

# COVER PAGE FOR CHANGES TO ACADEMIC ORGANIZATION OR STRUCTURE OF AN EDUCATIONAL UNIT

The Senate's Academic Organization and Structure Committee (SAOSC) is tasked by the University Senate with the review of proposals to change academic organization or structure. The information needed by the SAOSC for the review of such proposals is set forth in *Senate Rules 3.4.2.A.5*<sup>1</sup>.

The SAOSC has developed a set of guidelines (from the *Senate Rules*) that are intended to ease the task of proposal submission (available at <http://www.uky.edu/universitysenate/forms>). As proposal omissions usually cause a delay in the review process, the individual(s) responsible for the proposal is (are) urged to familiarize themselves with these guidelines before submitting their proposals for review. In particular, the individual responsible for the proposal must fill out Sections I, II and III of this form, as well as include statements and documentation that provide a full accounting of the items a - i, below.

- a. Disposition of faculty, staff and resources (financial and physical);
- b. Willingness of the donating units to release faculty lines for transfer to a different educational unit;
- c. Consultation with the faculty of the unit to which the faculty lines are proposed to be transferred;
- d. Consultation with the faculty of educational unit that will be significantly reduced;
- e. Summary of votes and viewpoints (including dissents) of unit faculty and department/college committees;
- f. Ballots, votes expressing support for or against the proposal by unit faculty and staff and committees;
- g. Letters of support or opposition from appropriate faculty and/or administrators; and
- h. Letters of support from outside the University.

## Section I – General Information about Proposal

One- to two-sentence description of change:	Change the College of Engineering to the "Stanley and Karen Pigman College of Engineering"				
Contact person name:	Rudy Buchheit	Phone:	859 257-1687	Email:	rgbu225@uky.edu
Administrative position (dean, chair, director, etc.):	Dean				

## Section II – Educational Unit(s) Potentially Impacted by Proposal

Check all that apply and name the specific unit(s).		
<input type="checkbox"/>	Department of:	
<input type="checkbox"/>	School of:	
<input checked="" type="checkbox"/>	College of:	Engineering
<input type="checkbox"/>	Graduate Center for:	
<input type="checkbox"/>	Interdisciplinary Instructional Program:	
<input type="checkbox"/>	Multidisciplinary Research Center/Institute:	

## Section III – Type of Proposal

Check all that apply.

<sup>1</sup> Items a-i are derived from *Senate Rules 3.4.2.A.5*. The Senate Rules in their entirety are available at [http://www.uky.edu/Faculty/Senate/rules\\_regulations/index.htm](http://www.uky.edu/Faculty/Senate/rules_regulations/index.htm).)

**COVER PAGE FOR CHANGES TO ACADEMIC ORGANIZATION OR STRUCTURE OF AN EDUCATIONAL UNIT**

<i>A. Changes</i>	
<input checked="" type="checkbox"/>	Change to the name of an educational unit.
<input type="checkbox"/>	Change to the type of educational unit (e.g., from department to school).
<i>B. Other types of proposals</i>	
<input type="checkbox"/>	Creation of a new educational unit.
<input type="checkbox"/>	Consolidation of multiple educational units.
<input type="checkbox"/>	Transfer of an academic program to a different educational unit.
<input type="checkbox"/>	Transfer of an educational unit to a different reporting unit.
<input type="checkbox"/>	Significant reduction of an educational unit.
<input type="checkbox"/>	Discontinuation, suspension or closure of an educational unit.
<input type="checkbox"/>	Other (Give a one- or two-sentence description below; a complete description will be in the proposal).

**Section IV is for internal use/guidance.**

**Section IV – Guidance for SAOSC, Senate Council and University Senate**

***SAOSC Review of Type A Proposals (Changes to Type of, or to Name of, an Educational Unit)***

- ✓ SAOSC review of proposal.
- ✓ SAOSC recommendation for an additional or joint review by other Senate committee(s) (e.g. Senate's Academic Programs Committee).

***SAOSC Review of Type B Proposals (All Other Changes)***

- ✓ SAOSC review of proposal.
- ✓ SAOSC recommendation for an additional or joint review by other Senate committee(s) (e.g. Senate's Academic Programs Committee).
- ✓ SAOSC review of proposals for creation, consolidation, transfer, closure, discontinuation, or significant reduction and educational unit, or transfer of an academic program to a different educational unit (attach documentation).
- ✓ Program review in past three years (attach documentation).
- ✓ Request to Provost for new program review (attach documentation).
- ✓ Open hearing (attach documentation).
  - SAOSC information must be shared with unit 10 days prior to hearing.
  - Open hearing procedures disseminated.

***Voting by SAOSC, Senate Council and University Senate***

- ✓ Endorse (or do not endorse) the academic organization, reporting, infrastructure, etc.
  - This vote is taken by the SAOSC, SC and Senate for every SAOSC proposal.
- ✓ Approve (or do not approve) the academic status or content of academic program.
  - This vote is taken by the SAOSC, SC and Senate only when the review involves an MDRC.

**1) What is the impetus for the proposed change?**

This name change recognizes aggregate gift impact of \$38.5 million by Stanley and Karen Pigman; the largest single gift received by the University of Kentucky to date. This gift will advance undergraduate education, graduate education, facilities, faculty, and research in the College of Engineering as detailed in the attached gift agreement (Exhibit A).

**2) What are the benefits and weaknesses of the proposed unit with specific emphasis on the academic merits for the proposed change?**

This proposed action is a name change of an existing unit.

**3) Describe the organization of the current structure and how the proposed structure will be different and better. Current and proposed organizational charts are often helpful in illustrating reporting lines.**

Engineering is organized as a college. According to GR VII. There are no structural or organizational changes associated with this proposal.

**4) How does the change fit with department, college, and/or university objectives and priorities?**

This proposed name change recognizes philanthropic support that will accelerate implementation and increase the impact of the College's educational, research and service mission.

**5) How does this change better position the proposers relative to state and national peers, as well as University Benchmark Institutions? How does the change help UK meet the goals of its strategic plan?**

In addition to creating new and immediate resource streams to support the college mission, this proposed naming will bring recognition and prestige to the College at the state and national level. Elevated recognition and prestige is expected to have positive impacts on reputation that will increase the desire by students to affiliate with the College, increase our competitiveness for extramural support including research and philanthropic funding, and attract other opportunities due to enhanced visibility. At the present time, a majority of engineering colleges in the US have not been named.

**6) Who are the key personnel associated with the proposed unit? Provide qualifications of these personnel in a brief form. A complete curriculum vitae for each person is not needed, although pertinent information in tabular format is helpful.**

The College Leadership comprises the following individuals:

Rudolph Buchheit, The Dr. Rebecca Burchett Liebert Dean of Engineering  
Mike Renfro, Associate Dean for Faculty Affairs and Facilities  
Kim Anderson, Associate Dean for Undergraduate Education  
John Balk, Associate Dean for Research  
Johné Parker, Acting Associate Dean for Diveristy Equity and Inclusion

Mary McBeath, Assistant Dean for Business and Finance  
Jana Kennelly, Senior Director of Philanthropy

Department Chairs and other senior staff are listed on the College's website.

- 7) **Discuss leadership and selection process for appointing a chair, a director, or interim leader and search process, etc.**

There are no leadership changes associated with this proposal.

- 8) **What is the function of the faculty/staff associated with the proposed change and how is that relationship defined? Discuss DOE, adjunct, full-time, voting rights, etc.**

No changes or not applicable.

- 9) **Will the proposed change involve multiple schools or colleges?**

No.

- 10) **If the proposed change will involve transferring personnel from one unit to another, provide evidence that the donor unit is willing and able to release the personnel.**

No personnel transfers are proposed.

- 11) **What is the arrangement of faculty associated with the proposed change and how is that relationship defined? Discuss faculty DOE and status as adjunct, tenure track, or tenured. Describe the level of faculty input in the policy-making process including voting rights and advisory.**

Not applicable.

- 12) **Discuss any implications of the proposal for accreditation by SACS and/or other organizations.**

There are no implications for accreditation at any level associated with this proposal.

- 13) **What is the timeline for key events in the proposed change? Student enrollments, graduates, moved programs, closed courses, new faculty and staff hires, etc.**

Acceptance of this gift and associated action by the Board of Trustees is intended for an April 28, 2023 meeting.

- 14) **If the proposal involves degree changes\*, describe how the proposed structure will enhance students' education and make them more competitive. Discuss the impact on current and future students. State assumptions underlying student enrollment growth and describe the plans for student recruitment.**

This proposal does not involve degree changes.

- 15) **Include evidence that adequate financial resources exist for the proposed unit to be viable. A general description of the new costs and funding should be provided. A**

**letter from the Provost, Dean, or other relevant administrators may affirm commitment to provide financial resources as appropriate. An exhaustive budget is not expected.**

Not applicable.

- 16) The proposal should document any faculty votes and departmental or school committee votes as appropriate leading up to this point in the process. The SAOSC recommends that faculty votes be by secret ballot. Include in your documentation of each vote taken the total number of eligible voters and the number that actually voted along with the break-down of the vote into numbers for, against and abstaining. A Chair or Dean may appropriately summarize supporting and opposing viewpoints expressed during faculty discussions.**

The substance of this proposal was presented to the College Faculty at a meeting conducted by zoom on March 25, 2023 (Exhibit B). Seventy voting faculty members were present exceeding quorum requirements. No objections or concerns were articulated in the discussion of the proposal or the motion to adopt the new college name. The proposal was adopted by unanimous consent to honor the generosity and commitment of the donors.

- 17) The committee will want to see evidence of academic merit and support from key parties. Letters of support (or opposition) are encouraged from the relevant senior faculty and administrators. Relevant faculty and administrators include those in units directly involved in the proposed change (including existing units from which a new unit may be formed.)**

The executed gift agreement appended to this proposal articulates the material benefits and merits associated with this proposal. There is no opposition, written or oral, to this proposal.

- 18) Indicate how the new structure will be evaluated as to whether it is meeting the objectives for its formation. Timing of key events is helpful.**

This gift will have immediate impact on the College. Over \$8 million in support will be received by the end of FY24. Over \$30 million of this gift will be received by FY34.

- 19) Letters of support from outside the University may be helpful in understanding why this change helps people beyond the University.**

No letters of extramural support have been solicited.

# Exhibit A



## CHARITABLE GRANT AGREEMENT

This Charitable Grant Agreement (the “**Agreement**”) is made and entered into on 2/13/2023 (the “**Effective Date**”) by and between The Lighthouse Beacon Foundation, 501 Silverside Road, Suite 123, Wilmington, Delaware 19809-1377 (the “**Donor**”), L. Stanley and Karen Pigman, P.O. Box 10609, Wilmington, North Carolina 28404-0609 (referred to herein collectively as the “**Pigmans**” or individually as “**Mr. Pigman**” and “**Ms. Pigman**”), and the University of Kentucky, William B. Sturgill Philanthropy Building, Lexington, Kentucky 40506-0015 (the “**University**”), (collectively, the “**Parties**”).

1. **Dedication.** L. Stanley and Karen Pigman are long-time benefactors, and student advocates committed to the University’s College of Engineering’s (the “**College**”) recruitment, engagement and retention of the best and brightest students. The Pigmans have provided scholarships, camps, mentoring opportunities, workshops and other initiatives to create an immersive engineering experience for students. This historic gift commitment – one of the largest single gift commitments in the University’s history to date – will continue and extend their philanthropic vision and generosity for generations to come.
2. **Existing Commitments.** The Donor agrees to fulfill the commitments remaining under the agreements attached as Exhibits A and B as further described in Exhibit C. The University shall administer the remaining commitments in accordance with the agreements attached hereto as Exhibits A and B. The parties agree all terms set forth in Exhibits A and B, except those expressly modified by this Agreement, are incorporated by reference with the same force and effect as though fully set forth herein. In the event the agreements attached as Exhibits A and B are silent or contain terms that conflict or are inconsistent with the terms of this Agreement, the terms set forth in this Agreement shall apply.
3. **New Commitments.** The Donor and Mr. Pigman agree to make additional charitable gifts totaling \$23,250,000 (the “**Total Gift**”) to the University as follows:
  - A. **Annual Gifts.** The Donor agrees to make gifts totaling \$17,250,000 (the “**Annual Gifts**”) to the University beginning on or before December 31, 2023 (the “**Initial Contribution Date**”) and ending on or before December 31, 2034. The Annual Gifts will be made in accordance with the payment schedule attached hereto as Exhibit C. The parties agree that the Initial Contribution Date shall begin the five (5) year pledge period for purposes of RCTF defined below and discussed herein. The University acknowledges receipt of a gift in the amount of \$744,235.55 that was received on or about November 14, 2022 and shall be applied toward the Total Gift.
  - B. **Deferred Gift.** Mr. Pigman agrees to direct a gift to the University through certain designated deferred or beneficiary designations in the amount of \$6,000,000 (the “**Deferred Gift**”) to complete the Total Gift. The University will receive the Deferred Gift in full no later than two (2) years following Mr. Pigman’s death. The

Deferred Gift shall be treated as a binding and enforceable obligation of Mr. Pigman's estate to the extent not otherwise satisfied during Mr. Pigman's lifetime.

The University shall receive and administer the Donor's Annual Gifts and Mr. Pigman's Deferred Gift in accordance with the terms of this Agreement, the written policies of the University, and all applicable laws.

4. **Gift Allocation Summary.** The University shall allocate the Total Gift as follows and in accordance with Exhibit C:
  - A. Lessons@UK Program. \$1,250,000 of the Annual Gifts will be used to establish and support a new non-endowed fund to be named the "**Lessons at UK Program Fund**" (the "**Lessons Fund**") in the College.
  - B. College Initiatives Support. \$2,333,333 of the Annual Gifts will be used to establish and support a new non-endowed fund named the "**Stanley and Karen Pigman College of Engineering Initiatives Support Fund**" (the "**Initiatives Fund**") in the College.
  - C. Scholarship Matching Gift Fund. \$3,000,000 of the Annual Gifts will be used to support the existing "**Stanley Pigman Engineering Scholarship Gift Fund**" (account no. 1215399540), and shall be made available for current expenditure as set forth in the Fifth Amended and Restated Endowment Agreement dated February 5, 2021 and attached hereto as Exhibit D.
  - D. Heritage Science Professorship. \$666,667 of the Annual Gifts will be used to establish and support a new endowed professorship fund named the "**Stanley and Karen Pigman Heritage Science Professorship**" (the "**Heritage Science Fund**") in the College.
  - E. Research Support Endowment. \$10,000,000 of the Annual Gifts will be used to establish a new endowment named the "**Lighthouse Beacon Foundation Endowment for Research and Graduate Education**" (the "**LBF Endowment**") in the College to support faculty, research, graduate students, facilities, and research infrastructure.
  - F. Distinguished Professorship Endowment. \$1,000,000 of the Deferred Gift shall be directed to the existing endowed fund, as amended, attached hereto as Exhibit E, named the "**L. Stanley Pigman Distinguished Professorship in Power**" (the "**Distinguished Professorship Endowment**") in the College. The parties acknowledge that in accordance with Exhibit E this fund will convert to the "L. Stanley Pigman Chair in Power" upon receipt of this gift.
  - G. Scholarships Endowment. \$5,000,000 of the Deferred Gift shall be directed to the existing endowed fund, as amended, attached hereto as Exhibit D, named the "**L. Stanley Pigman Endowed Engineering Scholarship Fund**" (the "**Scholarship Endowment**") in the College.
5. **Purposes.** The University shall use the Annual Gifts as follows to support the College. The Donor, Pigmans, or other individuals, organizations, or business entities may make additional contributions to the following funds at any time.



- A. Lessons@UK Program. The Lessons Fund shall provide one or more need-based scholarships to undergraduate student participants in the Lessons@UK Program (the “**Program**”) in the College, the recipients of which shall be known as “**LESSONS@UK Students**.” The Dean of the College, or their designee(s), shall form a committee (the “**Committee**”) to administer the scholarship(s). The scholarship will assist students with unmet financial need in obtaining a degree in engineering or computer science. The Committee shall be comprised of the Associate Dean for Administration and Academic Affairs of the College (or successor position), Director of Scholarships/ Student Records of the University (or successor position), and up to two (2) College faculty member(s) with direct knowledge of the Program. Up to two (2) representatives of the Donor may serve in an advisory capacity to the Committee, however final determinations shall be made by Committee members. The decision of the Associate Dean will be determinative when the Committee cannot come to consensus. The Committee shall determine the scholarship recipient(s) and amount(s) through a holistic review of the candidates, including without limitation, extracurricular performance, awards and recognition, areas of interest, household information, work experience, letters of recommendation, and contribution to the College’s diversity. In the event the Lessons@UK Program ceases to exist, the balance of the Lessons Fund and any outstanding portion of the Annual Gift shall be transferred and/or redirected to the Scholarship Endowment.
- B. College Initiatives Support. The Initiatives Fund shall annually support high impact priorities and initiatives of the College, including by way of example and not limitation, student recruitment, selection and retention efforts, and student success activities. The Donor agrees to consult with the Dean of the College on an ongoing annual basis regarding the use of this support, but in the event the Donor and the Dean are unable to agree as to the use of this support in any year, the Donor may direct that the support, or any portion thereof, shall be transferred to any one or more other existing or future funds established by the Donor.
- C. Scholarship Matching Gift Fund. The University agrees to match the Donor’s annual gift of \$250,000 for scholarships (*see* Paragraph 4.C above) dollar-for-dollar for a total of ten (10) years beginning in calendar year 2023 and ending in calendar year 2032, for a total match of \$2,500,000. The University’s matching funds shall be used for the sole purpose of funding scholarships in accordance with the Fifth Amended and Restated Endowment Agreement attached hereto as Exhibit D.
- D. Heritage Science Professorship. The Heritage Science Fund shall be used to support one or more professorships in the College for full-time faculty member(s) who possess the rank of associate or full professor and have made outstanding contributions to, and have research interests clearly linked to, the area of heritage science. Heritage science is the application of science and technology to the study of diverse natural and cultural heritage contexts, such as cultural artifacts and curated collections, biological remains, and human-impacted environments. Heritage Science, which includes almost every component of the scientific

spectrum, serves a wide variety of heritage-oriented disciplines, from anthropology and archaeology, to history and art and beyond.

Presently, the Heritage Science Fund is intended to support a professorship for a faculty member associated with the EduceLab at the University. The EduceLab is presently headquartered within the University's William S. Webb Museum of Anthropology and is a multi-college effort at the University that serves as the heritage science hub where expertise in scientific instrumentation joins with expertise in heritage studies to forge sustained scholarship and innovation in both science and heritage disciplines. The parties acknowledge that the EduceLab is the current hub of the University and College's work in the area of heritage science and the Heritage Science Fund may support faculty working on other projects and programs as research in this area evolves over time.

The Professorship Fund may be used to partially or totally supplement the salary of the professorship holders(s) and/or other designated costs associated with holding the professorship position, such as travel expenses, research projects, equipment, and education program expenses. The Dean of the College shall seek advice from senior College officers, members of the College's Executive Committee, and/or other members of the College faculty and staff as deemed appropriate before appointing the professorship holder(s), and shall determine the specific duties and responsibilities of the professorship holder(s) and other supported uses of the Heritage Science Fund, consistent with the normal operations, policies, procedures, and guidelines of the University. Additionally, terms of the professorship shall be subject to annual review and may be renewed for additional terms upon a successful evaluation by the Dean of the College.

- E. Research Support Endowment. The LBF Endowment shall support research in the College. Permitted uses of the Fund include:
1. Term-limited funding to support sustained superior performance of senior faculty researchers (equivalent of a Chair or Professorship per Administrative Regulation 8:4 and RCTF [defined below] Guidelines) who would be known as "**Lighthouse Beacon Foundation Eminent Scholars;**"
  2. Term-limited funding to support promising junior faculty (equivalent of a Faculty Excellence Fund or Research Scholar Fund per Administrative Regulation 8:4 and RCTF Guidelines) who would be known as "**Lighthouse Beacon Foundation Scholars;**"
  3. Funding for promising post-doctoral and graduate students, who would be known as "**Lighthouse Beacon Foundation Graduate or Post-Doctoral Fellows;**"
  4. Mission support for RCTF-compliant cost-sharing for externally funded programs targeted at high-consequence, high-impact research likely to result in socioeconomic benefits including job creation, higher standards of living, and expansion of the knowledge-based economy;

5. Research infrastructure such as equipment, materials and supplies and other research related expenses as permitted by University policy; and
6. Other purposes deemed relevant by the Dean for enhancing excellence and impact of research conducted in the College that are allowed by RCTF guidelines and University policy.

Not less than annually, the Dean of the College shall develop an orderly and effective plan for utilization of the LBF Endowment spending distribution. For purposes of compliance with RCTF Guidelines (*see* Paragraph 8 below), the faculty and graduate students supported by the LBF Endowment shall align with the University's research priorities and other STEM+H areas that are important to the Commonwealth of Kentucky. As part of the planning process for determining the specific uses of the LBF Endowment spending distribution, the Dean of the College shall seek advice from senior College officers, members of the College's Executive Committee, and/or other members of the College Faculty and Staff as deemed appropriate before enacting any allocation plan.

The plan and the specific uses contained in it for the LBF Endowment's spending distribution shall conform with Paragraph 5.E. Plans and specific uses shall also be in accordance with the provisions governing academic employment as set forth in the University's Governing Regulations and the College's written policies. Additionally, individuals appointed as Lighthouse Beacon Foundation Eminent Scholars, Lighthouse Beacon Foundation Scholars, or Lighthouse Beacon Foundation Graduate or Post-Doctoral Fellows shall be subject to annual review by the Dean of the College and may be renewed for additional annual terms for a cumulative appointment period not to exceed five (5) years. LBF Endowment spending distributions may be used for faculty (including adjunct or visiting faculty) salary or salary enhancements, research of national or international importance and other such purposes associated with the recipient's academic appointment within the College.

- F. Distinguished Professorship Endowment. The Distinguished Professorship Endowment shall be administered by the College in accordance with Exhibit E attached hereto.
  - G. Scholarships Endowment. The Scholarship Endowment shall be administered by the College in accordance with Exhibit D attached hereto.
6. **Naming**. In honor and recognition of the Donor and Mr. Pigman's Total Gift, and the Pigmans' historic philanthropic support for the College, the parties agree as follows:
- A. Naming of the College. The College shall be named the "**Stanley and Karen Pigman College of Engineering**" (the "**Naming**") in perpetuity. The University shall name and refer to the College by the Naming or as the "**Pigman College of Engineering**" in all related University and College publications, materials, and references (signage, print, digital, and other formats or medium now or hereafter known) for so long as the College is in existence, and subject to the terms of this Agreement (including, without limitation, completion of the Annual Gifts in

accordance with Exhibit C and Paragraph 16, below). In the event the College ceases to exist (including but not limited to if the College is consolidated with another college at the University) the University agrees to endeavor in good faith to find another suitable naming, including but not limited to, an academic unit or physical space on the University's campus.

- B. Signage. The Naming shall be in accordance with applicable University policies, brand standards, guidelines, and approvals as currently exist and as may be amended. Appropriate signage referencing the Naming will be affixed to the exterior (or closely thereto) of each of the College's facilities, and a recognition plaque will be prominently displayed on a public interior section of the College's facility where the Dean of the College's administrative offices are located to commemorate the Donor and the Pigmans' generosity and philanthropic impact. The interior recognition plaque shall be in a form mutually agreed to by the University, the Donor and the Pigmans.
  - C. Other Donor Recognition. In order to make additional College private philanthropy successful, the Donor and Pigmans acknowledge that the University may allow other donors to create endowed and non-endowed funds within the College that bear the donor's or another designated party's name. In addition, the University may name spaces within the College's facilities, including without limitation, the facilities themselves, classrooms, atriums, and surrounding grounds where they are located, to acknowledge and recognize private gifts to the College. Any such naming shall not detract from the Naming and any other recognition as may be afforded to the Donor and the Pigmans. As the College may grow or change over time, the University may need to construct or occupy additional buildings to house its operations. The parties acknowledge that the University may name such additional structures to recognize private gifts directed to construct or occupy that particular building. However, the College itself will be referred to in perpetuity by the Naming in accordance with this Agreement.
7. **Endowment Policies**. The University shall invest, manage, and administer the endowed funds created herein in accordance with the University's endowment, investment and spending policies approved annually by the University's Board of Trustees. Any unused spending distribution may be returned to the particular endowed fund. If, however, the contributed value of a particular endowed fund fails to reach the endowment minimum currently prescribed by University Administrative Regulation 8:4 within the payment term established herein, then that endowed fund shall be treated as non-endowed and spent in accordance with the terms hereof until exhausted, at which time the particular endowed fund shall terminate.
8. **RCTF**. It is the Donor's intent that all contributions made to the Heritage Science Fund and LBF Endowment within the first five (5) years of the Annual Gifts pursuant to Exhibit C shall meet the Commonwealth of Kentucky's Research Challenge Trust Fund ("**RCTF**") eligibility requirements. The RCTF Guidelines are attached hereto as Exhibit F. The University agrees to recommend the University's Board of Trustees approve the allocation of matching funds to the Heritage Science Fund and LBF Endowment (the "**Match**"), which, if granted, will be added to the Heritage Science Fund and LBF Endowment created

herein. The parties understand, however, that the Match is comprised of public money from the Commonwealth of Kentucky and therefore, before being applied to the Heritage Science Fund and LBF Endowment, each Match must be presented to and approved by the University's Board of Trustees at one of its open-to-the-public meetings. In the event the Match is approved, any spending distribution from the Heritage Science Fund and LBF Endowment shall be made in accordance with all applicable University and RCTF policies, regulations, and laws. The parties further intend that the Heritage Science Fund and LBF Endowment will be invested in perpetuity and play a pivotal role in improving engineering research in the Commonwealth of Kentucky and beyond as set forth in Paragraph 5.D and 5.E (the "**Purpose**"). To ensure the continued utility of the Heritage Science Fund and LBF Endowment throughout its perpetual lifespan, if the purpose(s) outlined in Paragraph 5.D and 5.E are no longer needed, as determined by the Dean of the College, the Donor agrees that the Heritage Science Fund and LBF Endowment may, upon not less than thirty (30) days prior written notice to the Donor, if still in existence, in the sole discretion of the Dean of the College be reclassified and used to support a chair, professorship, or other endowment in any discipline in the College most closely in keeping with the Donor's intent (the "**Contingent Purpose**"). If used for another discipline, the name of the applicable fund type shall automatically update to reflect the field supported by the Heritage Science Fund and LBF Endowment. Further, any Contingent Purpose shall be in accordance with applicable RCTF or any successor donor match program guidelines.

9. **Advancing Philanthropy.** The Donor acknowledges that a portion (limited to 5%) of the Annual Gift directed to non-endowed funds will be used to support the University's and the College's advancement program. This assessment will benefit all philanthropy efforts, including operations, gift processing, alumni engagement, marketing and public relations, and efforts to continually raise money to support the University's faculty, staff, students, and programs. The Donor will receive a charitable contribution acknowledgement from the University for the total amount of their gift.
10. **Stewardship Reports.** The College agrees to provide detailed annual stewardship reports to the Donor and Pigman regarding the specific uses of contributions made pursuant to this Agreement.
11. **Board of Trustees Approval.** The parties acknowledge and agree that acceptance of the charitable contribution(s) under this Agreement and implementation of the Naming is subject to the approval by the University's Board of Trustees. If in the unlikely event these charitable contributions and proposed Naming are not approved by the University's Board of Trustees, this Agreement shall immediately terminate and all payments made pursuant to the Agreement shall be repaid to the Donor in full within sixty (60) days of receipt of written notice from the Donor.
12. **Publicity.** For purposes of publicizing this gift, University will have the right, without charge, to photograph the Donor's representatives and the Pigman and use their names, likenesses, and images in photographic, audiovisual, digital or any other form or medium (the "**Media Materials**") and to use, reproduce, distribute, exhibit, and publish the Media Materials in any manner and in whole or in part, including in press releases, brochures, website postings, informational and marketing materials, and reprints and publications describing University's philanthropy and business activities. The University agrees to

develop a press release announcing this gift, which will be shared with the Donor and Pigmans, and agreed to by them prior to official release.

13. **University Tax Status; Donative Intent; Fulfillment of Grant by Others.** The University is an agency and instrumentality of the Commonwealth of Kentucky and is an organization described in §§ 170(b)(1)(A)(ii) and 170(b)(1)(A)(v) of the United States Internal Revenue Code of 1986, as amended (“IRC”), when contributions are made to it in furtherance of its public mission of education, research and service. The University is not a private foundation within the meaning of § 509 of the IRC or a 501(c)(3) organization. The parties intend that all contributions made to the University in furtherance of the purpose of this Agreement shall qualify as qualified distributions under the applicable provisions of the IRC. Additionally, at the option of the Pigmans, any gift made by either of them or any entity created, controlled or owned by either of them to the University and designated for the purposes discussed herein shall reduce the Donor’s Annual Gift obligation hereunder by an amount equal to the fair market value of such gift; however, the aforementioned individuals shall not have an obligation to make any such gift toward the Annual Gift commitment to the University pursuant to this Agreement.
14. **Change in Circumstances; Match Reallocation.** The Donor desires that the endowed funds created herein will be administered to benefit the University in perpetuity. However, should the fulfillment of any fund purpose or contingency set forth in Paragraph 5 and 8 become unlawful, impracticable, impossible to achieve, wasteful or obsolete, as determined by the Board of Trustees of the University, then the endowed funds shall be expended to the point of exhaustion, or the spending distribution redirected for a purpose most in keeping with the Donor’s intent and RCTF (as applicable), or successor donor match program guidelines. If any RCTF supported fund is terminated pursuant to this provision, then the Match shall be redirected to support any endowed purpose in any discipline for which, in the sole discretion of the Provost and Vice President for Research in consultation with the University’s President, a critical research need exists (the “**Match Reallocation Purpose**”). Any Match Reallocation Purpose shall be in accordance with applicable RCTF or any successor donor match program guidelines.
15. **Successors and Assigns.** This Agreement shall inure to the benefit of and be binding on the parties to this Agreement and their respective successors, assigns, trustees, executors, personal representatives, conservators, attorneys-in-fact and estates.
16. **Breach of Agreement.** If for any reason the University does not perform the duties established herein, or otherwise materially breaches this Agreement, or if the Donor or Mr. Pigman materially breaches the terms of this Agreement by not complying with Paragraph 3 and the payment schedule attached hereto as Exhibit C, the breaching party will have an opportunity to cure such breach within ninety (90) days of written notice of the breach; provided, however, that if the breaching party gives prompt written notice demonstrating that the cure cannot reasonably be effected within such period, then the time for cure shall be extended for such period of time as is reasonably necessary to cure the breach (but not beyond one hundred eighty (180) days. If the University is the breaching party and the breach is not cured within such timeframe, the exclusive remedy shall be that the Donor and Mr. Pigman may, in their sole discretion, discontinue payment of the Annual Gifts and terminate the Deferred Gift, and redirect any unspent funds (as of the date of notice) that


have been given for the non-endowed and endowed funds created herein (excluding the Match) to another college or department, or program of the University. In such case, the University will work with the Donor and Pigmans to recognize this redirection of funds, including but not limited to, appropriate naming recognition. In the event the Total Gift is not completed for any reason in accordance with Paragraph 3, Exhibit C and within two (2) years following Mr. Pigman's death, the University may, in its discretion, elect to remove the Naming and discontinue its use. Removal of the Naming shall not impact the naming of any fully funded endowment fund created herein. In the event the Total Gift is not received in full within two (2) years following Mr. Pigman's death, but at least one-half of the Total Gift has been paid, the University agrees to recognize the Donor and the Pigmans' philanthropic impact through the naming of an academic unit such as a department or center within or associated with the College.

17. **No Waiver.** No failure to exercise and no delay in exercising, on the part of any party thereto, any right or remedy under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any rights or remedy preclude any other or further exercise thereof, or the exercise of any other rights or remedies. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided in law or equity.
18. **Entire Agreement; Severability.** This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and supersedes any prior oral or written agreements or communications between us regarding this purpose. If any provision of this Agreement is made or held to be void or unenforceable by a court decision, statute, regulation or rule, or shall otherwise be rendered invalid, the remaining portions shall not be affected thereby and shall continue in force.
19. **Amendment.** This Agreement may not be changed orally, but only by an amendment in writing signed by the parties hereto.
20. **Counterparts; Electronic Signatures.** This Agreement may be executed in one or more counterparts, including by electronic signature, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument. A signed copy of this Agreement transmitted by facsimile, email or other means of electronic transmission shall be deemed to have the same effect as delivery of an original executed copy.

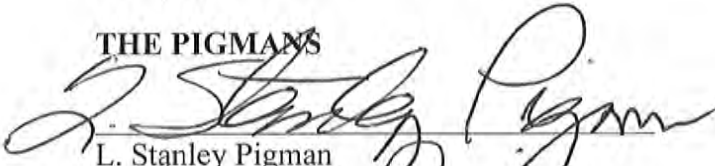

[Signature page follows]

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the Effective Date listed above.

**DONOR  
THE LIGHTHOUSE BEACON FOUNDATION**

  
Karen Pigman,  
President

**THE PIGMANS**


  
L. Stanley Pigman  
  
Karen Pigman


**UNIVERSITY OF KENTUCKY**

  
Eli N. Capilouto,  
President

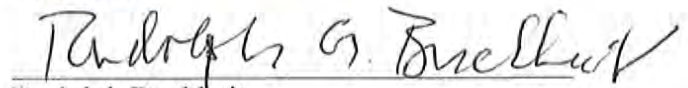
**RECOMMENDED FOR APPROVAL BY:**

Examined for Form and Legality  
Office of Legal Counsel  
University of Kentucky

  
Thomas W. Harris,  
Interim Vice President for  
Philanthropy and Alumni  
Engagement

  
G. Thomas Barker,  
Associate Vice President for Philanthropy, Sr.  
Philanthropic Advisor and Associate General  
Counsel

  
Penny Cox,  
Treasurer

  
Rudolph Buchheit,  
Dean, College of Engineering



**Exhibit A**

Charitable Grant Agreement dated January 27, 2022



## CHARITABLE GRANT AGREEMENT

Jan 27, 2022

This Charitable Grant Agreement (the "**Agreement**") is made and entered into on \_\_\_\_\_ (the "**Effective Date**") by and between The Lighthouse Beacon Foundation, 501 Silver Side Road, Suite 123, Wilmington, Delaware 19809 (the "**Donor**"), and the University of Kentucky, William B. Sturgill Philanthropy Building, Lexington, Kentucky 40506-0015 (the "**University**").

1. **Charitable Grant.** The Donor agrees to make a charitable grant of at least \$10,000,000 (the "**Grant**") to the University, payable in accordance with the attached payment schedule. The University shall receive and administer the Grant in accordance with the terms of this Agreement, the policies of the University, and all applicable laws.
2. **W.D Funkhouser Capital Project.** The University shall use the Grant to establish and support a new non-endowed capital project fund named the "**Stanley and Karen Pigman Funkhouser Renovation Fund**" (the "**Fund**") in the College of Engineering (the "**College**"). The purpose of the Fund shall be used to support the renovation/expansion of the University's W.D. Funkhouser Building (the "**Project**"). Uses of the Fund may include, but are not limited to, support for Project planning, design, construction, renovation, expansion, equipment, furnishings, signage, and supplies. The Donor, or other individuals, organizations, or business entities may make additional contributions to the Fund at any time.
3. **Administration.** The Dean of the College, in consultation with the University's Executive Vice President for Finance and Administration, shall determine the specific uses of the Fund in accordance with the normal operations, policies, procedures, regulations and guidelines of the University.
4. **Donor Recognition.** In recognition of the Donor's generous support of the University, the parties agree in good faith to explore recognition opportunities for Stan and Karen Pigman, subject to University approvals, policies, procedures, regulations, and guidelines. Any Donor recognition shall be documented in a separate written instrument signed by the parties hereto.
5. **RCTF.** If the legislature approves an additional allocation of state funds for the Commonwealth of Kentucky's Research challenge Trust Fund (RCTF) or any successor donor match program, and in the event the Donor's Grant (or any part thereof) meets the program eligibility requirements, the University agrees to use its best efforts to secure a match for the applicable portion of the Donor's Grant and will use said match to enhance the Fund.
6. **Stewardship Reports.** The College agrees, upon request, to provide annual stewardship reports to the Donor regarding the specific uses of contributions made pursuant to this Agreement.

7. **Entire Agreement.** The parties agree that: (1) this Agreement amends, supersedes and replaces the letter dated on or about May 15, 2021, attached hereto as Exhibit A; and (2) that this Agreement contains the entire agreement of the parties with respect to the subject matter hereof and supersedes any prior oral or written agreements or communications between the parties regarding this purpose.
8. **Publicity.** The University may publicize this Grant. Publicity may include, but is not limited to, University communications, which may be accessed by various local, state and national news media.
9. **University Tax Status; Donative Intent.** The University is an agency and instrumentality of the Commonwealth of Kentucky and is an organization described in §§ 170(b)(1)(A)(ii) and 170(b)(1)(A)(v) of the United States Internal Revenue Code of 1986, as amended ("IRC"), when contributions are made to it in furtherance of its public mission of education, research and service. The University is not a private foundation within the meaning of § 509 of the IRC or a 501(c)(3) organization. The parties intend that all contributions made to the University in furtherance of the purpose of this Agreement shall qualify as qualified distributions under the applicable provisions of the IRC. Additionally, at the option of Karen or Stan Pigman, any gift made by either of them or any entity created, controlled or owned by either of them to the University and designated for the purposes discussed herein shall reduce the Lighthouse Beacon Foundation's obligation hereunder by an amount equal to the fair market value of such gift; however, the aforementioned individuals shall not have an obligation to make any such gift to the University pursuant to this Agreement.
10. **Board of Trustee Approval.** The parties acknowledge and agree that charitable contribution(s) of \$1,000,000 or more payable over five (5) years or less, and the naming of University property, are subject to the approval by the University's Board of Trustees. In the unlikely event the University's Board of Trustees does not approve this Grant, this Agreement shall immediately terminate, and all payments made pursuant to the Agreement shall be repaid to the Donor in full within sixty (60) days of receipt of written notice from the Donor.
11. **Amendment.** This Agreement may not be changed orally, but only by an amendment in writing signed by the parties hereto.
12. **Counterparts; Electronic Signatures.** This Agreement may be executed in one or more counterparts, including by electronic signature, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument. A signed copy of this Agreement transmitted by facsimile, email or other means of electronic transmission shall be deemed to have the same effect as delivery of an original executed copy.

[Signature page follows]

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the Effective Date listed above.

**DONOR  
THE LIGHTHOUSE BEACON  
FOUNDATION**

Karen C. Pigman

Karen C. Pigman (Jan 27, 2022 11:25 EST)

By: Karen Pigman  
Its: President

**UNIVERSITY OF KENTUCKY**

Eli I. Capilouto  
Eli I. Capilouto,  
President

**RECOMMENDED FOR APPROVAL BY:**

Examined for Form and Legality  
Office of Legal Counsel  
University of Kentucky

G. Thomas Barker

G. Thomas Barker (Jan 26, 2022 11:22 EST)

G. Thomas Barker,  
Associate General Counsel

Thomas W. Harris

Thomas W. Harris (Jan 27, 2022 11:41 EST)

Thomas W. Harris,  
Interim Vice President for Philanthropy

Penny D. Cox

Penny Cox,  
Treasurer

Rudolph G. Buchheit

Rudolph G. Buchheit (Feb 2, 2022 14:34 EST)

Rudy Buchheit,  
Dean, College of Engineering

**PAYMENT SCHEDULE**

<b>Payment Date (on or before)</b>	<b>Payment Amount</b>
December 31, 2022	\$750,000
December 31, 2023	\$1,000,000
December 31, 2024	\$1,250,000
December 31, 2025	\$1,500,000
December 31, 2026	\$1,500,000
December 31, 2027	\$2,000,000
December 31, 2028	\$2,000,000
<b>TOTAL</b>	<b>\$10,000,000</b>

**Exhibit A**  
**Letter Dated May 15, 2021**

Lighthouse Beacon Foundation  
c/o L. Stanley Pigman and  
Karen Congdon Pigman  
501 Silverside Road, Suite 123  
Wilmington, Delaware 19809

Rudolph Buchheit, Dean  
University of Kentucky  
College of Engineering  
251 Ralph G. Anderson Building  
Lexington, Kentucky 40506

MAY 15, 2021

Dear Rudy:

We are very pleased about the College of Engineering's plans to substantially renovate and expand the Funkhouser Building on campus, as well as the development of a new Aerospace Engineering academic program. We, through our Foundation, intend to support these exciting projects with gifts to the University of Kentucky of at least \$11,300,000 as further described below. We look forward to continuing to work with you to develop more specific plans around how our gifts can impact the new building and Aerospace Program.

At this stage, we intend that the sum of \$10,000,000, will be paid over seven years (2022-2028) and shall be used to establish and support the "Stan and Karen Pigman Funkhouser Renovation Gift Fund" to advance the renovation of the University's Funkhouser building (the "Project").

Expenditures from the fund may include support for Project planning, design, construction, renovation, expansion, equipment, furnishings, signage and supplies for the Project. Specific uses shall be determined by the Dean of the College, in consultation with the University's Executive Vice President for Finance and Administration.

\$1,300,000, will be paid over eight years (2022-2029) and shall be used to support the College's Aerospace program (the "Program"). Specifically, the first and last payments, for a total of \$1,000,000, shall establish and support an endowment named the "Stan Pigman and Karen Congdon Pigman Aerospace Fund," and all remaining payments shall be added to a corresponding gift fund to benefit the Program. Specific uses of these funds shall be determined by the Dean of the College.

This is a non-binding letter of intent and all gifts are contingent on the University's approval of the Project and the Program. We look forward to finalizing the details of these gifts in one or more formal gift agreements. Additionally, we are interested in exploring appropriate recognition opportunities in accordance with the size and scope of this gift, in both a "best-in-class" makerspace in the renovated Funkhouser building and a naming of the Aerospace academic program.

Sincerely,

  
L. Stanley Pigman  
Karen C. Pigman

**Exhibit B**

Amended and Restated Charitable Grant Agreement dated August 23, 2022





**AMENDED AND RESTATED  
CHARITABLE GRANT AGREEMENT**

This Amended and Restated Charitable Grant Agreement (the "**Agreement**") is made and entered into on 08/23/2022 (the "**Effective Date**") by and between The Lighthouse Beacon Foundation, 501 Silverside Road, Suite 123, Wilmington, Delaware 19809-1377 (the "**Donor**") and the University of Kentucky, William B. Sturgill Philanthropy Building, Lexington, Kentucky 40506-0015 (the "**University**").

1. **Original Agreement.** On or about January 19, 2022, the Donor and the University entered into the Charitable Grant Agreement attached hereto as Exhibit A (the "**Original Agreement**") to establish and support a non-endowed fund named the "Karen and Stanley Pigman Engineering Technology Scholarship" (the "**Fund**") in the College of Engineering (the "**College**"), Department of Engineering Technology (the "**Department**"). The parties now wish to amend the purpose of the Original Agreement to more broadly support the Department's Engineering Technology program (the "**Program**"), and agree that that this Agreement shall amend, supersede and replace the terms of the Original Agreement in its entirety, as further set forth herein.
2. **Charitable Grant.** The Donor agrees to make a charitable grant of at least \$1,250,000 (the "**Grant**") to the University. The Grant shall be payable through annual installments in varying amounts, beginning on or before December 31, 2022, and ending on or before December 31, 2031. The University shall receive and administer the Donor's charitable contribution in accordance with the terms of this Agreement, the policies of the University, and all applicable laws.
3. **Fund Renaming.** The Fund is renamed the "**Karen and Stanley Pigman Engineering Technology Fund.**" The Donor, or other individuals, organizations, or business entities may make additional contributions to the Fund at any time. All contributions to the Fund shall be received and administered in accordance with the terms of this Agreement, the policies of the University, and all applicable laws.
4. **Engineering Technology Support.** The purpose of the Fund shall be to support the Program. Use(s) of the Fund may include, but are not limited to, support for: (i) student(s) in the Program (such as, on-campus housing, tuition fees and expenses, etc.) who are residing/have resided in the College's *Living Learning Program* for at least their freshman and sophomore years and graduated from a high school in one of the following Kentucky counties: Bell, Boyd, Breathitt, Carter, Clay, Elliott, Estill, Floyd, Greenup, Harlan, Jackson, Johnson, Knott, Knox, Laurel, Lawrence, Lee, Leslie, Letcher, Magoffin, Martin, McCreary, Menifee, Morgan, Owsley, Perry, Pike, Powell, Pulaski, Rockcastle, Whitley or Wolfe; and/or (ii) other program support to develop, expand, and enhance the Program and support its student(s).
5. **Administration.** The Chair of the Department shall determine the specific use(s) of the Fund based on the needs of the Program. All use(s) of the Fund shall be in accordance with

the normal operations, policies, procedures, regulations and guidelines of the University. A Donor representative may serve in an advisory capacity, however final determinations for use of the Fund shall be made by the Chair of the Department.

6. **Mentoring.** The Department will offer mentorship opportunities for student(s) supported by the Fund through the newly created *Engineering Tech Mentor Program*, or a successor program.
7. **Stewardship Reports.** The College agrees, upon request, to provide annual stewardship reports to the Donors regarding the specific uses of contributions made pursuant to this Agreement.
8. **Publicity.** The University may publicize this Grant. Publicity may include, but is not limited to, University communications, which may be accessed by various local, state and national news media.
9. **University Tax Status; Donative Intent; Fulfillment of Grant by Others.** The University is an agency and instrumentality of the Commonwealth of Kentucky and is an organization described in §§ 170(b)(1)(A)(ii) and 170(b)(1)(A)(v) of the United States Internal Revenue Code of 1986, as amended ("IRC"), when contributions are made to it in furtherance of its public mission of education, research and service. The University is not a private foundation within the meaning of § 509 of the IRC or a 501(c)(3) organization. The parties intend that all contributions made to the University in furtherance of the purpose of this Agreement shall qualify as qualified distributions under the applicable provisions of the IRC. Additionally, at the option of Karen or Stan Pigman, any gift made by either of them or any entity created, controlled or owned by either of them to the University and designated for the purposes discussed herein shall reduce the Lighthouse Beacon Foundation's obligation hereunder by an amount equal to the fair market value of such gift; however, the aforementioned individuals shall not have an obligation to make any such gift to the University pursuant to this Agreement.
10. **Entire Agreement.** This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and supersedes any prior oral or written agreements or communications between us regarding this purpose.
11. **Amendment.** This Agreement may not be changed orally, but only by an amendment in writing signed by the parties hereto.
12. **Counterparts; Electronic Signatures.** This Agreement may be executed in one or more counterparts, including by electronic signature, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument. A signed copy of this Agreement transmitted by facsimile, email or other means of electronic transmission shall be deemed to have the same effect as delivery of an original executed copy.

[Signature page follows]


IN WITNESS WHEREOF, the parties have entered into this Agreement as of the Effective Date listed above.

**DONOR  
THE LIGHTHOUSE BEACON  
FOUNDATION**

*Karen C Pigman*  
Karen C Pigman (Aug 23, 2022 14:31 EDT)

Karen Pigman,  
President

**UNIVERSITY OF KENTUCKY**

  
Eli I. Capilouto,  
President

**RECOMMENDED FOR APPROVAL BY:**

Examined for Form and Legality  
Office of Legal Counsel  
University of Kentucky

*G. Thomas Barker*  
G. Thomas Barker (Aug 24, 2022 08:27 EDT)

G. Thomas Barker,  
Associate Vice President for Philanthropy,  
Sr. Philanthropic Advisor, and  
Associate General Counsel

*Thomas W Harris*  
Thomas W Harris (Aug 25, 2022 12:05 EDT)

Thomas W. Harris,  
Interim Vice President for Philanthropy

*Penny D. Cox*

Penny Cox,  
Treasurer

*Rudolph G Buchheit*  
Rudolph G Buchheit (Aug 25, 2022 07:49 EDT)

Rudy Buchheit,  
Dean, College of Engineering



## CHARITABLE GRANT AGREEMENT

This Charitable Grant Agreement (the "Agreement") is made and entered into on Jan 19, 2022 (the "Effective Date") by and between The Lighthouse Beacon Foundation, 501 Silverside Road, Suite 123, Wilmington, Delaware 19809-1377 (the "Donor") and the University of Kentucky, William B. Sturgill Philanthropy Building, Lexington, Kentucky 40506-0015 (the "University").

1. **Charitable Grant.** The Donor agrees to make a charitable grant of at least \$1,250,000 (the "Grant") to the University. The Grant shall be payable through annual installments in varying amounts, beginning on or before December 31, 2022, and ending on or before December 31, 2031. The University shall receive and administer the Donor's charitable contribution in accordance with the terms of this Agreement, the policies of the University, and all applicable laws.
2. **New Non-Endowed Fund.** The University shall use the Grant to establish and support a new non-endowed undergraduate scholarship fund to be named the "**Karen and Stanley Pigman Engineering Technology Scholarship**" (the "Fund") in the College of Engineering (the "College"), Department of Engineering Technology (the "Department"). The Donor, or other individuals, organizations, or business entities may make additional contributions to the Fund at any time.
3. **Scholarship(s).** The purpose of the Fund shall be to support annual need-based scholarship(s) for undergraduate student(s) who meet the following criteria:
  - A. Accepted or enrolled in the College;
  - B. Pursuing a degree through the Engineering Technology program;
  - C. In the College's *Living Learning Program* for at least their freshman and sophomore years;
  - D. Demonstrated unmet financial need; and
  - E. Graduated from a high school in one of the following Kentucky counties: Bell, Boyd, Breathitt, Carter, Clay, Elliott, Estill, Floyd, Greenup, Harlan, Jackson, Johnson, Knott, Knox, Laurel, Lawrence, Lee, Leslie, Letcher, Magoffin, Martin, McCreary, Menifee, Morgan, Owsley, Perry, Pike, Powell, Pulaski, Rockcastle, Whitley or Wolfe.
4. **Scholarship Administration.**
  - A. **Selection Committee.** The Chair of the Department, or their designee(s), shall form the Engineering Technology Scholarship Committee (the "Committee") to administer the scholarship(s). The Chair of the Department shall lead the Committee, and appoint other members including, but not limited to, at least two (2) Department faculty members, to determine the scholarship recipient(s) and

amount(s). A Donor representative may serve in an advisory capacity to the Committee, however final determinations shall be made by voting Committee members.

- B. Renewals. Scholarship(s) may be renewed for up to four (4) years if the recipient continues to make sufficient academic progress towards their degree and maintains a minimum 3.0 GPA.
  - C. Mentoring. The Department will offer mentorship opportunities for scholarship recipient(s) through the newly created *Engineering Tech Mentor Program*, or a successor program.
5. **Stewardship Reports**. The College agrees, upon request, to provide annual stewardship reports to the Donor regarding the specific uses of contributions made pursuant to this Agreement.
  6. **Publicity**. The University may publicize this Grant. Publicity may include, but is not limited to, University communications, which may be accessed by various local, state and national news media.
  7. **University Tax Status; Donative Intent; Fulfillment of Grant by Others**. The University is an agency and instrumentality of the Commonwealth of Kentucky and is an organization described in §§ 170(b)(1)(A)(ii) and 170(b)(1)(A)(v) of the United States Internal Revenue Code of 1986, as amended ("IRC"), when contributions are made to it in furtherance of its public mission of education, research and service. The University is not a private foundation within the meaning of § 509 of the IRC or a 501(c)(3) organization. The parties intend that all contributions made to the University in furtherance of the purpose of this Agreement shall qualify as qualified distributions under the applicable provisions of the IRC. Additionally, at the option of Karen or Stan Pigman, any gift made by either of them or any entity created, controlled or owned by either of them to the University and designated for the purposes discussed herein shall reduce the Lighthouse Beacon Foundation's obligation hereunder by an amount equal to the fair market value of such gift; however, the aforementioned individuals shall not have an obligation to make any such gift to the University pursuant to this Agreement.
  8. **Board of Trustee Approval**. The parties acknowledge and agree that this charitable Grant is subject to approval by the University's Board of Trustees. In the unlikely event the University's Board of Trustees does not approve this charitable Grant, this Agreement shall immediately terminate, and all payments made pursuant to the Agreement shall be repaid to the Donor in full within sixty (60) days of receipt of written notice from the Donor.
  9. **Entire Agreement**. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and supersedes any prior oral or written agreements or communications between us regarding this purpose.
  10. **Amendment**. This Agreement may not be changed orally, but only by an amendment in writing signed by the parties hereto.
  11. **Counterparts; Electronic Signatures**. This Agreement may be executed in one or more counterparts, including by electronic signature, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument. A signed copy of

this Agreement transmitted by facsimile, email or other means of electronic transmission shall be deemed to have the same effect as delivery of an original executed copy.

[Signature page follows]

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the Effective Date listed above.

**DONOR  
THE LIGHTHOUSE BEACON  
FOUNDATION**

*Karen C Pigman*

Karen C Pigman (Jan 19, 2022 08:12 EST)

By: Karen Pigman  
Its: President

**UNIVERSITY OF KENTUCKY**

  
Eli I. Capilouto,  
President

**RECOMMENDED FOR APPROVAL BY:**

Examined for Form and Legality  
Office of Legal Counsel  
University of Kentucky

*G. Thomas Barker*

G. Thomas Barker (Jan 14, 2022 15:17 EST)

G. Thomas Barker,  
Associate General Counsel

*Thomas W Harris*

Thomas W Harris (Jan 14, 2022 16:53 EST)

Thomas W. Harris,  
Interim Vice President for Philanthropy

*Penny D. Cox*

Penny Cox,  
Treasurer

*Rudolph G. Buchheit*

Rudolph G. Buchheit (Jan 18, 2022 21:03 EST)

Rudy Buchheit,  
Dean, College of Engineering











# AR Charitable Grant Agreement - Lighthouse Beacon Foundation

Final Audit Report


2022-08-25

Created:	2022-08-19
By:	Amanda Trail (amanda.trail@uky.edu)
Status:	Signed
Transaction ID:	CBJCHBCAABAAu-XvDAY69UZSvfQOuDgDEW6VI1BP6zll


## "AR Charitable Grant Agreement - Lighthouse Beacon Foundation" History

-  Document created by Amanda Trail (amanda.trail@uky.edu)  
2022-08-19 - 4:03:07 PM GMT
-  Document emailed to karen@beachntravel.com for signature  
2022-08-19 - 4:06:01 PM GMT
-  Email viewed by karen@beachntravel.com  
2022-08-23 - 6:25:43 PM GMT
-  Signer karen@beachntravel.com entered name at signing as Karen C Pigman  
2022-08-23 - 6:31:30 PM GMT
-  Document e-signed by Karen C Pigman (karen@beachntravel.com)  
Signature Date: 2022-08-23 - 6:31:31 PM GMT - Time Source: server
-  Document emailed to tom.barker@uky.edu for signature  
2022-08-23 - 6:31:34 PM GMT
-  Email viewed by tom.barker@uky.edu  
2022-08-24 - 12:26:46 PM GMT
-  Signer tom.barker@uky.edu entered name at signing as G. Thomas Barker  
2022-08-24 - 12:27:11 PM GMT
-  Document e-signed by G. Thomas Barker (tom.barker@uky.edu)  
Signature Date: 2022-08-24 - 12:27:13 PM GMT - Time Source: server
-  Document emailed to endowment@uky.edu for approval  
2022-08-24 - 12:27:16 PM GMT



 Email viewed by endowment@uky.edu


2022-08-24 - 3:59:16 PM GMT

 Signer endowment@uky.edu entered name at signing as Endowments Accounting


2022-08-25 - 11:21:15 AM GMT

 Document approved by Endowments Accounting (endowment@uky.edu)


Approval Date: 2022-08-25 - 11:21:16 AM GMT - Time Source: server

 Document emailed to Penny Cox (penny.cox@uky.edu) for signature

2022-08-25 - 11:21:18 AM GMT

 Email viewed by Penny Cox (penny.cox@uky.edu)


2022-08-25 - 11:30:47 AM GMT

 Document e-signed by Penny Cox (penny.cox@uky.edu)


Signature Date: 2022-08-25 - 11:31:44 AM GMT - Time Source: server

 Document emailed to rudolph.buchheit@uky.edu for signature

2022-08-25 - 11:31:46 AM GMT

 Email viewed by rudolph.buchheit@uky.edu

2022-08-25 - 11:48:50 AM GMT

 Signer rudolph.buchheit@uky.edu entered name at signing as Rudolph G Buchheit


2022-08-25 - 11:49:30 AM GMT

 Document e-signed by Rudolph G Buchheit (rudolph.buchheit@uky.edu)


Signature Date: 2022-08-25 - 11:49:32 AM GMT - Time Source: server

 Document emailed to tom.harris@uky.edu for signature


2022-08-25 - 11:49:34 AM GMT

 Email viewed by tom.harris@uky.edu

2022-08-25 - 12:11:40 PM GMT

 Signer tom.harris@uky.edu entered name at signing as Thomas W Harris

2022-08-25 - 4:05:25 PM GMT

 Document e-signed by Thomas W Harris (tom.harris@uky.edu)

Signature Date: 2022-08-25 - 4:05:26 PM GMT - Time Source: server

 Agreement completed.

2022-08-25 - 4:05:26 PM GMT



## Exhibit C

### Foundation's Payment Schedule

CY	Lessons @UK Program	CoE Scholarships	CoE Initiatives	Heritage Science Professor	Research Support Endowment	Funkhouser Capital Project**	CoE Tech Scholarships**	Totals
2022						\$750,000*	\$83,500*	\$833,500
2023		\$250,000	\$116,667	\$133,333	\$1,000,000		\$125,000	\$1,625,000
2024		\$250,000	\$116,667	\$133,333	\$1,250,000		\$125,000	\$1,875,000
2025	\$312,500	\$250,000	\$116,667	\$133,333	\$1,500,000		\$125,000	\$2,437,500
2026	\$312,500	\$250,000	\$116,666	\$133,334	\$1,500,000		\$125,000	\$2,437,500
2027	\$312,500	\$250,000	\$116,666	\$133,334	\$2,000,000		\$125,000	\$2,937,500
2028	\$312,500	\$250,000	\$250,000			\$2,000,000	\$125,000	\$2,937,500
2029		\$250,000	\$250,000			\$2,000,000	\$125,000	\$2,625,000
2030		\$250,000	\$250,000			\$2,000,000	\$125,000	\$2,625,000
2031		\$250,000	\$250,000			\$2,000,000	\$166,500	\$2,666,500
2032		\$250,000	\$250,000		\$750,000	\$1,250,000		\$2,500,000
2033		\$250,000	\$250,000		\$2,000,000			\$2,500,000
2034		\$250,000	\$250,000					\$500,000
<b>Totals</b>	<b>\$1,250,000</b>	<b>\$3,000,000</b>	<b>\$2,333,333</b>	<b>\$666,667</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>	<b>\$1,250,000</b>	<b>\$28,500,000***</b>
<i>RCTF VI Eligible</i>		<i>\$7,916,667</i>						
<i>RCTF VI Match</i>		<i>\$3,958,334</i>						
<b><i>RCTF VI Total</i></b>		<b><i>\$11,875,001</i></b>						

\* Received

\*\* Existing gift commitments detailed in Exhibits A and B.

\*\*\* The Deferred Gift in the amount of \$6,000,000 shall be made by Mr. Pigman in accordance with Paragraph 3 of this Agreement. The total gift impact, including the existing and new commitments stated above, is \$34,500,000.

**Exhibit D**

Fifth Amended and Restated Endowment Agreement dated February 5, 2021

**UNIVERSITY OF KENTUCKY  
FIFTH AMENDED AND RESTATED ENDOWMENT AGREEMENT  
L. STANLEY PIGMAN ENDOWED ENGINEERING SCHOLARSHIP FUND**

THIS AGREEMENT (“Agreement”) is made and entered into this 2/5/2021, by and between L. Stanley Pigman, 65 Beach Road South, Wilmington, North Carolina 28411-9920, (the “Donor”), and the University of Kentucky, William B. Sturgill Philanthropy Building, Lexington, Kentucky 40506-0015 (the “University”).

WITNESSETH:

WHEREAS, the Donor established an endowed scholarship fund at the University in the College of Engineering named the “L. Stanley Pigman Endowed Engineering Scholarship Fund” (the “Fund”), pursuant to that certain Endowment Agreement dated August 11, 1999, as previously amended by four separate amendments dated November 5, 2002, July 16, 2007, November 2, 2015 and December 30, 2016, respectively, (collectively, the “Amended Agreement”).

WHEREAS, the Donor and the University now desire to further amend and restate the Amended Agreement.

WHEREAS, the parties intend that the terms of this Agreement shall supersede, replace, and restate in its entirety the terms of the Amended Agreement.

WHEREAS, the University agrees to receive and administer the Fund in accordance with the wishes of the Donor and the policies of the University.

NOW, THEREFORE, in consideration of the foregoing and the terms and condition as herein set forth, the Donor and the University do hereby amend and restate the Amended Agreement in its entirety, it being the intent of the parties to supersede and replace the terms of the Amended Agreement to read as follows:

- (1) The Fund shall be known as the “L. Stanley Pigman Endowed Engineering Scholarship Fund” and shall continue to be known as such following the Donor’s death.
- (2) The Fund shall consist of the balance in the existing Fund and funds to be received after the Donor’s death. At any time, additional contributions can be made to the Fund by the Donor or other individuals, organizations, or business entities.
- (3) Contributions to the Fund shall be invested by the University and the spending disbursements therefrom used annually to provide one or more Scholarships, as defined below, consistent with the endowment spending policy of the University. The distributions therefrom shall be made in accordance with the endowment spending policy approved annually by the Board of Trustees of the University. The total return generated by the Fund in excess of the amount allocated for said Scholarship(s) shall be permanently added to the Fund to be reinvested. The Fund shall be invested by the University in accordance with its policy for the investment of endowed funds.
- (4) The purpose of the Fund shall be to award scholarships (the “Scholarships”) in accordance with the terms and conditions set forth in this Agreement. The recipient(s) (the “Recipients”) of the Scholarship(s), to be named Pigman Scholars, shall be selected by a scholarship committee appointed by the Dean of the College of Engineering (the “Selection Committee”). After the Donor’s death, the Selection Committee shall be comprised of three (3) representatives from the College of Engineering and Kyle Hogue. If Kyle Hogue declines to exercise his right to service or is deceased, then Benjamin Hodgson shall serve on the Selection

Committee. If Benjamin Hodgson declines to exercise his right to service, then a successor representative from among the Pigman Scholars alumni may serve on the Selection Committee. It is the Donor's intention that a Pigman Scholar should always serve on the Selection Committee after his death.

- (5) The Scholarship(s) shall be awarded to full-time students who:
- (A) demonstrate financial need;
  - (B) are pursuing: (i) an undergraduate engineering degree; or (ii) a master's degree in engineering after having received an undergraduate engineering degree and are a former Recipient ("Traditional Master's"); or (iii) an Engineering/Masters of Business Administration dual degree and are a former Recipient ("Dual Master's");
  - (C) reside and participate in the Engineering Residential College Living Learning Program or the Lewis Honors College Living Learning Program for at least their freshman and sophomore years (undergraduate applicants only); and
  - (D) are residents of Kentucky.

The foregoing notwithstanding, spending from the Fund shall not be used to provide scholarships to students in the College of Engineering's Technology Program or curriculum.

- (6) Preference shall be given to students from specified counties in Kentucky as follows:
- (A) First Priority: Students who reside in Knott or Floyd Counties, Kentucky;
  - (B) Second Priority: Students who reside in Letcher, Perry, Pike, Pulaski, Bell,

Lee, Jackson, Johnson, Leslie, Harlan, Magoffin, Knox, Whitley, McCreary, Clay, Owsley, Laurel, Wolfe, Martin, Lawrence, Morgan and Breathitt Counties, Kentucky;

- (C) Third Priority: Students who reside in Union, Webster, Hopkins, McLean, Muhlenberg, Henderson, Ohio, or Daviess Counties, Kentucky;
  - (D) Fourth Priority: Students who reside in in any other county in Kentucky.
- (7) It is the intent of the Donor that once a student has been awarded a Scholarship, that student shall continue to receive the Scholarship until such time as that student graduates, provided the student continues to meet the qualifications for the Scholarship, maintains a grade point average (GPA) of at least 2.8, and remains in good academic standing. However, the Scholarship program shall not exceed five (5) years for undergraduate Recipients; six (6) years for Traditional Master's Recipients; and six (6) years for Dual Master's Recipients.
- (8) Subject to the available spending distribution, Scholarship amounts shall be applied to (but shall not exceed ninety-five percent (95%) of) the recipient(s)' Total Cost of Attendance. For purposes of this Agreement, the Total Cost of Attendance is calculated as:
- (A) The cost of tuition for the hours enrolled; plus the cost of room and board for the academic year; plus the cost of books; plus
  - (B) Lab fees; plus
  - (C) Applicable student fees;
  - (D) Minus any contribution to the recipient's educational expenses that his/her family will be expected to make under federally granted, non-repayable

- student financial aid. This is currently called the “expected family contribution” regarding federal student aid;
- (E) Minus the total non-repayable financial aid that the student receives.
  - (F) It is the Donor’s wish that a student’s total financial aid from this Scholarship and aid from other internal and external sources should not exceed the cost of tuition, room and board, books, lab fees, and applicable student fees.
  - (G) It is the Donor’s wish that a student’s total financial aid from this Scholarship and aid from other internal and external sources should in fact add up to less than the cost of tuition, room and board, books, lab fees, and applicable student fees. This amount represents the recipient’s “skin in the game,” or the amount that he/she has to contribute herself or himself to educational expenses.
- (9) A student shall be eligible for this Scholarship only if that student’s income (or the income of the student’s parent(s)/guardian(s)) does not exceed 400% of the current poverty level as determined by the Federal Government.
  - (10) It is the desire of the Donor to fund a one-time stipend for each Recipient student for a study abroad program that is part of the UK College of Engineering for students. To be eligible the student must have completed 30 or more hours of credit coursework. The amount of the stipend should not exceed the cost of tuition as charged by the University for fifteen (15) credit hours.
  - (11) The Donor and the University expressly agree that this Scholarship is gratuitous in nature, and that the Donor is under no legal duty or obligation to make further



contributions or additions to the Fund either during his lifetime or through his estate plan after death.

- (12) It is the desire of the Donor that the Fund should benefit the University in perpetuity. If for any reason all or part of the total return from the Fund cannot be usefully applied for the purposes stated herein, then it shall be expended for another use in the College of Engineering to be designated by the Board of Trustees of the University upon recommendation of the President of the University after consultation with Dean of the College of Engineering, department chairperson, or program administrative officer and the Donor, if living, in order to most nearly carry out the desire of the Donor.
- (13) It is the Donor's wish that at the death of the Donor, the balance of funds in the L. Stanley Pigman Engineering Scholarship Fund and the balance of funds held in any other L. Stanley Pigman non-endowed fund, be transferred to the L. Stanley Pigman Endowed Engineering Scholarship Fund. With respect to this Paragraph, the parties agree that the University may continue to use any other L. Stanley Pigman non-endowed fund(s) for their current purpose(s) until the end of the University's fiscal year. Thereafter, the balance(s) shall be transferred to this Fund.
- (14) This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and supersedes any prior oral or written agreements or communications between the parties regarding this purpose.
- (15) This Agreement may not be changed orally, but only by an amendment or agreement in writing signed by the parties hereto.

(16) This Agreement may be executed in one or more counterparts, including by electronic signature, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument. A signed copy of this Agreement transmitted by facsimile, email or other means of electronic transmission shall be deemed to have the same effect as delivery of an original executed copy.

IN WITNESS WHEREOF, the parties have signed this Agreement as of the date first above written.

DONOR

DocuSigned by:  
*L. Stanley Pigman*  
L. Stanley Pigman, P.E.

RECOMMENDED FOR APPROVAL BY:

UNIVERSITY OF KENTUCKY

Examined for form and Legality  
Office of Legal Counsel  
University of Kentucky

DocuSigned by:  
*G. Thomas Barker*  
G. Thomas Barker  
Attorney at Law

By: *[Signature]*  
Eli T. Capilouto  
President

DocuSigned by:  
*D. Michael Richey*  
D. Michael Richey,  
Vice President for Philanthropy and  
Alumni Engagement

DocuSigned by:  
*Penny D. Cox*  
Penny Cox  
Treasurer

DocuSigned by:  
*Rudolph Buchheit*  
Rudy Buchheit  
Dean, College of Engineering

**Exhibit E**

Endowment Agreement dated June 19, 2014

UNIVERSITY OF KENTUCKY  
ENDOWMENT AGREEMENT  
THE L. STANLEY PIGMAN DISTINGUISHED PROFESSORSHIP IN POWER

THIS AGREEMENT made and entered into this the 19<sup>th</sup> day of June, 2014, by and between Mr. L. Stanley Pigman, 65 Beach Road South, Wilmington, NC 28411-9220, hereinafter referred to as the "Donor," and the University of Kentucky, William B. Sturgill Development Building, Lexington, Kentucky 40506-0015, hereinafter referred to as the "University."

WITNESSETH:

WHEREAS, the Donor desires to establish an endowed professorship fund in the College of Engineering at the University; and

WHEREAS, the University agrees to receive and administer this fund in accordance with the wishes of the Donor and the policies of the University.

NOW, THEREFORE, in consideration of the foregoing and the terms and conditions hereinafter set forth, the Donor and the University do hereby mutually agree as follows:

- (1) This endowed fund shall be known as the "L. STANLEY PIGMAN DISTINGUISHED PROFESSORSHIP IN POWER," subject to the terms of paragraphs 5 and 6 below.
- (2) The initial gift to the L. Stanley Pigman Distinguished Professorship in Power Fund shall consist of \$200,000. The Donor agrees to make additional gifts to the L. Stanley Pigman Distinguished Professorship in Power Fund in the amount of \$200,000 per year, for the next 4 years, for a total contribution of \$1 Million. At any time, additional contributions can be

made to the L. Stanley Pigman Distinguished Professorship in Power Fund by the Donor or other individuals, organizations, or business entities.

- (3) This contributed value shall be invested by the University and the spending distribution therefrom used annually to provide support for a professorship in an amount determined by the Dean of the College of Engineering, consistent with the endowment spending policy of the University and this Agreement. Total return of the L. Stanley Pigman Distinguished Professorship in Power Fund's investments shall be distributed in accordance with the endowment spending policy approved annually by the Board of Trustees of the University. The total return generated by the L. Stanley Pigman Distinguished Professorship in Power Fund in excess of the amount allocated for this professorship shall be added to the principal of this fund. This fund shall be invested by the University in accordance with its policy for the investment of endowed funds.
- (4) The spending distribution from the L. Stanley Pigman Distinguished Professorship in Power Fund may support partially or totally the salary of the professorship holder and/or other designated costs associated with this position, such as travel expenses, research projects, graduate students aligned with this faculty position, and education program expenses, consistent with the terms of paragraphs 5 and 6 below.
- (5) The University agrees to inform the Donor of the amount of the L. Stanley Pigman Distinguished Professorship in Power Fund's available annual spending distribution no later than June 1 of each year. The Donor may

elect on an annual basis to make an additional gift to the University in an amount which constitutes the difference between the amount required to fully fund a chair position at the University within the College of Engineering and the available annual spending distribution. In the event the Donor elects to make this additional gift and fully fund a chair position, the holder of this faculty position shall be known as the "L. STANLEY PIGMAN CHAIR IN POWER". If the Donor makes additional gifts to this endowed fund that elevate the contributed value of the fund to the minimum level as established by the University to permanently endow a chair position, the L. Stanley Pigman Distinguished Professorship in Power Fund and faculty position shall be known as the "L. Stanley Pigman Chair in Power."

- (6) Since energy research is considered a vitally important field of study at the University of Kentucky College of Engineering, the University shall place a high priority on matching the L. Stanley Pigman Distinguished Professorship in Power in the event that the Kentucky General Assembly approves an additional allocation of state funds for the Commonwealth of Kentucky's Research Challenge Trust Fund (RCTF) or any successor donor match program. If the Donor's gifts together with match funds and/or additional contributions elevate the contributed value of this fund to the minimum level established by the University to permanently endow a chair position, the L. Stanley Pigman Distinguished Professorship in Power Fund and faculty position shall be known as the L. Stanley Pigman Chair in

Power.

- (7) The holder of this faculty position (whether it be a professorship or chair as provided for herein) will be appointed by the Dean of the College of Engineering in consultation with the appointments, promotion, and tenure committee in the College of Engineering.
- (8) Appointment to this faculty position will be made in accordance with provisions concerning academic employment as set forth in the University's Governing Regulations. The selected faculty member (as a professorship) shall hold this position for two academic semesters. If, however, this position is fully endowed as a chair position, the holder of the L. Stanley Pigman Chair in Power shall be for a term consistent with the policies for named faculty positions established by the Dean of the College of Engineering.
- (9) This faculty position shall be awarded to a tenured faculty member at the University with an academic focus in the area of power.
- (10) The duties and responsibilities of the holder of this faculty position shall be defined by the Dean of the College of Engineering. These activities will be consistent with and complimentary to the normal operations of the College of Engineering and the University. An outstanding performance consistent with the level of the position is expected. Periodic evaluation of the holder of this faculty position shall be made by the Dean of the College of Engineering in a manner consistent with University policy.

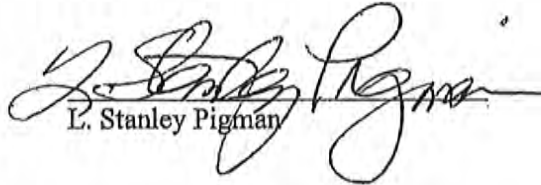
- (11) This Agreement may be duplicated through photocopying, microfilming, or other means. Any such copy shall have the same force and effect of this original agreement.
- (12) The Donor and the University expressly agree that the L. Stanley Pigman Distinguished Professorship in Power Fund is gratuitous in nature, and that the Donor is under no legal duty or obligation to make further additions to the above-mentioned fund.
- (13) It is the desire of the Donor that the L. Stanley Pigman Distinguished Professorship in Power Fund will benefit the University in perpetuity. Notwithstanding, if for any reason all or part of the total return from this fund cannot be usefully applied to the purposes stated herein, then it will be expended for another use in the College of Engineering to be designated by the Board of Trustees of the University upon recommendation of the University's President after consultation with the Dean of the College of Engineering in order to most nearly carry out the desire of the Donor.
- (14) Establishment of the L. Stanley Pigman Distinguished Professorship in Power Fund shall be subject to the approval and acceptance of the University Of Kentucky Board Of Trustees.

[signature page follows]



WITNESS the signatures of the parties hereto this the 19<sup>th</sup> day June, 2014.


**DONOR**

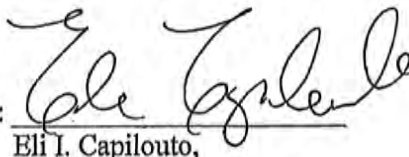
  
L. Stanley Pigman

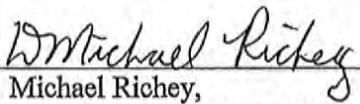
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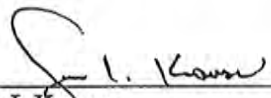
**UNIVERSITY OF KENTUCKY**

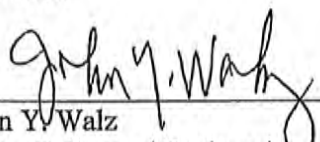
Examined for Form and Legality  
Office of Legal Counsel  
University of Kentucky

By:   
G. Thomas Barker  
Attorney at Law

By:   
Eli I. Capilouto,  
President

  
D. Michael Richey,  
Vice President for Development

  
Susan I. Krauss,  
Treasurer

  
John Y. Walz  
Dean, College of Engineering

**Exhibit F**

Council on Postsecondary Education 2022-24 Endowment Match Program Guidelines  
dated June 14, 2022

## **Council on Postsecondary Education 2022-24 Endowment Match Program Guidelines**

### **Introduction**

Kentucky recognizes the importance of research to the economic well being of its citizens. The Endowment Match Program encourages private investment in public higher education research activities to stimulate business development, generate increases in externally sponsored research, create better jobs and a higher standard of living, and facilitate Kentucky's transition to a knowledge-based economy. The program matches public money with private gifts to fund chairs, professorships, research scholars, staffs and infrastructure, fellowships and scholarships, and mission support at the public universities. This collaborative approach is critical to advancing Kentucky's research presence into national prominence.

### **Program Funding**

State funding for the Endowment Match Program is appropriated to the Research Challenge Trust Fund (RCTF) for the research universities and to the Comprehensive University Excellence Trust Fund (CUETF) for the comprehensive institutions. Both trust funds were created with passage of the Postsecondary Education Improvement Act of 1997 (HB 1).

Prior to 2022, there were four rounds of funding for the Endowment Match Program. In fiscal year 1998-99, the program received surplus General Fund appropriations of \$110 million (i.e., \$100 for the research universities and \$10 million for comprehensive institutions). In 2000-01, the General Assembly authorized \$120 million for the program (i.e., \$100 million for the RCTF and \$20 million for the CUETF). The legislature debt financed another \$120 million for the program in 2003-04 (i.e., \$100 million for the RCTF and \$20 million for the CUETF). Finally, the General Assembly authorized \$60 million in state supported bond funds for the program in 2008-09, with \$50 million appropriated to the research universities and \$10 million appropriated to the comprehensive universities.

For the upcoming 2022-2024 biennium, the General Assembly authorized \$40 million in bond funds for the Bucks for Brains program, with \$30 million appropriated to the Research Challenge Trust Fund and \$10 million appropriated to the Comprehensive University Excellence Trust Fund (22 RS, HB 1).

### **Program Administration**

The Council on Postsecondary Education oversees and administers the Endowment Match Program. The Council establishes areas of concentration within which program funds are used, develops guidelines for the distribution of program funds, and reviews reports from the institutions on uses of program funds and results achieved.

The boards of trustees and boards of regents of the Commonwealth's public universities are responsible for the Endowment Match Program on their respective campuses. The governing boards are required by Council guidelines to review and approve all donations, gifts, and pledges that will be matched with state funds and used to establish new endowments or expand existing endowments under the Bucks for Brains program. Furthermore, the boards are charged with ensuring that the purposes of each endowment and sources of matching funds comply with Council guidelines and serve the public good.

Documentation of board approval must be submitted with each endowment request. In addition, the governing boards are required to review and approve Endowment Match Program reports that are submitted annually to the Council.

**Allocation of Program Funds**

In the *2022-2024 Budget of the Commonwealth* (22 RS, HB 1), the General Assembly authorized \$30 million in General Fund supported bond funds in fiscal year 2022-23 for the Research Challenge Trust Fund (RCTF) to support efforts to grow endowments for initiatives in fields of science, technology, engineering, mathematics, and health (i.e., STEM+H fields) at Kentucky public research universities. In accordance with KRS 164.7917, funding appropriated to the RCTF will be allocated two-thirds (2/3) to the University of Kentucky and one-third (1/3) to the University of Louisville, as shown in the table below. These funds will remain in the trust fund until matched and distributed.

University of Kentucky	\$20,000,000
University of Louisville	<u>10,000,000</u>
Total RCTF	\$30,000,000

In that same budget, the General Assembly also authorized \$10 million in state-supported bond funds in 2022-23 for the Comprehensive University Excellence Trust Fund (CUETF) to support endowment growth in STEM+H fields at Kentucky comprehensive universities. In keeping with KRS 164.7919, these funds will be apportioned among the comprehensive universities based on each institution’s share of sector total General Fund appropriations, excluding debt service and specialized, noninstructional appropriations (i.e., mandated programs). The resulting allocations are shown below. These funds will remain in the trust fund until matched and distributed.

Eastern Kentucky University	\$2,227,800
Kentucky State University	667,800
Morehead State University	1,279,000
Murray State University	1,484,900
Northern Kentucky University	1,864,600
Western Kentucky University	<u>2,475,900</u>
Total CUETF	\$10,000,000

**Matching Requirements**

The Endowment Match Program was conceived as a way to bring new money from external sources into the Commonwealth’s system of postsecondary education. In order to receive state funds, the universities must provide dollar-for-dollar matching funds that satisfy the following requirements:

- Gifts and pledges must be newly generated to be eligible for state match. Newly generated contributions are those received by the university after November 15, 2021 (i.e., the date of the Council’s 2022-2024 biennial budget submission).
- Gifts and pledges must be from external sources to be eligible for state match. External source contributions are those that originate outside the university and its affiliated corporations. Eligible sources of funding include, but are not limited to, businesses, non-governmental foundations, hospitals, corporations, and alumni or other individuals. Funds received from federal, state, and local government sources are not eligible for state match.

- General Fund appropriations and student-derived revenues (e.g., tuition and fees revenue) are not eligible for state match.
- The minimum institutional request amount is \$50,000. A university may combine smaller donations from businesses, nongovernmental foundations, hospitals, corporations, and alumni or other individuals to meet the \$50,000 minimum.
- All funds, both state and private, must be endowed. "Endowed" means that state and donated funds will be held in perpetuity and invested to create income for the institution, with endowment proceeds eligible for expenditure, in accordance with donor restrictions and university endowment spending policies.
- Requests for state funds must identify the matching funds that are cash and the matching funds that are pledges.
- Pledges, or promises of future payment, are eligible for state match provided they are based on a written contract or agreement and include a payment schedule, which does not exceed five years from the initial pledge date. Pledge payment schedules showing receipts to date and scheduled future payments are to be included in the audited financial statements of either the institution or the foundation.
- If pledged funds are not received within five years of the initial pledge date, the university must replace the portion of private funds not received with another eligible cash gift or the unmatched portion of the state funds plus an allowance for accrued interest will revert to the trust fund for reallocation. In such cases, a time frame for the replacement or return of state funds will be negotiated between Council staff and institutional representatives.
- University officials must notify the Council staff of unpaid pledges six months before the end of the five-year deadline, or immediately when a gift has been revoked.

### Uses of Program Funds

Proceeds from the endowments can be used to support various activities including endowed chairs and professorships, research scholars, research staff, graduate fellowships, undergraduate scholarships, research infrastructure, and mission support as described below.

**Chairs:** New faculty positions, salary supplements to existing faculty positions, and associated expenses for those positions, including start-up costs, salaries, benefits, travel, and other professional expenses as permitted by university policy.

**Professorships:** New faculty positions, salary supplements to existing faculty positions, and associated expenses for those positions, including start-up costs, salaries, benefits, travel, and other professional expenses as permitted by university policy.

**Research Scholars:** Salaries, benefits, and other personnel related expenses associated with non-tenured, medical school faculty who exhibit the potential to assume a chair or professorship position once tenure has been awarded. Research scholars should have clearly defined research agendas that relate specifically to the fields of study envisioned for the ultimate occupants of the chairs or professorships. Funding for this purpose is time limited. Each research scholar may be supported with endowment proceeds for a maximum of six years. At the end of that time, if the research scholar has not been appointed to the

identified chair or professorship, university officials should fill the position with an appropriately qualified, tenured faculty member.

**Research Staff:** Salaries, benefits, and other personnel related expenses associated with full-time or part-time staff assistants who directly support the research activities of an endowed chair or professor.

**Graduate Fellowships:** Fellowship stipends for outstanding graduate or professional students, which may include travel and other expenses as permitted by university policy.

**Undergraduate Scholarships:** At the comprehensive universities only, program funds can be used to support scholarships for outstanding undergraduate students, which may include travel and other expenses as permitted by university policy.

**Research Infrastructure:** Start-up and operating expenses that directly support the research activities of an endowed chair or professor, including equipment, materials and supplies, and other research related expenses as permitted by university policy.

**Mission Support:** Program funds can be used to support research and graduate missions at all institutions, and programs of distinction or applied research programs approved by the Council at the comprehensive institutions. Consideration will be given to mission support activities such as: (1) expenditures that enhance the research capability of university libraries (i.e., books, journals, research materials, media, and equipment); (2) start-up costs, equipment, and supplies that support faculty, graduate student, or undergraduate student research activities; (3) funding for visiting scholars, lecture series, and faculty exchange; and (4) expenditures for the dissemination of research findings (i.e., nationally prominent publications and presentations at conferences, symposiums, seminars, or workshops). However, priority will be given to mission support expenditures that encourage the research related activities of faculty and students. Expenditures for general personnel expenses that are not directly linked to an endowed chair or professor do not qualify as mission support activities.

### **Use of Funds Requirements**

- At the research universities, at least 70 percent of program funds must be endowed for the purpose of supporting chairs, professorships, or research scholars, or research staff and infrastructure that directly support the research activities of an endowed chair, professor, or research scholar. No more than 30 percent of program funds may be endowed for the purpose of supporting mission support activities or graduate fellowships.
- At the comprehensive institutions, at least 50 percent of program funds must be endowed for the purpose of supporting chairs or professorships, or research staff and infrastructure that directly support the research activities of an endowed chair or professor. No more than 50 percent of program funds may be endowed for the purpose of supporting mission support activities or graduate fellowships or undergraduate scholarships.

### **Areas of Concentration**

- At both research and comprehensive universities, 100 percent of program funds must be endowed to support initiatives in STEM+H fields (22 RS, HB 1). These areas are of strategic benefit to Kentucky and are core components of a knowledge-based economy. A copy of the

Council's official STEM+H Classification of Instructional Program (CIP) code list is available upon request.

- At the research universities, the Council expects state and external matching funds to be substantially directed toward supporting research that leads to the creation, preservation, or attraction of businesses that will increase the number of good jobs in Kentucky. For these purposes, "good jobs" are defined as jobs that yield income at or above the national per capita income.
- The Council recognizes that strong research programs are clustered around related academic disciplines and encourages campus officials to create a critical mass of scholars who can influence the nation's research and academic agendas.
- The Council recognizes that the boundaries of traditional disciplines are increasingly permeable and encourages the use of endowment funds for interdisciplinary, problem solving, or applied research activities.
- The Council recognizes the importance of cooperation between universities and corporations and encourages partnerships in the technologies, engineering, and applied sciences.
- Program funds cannot be used for positions that are primarily administrative. However, chairs, professors, or scholars with active research agendas who may have an appointment such as department chair, center director, or dean are eligible.

### **Program Diversity**

The Council on Postsecondary Education and participating universities are committed to ensuring the gender and ethnic diversity of Endowment Match Program faculty, professional staff, and financial aid recipients. The universities shall develop and implement plans to achieve reasonable diversity in the recruitment and retention of women, African Americans, and other underrepresented minorities for positions funded by the Endowment Match Program, including scholarship and fellowship recipients. In addition, the universities will report annually to the Council the race and gender of program faculty, professional staff, and financial aid recipients.

### **Reporting**

Institutions will provide a report to the Council by November 1 every odd numbered year (i.e., coinciding with the Council's biennial budget submission), documenting how state and campus matching funds were used. These reports will include such items as the number of endowed chairs, professorships, and research scholars created or expanded using program funds, the gender and race of program faculty, research staff, and financial aid recipients, and the impact of the program in terms of job creation, increases in sponsored research attributable to the program, and generation and profitable use of intellectual property.

The institutions will also continue to provide FD-21 reports as part of their Comprehensive Database submissions to the Council. CPE staff will work with campus officials to identify any additional information that should be included in reports provided to the Council.

## Exhibit B

Note from Senate Council office, March 30, 2023:

Pages 57-63 were removed from the proposal because they were labeled as "embargoed."