

Minutes of the Finance Committee Meeting
University of Kentucky Board of Trustees
February 23, 2024

The Finance Committee of the University of Kentucky Board of Trustees met on Friday, February 23, 2024, in the Gatton Student Center Harris Ballroom.

A. Meeting Opened

Chair Kimberly McCann called the meeting to order at 11:00 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: Alex Boone, Todd Case, Janie Greer, Lizzy Hornung, Lance Lucas, Kimberly McCann, Elizabeth McCoy, Dave Melanson, Frank Shoop and Robert Vance. Ms. Heeter announced that a quorum was present.

C. Approval of Minutes

Chair McCann asked if there were any corrections to the minutes from December 5, 2023, which were distributed. Trustee McCoy made a motion to approve the minutes. Trustee Melanson seconded the motion. The motion carried without dissent.

D. EVPFA Report

The floor was yielded to Dr. Eric Monday, executive vice president for finance and administration (EVPFA) and co-executive vice president for health affairs, for the EVPFA Report. Dr. Monday previewed the Finance Committee Recommendations (FCRs) that were before the Finance Committee. The agenda included seven FCRs to accept more than \$37 million in gifts which will be matched with \$3.85 million of state funds from the Endowment Match Program. The gifts support scholarships, athletics, endowed professorships and more. In addition, he said there are 14 FCRs that initiate or amend capital projects with a total scope of \$314,975,000.

Dr. Monday introduced co-facilitators Dr. Nancy Cox, vice president for land-grant engagement and dean of the Martin-Gatton College of Agriculture, Food and Environment, and Dr. Rob Edwards, vice president and chief strategy and growth officer for UK HealthCare, to provide an update on Project Accelerate Work Group 3: More Partnerships. Dr. Cox shared that their charge is to expand the University's impact through partnerships, acquisitions and new initiatives with schools, governments, non-profits, industry and corporations that enhance UK's ability to meet the state's needs. The group is not working toward just new partnerships but making current partnerships deeper and richer.

Dr. Cox shared the key milestones for the work group: (1) benchmark academic institutions' partnerships, (2) determine if Academic Medical Center (AMC) partnership benchmarks exist and (3) make preliminary partnership recommendations.

Dr. Edwards described a meeting of UK's Economic Development Collaborative with Work Group 3 members which resulted in identifying four key partnership schemes and specific next steps. He also stated that the University will work with consultants to research and measure the positive impact of universities with Academic Medical Centers (AMC) forming partnerships with local entities.

Dr. Edwards also described the OneUK initiative which launched in January to deepen relationships with strategic industry partners. These partners are afforded access to research and receive early notification and exclusive access to new industry-university shared spaces, labs and events.

Dr. Edwards highlighted some partnerships that are already in place for which the University will continue to deepen the relationships including Apple, Fidelity, Deloitte, JMI Sports, Vizient and CompassOne Healthcare.

With regard to next steps, Work Groups 1, 2 and 3 will meet to discuss Kentucky's workforce needs and will also meet with Kentucky Community and Technical College System (KCTCS) in March to start assessing potential partnerships to create larger pipelines to address those needs.

E. Business Items

FCR 1 Acceptance of Gift from Larry T. "L.T." Gibson in Support of UK Athletics

FCR 1 seeks acceptance of a gift commitment totaling \$10,000,000 from Larry T. "L.T." Gibson to support UK Athletics. L.T. Gibson has been president and chief executive officer of US LBM, a leading distributor of specialty building materials in the United States since he founded the company in 2009. For more than 25 years, Mr. Gibson has overseen multiple startups, integrations and turnarounds for both small and large companies in the building materials industry.

Trustee Lucas made a motion to accept FCR 1. Trustee Case seconded the motion. The motion carried without dissent.

FCR 2 Acceptance of Charitable Grant from the Bill Gatton Foundation

FCR 2 seeks acceptance of two charitable grants of \$5,000,000 each from the Bill Gatton Foundation to support student scholarships at the University. The Bill Gatton Foundation was established in 1985 by C.M. "Bill" Gatton of Bristol, Tennessee (1932-2022). Mr. Gatton earned his Bachelor of Science in Commerce from the University of Kentucky in 1954, and Master of Business Administration from The Wharton School of the University of Pennsylvania. He was an Honorary Member of the Board of Trustees, a member of the University of Kentucky Hall of Distinguished Alumni, and a member of the

Gatton College of Business and Economics Hall of Fame.

These charitable grants are a continuation of Mr. Gatton's faith in the University's ability to improve lives through excellence in education, research and creative work, service, and health care and will be used to continue the scholarship program launched in 2022 named the "Bill Gatton Scholarship Program."

Including these charitable grants, the philanthropic impact on the University by Mr. Gatton, individually and by entities controlled by him, and through gifts matched through the Commonwealth's Research Challenge Trust Fund Program exceeds \$186.5 million. Mr. Gatton and the Bill Gatton Foundation remain the largest private donors in the University's history.

Trustee Boone made a motion to accept FCR 2. Trustee Vance seconded the motion. The motion carried without dissent.

FCR 3 Acceptance of Charitable Grant from the Kentucky Medical Services Foundation, Inc.

FCR 3 seeks acceptance of a Charitable Grant of \$1,000,000 from the Kentucky Medical Services Foundation, Inc. (KMSF) to establish and support a new endowed professorship fund in the College of Medicine's Department of Internal Medicine.

The endowed fund shall support up to two professorships in the Department of Internal Medicine for full-time faculty members, title series notwithstanding, who possess the rank of associate or full professor, and have made outstanding contributions to and have research interests clearly linked to the field of Internal Medicine.

Trustee Lucas made a motion to accept FCR 3. Trustee Hornung seconded the motion. The motion carried without dissent.

FCR 4 Acceptance of Charitable Grant Commitment from Jim Beam Brands Co. and Submission of the Grant Commitment to the Commonwealth of Kentucky Research Challenge Trust Fund (RCTF) Endowment Match Program

FCR 4 seeks acceptance of a charitable grant commitment of \$7,500,000, from Jim Beam Brands Co. (the "Donor") of Clermont, Kentucky, to support the University of Kentucky's James B. Beam Institute for Kentucky Spirits and submit \$3,750,000 of the grant commitment for matching state funds from the Commonwealth of Kentucky Research Challenge Trust Fund (RCTF) Endowment Match Program. Further, pursuant to guidelines approved by the Council on Postsecondary Education, that the Board of Trustees acknowledge its responsibility for UK's participation in and implementation of the RCTF Endowment Match Program and for providing oversight of all University endowment funds.

Jim Beam® is the world's best-selling bourbon, crafted by seven generations of family distillers since 1795. The Jim Beam Brands Co. and the University of Kentucky share a common goal of maintaining the welfare, prosperity, and sustainability of

Kentucky's spirit industry for generations to come. This shared commitment led to a partnership in 2019 to expand support for and rename an existing institute the "James B. Beam Institute for Kentucky Spirits" (the "Institute").

The Donor's grant is intended to support the Institute's operations, research and exceptional teaching. The grant amplifies support for the Institute's existing operating fund, the "James B. Beam Institute for Kentucky Spirits Endowment" and establishes two faculty support funds, the "Endowed Chair of the James B. Beam Institute Fund" and the "Endowed Research Professorship in the James B. Beam Institute Fund." The portion of the grant commitment establishing the faculty support funds, \$3,750,000, is eligible to receive RCTF state matching funds. As a result, the Endowed Chair of the James B. Beam Institute Fund will eventually receive \$3,000,000 including \$2,000,000 from the grant commitment and \$1,000,000 from the RCTF Endowment Match Program. In addition, the Endowed Research Professorship in the James B. Beam Institute Fund will eventually receive \$2,625,000 including \$1,750,000 from the grant commitment and \$875,000 from the RCTF Endowment Match Program.

Trustee McCoy made a motion to accept FCR 4. Trustee Greer seconded the motion. The motion carried without dissent.

FCR 5 Acceptance of Grant from the Saha Foundation and Submission of the Grant to the Commonwealth of Kentucky Research Challenge Trust Fund (RCTF) Endowment Match Program

FCR 5 seeks acceptance of a charitable grant of \$200,000 from The Saha Foundation of Lexington, Kentucky, (the "Donor") to create and endow a research fund in the College of Medicine and submit this grant for matching state funds from the Commonwealth of Kentucky Research Challenge Trust Fund (RCTF) Endowment Match Program. Further, pursuant to guidelines approved by the Council on Postsecondary Education, that the Board of Trustees acknowledges its responsibility for UK's participation in and implementation of the RCTF Endowment Match Program and for providing oversight of all University endowment funds.

The Donor has generously made a grant of \$200,000 to endow a research fund named "The Saha Foundation Fund for Study of the Association of Food and Cardiovascular Health" in the College of Medicine, Saha Cardiovascular Research Center. This grant is eligible to receive matching funds. As a result, The Saha Foundation Fund for the Study of the Association of Food and Cardiovascular Health will be initially endowed with \$300,000 including \$200,000 from the grant and \$100,000 from the RCTF Endowment Match Program.

Trustee Shoop made a motion to accept FCR 5. Trustee Case seconded the motion. The motion carried without dissent.

FCR 6 Gift from Joseph W. Craft, III and Ambassador Kelly Craft in Support of UK Athletics

FCR 6 seeks acceptance of a gift of \$8,000,000 from Joseph W. Craft, III and

Ambassador Kelly Craft (the “Donors”) to support UK Athletics. The Donors are longtime partners of the University and have generously supported the Pigman College of Engineering, Kentucky Children’s Hospital, and UK Athletics, among many other University programs and endeavors.

Mr. Craft received a bachelor’s degree in accounting from the University of Kentucky College of Business and Economics in 1972 and a Juris Doctor from the University of Kentucky College of Law in 1976. Ambassador Craft graduated from the University of Kentucky with a bachelor’s degree from the College of Arts and Sciences in 1985 and holds an Honorary Doctorate from Morehead State University. She has served on the University of Kentucky Board of Trustees and co-founded the Morehead State University Craft Academy for Excellence in Science and Mathematics.

Trustee McCoy made a motion to accept FCR 6. Trustee Boone seconded the motion. The motion carried without dissent.

FCR 7 Acceptance of Gift Commitment form Jim and Sheila Master in Support of UK Athletics and the Gatton College of Business and Economics

FCR 7 seeks acceptance of a gift commitment totaling \$1,000,000 from Jim and Sheila Master to support UK Athletics and the Gatton College of Business and Economics. The gift shall be split evenly between the two units.

Jim Master, a McDonald’s All American and recipient of the 1980 Indiana Mr. Basketball award, left Indiana for Kentucky when Joe B. Hall recruited him to play basketball at the University of Kentucky, where he earned a bachelor’s degree in business administration in 1984. A member of 1983 Pan American Team and 1984 Final Four squad, Jim was one of five UK Basketball players to be drafted in the 1984 NBA draft, when he was selected by the Atlanta Hawks in the 6th round.

Jim built a career in finance and wealth management at Fifth Third Bank and Hilliard Lyons, which became R.W. Baird & Co. At Baird, Jim now serves as Director and Financial Advisor, leading the Master Investment Group. Jim and Sheila’s gift will support student success and capital projects in the Gatton College of Business and Economics, as well as providing capital support for UK Athletics.

Trustee Vance made a motion to accept FCR 7. Trustee McCoy seconded the motion. The motion carried without dissent.

FCR 8 Internal Loan for College of Dentistry Equipment (Dental Chairs for Student Clinic)

FCR 8 seeks approval of an internal loan to fund the purchase of equipment for the College of Dentistry. The College of Dentistry offers high quality care with an added benefit of provider flexibility to fit a variety of budgets. The College of Dentistry Student Clinic is the largest clinic within UK Dentistry and sees an average of 25,000 patients annually. The clinic’s current dental chairs are over 30 years old and have become

obsolete. To continue to provide high quality patient care and to standardize and update the equipment, it is necessary to replace the clinic's 114 dental chairs.

The total cost of this equipment purchase will not exceed \$3,400,000 and will be financed with agency funds through an internal loan. In accordance with the University's Internal Loan Program Policy, the Debt Management Committee has reviewed and approved this internal loan recommendation.

Trustee Melanson made a motion to accept FCR 8. Trustee Lucas seconded the motion. The motion carried without dissent.

FCR 9 Internal Loan for Construct Agriculture Research facility 2 (Meats and Food Development Center – Design Phase) Capital Project

FCR 9 seeks approval of an internal loan to fund a portion of the Construct Agriculture Research Facility 2 (Meats and Food Development Center- Design Phase) capital project. In December 2023, the Board of Trustees approved the initiation of the design phase for this capital project and the pursuit of legislative authority from the Commonwealth of Kentucky for the construction phase of this project.

This capital project, for the Martin-Gatton College of Agriculture, Food and Environment, was originally approved with a scope of \$9,000,000 to be funded with agency funds. The Board is requested to approve a revised financing plan including an internal loan not to exceed \$3,400,000 with the remaining scope to be funded with agency funds.

Trustee Greer made a motion to accept FCR 9. Trustee Shoop seconded the motion. The motion carried without dissent.

FCR 10 Approval of Disposal (North Farm - Tobacco Barn)

FCR 10 requests the Board to declare the Tobacco Barn, UK building number 3315, located on North Farm at 2275 Turner Place, Lexington, Kentucky, surplus to the needs of the University and authorize the Executive Vice President for Finance and Administration to dispose of the structure using the method that produces the best value.

The Tobacco Barn, UK building number 3315, has age-related decay and structural storm damage, and the barn is obsolete relative to current farm operations. Since the Tobacco Barn is not needed by the University, it is recommended that the Board of Trustees deem it surplus real property and the proposed sale and removal in the best interest of the Commonwealth.

Trustee Boone made a motion to accept FCR 10. Trustee McCoy seconded the motion. The motion carried without dissent.

FCR 11 Approval to Acquire 606 South Broadway

FCR 11 seeks authorization for the Executive Vice President for Finance and

Administration to enter into a purchase agreement to acquire a commercial building located at 606 South Broadway, Lexington, Kentucky.

The University of Kentucky and Millings Properties, LLC have held intermittent discussions regarding the purchase of the property, which includes approximately .4 acres and a commercial building of approximately 7,660 square feet above grade. This property is located adjacent to the University, within an area planned for development of an innovation corridor that stretches from The Cornerstone building on South Limestone to the Gray Design Building at Broadway and Scott St.

Trustee Shoop made a motion to accept FCR 11. Trustee Case seconded the motion. The motion carried without dissent.

FCR 12 APPROVAL OF LEASE (SPINDLETOP HALL, INC.)

FCR 12 seeks authorization for the Executive Vice President for Finance and Administration to negotiate and execute a lease for the use of the University's buildings and grounds at Spindletop Hall for an initial term of ten years, plus two subsequent renewal periods of five years each, between the University of Kentucky, the University of Kentucky Research Foundation and Spindletop Hall, Inc.

The present lease regarding the use of the University's buildings and grounds at Spindletop Hall, 3414 Iron Works Pike, Lexington, Kentucky, to Spindletop Hall, Inc. has ended, including the initial term and permitted renewals. To continue the mutually beneficial use of the buildings and grounds, the parties must enter into a new lease.

The recommended lease updates the financial structure and specific responsibilities of the University, University of Kentucky Research Foundation and Spindletop Hall, Inc. with respect to the use and maintenance of the buildings and grounds during the initial ten-year term and subsequent renewal terms.

Trustee Melanson made a motion to accept FCR 12. Trustee Greer seconded the motion. The motion carried without dissent.

FCR 13 Approval of Improvements to Leased Space (UK Healthcare Primary and Specialty Care Services)

FCR 13 seeks approval of the payment of up to \$995,000 for improvements to leased space for the UK HealthCare (UKHC) Primary Care and Specialty Care Clinic located at 2091 Lantern Ridge Drive, Suite 100A, Richmond, Kentucky.

The leasehold improvements will create a space for the Primary and Specialty Care clinic for UKHC. The scope of work will include constructing exam rooms, treatment rooms, minor testing spaces, support spaces, and associated office space to support clinical operations. The improvements will be funded with agency funds.

Trustee Vance made a motion to accept FCR 13. Trustee Boone seconded the motion. The motion carried without dissent.

FCR 14 Approval of Improvements to Leased Space (UK HealthCare Imaging Services)

FCR 14 seeks approval of the payment of up to \$975,000 for improvements to leased space for the UK HealthCare (UKHC) Imaging Services located at 2091 Lantern Ridge Drive, Suite 100B, Richmond, Kentucky.

The leasehold improvements will create a space for an imaging suite. The services planned for this space include screening mammography, general X-ray, low dose screening, and computed tomography scans (CT). In addition, UKHC's mobile imaging partner will be provided outdoor space to house a mobile magnetic resonance imaging machine (MRI). The improvements will be funded with agency funds.

Trustee Shoop made a motion to accept FCR 14. Trustee Boone seconded the motion. The motion carried without dissent.

FCR 15 Approval of Improvements to Leased Space (UK HealthCare Retail Pharmacy)

FCR 15 seeks approval of the payment of up to \$800,000 for improvements to leased space for the UK HealthCare (UKHC) Retail Pharmacy located at 2091 Lantern Ridge Drive, Suite 100D, Richmond, Kentucky.

The leasehold improvements will create a space for a new UKHC retail pharmacy within the same facility as the new UKHC primary and specialty care and physical therapy clinics. The pharmacy will serve patients of these clinics as well as other UKHC patients and employees who live in the region. The improvements will be funded with agency funds.

Trustee Vance made a motion to accept FCR 15. Trustee Melanson seconded the motion. The motion carried without dissent.

FCR 16 Approval of Improvements to Leased Space (UK Healthcare Physical Therapy Services)

FCR 16 seeks approval of the payment of up to \$725,000 for improvements to leased space for UK HealthCare (UKHC) Physical Therapy Services located at 2091 Lantern Ridge Drive, Suite 100C, Richmond, Kentucky.

The leasehold improvements will create a space for a UKHC Physical Therapy Clinic within the same facility as the new UKHC Primary and Specialty Care Clinic, Imaging Suite and Pharmacy. The space will include a large therapy gym, private therapy spaces, workspace for therapists, and areas for support operations. The improvements will be funded with agency funds.

Trustee McCoy made a motion to accept FCR 16. Trustee Boone seconded the motion. The motion carried without dissent.

FCR 17 Approval of Improvements to Leased Space (UK HealthCare Retail Pharmacy)

FCR 17 seeks approval of the payment of up to \$780,000 for improvements to leased space for the UK HealthCare (UKHC) Retail Pharmacy located at 279 Kings Daughters Drive, Frankfort, Kentucky.

This project reinforces UKHC's strong partnership with Frankfort Regional Medical Center and enables an enhanced level of care coordination, allowing patients in the Frankfort community to stay closer to home for care and have access to UKHC services when needed. The improvements will be funded with agency funds.

Trustee Shoop made a motion to accept FCR 17. Trustee McCoy seconded the motion. The motion carried without dissent.

FCR 18 Improve Building Systems – UK HealthCare Capital Projects

FCR 18 seeks approval of the initiation and revision of the following Improve Building Systems – UK HealthCare capital projects:

1. Initiate the replacement of the existing air handling unit (AHU) #1 and the associated return air fan at the Kentucky Clinic. Replacing this equipment will improve the systems' reliability, temperature and humidity control, and energy efficiency.
2. Initiate the replacement of the existing windows on the 8th floor of Pavilion H which were installed in 1972. These windows, which have exceeded their useful life, are experiencing leaks and mechanical failures and need to be replaced.
3. In December 2022, the Board of Trustees approved the initiation of the Improve Building Systems – UK HealthCare (Replace AHU 3 at Pavilion WH [Marylou Whitney and John Hendrickson Cancer Facility for Women]) capital project. This recommended revision will relocate the new AHU to the roof penthouse to ensure minimal disruption to operations and patient care.

Trustee Lucas made a motion to accept FCR 18. Trustee Shoop seconded the motion. The motion carried without dissent.

FCR 19 Acquire/Improve Elevator Systems – UK Healthcare (replace four Elevators at Pavilion H) Capital Project

FCR 19 seeks approval of the initiation of the Acquire/Improve Elevator Systems – UK HealthCare (Replace Four Elevators at Pavilion H) capital project. This project will replace four elevators within Pavilion H, which have exceeded their useful lives. The scope of work will include the replacement of all equipment and cabs associated with the

elevators.

Trustee Melanson made a motion to accept FCR 19. Trustee Boone seconded the motion. The motion carried without dissent.

FCR 20 Improve UK Healthcare Facilities – UK Chandler Hospital (Pavilion A Helipad Fire Suppression Upgrades) Capital Project

FCR 20 seeks approval of the initiation of the Improve UK HealthCare Facilities – UK Chandler Hospital (Pavilion A Helipad Fire Suppression Upgrades) capital project. This project will increase the safety of emergency patient transfers to the hospital complex by upgrading the fire suppression system for the helipads on the roof of Pavilion A. An enclosure will also be built to accommodate the new equipment.

Trustee Hornung made a motion to accept FCR 20. Trustee Case seconded the motion. The motion carried without dissent.

FCR 21 Improve UK HealthCare Facilities – UK Chandler Hospital (Pavilion A Emergency Department Entrance Reconfiguration) Capital Project

FCR 21 seeks approval of the Improve UK HealthCare Facilities – UK Chandler Hospital (Pavilion A Emergency Department Entrance Reconfiguration) capital project. This project will reconfigure the entrances to the Adult and Pediatric Emergency Departments in Pavilion A and will enhance current security measures by providing space for an additional security presence and facilitating new security screening procedures.

Trustee McCoy made a motion to accept FCR 21. Trustee Vance seconded the motion. The motion carried without dissent.

FCR 22 Improve Kroger Field Stadium (Ribbon Board and Lighting Upgrades) Capital Project

FCR 22 seeks approval to initiate the Improve Kroger Field Stadium (Ribbon Board and Lighting Upgrades) capital project. Commonwealth Stadium opened on September 15, 1973, and became Kroger Field through an innovative partnership with Kroger in 2017. Kroger Field is home to University of Kentucky football games and regularly hosts the high school state championships for the Kentucky High School Athletic Association and hundreds of private events annually.

The ribbon boards surrounding the seating bowl's interior were installed in 2011, are challenging to repair and have exceeded their useful life. The lighting systems at Kroger Field also require upgrades to better align with the amenities experienced in modern football stadiums. The lighting and ribbon board upgrade project will improve the experience for student-athletes and the loyal fans who attend their games. The \$7,000,000 project, authorized by the 2022 Kentucky General Assembly, will be funded with private funds.

Trustee Hornung made a motion to accept FCR 22. Trustee Case seconded the motion. The motion carried without dissent.

FCR 23 Improve Athletics Facilities 4 (Track and Field Complex – Resurface Outdoor Track) Capital Project

FCR 23 seeks approval to initiate the Improve Athletics Facilities 4 (Track and Field Complex – Resurface Outdoor Track) capital project. The University of Kentucky Track and Field Complex officially opened on October 5, 2012, and is home to the University’s world-class men’s and women’s track and field programs. Since completion, several former UK students have gone on to shatter world records in their events, including Sydney McLaughlin, Kendra “Keni” Harrison, Jasmine Camacho-Quinn and Alexis Holmes.

The surface of the nine-lane, 400-meter oval, runways, and warmup areas has exceeded its useful life and must be replaced. This project is well-timed as the University is scheduled to host several elite-level outdoor track meets including the 2024 NCAA East Region Championships, the 2025 Southeastern Conference Championships, the 2026 NCAA East Region Championships, the annual Jim Green Invitational and the Kentucky High School Athletic Association Boys’ and Girls’ High School Track and Field Championships. The \$2,000,000 project, authorized by the 2022 Kentucky General Assembly, will be funded with private funds.

Trustee McCoy made a motion to accept FCR 23. Trustee Shoop seconded the motion. The motion carried without dissent.

FCR 24 Replace Princeton Ancillary Buildings Emergency Capital Project

FCR 24 seeks approval of the Replace Princeton Ancillary Buildings Emergency capital project. On December 10, 2021, the Princeton Research Farm (UKREC) received a direct hit from an EF-4 tornado with sustained winds of an estimated 190 miles per hour. The devastation included the destruction of most of the research facilities including several ancillary buildings and small houses used for visiting staff, a Farm Shop, and a Field Processing Building.

At the December 13, 2022, meeting the Board approved the initiation of the reconstruction of a 7,700 square foot Farm Shop, an 18,300 square foot Field Processing Building and a 4,700 square foot residence hall. Careful review and planning have continued with the goal of returning UKREC to full capacity while maximizing available Federal Emergency Management Agency (FEMA) funds, insurance proceeds and other recovery funds. This amendment will increase the size of the planned residence hall to approximately 8,136 square feet to fully restore the housing capacity (14 beds) which is needed to support recruitment and accommodation of skilled students and scientists to conduct the critical research at UKREC. Additionally, the project will be amended to include construction of a greenhouse/headhouse facility to fully replace the greenhouse and headhouse structures lost to the disaster.

These amendments, with an estimated scope of \$9,000,000, will bring the total scope of the replacement of the ancillary buildings emergency capital project to \$19,000,000. The project will be funded with a combination of funds from FEMA, insurance reimbursement and the West Kentucky State Aid Funding for Emergencies.

Trustee McCoy made a motion to accept FCR 24. Trustee Melanson seconded the motion. The motion carried without dissent.

FCR 25 Construct/Improve Medical/Administrative Facility 1 UK HealthCare (Medical Office Building) Capital Project

FCR 25 seeks approval of the pursuit of legislative authority from the Commonwealth of Kentucky for the Construct/Improve Medical/Administrative Facility 1 UKHC capital project and authorize the President, or his designee, to negotiate and execute all documents necessary to create a viable Public-Private Partnership (P3).

UK HealthCare (UKHC) identified a location in the Hamburg area of Lexington, Kentucky, to expand its facilities. The Board approved the acquisition of the total acreage needed for the facilities at its June 17, 2022, and February 17, 2023, meetings. At its April 28, 2023, meeting, the Board approved the initiation of the design phase of a Medical Office Building capital project.

The scope of work for this project will include the construction of a 200,000 square feet or greater medical office building and necessary infrastructure improvements. The recommended P3 strategy is appropriate given the University's desire to continue to expand its healthcare enterprise, including speed to market and providing first class clinic space. The current projected scope of the project is \$275,000,000 which is within the legislative authorization requested from the 2024 Kentucky General Assembly.

Trustee Greer made a motion to accept FCR 25. Trustee Shoop seconded the motion. The motion carried without dissent.

FCR 26 Capital Construction Report

FCR 26 seeks acceptance of the capital construction report for the three months ending December 31, 2023. This report refers only to projects that had activity within this quarter. The activity reported included six new contracts, five contract amendments; and 12 change orders greater than \$25,000.

Trustee McCoy made a motion to accept FCR 26. Trustee Vance seconded the motion. The motion carried without dissent.

FCR 27 Patent Assignment Report

FCR 27 seeks approval of the patent assignment report for the three months ending December 31, 2023. The report included 34 invention disclosures, 15 full patent

applications, 15 provisional patent applications, nine patents issued and the receipt of \$3,387,740.08 of licensing income.

Trustee Melanson made a motion to accept FCR 27. Trustee Greer seconded the motion. The motion carried without dissent.

F. Philanthropy Report

Mr. Jake Lemon, vice president for philanthropy and alumni engagement, shared fundraising totals by fiscal year. The rebound from COVID has been significant. At more than \$275.7 million, Fiscal Year 2022-23 was a record year of fundraising for UK. As reported by the Council of Advancement and Supportive Education, UK is one of the top 50 public and private institutions for fundraising.

Mr. Lemon reported that Philanthropy and Alumni Engagement has undergone a reorganization to highlight stewardship, principal gift coordination, uniting health colleges, centralize research and strategic events and communication. In addition to the reorganization, the team will engage a nationally recognized firm to work toward a personalized digital engagement platform. Mr. Lemon closed with a note that artificial intelligence is being explored with peers to improve efficiencies and there will be more to come on this topic.

G. Research Report

Dr. Lisa Cassis, vice president for research, shared the research strategic plan which is consistent with the UK Purpose, the University's strategic plan to advance Kentucky. The research strategic plan includes four initiatives to support institutional alignment for growth: improve the quality of the research infrastructure across campus; foster an inclusive culture of research success to retain and develop outstanding faculty, staff and students; invest strategically in UK's existing strengths and areas of growth in selected focus areas that benefit and enrich the lives of those in the commonwealth; and strengthen engagement with communities and translate outcomes of research for the benefit of the citizens of the Commonwealth.

Dr. Cassis also discussed that planning and strategy drive success as evidenced by the reorganization and efforts of the Office of Technology Commercialization over the last nine years. These efforts cumulated in 2021 when the Office of Technology Commercialization launched UK Innovate to expand the research, innovation and economic impact of UK technologies and talent.

Ms. Taunya Phillips, director of the office of technology commercialization, shared information about license income and how royalty audits are conducted. Ms. Phillips shared that royalty licensing audits are a best practice to ensure proper receipt of royalty income. For example, in fall 2023, an audit team went to a manufacturing plant in Europe and discovered products using a UK patent were sold but not included in royalty calculations. As a result, the University received \$2,068,138 of additional royalty income.

Ms. Phillips said UK will continue to perform audit cost-benefit analyses on high-earning royalty-based licenses and those nearing patent expiration dates to ensure we collect all the royalty income that is due.

H. Other business

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

I. Adjourn

Hearing no further business, the meeting was adjourned at 12:08 p.m.

Respectfully submitted,

Brenda Heeter
Finance Committee Secretary