

Minutes of the Meeting of the Board of Trustees
University of Kentucky
Tuesday, December 11, 2018

The Board of Trustees of the University of Kentucky met on Tuesday, December 11, 2018, in Ballroom A of the Gatton Student Center on the campus of the University of Kentucky.

A. Meeting Opened

E. Britt Brockman, Chair of the Board of Trustees, called the meeting to order at 1:36 p.m. Chair Brockman asked Trustee Angela Edwards, Secretary of the Board, to call the roll.

B. Roll Call

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

The University administration was represented by President Eli Capilouto, Provost David Blackwell, Vice President for Research Lisa Cassis, Vice President for University Relations Tom Harris, Executive Vice President for Finance and Administration Eric Monday, Executive Vice President for Health Affairs Mark Newman, Vice President for Philanthropy Mike Richey, Chief of Staff Bill Swinford, and General Counsel William Thro.

The University faculty was represented by Chair of the University Senate Council Jennifer Bird-Pollan, and the University Staff Senate 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 22 consent items on the agenda. The items were as follows:

Minutes	Board of Trustees Retreat, October 18-19, 2018
PR 2	Personnel Actions
ASACR 1	Candidate for Degree: December 2015
ASACR 2	Candidates for Degrees: December 2018
ASACR 3	Candidate for In Memoriam Degree: December 2018
ASACR 4	Academic Degree Recommendation: College of Arts & Sciences
FCR 1	Scholl Gift

FCR 2	Rich Gift Amendment
FCR 3	Acceptance of 2017-2018 Audited Financial Statements
FCR 4	Acceptance of Interim Financial Report
FCR 5	Budget Revisions 2018-2019
FCR 6	2019-2020 Room Rates for University Constructed Housing
FCR 7	Private Property Insurance
FCR 8	Speech Language Pathology Lease
FCR 9	Approval of Disposal Princeton Property
FCR 10	Construct Agriculture Research Facility 2 Capital Project
FCR 11	Improve Mechanical Infrastructure Capital Project
FCR 12	Improve Building Mechanical Systems Capital Project
FCR 13	P3 Paring Structure Capital Project
FCR 14	Capital Construction Report
FCR 15	Endowment Match Report
FCR 16	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 Hawpe 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 Brockman introduced the President’s qualitative evaluation, which was discussed during the Executive Committee meeting earlier in the day. “It is clear President Capilouto continues to have the strong support from the Board of Trustees based on his outstanding performance and the progress the University is making.” Dr. Brockman continued by highlighting numerous accomplishments including: the University’s steady progress on Strategic Plan priorities, with particular attention paid to affordability, student success, research, and investment in diversity and inclusivity initiatives; continued capital investment across the campus; philanthropy success and the launch of the \$2.1 billion Kentucky Can: The 21st Century Campaign; a growing research enterprise committed to answering Kentucky questions; the UK LEADS (Leveraging Economic Affordability for Developing Success) program; improved communication and engagement with the Board of Trustees; a culture of integrity, safety, and support across the campus; growth in UK’s health enterprises, regional medical campuses, and earning the Rising Star award; noticeable improvement and positive momentum with faculty morale and engagement; success on all metrics in the statewide Performance Funding Model for higher education; and finally, the Board continues to be enthusiastic about Dr. Mary Lynne Capilouto’s leadership and service to the University and community.

Chair Brockman continued by reporting some suggested improvements from the Board of Trustees including: improving the diversity of the University’s senior leadership and closing student achievement gaps. The Board was satisfied and complimentary of their engagement with the President, but encourages more one-on-one opportunities, Board discussion items, and that early engagement on important campus issues continue. Addressing these opportunities will further help position the University for success in the future, as UK addresses issues of access and affordability, student success, and an ever-changing environment for the University and UK HealthCare.

Chair Brockman concluded his report by thanking the Board for the role they played in the evaluation process. “The Board of Trustees is proud of and confident in the leadership of the University, as well as our direction and progress in our mission as Kentucky’s indispensable institution.”

D. Executive Committee Report

Chair Brockman stated that the Executive Committee had met earlier in the day and is walking on two items concerning the Board of Trustees election timeline (ECR 1) and the Investment Committee membership (ECR 2).

E. ECR 1 Proposed Revision to Governing Regulations: Election of Officers and Executive Committee

Chair Brockman introduced ECR 1, which recommends that the Board of Trustees receive and vote to accept for the first reading the revision to Governing Regulation (GR) II, relating to the election of Board of Trustees Officers and at-large members of the Executive Committee. The proposed amendment is intended to ensure new Board of Trustees members are familiar with the candidates prior to the elections and that the leadership terms coincide with a calendar year.

Chair Brockman continued by reading the suggested wording of the proposed revision: Beginning in 2020, the Chair, Vice Chair, Secretary, at-large members of the Executive Committee, and Assistant Secretary of the Board of Trustees shall be elected annually at the last regularly scheduled meeting of the Board of Trustees in a calendar year and shall serve from January 1 to December 31 of the next calendar year. (KRS 164.180). In 2019, the Officers and the Executive Committee shall be elected at the first fall meeting of the Board of Trustees and shall serve until December 31, 2020. Chair Brockman opened the floor for discussion. With no discussion, Chair Brockman called the vote. The motion passed with 18 in favor and one opposed. (See ECR 1 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

F. ECR 2 Proposed Revision to Governing Regulations: Investment Committee

Chair Brockman introduced ECR 2, which recommends that the Board of Trustees receive and vote to accept for the first reading the revision to Governing Regulation (GR) II, relating to the Investment Committee. The proposed amendment addresses the Investment Committee membership. The revision is intended to promote efficiency and continuity in the Investment Committee while ensuring significant community member input.

Chair Brockman continued by reading the suggested wording of the proposed revision: The membership of the Committee shall be composed of five (5) voting Trustee members and up to five (5) non-voting Community Advisory members to assist it in its functions by providing specialized advice and support. Said Community Advisory Members shall be selected on the basis of their expertise in such areas as investment management and finance, and appointed for a three-year term. Community Members may be reappointed. The membership of the Committee, including the Chair, shall be appointed by the Chair of the Board of Trustees in consultation with

the President. The initial Trustee member appointments to the Committee shall be staggered terms in the following manner: two (2) members for three (3) years, two (2) members for four (4) years, and one (1) member for five (5) years. Trustee members appointed thereafter shall serve for three-year terms and may be reappointed.

Chair Brockman opened the floor for discussion. With no discussion, Chair Brockman called the vote. It passed without dissent. (See ECR 2 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

G. President's Report (PR 1)

The President began his report by thanking the Board for their comments in his evaluation, and recognized his staff for executing many of the items, for which he was credited. He also acknowledged the suggested items that need to be focused on together to continue to make greater strides.

The President continued by reading an email from a parent describing a story regarding their daughter who received help from a UK employee when her battery died. The employee not only jumped the student's car, but gave her an emergency kit including jumper cables and first aid supplies. He told the student everyone needed an emergency kit in their car and he could just pick up another kit for himself later. The student's parents shared the story of the anonymous Samaritan and how thankful they are that people like this not only work at UK, but also are caring for the students when parents live so far away. The parents remarked, "We wanted to let you know how proud you should be to have such a compassionate employee on your staff."

The President stated, "There are many examples since we gathered for our annual Retreat that illustrate the broad and enduring commitment of the UK family." He continued by describing the recent White Hall Classroom Building bomb threat, which he emphasized was at no point during the investigation determined to be a credible threat. Still, the President pointed out, the UK Police Department and Emergency Operations Center team responded quickly and with precision to ensure the safety of UK's campus community. The President recognized UK Police Chief Joe Monroe, UK Public Relations and Marketing, UK Information Technology, and the numerous offices that worked through the night to ensure UK's campus was safe. The group was acknowledged with a round of applause.

The President continued his report by highlighting the first Regional Campaign Kick-Off event that occurred in Cincinnati. The event was the first in a series to bring the promise of the \$2.1 billion Kentucky Can Campaign to alumni and friends of the University. The regional celebration featured students, faculty, staff, and alumni who acknowledged that UK is in the midst of something extraordinary—something that will forever change our institution and provide for a better future for those we connect with and teach.

"Alumni, donors, supporters, and friends of the University will be the key to writing the next great chapter in our history. They make the transformation possible. Our future will be the result of their support and the intellect and unparalleled commitment of the UK family. This

afternoon, you will be asked to accept one of those transformative gifts from a life-long friend, supporter, and leader of our University, Mrs. Mira Ball.”

The President continued by describing the Balls’ gift of \$2 million and the pledge of an additional \$8 million to establish, endow, and support the Don and Mira Snider Ball Endowed Scholarship Program. The President stated, “The Endowment will provide undergraduate and graduate scholarships to students who meet the criteria of the UK LEADS program, with a preference for students from Mira and her late husband Don’s home counties, Nelson and Henderson. UK LEADS and scholarships are cornerstones of our historic Campaign effort. This gift will directly change dozens of lives and will, ultimately, transform communities. It speaks to what this campaign is about; it underscores in a profoundly important way our role as the University for Kentucky. With this gift and pledge, the Balls’ total philanthropic support is approximately \$13 million.” The President, Board of Trustees, and audience recognized Mrs. Ball with a round of applause.

The President continued his report by highlighting the Bilal ibn Rabah Scholarship reception, a program birthed by one of UK’s students, Hadeel Abdallah. The scholarship supports the success of UK’s under-represented students by lessening their financial burden and developing a stronger community of support. It, too, is tied to the UK LEADS program, and the program’s founder and the University’s most recent Rhodes Scholar was in attendance. Hadeel was named one of 32 women and men selected for this prestigious scholarship—UK’s first since 1955. “I’ve been fortunate over the past few years to get to know Hadeel as a student, as an advocate, and as a person. The passion with which she approaches everything from her studies to her career aspirations; her treasured relationships to her pursuit of a more compassionate and just world, inspires me. It also reminds me why we are here. Hadeel is someone who uplifts and amplifies the voices of others. She shows us the power of education to transform lives and change the world. Please join me in recognizing and congratulating Hadeel Abdallah on her Rhodes Scholarship.” The President invited Ms. Abdallah to the podium for remarks. Hadeel thanked the Board of Trustees for welcoming her and thanked the President for recognizing the Bilal ibn Rabah Scholarship. She highlighted her appreciation of Dr. Capilouto for mentoring her and other students like her. She also thanked Executive Director for Strategic Analysis and Policy Melody Flowers, as well as her professors, who helped make this honor possible. Ms. Abdallah received a round of applause.

President Capilouto remarked, “With stakeholders and students like these, this University has a compelling story to tell, and it is my honor and delight to do so.”

The President continued his report by highlighting his trips to Bowling Green and Owensboro where UK presented its annual report to the Council on Postsecondary Education (CPE) regarding the University’s progress in the statewide strategic agenda for higher education. “Our success is commendable and it is a result of the efforts of thousands of people.” The President described how members of CPE asked thoughtful and incisive questions about the future of higher education and stated, “It was clear and reassuring to know that they look to this flagship University to lead.”

The President reported on the University’s annual D. C. Fly-In, where he led a delegation of nearly 40 UK individuals representing faculty, staff, and researchers. The group spent the day

engaged in discussions on national health care policy, the opioid crisis, the current political context in our nation's Capital, and what the higher education landscape is going to look like in terms of legislation in the next Congress. He described the preparations for similar opportunities in the upcoming state legislative session. “We benefit from a positive and collaborative relationship with these individuals at the administrative and legislative levels, and we look forward to building on that relationship in the upcoming session.”

The President concluded his remarks with a report on the upcoming Commencement ceremonies, where more than 2,000 student will be awarded their degrees. “I hope you’ll join us for this important occasion as we send these graduates into the world, I know, fully prepared for lives of meaning and purpose.”

PR 3 Gift and Pledge from Mira Snider Ball

Chair Brockman introduced PR 3, which recommends that the Board of Trustee accept a gift of \$2,000,000 and a pledge of \$8,000,000 from Mira Snider Ball of Lexington, Kentucky, to establish, endow, and support the “Don and Mira Snider Ball Endowed Scholarship Program” in the Office of the Provost.

Chair Brockman asked for a motion for approval. Trustee Ramsey moved approval of PR 3. Trustee Vance seconded the motion and it passed without dissent. (See PR 3 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

H. Investment Committee Report

Trustee Elizabeth McCoy, chair of the Investment Committee, reported the Committee met the prior day to review performance results and conduct other business. The Endowment pool had a market value of \$1.4 billion as of October 31, 2018, and declined by an estimated 2.3% in the first four months of the fiscal year. The public and hedged equity allocations were the primary detractors from UK’s pool performance. The Committee approved a revised Endowment Investment policy. The main update was the adoption of modified asset allocation targets intended to enhance the portfolios’ expected return while maintaining prudent diversification.

I. Health Care Committee Report

Trustee Robert Vance, chair of the Health Care Committee, reported that the University Health Care Committee met the previous day and Executive Vice President for Health Affairs Dr. Mark Newman updated the Committee on the Lexington Clinic collaboration progress. Dr. Newman also discussed the Lexington Surgery Center partnership. UK HealthCare physicians have completed 40 cases since starting in late November at the Surgery Center. Dr. Sharon Walsh joined Dr. Newman as a follow-up to the October Board Retreat to discuss the new Kentucky CAN HEAL Grant recently submitted. Drs. Chang, Williams, and Swartz presented the quality update and the Committee approved UHCCR 1, the FY2019 Quality, Safety, and Patient Experience Plan.

Brett Short, Richard Chapman, and Glenna Jarboe reviewed the work being done in the Office of Compliance to keep UK HealthCare compliant with the Health Insurance Portability and

Accountability Act (HIPAA), Department of Justice, and Office of the Inspector General guidelines. Dr. Katie McKinney, Associate Dean of the Graduate Medical Education Program in the College of Medicine, reviewed the recent results of the 2017-18 Graduate Medical Education Annual Intuitional Review as required by UK's regulatory bodies. Craig Collins and Dr. Colleen Swartz discussed the FY2018 October Operating Results, which were on budget. The Committee recommended approval of FCR 8, the payment of up to \$200,000 for improvements to the Speech Language Pathology space in the Professional Arts Center Building on Maxwell Street. Trustee Vance concluded his report by stating the Health Care Committee approved privileges and appointments recommended by the Credentials Committee.

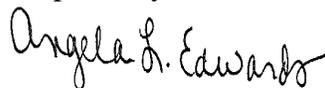
J. Other Business

Chair Brockman reminded the Board that the annual Connect Blue Reception hosted by the Staff and University senates, would begin immediately following the meeting adjournment.

K. Adjournment

With no further questions or discussion, the Board adjourned at 2:10 p.m.

Respectfully submitted,



Angela Edwards
Secretary, Board of Trustees

(PR 2, ASACR 1, ASACR 2, ASACR 3, ASACR 4, 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, and FCR 16 are official parts of the Minutes of the meeting)