

Minutes of the Meeting of the Board of Trustees
University of Kentucky
Friday, February 18, 2022

The Board of Trustees of the University of Kentucky met on Friday, February 18, 2022, in the Gatton Student Center, Harris Ballroom.

I. Call to Order

Bob Vance, chair of the Board of Trustees, called the meeting to order at 1:48 p.m. Chair Vance asked Secretary Webb to call the roll.

II. Roll Call

The following members of the Board of Trustees were in attendance: Claude A. "Skip" Berry, Joe R. Bowen, E. Britt Brockman, Michael A. Christian, Ray Daniels, Michael Hawse, Kimberly McCann, Elizabeth McCoy, David Melanson, Paula Leach Pope, Derrick K. Ramsey, C. Frank Shoop, Sandra R. Shuffett, Bryan Sunderland, Hollie Swanson, Robert Vance and Rachel Watts Webb. Cathy A. Black and Lee X. Blonder attended the meeting via Zoom. Carol Martin "Bill" Gatton and Ron Geoghegan were not in attendance.

Secretary Webb announced a quorum was present.

III. Approval of Minutes

Chair Vance reported that there had been no petitions to address the Board since their last meeting. He stated that the minutes of the Tuesday, December 14, 2021, meeting had been distributed and asked for a motion to approve. Trustee McCoy moved approval and Trustee Ramsey seconded the motion. The motion carried without dissent. (See meeting minutes on the Board of Trustees website, www.uky.edu/Trustees, under "Agenda")

IV. Chair's Report

Chair Vance called attention to the 23 consent items on the agenda.

PR 2	Personnel Actions
ACC 1	Execute Fiscal Year 2021-22 Audit Engagement Letter
ASACR 1	Candidates for Degrees May 2022
ASACR 2	Academic Degree Recommendation: College of Education
FCR 1	Charitable Grant Commitment - Lighthouse Beacon Foundation
FCR 2	Charitable Grant from the Bill Gatton Foundation
FCR 3	Pledge from Michael L. Marberry
FCR 4	Charitable Grant Commitment - Lighthouse Beacon Foundation
FCR 5	Gift from Jacqueline M. Cain

FCR 6	Gifts from the Estate of William R. Toadvine
FCR 7	Amendment to the Center for Sports Marketing Endowment Fund
FCR 8	Lease Purchase Agreement for Smart Campus Initiative
FCR 9	Approval of Improvements (Center on Trauma and Children)
FCR 10	Approval of Improvements (UKHC Central Patient Monitoring)
FCR 11	Approval of Improvements (UK HealthCare Beyond Birth)
FCR 12	Approval of Disposal (Oran Little Research Center)
FCR 13	Construct Beam Institute I and II Capital Project
FCR 14	Construct Indoor Track Capital Project
FCR 15	Improve Athletics Facility 2 (Nutter Fieldhouse) Capital Project
FCR 16	Improve Kroger Field Stadium Capital Project
FCR 17	Capital Construction Report
FCR 18	Patent Assignment Report
ICR 1	Expansion of Mission Related Investment Program

Chair Vance asked if there were any requests to remove items from the consent agenda. Hearing none, Chair Vance asked for a motion to approve. Trustee Shoop moved approval, Trustee Shuffett seconded the motion and the consent agenda passed without dissent. (See consent items on the Board of Trustees website, www.uky.edu/Trustees, under "Agenda")

Chair Vance then recognized President Capilouto for his report.

V. President's Report

The president thanked the Trustees for their commitment and leadership over the past two days and discussed a recent trip to Western Kentucky where he toured areas impacted by the storms and tornadoes. "With Senator McConnell, I witnessed in action what it means to be the university of, for and with Kentucky right now amidst so much need."

The president continued, "In Caldwell County, I talked with farmers who for decades have relied on our expertise coming out of the Princeton Station. They have continually been able to rebuild, renew and modernize their approach to farming. They are looking to us again and we must meet the call. I learned how generations of their families had learned how to productively use the land to feed the world and make a living."

He remarked, "I was able to spend some time with Trustee McCoy at her, I would say battered and bruised bank building in Dawson Springs, but what was most powerful about the visit was her employees, some of whom have lost their entire homes, but showed up at the bank to serve their clients and help hold their community together. That's Kentucky."

The president continued by discussing the Graves County extension office that overnight was transformed into a headquarters for police, safety officials and others.

Those who required space to continue their vital work found it there, alongside extension officials, who sprang into action once again to assist a community in need.

The president continued, “But I also heard from people that we have an opportunity to rethink, rethink, not if, but how we best build farm businesses and communities, and how the University of Kentucky could play a role. These storms tried to wipe these communities off the map. So how will they be rebuilt? New skills are being called on to compete in a 21st-century economy that is more automated and requires more education than ever before. How will we, the University of Kentucky, help develop that workforce that can successfully compete for jobs, help communities rebuild and help all communities thrive in the future?”

“We know from this pandemic that it exposed fractures and fissures in our foundation, such that those who are disadvantaged because of income, circumstance or race suffered more. So how will we make certain that those things are not that impactful in the future? How do we expand services to more medically underserved areas and increase access to care for those who are most in need? If we are to advance Kentucky as a 21st Century flagship, land-grant institution, we must do so in partnership with those who will rebuild.”

The president remarked, “But while we are doing that, we have to rethink how we help and heal, how we teach and train, how we conduct research and serve in an economy and world that is changing so quickly. The longstanding challenges – and the new ones – will require new strategies and approaches on our part.”

“Thanks to your leadership and support, we have an incredible foundation upon which to build, our progress with historic gains in student success, both retention and graduation rates; a growing healthcare system that is providing more primary and tertiary quaternary advanced care throughout Kentucky and increases in research dollars to tackle Kentucky's most vexing problems.”

The president discussed how education equals a healthier community and a transformed Commonwealth. He shared how donors and alums, longtime supporters and friends of the university, are also thinking about these same issues, and they are acting on them with a sense of urgency and with a deep faith that UK can be the agent of change Kentucky needs. “They are placing their trust, through their financial support, in us, to work with these communities and others to find answers. Every dollar that they commit is a promise for a better future. Gifts are investments in us, but they also represent a challenge to us, to make this state a place that is healthier, wealthier and wiser. So think about the deep faith and trust that these gifts represent, and the awesome sense of responsibility we have as recipients of this generosity.”

The president continued by recognizing gifts recently received from donors including:

Mr. Bill Gatton, \$5 million to lower the barrier to access for UK's students, to help ensure they succeed while they are at the university – first-generation students, medical students from underserved areas – young Kentuckians from parts of the state who perhaps only dream about an education at UK that will now become a reality. “Getting to know Mr. Gatton when I first arrived and listening to his stories over the last ten years has been an inspiration. His mother died when he was quite young. He can recall that one of the last things he heard from her was the importance of getting an education.”

Ms. Joan Kincaid, Central Bank and Mr. Luther Deaton, \$10 million to address the most pressing health challenges. The president pointed out this is part of a \$90 million effort to improve cancer care in Kentucky. Since becoming an NCI-designated center in 2013, outpatient clinic visits to UK's Markey Cancer Center have increased by 57 percent. Research funding has increased by nearly 110 percent since 2012 – all of it focused on lowering what are among the highest incidence rates of cancer in the country. The president remarked how Luther Deaton was impressed by those numbers and UK's efforts but will press even more to reach out to those mountains where he was born, to find illness and disease in hills and hollers and eradicate it because he knows every Kentuckian deserves access to the best of care as close to home as possible.

Karen and Stan Pigman and the Lighthouse Beacon Foundation, more than \$11 million to renovate and expand W.D. Funkhouser Building and support need-based scholarships in the College of Engineering.

Mr. Michael Marberry, \$5 million pledge to support the renovation and expansion of the W.D. Funkhouser Building.

Ms. Jacqueline Cain, \$1 million for scholarships in UK's College of Medicine campus in Northern Kentucky.

The president remarked, “Expressions of faith, demonstrations of trust, but all of them with the challenge to do and be more, for the state whose name we bear and whose future must be part of our sacred call. We have made an important start as demonstrated in some of the numbers that you have heard today and yesterday regarding the progress of the Kentucky Can Campaign. These efforts are not occurring in a vacuum.”

The president continued by discussing budget proposals being considered in the state legislature for higher education including performance funding to build a more skilled workforce, dollars to hire outstanding faculty to increase research and capital investments that the university would, in part, match to support all these efforts.

“There is no replacing the state support that policymakers and taxpayers provide as the fuel for the engine that powers our efforts. We must leverage those investments for even greater impact. We do that by tying the dollars from our donors – and their vision – into the students and strategies that will advance Kentucky – a state that is healthier, wealthier and wiser.”

“That is our task now if we are to honor the promise of our founding more than 155 years ago. It is a great reflection of the trust that has been placed in us, and I know it is a responsibility and call we will make as a university, our faculty, staff, students and a Board who shares this commitment. That is the basis of the trust that has been placed in us.”

PR 3 Staff Emeritus

The president introduced PR 3, a recommendation that the Board of Trustees confer upon Dr. Lisa P. Collins, the title of University Staff Emeritus in recognition of her many years of service, dedication and loyalty to the University of Kentucky.

Chair Vance asked for a motion to approve PR 3. Trustee Melanson moved approval, Trustee Shuffett seconded the motion, and PR 3 passed without dissent. (See PR 3 on the Board of Trustees website, www.uky.edu/Trustees, under “Agenda”)

Chair Vance then asked Dr. Collins to stand, and the Board recognized her with a round of applause.

PR 4 Honorary Degree Recipients

The president introduced PR 4, a recommendation that the Board of Trustees approve awarding an honorary Doctor of Humane Letters to Mr. Kris W. Kimel and Mr. Terry Woodward as approved and recommended by the university faculty.

Chair Vance asked for a motion to approve PR 4. Trustee Berry moved approval, Trustee Bowen seconded the motion, and PR 4 passed without dissent. (See PR 4 on the Board of Trustees website, www.uky.edu/Trustees, under “Agenda”)

PR 5 Alumni Trustee Election

The president introduced PR 5, a recommendation that the report of the secretary of the Board of Trustees on the results of the election, authorized by the Alumni Association be received and put to record. Further, it is recommended that the secretary be authorized to certify to the governor the names of the -- these three persons receiving the largest number of votes. From that list, a successor to Trustee Michael Christian whose term expires June 30th, 2022, we'll be appointed.

Chair Vance asked for a motion to approve PR 5. Trustee Shuffett moved approval, Trustee Pope seconded the motion, and PR 5 passed without dissent. (See PR 5 on the Board of Trustees website, www.uky.edu/Trustees, under “Agenda”)

VI. Investment Committee Report

Investment Committee Chair Elizabeth McCoy reported that the Investment Committee met the day prior to review the performance results and to conduct other business.

Trustee McCoy reported that the endowment pool had an estimated market value of \$2.1 billion as of December 31, 2021, and gained an estimated 2% or \$47 million in the six months fiscal year-to-date period. US equity was the primary contributor to performance for this period.

The Investment Committee approved an expansion of mission-related investment programs to an aggregated commitment level of up to \$10 million. In background, the endowment's existing mission-related investment program was established in December 2013, when the Investment Committee approved a total commitment of \$ 5.1 million for the Student Managed Investment Funds program.

VII. University Health Care Committee Report

University Health Care Committee Chair Britt Brockman reported that UK HealthCare announced a historic \$10 million gift from Central Bank to be used towards the development of a new outpatient cancer treatment center and advanced ambulatory complex. This gift is the largest in UK HealthCare history and is part of an initiative to raise \$90 million to improve cancer care in Kentucky. “As a Kentuckian and chair of the University HealthCare Committee, I want to extend my gratitude to Community Advisory member Luther Deaton for this tremendous gift.”

Sarah Marks, Vice President, and Chief Operating Officer from King's Daughters Health System reported on the benefits of their joint venture partnership with UK HealthCare.

Dr. Colleen Swartz updated the Committee on the progress of the fifth and 12th floors in pavilion A with the completion of the 12th floor, all shelled floors will be opened by early 2024. Pete Gilbert and the new AVP for Human Resources, Melissa Frederick provided the Committee outlook and current actions to meet UK HealthCare's workforce needs and the incremental need of 4,800 full-time equivalents to meet UK HealthCare's strategic goals over the next 10 years.

Pete Gilbert, Craig Collins and Dr. Jay Grider reviewed the fiscal year-to-date December financial and operational report. Total operating revenues were \$32.6 million greater than budget, but total operating expenses were \$69 million greater than budget. Personnel expenses were \$74.3 million over budget, due to an increase in the hourly rate that includes contract and internal premium pay.

Pete Gilbert discussed labor rate improvements to offset some of the costs. The Committee recommended approval of two FCRs to make upgrades to leased spaces for relocation of Beyond Birth at Eastern State Hospital to Fountain Court, and a newly expanded footprint for Central Patient Monitoring.

The list of privileges and appointments submitted by the UK active medical staff were approved. In closing, Trustee Brockman stated, “Let the record show that prior to

the meeting I met with UK HealthCare's risk management and compliance team for an update on important issues as required by their governing boards.”

VIII. Other Business

Chair Vance asked if there was any other business to come before the Board.

IX. Adjournment

Hearing no further business, the meeting adjourned at 2:18 p.m.

Respectfully submitted,



Rachel Watts Webb
Secretary

(ACC 1, PR 2, ASACR 1, ASACR 2, FCR 1, FCR 2, FCR 3, FCR 4, FCR 5, FCR 6, FCR 7, FCR 8, FCR 9, FCR 10, FCR 11, FCR 12, FCR 13, FCR 14, FCR 15, FCR 16, FCR 17, FCR 18 and ICR 1 are official parts of the Minutes of the meeting)