

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

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

I. Call to Order

E. Britt Brockman, chair of the Board of Trustees, called the meeting to order at 1:00 p.m. and asked Secretary Webb to call the roll.

II. Roll Call

The following members of the Board of Trustees were in attendance: Hubie Ballard, Cathy A. Black, Alex Boone, E. Britt Brockman, Todd Case, Ron Geoghegan, Brenda Gosney, Janie Greer, Lizzy Hornung, Lance Lucas, Kimberly McCann, Elizabeth McCoy, David Melanson, Paula Leach Pope, Frank Shoop, Hollie Swanson, Robert Vance and Rachel Watts Webb. Claude A. "Skip" Berry and Ray Daniels attended via Zoom.

Secretary Webb announced a quorum was present.

III. Approval of Minutes

Chair Brockman stated that the minutes of the December 5, 2023, meeting had been distributed and asked for a motion to approve. Trustee Ballard moved approval and Trustee Melanson seconded the motion. (See meeting minutes on the Board of Trustees website, www.uky.edu/Trustees, under "Agenda")

IV. Chair's Report

Chair Brockman reported there had been no petitions to address the Board since their last meeting and there were 31 consent agenda items, including:

- | | |
|---------|--|
| PR 2 | Personnel Actions |
| ASACR 1 | Deletion of Certificate: College of Education |
| ACC 1 | Execute Fiscal Year 2023-24 Audit Engagement Letter |
| FCR 1 | Acceptance of Gift |
| FCR 2 | Acceptance of Charitable Grant |
| FCR 3 | Acceptance of Charitable Grant |
| FCR 4 | Acceptance of Grant Commitment |
| FCR 5 | Acceptance of Grant |
| FCR 6 | Acceptance of Gift |
| FCR 7 | Acceptance of Gift Commitment |
| FCR 8 | Internal Loan for College of Dentistry Equipment |
| FCR 9 | Internal Loan for Construct Agricultural Research Facility 2 |

FCR 10	Approval of Disposal
FCR 11	Approval to Acquire
FCR 12	Approval of Lease
FCR 13	Approval of Improvements to Leased Space
FCR 14	Approval of Improvements to Leased Space
FCR 15	Approval of Improvements to Leased Space
FCR 16	Approval of Improvements to Leased Space
FCR 17	Approval of Improvements to Leased Space
FCR 18	Improve Building Systems - UKHC
FCR 19	Acquire/Improve Elevator Systems - UKHC
FCR 20	Improve UKHC Facilities Pav A Helipad Fire Suppression Upgrades
FCR 21	Improve UKHC Facilities Pav A Emergency Department Entrance
FCR 22	Improve Kroger Field Stadium Capital Project
FCR 23	Improve Athletics Facilities 4 Capital Project
FCR 24	Replace Princeton Ancillary Buildings Emergency Project
FCR 25	Construct/Improve Medical/Administrative Facility 1
FCR 26	Capital Construction Report
FCR 27	Patent Report
	UK HealthCare Medical Staff Privileges and Appointments

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

CR 1 Resolution Directing the President to Recommend Changes to the Governing Regulations

Chair Brockman introduced CR 1, a resolution that the Executive Committee directed the Secretary and Assistant Secretary to draft for the Board's consideration. "I believe it reflects what we asked for, a direction to the President and the campus to engage in dialogue and bring forward recommendations for how we can be more responsive as an institution in meeting our mission to advance Kentucky. That is what this is all about. How do we enable an incredible community of faculty, staff and students to do and be more for Kentucky? In doing that as a Board, we need to ensure that the rules and the regulations, the processes and procedures enable our talented community to be creative and innovative. The benchmarking we have done among more than two dozen institutions, and our peers clearly and conclusively underscores that we can streamline our roles and create more clarity where there is currently ambiguity and confusion. We can better empower colleges and units. We can better unleash the energies of our faculty. We can do more to support the efforts of our students and staff, and we can do so while recognizing that everyone — everyone should have a voice."

Chair Brockman continued, "Everyone should bring their expertise and experiences to the table. Our faculty, some of whom are here today to give voice to concerns they have, are essential to that process. They determine and teach a curriculum that cannot change, that will not change. They discover and develop transformative research. They extend to thousands, life-saving care and they serve. Those things cannot change, and they will not change either. But that does not mean that we cannot improve the rules by streamlining them and making them speak with more clarity about the roles we all play in making this place Kentucky's University. That is what we are asking for today as Trustees who are entrusted with the governance of this place, we have a responsibility to insist on that, in considering and adopting this resolution that is what we are doing today. With that, I would like to read CR 1, a resolution that the University of Kentucky Board of Trustees directs President Capilouto to move quickly to formulate recommended changes to our Governing Regulations for this Board's consideration at the next meeting."

Specifically, those proposed changes should do the following:

1. Define a clear and appropriate distinction between the education policy-making function of the Board and the respective responsibilities of the President and faculty to administer and implement the Board's educational policy.
2. Reaffirm that faculty members assume responsibility for determining good educational practice and, therefore, should have a substantive role in the development and review of academic policies.
3. Ensure that the proposed changes are consistent with (A) the University's status as an independent body politic of the Executive Branch of the government of the Commonwealth; (B) the requirements and prohibitions imposed on the University by state and federal law; and (C) The Principles of Accreditation adopted by the Southern Association of Colleges and Schools Commission on Colleges ("SACSCOC").
4. Recommend changes to the University's Governing Regulations that define and clearly articulate a shared governance structure that is in greater alignment with institutional benchmarks and that clearly recognizes the Board's primacy as the institution's policymaking body.
5. Outline additional changes as may be necessary and appropriate to Governing Regulations that are consistent with, and supportive of, the substantive changes outlined above.

Chair Brockman asked for a motion to approve CR 1. Trustee Shopp moved approval; Trustee McCoy seconded the motion. He then opened the floor for a discussion of CR 1 and recognized Trustee Swanson.

Trustee Swanson stated, "Mr. Chairman, I will be voting against this resolution. There is a lack of substantial evidence supporting this resolution and I have not been given substantial time to consider all the ramifications of the proposal."

Chair Brockman thanked Trustee Swanson and stated it would be registered as a vote against the motion and called for any other discussion. Seeing no further discussion, he called for a vote; the motion passed 19 affirmatives and one opposed.

Chair Brockman then introduced the President for his report.

V. President's Report

President Capilouto remarked, "In a moment I am going to reflect on our Centennial, which occurred 60 years ago, but I hope you will indulge me for taking a moment to reflect personally. It was 13 years ago at this time that I was a candidate for the Presidency of the University of Kentucky. I will share with you now; I was a reluctant candidate. I loved where I was, it had provided me with an education, given me an opportunity to serve, and supported financially and in time my pursuit of additional degrees. To be honest with you, I needed a push. It was my wife who finally looked at me and told me to put my big boy pants on and then kicked me in the pants. But my pull was this place, all I could know about you in a confidential search is what I could find and I scoured every document and I certainly looked at and thought about those who I had interviewed with two that are here today as Trustees, only two are still Trustees today, Trustees Brockman and Shoop. You have all the information, but your interaction with people really matters."

"One of the people that was part of that interview was Trustee Hollie Swanson, she represented what faculty are to me, which are essential to a campus. I still remember where she sat at the interview table and the questions she asked. So, today we may find ourselves in disagreement, but it takes special people that when you disagree with them your respect grows, so I thank you, Trustee Swanson."

The President continued, "On Founders Day, February 22, 1964, then UK President John Oswald delivered his Centennial Challenge to students, faculty, staff and the UK Board of Trustees. He believed we were at a critical inflection point and almost to the day, 60 years ago, he stood in front of your predecessors and said the following, "Let us underscore here today that at this particular juncture in our history, the University of Kentucky is characterized by rapid growth and significant change and that our Centennial observance should be a time for us to emphasize the vital role of scholarship in today's world and revitalize and rededicate the University as a whole to the problems which lie ahead," for him, he further stated, "Dedicated to the idea that a strong and growing university is vital to a strong and growing Commonwealth." He called on each group to help us meet quantity education with quality, enhance research facilities and opportunities, expand our services across communities and beyond. In short, he said, "We will maximize our role as dual servant and leader in this State," in the 60 years since President Oswald's Centennial charge and the nearly 160 years since our founding I believe together we have done just that. The examples of how we have answered the call to serve and to lead are legion, but among our most significant proof points is a recent one. How we have cared for and led Kentucky through one of the most significant health challenges in modern history. It is a metaphorical memorial marker to what we have done and a testimony of what we can do together."

“During the more than two years that we grappled daily with the COVID-19 pandemic, when it would have been much easier to shrink at uncertainty we chose instead to focus on the idea that we could, if we worked together, emerge a stronger community than before. On so many days I saw how our people stretched and strained and almost broke in ways they had never experienced, they juggled jobs and families, nontraditional learning for their kids, and higher obligations to care for their families and others who are most dear to them. So, we recommitted to how we invest in our people, offering flexibility with workplace options, investing millions more in benefits and creating new ones, holding the line on workforce reductions, and continuing to increase compensation to recruit and retain the best people.”

“There were so many other days I was moved by what only we could do. Transitioning more than 30,000 students to remote learning in two weeks thanks to an incredibly dedicated faculty and staff. Sending thousands of iPads and mobile Hotspots to those who lacked access to technology. Building a 400-bed filled hospital in less than a month. We delivered meals to residence halls. We quarantined the sick and helped ensure that they could be well and continue to learn. We established a call and support center that was the backbone of a modern public health infrastructure to triage concerns and provide support and resources. And in a matter of days, and it was literally just days, we staged and implemented a mass vaccination clinic at Kroger Field. Hundreds of volunteers throughout the campus made it possible. Providers from health colleges and hospitals, students and volunteers from every corner of our community registered patients and processed them quickly and efficiently. Police and safety officials created a logistical marvel transforming a football stadium into a sacred place to receive at the time what was the greatest protection, the only protection we had against the disease that at that time could claim the lives of 25,000 Americans a week. At its peak, more than 250 shots an hour, and several 1,000 vaccines a day could be delivered. We inoculated thousands of Kentucky K-12 teachers and first responders, healthcare providers and those at most risk for the virus. We took our care on the road, setting up weekend vaccine clinics, in churches, in medically underserved areas. Medical students, under the watchful eye of physicians and nurses, spent hours extending care to hundreds more. We went to homeless shelters and vaccinated hundreds more because in our community we know every life has value. Everybody deserves a chance. Everyone should be seen, and we must answer the call on days like that.”

“I don't recite this history as a moment to memorialize our efforts or engage in self-aggrandizement or to minimize the trauma and shock so many of us experienced during that time, but I offer it as a reminder, a reminder of what we can make possible when we come together in common cause to do uncommonly big and important things. We were ready. We always talk about it. We set up principles every day when we had to respond to this. What were our principles? It was to be ready, ready to accelerate out of COVID and advance Kentucky. Since COVID we have enrolled the largest classes in the student body in our history, 6,500 students in last year's class and a record enrollment of nearly 34,000. We reached our highest graduation rates at 70 percent and enrolled more students of color from underrepresented backgrounds than ever before.”

“Our Markey Cancer Center achieved comprehensive status from the National Cancer Institute. We discharged nearly 45,000 patients from our hospitals this past year. We broke ground or made plans for new homes for health colleges and outpatient cancer and ambulatory centers and clinics. We delivered food and supplies by horseback in the wake of floods. In the aftermath of tornadoes, we rallied to reconstruct a research farm that for generations has been a locus of worldwide agricultural innovation. And we stood with communities as they picked up the pieces to build a new future.”

“We purchased a community hospital in Ashland to extend access to care and made plans to spend billions more on healthcare facilities. Our goal is simple, it was stated decades ago by my predecessors, to ensure that we don't turn anyone away who needs the best of care in the worst of moments. We did things that only this place can do. During our time together we provided a snapshot of the path we continue to forge as we strive for a state that is healthier, wealthier and wiser. You understood our state, you understood it then and you understand it now, once again, it is at an inflection point. We must marshal and mobilize our collective resources and energies toward a common cause, Kentucky's future, a bright future for Kentucky.”

“Kentucky now is garnering billions in economic development opportunities, advanced auto manufacturing facilities, new Bourbon distilleries, high-tech battery production and recycling capacity, healthcare, agribusiness, aerospace, energy, logistics and distribution, but we have one of the lowest labor participation rates in the country. This institution has fueled the gains our state has experienced in graduating more students and raising educational attainment levels far more so than others, but thousands of highly skilled jobs are empty throughout Kentucky because we don't have the workforce to fill them. Over the next 10 years, as you learn today, a quarter of all the jobs in Kentucky will require at least a bachelor's degree, and employment will grow the fastest among those jobs that require at least a master's degree and let us not forget it is being questioned often today, a college degree remains the single most important factor in determining economic self-sufficiency and self-determination. College graduates, on average, earn \$1.2 million more in their lifetime compared to those with a high school degree. An American with a college degree on average will live nearly a decade more than someone without one. A university at its best also arms students with both hard skills and soft ones that you heard about today, certainly technical capabilities combined with the capacity to communicate, build relationships, work on teams, analyze complex problems and lead and serve their communities.”

“Kentucky is bedeviled by too much death from drugs, disease and too many infirmities. Some of these health challenges can be tamed by better access to care, still others need new discoveries and solutions only wrought by novel therapies, certainly drugs and sophisticated clinical trials, but also community interventions to prevent the disease that so bedevils us. And as much as we have improved access to care as the University of Kentucky, as you heard, we still turned away thousands of patients from our healthcare facilities. This cannot continue.”

“At this place we have faculty who are among the best in the world at both teaching and discovery, healing and serving and we have staff who excel in their jobs and are committed to supporting our students and faculty in their pursuits. So now, as we prepare to enter our 160th year as Kentucky's University we find ourselves at another junction, one that you, our Board, have charged us to harness. You commanded us to accelerate our progress. That requires of us an honest appraisal of how and where we can grow, where we need to change and improve, and what inhibits us from reaching our potential. At your direction, we have identified five priority areas from which to make recommendations for acceleration. Dozens of people across our campus and hundreds of others are lending their support and expertise to these efforts; some important pictures and ideas are clearly emerging.

“We must continue to smartly grow our enrollment to meet Kentucky's workforce needs. We are looking ahead at where and how Kentucky will grow to ensure we are creating programs, degrees, and educational opportunities that meet our student's and our state's needs, so both are positioned for long-term success. We offer a dizzying array of courses that spark passion for learning and fire within people for knowledge. To be sure we will uphold our commitment to a broad liberal arts education, not only providing it, but strengthening it, that is part of what we distinctly offer in preparing students for careers, but to me, more importantly, those lives of meaning and purpose. But we must assess whether the foundational and required set of courses all students take has kept up with changes in how students learn and what they need to be equipped with at graduation. So, we are examining institutions that have created best-in-class core education requirements and systems of support and we are consulting with faculty, staff and students on these matters.”

“We must leverage existing partnerships and forge new relationships to expand our capacity in healthcare and engage employers for our students. We are talking with sister institutions such as the Community and Technical College System, asking how they can help create stronger pipelines for students. We must continue to take care of and invest in our people while responding to a changing workforce. We offer competitive compensation and benefits and we have committed over the course of the last decade to continual increases in wages and greater investments in our people. Already, we are conducting focus groups across the campus to assess what employees want and need in their benefit plans and we must balance the fact that we are a big, sprawling and complex place, with important decisions to make on behalf of our people and our state. We move slowly with time for debate and processes that by definition and design ensure deliberation and incremental change, such a pace of play can be good on many days. Significant challenges do require thoughtful and considered solutions. And our desire to debate and discuss in a country that is being pulled apart by polarizing impulses is more important than ever, it is a model of how we should be.”

“This is especially true, this deliberation for new academic programs. Why? Faculty must determine and design the content, quality and relevance of a curriculum or a course. An administration must determine whether it is consistent with its mission and that the resources for such a program can make certain it will be of excellence, that takes work and analysis, because, you all know by now every dollar in higher education today is soft,

every new dollar we have ever earned here in the last 12 years is one that we had to earn through our performance. This collective information must be clear to a Board that has the final authority on such matters.”

“After 30 years of being an administrator and before that a faculty member, there is another personal reason that I think this deliberation is important, taking proper time to finalize a program better ensures its sustainability. This morning we closed one, there was no student demand, the faculty had left, that is an easy decision, but closing a program can be painful and I believe it can be avoided by thoughtful planning and deliberation. But extended dialogue, especially because of ambiguity around rules, unnecessarily slows us down. We are better and we can be better with an orderly and clear way on how we do all this. Our size and complexity can't get in the way of opportunities for partnerships and the ability to learn from others. The comfort provided by our well worn paths and processes does not always help our students navigate a changing dynamic world. We are urging our state not to add more regulation and bureaucracy that will make adding essential programs and degree certificates and credentials more difficult. We also know from examination of dozens of peer universities that we have a regulatory and decision-making structure unlike virtually anyone else, it is well-intentioned, but it needs clarity fitting for a modern national public research institution that is growing.”

“We have undoubtedly 21st-century world-class talent in our faculty, bursting with ideas, who deserve a structure for effective and careful consideration of their voices and ideas and perspectives, but also timely decision making. It is time to improve and make it clear, not in ways that diminish our commitment to shared governance, our academic freedom or our responsibilities as faculty, staff, students and administrators, but in ways that allow advisement and deliberation, not unnecessary delay, in ways that give our faculty license to do more in terms of what I know they love, discover and teach and in ways that ensure our students and staff have a strong voice also and a seat at the table in advising this institution on how to best move forward. Moving forward as an institution means getting the best of everyone who makes this community enormously special.”

“John Oswald saw that potential 60 years ago as he surveyed all that was possible on the 100th anniversary of our founding and today we are at a much different place in terms of size and scale, depth and breadth. As we commemorate our founding, our student enrollment is more than three times what it was then. External research was \$11 million compared to \$500 million today, so much more has changed. In 1964, a new hospital had seen less than 44,000 patients in its first two years. In Fiscal Year 2023 our comprehensive Academic Medical Center saw nearly 500,000 patients, more than 455,000 of them are Kentuckians. Our mission has not changed, it is simple, it is to advance Kentucky, but how we accomplish that mission must keep pace with changing times and new challenges. We must change to continually answer the call.”

“On that Founders Day so many years ago President Oswald stood before the Board and issued his Centennial Challenge, "Help us remain free while we serve," as he said, "Let us dedicate ourselves to furthering the public understanding of the mission of our University. May we, as Trustees, realize the privilege that is ours to be part of one of life's great ventures, a free, growing and dynamic university," he added, "May we fully

appreciate and enthusiastically accept the opportunity to join you, the University, in this beginning of a new era."

"My friends, ours is a precious legacy, it is our responsibility to extend it, preserve it, so that in the future others will be able to access an education and a life that is better than it can be today. There is much more for us to do as we create concrete plans for action, but we are laying a foundation to do more and be more for Kentucky, yes, certainly for ourselves on some days, but it is here to advance this State that bears our name."

PR 3 Alumni Trustee Election

President Capilouto introduced PR 3, a recommendation that the Board of Trustees approve the report on the results of the Alumni Member election, authorized by the Alumni Association, be received and put to record, and that the Secretary be authorized to certify to the Governor the names of the three persons receiving the largest number of votes – Hannah Myers, Elaine Wilson, and Vincent Holloway. From this list, a successor to Rachel Webb, whose term expires June 30, 2024, will be appointed.

Chair Brockman asked for a motion to approve PR 3. Trustee Pope moved approval; Trustee Gosney 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 Brockman introduced the Board Committee Chairs for their Committee Reports.

VI. Committee Reports

Investment Committee Report

Investment Committee Chair Elizabeth McCoy reported that the Committee met the day prior to review performance results and conduct other business. The Endowment pool had an estimated market value of \$2.2 billion as of December 31, 2023, and gained an estimated 3.7% in the six-month Fiscal Year to Date period. Public equity exposure was the primary contributor to performance for the period.

University Health Care Committee Report

University Health Care Committee Chair Bob Vance reported that Dr. Eric Monday and Dr. Bob DiPaola focused their update on the new Cancer and Advanced Ambulatory Building. Dr. Monday updated the Committee on innovative technology and patient centered services planned for the new building.

Dr. DiPaola was joined by several guest speakers, such as Dr. Mark Evers, to illustrate the benefits of the new facility to provide unique synergies and collaborations.

VP and Acting Chief Operations Officer Colleen Swartz and Senior Vice President and Chief Financial Officer Craig Collins presented the UK HealthCare Fiscal Year to Date

2024 December Operational and Financial report.

The consolidated net income for UK HealthCare and Royal Blue Health resulted in a positive variance of 3.5% or a combined \$97.4 million. Higher than budget revenue and positive prior year adjustments resulted in total operating revenues that exceeded budget by \$141M.

VII. Other Business

Chair Brockman asked if there was any further business to come before the Board and introduced Trustee Swanson for the report on the Faculty Trustee election that was completed on February 16. Trustee Swanson stated there was a robust voter turnout of 56.3 percent and Dr. Hubie Ballard was elected as the winner.

Trustee Swanson continued by recognizing her colleague and sharing his bio including that he is a Kentucky native and received a Bachelor of Science from UK's Pigman College of Engineering in 1992 before continuing to UK's College of Medicine. In 1996, he continued training in the combined residency at UK in internal medicine pediatrics and served as the Pediatric Chief Resident in 2001 before completing his fellowship in neonatology perinatal medicine in 2004. Since his fellowship, he has served as faculty in the Department of Pediatrics and is currently an Associate Professor of Pediatrics Special Title Series. His service to UK and the College of Medicine extends beyond his faculty appointment and into leadership positions in representing faculty, mentoring students and helping administer critical clinical programs and initiatives.

Chair Brockman thanked Trustee Swanson and welcomed Trustee Ballard. Next, Dr. Brockman introduced Secretary Webb for comments.

Secretary Webb stated that yesterday the University turned 159 years old and reminded the Board that the Founders Day Award Ceremony will occur at the conclusion of the Board meeting. The event celebrates individuals who personify goodwill and demonstration through their work, service, mission and spirit, a dedication to the Commonwealth of Kentucky and its residents. Trustee Webb added that this year's award recipient is Myra Ball who was the first female chair of the Board and was chair when she served as student trustee.

VIII. Adjournment

Hearing no further business, the meeting adjourned at 2:11 p.m.

Respectfully submitted,



Rachel Watts Webb
Secretary