

MINUTES OF THE FINANCE COMMITTEE
University of Kentucky Board of Trustees
May 2, 2017 – 1:00 PM
Patterson Office Tower

Committee Members Present

William Britton, Chairman, Jennifer Barber, James Booth, Mike Christian, Kelly Holland, Dave Melanson, Rowan Reid, Frank Shoop, and Robert Vance

Approval of Minutes

The minutes of the February 17, 2017 Finance Committee meeting were approved as written.

Business Items Presented by: Bill Britton, Chair

FCR 1 Gift in Kind from Straumann USA, LLC

The Committee reviewed FCR 1, acceptance of a gift in kind of digital scanning and milling equipment and software valued at \$1,230,430 from Straumann USA, LLC of Andover, Massachusetts to the University of Kentucky College of Dentistry. Straumann is a global leader in implant, restorative, and regenerative dentistry. The digital equipment and software will be installed in the College of Dentistry's Dental and Oral Health Clinics.

Trustee Christian stated that the gift was a tremendous opportunity to use state of the art equipment.

A motion to accept was made by Trustee Christian and seconded by Trustee Barber. The motion carried without dissent.

FCR 2 Establishment of University Operating Quasi-Endowment Fund

The Committee reviewed FCR 2, authorization to establish the University Operating Quasi-Endowment Fund and approve the investment of operating cash and investments in the endowment investment pool, subject to: (1) liquidity targets approved by the Debt Management Committee; (2) a total operating quasi-fund investment limitation of 35%; and (3) an annual maximum contribution of \$75,000,000 as set forth in the Operating Fund Investment Policy.

Consistent with the Hospital Quasi-Endowment established at the March 2006 Board of Trustees meeting, the endowment investment pool would permit a longer-term investment horizon and greater diversification of investments for the University's long-term reserves. Withdrawals from the University Operating Quasi-Endowment Fund will require approval from the Board of Trustees.

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

FCR 3 A Resolution Providing for the Authorization Issuance and Sale of Approximately \$171,000,000 General Receipts Obligations of the University of Kentucky, Pursuant to the Trust Agreement Dated as of November 1, 2005

The Committee reviewed FCR 3, approval of a resolution authorizing the issuance of \$171,000,000 in bonds. The General Assembly, at its 2014 Regular Session, authorized the issuance of \$21,000,000 in agency bonds to finance the Expand/Renovate/Upgrade Law Building and at its 2016 Regular Session authorized the issuance of \$150,000,000 in agency bonds to finance the Renovate/Upgrade Healthcare Facilities project.

A motion to accept was made by Trustee Barber and seconded by Trustee Christian. The motion carried without dissent.

FCR 4 Acceptance of Interim Financial Report for the Six Months Ended December 31, 2016

The Committee reviewed FCR 4, acceptance of the Interim Financial Report for the Six Months Ended December 31, 2016. As of December 31, 2016, the University has recognized \$1,678,762,398 of current funds revenue representing 47 percent of the 2016-17 approved budget of \$3,573,528,900. Expenses and transfers total \$1,586,975,990 or 44 percent of the approved budget.

A motion to approve was made by Trustee Melanson and seconded by Trustee Barber. The motion carried without dissent.

FCR 5 Fiscal Year 2016-17 Budget Revisions

The Committee reviewed FCR 5, authorization and approval for revisions to the Fiscal Year 2016-17 budget. The proposed budget revisions decreased the University of Kentucky's total budget by \$6,400 from \$3,573,528,900 to \$3,573,522,500.

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

FCR 6 Authorization to Acquire Property (1530 Nicholasville Road, Lexington, Kentucky)

The Committee reviewed FCR 6, authorization to enter into a purchase agreement for a 13,876 square foot building (formerly used as the Lexington Senior Center) and 115 parking spaces located on 2.83 acres at the northeast corner of Nicholasville Road and Alumni Drive. The acquisition, authorized by the 2016 Session of the Kentucky General Assembly is expected to cost \$3,100,000 based upon appraisals and will be acquired using agency funds. Pending Board approval, the University will finalize negotiations and enter into a purchase agreement.

A motion to approve was made by Trustee Vance and seconded by Trustee Shoop. The motion carried without dissent.

FCR 7 Renovate/Upgrade Student Recreation Fields Capital Project

The Committee reviewed FCR 7, approval to renovate and upgrade existing fields adjacent to Cooper Drive to create multipurpose fields to support campus recreation programs including soccer, rugby, lacrosse, flag football, and field hockey. This project will renovate and replace the natural grass play surface with synthetic “in-fill” type surface. The project will include grade improvements, lighting, and other site improvements. The \$3,500,000 capital project was authorized by the 2016 Session of the Kentucky General Assembly as Renovate/Upgrade Athletics Playing Fields 2 with a scope of \$2,000,000 to be funded with private funds. A request to increase the authorized scope by \$1,500,000 to \$3,500,000, with the increase also to be funded with private funds, will be submitted to the Capital Projects and Bond Oversight Committee.

A motion to approve was made by Trustee Christian and seconded by Trustee Melanson. The motion carried without dissent.

FCR 8 Approval of Lease (College of Medicine-Bowling Green Campus)

The Committee reviewed FCR 8, approval to negotiate and execute a lease between the University of Kentucky Bowling Warren County Community Hospital Corporation (dba the Medical Center) for space located at 399 US 31W W Bypass, Bowling Green, Kentucky. The leased space will support the UK College of Medicine Bowling Green Campus initiative and house delivery of didactic educational components and primary clinical training activities.

The \$696,000 of annual rent will be funded with agency funds. The 24,000 square feet of leased space will provide both administrative and academic space.

A motion to approve was made by Trustee Barber and seconded by Trustee Holland. The motion carried without dissent.

Executive Vice President for Finance and Administration Report

Dr. Monday introduced; (1) Warren Nash, Executive Director of the Von Allmen Center for Entrepreneurship (VACE); (2) George Ward, Executive Director of Coldstream Research Center; (3) Ian McClure, Office of Technology and to discuss how the University supports and promotes entrepreneurship and commercialization in the community.

Warren Nash gave an overview of VACE, the UK Venture Studio, the UKAccel Program, and other programs that help promote new business ventures. VACE has developed relationships with over 200 faculty and researchers and assisted 51 UK related start-up companies.

George Ward discussed the Advanced Science and Technology Commercialization Center (ASTeCC). ASTeCC provides 38,000 of usable square feet of space to help grow 25 new and emerging technology based companies. Fifty-two companies have graduated from the program.

Ian McClure summarized the Office of Technology (OTC) client service process to help grow and promote patents and licenses. The OTC provides education programs, professional development, assets and agreement management, opportunity identification, and market research to help create renewable research.

Hearing no further business, Chair Britton adjourned the meeting.

Respectfully submitted,
Leigh Bays Donald