

Minutes of the Meeting of the Board of Trustees
University of Kentucky
Friday, February 21, 2020

The Board of Trustees of the University of Kentucky met on Friday, February 21, 2020, in the J. David Rosenberg College of Law.

A. Meeting Opened

Bob Vance, Chair of the Board of Trustees, called the meeting to order at 1:03 p.m. Chair Vance asked Cammie DeShields Grant, 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: Claude A. "Skip" Berry, Cathy A. Black, Lee X. Blonder, Joe R. Bowen, E. Britt Brockman, Cammie DeShields Grant, Robert Grossman, Michael Hamilton, Kimberly McCann, Elizabeth McCoy, David Melanson, Derrick K. Ramsey, C. Frank Shoop, Sandra R. Shuffett, Bryan Sunderland, Robert Vance, Rachel Watts Webb, and Barbara Young. Trustees, Michael A. Christian, A.C. Donahue, and Carol Martin "Bill" Gatton were not in attendance.

Secretary Grant announced a quorum was present.

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

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

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

C. Chair's Report

Chair Vance reported that there had been no petitions to address the Board since the last Board of Trustees meeting and stated that the minutes of the December 10, 2019, meeting had been distributed and asked for a motion. Trustee McCoy moved approval and Trustee Ramsey seconded the motion. The motion carried without dissent.

Chair Vance introduced Interim Dean Mary Davis for comments and thanked her

for hosting the Board for their meetings. "For those of you who attended the College of Law events last fall, you are familiar with Dean Davis and the new facility. She and her team have done a wonderful job preparing the building for our meetings this week, and we are pleased we could showcase this fantastic new space."

Chair Vance called attention to the 25 consent items on the agenda. The items were as follows:

- PR 2 Personnel Actions
- ASACR 1 Candidate for Degree: In Memoriam
- ASACR 2 Candidate for Degree: December 2019
- ASACR 3 Candidates for Degrees: May 2020
- ASACR 4 Academic Degree Recommendation: College of Design
- ASACR 5 Academic Degree Recommendation: College of Engineering
- ASACR 6 Academic Degree Recommendation: College of Education
- ASACR 7 Academic Degree Recommendation: College of Education
- ASACR 8 Academic Degree Recommendation: Gatton College of Business and Economics
- ASACR 9 Academic Degree Recommendation: College of Engineering
- ASACR 10 Academic Degree Recommendation: College of Engineering
- ASACR 11 Academic Degree Recommendation: College of Engineering
- FCR 1 Pledge From the Bill Gatton Foundation
- FCR 2 Pledge from the Bing and Rachel Zhang Family Foundation, Inc.
- FCR 3 Lease/Purchase of Equipment as part of the Smart Campus Initiative
- FCR 4 2019-20 Budget Revisions
- FCR 5 Approval of Disposal (North Farm - Barn 8)
- FCR 6 Authorization of Non-Routine Disposition of Personal Property
- FCR 7 Election to Obtain Private Property Loss Insurance
- FCR 8 Improve Center for Applied Energy Research Facilities Capital Project (Laboratory Building #1 Chiller Replacement)
- FCR 9 Improve Center for Applied Energy Research Facilities Capital Project (Mineral Process Building Expansion)
- FCR 10 Improve Center for Applied Energy Research Facilities Capital Project (Carbon Fiber Development Facility)
- FCR 11 Improve Good Samaritan Hospital Facilities Capital Project (Third Floor Renovation)
- FCR 12 Capital Construction Report
- FCR 13 Patent Assignment Report

Hearing no requests to remove items from the consent agenda, Chair Vance asked for a motion for approval. Trustee Shuffett moved approval of the consent agenda. Trustee Young 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. President's Report

The President began by thanking Dean Davis for her report on the recent accomplishments of students and faculty at the J. David Rosenberg College of Law College. He continued by expressing how honored he is to represent UK to the state government in Frankfort and to the donors in Florida and Texas that he recently visited.

The President asserted that we are the University of, for, and with Kentucky. Of, because we accept all people who "turn to us to learn, or heal, regardless of where you are from, or who you are. For, because our service to Kentucky is going to expand commerce and culture, create jobs and deepen understanding." With, because we are a "reliable and trusted partner to empower each other to create a more educated, healthier, and more innovative Kentucky."

The President shared a story from a prominent lobbyist he met in Frankfort whose child is a student at UK, illustrating the care UK takes with the emotional wellbeing of students. Her child, enrolled in one of the most challenging programs at UK, was sitting in the back of class and not engaging, experiencing self-doubt. His professor noticed and reached out to him, supporting and challenging the student. Eventually, this student was able to qualify for a national competition. The President emphasized that, rather than ask what the legislature can do for them, everyone at UK asks, "What does the Commonwealth expect of me; what do we need to do?"

The President then described his experience visiting high schools in Lexington for recruitment. He expressed the optimism he has for this new generation, sharing a few questions and requests from them:

"What are you doing about the water supply in Martin County?"

"I have to be at a place that's leading in quantum computing."

A girl from Lafayette High School told him that the Winslow Project for e-sports will give her more opportunities. "People follow what we do," the President stated. This generation is paying attention and engaged. The President continued by highlighting the Leveraging Economic Affordability for Developing Success (LEADS) program. He expressed his pride that UK is a leader in needs-based scholarships.

The President then addressed the welcoming and supportive nature of UK's workplace environment. He began with a quote from Eleanor Roosevelt: "If you want to be happy, make somebody else happy." The President expressed his belief that, to make someone else happy, you need to be happy. He referenced a recent work-life survey at UK, acknowledging that the University is improving and is recognized as an excellent place to work. To illustrate this, he shared the story of Dr. Bing Zhang and his

spouse from rural China who were embraced at UK. The President continued by acknowledging members of the UK community who are retiring—thanking them for their combined total of 315 years of service and wishing them the best.

The President then addressed the coronavirus outbreak, acknowledging the hardship of the epidemic and assuring the Board that UK is prepared to respond to challenges. He invited EVPFA Eric Monday to explain the University's process for responding to events.

Dr. Monday thanked the President and addressed the members of the Board regarding UK's incident response. He distinguished between a notice event, such as a hurricane, versus a no-notice event, such as a student death or a bomb threat. Dr. Monday then highlighted the seven steps in UK's response process and applied them to the coronavirus situation.

1. Notifying senior administration, particularly those most applicable to a given situation. In the case of the coronavirus, he used Dr. Sue Roberts from the UK International Center as an example.

2. Deciding to engage the Emergency Management Center in extreme situations, or to set up a workgroup composed of individuals whose skills and knowledge will be most beneficial to handling a situation.

3. Establishing the purpose and principles that will guide the workgroup—considering what is best for students and patients, prioritizing people over finances. Maintaining the health of the Wildcat community, and timely and frequent communication.

4. Establishing situational awareness—determining what we know, what we do not know, and what we need to know. In the instance of the coronavirus keeping track of the number of cases in different parts of the world, determining how many students are in at-risk areas, and understanding best practices.

5. Identifying resources—people with expertise and the ability to respond effectively to the situation.

6. Actions and decisions—determining the best courses of action to take and how to take them. In the case of the coronavirus, making decisions about travel and the study abroad programs.

7. Continue meeting and monitoring until there is a return to normal operations.

Throughout his description of the steps, Dr. Monday expressed gratitude to many of the people involved in the coronavirus response, including Dr. Sue Roberts of the UK International Center and Chief Communications Officer Jay Blanton.

The President then thanked Dr. Monday for the report and concluded by sharing a video UK shows to its donors as an update on the fundraising campaign. "The video celebrates the promises UK makes to Kentucky, the success of raising \$1.4 billion, and the goal of increasing the University's endowment to \$2.1 billion to reduce the burden of student debt, enable even more students to earn degrees, and create new spaces in which students can thrive."

PR 3 Renaming of the Department of Statistics in the College of Arts and Sciences

The President introduced PR 3, which recommends that the Board of Trustees approve the official renaming of the Department of Statistics in the College of Arts and Sciences as the "Dr. Bing Zhang Department of Statistics."

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

PR 4 Alumni Trustee Election Report

The President introduced PR 4, which recommends that the Board of Trustees approve 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, and that the Secretary be authorized to certify to the Governor the names of the three persons receiving the largest number of votes, from which list a successor to Cammie D. Grant, whose term expires June 30, 2020, will be appointed.

Chair Vance asked for a motion for approval. Trustee Webb moved approval of PR 4. Trustee Melanson seconded the motion and it passed without dissent. (See PR 4 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

PR 5 Honorary Degree Recipients

The President introduced PR 5, which recommends that the Board of Trustees approve awarding an Honorary Doctor of Humane Letters to William Harry Clarke and an Honorary Doctor of Humanities to Nikky Finney, as approved and recommended by the University Faculty.

Chair Vance asked for a motion for approval. Trustee Grossman moved approval of PR 5. Trustee Blonder seconded the motion and it passed without dissent. (See PR 5 on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

F. Health Care Committee Report

Trustee Barbara Young, Chair of the Health Care Committee, reported that the Committee met the day prior and heard an update from EVPHA Mark Newman, MD, concerning the key objectives for the new 2025 UK HealthCare Strategic Plan and highlighted recent additions to the Markey Cancer Center affiliate network. Chief Information Officer Cecilia Page updated the Committee on the progress of implementing UK HealthCare's new Electronic Health Record. The estimated \$280 million, two-year project is currently on time and under budget with over 5,000 employees participating in workflow sessions as of early January.

Trustee Young continued by describing additional presentations from the UK HealthCare team including the announcement that UKHC's Care Redesign Program received the Advancing BEST Care (ABC) recognition. This designation highlights UK HealthCare's improved quality while reducing cost through care. The Committee also viewed a recent television commercial during the UK HealthCare marketing update.

Trustee Young continued with an update the Committee received from Vice President and Chief Financial Officer Craig Collins who reported that total clinical operating revenue for December FY2020 was \$21.7 million greater than budget year-to-date. Hospital/Pharmacy contributed a \$23.2 million positive variance and total clinical operating expenses were \$3.9 million greater than budget year-to-date. All non-operating expenses and transfers were \$1.7 million positive to budget year-to-date.

The Committee reviewed and recommended approval of FCR 4 which authorizes and approves revisions to the 2019-20 budget, as well as FCR 11 which approves the initiation of the Improve Good Samaritan Hospital Facilities Capital Project Third Floor Renovation. The Committee also approved credentials and appointments submitted by the Medical Staff President Fred Zachman, MD. In closing, Trustee Young reported that she and Trustee Melanson met with Chief Compliance Officer Brett Short in early February to review current compliance matters, as required by the Joint Commission.

G. Investment Committee Report

Trustee Elizabeth McCoy, Chair of the Investment Committee, reported that the Investment Committee met the day prior to review performance results and conduct other business. She reported that the Endowment pool had a market value of \$1.6 billion as of December 31, 2019, and gained an estimated 2.4% in the six-month Fiscal Year to date period. U.S. and international equity exposure were the primary contributors to performance for the period.

Trustee McCoy continued by reporting that the Committee heard presentations

from Mr. Keith Berlin, Senior Vice President – Head of Fixed Income, Fund Evaluation Group (FEG), who presented a fixed income strategy review; and Mr. Todd Shupp, who presented ICR 1, the Extension of the Endowment Investment Consultant Contract, which was approved by the Committee. Mr. Shupp also presented the endowment asset allocation and rebalancing/transition activity update as of December 31, 2019 and reported on manager appointments and terminations.

Mr. Michael Aluise and Ms. Rebecca Wood, FEG, presented an update on performance results for the period ending December 31, 2019, and Mr. Shupp reviewed the schedule of 2020 Investment Committee meetings and other supplemental materials.

H. Other Business

Hearing no further business, the meeting was adjourned at 1:47 p.m.

Respectfully submitted,

A handwritten signature in black ink that reads "Cammie D. Grant". The signature is written in a cursive, flowing style.

Cammie D. Grant
Secretary

(PR 2, ASACR 1, ASACR 2, ASACR 3, ASACR 4, ASACR 5, ASACR 6, ASACR 7, ASACR 8, ASACR 9, ASACR 10, ASACR 11, FCR 1, FCR 2, FCR 3, FCR 4, FCR 5, FCR 6, FCR 7, FCR 8, FCR 9, FCR 10, FCR 11, FCR 12, and FCR 13 are official parts of the Minutes of the meeting)