

Minutes of the Meeting of the Board of Trustees
University of Kentucky
Friday, September 14, 2018

The Board of Trustees of the University of Kentucky met on Friday, September 14, 2018, in the E. Britt Brockman, M.D. Senate Chamber.

A. Meeting Opened

E. Britt Brockman, Chair of the Board of Trustees, called the meeting to order at 1:31 p.m. Chair Brockman asked Bill Thro, Assistant Secretary of the Board, to call the roll.

B. Roll Call

The following members of the Board of Trustees answered the call of the roll: Jennifer Y. Barber, Lee X. Blonder, James H. Booth, E. Britt Brockman, Michael A. Christian, Angela L. Edwards, Cammie DeShields Grant, Robert Grossman, Michael Hamilton, Kimberly McCann, Elizabeth McCoy, David Melanson, Derrick K. Ramsey, C. Frank Shoop, Sandra R. Shuffett, Robert Vance, Rachel Watts Webb, and Barbara Young. Trustees Claude A. “Skip” Berry, III, David V. Hawpe, and Carol Martin “Bill” Gatton were not in attendance.

Assistant Secretary Thro announced a quorum was present.

The University administration was represented by President Eli Capilouto, Provost Dave Blackwell, Executive Vice President for Health Affairs Mark F. Newman, Executive Vice President for Finance and Administration Eric Monday, General Counsel Bill Thro, Vice President for University Relations Tom Harris, Vice President for Research Lisa Cassis, Chief of Staff Bill Swinford, Vice President for Philanthropy D. Michael Richey, and Vice President for Institutional Diversity Sonja Feist-Price.

The University faculty was represented by Chair of the University Senate Council Jennifer Bird-Pollan, and the University staff was represented by Chair of the Staff Senate Jon Gent.

Guests and members of the news media were also in attendance.

C. Chairs Report

Chair Brockman reported that there had been no petitions to address the Board since the last Board of Trustees meeting and called attention to the 14 consent items on the agenda. The items were as follows:

Minutes	Board of Trustees Meeting, June 22, 2018
PR 2	Personnel Actions
ASACR 1	Candidate for Degree: August 2017
ASACR 2	Candidate for In Memoriam Degree: May 2018
ASACR 3	Candidates for Degrees: August 2018

- ECR 1 Ambulatory Surgery Centers
- FCR 1 Amendment to the Kaye Matthews Stone Fund for Research in Pancreatic Cancer
- FCR 2 Approval of Ground Lease (Kappa Alpha Theta)
- FCR 3 Approval to Acquire/Renovate Warehouse Space
- FCR 4 Authorization of Negotiated Disposition of Personal Property
- FCR 5 Authorization of Negotiated Disposition of Personal Property
- FCR 6 Repair, Upgrade or Improve Building Systems–UK HealthCare Capital Project
- FCR 7 Capital Construction Report
- FCR 8 Patent Assignment Report

Hearing no requests to remove items from the consent agenda, Chair Brockman asked for a motion for approval. Trustee McCoy moved approval of the consent agenda. Trustee Christian 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.)

D. Executive Committee Report

Chair Brockman stated that the Executive Committee had met earlier in the day and approved the Presidential Survey questions and a dashboard relating to the Strategic Plan objectives that have been accomplished by the University in 2017-18. These Survey questions and Strategic Plan materials will be distributed to Constituent Groups for feedback and reported out to the Board during the October meeting.

E. Nominating Committee Report

Trustee Frank Shoop, chair of the Nominating Committee, reported that the Nominating Committee met on August 24, 2018. The slate of officers and members elected to the Executive Committee were discussed and approved.

F. Election of Officers

Trustee Shoop submitted the following nominations for the following offices:

- For Chair - E. Britt Brockman
- For Vice Chair - Robert Vance
- For Secretary - Angela Edwards
- For Assistant Secretary - William Thro, General Counsel

Chair Brockman stated that the Board would proceed with the election of the officers. He continued that he was honored to be the nominee for chair, but felt it would be a conflict of interest to preside over that election. He asked Nominating Committee Chair Frank Shoop to accept the gavel and conduct the election of chair.

Chair Pro Tem Shoop stated that the Nominating Committee had nominated Dr. E. Britt Brockman for chair. He asked for any nominations from the floor. Hearing no nominations, Chair Shoop asked for the vote and it passed with 18 affirmative votes.

Trustee Shoop congratulated Chair Brockman and the gavel was passed. Chair Brockman continued with the election.

Chair Brockman stated that the Nominating Committee had nominated Mr. Robert Vance for vice chair. Chair Brockman asked for nominations from the floor. Hearing no discussion, the nominations were closed.

Chair Brockman called for the vote for Trustee Robert Vance as vice chair and it passed without dissent. Chair Brockman congratulated Vice Chair Vance.

For secretary, Trustee Angela Edwards was nominated by the Nominating Committee. Chair Brockman asked for nominations from the floor. Hearing no discussion, the nominations were closed.

Chair Brockman called for the vote for Trustee Angela Edwards as secretary and it passed without dissent. Chair Brockman congratulated Secretary Edwards.

The Nominating Committee nominated William Thro, General Counsel for the office of Assistant Secretary. Chair Brockman asked for nominations from the floor. Hearing no discussion, the nominations were closed.

Chair Brockman called for the vote for General Counsel William Thro as assistant secretary and it passed without dissent. Chair Brockman congratulated Mr. Thro.

G. Election of Executive Committee

Trustee Shoop explained that per Governing Regulation II.E.2 (a), the chair and vice chair of the Board are two (2) of the five (5) members of the Executive Committee. The Chair of the Board of Trustees shall also serve as chair of the Executive Committee. By virtue of their newly elected offices, Chair Britt Brockman and Vice Chair Robert Vance were members of the Executive Committee. As Secretary of the Board, Trustee Edwards is the ex officio Secretary of the Executive Committee. Therefore, the Nominating Committee submitted the following three nominations for the at-large members:

Mr. Claude A. "Skip" Berry, III
Dr. Michael Christian
Ms. Barbara Young

Chair Brockman explained that the election of the members of the Executive Committee would proceed in like fashion to the election of the officers of the Board. He stated that the Nominating Committee nominated Skip Berry, Michael Christian, and Barbara Young as the at-large members of the Executive Committee. He asked for nominations from the floor. There were no nominations from the floor.

Chair Brockman moved approval of the slate as presented by the Nominating Committee and it passed without dissent.

H. President's Report

The President began by highlighting UK's Big Blue Move-In Day. "It is like a choreographed symphony to move thousands of students onto this campus as we do flawlessly year after year. I get more complements about Big Blue Move-In Day than almost anything we do on campus from parents and other family members who come for the day." The President continued by recognizing the key set of leaders who were responsible: Executive Director of Auxiliary Services Sarah Nikirk, Associate Director of Auxiliary Services Debra Ross, Associate Director of Auxiliary Services Monica Stoch, Graduate and Family Housing Manager Kathy McKinley, Housing Manager for Custodial Services Myrin Roberts, Facilities Management Maintenance and Operations Harold Sandford, Information Technology Manager Melissa Pero, and Lieutenant Robert Turner of the UK Police Department. "We want our students to be successful, and getting off on the right foot is so important, and that's why we have such a deep gratitude for these individuals and literally the thousands that join them in those few days." The housing group was recognized with a round of applause.

The President continued by discussing three important distinctions for the University of Kentucky over the last several months. "The first of which is the result of a multi-faceted, multi-disciplinary team of researchers and clinicians responsible for the work that happens at UK's Markey Cancer Center. Last month, under the leadership of Dr. Mark Evers and a host of pioneers and bold dreamers—past and present—the University of Kentucky Markey Cancer Center announced the renewal of its designation as a National Cancer Institute for the next five years."

The President highlighted Markey's five-year renewal projection is \$10.8 million to support research, recruitment of faculty, education, and clinical trials. Since earning its initial NCI-designation, Markey's growth and impact on the Commonwealth has been significant with outpatient visits per year increasing more than 35 percent since 2012, and more than 55 percent since 2009. In addition, UK is Kentucky's only NCI-designated cancer center.

The President continued by recognizing that the UK's Albert B. Chandler Hospital remains the Top Hospital in Kentucky and the Bluegrass region for the third consecutive year, according to the 2018 US News and World Report's Best Hospitals Rankings. In addition, four major health care areas have achieved Top 50 national rankings. UK HealthCare national rankings include 33rd in Diabetes and Endocrinology; 38th in Cancer; and 45th in both Ear, Nose, and Throat and Orthopaedics. "Paired with our NCI-designation, these important announcements further signal our role as Kentucky's critical health care provider."

The President announced a third milestone was UK's recognition by the Chronicle for Higher Education as a "Great College to Work For". The President emphasized that UK is one of only three schools in the Southeastern Conference and the only school in Kentucky to receive the award, which is based primarily on employee feedback. The survey includes questions related to collaborative governance, compensation and benefits, diversity, facilities, job satisfaction, respect, and professionalism, among many others. "It is because of the UK family's uncommon commitment to our shared mission of teaching, research, service, and health care that we are able to achieve these important distinctions."

“It is that same spirit that makes possible the recently completed work in Memorial Hall and important, upcoming initiatives.” President Capilouto reminded the Board that during their June meeting staff shared the winning proposal for the art installation in Memorial Hall, which is part of the University’s continuing work to address and respond to the historic Ann Rice O’Hanlon mural that has, for many years, raised concern on campus. “As students, faculty, staff, and visitors enter Memorial Hall this fall, their eyes will be drawn upward to a new creation in the dome of the building’s entry. The gold-leafed artwork, “Witness”, hopes to shine new light on what many perceive as misrepresented Kentuckians from the state’s history. The final piece is truly stirring and stunning.”

President Capilouto continued, “While we were only able to show you an artist’s rendering in June, Stuart Horodner, Director of the UK Art Museum and Terry Allen, Assistant Vice President for Institutional Equity, are on hand following the meeting to escort Board members to the space to see this remarkable work of art in person. I want to encourage you to take advantage of this opportunity. It is an inspirational and moving piece for our campus; one that we hope will continue an important academic and cultural dialogue. Just as the two pieces speak to one another, we can do more to communicate with each other in this community.”

The President continued by highlighting the University’s comprehensive Campaign Kick-Off that will invest further in scholarships, build on UK’s endowment, and enhance and expand our research enterprise. “Be assured, this will be a special moment in our shared story, and we look forward to what we can accomplish together.”

The President concluded with an announcement about the dedication of the new \$265 million multi-disciplinary sciences Research Building. This facility will be a state-of-the-art space designed to support team science. The type of cutting-edge work that positions the University to address the greatest health needs of the state we serve. “This is a bold idea: that the University, in partnership with the state, can eradicate the greatest disparities in chronic illness that befall Kentuckians. The work that will happen in the halls and laboratories of this new facility will put UK at the leading edge of discovery directly related to the people we serve. And, through this work, as we address the most pressing local issues, the results and innovations we forge will also have a global impact.”

“The Research Building is one more manifestation of this important moment in our history. One in which all members of the UK family - students, faculty, staff, donors, friends, alumni, and external stakeholders - are laser-focused on our role as the University *for* Kentucky.”

I. Health Care Committee Report

Trustee Robert Vance, chair of the Health Care Committee, reported that Dr. Colleen Swartz and Dr. Phillip Chang updated the Committee on Enterprise-Wide Improvement Training at UK HealthCare. Trustee Vance pointed out that quality, safety, and value continues to be a focus as part of the updated 2015-2020 UK HealthCare Strategic Plan. Julie Balog and Jason Britt presented the US News and World Report Rankings, highlighting that UK HealthCare was named the number one hospital in the state for the third year in a row with four specialties ranking Top

50 in the country. In addition to the four specialties that were recognized, several other specialties were near the Top 50 ranking.

Melinda Fox and Jennifer Watkins reviewed the Transplant Quality Assessment and Performance Improvement Metrics. The UK HealthCare Transplant Department, under the leadership of Dr. Roberto Gedaly, is performing a record number of transplants. Craig Collins presented the FY18 and FY19 Operating Results. In FY18, UK HealthCare revenue exceeded budget by \$68.6 million dollars and total operating expenses exceeded budget by \$58.9 million. Ambulatory Pharmacy continues to be a strong contributor for the enterprise, contributing \$79.7 million in operating income.

The Committee recommended approval of ECR 1, ratifying the request regarding UK's new partnership with the Lexington Surgical Center. The Committee also recommended approval for UHCCR 1, appointing Dr. Newman the Chief Clinical Officer of UK HealthCare. Dr. Bo Cofield recognized Dr. Andrew Bernard for his service as the President of the UK HealthCare Medical Staff President and introduced his successor, Dr. Fred Zachman.

J. Investment Committee Report

Chair Britt Brockman, interim chair of the Investment Committee, reported the Investment Committee held its annual retreat and reviewed the performance results. The endowment pool had a market value of \$1.5 billion as of June 30, 2018, and gained an estimated 5.6%, or \$79 million, in the trailing 12 month period. Public and private equity allocations were key contributors to the endowment pool performance for the year. The endowment pool gained an estimated 1.0%, or \$15 million, for the month ending July 31, 2018. Gains were driven by performance in public equities.

K. Discussion

Chair Brockman invited Vice President for Philanthropy Mike Richey to the podium for a Capital Campaign overview. Mr. Richey highlighted the excitement from the past two week's events occurring on campus with the official dedication of the Gatton Student Center two weeks prior, to last week's announcement of the Center for Student Philanthropy. "We realize nearly 10% of our student population will graduate and work full time in the nonprofit arena. We want to make sure our students, in addition to getting a great education in one of our 16 academic colleges, will have the opportunity to engage in our student organizations and other vehicles to teach them about philanthropy in hopes that they will make a difference in their communities." Mr. Richey continued by emphasizing UK was the first University in the world to announce the creation of a Center for Student Philanthropy.

Mr. Richey continued by explaining the structure of the Capital Campaign which encompasses over 175 volunteers. He highlighted goals and initiatives including 2,100 Leveraging Economic Affordability for Developing Success (LEADS) scholarships and growing UK's endowment to \$2.1 billion.

"The goal that will be announced tonight in a very spectacular fashion, is a goal I'm very comfortable with and one that I know we will achieve. In many respects I feel like Churchill when

London was being bombed in World War II; I think this is our finest hour.” Mr. Richey was recognized with a round of applause.

L. Other Business

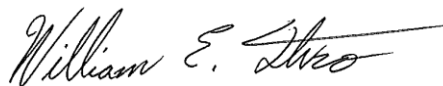
Chair Brockman reviewed the 2019 proposed meeting dates of the Board of Trustees. They are:

Thursday/Friday - February 21-22, 2019
Monday/Tuesday - April 29-30, 2019
Thursday/Friday - June 20-21, 2019
Thursday/Friday - September 12-13, 2019
Thursday/Friday - October 17-18, 2019 (Retreat)
Monday/Tuesday - December 9-10, 2019

Trustee Christian moved approval of the proposed meeting dates. They were seconded by Trustee Shuffett and passed without dissent. (See Proposed Meeting Dates on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

Chair Brockman invited the Board to accompany Terry Allen and Stuart Horodner for a private tour of the new mural located in the lobby of Memorial Hall at the conclusion of the meeting. Hearing no further business, the meeting was adjourned at 2:06 p.m.

Respectfully submitted,



William E. Thro
Assistant Secretary

(PR 2, ASACR 1, ASACR 2, ASACR 3, ECR 1, FCR 1, FCR 2, FCR 3, FCR 4, FCR 5, FCR 6, FCR 7, FCR 8, and UHCCR 1 are official parts of the Minutes of the meeting)