

Minutes of the Finance Committee Meeting  
University of Kentucky Board of Trustees  
February 19, 2021

The Finance Committee of the University of Kentucky Board of Trustees met on Friday, February 19, 2021 via Zoom.

A. Meeting Opened

Chair Kimberly McCann called the meeting to order at 11:15 a.m. 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 and Courtney Wheeler. Carol Martin "Bill" Gatton and C. Frank Shoop were 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 December 15, 2020 meeting, which were distributed. Trustee Blonder made a motion to approve the minutes. Trustee McCoy seconded the motion. The motion carried without dissent.

D. Executive Vice President for Finance and Administration (EVPFA) Report

Chair McCann yielded the floor to Eric Monday, executive vice president for finance and administration. Dr. Monday shared that the EVPFA report would provide two important updates regarding the 2014 Series B Refunding of outstanding university debt obligations and the iPad Smart Campus initiative.

Dr. Monday reminded the committee members that at the December meeting of the Finance Committee there was discussion about the possibility of an advanced refunding for debt issued in 2014. There are three outstanding bond issuances - 2014 Series A, 2014 Series B and 2014 Series D. The 2014 Series B was a viable candidate and eligible for advanced refunding. The university, in conjunction with the financial advisor, Robert Baird, looked at active and eligible bonds for refinance that would result in a significant savings. A request for proposal (RFP) was issued and the marketplace responded with six offers. Morgan Stanley was the successful bidder and offered a prepaid forward delivery offer. The offer was an upfront, lump-sum payment of \$3.1 million in future savings, which minus the approximate \$100,000 transaction costs, will net \$3 million. Once there is a final decision on the use of the funds, that information will be shared with the Committee.

Next, Dr. Monday introduced Ms. Abbie Loynachan and Mr. Heath Price to provide an update on the iPad Smart Campus Initiative. They reported that last year, just three

weeks after the Board had approved the iPad lease purchase was approved, the campus went remote. Fortunately, through the lease program, the university had received 2,500 iPads from Apple right before the students left campus. The university was able to distribute the iPads to students in need of technology, making the difference for many students between remaining in school or having to withdraw. Ms. Loynachan reported that there are 12,000 iPads on campus in the hands of students. A video of student testimonials about how the students use the iPads and how important the iPads are to the students was shared with those in attendance.

Mr. Price explained that during this unprecedented time, this program has allowed the university to put the resources where they are needed. For the first two years of the program, the iPad has been the same model. However, as technology continues to change, the kit to be distributed for the coming year will include the newer iPad Air (4<sup>th</sup> generation), pencil (2<sup>nd</sup> generation) and keyboard cover with Apple Care.

#### E. Business Items

##### FCR 1 Lease/Purchase of Equipment for the Smart Campus Initiative

The recommendation seeks approval for the lease/purchase of equipment for the continuation of the Smart Campus iPad Initiative.

The Smart Campus Initiative, a comprehensive, campus-wide approach to using technology, will continue the partnership with Apple by purchasing another year of iPad technology aimed to: refine and optimize student recruitment, retention and graduation efforts; enhance pedagogy for both in-class and online learning; better prepare underrepresented students for college; increase safety, mental health and well-being among students, faculty, and staff that could be scaled to other audiences and for other uses beyond the campus; leverage access to financial wellness and online learning to increase the opportunity for life-long success; enhance student skills in application development with Swift coding; and assist interventions and programs in health care.

The third phase of the iPad initiative and Apple partnership will continue to level the technological playing field for all students; enhance pedagogy and innovative learning; and help build skills that set our students up for future success.

The university will continue to pay the lease on the iPads that were distributed to first-year students in Fall 2019 and Fall 2020 at a total cost of \$2,623,574. The university will lease/purchase an additional 7,500 iPad kits (iPad Air, pencil and keyboard) from Apple at an estimated cost not to exceed \$1,600,000. Trustee Ramsey made a motion to accept FCR 1. Trustee Wheeler seconded the motion. The motion carried without dissent.

##### FCR 2 Approval of Disposal of Real Property Real Estate and Easement, University of Kentucky Ecological Research and Education Center

The recommendation seeks approval for a portion of land needed for road improvements connecting Citation Boulevard to Winburn Drive, which includes 17,468 square feet of fee simple land, a 3,378 square foot permanent easement and a 22,083

square foot temporary easement located in Lexington, Kentucky, be declared surplus to the needs of the university and that the Executive Vice President for Finance and Administration be authorized to sell the property through a Memorandum of Understanding to the Lexington-Fayette Urban County Government (LFUCG) for an amount determined under the appraisal method set forth in KRS 416.660. This subject property is part of the University of Kentucky Ecological Research and Education Center in Lexington, Kentucky. Pursuant to KRS 416.660, the land and easements will be sold to LFUCG for \$68,614.00, the appraised price. Trustee Ramsey made a motion to accept FCR 2. Trustee Daniels seconded the motion. The motion carried without dissent.

### FCR 3 Authorization of Negotiated Disposition of Personal Property

The recommendation seeks authorization of the sale of equipment valued at \$58,563.36 to Penn State University. Dr. Mariant Gutierrez, a departed faculty member, has requested an item pertaining to her research be transferred to Penn State University. The specific item is a Portable Bench-Scale Shake Table valued at \$58,563.36. The item, with an original purchase price of \$65,678.54 in May 2020, has become surplus to the needs of the department. The sale request has been approved by the Department Chair, Dean of the College, Vice President for Research, and the University Treasurer. To avoid further depreciation, it is recommended that it be sold to Penn State University as property more suitable for some other use consistent with the public interest in accordance with University of Kentucky Business Procedure E-12-4: Property Disposition Policy. Trustee Ramsey made a motion to accept FCR 3. Trustee McCoy seconded the motion. The motion carried without dissent.

### FCR 4 Construct/Improve Greek Housing (Delta Gamma) Capital Project

The recommendation seeks approval of the initiation of the Construct/Improve Greek Housing (Delta Gamma) capital project and an internal loan for an amount not to exceed \$950,000 to fund the project. This capital project will improve and expand the 13,000 square foot house located at 450 Pennsylvania Avenue. The addition will be approximately 2,500 square feet and will allow for renovated and improved bathrooms, bedrooms, common areas, kitchen, increased dining to 300 capacity, additional study areas and improved technology including wifi. The facility will be leased to the fraternity in a structured arrangement whereby the fraternity will be responsible for the development costs to improve the facility. The internal loan will be used as a backup measure only to be drawn down in the event there is more than a 30-day delay in payments from Delta Gamma and will be repaid with interest within 30 days of drawdown. Trustee McCoy made a motion to accept FCR 4. Trustee Wheeler seconded the motion. The motion carried without dissent.

### FCR 5 Repair/Upgrade/Expand Central Plants - Deaerators Capital Project

The recommendation seeks approval of the initiation of the Repair/Upgrade/Expand Central Plants - Deaerators capital project. The university's

Steam Heating Utility Plants require deaerator tanks to remove dissolved gasses from the water supply into the plant boiler. Several of the oldest tanks currently in use were installed in the 1960s or 1970s, putting them well past their expected life span. Another tank is approaching two decades of continual operation. With the constant use of operation, metal fatigue and structural failures are occurring, as are limitations to the capacity of water they can service, resulting in supporting boilers not being able to operate at plant capacity.

The scope of this capital project is \$6,000,000 and will be completed over several phases as annual funding becomes available. This first phase, Phase 1, is not anticipated to exceed \$1,750,000. Trustee Wheeler made a motion to accept FCR 5. Trustee Ramsey seconded the motion. The motion carried without dissent.

#### FCR 6 Improve Campus Parking and Transportation System - 2021 Maintenance Capital Project

The recommendation seeks approval of the initiation of the Improve Campus Parking and Transportation System - 2021 Maintenance capital project. This project will continue the maintenance and repairs of the eight parking structures on the Lexington campus. 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. This project will complete the fourth year of the master plan. Work on the various structures will include completion of concrete repairs, installation of surface coatings, completion of masonry repairs, painting as required and other miscellaneous work that will serve to extend the life and serviceability of the various parking structures. Trustee Wheeler made a motion to accept FCR 6. Trustee Daniels seconded the motion. The motion carried without dissent.

#### FCR 7 Capital Construction Report

The recommendation seeks acceptance of the capital construction report for the three months ending December 31, 2020. Mary Vosevich, vice president for facilities management, presented the capital construction report for the second quarter of the fiscal year. There were six new contracts during this period, three contracts completed, four amendments and 19 change orders greater than \$25,000 on seven different projects. Trustee Wheeler made a motion to accept FCR 7. Trustee Blonder seconded the motion. The motion carried without dissent.

#### FCR 8 Patent Report

The recommendation seeks acceptance of the patent assignment report for the period October 1, 2020 to December 31, 2020. Mr. Ian McClure, executive director for the Office of Technology Commercialization, gave the patent report for the second quarter of the fiscal year. During this period there were 16 full patent applications, 17 provisional

applications, eight patents were issued and license income totaled \$209,591.78. Trustee Daniels made a motion to accept FCR 8. Trustee Blonder seconded the motion. The motion carried without dissent.

F. Research Report

The floor was yielded to Dr. Lisa Cassis, vice president for research, for an update on the university's research enterprise. Dr. Cassis reported that the university's sponsored grants and awards continue to grow with a fiscal year to date increase of 9.3 percent through January 2021 compared to the same time last year. State funding is up by 26.7 percent and industrial funding is up by 78.7 percent.

Dr. Cassis reported that the Office of the Vice President for Research has created a plan to invest in selected focus areas that benefit and enrich the lives of the citizens of the Commonwealth and beyond. This plan is built on Research Priority Areas which include neuroscience, energy, cardiovascular, diabetes and obesity, cancer, substance use disorder, and diversity and inclusion (UNITE - United in True Racial Equity).

The program supports strategic research that impacts Kentucky and includes 15 colleges and major units, 82 departments/centers and 392 individual principal investigators. The Research Priority Areas are supported through recruitment of new faculty, contributions to start-up packages for new faculty, cross-collaborations on hiring across units and disciplines, strategic equipment purchases, creation of biobanks, pilot grant programs to seed new ideas and build strength, and new training grant opportunities for junior faculty and students.

Dr. Cassis shared that as the research enterprise grows, so should undergraduate research opportunities. Over the last six months the Office of Vice President for Research has formed a committee for evaluating institution-wide undergraduate research with all colleges represented. All colleges will receive funds annually to support undergraduate research using a formulaic approach. The funds are intended to make research something that all undergraduates can experience as part of their education.

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 12:05 p.m.

Respectfully submitted,



Brenda Heeter  
Finance Committee Secretary