

MINUTES OF THE FINANCE COMMITTEE
University of Kentucky Board of Trustees
September 9, 2008, 10 AM
18th Floor Patterson Office Tower, Board Room

Committee Members Present

Stephen Branscum, Chair; Frank Shoop; JoEtta Wickliffe

Approval of Minutes

The minutes of the June 17, 2008, Finance Committee meeting were approved as presented.

FCR 1-2 (Consent)

FCRs 1 and 2 were consent items. Stephen Branscum, Chairperson, reported that the gifts and pledges total \$2.5 million. Mr. Branscum acknowledged the \$1 million pledge from James and Gay Hardymon to provide support for the construction projects and related priorities of the new University of Kentucky Albert B. Chandler Hospital. Both Mr. and Mrs. Hardymon are graduates of the University and are among the University's most generous donors. Mr. Hardymon has served on the Board of Trustees since 2003 and he served as Chair from 2004 through 2007.

FCR 3, Renaming of Verizon South Inc. Chair in Network Engineering to the Verizon Communications Graduate Fellowship

Mr. Branscum presented FCR 3 which is a request from the donor and the College of Engineering to change the name and use of funds of an endowment from an academic chair to graduate fellowships in the college's Department of Computer Science. Frank Shoop approved the request. JoEtta Wickliffe seconded, and the motion for approval unanimously carried.

FCR 4, Patient Care Facility Project

Mr. Branscum presented FCR 4 which formally requests approval to set the scope of the initial phases of the new UK HealthCare Patient Care Facility project at \$532.3 million including \$250 million agency bonds, \$275 million agency funds, and \$7.3 million private funds. The FCR also recommends consolidation of the separate legislative authorities for administrative reporting purposes. JoEtta Wickliffe approved the request. Frank Shoop seconded, and the motion for approval unanimously carried.

FCR 5, Acquisition of Lexington Public Library Northside Branch located at 1737 Russell Cave Road, Lexington, Kentucky

Mr. Branscum presented FCR 5 which requests approval of the acquisition of the Northside Library in Lexington, Kentucky for \$1.2 million. The Department of Biology proposes to integrate this property with its research facility located on adjacent land that is owned by the UK Research Foundation. Frank Shoop approved the request. JoEtta Wickliffe seconded, and the motion for approval unanimously carried.

FCR 6, Acquisition of 458, 460, and 462-464 Rose Lane, Lexington, Kentucky

Frank A. Butler, Executive Vice President for Finance and Administration presented FCR 6 which requests approval to acquire 1.063 acres and an apartment complex on Rose Lane in Lexington, Kentucky. The property has been offered for sale by Beta Nu of Kappa Sigma House Corporation. Upon approval, Mr. Butler will be authorized to negotiate up to \$1,631,900 for the property which is within the University's approved acquisition boundary. JoEtta Wickliffe approved the request. Frank Shoop seconded, and the motion for approval unanimously carried.

FCR 7, Expand Ophthalmology Clinic

Mr. Branscum presented FCR 7, a capital construction project which will be funded by UK HealthCare. This project was previously approved by the Board in January 2008 with a scope of \$3.1 million. Project planning indicates that the scope will be more than the original approved amount. Thus, the project is being brought back to the Board for approval to initiate with a scope of \$4.185 million, the amount authorized by the 2008 General Assembly. JoEtta Wickliffe approved the request. Frank Shoop seconded, and the motion for approval unanimously carried.

FCR 8, Renovate William E. and Casiana Schmidt Vocal Arts Center

Mr. Branscum presented FCR 8 which recommends the acceptance of a \$1 million pledge from William E. and Casiana Schmidt and approval to renovate the William E. and Casiana Schmidt Vocal Arts Center.

At its October 16, 2007, meeting the Board of Trustees approved renaming the Koinonia House the William E. and Casiana Schmidt Vocal Arts Center in recognition of their \$1 million pledge to the UK Opera Program. The Schmidts designated \$500,000 of their pledge to help fund the \$1.2 million renovation of the Center. The renovation project includes upgrades to the electrical and mechanical systems, installing a sprinkler system, a new stairwell and an elevator. The project also begins fitting out shelled space on the second floor which will eventually include rehearsal rooms, teaching studios, classrooms, practice rooms, a dance studio, and office space. Frank Shoop approved the recommendation on behalf of Everett McCorvey. JoEtta Wickliffe seconded, and the motion for approval unanimously carried.

FCR 9, Approval of Related Transactions

Mr. Branscum presented FCR 9, a request for authorization to transfer up to \$5 million to the University of Kentucky Research Foundation to be used as paid in capital in Coldstream Laboratories, Inc. As previously reported to the Board, CLI was formed to expand and commercialize pharmaceutical manufacturing, research and development at the College of Pharmacy's Center for Pharmaceutical Science and Technology.

CLI is in operation and is building a client base but has not yet become self-sufficient. CLI estimates that it will have a positive cash flow next year. This investment will be funded by the UK HealthCare Enterprise. Frank Shoop approved the request. JoEtta Wickliffe seconded, and the motion for approval unanimously carried.

FCR 10 Lease-Purchase of Medical Equipment

Mr. Branscum requested approval for the acquisition of three major medical equipment items and one equipment lease pool totaling \$15,565,450 by lease-purchase financing. The University's Debt Committee has reviewed this request and determined that it is consistent with the University's Debt Policy. A description of each item is provided with the FCR. JoEtta Wickliffe approved the request. Frank Shoop seconded, and the motion for approval unanimously carried.

FCR 11, 2008-09 Budget Revisions

Angie Martin, Vice President for Planning, Budget & Policy, presented the 2008-09 Budget Revisions which will increase the University of Kentucky's total budget by \$759,200. The revisions include \$739,200 of unspent federal funds to various programs at the Agricultural Experiment Station and Agricultural Cooperative Extension Service. This funding will go toward agricultural research and the Cooperative Extension's initiatives in Health and Nutrition Education. The funds must be expended by the end of the federal fiscal year, September 30, 2008. JoEtta Wickliffe approved the revisions. Frank Shoop seconded, and the motion for approval unanimously carried.

FCR 12. Patent Assignment Report

Jim Tracy, Vice President for Research, presented the Patent Report for the quarter ended June 30, 2008. For the fiscal to date year the University filed 12 patent applications, 14 patents were issued and the University received \$1.2 million of patent income. Frank Shoop approved the report. JoEtta Wickliffe seconded, and the motion for approval unanimously carried.

FCR 13. Capital Construction Report

Bob Wiseman, Vice President for Facilities Management, presented the capital construction report for the quarter ending June 30, 2008. During this period, there were four new contracts two contracts were completed, two contracts were amended, and there were ten change orders greater than \$25,000:

The 2 contracts completed were:

- The \$660,000 contract with Kohn Pederson Fox Associates for the Design Phase of the Construct Gatton Building Complex project; and
- The \$528,998 contract with Robert A.M. Stern Architects for the Design Phase of the Construct Law School Building project.

Frank Shoop approved the report. JoEtta Wickliffe seconded, and the motion for approval unanimously carried.

Other Business

Kumble Subbaswamy, Provost, presented the fall 2008 Enrollment Report. Based on preliminary numbers retention went from 75.4 percent to 81 percent.

Next Meeting

Tuesday, October 14, 2008, 11:15 AM, 18th Floor Patterson Office Tower Board Room

Respectfully submitted,

Barbara Royalty-Tatum