

MINUTES OF THE FINANCE COMMITTEE  
University of Kentucky Board of Trustees  
March 19, 2013, 11:00 AM  
18<sup>th</sup> Floor Patterson Office Tower, Board Room

Committee Members Present

James Stuckert, Chairperson, Jo Curriss, Keith Gannon, Bill Gatton, Pam May, Terry Mobley, and Frank Shoop

Approval of Minutes

The minutes of the January 29, 2013, Finance Committee meeting were approved as presented.

FCR 1 – Don L. Jacobs, Sr. Gift and Pledge (Consent)

Jim Stuckert, Chair, recommended acceptance by consent of a \$500,000 gift to the UK HealthCare Patient Care Facility Fund and a \$1 million pledge to the Markey Cancer Center from Don L. Jacobs, Sr. The \$500,000 gift will be used for the enhancement of the new hospital pavilion. The \$1 million pledge will support faculty recruitment, pilot grant funding and shared resources facility support.

FCR 2 – Don L. Jacobs, Sr. Pledge to the Gatton College of Business and Economics Capital Campaign (Consent)

Jim Stuckert recommended acceptance by consent a pledge of \$5 million from Don L. Jacobs, Sr., to support the Gatton College of Business and Economics Capital Campaign. The pledge will be used for a \$65 million redesign and expansion of the Gatton College of Business and Economics building. The expansion will allow for enrollment growth of more than 50 percent and faculty/staff growth to support the additional students.

FCR 3 – Geoffrey H. Rosenberger Pledge (Consent)

Jim Stuckert recommended acceptance by consent a pledge of \$400,000 from Geoffrey H. Rosenberger of Pittsford, New York to support the Gatton College of Business and Economics Capital Campaign. The pledge will be used for a \$65 million redesign and expansion of the Gatton College of Business and Economics building. The expansion will allow for enrollment growth of more than 50 percent and faculty/staff growth to support the additional students.

FCR 4 – Haymaker Foundation, Inc. Gift (Consent)

Jim Stuckert recommended acceptance by consent a gift of \$500,000 from the Haymaker Foundation, Inc. of Lexington, Kentucky to support the Gatton College of Business and Economics Capital Campaign. The pledge will be used for a \$65 million redesign and expansion of the Gatton College of Business and Economics building. The expansion will allow for enrollment growth of more than 50 percent and faculty/staff growth to support the additional students.

#### FCR 5 – Howard L. Lewis Pledge (Consent)

Jim Stuckert recommended acceptance by consent a pledge of \$5 million from Howard L. Lewis of Solon, Ohio to support the Gatton College of Business and Economics Capital Campaign. The pledge will be used for a \$65 million redesign and expansion of the Gatton College of Business and Economics building. The expansion will allow for enrollment growth of more than 50 percent and faculty/staff growth to support the additional students.

#### FCR 6 – William E. Seale Family Foundation Pledge (Consent)

Jim Stuckert recommended acceptance by consent a pledge of \$4 million from the William E. Seale Family Foundation of Annapolis, Maryland to support the Gatton College of Business and Economics Capital Campaign. The pledge will be used for a \$65 million redesign and expansion of the Gatton College of Business and Economics building. The expansion will allow for enrollment growth of more than 50 percent and faculty/staff growth to support the additional students.

Mr. Stuckert thanked all the donors for their generous support of the University including \$14.9 million for the Gatton College of Business and Economics Capital Campaign and \$1.5 million for the patient care facility and the Markey Cancer Center.

#### FCR 7 – Renovate/Expand Gatton College

Jim Stuckert recommended approval of the initiation of the Renovate/Expand Gatton College capital project and the declaration of the University's official intent to reimburse capital expenditures from a future debt obligation for the capital project. The Board approved the initiation of the design of the project in June 2012. This project will renovate 146,000 gross square feet and expand the facility by 72,000 gross square feet. This \$65 million project, including design, has been authorized by the 2013 Kentucky General Assembly and will be initially funded with \$25 million of gifts and \$40 million of agency bonds. Bill Gatton moved for approval. Frank Shoop seconded, and the motion for approval unanimously carried.

#### FCR 8 – Academic Science Building

Jim Stuckert recommended approval of the initiation of the Academic Science Building capital project and the declaration of the University's official intent to reimburse capital expenditures for a future debt obligation for the project.

This project will construct a 263,000 gross square foot Academic Science facility. The existing Chemistry-Physics building, constructed in 1963, is one of the largest and most heavily used buildings (2<sup>nd</sup> highest usage) on the University campus. The facility serves all undergraduate students wherein they fulfill their basic science (both classroom and laboratory) requirements. Undergraduate and graduate students spend a significant amount of time in the facility learning the areas of biology, chemistry and physics and conducting research. The interior of the Chemistry-Physics building does not have adequate natural light, providing a less than ideal environment for student learning, research and faculty and student efforts. The classrooms are traditional consisting of either large, fixed seat lecture halls or small classrooms without modern science instructional technology. The facility is not conducive to modern science teaching methods and greatly hinders the use of current, collaborative learning methods.

The \$100 million project, authorized by the 2013 Kentucky General Assembly, will be funded with agency bonds. Through a unique and collaborative partnership, the UK Department of Intercollegiate Athletics will fund 65 percent of the annual debt service. The remaining cost will be paid through an already achieved internal reallocation of funds. Additionally, private funds are being solicited to help offset the University's annual debt service. Mr. Stuckert noted that Dr. Capilouto has said "that if we want to attract the best and the brightest we must have the academic facilities, the residence halls, the scholarship funds and well-paid facility and staff." Terry Mobley moved for approval. Pam May seconded, and the motion for approval unanimously carried.

#### FCR 9 – Expand and Renovate Commonwealth Stadium and Nutter Training Center

Jim Stuckert recommended approval of the initiation of the Expand and Renovate Commonwealth Stadium and Nutter Training Center capital project and the declaration of the University's official intent to reimburse capital expenditures from a future debt obligation for the project.

The existing stadium was built in 1973 and needs upgrades and expansion to better accommodate the students, fans, and players. The Expand and Renovate Commonwealth Stadium and Nutter Training Center capital project will provide new premium seating with revenue generating opportunities, improving the overall operational effectiveness and enhancing the fan experience as well as allowing UK to attract the best student-athletes to the campus. Among the planned improvements are many spectator driven improvements (improved concessions, restrooms and security), a new multi-purpose recruiting room, 16-20 private suites, new home team facilities, approximately 2,000 club seats, new press facilities, a new full service kitchen, and a new team store. The project also will include upgrades to the Nutter Training Center for the daily benefit of the University's student-athletes. Frank Shoop moved for approval. Keith Gannon seconded, and the motion for approval unanimously carried.

#### FCR 10 – Upgrade/Relocate Pediatric Critical Care Unit

Jim Stuckert recommended approval of the initiation of the Upgrade/Relocate Pediatric Critical Care Unit – UK HealthCare capital project.

This project will renovate or relocate existing space of the Pediatric Critical Care Unit. The work includes cosmetic interior renewals, some wall reconfigurations, an upgrade of electrical and medical gas services, patient room fixed equipment and air distribution/filtration systems and other essential infrastructure.

The estimated scope of this project is \$6 million and will be paid with 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 and the Capital Projects and Bond Oversight Committee. Terry Mobley moved for approval. Jo Curriss 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 December 31, 2012, there were six new contracts; four change orders; two contract amendments; and four contracts completed. Frank Shoop moved for approval. Keith Gannon seconded, and the motion for approval unanimously carried.

#### FCR 12 – Approval of Collaboration Agreement for the Use and Management of Eden Shale Farm

Jim Stuckert recommended that the Executive Vice President for Finance and Administration be authorized to enter into a Cooperative Agreement with the Kentucky Beef Network, LLC (KBN) for the day-to-day operation and management of the Eden Shale Farm. The College of Agriculture essentially ceased most research and demonstration activities in 2012, although certain modest projects remain on-going. After extensive discussions, the College of Agriculture and the non-profit KBN have negotiated a collaboration agreement that provides for KBN to assume the majority of operational and financial responsibility for Eden Shale farm, with the goal of operating the property as a learning center and demonstration farm. The goal is to operate the property in a way that demonstrates cutting-edge research into beef production practices in Kentucky. This arrangement will allow the College of Agriculture personnel to continue collaborative activities. Jo Curriss moved for approval. Pam May seconded, and the motion for approval unanimously carried.

#### FCR 13 – Proposed 2013-14 Tuition and Mandatory Fees Schedule

Angie Martin, Vice President for Financial Operations and Treasurer, presented the proposed 2013-14 Tuition and Mandatory Fees Schedule which reflects a three percent increase for resident students and a six percent increase for most non-resident students. Due to market pressures, the non-resident rate increases for Pharmacy, Dentistry, and Medicine have been held to three percent. As in the past, the College of Medicine's rates are 'locked in' by entering class – the tuition and mandatory fee rates do not change during the four-year program. A three percent (\$16 per semester) increase in mandatory fees has been distributed based on a recommendation from the Student Fees Committee. The University's recommended tuition and mandatory fees are expected to comply with the Council's parameters. Terry Mobley moved for approval. Frank Shoop seconded, and the motion for approval unanimously carried.

#### FCR 14 – Proposed 2013-14 Room and Board Rates

Angie Martin presented the proposed housing rates that reflect an average increase of three percent for four of the five optional dining plans. All students living in the residence halls are required to purchase a dining plan. With regard to the minimum meal plan, the recommended increase in the number of meals is considered to result in a better value for our students and more comparable to other universities. The recommended room and board rates are necessary to generate sufficient revenue to cover anticipated operating costs. Jo Curriss moved for approval. Pam May seconded, and the motion for approval unanimously carried.

#### FCR 15 – Acceptance of Interim Financial Report for the University of Kentucky for the Six Months ended December 31, 2012

Jim Stuckert recommended acceptance of the University of Kentucky consolidated financial report for the six months ended December 31, 2012. As of December 31, 2012, the University has recognized \$1.2 billion of current funds revenue representing 48 percent of the FY 2012-13 approved budget. Expenses and transfers also total \$1.1 billion. Terry Mobley moved for approval. Frank Shoop seconded, and the motion for approval unanimously carried.

FCR 16 – Patent Assignment Report

Jim Tracy, Vice President for Research, presented the quarterly patent report for the period of October 1 through December 31, 2012. For the first six months of the fiscal year, seven applications were submitted, 13 patents were issued, and patent receipts totaled \$3,750,815. Pam May moved for approval. Jo Curris seconded, and the motion for approval unanimously carried.

Hearing no further business, Chair Stuckert adjourned the meeting.

Respectfully submitted,

*Barbara Royalty-Tatum*

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