authorization for Kentucky Power Company Transmission Line

Jim Stuckert recommended that the Vice President for Financial Operations and Treasurer, or her designee, be authorized to convey a 9.31 acre easement for the construction, operation and maintenance of a transmission line across property owned by the University on Terry Fork of Balls Fork at Troublesome Creek, Knott County, Kentucky. Kentucky Power Company (KPC) proposes to pay a total of \$55,000 to the University for conveyance of the easement. This value is based upon the appraised diminution in market value. Keith Gannon moved for approval. Pam May seconded, and the motion for approval unanimously carried.

FCR 5 – Construct Farmhouse Fraternity

Jim Stuckert recommended approval of the initiation of the Construct Farmhouse Fraternity capital project. The new fraternity house will be constructed on Rose Lane at lots 454 and 456 in Lexington, Kentucky on land owned by the University. The project scope is \$3.6 million and will be funded with private funds. Pending approval by the Board of Trustees, the project will be submitted for authorization to the Council of Postsecondary Education at their September 13, 2012 meeting and the September 18, 2012 meeting of the Capital Projects and Bond Oversight Committee. Jo Curris moved for approval. Frank Shoop seconded, and the motion for approval unanimously carried.

FCR 6 – Renovate Dentistry Class Lab

Jim Stuckert recommended initiation of the Renovate Dentistry Class Lab capital project. During its 2012 session, the General Assembly authorized many projects for the University of Kentucky including the “Renovate Dentistry Class Lab” project.

A subsequent feasibility study has shown that major mechanical system replacements and upgrades in the 50-year old Dentistry Building are required to support the ‘Renovate Dentistry Class Lab’ project that were unanticipated when making the original authorization. The project includes upgrading ventilation systems, modernizing and enhancing technology utilized in training dental students, and accommodating additional student dental workstations and workspaces in the Student Simulation Lab.

Pending approval by the Board of Trustees, a request to consolidate legislative authorizations to cover the expected project scope will be submitted to the Council on Postsecondary Education at their September 13, 2012 meeting and the September 18, 2012 meeting of the Capital Projects and Bond Oversight Committee. Pam May moved for approval. Terry Mobley seconded, and the motion for approval unanimously carried.

FCR 7 – Renovate/Upgrade Softball Complex

Jim Stuckert recommended approval of a scope increase for the Renovate/Upgrade Softball Complex. On February 23, 2012 the Capital Projects and Bond Oversight Committee approved the Renovate/Upgrade Softball Complex project in the amount of \$7,500,000 of Private Funds. The project included a new Softball Stadium and Batting Pavilion. On July 6, 2012 the bids received exceeded the approved authority. In order to accommodate the completion of construction of the Stadium portion prior to the start of the softball spring season, the project was split into two components. The first component was the new Softball Stadium with all site infrastructure and the second was the new Batting Pavilion practice facility and coaches’ office. Utilizing the Post Bid Addendum process as allowed by Kentucky’s Model Procurement regulations, revised bids were received for each component on August 26, 2012 with each part received as an independent contract. Based on the revised bids, the Stadium component was awarded utilizing the \$7,500,000 authority. The Board is requested to increase the scope of the project by \$2,200,000 for the Batting Pavilion and coach’s office component. This increase will be funded with private donations.

Contingent upon Board of Trustees’ approval, the scope increase will be submitted to the Capital Projects and Bond Oversight Committee at its September 18, 2012 meeting. Frank Shoop moved for approval to initiate the project. Terry Mobley seconded, and the motion for approval unanimously carried.

FCR 8 – Renovate/Expand Soccer Facilities

Jim Stuckert recommended approval of the initiation of Renovate/Expand Soccer Facilities capital project. This project will renovate and expand the University's soccer facilities to include locker, shower, and lounge space for the men's and women's soccer teams, training and umpire rooms, and new seating and press box. This project will also include upgrades to plumbing, electrical, and HVAC systems. The estimated project scope is not expected to exceed \$7 million and will be funded with UK Athletics' private funds.

Contingent upon approval by the Board of Trustees, the University will submit this project for interim authorization to the Council on Postsecondary Education at its September 13, 2012 meeting and the Capital Projects and Bond Oversight Committee at its September 18, 2012 meeting. Frank Shoop moved for approval. Jo Curriss seconded, and the motion for approval unanimously carried.

FCR 9 – Development Plan with Shriners Hospitals for Children

Jim Stuckert recommended authorization for the President, or his designee, to negotiate and prepare a final development plan with Shriners Hospitals for Children to relocate Shriners Hospitals for Children (SHC) – Lexington to the University of Kentucky campus. The EVPHA for Health Affairs and the administration of SHC Lexington have developed a preliminary proposal to jointly provide a system of care for the children SHC Lexington serves. Under the proposal, SHC Lexington will provide all outpatient care to its patients and all inpatient care will be provided in the Kentucky Children's Hospital. SHC Lexington will develop a new facility on the University of Kentucky campus near the Kentucky Children's Hospital to provide outpatient surgical services, outpatient clinics, physical therapy and other related services. The proposed facility would be built by SHC on land leased from the University.

Should planning proceed as anticipated, Board action on a lease and specific agreements will be requested later this year or early next year. Pam May moved for approval. Keith Gannon seconded, and the motion for approval unanimously carried.

FCR 10 – Lease/Purchase of Medical Equipment

Jim Stuckert recommended approval a \$10 million UK HealthCare Enterprise Medical Equipment Lease/Purchase Pool for FY 2012-13 and declare official intent to reimburse capital expenditures for medical equipment from a future debt obligation. The equipment will be located within the various facilities of UK HealthCare including but not limited to Chandler Medical Center and Good Samaritan Hospital. The University's Debt Committee has reviewed the proposal and determined that acquisition of these items by lease/purchase up to \$10 million is consistent with the University's Debt Policy. Terry Mobley moved for approval. Frank Shoop seconded, and the motion for approval unanimously carried.

FCR 11 – Capital Construction Report

Bob Wiseman, Vice President for Facilities Management, reported that during the quarter ending June 30, 2012, there were five new contracts; six change orders; two contract amendments; and five contracts completed. Jo Curriss moved for approval. Terry Mobley seconded, and the motion for approval unanimously carried.

FCR 12 – Patent Assignment Report

Jim Tracy, Vice President for Research, presented the quarterly patent report for the period of April 1 through June 30, 2012, which included 13 applications submitted, 24 patents issued, and patent receipts totaled \$1,652,263. Keith Gannon moved for approval. Pam May seconded, and the motion for approval unanimously carried.

Respectfully submitted,

Barbara Royalty-Tatum

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