

MINUTES OF THE FINANCE COMMITTEE
University of Kentucky Board of Trustees
April 1, 2014, 11:15 AM
18th Floor Patterson Office Tower, Board Room

Committee Members Present

James Stuckert, Chairperson, C. B. Akins, Sr., James Booth, Sheila Brothers, Jo Curriss, Bill Gatton, Kelly Holland, Terry Mobley, and Frank Shoop

Approval of Minutes

The minutes of the January 31, 2014 Finance Committee meeting were approved as presented.

FCR 1 – Blue Grass Community Foundation Grant (Consent)

Jim Stuckert, Chair, recommended acceptance of a \$10 million pledge from the Blue Grass Community Foundation (BGCF) of Lexington, Kentucky on behalf of an anonymous donor to support the University of Kentucky Department of Intercollegiate Athletics new training facility for the football program.

FCR 2 – Establishment of the Walter and Nellie Evans Journalism and Telecommunication General Excellence Scholarship Quasi-Endowment Fund in the College of Communication and Information (Consent)

Jim Stuckert recommended approval of the establishment of the Walter and Nellie Evans Journalism and Telecommunications General Excellence Quasi-Endowed Fund in the College of Communication and Information. The University received the \$100,000 bequest in April 2013. Dr. Beth Barnes, Director of the School of Journalism and Telecommunications, has requested that an endowment be established to honor Walter and Nellie Evans and provide continued support for this scholarship program. This request is supported by College of Communication and Information Dean Dan O’Hair.

FCR 3 – The Estate of Martha M. Keffer Gift (Consent)

Jim Stuckert recommended acceptance of a \$500,000 gift from the Estate of Martha M. Keffer to the Department of English in the College of Arts and Sciences. Mrs. Keffer left 50 percent of her residuary estate to the Department of English. The \$500,000 bequest was a partial distribution of her estate, with final distribution expected later in 2014.

FCR 4 – Joan D. Kincaid and Central Bank and Trust Company Pledge (Consent)

Jim Stuckert recommended acceptance of a \$7 million pledge from Joan D. Kincaid and Central Bank & Trust Company (Central Bank). Of the total pledge, \$1 million has been committed toward a project to be determined in the A. B. Chandler Hospital. In addition, \$6 million will fund a new auditorium in the Gatton College of Business & Economics as part of its \$65 million building redesign and expansion. The new auditorium will be named to recognize the Kincaid family and Central Bank, and it will honor Joan D. Kincaid and her late sister Jane W. Kincaid, both of whom graduated from the College in 1963 and are members of the College's Hall of Fame. The new facility also will memorialize their late father, Garvice D. Kincaid, and their mother, Nelle W. Kincaid. Garvice Kincaid was a UK graduate, renowned Lexington businessman, and member of the UK Board of Trustees.

FCR 5 – The Estate of Genevieve Warren Gift (Consent)

Jim Stuckert recommended acceptance of a \$460,409.22 gift from the Estate of Genevieve Warren to the College of Engineering to fund the Frank Warren Endowed Scholarship. Mrs. Genevieve B. Warren passed away in November 2012. Mrs. Warren established the Frank Warren Endowed Scholarship Fund in March 1997 to honor her late husband's career in civil engineering. Mrs. Warren left 50 percent of her residuary estate to be added to the Frank Warren Endowed Scholarship Fund. This fund provides scholarships for students within the College of Engineering who are majoring in Civil Engineering, with first preference to students from Graves County, Kentucky. The bequest of \$460,409.22 is a partial distribution of her estate, with final distribution expected later in 2014.

FCR 6 – Acceptance of Interim Financial Report for the Six Months Ended December 31, 2013

Susan Krauss, Interim Treasurer, reported on the financial activities of the University and its affiliated corporations, for the six months ended December 31, 2013. As of December 31, 2013, the University has recognized \$1,305,117,747 of current funds revenue representing 48 percent of the 2013-14 approved budget of \$2,728,069,400. Expenses and transfers total \$1,265,869,615 or 46 percent of the approved budget. Eric Monday, Executive Vice President for Finance and Administration, reported on the University's recent ratings by Moody's and Standard & Poor's (S&P). The agencies' focused on the recent \$250 million in bonds just recently issued. Moody's has sustained the University's rating and S&P also sustained the rating but revised the University's outlook from stable to positive. The report continues to state that should the University stay on the trajectory that we have today, looking at healthcare, financial management, as well as enrollment growth, that the likelihood of an upgrade within the next two years is very high. The University is positioned very strongly as it relates to its ratings and debt capacity and the financial management. Sheila Brothers moved for approval. C.B. Akins seconded, and the motion for approval was unanimously carried.

FCR 7 – Approval of Amended Agreement

Jim Stuckert recommended authorization for the Executive Vice President for Finance and Administration to negotiate and execute an amended agreement between the University of Kentucky and the Lexington-Fayette Urban County Government regarding the partnership in developing and operating the University of Kentucky-Lexington-Fayette County Arboretum.

Bob Wiseman, Vice President for Facilities Management, stated that the University's goal is to reach an amended agreement which fully supports a sustainable future of the Arboretum as it is a critical asset both for the community and for the University's educational mission. The agreement will extend through the year 2086, giving the Arboretum extensive time for fund-raising efforts. Kelly Holland moved for approval. Jo Curris seconded, and the motion for approval was unanimously carried.

FCR 8 – Capital Construction Report

Bob Wiseman reported that for the quarter ending December 31, 2013, there were eight new contracts; six change orders; five contract amendments; and two contracts completed. Frank Shoop moved for approval. Jim Booth seconded, and the motion for approval unanimously carried.

Hearing no further business, Chair Stuckert adjourned the meeting.

Respectfully submitted,

Barbara Royalty-Tatum

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