

Minutes of the Finance Committee Meeting  
University of Kentucky Board of Trustees  
Tuesday, May 1, 2018

The Finance Committee of the University of Kentucky Board of Trustees met on Tuesday, May 1, 2018, in Woodward Hall, Gatton College of Business and Economics.

A. Meeting Opened

James Booth, Chair of the Finance Committee, called the meeting to order at 11:10 a.m. Chair Booth asked Ms. Heeter, secretary to the Finance Committee, to call the roll.

B. Roll Call

The following members of the Finance Committee answered the call of the roll: James Booth, Jennifer Barber, Lee Blonder, Michael Christian, Elizabeth McCoy, Dave Melanson, Derrick Ramsey, and Frank Shoop.

Ms. Heeter announced that a quorum was present.

C. Approval of Minutes

Chair Booth asked if there were any corrections to the minutes of the February 23, 2018 meeting which were distributed. Trustee McCoy made a motion to approve the minutes. Trustee Christian seconded the motion. The motion carried without dissent.

D. Business Items

Chair Booth stated the Committee would hear business items.

FCR 1 Approval of internal loan for the Upgrade/Renovate/Expand Grain and Forage Center of Excellence capital project

Executive Vice President for Finance and Administration, Eric Monday presented FCR 1 a request for approval of an internal loan for the Upgrade/Renovate/Expansion of the grain center capital project. This project was previously approved by the Committee and the board back in September 2016, at \$15,000,000. It has since been bid and the project bids came in higher than what was expected. Per Administrative Regulation 8.2 the University may pay up to 15 percent above the initial estimate. The Administration is seeking permission and approval from the Finance Committee and ultimately the Board to fund the internal loan for the differential up to \$2.25 million. The original \$15,000,000 was a special appropriation from the Agriculture Development Board.

Dr. Monday was asked to explain how an internal loan works and the source of the funds.

The College of Agriculture, Food, and Environment will re-pay the internal loan. The loan will be from institutional reserves. Based on the term of the loan and market conditions the

payback will include interest at some amount above what the University is earning on current reserves so as not to injure University assets.

Nancy Cox, Dean of the College of Agriculture, Food, and Environment, was asked to address the group regarding where the funds would originate to pay back the loan. Dean Cox stated that part of the terms of the project require the college to raise another \$15,000,000 in philanthropic gifts and other reallocations. Presently they have about \$9,000,000 toward the \$15,000,000 goal. These funds will be used to pay back the loan.

Trustee McCoy made a motion to accept FCR 1. Trustee Ramsey seconded the motion. The motion carried without dissent.

#### FCR 2 Acceptance of Gift and Pledge from the Kentucky Farm Bureau Federation

Eric Monday presented FCR 2 requesting acceptance of a \$500,000 gift and a \$500,000 pledge from the Kentucky Farm Bureau Federation. The \$1,000,000 will support the College of Agriculture, Food, and Environment Grain and Forage Center of Excellence, the general operating, programming, research costs, and state-wide water resource initiative targeted at enhancing water management.

Trustee Christian made a motion to accept FCR 2. Trustee Barber seconded the motion. The motion carried without dissent.

#### FCR 3 Approval to Renovate/Upgrade Existing Housing (Delta Delta Delta Fraternity) capital project

Eric Monday presented FCR 3 to renovate and upgrade the existing University-Owned housing which is the Delta Rho chapter of Delta Delta Delta. This chapter has been in existence for 95 years, has 280 active members, and 1,800 living alumni. This is a capital project requesting approval to renovate and upgrade Tri Delt's existing housing. The renovation will expand dining and add 10 beds. The first floor will be ADA accessible and the HVAC and plumbing will be updated. The cost is estimated at \$2,120,000.

Susan West, Director of Fraternity and Sorority Life, addressed the group in response to a question about whether or not the students would be displaced. Yes, the students are aware that they will not be living in the house during renovation. The students will be living in on-campus or off-campus housing. It is expected that renovations will take a year.

Trustee Barber made a motion to accept FCR 3. Trustee Melanson seconded the motion. The motion carried without dissent.

#### FCR 4 Acceptance of Interim Financial Report for the Six Months Ended December 31, 2017

The University and its affiliated corporations have recognized \$1,749,964,620 of current funds revenue; 47 percent of the Fiscal Year 2017-2018 approved budget of \$3,707,416,900. Expenses and transfers totaled \$1,707,514,390, or 46 percent of the approved budget.

Trustee Shoop made a motion to accept FCR 4. Trustee Ramsey seconded the motion. The motion carried without dissent.

## FCR 5 Authorize and approve 2017-2018 Budget Revision

FCR 5 requesting approval to adjust the Fiscal Year 2017-2018 budget. We would decrease the budget by \$2,074,900 from \$3,707,416,900 to \$3,705,342,000 due to a 1% mid-year reduction in state funds.

Motion made by Trustee Melanson to accept FCR 5. Trustee Shoop seconded the motion. The motion carried without dissent.

## FCR 6 Approval to Declare Bowman's Den as Surplus Property

FCR 6 requests approval to declare Bowman's Den surplus property. The temporary dining facility was constructed by our dining partner. It was utilized for dining and ancillary services during the construction of the Student Center. The property is now surplus, and will be removed from our campus. The site will be returned to green space for our students.

Motion made by Trustee Blonder to accept FCR 6. Trustee McCoy seconded the motion. The motion carried without dissent.

## E. Executive Vice President for Finance and Administration Report

Executive Vice President for Finance and Administration Eric Monday gave the EVPFA report.

Eric Monday's report was on two topics. First, the status of the Student Center project. The second item was a comprehensive report on the Transportation Master Plan.

The Student Center Phase I opened January 3, 2018, driven by Champions Kitchen, a 750 seat dining hall which has been a tremendous success. A total of 7,000 students and 850 faculty and staff are on a meal plan. Location matters, quality matters, and experience matters. Phase II opened April 30, 2018, which included the social staircase, the bookstore, and the grand ballroom. "Walking through the MLK access and the core of campus, it is everything that we dreamed of. The spaces were focused on integrated technology, social spaces, community, and belonging. It will be a defining space for our campus for generations to come" said Dr. Monday.

Phase III will take place in early June. It will include the student organization zone, retail dining, Alumni Gym, the cinema, suite of meeting rooms, and the Senate Chamber, used by Student Government. The Alumni Gym will have state-of-the-art technology and the most advanced equipment; unlike any recreation facility seen in higher education.

The Harris Ballroom and Bluebox Theatre are shelled, and will be part of another phase. All of the supporting infrastructure is in place and will be completed after additional fundraising.

Dr. Monday was asked to elaborate on healthier dining options available on campus. Both Champions Kitchen and The 90 offer made-to-order options, and a worry-free zone for

those with food allergies. “We have the ability to respond to the various needs of our community.”

Melody Flowers, Executive Director for Strategic Analysis and Policy, presented the Transportation Master Plan. After years of work and dialogue on campus the transportation master plan was adopted in November 2015, enhancing transportation to, from, and around campus for everyone; students, faculty, staff, and patients. Ms. Flowers described the four step process of the plan. First, Invest heavily and aggressively in transportation demand management, and alternative forms of getting around campus; second, restructure parking permits; third, increase our supply of parking; and fourth, use of technology and communication to improve the user experience.

One of the alternative transportation options implemented is a partnership with Lextran. Routes were adjusted to make the bus more user-friendly; technology that allows the rider to see where the bus is and when it will arrive where they are. This enhancement is free to anyone with a UK ID. The University community has taken four million rides in the last three years.

UK has implemented incentive programs to try to reduce the number of cars on campus: 1) bike vouchers for \$400 to be used toward bike or bike accessories; 2) Cash Out - \$200 to not buy a parking permit; and 3) Zip cars brought to campus in August 2017 and are available to rent by the hour at \$7.50 per hour. There are currently two cars on campus with more expected in the future. Coming in the Fall of 2018 there will be Bike Share Program where you can rent bicycles for fifty cents per ride (for 30 minutes), \$14.00 per month or \$49 per year. The partner UK has identified has geo-fencing which determines where the bike is parked. The University has been in conversation with city government, Bluegrass Community & Technical College, Transylvania University, and neighborhoods so that people could ride downtown and park the bike in an approved location. The company will re-balance every day so that the bikes are distributed evenly throughout campus.

The University has transportation ambassadors who assist with bike safety, bike etiquette, and commute planning assistance. The Safe Ride Home partnership with the Student Government Association has delivered 30,000 students home safely.

The Transportation Master Plan identified a need for 2,000 spaces in its five year plan. “We have been adding spaces around campus at five or 10 spaces at a time. We have implemented tier parking allowing people to choose what level of parking they are willing to pay for. Core parking costs a little more money but it is more predictable. There are a broader range of choices,” said Ms. Flowers.

Additionally the plan identified a need to enhance technology at the parking structures Parking Access and Control systems. We will start with the Health Care garages, with improved arms and offering payment options. License Plate Recognition (LPR) cameras will help with enforcement and flow of traffic.

Ms. Flowers discussed the need for additional parking spaces. “Due to a land swap with Winslow Properties, Kennedy Bookstore, and Fazolis, there will be re-development opportunities for a significant number of parking spaces.

Ms. Flowers discussed telecommuting and strategies for allowing employees to work from home.

Following the conclusion of the transportation presentation, Dr. Monday was asked to give an update on the land swap of 200 acres at Coldstream for campus roads. Dr. Monday explained that final negotiations were still ongoing, open forums with communities had been held, and that the next step would be to seek Lexington-Fayette Urban County Council approval.

F. Meeting Adjourned

Hearing no further business, the meeting was adjourned at 12:00 pm.

Respectfully submitted,



Brenda Heeter

Secretary, Finance Committee