

MINUTES OF THE FINANCE COMMITTEE  
University of Kentucky Board of Trustees  
Feb 19, 2016 – 11:00 AM  
Patterson Office Tower

Committee Members Present

William Britton, Chairman, Claude A. “Skip” Berry, III, James Booth, Sheila Brothers, Keith Gannon, Kelly Holland, Austin Mullen, and Robert Vance.

Approval of Minutes

The minutes of the December 15, 2015, Finance Committee meeting were approved as written.

Finance and Administration Report

Eric Monday, Executive Vice President for Finance and Administration, provided an update on the initiatives within the Finance and Administration area.

On January 20, 2016, the University of Kentucky sold approximately \$160,000,000 of agency bonds to provide funding for the Student Center Capital Project. The bonds were 30% taxable and 70% tax-exempt. Eleven underwriters submitted bids for one or both of the bond series and the bids came in lower than expected. The bids reflect the University’s strong financial position and reputation, supported by S&P and Moody’s both affirming their previous ratings of AA Stable and Aa2 Stable, respectively.

The decision was made on January 21<sup>st</sup> to close the University the following day due to the severe weather forecast for significant snow accumulation. The Emergency Operations Center, located at The 90, was activated and staffed by ten individuals from 7:00 am to 6:00 pm on January 22. Over 180 clinical staff were transported to and from UK HealthCare from Friday to Sunday. A tow truck to help with cold-starts was also provided by UK HealthCare. Three athletic events were held as scheduled; indoor track meet, men’s basketball, and a tennis tournament. Situational updates from all essential functions were provided to President Capilouto every two to three hours.

Dr. Monday discussed efforts to evaluate various aspects of the Governor’s proposed state budget. He also said that discussions would be ongoing as the budget progresses through the legislative session.

FCR 1 – Bill Gatton Gift

The Committee reviewed FCR 1, acceptance of a \$1,000,000 gift from Mr. Bill Gatton for the Expand/Renovate/Upgrade Law Building Capital Project. The Capital Project was approved by the Board at its October 2015 meeting. Mr. Gatton’s total philanthropy to the University is nearly \$58,000,000, with several of his gifts having been matched by the “Bucks for Brains” program. He is the single largest donor in the history of the University of Kentucky.

A motion to accept was made by Trustee Brothers and seconded by Trustee Berry. The motion carried without dissent.

#### FCR 2 – Stites and Harbison, PLLC Pledge

The Committee reviewed FCR 2, acceptance of a \$500,000 pledge from Stites and Harbison, PLLC of Louisville, Kentucky to the Expand/Renovate/Upgrade Law Building Capital Project. Efforts were led by Mr. Steven M. Ruschell, Attorney and Member at Stites and Harbison. The College of Law will honor Stites and Harbison with a naming opportunity in the new building.

A motion to accept was made by Trustee Vance and seconded by Trustee Booth. The motion carried without dissent.

#### FCR 3 – Howard L. Lewis Pledge

The Committee reviewed FCR 3, acceptance of a \$5,000,000 pledge from Howard L. Lewis of Solon, Ohio toward the campaign for the Renovate/Expand Gatton College Capital Project. The Capital Project was approved by the Board at its March 2013 meeting. Mr. Lewis is the Founder and Chairman Emeritus of Family Heritage Life Insurance Company of America and a member of the Gatton College Hall of Fame. FCR 3 is the second pledge of \$5,000,000 from Mr. Lewis for this project.

A motion to accept was made by Trustee Berry and seconded by Trustee Booth. The motion carried without dissent.

#### FCR 4 – Gift from the Estate of Joann Longest

The Committee reviewed FCR 4, acceptance of a \$500,000 gift from the estate of Joann Longest, formerly of Floyds Knob, Kentucky. The gift was made by Ms. Longest to honor her uncle who earned his Bachelor of Science degree in Electrical Engineering from College of Engineering in 1937. The gift will establish the Robley D. Evans Graduate Fellowship in Electrical Engineering (\$400,000) and the Robley D. Evans Faculty Fellowship in Electrical Engineering (\$100,000).

A motion to accept was made by Trustee Holland and seconded by Trustee Brothers. The motion carried without dissent.

#### FCR 5 – Carl F. Pollard Gift

The Committee reviewed FCR 5, acceptance of a \$692,714 gift from Carl F. Pollard of Louisville, Kentucky to provide additional endowed funds for the Carl F. Pollard Scholarship Fund. Mr. Pollard established the Carl F. Pollard Scholarship Fund on March 2, 1994. The scholarship gives first preference to children of full-time horse farm workers currently employed by a thoroughbred horse farm in Kentucky.

A motion to accept was made by Trustee Brothers and seconded by Trustee Holland. The motion carried without dissent.

FCR 6 – John M. Preston Pledge

The Committee reviewed FCR 6, acceptance of an \$800,000 pledge from John M. Preston of Lexington, Kentucky to fund the University of Kentucky Department of Intercollegiate Athletics Capital Projects. Mr. Preston is a graduate of Gatton College of Business and Economics in 1996 and works in the mortgage industry.

A motion to accept was made by Trustee Vance and seconded by Trustee Berry. The motion carried without dissent.

FCR 7 – Approval to Declare as Surplus and Dispose of University Property Located at 300 Alexandria Drive, Lexington, Kentucky

The Committee reviewed FCR 7, approval to sell at auction property located at 300 Alexandria Drive, Lexington, Kentucky. The .73 acre parcel includes a 3,656 square foot structure which was previously used by the University for storage. Due to deterioration of the structure, the facility is no longer suitable for storage.

A motion to accept was made by Trustee Booth and seconded by Trustee Berry. The motion carried without dissent.

FCR 8 – Authorization of Lease for Phase III-B Student Housing and Naming of University Building

The Committee reviewed FCR8 which requested both the authorization of a lease with EdR for Phase III-B housing and the naming of Lewis Hall. Phase III-B includes one facility at the corner of University Drive and Hilltop Drive. The facility will include 20,050 square feet dedicated to the Lewis Honors College. The development scope for Phase III-B totals \$37,132,174. EdR will invest \$26,935,304 and the University will provide the remaining funds.

A motion to accept was made by Trustee Mullen and seconded by Trustee Holland. The motion carried without dissent.

FCR 9 – Construct/Replace/Upgrade Student Housing Capital Project (Scope Increase for Fit-Up Creative Arts Living Learning Program)

The Committee reviewed FCR 9, approval for increase in scope of \$819,500 for the Creative Arts Living Learning Program. Due to market conditions with building trades (mechanical and electrical), the competitive bids received exceeded the original estimated project budget.

A motion to accept was made by Trustee Brothers and seconded by Trustee Holland. The motion carried without dissent.

### FCR 10 – Repair/Upgrade/Improve Civil Site Infrastructure Capital Project

The Committee reviewed FCR 10, approval to improve three exterior areas that are in proximity to capital projects that are currently underway. The Capital Project, with an estimated \$4,750,000 scope, includes a Woodland Glen pedestrian walk from Sports Center Drive to Hilltop Avenue, a connection from the Student Center heading southwest to the College of Law building and including the Gillis Green area behind the renovated Gatton College, and the Washington Avenue greenway that connects the Academic Science Building with Library Drive.

The improvements are needed to address connections, walkability, and improve campus safety with appropriate lighting. The project will be funded with agency funds and fund balance.

A motion to accept was made by Trustee Booth and seconded by Trustee Holland. The motion carried without dissent.

### FCR 11 – Renovate/Expand Clinical Services Capital Project-William R. Willard Medical Education Building (College of Medicine Support Space)

The Committee reviewed FCR 11, approval for the initiation of the Renovate/Expand Clinical Services Capital Project (College of Medicine Support Space). The project will include renovations of outdated laboratory, office, and conference room spaces in the William R. Willard Medical Education Building. The renovated support space is needed due to the exponential growth of UK HealthCare and planned growth from the new Research Building II. The project scope is \$5,000,000 and will be funded with agency funds.

FCR 11 was reviewed and recommended for approval by the University Health Care Committee at its February 18, 2016 meeting.

A motion to accept was made by Trustee Vance and seconded by Trustee Mullen. The motion carried without dissent.

### FCR 12 – Construct/Upgrade/Fit-Up Support Services- UK HealthCare Capital Project (Good Samaritan Orthopaedic/Spine Services)

The Committee reviewed FCR 12, approval for renovations at the Department of Orthopaedic Surgery's Spine Clinic. The Clinic is located at the Good Samaritan Office Building on 125 East Maxwell Street, Lexington, Kentucky. The scope for this project is \$1,500,000 (agency funds). Renovations will provide more usable exam rooms, improved waiting areas, and a new x-ray suite, a service not currently available.

FCR 12 was reviewed and recommended for approval by the University Health Care Committee at its February 18, 2016 meeting.

A motion to accept was made by Trustee Vance and seconded by Trustee Brothers. The motion carried without dissent.

### FCR 13 – Patient Care Facility Capital Project (Fit-Up Fifth Floor-Phase I-H)

The Committee reviewed FCR 13, approval to fit-up the fifth floor and increase the scope of the Patient Care Facility Capital Project from \$614,000,000 to \$651,000,000. The additional project scope of \$37,000,000 will complete a total of 64 new beds. Additional beds are needed to alleviate the capacity constraints and improve patient care at UK HealthCare hospitals. Only one shelled patient floor (12<sup>th</sup> floor) will remain in Pavilion A after completion of this project.

FCR 13 was reviewed and recommended by the University Health Care Committee at its February 18, 2016 meeting.

A motion to accept was made by Trustee Vance and seconded by Trustee Brothers. The motion carried without dissent.

### FCR 14 – Capital Construction Report

Mary Vosevich, Vice President for Facilities Management, reported eight new contracts, four contract amendments, and 26 change orders for the quarter ending December 31, 2015. .

A motion to accept was made by Trustee Brothers and seconded by Trustee Holland. The motion carried without dissent.

### FCR 15 – Approval of the 2015-15 Endowment Match Program Annual Report

The Committee reviewed FCR 15, approval of the 2014-2015 Endowment Match Program Annual Report. A motion to accept was made by Trustee Brothers and seconded by Trustee Booth. The motion carried without dissent.

### FCR 16 – Patent Assignment Report

Lisa Cassis, Vice President for Research, presented the Patent Assignment Report for the period of October 1, 2015 through December 31, 2015. During this period, five applications were submitted, 15 patents were issued, and patent receipts totaled \$5,123,522.19. Dr. Cassis explained that the patent receipts were higher than usual due to a one-time settlement of \$3,200,000 received for Niadyne T0818.

A motion to accept was made by Trustee Booth and seconded by Trustee Brothers. The motion carried without dissent.

Hearing no further business, Chair Britton adjourned the meeting.

Respectfully submitted,  
Leigh Bays Donald