

MINUTES

Council on Postsecondary Education

Type: Finance Committee Meeting
Date: October 20, 2020
Time: 3:00 p.m. ET
Location: Virtual Meeting – Committee member by ZOOM teleconference. Public viewing at: <https://youtu.be/7BzLb5qJnao>

CALL TO ORDER

The Finance Committee met Tuesday, October 20, 2020, at 3:00 p.m., ET. Pursuant to Executive Order 2020-243 and a memorandum issued by the Finance and Administration Cabinet dated March 16, 2020, and in an effort to prevent the spread of Novel Coronavirus (COVID-19), the Committee met utilizing a video teleconference. Members of the public were invited to view the meeting virtually on the CPE YouTube page: <https://youtu.be/7BzLb5qJnao> . Chair Ben Brandstetter presided.

ATTENDANCE

Members in attendance: Benjamin Brandstetter, Colby Birkes, Richard Nelson, and Robert Staat.

Members not in attendance: Kim Halbauer and Carol Wright.

Heather Faesy, CPE's senior associate for Board Relations, served as recorder of the meeting minutes.

APPROVAL OF THE MINUTES

The minutes of the August 18, 2020 Finance Committee meeting were approved as amended to reflect a date correction.

SPECIAL FEE REPORTS

Mr. Shaun McKiernan, CPE's Director of Finance, and Mr. Ryan Kaffenberger, CPE Senior Associate, provided a review on recent reports related to special fees collected by campuses and reported to CPE. Included in each report was a

narrative of the projects funded using the fees as well as details of fee revenues and uses. Reports on the following were provided:

- 1) Special Use Fees – Campuses include University of Louisville, Eastern Kentucky University, Morehead State University, Northern Kentucky University, and Western Kentucky University.
- 2) Asset Preservation Fees - Campuses include Eastern Kentucky University, Kentucky State University, Morehead State University, and Murray State University. A separate report on upcoming capital projects to be funded at Murray State University was also provided.
- 3) KCTCS Agency Bond Fee – As authorized by the BuildSmart initiative included in the 2014-16 budget bill.

INTERIM CAPITAL PROJECT PROPOSALS – FOR APPROVAL

Mr. McKiernan presented two interim capital project proposals from the University of Louisville.

- 1) J.B. Speed School of Engineering – The University requested authorization to use \$18.7 million in agency funds to renovate and upgrade the J.B. Speed School of Engineering building. Work includes upgrading the building's HVAC system as well as other mechanical improvements to other building systems prior to any aesthetic improvements.
- 2) UofL Medical Tower-55A Vivarium – The University requested authorization to use \$8.0 million to renovate the 8th and 9th floors of Medical Tower-55A. The project would be federally-funded by a grant from the National Institutes of Health.

MOTION: Mr. Nelson moved the Finance Committee approve the interim project requests as presented and recommend approval by the Council at its November 13, 2020 meeting. Mr. Birkes seconded the motion.

VOTE: The motion passed.

INTERIM CAPITAL PROJECT – DELEGATION OF AUTHORITY REQUEST

Mr. McKiernan presented the recommendation that the Finance Committee request approval from the Council to approve an interim capital project request from Murray State University on its behalf at its December 15, 2020 Committee meeting. The \$2.0 million project to make significant upgrades and repairs to the Lovett Auditorium HVAC system would not be reviewed by its campus board until their December 4, 2020 meeting.

Committee members agreed to the recommendation and asked that it be put on the agenda for the November 13 Council meeting. A formal motion was not needed.

REVIEW ON ASSET PRESERVATION FEE POLICY

As part of the annual reporting process and in response to questions from campus officials, CPE staff reviewed the existing Asset Preservation Fee Exemption Policy and identified proposed changes shown in the attached document. Mr. Bill Payne, CPE's Vice President of Finance and Administration, presented the proposed changes which would enhance the policy's clarity and better meet postsecondary institution needs. Committee members were asked to review them and provide feedback.

UPDATE ON POSTSECONDARY EDUCATION WORKING GROUP

Dr. Payne provided the Committee with summary of the third meeting of the Postsecondary Education's Working Group on Performance Funding. He also discussed the proposal developed by several university presidents which addressed the stop loss and small school adjustment concerns.

ADJOURNMENT

The Finance Committee adjourned at 5:00 p.m., ET.

MINUTES REVIEWED AND APPROVED BY THE COMMITTEE: March 23, 2021