

Minutes of the Finance Committee Meeting  
University of Kentucky Board of Trustees  
October 15, 2020

The Finance Committee of the University of Kentucky Board of Trustees met on Thursday, October 15, 2020, via Zoom.

A. Meeting Opened

Chair Kimberly McCann called the meeting to order at 4:00 pm. Chair McCann asked Ms. Brenda Heeter, secretary to the Finance Committee, to call the roll.

B. Roll Call

The following members of the Finance Committee were present: Lee X. Blonder, Ray A. Daniels, Kimberly Scott McCann, Elizabeth McCoy, Derrick K. Ramsey, C. Frank Shoop and Courtney Wheeler. 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 11, 2020 meeting, which were distributed. Trustee Shoop made a motion to approve the minutes. Trustee McCoy seconded the motion. The motion carried without dissent.

D. Business Items

FCR 1 FY 2020-21 Budget Revisions

The recommendation seeks authorization and approval of budget revisions to the FY 2020-21 budget. The budget revisions outlined in the recommendation relate primarily to UK HealthCare and will increase the University of Kentucky's current funds budget by \$373,858,500 – from \$4,429,389,500 to \$4,803,248,000. Trustee Ramsey made a motion to accept FCR 1. Trustee Shoop seconded the motion. The motion carried without dissent.

FCR 2 Improve Building Systems – UK HealthCare Pavilion H – Replace AHU S1 and S1A Capital Project

The recommendation seeks approval to replace two existing air handling units (AHUs) and their controls in Pavilion H (Chandler Medical Center and Hospital). Installed in 1972, these assets have exceeded their useful life. Replacing this equipment will improve the reliability of the systems, improve the temperature and humidity control, and improve energy efficiency. This expenditure will allow a planned replacement with little disruption to operations and patient care. This \$4,000,000 project, authorized by the 2020 Kentucky General Assembly, will be funded with agency funds. Trustee Shoop made a motion to accept FCR 2. Trustee Ramsey seconded the motion. The motion carried

without dissent.

#### FCR 3 Improve Building Systems – UK HealthCare Pavilion WH – Replace AHU 4 and 5 Capital Project

The recommendation seeks approval to replace two existing air handling units (AHUs) and their controls in Pavilion WH (Marylou Whitney and John Hendrickson Cancer Facility for Women). Installed in 1989, these assets have exceeded their useful life. Replacing this equipment will improve the reliability of the systems, improve the temperature and humidity control and improve energy efficiency. This expenditure will allow a planned replacement with little disruption to operations and patient care. This \$2,000,000 project, authorized by the 2020 Kentucky General Assembly, will be funded with agency funds. Trustee Blonder made a motion to accept FCR 3. Trustee Shoop seconded the motion. The motion carried without dissent.

#### E. Research Report

The floor was yielded to Dr. Lisa Cassis, vice president for research. Dr. Cassis reported that the research enterprise, as an integral part of a Research 1 (R1) University, is charged to innovate, have scholarship in the form of publications, books and monographs and to create and change our environment. For the past five years, the research enterprise's strategic plan goals have been to expand the efforts in scholarship, creative endeavors and research across the full range of disciplines to focus on the most important challenges of the Commonwealth, our nation and our world.

Dr. Cassis reported that UK is experiencing record growth in the research enterprise. Over the last six years, UK has seen an 8.8 percent compound annual growth rate in external grant and contract awards reaching a record level of \$429.2 million in FY 2019-20. As a frame of reference, the goal in the strategic plan was to have a growth of 1.9 percent per year. This pace of growth is hard to maintain and harder to continue to increase in very competitive times.

Dr. Cassis reported that the research enterprise is strategically growing through investing in designated areas of priority. There are currently seven research priority areas: neuroscience, diversity and inclusion, substance use disorder, cancer, diabetes and obesity, cardiovascular diseases, and energy. The criteria for designation as a research priority area are: local relevance, existing strength, diversity of disciplines, and sustainable research funding.

Dr. Cassis announced that the Healthy Kentucky Research building has had an immense impact on the university's research capacity. The \$265 million facility is focused on eliminating the health disparities that negatively impact the lives of Kentuckians. The facility includes six floors of wet lab space and a three floor connector building for dry lab researchers.

Dr. Cassis reviewed a few of the grant awards in FY 2019-20 from the National Institutes of Health, National Science Foundation, Centers for Disease Control and Prevention and the Department of Defense. In closing, Dr. Cassis stated that the

university's research mission is important to the faculty, and they are doing a tremendous job.

F. EVPFA Report

The floor was yielded to Dr. Eric Monday, executive vice president for finance and administration. Dr. Monday updated the Committee on the Coldstream High-Tech building, the mid-semester report related to the university's testing, tracing and health corps and an update on the institutional budget.

Dr. Monday reported that the Coldstream High-Tech project at the Coldstream research campus, is 735 acres and is currently 94 percent occupied. The university used a competitive selection process to find a partner to design, finance, build, operate and maintain a facility for the high-tech business sector. The building will be a 40,000 square feet, two-story facility. Kentucky Technical Inc., a research component of the university, will master lease approximately 50 percent of the building. The facility will open in January 2022.

Dr. Monday announced that October 9<sup>th</sup> was the halfway point of the fall semester. A mid-semester report is available online which details the steps taken in response to the coronavirus including pre-screening, screening, testing, tracing and recovery. The goal has been to make it easy for the university community to stay safe. All students on campus were required to be tested, which resulted in 25,000 tests in approximately three weeks.

Contact tracing continues to take place, and to date there have been over 4,000 contacts through UK Health Corps. UK Health Corps includes university leaders from University Health Service, Facilities Management, Public Relations and Strategic Communications, Marketing and Brand Strategy, Academic and Student Affairs, Student Government Association, Human Resources, Information Technology Services, College of Public Health, Smart Campus Faculty Affairs, Environmental Health and Safety and Institutional Research and Decision Support. Trustee Wheeler has been involved with the administration of UK Health Corps to assist in encouraging students to act responsibly.

Finally, Dr. Monday updated the Committee on the institution's budget. He reported that another federal stimulus package is still in conversation and is being monitored. The Office of the State Budget Director released state tax receipts for the month of September and the reported revenues look good. Tuition, as anticipated, is expected to be down by \$11 or \$12 million by the end of the fiscal year. This tuition shortfall is driven by changes in the price structure and due to changes of class modalities from in-person to online instruction. The online pricing structure does not differentiate between in-state or out-of-state residency. As a result, non-resident students will pay \$1,800 less for an online class compared to a traditional or hybrid class.

G. Other Business

Chair McCann asked if there was any other business to come before the Committee.

H. Meeting Adjourned

Hearing no further business, the meeting was adjourned at 4:46 pm.

Respectfully submitted,



Brenda Heeter  
Finance Committee Secretary