

MINUTES OF THE FINANCE COMMITTEE  
University of Kentucky Board of Trustees  
June 10, 2014 – 11:00 AM  
18<sup>th</sup> Floor Patterson Office Tower, Board Room

Committee Members Present

James Stuckert, Chairperson, Sheila Brothers, Jo Curris, Bill Gatton, Kelly Holland, Terry Mobley and Frank Shoop

Approval of Minutes

The minutes of the May 9, 2014, Finance Committee meeting were approved as presented.

Dr. Ernie Yanarella had requested time to speak before the Finance Committee meeting to appeal the contract with outside dining vendors. He thanked the administration for bringing forums to the campus. He also stated that he was pleased that any future agreement would include the purchase of locally grown food products.

FCR 1 – The Forcht Group of Kentucky Pledge

Jim Stuckert recommended acceptance of a pledge of \$1 million from the Forcht Group of Kentucky (Lexington, Kentucky) to support the Gatton College of Business and Economics Capital Campaign. The \$1 million pledge will be used for the \$65 million renovation and expansion of the Gatton College of Business and Economics Building currently underway.

FCR 2 – Acceptance of Interim Financial Report for the Nine Months ended March 31, 2014

As of March 31, 2014, the University has recognized \$2 billion of current funds revenue representing 76 percent of the 2013-14 approved budget of \$2.7 billion. Expenses and transfers total \$1.9 billion. Frank Shoop moved for approval. Bill Gatton seconded, and the motion for approval unanimously carried.

FCR 3 – A Resolution Providing for the Authorization, Issuance and Sale of General Receipts Refunding Bonds of the University of Kentucky, Pursuant to the Trust Agreement Dated as of November 1, 2005

Jim Stuckert recommended acceptance of a resolution authorizing the issuance of University of Kentucky General Receipts Obligations, to be designated University of Kentucky General Receipts Refunding Bond, to be issued in one or more series or subseries, and to be dated as of a date determined by the Treasurer. Jo Curris moved for approval. Keith Gannon seconded, and the motion for approval unanimously carried.

#### FCR 4 – Fiscal Year 2014-15 Operating and Capital Budget

Angie Martin, Vice President for Financial Planning and Chief Budget Officer, presented a summary of the Fiscal Year 2014-15 operating and capital budget. The operating budget totals \$3 billion, an increase of \$283 million compared to the Fiscal Year 2013-2014 revised budget. Sheila Brothers moved for approval. Kelly Holland seconded, and the motion for approval unanimously carried.

#### FCR 5 – Disposal of Personal Property

Jim Stuckert recommended approval of a fiscal year 2014-15 plan for the routine disposal of equipment and other surplus personal property as required by the Kentucky Revised Statutes. Jo Curris moved for approval. Frank Shoop seconded, and the motion for approval unanimously carried.

#### FCR 6 – Resolution for the Designation of an Agent for the Application of Federal Emergency Management Assistance

Jim Stuckert recommended a resolution designating the Executive Vice President for Finance and Administration to be the authorized Applicant Agent representative of the University in all public assistance and hazard mitigation matters for the purpose of obtaining federal financial assistance from the Federal Emergency Management Agency. Terry Mobley moved for approval. Sheila Brothers seconded, and the motion for approval carried.

#### FCR 7 – Repair/Upgrade/Improve Building Mechanical Systems Capital Project (William R. Willard Medical Education Building Air Handling Units)

Jim Stuckert recommended the initiation of the Repair/Upgrade/Improve Building Mechanical Systems Capital Project (William R. Willard Medical Education Building Air Handling Units). The project will replace the air-handling unit for the Division of Laboratory Animal Resources located in the basement of the Willard Medical Education Building. The scope of the legislatively authorized project is \$750,000 and will be funded with agency funds. Frank Shoop moved for approval. Kelly Holland seconded, and the motion for approval carried.

#### FCR 8 – Center for Applied Energy Research Slipstream Capital Project

Jim Stuckert recommended the initiation of the Center for Applied Energy Research Slipstream Capital Project. The University's Center for Applied Energy Research (CAER) is the recipient of a grant award from the United States Department of Energy National Energy Technology Laboratory. CAER has partnered with Louisville Gas & Electric and Kentucky Utilities to test a carbon dioxide (CO<sub>2</sub>) capture system. CAER has developed a novel heat integration scheme for the system that is expected to meet the Department of Energy performance and cost targets of 90 percent CO<sub>2</sub> capture, 95 percent CO<sub>2</sub> purity, with an increase in the cost of electricity of less than 35 percent. The CAER CO<sub>2</sub> capture process has been designed and will be erected and operated at LG&E/KU's E.W. Brown Generating Station in Harrodsburg, Kentucky. The scope of this project is \$1.6 million and will be funded with federal funds. Upon approval by the Board of

Trustees, this project will be submitted to the Council on Postsecondary Education and the Capital Projects and Bond Oversight Committee for interim legislative authorization. Jo Curris moved for approval. Terry Mobley seconded, and the motion for approval unanimously carried.

#### FCR 9 – Expand and Renovate Commonwealth Stadium Capital Project (Commonwealth of Kentucky High Performance Building Standards Exception)

Jim Stuckert recommended that the Finance Committee approve a request for exemption from the Commonwealth of Kentucky’s High Performance Building Standards for Leadership in Energy & Environmental Design (LEED) Silver Level Certification pursuant to 200 Kentucky Administrative Regulation (KAR) 6:0070 Section 3(c) for the Expand and Renovate Commonwealth Stadium Capital Project.

The renovation of the stadium has been designed to maximize sustainability wherever feasible and to meet basic LEED certification requirements. However, an exemption from the Commonwealth’s High Performance Building Standards (200 KAR 6:070 Section 3(c)) is necessary as the improvements required to attain the requisite LEED Silver Level certification would add substantial work to the project. The additional work would be in areas used only during home football games thus providing a negligible return on the investment. The project will meet the necessary requirements for basic LEED certification. Frank Shoop moved for approval. Sheila Brothers seconded, and the motion for approval unanimously carried.

#### FCR 10 – Renovate Old Softball/Soccer Locker Room Capital Project

Jim Stuckert recommended initiation of the Renovate Old Softball/Soccer Locker Room Capital Project. The men’s and women’s soccer and the women’s softball teams have been moved from the old soccer/softball facility to newly renovated facilities in the expanded softball/soccer complex. This project will renovate the existing soccer/softball locker and shower space in the old soccer/softball building to create new office and administrative space for the coaches and staff of the three teams. As a result, the student-athletes will have access to their coaches and coaching staff in adjacent facilities. The vacated space in Commonwealth Stadium will house event management, facility operations, and sports turf personnel to provide a more cohesive and efficient work environment for those units.

The scope of the legislatively authorized project is estimated to total \$1.5 million and will be funded with private funds. Sheila Brothers moved for approval. Kelly Holland seconded, and the motion for approval unanimously carried.

#### FCR 11 – Renovate/Update UK Healthcare Facilities Capital Project

Jim Stuckert recommended initiation of the Renovate/Upgrade UK HealthCare Facilities Capital Project and declare official intent to reimburse capital expenditures from a future debt obligation for the Capital Project.

With a scope of \$150 million, the Renovate/Upgrade UK HealthCare Facilities Capital Project (designated as Phase I-F of the Development Plan) will include the fit-up of two additional

patient floors in Pavilion A, replacement of kitchen and cafeteria, hyperbaric chamber replacement, magnetic resonance imaging relocation, installation of remaining elevators, central chiller plant addition, and neonatal intensive care unit relocation.

The project will be financed with agency bonds that will be repaid with UK HealthCare patient care revenues. With the initiation of Phase I-F, the Board will have approved a total \$763,100,000 investment in the Albert B. Chandler Hospital Facilities Development Plan, including the new Patient Care Facility. The approved investment is well within the \$900,000,000 legislative authorization that includes \$750,000,000 for the Patient Care Facility and \$150,000,000 for this new project. Terry Mobley moved for approval. Jo Curris seconded, and the motion for approval unanimously carried.

#### FCR 12 – Approval of Dining Capital Projects and Transfer of Vehicles

Jim Stuckert recommended initiation of planning, design and construction of multiple dining capital projects funded from private funds and authorize the transfer and sale of a food truck and seven golf carts to Aramark.

Through a public private partnership, Aramark, a publicly traded company headquartered in Philadelphia, will provide 100 percent equity to fund dining capital projects for up to \$70 million. Per University Administrative Regulation 8.2, Board approval is required for capital projects costing more than \$600,000. The planned projects that exceed this threshold include: construction of a new Commons on south campus; fit-up of shell spaces in Haggin Hall and Champions Court I; renovation of existing dining facilities; expansion of dining in other new or renovated buildings; and installation and operation of a temporary dining facility to supplant dining services when the Student Center is offline for renovation and expansion.

Pursuant to Administrative Regulation 8.1 and KRS 164A.575 (7), property that is not needed by the University can be transferred with approval of the Board of Trustees. The University purchased a food truck in 2013 with the intent to use the vehicle to provide portable food services at various campus locations. In the Request for Proposals, the responders were asked to purchase the vehicle as part of their offer. In addition, the University has seven golf carts from dining services that will no longer be needed by the University. The original purchase price of the vehicles totaled \$213,940. Pending Board approval, Aramark will pay the University the depreciated value of \$180,841 for the vehicles.

Frank Shoop moved for approval. Terry Mobley seconded and the motion for approval carried. There were two abstentions.

Hearing no further business, Chair Stuckert adjourned the meeting.

Respectfully submitted,

*Barbara Royalty-Tatum*

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