

Minutes of the Special Board of Trustees Meeting
University of Kentucky
Thursday, October 27, 2022

The Board of Trustees of the University of Kentucky met on Zoom Thursday, October 27, 2022.

A. Meeting Opened

Chair Vance called the meeting to order at 10:04 a.m. and asked Secretary Webb to report the attendance.

B. Roll Call

The following members of the Board of Trustees were present on Zoom: Thomas Abell, Claude A. "Skip" Berry, Cathy A. Black, E. Britt Brockman, Todd Case, Aaron Cramer, Ray Daniels, Ron Geoghegan, Brenda Gosney, Andrew Laws, Lance Lucas, Kimberly McCann, David Melanson, Paula Leach Pope, Derrick K. Ramsey, Frank Shoop, Hollie Swanson, Robert Vance and Rachel Watts Webb. Sandra R. Shuffett was not in attendance. Secretary Webb announced that a quorum was present.

C. Chair's Report

Chair Vance stated the meeting had been called to discuss the acquisition of Royal Blue Health LLC and all its subsidiary corporations. President Capilouto will provide background on the recommendation, which is loaded in Directors Desk.

Chair Vance introduced President Capilouto for his remarks.

The President thanked the Board for gathering for the very special meeting, "Today is an incredibly important day in the life of our university because it is an incredibly important day in fulfilling our mission to advance Kentucky in everything that we do. For your consideration and approval this morning is PR 1. This authorizes UK to move forward with a transaction in which King's Daughters Health System (KDHS) would become part of the university on December 1st. This is the next step in a well-thought-out, well-planned collaboration. What is most important about these discussions and this transaction is what they mean for the people of our state and the people of Eastern Kentucky. King's Daughters is a strong, committed and compassionate health system that has served the people of Eastern Kentucky for decades. Their roots run deep in the region as our roots run deep throughout Kentucky. Together we are stronger. Together we can deepen our commitment to expanding access to outstanding care to more people in our state. Together we can take one step closer to realizing the vision voiced with conviction and commitment more than 15 years ago by those who came before us that no one should wake up in this state, wherever they live, afraid they cannot get the care they need close to home."

The president continued by recognizing King's Daughters President and CEO Kristie Whitlatch and her team, "Over the last 18 months, following your approval of a joint venture, we have worked closely with the outstanding leaders, staff and board at KDHS to explore what is possible in expanding care, talent and infrastructure." The president shared how the

KDHS team has been tremendous collaborators throughout the process, caring deeply about the region and the health of the Commonwealth's people.

“That commitment and compassion have been evident throughout this process. It is clear to me, and I hope to you that we share the same values, the values that compel us to advance our state in all that we do. Our goal together was to build on an already outstanding regional health system. The record of this past year and a half is unequivocal, doctors and staff have been added, and plans are taking shape for even further expansion of both talent and infrastructure. The record of service and care has met the measures of progress that we set forth 18 months ago, as a result, we are proud today to ask you to authorize the next step forward, a step that will officially make King's Daughters part of the UK family on December 1st. We think there is so much potential to do and be more for the people of the region. It is another example among so many we have experienced together of the power of we and what we can do together. Today, with your approval, we take one more step toward improving access to care, to create and sustain a Kentucky that is healthier, wealthier and wiser.”

President Capilouto introduced Executive Vice President for Health Affairs Mark Newman for remarks.

Dr. Newman echoed the president's enthusiasm and explained the vision for the University of Kentucky to advance the Commonwealth and to improve the healthcare of the Commonwealth. He discussed how UK and KDHS can bring advanced medicine to numerous communities through UK's focus on providing advanced medicine and KDHS's mission to serve its local communities.

Dr. Newman introduced Vice President for Health System Administration and Chief of Staff at UK HealthCare Mark Birdwhistell to explain the partnership.

Mr. Birdwhistell explained the guiding principles established to assist with negotiations including the perspective of the Commonwealth. UK's guiding principles include promoting community partnerships and limiting financial exposure. Maintaining access and employment in Ashland and generating sustained financial performance is paramount to the Commonwealth and KDHS's guiding principles focus on maintaining services, control locally and securing local investments.

Mr. Birdwhistell pointed out the substantive successes including UK supporting the growth of KDHS's pharmacy operations, the development of new residency and fellowship rotations, an increase in pay and benefits for all team members and the opening of a new floor on King's Daughters patient tower to be used as a Respiratory Stepdown Unit. Additionally, construction is underway to relocate the KDHS Emergency Department with additional plans for a new Endoscopy and Imaging Unit.

Mr. Birdwhistell introduced Legal Counsel William Thro.

Mr. Thro discussed the recommendation coming before the Board and described it as a plan that will result in the University of Kentucky and King's Daughters becoming part of one family. He detailed the structure of the transaction and the items the Board will be asked to approve including:

- Authorize and approve the transaction to acquire King's Daughters Health System making them part of the University of Kentucky family.
- Designate Royal Blue Health LLC and all the subsidiary corporations of Royal Blue Health LLC, to be affiliated corporations of the University of Kentucky.
- Appoint the board for Royal Blue Health LLC after member substitution, which will consist of six University of Kentucky senior administrators as well as four long-standing board members from KDHS who will continue to provide insight from the Ashland community that has been essential to KDHS' success.
- Designate all employees of Royal Blue Health LLC and all the subsidiaries as public employees. They will not be employees of the University of Kentucky, rather all of them will be employees of an affiliated corporation of the University of Kentucky.
- Designate every person who is involved in healthcare or the provision of healthcare for Royal Blue Health LLC or any of the affiliated corporations as agents of the University of Kentucky for medical malpractice purposes, subject to regulatory approvals.

Mr. Thro transitioned to President Capilouto to introduce the recommendation.

PR 1 Approval of the University of Kentucky's Acquisition of Royal Blue Health LLC and All Its Subsidiary Corporations

President Capilouto introduced PR 1, a recommendation that the Board of Trustees approve the University of Kentucky's Acquisition of Royal Blue Health LLC and all its subsidiary corporations.

Chair Vance asked for a motion to approve PR 1. Trustee Shoop moved approval and Trustee Berry seconded the motion. The motion carried without dissent. (See PR 1 on the Board of Trustees website, www.uky.edu/Trustees, under "Agenda")

D. Adjournment

Chair Vance reminded the Board that because this was a special meeting for a single purpose, it was inappropriate to consider other business; the meeting was adjourned at 10:22 a.m.

Respectfully submitted,



Rachel Watts Webb,
Secretary