

Minutes of the Finance Committee Meeting
University of Kentucky Board of Trustees
September 13, 2019

The Finance Committee of the University of Kentucky Board of Trustees met on Friday, September 13, 2019, in the Gatton Student Center Ballroom A.

A. Meeting Opened

Interim Chair Brockman called the meeting to order at 9:41am. Interim Chair Brockman 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: Britt Brockman, Jennifer Barber, Lee Blonder, Michael Christian, Kim McCann, Elizabeth McCoy, Dave Melanson, Derrick Ramsey, and Frank Shoop. Ms. Heeter announced that a quorum was present.

C. Approval of Minutes

Chair Brockman asked if there were any corrections to the minutes from the June 21, 2019, meeting which were distributed. Trustee Christian made a motion to approve the minutes. Trustee Ramsey seconded the motion. The motion carried without dissent.

D. Business Items

FCR 1 Branch Banking and Trust Charitable Fund Grant

The recommendation seeks acceptance of a charitable grant totaling \$2,500,000 from Branch Banking and Trust (BB&T) Charitable Fund to establish an endowed chair named the "BB&T Chair in Data Analytics" and a corresponding non-endowed fund in the Gatton College of Business and Economics. BB&T, founded in 1872, is one of the largest financial services holding companies in the US with \$230.9 billion in assets. In 2018, BB&T contributed over \$12 million to leadership and education initiatives. BB&T made this \$2,500,000 grant to help the University of Kentucky educate tomorrow's digital business leaders and establish a presence in the emerging field of Business and Data Analytics. \$2,000,000 will be used to endow the BB&T Chair in Data Analytics and the remaining \$500,000 non-endowed portion will be used to meet immediate expenditure needs in support of the Chair. To date, BB&T's philanthropic support for the Gatton College of Business and Economics, including this grant, is over \$3,700,000. Trustee Melanson made a motion to accept FCR 1. Trustee Shoop seconded the motion. The motion carried without dissent.

FCR 2 Dorothy M. Huddle Charitable Remainder Unitrust Gift

The recommendation seeks acceptance of a gift of \$1,238,300 from the Dorothy M. Huddle Charitable Remainder Unitrust to support the "Harley E. Huddle, Sr. Scholarship Fund," an endowed scholarship fund in the College of Engineering. Dorothy Huddle and her family established this planned gift in 1997 to honor her husband Harley E. Huddle, Sr. Mr. Huddle graduated from the College of Engineering at UK with a bachelor's of science in mechanical engineering in 1941. He was a successful entrepreneur and inventor. Mr. Huddle owned many patents and developed the first machine to automatically clean aluminum cans during the manufacturing process. The University received this gift after Dorothy Huddle's death in December 2018. It will be used to establish an endowed scholarship fund to support mechanical engineering students from low and middle-income families who have demonstrated academic excellence, with a preference for students enrolled in the joint BS/MBA program. Trustee Blonder made a motion to accept FCR 2. Trustee Ramsey seconded the motion. The motion carried without dissent.

FCR 3 Approval of Improvements for UK College of Medicine Department of Behavioral Science

The recommendation seeks approval of a payment of up to \$34,000 for improvements to leased space for the UK College of Medicine's Department of Behavioral Science, located in leased space at 465 East High Street in Lexington, KY. The UK Laboratory of Human Behavioral Pharmacology is currently in the space which houses the clinical research programs of three faculty members in the Department. The work conducted in this facility is currently funded by nine National Institutes of Health grants (over \$20 million in total costs). Trustee McCoy made a motion to accept FCR 3. Trustee Shoop seconded the motion. The motion carried without dissent.

FCR 4 Authorization of Lease for UK HealthCare Bluegrass Care Clinic

The recommendation authorizes the Executive Vice President for Finance and Administration to negotiate and execute a building lease between the University of Kentucky and a lessor selected at an appropriate location in Lexington, KY to be used by UK Bluegrass Care Clinic. A need has been identified to provide space to support UK HealthCare's Infectious Disease Clinic, also known as the Bluegrass Care Clinic, to meet demands for growth and to provide a convenient location for patients. The lease will not exceed 29,000 square feet of administrative and outpatient space and will be at an annual cost not to exceed \$936,000. Trustee Christian made a motion to accept FCR 4. Trustee Melanson seconded the motion. The motion carried without dissent.

FCR 5 Repair, Upgrade, or Improve Building Systems – UK HealthCare Capital Project (Pavilion H Air Handling Unit)

The recommendation seeks approval to initiate the Repair, Upgrade, or Improve Building Systems – UK HealthCare Capital Project. This Project will replace one air handling unit (AHU) in the Chandler Hospital Pavilion H. AHU 1 services the ground, first, and second floors of Pavilion H. This AHU, which is original to the building and was installed in 1959, is in poor mechanical condition with failing fans and coils, and currently does not meet the cooling load for the service area. Trustee McCoy made a motion to accept FCR 5. Trustee Ramsey seconded the motion. The motion carried without dissent.

FCR 6 Authorization of Negotiated Disposition of Personal Property

The recommendation seeks authorization for the non-routine disposition of personal property by sale of a Superconducting Magnet System equipment valued at \$102,000 to Purdue University. Dr. Eric Munson, a former faculty member, has requested an item pertaining to his research be transferred to Purdue University where he now works. The item, with an original purchase price of \$240,000 in April, 2014, has become surplus to the needs of the Department. Trustee Shoop made a motion to accept FCR 6. Trustee Christian seconded the motion. The motion carried without dissent.

FCR 7 A Resolution Providing Additional Authority for the Executive Vice President for Finance and Administration or Treasurer to Enter Into Agreements to Issue Standby Letters of Credit for the University of Kentucky on Behalf of Itself or Its Affiliates

The recommendation approves a Resolution authorizing the Executive Vice President for Finance and Administration or Treasurer to enter into letters of credit, up to a total amount of \$2,500,000 on behalf of the University or University affiliates, for the purpose of acquiring or maintaining insurance coverage for the University or its affiliates or for other University business purposes. Trustee Christian made a motion to accept FCR 7. Trustee Ramsey seconded the motion. The motion carried without dissent.

FCR 8 Capital Construction Report

The recommendation seeks acceptance of the quarterly Capital Construction Report. The Committee yielded the floor to Mary Vosevich, Vice President for Facilities Management.

Ms. Vosevich reported that for the quarter ending June 30, 2019, there were six new contracts, one contract completed, two amendments, and 13 change orders greater than \$25,000. Trustee McCoy made a motion to accept FCR 8. Trustee Melanson seconded the motion. The motion carried without dissent.

FCR 9 Patent Assignment Report

The recommendation seeks acceptance of the quarterly Patent Assignment Report. The Committee yielded the floor to Dr. Lisa Cassis, Vice President for Research.

Dr. Cassis presented the Report for the period April 1, 2019 to June 30, 2019. During this period, seven full applications were submitted, 30 provisional patent applications were submitted, 11 patents were issued, and licensing income of \$-45,172.47 was recognized. Trustee McCoy made a motion to accept FCR 9. Trustee Melanson seconded the motion. The motion carried without dissent.

E. EVPFA Report

The next order of business was a report from the Executive Vice President for Finance and Administration, Dr. Eric Monday. Dr. Monday's report consisted of three items: dining update, lease update related to the Electronic Health Record project, and a capital construction/modernization update.

"This morning the success of our buying local and sourcing local dining program was in the local newspaper. The University purchased, during the last reporting period, over \$2.6 million in locally raised and manufactured products that are served on this campus. This is a five percent increase over last year and 146 percent of the contractual requirements threshold. It is a true farm-to-table program."

Dr. Monday continued with an update on FCR 11. In April 2019, the Board approved FCR 11 giving the Executive Vice President for Finance and Administration the authority to lease space for the Electronic Health Record Program. The University is still negotiating the terms of the lease and details will be reported at the next meeting.

Dr. Monday asked Mary Vosevich, Vice President for Facilities, to present an update on construction and modernization projects. Recently completed projects include: the Law Building; Center for Grain Excellence in Princeton, Kentucky; Delta, Delta, Delta Sorority; Alpha Gamma Rho Fraternity; Alpha Chi Omega Sorority; and Beta Theta Pi Fraternity.

Modernization projects underway include: Chemistry-Physics Building Phases I and II; Enoch Grehan Building; the Harris Ballroom in the Gatton Student Center; Brachytherapy Project at the Albert B. Chandler Hospital, Healthy Kentucky Research Building Phase II; and Parking Structure #5 mixed-use facility.

Projects out for bid include: UK HealthCare Magnetic Resonance Machine and improving the mechanical systems of the Agricultural Science Center North.

Modernization projects now in design include: Cooper House, Reynolds Building, and Scovell Hall.

Other projects in design include: Library Drive Extension Phase I, Memorial Coliseum, a facility for the new Institute for Kentucky Spirits, and Renovate Warehouse Space.

F. Other Business

G. Meeting Adjourned

Hearing no further business, the meeting was adjourned at 10:25am.

Respectfully submitted,

A handwritten signature in cursive script that reads "Brenda Heeter".

Brenda Heeter
Finance Committee Secretary