

Minutes of the Finance Committee Meeting  
University of Kentucky Board of Trustees  
December 10, 2019

The Finance Committee of the University of Kentucky Board of Trustees met on Friday, December 10, 2019, in the Gatton Student Center Ballroom A.

A. Meeting Opened

Chair McCann called the meeting to order at 10:11am. Chair McCann 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: Cathy A. Black, Lee X. Blonder, E. Britt Brockman, Michael A. Christian, A. C. Donahue, Michael Hamilton, Kimberly McCann, Elizabeth McCoy, Derrick K. Ramsey, C. Frank Shoop. Carol Martin "Bill" Gatton was not in attendance. Ms. Heeter announced that a quorum was present.

C. Approval of Minutes

Chair McCann asked if there were any corrections to the minutes from the September 13, 2019 meeting, which were distributed. Trustee McCoy made a motion to approve the minutes. Trustee Donohue seconded the motion. The motion carried without dissent.

D. Business Items

FCR 1 Gift Commitment from J. David Rosenberg

The recommendation seeks acceptance of a \$20,000,000 gift commitment from J. David Rosenberg to support the College of Law. The gift commitment is payable as follows: 1) \$1.5 million has been received 2) \$4.5 million will be paid over the next six years and the balance of \$14 million has been irrevocably committed through the Donor's estate with the option of lifetime gifts to fulfill this remaining amount. The Donor is making these gifts to establish the "Rosenberg Law Endowment" and corresponding non-endowed fund in the College of Law. The endowment and non-endowed fund will be used to award merit-based scholarships to students who demonstrate intellectual excellence and promise; provide resources to attract and retain high quality faculty members; and provide programmatic support, all for the purpose of advancing the excellence and prominence of the University's College of Law. Mr. Rosenberg and his wife, Diane B. Rosenberg, currently reside in Cincinnati, Ohio, where he is a senior partner at the law firm of Keating Meuthing Klekamp,

PLLC. Trustee Shoop made a motion to accept FCR 1. Trustee Hamilton seconded the motion. The motion carried without dissent.

FCR 2 Acceptance of 2018-19 Audited Financial Statements and the Independent Auditor's Report on Financial Statements and Required Supplementary Information

The recommendation seeks acceptance of the 2018-19 audited financial statements and independent auditor's report. Trustee McCoy made a motion to accept FCR 2. Trustee Ramsey seconded the motion. The motion carried without dissent.

FCR 3 Approval of the 2018-19 Endowment Match Program Annual Report

The recommendation seeks acceptance of the 2018-19 Endowment Match Program Annual Report. Trustee Blonder made a motion to accept FCR 3. Trustee Ramsey seconded the motion. The motion carried without dissent.

FCR 4 Acceptance of Interim Financial Report for the Three Months Ended September 30, 2019

The recommendation seeks acceptance of the consolidated financial report for the three months ended September 30, 2019. As of September 30, 2019, the University has recognized \$1,095,228,323 of current funds revenue representing 26 percent of the 2019-20 approved budget of \$4,190,939,600. Expenses and transfers total \$1,005,434,139 or 24 percent of the approved budget. Trustee Shoop made a motion to accept FCR 4. Trustee Melanson seconded the motion. The motion carried without dissent.

FCR 5 FY 2019-20 Budget Revisions

The recommendation seeks approval of the FY2019-20 Budget Revisions. The budget revisions will decrease the University of Kentucky's current funds budget by \$9,264,300. Trustee McCoy made a motion to accept FCR 5. Trustee Black seconded the motion. The motion carried without dissent.

FCR 6 A Resolution Providing for the Authorization, Issuance, and Sale of Approximately \$125,000,000 General Receipts Obligations of the University of Kentucky, Pursuant to the Trust Agreement Dated as of November 1, 2005

The recommendation seeks approval of a Resolution authorizing the issuance, in one or more installments, of approximately \$125,000,000 of University of Kentucky General Receipts Obligations, to be designated as "University of Kentucky General Receipts Bonds" with such series designation or designations that are appropriate to the order of issuance thereof (the 2020 Bonds)

The Resolution approves the issuance of the 2020 Bonds for the purpose of financing the project identified in House Bill 200 of the General Assembly of the Commonwealth of Kentucky, 2018 Regular Session, as enacted, as "Renew/Modernize Facilities". Approval of the Resolution declares the Board of Trustees' official intent that the proceeds of the Modernization Project Obligations will be used, in whole or in part, to reimburse authorized expenditures for the proposed project, to be located on the campus of the University, made prior to the issuance of such Obligations. Trustee Ramsey made a motion to accept FCR 6. Trustee Black seconded the motion. The motion carried without dissent.

#### FCR 7 Election to Obtain Private Property Loss Insurance

The recommendation seeks authorization for the Executive Vice President for Finance and Administration to obtain private insurance to cover all property in the University's possession against loss by fire and other hazards, effective July 1, 2020, or later, provided such private insurance coverage is commensurate with or greater than the insurance coverage provided through the State Fire and Tornado Insurance Fund and is a better value. This action permits the University to notify the Secretary of the Finance and Administration Cabinet of its intention to terminate the institution's insurance coverage through the State Fire and Tornado Fund as soon as the end of the current fiscal year. Trustee Black made a motion to accept FCR 7. Trustee Donohue seconded the motion. The motion carried without dissent.

#### FCR 8 Approval of Disposal of Real Property (0.641 acre Right of Way along KY-22 of the Eden Shale, University of Kentucky Experiment Station Farm, Owen County, KY)

The recommendation seeks authorization to dispose of a portion of land needed for road safety improvements along KY-22 between KY-227 and KY-845 containing 27,911 square feet (0.641 acres) of fee simple Right of Way as a strip along KY 22 road frontage located in Owen County, Kentucky. This property is part of the University of Kentucky Experiment Station, Eden Shale Farm in Owen County, KY. The land is needed for the Kentucky Transportation Cabinet's Owenton-Dry Ridge (KY-22) Project to improve safety on KY-22 between KY-227 and KY-845. It is recommended that the property be declared surplus to the University's needs and then sold to the Kentucky Transportation Cabinet. In accordance with the appraisal method set forth in KRS 416.660, the property appraised for \$4,000. The total consideration that will be paid to the University is \$30,583.75 and includes the cost of replacing fencing on the property. Trustee Donohue made a motion to accept FCR 8. Trustee Blonder seconded the motion. The motion carried without dissent.

FCR 9 Improve Campus Parking and Transportation System – 2020 Maintenance Capital Project

The recommendation seeks approval to initiate the Improve Campus Parking and Transportation System - 2020 Maintenance Capital Project. In 2018, a study was undertaken to complete a condition assessment, evaluation, and development of a master maintenance plan for the campus parking facilities consisting of a detailed preventative maintenance and repair program. The maintenance master plan is designed to alleviate existing deterioration, provide long-term durability, and extend the useful life of each parking facility. This project will complete the third year of the master plan. Work on the various structures will include installation of supporting steel, completion of concrete repairs, installation of surface coatings, completion of masonry repairs, painting as required, and other miscellaneous work that will extend the life and serviceability of the eight parking structures. Trustee Black made a motion to accept FCR 9. Trustee Blonder seconded the motion. The motion carried without dissent.

FCR 10 Construct Research Building (Fit-Up Two Wet Labs) Capital Project

The recommendation seeks approval of the initiation of the Construct Research Building (Fit-Up of Two Wet Labs) Capital Project. The Healthy Kentucky Research Building (HKRB), a full scope state-of-the-art research facility, was authorized by the 2015 Kentucky General Assembly and is the result of a partnership between the Commonwealth of Kentucky and the University. This facility enables multidisciplinary research teams to work together to develop solutions to the complex health disparities that plague the people of the Commonwealth of Kentucky; such as cancer, diabetes, obesity, and substance abuse. Construction of the 300,000 square foot facility began in March 2015; and the facility opened in September 2018. Phase I included the construction of the core and shell of the six-floor building, installation of supporting infrastructure in the precinct, the fit-up of the second and third floors, and fit-up of 40 percent of the vivarium space and the lobby with its first-floor café. Phase II included the fit-up of the fourth and fifth floors and added vivarium space on the ground floor.

This Project marks Phase III of the HKRB construction and will fit-up two wet laboratories on the first floor dedicated to cardiovascular research. The two wet laboratories will add 12 research benches, fourteen procedure rooms, four linear equipment rooms, two adjoining fume-hood rooms, and office spaces. Trustee Brockman made a motion to accept FCR 10. Trustee Ramsey seconded the motion. The motion carried without dissent.

FCR 11 Renew/Modernize Facilities Capital Project (Chemistry-Physics Building, Frazee Hall, Patterson Office Tower, Campus Enabling Infrastructure, Reynolds Warehouse #1, Scovell Hall, Whitehall Classroom Building, Bowman, Bradley, Breckinridge, and Kinkead Halls)

The recommendation seeks approval to initiate the Renew/Modernize Facilities Capital Project and declare official intent to reimburse capital expenditures from a future debt obligation for the Capital Project. The Renew/Modernize Facilities Capital Project is a multi-phase effort to renew and modernize buildings that make up the core of central campus. This modernization initiative will continue work started on the Chemistry-Physics Building, modernize Frazee Hall, renovate the 18<sup>th</sup> floor of Patterson Office Tower, and initiate the first phase of renovation to the White Hall Classroom Building. Also included is the design of the Reynolds Warehouse #1 to create academic space; schematic design for Scovell Hall; and a study of the Quad (Bowman, Bradley, Breckinridge, and Kinkead Halls) including schematic design for one of the four buildings, and necessary enabling infrastructure projects. This \$62,000,000 Capital Project will be funded with agency bonds. Trustee Black made a motion to accept FCR 11. Trustee McCoy seconded the motion. The motion carried without dissent.

FCR 12 Approval of Internal Loan for Demolition of Kirwan-Blanding Resident Housing Complex and Dining Commons

The recommendation requests approval of an internal loan of \$10,000,000 for demolition of the Kirwan-Blanding Resident Housing Complex and Dining Commons.

At its December, 2017 meeting the Board of Trustees authorized the Executive Vice President for Finance and Administration to proceed with design and demolition of the Kirwan-Blanding Resident Housing Complex and Dining Commons. The Complex was formerly used as undergraduate student housing and dining venue, located at 750-770 Woodland Avenue, Lexington, Kentucky. The scope of the Project will not exceed \$15,000,000 and will be funded with agency funds through an internal loan of \$10,000,000 to Auxiliary Services and up to \$5,000,000 in private funds. Following demolition of the existing structures, the University will undertake a project (proposed and described in FCR 13) to re-shape the site. Trustee Shoop made a motion to accept FCR 12. Trustee Hamilton seconded the motion. The motion carried without dissent.

FCR 13 Improve Civil/Site Infrastructure (South Campus Quad) Capital Project and Approval of Internal Loan

The recommendation seeks approval of the Improve Civil/Site Infrastructure (South Campus Quad) Capital Project and an internal loan of \$5,000,000. At its December 2017 meeting the Board of Trustees authorized the Executive Vice President for Finance and Administration to proceed with design and demolition of

the Kirwan-Blanding Resident Housing Complex and Dining Commons. The Complex was formerly undergraduate student housing and dining commons, located at 750-770 Woodland Avenue, Lexington, Kentucky. Upon completion of the demolition (proposed in FCR 12), this Capital Project will implement the master planned vision for the Kirwan-Blanding site as developed by Sasaki Architects. The project will include earthwork, walks/pavements, development of a large quadrangle for passive recreation, site furnishings, site lighting, emergency phones, and landscaping.

The Debt Committee has reviewed and approved this internal loan request. Trustee McCoy made a motion to accept FCR 13. Trustee Ramsey seconded the motion. The motion carried without dissent.

#### FCR 14 Proposed 2020-21 Room Rates for University-Constructed Housing

The recommendation seeks approval of the 2020-21 housing rates for University-constructed housing. The recommended 2020-21 University-constructed housing rates are necessary to generate revenue sufficient to fund anticipated operating costs. The housing rates established by the University's private housing partner are presented for informational purposes and are in compliance with the lease agreements. These housing rates reflect a 3.0 percent increase for 2020-21. The 2020-21 proposed rates for University-constructed housing also reflect a 3.0 percent increase for undergraduate housing. The 2020-21 proposed rates for University-constructed graduate and apartment housing reflect no increase for Lexington Theological Seminary (LTS) 2-bedroom units, LTS townhomes, and the Max Kade German House; and, 2.0 percent increase for all other graduate and apartment housing.

All students living in undergraduate residence halls are required to purchase a dining plan. The dining rates and plans (presented for informational purposes) are based on the agreement with the University's dining partner and reflect an average increase of 3.08 percent. Trustee Shoop made a motion to accept FCR 14. Trustee Black seconded the motion. Trustee Hamilton opposed. The motion carried.

#### FCR 15 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 September 30, 2019, there were seven new contracts, six amendments, and 12 change orders greater than \$25,000. Trustee McCoy made a motion to accept FCR 15. Trustee Donohue seconded the motion. The motion carried without dissent.

## FCR 16 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 July 1, 2019 to September 30, 2019. During this period, eleven full patent applications were submitted, 28 provisional patents were submitted, seven patents were issued, and licensing income of \$1,365,221.64 was recognized. Trustee Blonder made a motion to accept FCR 16. Trustee Donahue 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 two items: the Kirwan-Blanding Project and a Winslow Project update.

The Kirwan-Blanding site is a 13-to-14 acre plot with 11 buildings. The Board's approval of FCR 13 earlier will allow the demolition of the 11 buildings to begin. Next month the University will go to market for bids to bring the buildings down using methods other than implosion. It is possible to complete the demolition in 12- to-15 months. Dr. Monday presented images of what the site will look like after the buildings are removed; there will be more greenspace and the area will be consistent with the transformation of the campus.

Dr. Monday introduced Melody Flowers, Executive Director for Strategic Analysis and Policy for a Winslow Project update. Ms. Flowers reviewed the three main goals of the Winslow Project: maximize parking; deliver the completed Project by August 2020; and take advantage of the strategic piece of real estate at the entrance to the campus. The Winslow Project is on-time and on-budget to open this fall. The Project includes 918 net new parking spaces and 23,000 square feet of private retail space, as well as Esports and multi-use space. There will be spaces for: innovation, Esports tournaments, economic development, classes, and lectures. Ms. Flowers estimates activity in the space 18 hours a day, seven days a week. The Project will include a food hall which will be occupied by local and regional businesses. Conversations have been taking place with students and faculty to imagine how the space can be utilized. No single unit will own the space; it will be a true collaboration across colleges, departments, and disciplines.

F. Other Business

G. Meeting Adjourned

Hearing no further business, the meeting was adjourned at 11:05am.

Respectfully submitted,

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

Brenda Heeter  
Finance Committee Secretary