

Minutes of the Meeting of the Board of Trustees
University of Kentucky
Tuesday, December 5, 2023

The Board of Trustees of the University of Kentucky met on Tuesday, December 5, 2023, 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 1:33 p.m. and asked Secretary Webb to call the roll.

II. Roll Call

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

Secretary Webb announced a quorum was present.

III. Approval of Minutes

Chair Brockman stated that the minutes of the October 20, 2023, meeting had been distributed and asked for a motion to approve. Trustee Gosney 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 30 consent agenda items, including:

- PR 2 Personnel Actions
- ASACR 1 Candidates for Degrees: December 2023
- FCR 1 Acceptance of Gifts: Estate of Davis Marshall Gritton
- FCR 2 Acceptance of Gifts: Estate of Carl J. McHargue
- FCR 3 Acceptance of Gift: Estate of William Stamler
- FCR 4 Acceptance of Gift Commitment: Philip Wyatt
- FCR 5 Acceptance of Grant Commitment: Lighthouse Beacon Foundation
- FCR 6 Acceptance of Gift: UK Real Estate Foundation, Inc.
- FCR 7 Acceptance of FY 2022-23 Audited Financial Statements
- FCR 8 Acceptance of Interim Financial Report
- FCR 9 FY 2023-24 Budget Revisions

- FCR 10 Initiation of the Facilities Renewal and Modernization
- FCR 11 Proposed 2024-25 Room and Board Rates
- FCR 12 Approval of Disposal: Shun Pike
- FCR 13 Approval to Acquire: Press Avenue
- FCR 14 Approval of Lease: UK HealthCare Philanthropy
- FCR 15 Improve Civil Site Infrastructure Capital Project: Kirwan Blanding
- FCR 16 Approval to Declare as Surplus: Kelley Hall/Medical Annex 5
- FCR 17 Improve University Storage Facility: Vaughan Warehouse
- FCR 18 Emergency Replacement: RCARS
- FCR 19 Improve Campus Infrastructure Upgrade: Hospital Drive
- FCR 20 Patient Care Facility Capital Project: Pavilion A
- FCR 21 Construct Agriculture Research Facility 2: Design Phase
- FCR 22 Construct/Improve Student Housing Capital Project
- FCR 23 Capital Construction Report
- FCR 24 Patent Assignment Report
- ICR 1 Endowment Investment Policy
- ICR 2 Endowment Investment Custodian
- UHCR 1 UK HealthCare Scope of Services
- 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”)

Chair Brockman reported that the Executive Committee met the day prior to review the Board of Trustees Presidential Evaluation. Chair Brockman noted there were suggestions, which the President appreciates, but stated it was clear President Capilouto continues to have the strong support of the Board of Trustees based on his outstanding performance and the progress the university is making throughout UK’s entire enterprise.

Chair Brockman then introduced the President for his report.

V. President’s Report

President Capilouto remarked, “As many of you know, in March, representatives of the Southern Association of Colleges and Schools Commission commonly known as SACSCOC, were on our campus to assess us for reaffirmation. Every 10 years universities like ours undergo an extensive review, one that takes months and hundreds of people across our campus to prepare for as part of being an accredited institution. As a practical matter, the process of accreditation and reaffirmation is important, because among other things, it ensures our eligibility for Federal Financial Aid, but beyond the necessary and practical importance of its affirmation means that we are doing things right, right by our students, right by our people, right by our state. Yesterday, I am pleased to report to you, we received official word that our affirmation has been approved by our accreditors with no areas of non-compliance or concern out of more than 70 standards

evaluated. I believe that is rare to have no areas of non-compliance or concern. Our report totaled more than 600 pages with some 3,000 points of evidence, it was a massive undertaking on behalf of people in every part of our community. I want to particularly thank Provost Bob DiPaola and so many others, including Katherine McCormick, who assisted, led, and spent untold hours preparing for this process and ensuring our success. That success, of course, has many, many, mothers and fathers, faculty and staff, who work tirelessly on behalf of our students and who conduct and perform research and service that takes them into every community across this entire state and indeed around the globe. I am honored to announce their success to you on their behalf.”

The President continued, “When the review team, composed of several long-time educators, visited us in March, several made the point that a recurring theme they heard throughout this campus was our commitment to advancing Kentucky. Whether the conversation focused on a particular program, our efforts to initiate Transdisciplinary Educational Approaches to advance Kentucky, or what we call TEK, across the curriculum, the commitment to our state was there, it informed and guided everything we do and you certainly have heard it over the last day and a half. One review team member pulled me aside and said, “I have evaluated several institutions over the years. I have noticed that many schools and universities are obsessed with rankings. At UK it was said the focus is firmly fixed on educating and advancing Kentucky.” So, I thank you all for making that possible. That focus, that unyielding sense of commitment, is part of what makes our community so special, it is what has always guided us and as you all certainly know, from our strategic plan and our recent retreat, is what guides us still.”

“I hope that you have heard that theme throughout our time together, particularly in the report from the work groups that are at your direction seeking ways to accelerate our progress as Kentucky’s University. Before I offer brief comments regarding those report outs, we want to provide a final update.”

President Capilouto introduced University Treasurer Penny Cox, who along with Vice President for Research Lisa Cassis, is facilitating an examination of how UK’s institution can be more responsive. The President added that a 21st-century economy requires a 21st-century university; a nimble institution, that is responsive, that listens to stakeholders and supporters. “We must do that without sacrificing those timeless values to which we are committed, a well-rounded education that helps ensure well-rounded young people, scholarship and research that pursues discovery wherever it takes our talented faculty and care and service guided by what our Commonwealth needs. That question of how to respond to the pace of change all around us and in the context of what our state needs from us is the central question that this work group is grappling with.”

The President invited Treasurer Cox to provide an overview of the work group and their efforts thus far. Vice President for Research Lisa Cassis was unable to participate due to professional travel.

Treasurer Cox discussed how their group is focusing on the importance of being nimble, the importance of accelerating the institution's contributions to the state and are aligned with moving quickly and thoughtfully in their review. Ms. Cox referred to the work

group's charge from CR1 to review the policies, procedures, and financing strategies to ensure the institution is aligned with the state's needs and will also include a review of the relationships with the Council on Secondary Education (CPE), K12, government agencies, the private sector, as well as the Governing Regulations (GR) and Administrative Regulations (AR) for the institution.

Treasurer Cox discussed the three major categories outlined in the Council on Postsecondary Education's consultant report for Senate Joint Resolution 98 (SJR 98). The first category in the resolution tasks the Council on Postsecondary Education (CPE) with assessing whether Kentucky's current postsecondary system is adequate to meet the state's current and future human capital and workforce needs. Specifically, CPE is directed to determine the efficacy of Kentucky's governance structure for postsecondary education, the feasibility of establishing a new four-year public university in Southeast Kentucky, and the feasibility and impact of narrowing Kentucky Community and Technical College System's (KCTCS) scope to technical education and training only, with comprehensive, regional universities assuming responsibility for general education and transfer programs.

Ms. Cox continued by discussing the second major component; looking at the regulatory climate within primary state relationships and how the university can be positioned to be more responsive to the state, and the third component of conducting a review of the Governing and Administrative Regulations at peer universities as well as those within the Commonwealth under the auspices of UK's strategic plan.

President Capilouto thanked Secretary Cox and continued his report, "Throughout our meetings, you have heard from each of the work groups that have been established to quickly, but thoughtfully make recommendations that honor the critical and compelling direction you provided us in October. We have a strategic plan that sets the course for this institution as we seek to advance Kentucky in everything that we do. You directed us to focus on aspects of that plan that you believe and that we agree are essential to accelerate our progress in that of the state we serve and whose name we bear. I hope you agree today that we have assembled the expertise, depth and breadth so readily available across our campus to bring to bear on these important issues and in response to the direction which you have provided us. We are early in the effort, although we are mindful of the fact that you have charged us to move quickly in making progress. I hope you can tell from the report outs from each group that we have the right people at the table, and they already are thinking substantively and creatively."

"Early on, common themes and important connections between and among the groups have emerged. We are positioning ourselves to grow enrollment, but must ask ourselves, how does that enrollment match the workforce needs of the state? How do we partner with others such as the Community and Technical College System and its new leadership or with communities both urban and rural to maximize our efforts and our reach? We have a curriculum that offers expansive and deep opportunities for distinctive learning, but can students navigate it easily and successfully, and do they see the connections between what they are studying and learning and where they see themselves going. As one student wrote recently in a column in our student newspaper, the Kentucky

Kernel, "While I appreciate UK's effort to offer a variety of courses that appeal to every student, it is unclear what overarching purpose these classes are achieving, is there a desire for a truly more meaningful purpose in that course of study?"

The President asked, "How do we make those connections clearer? How do we ensure that those connections are the right ones for our students as they seek strong and sustainable careers, but also those lives of meaning and purpose which we know are just as important? None of these efforts will be successful without a strong and stable workforce. All around us, companies are evaluating their total compensation programs, particularly their benefits and the changing desires of employees. We are asking ourselves these questions, "How do we keep pace and move quickly with a benefits package that attracts and retains a workforce that will stay and grow with us"? And as we just heard, policymakers are moving to assess several aspects of higher education in Kentucky from what is offered and where governance structures and oversight would impact, how we do what we do, and the speed with which we do it."

"How do we respond to those forces in such a way that demonstrates that we are listening to policymakers and stakeholders, and we are responding in ways that clearly show we can move quickly to meet the state's needs? It is an exciting although challenging time. I am convinced that with your leadership and with the talent we have assembled across this campus we are asking the right questions, seeking answers in the right ways in positioning this place for further success, success that has always measured how we are advancing this state now and well into the future. I look forward to the acceleration of our efforts together and your engagement in the process."

PR 3 Naming of Health Education Building

President Capilouto introduced PR 3, a recommendation that the Board of Trustees approve the naming of the new Health Education Building as the "Michael D. Rankin M.D. Health Education Building".

On June 23, 2023, the UK Board of Trustees approved the initiation of the construction phase of the Health Education Building. A groundbreaking for the project was held on October 27, 2023.

The Board of Trustees has accepted a gift commitment of \$22,000,000 from Michael D. Rankin, M.D. to support the construction of the Health Education Building and scholarships in the College of Medicine.

Michael D. Rankin, M.D., of Danville, Kentucky received his bachelor's degree in electrical engineering from the university in 1971, his medical degree from the university's College of Medicine in 1980 and completed his residency in Family Medicine in 1983. Dr. Rankin pursued a highly successful practice in primary care and family medicine in Atlanta, Georgia before retiring and returning to Danville, Kentucky. Dr. Rankin has made a significant impact upon the College of Medicine both through his philanthropy and through his service as a member of the UK Medical Alumni Association, past president of the UK Medical Alumni Association and associated Board, chair of the Dean's Advisory

Council, volunteer faculty in the UK Department of Family and Community Medicine, and many years of service on the College of Medicine scholarship and admissions committees. Including this gift, his total giving to the university exceeds \$23.5M. It is a continual and long-standing commitment to the College of Medicine, the university and the health of Kentucky.

The Advisory Committee on Naming University Property has reviewed this request and found it to comply with Administrative Regulation 9:5 and recommends approval of this name designation.

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

President Capilouto recognized Dr. Rankin who was in attendance, adding, “I always like to tell the story his family had to sell their cow to make it possible for him to come to the University of Kentucky. He has come a long way since and we are so grateful that he is here with us today.”

PR 4 Approval of an Exception to Kentucky Statute

President Capilouto introduced PR 4, a recommendation that the Board of Trustees approve an exception to Kentucky Revised Statutes (KRS) 164.131(7) and Governing Regulation XIV, Ethical Principles and Code of Conduct, pursuant to KRS 164.367, upon recommendation of President Eli Capilouto and as outlined in the attached opinion and recommendation of the University of Kentucky Ethics Committee, to permit the University to enter into a lease with employee Chris Rodgers under Request for Proposal # RE-0202-24 until December 31, 2024.

This recommendation is in alignment with the Ethics Committee recommendation and as such the President recommends that the Board approve the exception and permit the lease. If approved, the lease will run from May 15, 2024, until December 31, 2024. A new request for proposal (RFP) will be issued for lease or labor needed after 2024.

Chair Brockman asked for a motion to approve PR 4. Trustee Boone moved approval; Trustee Greer seconded the motion. The Chair asked if there was any discussion, and PR 4 passed without dissent. (See PR 4 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 earlier that day to review performance results and conduct other business. The Endowment pool had an estimated market value of \$2.0 billion as of October 31, 2023, and declined by an estimated 3.0% in the four-month fiscal year to date period. Public equity exposure was the primary detractor from performance for the period.

The Committee approved a revised Endowment Investment Policy, which reflected very minor changes and approved an authorization to establish a contract with the selected finalist in the Endowment Investment Custodian search.

University Health Care Committee Report

University Health Care Committee Chair Bob Vance reported that the Co-Executive Vice Presidents for Health Affairs, Dr. Eric Monday and Dr. Bob DiPaola, presented efforts to align programmatic and capital growth.

Vice President 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 through October. The consolidated net income for UK HealthCare and Royal Blue Health LLC resulted in a variance of a combined \$3.6 million.

Vice President and Chief Growth and Strategy Officer Rob Edwards provided an update to the Committee on the expansion of outpatient sites throughout Central Kentucky. Mr. Edwards stated the Hamburg seed ambulatory site will open or go live in May 2024. This will be the first of four ambulatory locations in central Kentucky that are targeted to open in 2024.

UK College of Medicine is responsible for training the physicians of the future through its Graduate Medical Education (GME) program. GME Associate Dean Katie McKinney provided the Committee with an overview of the program's annual accreditation outcome. Similar to many items on the Committee's agenda, Dr. McKinney is required as part of the GME program's accreditation to report the outcomes annually. Dr. McKinney stated there were 66 programs reporting substantial compliance, 11 programs reporting areas of improvement and seven programs received citations.

Chief Compliance Officer Brett Short and members of the corporate compliance team provided the Committee with UK HealthCare's annual compliance report. Annual reports to the Committee are part of UK HealthCare's efforts to meet guidelines established by the Office of Inspector General for an effective compliance program.

The Committee recommended approval of two FCRs; FCR 13 authorized the purchase of three properties located on Press Avenue and the Committee also recommended approval of FCR 20, to increase the scope of the previously approved

project in Pavilion A.

Additional annual approvals and disclosures to the Committee included UHCCR 1, UK HealthCare's Scope of Services which is required by the Joint Commission and Centers for Medicare and Medicaid Services, and the list of privileges and appointments submitted by the UK HealthCare Active Medical Staff.

VII. Other Business

Chair Brockman asked if there was any further business to come before the Board and reminded the Board about the upcoming 2023 TaxSlayer Gator Bowl on December 29th in Trustee Berry's temporary hometown of Jacksonville, Florida.

He then introduced Trustee Swanson who read the following resolution:

A resolution honoring and commending **Aaron Cramer** for his service to the UK Board of Trustees, the University, his community and the Commonwealth.

WHEREAS, Dr. Aaron Cramer, member of the Board of Trustees since 2022, has diligently served the University of Kentucky with admirable acumen and dedication; and

WHEREAS, Dr. Cramer earned his Bachelor of Science degree in electrical engineering from the University of Kentucky, and his Doctor of Philosophy degree in electrical engineering from Purdue University; and

WHEREAS, Dr. Cramer returned to the University of Kentucky as a professor in the Department of Electrical and Computer Engineering, where he now serves as associate chair, and was recently appointed as chair for the Department of Electrical and Computer Engineering in the Pigman College of Engineering; and

WHEREAS, while a member of the University of Kentucky Board of Trustees, Dr. Cramer served as a member of the Academic and Student Affairs Committee, Human Resources and University Relations Committee, and Board of Trustees member on the UK Mining and Engineering Foundation Board; and

WHEREAS, using his exceptional leadership and collaboration skills, Dr. Cramer has been active in University faculty governance apparatuses, including serving as Chair on the Senate Council, several terms in the University Senate, and membership on various departmental, college and University-level committees.

NOW, THEREFORE, BE IT RESOLVED, that the University of Kentucky Board of Trustees does hereby adopt this resolution on December 5, 2023, and expresses, on behalf of the University community, our individual and collective gratitude to Dr. Aaron Cramer for his exemplary support and service and orders that this resolution be made part of the minutes of the meeting.

Trustee Cramer thanked the Board and shared his pleasure to serve alongside them. He discussed the importance of staff and administrators working together to achieve shared goals. "This is the essence of true shared governance, one of the key features that make a university distinct from other forms of enterprise and an inseparable part of the value that UK has for its students and the Commonwealth. I have greatly valued the time I have spent with each of you, and I offer my continued support as you perform this vital governance role. Thank you."

VIII. Adjournment

Hearing no further business, the meeting adjourned at 2:09 p.m.

Respectfully submitted,



Rachel Watts Webb
Secretary