

Minutes of the Finance Committee Meeting
University of Kentucky Board of Trustees
February 21, 2019

The Finance Committee of the University of Kentucky Board of Trustees met on Friday, February 21, 2020, in the J. David Rosenberg College of Law.

A. Meeting Opened

Chair Kimberly McCann called the meeting to order at 11:10 am. 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 answered the call of the roll: Cathy A. Black, Lee X. Blonder, E. Britt Brockman, Michael Hamilton, Kimberly McCann, Elizabeth McCoy, Derrick K. Ramsey, and C. Frank Shoop. Michael A. Christian, A.C. Donahue, and Carol Martin "Bill" Gatton 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 10, 2019 meeting, which were distributed. Trustee McCoy made a motion to approve the minutes. Trustee Hamilton seconded the motion. The motion carried without dissent.

D. 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 update and a Smart Campus update.

At the December 2019 Board of Trustees' meeting, FCR 12, Initiation of the Kirwan-Blanding Project, was approved. In December the University issued a Request for Proposal (RFP), the market responded and a contract was awarded. The contractor began to mobilize and the project is underway and will be complete by November of this year. Once the buildings are removed, a green space will be created. Some trees in the space may have to be moved and some will be lost but the University is focused on preserving as many trees as possible. We planted over 500 trees during the last five years on our 800 acres. When the site is complete there will be more trees than when the project started.

Next, Dr. Monday introduced Dr. Kirsten Turner and Mr. Heath Price to provide an update on the smart campus Initiative. The University's Smart Campus Initiative is a joint initiative between the Information Technology Services unit, led by Associate Chief Information Officer, Mr. Price, and the Student and Academic Life unit, led by Associate Provost, Dr. Turner.

Dr. Turner described the Smart Campus Initiative as including Esports, digital signage and the Apple relationship. This update was about the Apple iPad initiative and app development. To-date, 6,100 iPads, keyboards and pencils have been distributed to students and faculty. Since the deployment, there have been focus groups with students and faculty concerning how the iPads are being used. The students shared how cost effective the program is; future implications – cheaper books, cheaper materials or free materials; opportunities for catalyst – students experimenting with development of their own apps; and benefits in terms of accessibility, visual impairment, visual impairment, and mental health apps. Dr. Kathi Kern, Associate Provost, has been working with faculty to adopt the technology by hosting workshops and offering a peer-to-peer speaker series.

Mr. Price described the iPad initiative as a matrixed effort creating an experience for students with the new app. The app is close to full development and will include useful functions to connect students with various services. Additionally, there is ongoing collaboration which will lead to gathering frequent feedback from campus and learning ways to improve and grow student success with this technology.

E. Business Items

FCR 1 Pledge From the Bill Gatton Foundation

The recommendation seeks acceptance of a \$13,500,000 pledge, of which \$3,300,000 has been received, from the Bill Gatton Foundation to support the expansion and continued fit-out of the University of Kentucky Gatton Student Center. Mr. Gatton's total philanthropy, individually and through the Bill Gatton Foundation, to the University is nearly \$60,000,000, and his total gift impact upon the University is over \$71,000,000, with several of his gifts matched by the Commonwealth of Kentucky's "Bucks for Brains" program. He is the single largest donor in University history. Trustee Shoop made a motion to accept FCR 1. Trustee Hamilton seconded the motion. The motion carried without dissent. Chair McCann expressed appreciation to Mr. Gatton.

FCR 2 Pledge From the Bing and Rachel Zhang Family Foundation, Inc.

The recommendation seeks acceptance of a pledge of \$6,350,000 from the Bing and Rachel Zhang Family Foundation, Inc. to establish an endowed fund named the "Dr. Bing Zhang Endowment" and a non-endowed gift account in the College of Arts and Sciences' Department of Statistics. The Dr. Bing Zhang Endowment and non-endowed gift account will be used for new endowed faculty positions in the Department of Statistics, including a new endowed chair position known as the "*Dr. Bing Zhang Endowed Chair in Statistics*." In addition, visiting professorships will be awarded annually from the funds. Each visiting professor will be known as a "*Dr. Bing Zhang Visiting Professor for Statistics*," or such other title bearing Dr. Zhang's name as may be appropriate.

The funds also will provide support for graduate students in the Department. Graduate fellowships will be awarded annually, and the recipients will each be known as a "Dr. David M. Allen Fellow" in honor and recognition of former Department of

Statistics faculty member and Chair Dr. David Allen.

The Zhangs' total philanthropic impact on the University, individually and through their foundation, is over \$7,500,000. Trustee McCoy made a motion to accept FCR 2. Trustee Black seconded the motion. The motion carried without dissent. Chair McCann expressed appreciation to the Zhangs.

FCR 3 Lease/Purchase of Equipment as Part of the Smart Campus Initiative

The recommendation seeks approval of the lease/purchase of equipment to continue the Smart Campus Initiative. The initial phase of the partnership began with issuing 6,100 iPads and accessories in fall 2019 to all first-year students, faculty, and other students in select academic classes. The second phase of the iPad initiative and Apple partnership will continue to level the technological playing field for undergraduate students; enhance pedagogy and innovative learning; and help build skills that prepare UK students for future success.

The University will lease/purchase an additional 7,300 iPads and accessories from Apple for incoming first-year and transfer students enrolled in fall 2020 and related faculty at an estimated cost not to exceed \$1,500,000. These iPads will include a UK-developed app geared towards first-year students that will ease the transition to the University of Kentucky by providing student-specific community activities; resources, checklists, and easy access to their advisors.

The University will continue to pay the lease on the iPads distributed to students and faculty in fall 2019 at a cost of \$1,324,691. Trustee Hamilton made a motion to accept FCR 3. Trustee McCoy seconded the motion. The motion carried without dissent.

FCR 4 FY 2019-20 Budget Revision

The recommendation seeks approval of the budget revision which will increase the University of Kentucky's current funds budget by \$294,799,800 – from \$4,181,675,300 to \$4,476,475,100. The increase is attributable to the Hospital Services budget due to a change in the utilization and delivery of services to the Medicaid program. The funds will be used to improve access, quality, and health outcomes for Medicaid patients, as well as to implement the Electronic Health Record System. Trustee Ramsey made a motion to accept FCR 4. Trustee Shoop seconded the motion. The motion carried without dissent.

FCR 5 Approval of Disposal (North Farm – Barn 8)

The recommendation seeks approval of the North Farm – Barn 8, located at 2454 Beaugay Lane, Lexington, Kentucky be declared surplus to the needs of the University. The Barn is 43' x 156' in size, contains structural rot, and is obsolete relative to current farm operations. The University further deems it is in the best interest of the Commonwealth to use an alternative method to sell the real property to achieve the highest return possible. Trustee Bowen made a motion to accept FCR 5. Trustee McCoy seconded the motion. The motion carried without dissent.

FCR 6 Authorization of Non-Routine Disposition of Personal Property

The recommendation seeks authorization of the non-routine disposition of a Wurlitzer Pipe Organ and all its components valued at \$42,720 to the Bluegrass Chapter of the American Theatre Organ Society, Inc., a Kentucky nonprofit corporation ("BG ATOS") as being in the best interest of the University, and authorize the Executive Vice President for Finance and Administration to execute all documents necessary to complete the disposition. Trustee Blonder made a motion to accept FCR 6. Trustee Hamilton seconded the motion. The motion carried without dissent.

FCR 7 Construct Research Incubator Facility Capital Project

The recommendation seeks approval of the initiation of the Construct Research/Incubator Facility Capital Project and authorize the Executive Vice President for Finance and Administration to negotiate and execute all documents necessary to create a viable Public Private Partnership (P3). Trustee Shoop made a motion to accept FCR 7. Trustee Hamilton seconded the motion. The motion carried without dissent.

FCR 8 Improve Center for Applied Energy Research Facilities Capital Project (Laboratory building #1 Chiller Replacement)

The recommendation seeks approval to initiate the Improve Center for Applied Energy Research Facilities Capital Project (Laboratory Building #1 Chiller Replacement). This Project will replace the chiller unit in Laboratory Building #1 at the University's Center for Applied Energy Research (CAER). Laboratory Building #1 was constructed in 1975 and the original chiller was upgraded approximately 20 years ago. Trustee Blonder made a motion to accept FCR 8. Trustee McCoy seconded the motion. The motion carried without dissent.

FCR 9 Improve Center for Applied Energy Research Facilities Capital Project (Mineral Process Building Expansion)

The recommendation seeks approval to initiate the Improve Center for Applied Energy Research Facilities Capital Project (Mineral Process Building Expansion). The University's Center for Applied Energy Research (CAER) is working in partnership with the U.S. Department of Defense to expand the University's Mineral Process Building. This 2,000 square foot expansion is essential for increasing bulk storage of raw materials which are needed to develop high performing concrete for military applications. Trustee Shoop made a motion to accept FCR 9. Trustee Ramsey seconded the motion. The motion carried without dissent.

FCR 10 Improve Center For Applied Energy Research Facilities Capital Project (Carbon Fiber Development Facility)

The recommendation seeks approval to initiate the Improve Center for Applied Energy Research Facilities Capital Project (Carbon Fiber Development Facility). The University's Center for Applied Energy Research (CAER) is working in partnership with the Oak Ridge National Laboratory Carbon Fiber Technology Facility (ORNL) on the conversion of coal to high-value carbon products.

The new laboratory will be approximately 5,000 square feet and located on Research Park Drive, Lexington, KY, adjacent to other CAER facilities (the Spinline and Pitch Lab buildings). In partnership with ORNL, CAER will produce high-value carbon fiber from raw coal on the largest-scale in the United States. Trustee Black made a motion to accept FCR 10. Trustee McCoy seconded the motion. The motion carried without dissent.

FCR 11 Improve Good Samaritan Hospital Facilities Capital Project (Third Floor Renovation)

The recommendation seeks approval to initiate the Improve Good Samaritan Hospital Facilities Capital Project (Third Floor Renovation). The project scope includes the relocation of a Dialysis Suite, upgrades to 30 patient rooms, Wing B finishes, new staff support spaces, a public restroom (compliant with the American with Disabilities Act Accessibility (ADA) Guidelines), and a communication closet. The project will be completed in phases to minimize any negative impact on patient care. Trustee Blonder made a motion to accept FCR 11. Trustee Black seconded the motion. The motion carried without dissent.

FCR 12 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 December 31, 2019, there were six new contracts, four amendments, three contracts completed, and 12 change orders greater than \$25,000. Trustee Bowen made a motion to accept FCR 12. Trustee Ramsey seconded the motion. The motion carried without dissent.

FCR 13 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.

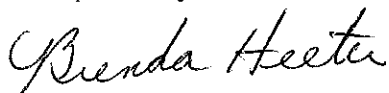
Dr. Cassis presented the report for the period October 1, 2019 to December 31, 2019. During this period, 16 full patent applications were submitted, 14 provisional patents were submitted, 11 patents were issued, and licensing income totaling \$66,754.90 was recognized. Trustee Black made a motion to accept FCR 13. Trustee McCoy seconded the motion. The motion carried without dissent.

F. Other Business

G. Meeting Adjourned

Hearing no further business, the meeting was adjourned at 11:54am.

Respectfully submitted,



Brenda Heeter
Finance Committee Secretary