



Schedule for March 3, 2009
Board of Trustees

**Trustees are invited to attend all meetings.
All meetings are in the Jefferson Room.**

1:00 p.m.

Academic & Student Affairs Committee

(Hughes, Spencer, Butt, Laning, Selvidge, Loving, Snowden)

**Immediately
Following:**

Finance Committee

(Jackson, Selvidge, Butt, Spencer, Minnifield, Scoppechio, Stone)

Personnel Committee

*(Handmaker, Fryrear, Abrams, Hughes, Laning, Loving,
Minnifield)*

ACADEMIC & STUDENT AFFAIRS COMMITTEE
UNIVERSITY OF LOUISVILLE BOARD OF TRUSTEES

1:00 p.m., March 3, 2009
Jefferson Room, Grawemeyer Hall

Open Session Agenda

- | | | | Tab |
|------|---|-------------|-----|
| I. | Call to Order | Hughes | |
| | • Approval of Minutes, January 14, 2009 | | 1 |
| II. | Information Item: Report of the Ad Hoc Grievance Process Review Committee | Willihnganz | |
| III. | Other Business | | |
| IV. | Adjournment | | |

Committee Members:
Robert Curtis Hughes, Chair
Rudy Spencer, Vice Chair
Ron Butt
Melissa Laning
Bill Selvidge
Jessica Loving
Sandy Metts Snowden

FINANCE COMMITTEE
UNIVERSITY OF LOUISVILLE BOARD OF TRUSTEES

March 3, 2009
Jefferson Room, Grawemeyer Hall

Open Session Agenda

		Tab
I.	Call to Order	Jackson
	• Approval of Finance Committee Minutes, January 14, 2009	1
II.	Information Item: Interim Financial Statements for Period Ending December 31, 2008	Curtin 2
III.	Action Item: Approval of Banking Resolution	Curtin 3
IV.	Information Items:	
	• Audit of College of Education and Human Development	Barker 4
	• Task Force Report on Cotton & Allen Recommendations	Barker
V.	Other Business	
VI.	Adjournment	

Finance Committee Members:

Rebecca Jackson, Chair
Bill Selvidge, Vice Chair
Ron Butt
Rudy Spencer
Frank Minnifield
Debbie Scoppechio
Bill Stone

PERSONNEL COMMITTEE
UNIVERSITY OF LOUISVILLE BOARD OF TRUSTEES

March 3, 2009
Jefferson Room, Grawemeyer Hall

Open Session Agenda

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I.	Call to Order	Handmaker
	• Approval of Minutes, February 5, 2009	1
II.	Executive Session	Handmaker
	• Motion to Recess to discuss personnel matters pursuant to KRS 61.810(1)(f)	
III.	Open Meeting Reconvenes	Handmaker
	• Report on Executive Session	
	• Appropriate action, if any	
IV.	Other Business	
V.	Adjournment	

Committee Members:
Margaret Handmaker, Chair
Brent Fryrear, Vice Chair
Marie Abrams
Robert Curtis Hughes
Melissa Laning
Jessica Loving
Frank Minnifiend

MINUTES OF THE MEETING OF THE ACADEMIC & STUDENT AFFAIRS COMMITTEE
OF THE UNIVERSITY OF LOUISVILLE BOARD OF TRUSTEES

In Open Session

Members of the Academic & Student Affairs Committee of the University of Louisville Board of Trustees met at 1:55 on Wednesday, January 14, 2009, in the Jefferson Room of Grawemeyer Hall, on Belknap Campus, with members present and absent as follows;

Present: Dr. Robert Curtis Hughes, Chair
Mr. Rudy Spencer
Prof. Melissa Laning (departed at 3:00 p.m.)
Dr. Bill Selvidge
Ms. Jessica Loving
Ms. Sandy Metts Snowden

Absent: Mr. Jonathan Blue

Other Trustees

Present: Ms. Marie Abrams
Mr. Ron Butt
Mr. Brent Fryrear
Dr. Salem George
Ms. Margaret Handmaker
Ms. Rebecca Jackson
Mr. Frank Minnifield
Ms. Brucie Moore
Mr. Steve Poe
Ms. Debbie Scoppechio (departed at 2:15 p.m.)
Mr. Bill Stone

Via Conference

Call: Mr. Owsley Frazier

From the

University: Dr. James R. Ramsey, President
Dr. Shirley Willihnganz, Executive Vice President and Provost
Dr. Larry Cook, Executive Vice President for Health Affairs
Dr. Manuel Martinez, Executive Vice President for Research (arrived at 2:15 p.m.)
Mr. Keith Inman, Vice President for University Advancement
Mr. Mike Curtin, Vice President for Finance
Mr. Larry Owsley, Vice President for Business Affairs
Ms. Priscilla Hancock, Vice President for Information Technology
Ms. Angela Koshewa, University Counsel
Dr. Mordean Taylor-Archer, Vice Provost

Ms. Terri Rutledge, Associate Vice President for Business Affairs
Mr. David Barker, Director of Audit Services
Ms. Susan Ingram, Director of Budgets
Mr. John Drees, Associate VP for Communications & Marketing
Mr. Jason Tomlinson, Associate VP for Finance
Ms. Kim Maffet, Interim Vice President for Human Resources
Ms. Anne Rademaker, Manager, General Accounting and Reporting
Ms. Carolyn Cochran, Assistant to the Provost
Mrs. Kathleen M. Smith, Assistant Secretary
Mrs. Debbie Dougherty, Board Liaison

I. Call to Order

Having determined a quorum present, Chair Hughes called the meeting to order at 1:55 p.m.

Approval of Minutes, October 2, 2008

Dr. Selvidge made a motion, which Ms. Loving seconded, to approve the minutes of October 2, 2008. The motion passed.

II. Action Item: Approval of the Creation of a Graduate Certificate in Network and Information Security

Executive Vice President and Provost Willihnganz reported this action would create a graduate certificate in Network and Information Security beginning with the Summer term, 2009. This program will provide structured graduate and post-baccalaureate study and will address the need for trained professionals in the field of information security. It will consist of 12 hours including two required courses from the Computer Engineering and Computer Science (CECS) department, and two elective courses selected from a list of relevant courses in CECS department.

The certificate is a stand-alone program targeted for security professionals. Severe need exists for security experts; very few certificate programs are available to satisfy this need. This certificate will serve as a concentration within the Master's degree in Computer Science. Students in the Master of Engineering in Computer Engineering and Computer Sciences program and in the Computer Science and Engineering Ph.D. program could also complete the certificate. Ms. Snowden made a motion, which Ms. Loving seconded, to approve the

President's recommendation that the Board of Trustees approve the creation of a Graduate Certificate in Network and Information Security in the J.B. Speed School of Engineering.

The motion passed.

III. Action Item: Authorize the Implementation, As Appropriate, the Management Recommendations Identified by the Ad Hoc Committee on Administrative Policies for Collegial Governance

As directed by the Board last Fall, President Ramsey appointed an ad hoc committee to review managerial and administrative practices that affect collegial governance within the University. The committee completed its review and submitted recommendations to the Provost. President Ramsey said he and Dr. Willihnganz support the recommendations, a copy of which was emailed to board members last week. With the Board's endorsement, the University will implement practices, where appropriate, and bring to the Board any policy revision or new policy recommendations for approval. Dr. Willihnganz highlighted findings in the report. Prof. Laning made a motion, which Dr. Selvidge seconded, to approve the

President's recommendation that the Board authorize the President or his designee to implement, as appropriate, the management recommendations identified by the Ad Hoc Committee on Administrative Practices and Policies related to Collegial Governance and to bring back to the Board any policy revisions or new policies to be considered.

The motion passed.

IV. President's Report

Update on Children's Health Initiative

President Ramsey introduced Dr. David Tollerud, Chair of the Department of Environmental and Occupational Health Sciences in UofL's School of Public Health and Information Sciences. Dr. Tollerud is the senior investigator on this project and has extensive clinical training, with specialty board certifications in internal medicine, pulmonary and critical care medicine, and environmental and occupational medicine, with a long-standing interest in the health of disadvantaged and underserved populations.

Dr. Tollerud's research interests include the effects of environmental pollution on asthma and other health problems, particularly among children and inner-city disadvantaged populations. A second area of research interest is strategies to prevent work-related injury and illness. His background includes working with veterans groups and the U.S. government to understand the health effects of Agent Orange and working with several groups involved in evaluating environmental cleanup.

Dr. Tollerud explained he was working on a project to understand health effects of occupational exposures among workers at the Department of Energy facility in Paducah, Kentucky in collaboration with the University of Cincinnati and University of Kentucky. Also, he is the co-principal investigator for the National Children's Study, a 20 year project to understand factors that affect children's health from conception through age 21.

Dr. Tollerud noted community outreach and environmental education, particularly to African American and Hispanic communities, also was an important and growing focus of his activities. Chair Hughes thanked Dr. Tollerud for an excellent presentation.

Update on Financial Aid Changes

President Ramsey asked Provost Willihnganz and Financial Aid Director, Pat Arauz to explain changes to the financial aid offered to students. Provost Willihnganz explained that current practice for UofL students and parents includes processing federal loans through private lenders and service providers of the Federal Family Education Loan Program (FFELP). Until last year, lenders offered attractive options for our students. Ms. Arauz explained recent volatility in the national credit markets and reductions in federal subsidies available to lenders participating in FFELP have led many lenders and service providers 1) to stop offering borrower discounts; or 2) to discontinue participation in KHEAA FFELP altogether. Tighter credit scrutiny makes it harder for student and parents to obtain loans, plus colleges can no longer direct students to recommended lending institutions. In the Direct Loan Program, the U.S. Department of Education acts as the lender, providing funds for Stafford and PLUS loans. Since borrowing is directly through the federal government, loan availability is not expected to be affected by the credit market turmoil. Ms. Arauz summarized the following highlights:

- Federal Government is the lender
- No Need to review a lender list and choose a lender
- No concern about lenders changing their benefits, withdrawing from the program or having problems with financing
- Not subjected to constant marketing campaigns by lenders
- Department of Education website provides a single site for signing Master Promissory Notes and Entrance Counseling
- Lower interest rate on Grad PLUS and Parent PLUS loans – 7.9% vs. 8.5%
- Loans are never sold-students always know who holds their loans
- All loan servicing is through the federal government
- Consolidation loan options are available
- Income-contingent repayment plan offered

Ms. Arauz discussed the following concerns:

- Affect on state aid programs and KHEAA administrative budget
- Inconvenience for students who must process a new Master Promissory Note and complete new Entrance Counseling
- Adaptation of university systems

Provost Willihnganz noted this update was provided as information to the committee; she will continue to review.

Update on Energy Initiative

On January 26, Gov. Steve Beshear announced the State entered into an agreement with the University of Louisville to operate Kentucky's Center for Renewable Energy Research and Environmental Stewardship. At that time, Henry and Rebecca Conn were recognized as the largest private donor to UofL or any public Kentucky university to support the center's work. They pledged more than \$20 million to the Speed School of Engineering to support this research direction. The center will be named the Conn Center for Renewable Energy Research and Environmental Stewardship in their honor. Dr. Ramsey said the Kentucky General Assembly created the center in 2007 to provide leadership, research, support and policy development in renewable energy. A governor-appointed board will set priorities for renewable energy research. Dr. Ramsey introduced Dean Wilhelm to discuss this initiative further.

Dean Wilhelm reported that UofL has expertise to address the use of wind, solar, geothermal, and biomass resources; energy storage; and the logistics and distribution challenges for new energy sources. The center's mission will include promoting partnerships among the state's colleges and universities, private industry and nonprofit organizations to pursue actively federal research and development resources that are dedicated to renewable energy. Dr. Ramsey compared the University's commitment to pioneer this research which could lead to USA energy independence with that of the University's quest to find answers to cancer at the James Graham Brown Cancer Center. The University has attracted researchers who have invented the vaccine for cervical cancer and have 20-plus cancer-curing drugs in the pipeline. The University will pursue the task of providing clean, affordable energy for the future in the same innovative fashion. Chair Hughes thanked President Ramsey and Dean Wilhelm for an excellent report.

Update from the President

Through a Powerpoint, the President updated the Committee regarding 2008-09 goals. Highlights of the progress made in 2008 include: the average ACT score for all entering freshmen was 24.4; 2,298 undergraduate degrees awarded and 151 doctoral degrees awarded; the University currently has 131 endowed chairs, and federal research expenditures reached \$148.9 million. Major research grants awarded since the beginning of FY 2008-09 include:

Date	Award	Amount (in Millions)
July 1	NIH Cancer Research Grant	\$10.1
July 31	NIH Birth Defects Research Grant	10.3
Oct. 1	NSF Education Research Grant	3.1
Oct. 3	NIH National Children's Study Grant	13.1
Oct. 22	NIH Diabetes and Obesity Research Grant	11.6
Oct. 27	NSF Nanotechnology Research Grant	5.9
	Total:	\$54.1

President Ramsey reported philanthropic support from donors was at \$86.5 Million. He recapped top gifts and pledges to date:

Purpose	Amount
James Graham Brown Foundation	\$20,000,000
Forcht Center for Entrepreneurship	\$3,000,000
UofL Stroke Program	\$2,000,000
Crohn's Disease Program enhancement fund	\$2,000,000
Lehn Professorship in Clinical Nutrition	\$1,000,000
BB&T Distinguished Professor Fund	\$1,000,000
Conn Scholarships for Speed School students	\$1,000,000
Norton Healthcare Pediatric Surgery research	\$1,000,000
Keirce Scholarship Fund	\$650,000
Speed School building renovation	\$600,000
Wellpoint Foundation Louisville Healthy Heart Project	\$600,000
Cardiovascular Innovation Institute expansion project	\$500,000
Stadium expansion	\$500,000
Total	\$33,850,000

President Ramsey stated that Kentucky was among the 44 states in the country facing budget shortfalls. The University continues to keep its momentum for moving forward despite grave budget problems. During 2008, employment has dropped significantly in Kentucky. Manufacturing jobs have greatly declined in the last nine years. The education and health services employment market has grown. President Ramsey summarized the extent the University has faced in state-mandated budget cuts since FY 2001-02. He further cited the state revenue shortfall to be predicted at \$456 million. He noted the expected impacts of state-mandated budget cuts and threats created:

- Will reduce graduation and retention rates
- Admissions Office – threatens attraction of quality new and transfer students
- Slows recruiting in state, especially among neediest
- Limited or reduced need and merit-based aid
- Increased tuition and other student fees
- Reduced overall student services
- Reduced funding support to recognized student organizations
- Delayed renovation and/or construction of student housing
- Reserves are dangerously low
- Increasingly dependent on sources of one-time money for long-term needs
- Operating expenses based on increased tuition and deferred maintenance
- Faculty/teacher ratios continue to rise, threatening future quality of programs
- Losing ability to attract and retain talented faculty
- Postponed hiring research faculty positions
- Implemented research faculty hiring freeze
- Reduced research budget
- Severely impacts the growth of the research mission

- Less economic development
- Fewer business start-ups
- Inhibits reaching 2020 goals of \$400 million in sponsored research activity
- Slows progress toward key achievements such as National Cancer Institute (NCI) designation

President Ramsey reiterated the University's priorities for the 2009 legislative session:

- New revenue
- Retain Bucks for Brains
- Translational research funds
- Approve construction of classroom buildings
 - Student recruitment
 - Revenue generation
 - Construction jobs
- Provide maintenance and operation funds
- Don't tie hands on tuition

Dr. Ramsey discussed the upcoming Cancer Center gift announcement. He noted the University's achievement of the Carnegie Foundation for the Advancement of Teaching's highest ranking in community engagement:

- Recognizes schools that have addressed community-identified needs, deepened students' civic and academic learning, and enhanced the well-being of the community
- One of three Kentucky schools to receive the highest ranking in 2008 (Berea, ECU)

President Ramsey recognized Dr. Mordean Taylor-Archer for her role in the University's achieving eight of its eight goals on diversity. He noted that on December 17, 2008, the ribbon-cutting ceremony took place for two new roads on Shelby Campus. Upcoming events include:

- Kentucky Author Forum
 - Malcolm Gladwell Jan. 22 (sold out)
 - Michael Kinsley Jan. 29
 - Elizabeth Gilbert Feb. 26
- Press Conference with the Governor Jan. 26
- Press Conference School of Public Health Jan. 29
- CPE visit Jan. 29
- GLI higher education luncheon TBD
- Frankfort student rally Feb. 3

Chair Hughes thanked President Ramsey for an excellent report.

V. Adjournment

Dr. Selvidge made a motion, which Ms. Loving seconded, to adjourn the meeting at 3:25 p.m. The motion passed.

Ms. Susan Ingram, Director of Budgets
Mr. John Drees, Associate VP for Communications & Marketing
Mr. Jason Tomlinson, Associate VP for Finance
Ms. Kim Maffet, Interim Vice President for Human Resources
Ms. Anne Rademaker, Manager, General Accounting and Reporting
Ms. Carolyn Cochran, Assistant to the Provost
Mrs. Kathleen M. Smith, Assistant Secretary
Mrs. Debbie Dougherty, Board Liaison

I. Call to Order

Having determined a quorum present, Chair Jackson called the meeting to order at 1:00 p.m. Mr. Frazier, who was on teleconference, wished the board members well in progressing through the agenda and apologized for not being able to attend in person.

Approval of Minutes, October 2, 2008

Mr. Butt made a motion, which Mr. Minnifield seconded, to approve the minutes of October 2, 2008. The motion passed.

II. Information Item: Interim Financial Statements through 9/30/08

Vice President Curtin reviewed the interim financial statements for period ending September 30, 2008. Mr. Curtin noted the University remained in a strong financial position, with assets of \$1,166 million and net assets of \$757 million. He said overall revenues were on budget, with 39% of budgeted revenue recognized as of September 30, 2008. Mr. Curtin noted this was slightly more than the expected 25% due to the cyclic nature of tuition revenue. Approximately 52% of tuition revenue and fee budgeted revenue has been recognized. This is due to the fact that Fall and Spring tuition comprise approximately 93% of total tuition, and as of September 30, 2008, half of this (the Fall semester) has been realized. The majority of the revenue budgeted for clinical and hospital revenue is the \$11 million of expected revenue from the surplus cash of University Medical Center, Inc. This revenue was not recognized until received, or on June 30, when a receivable is established based on information from the University Medical Center, Inc.

Mr. Curtin reviewed expenses, noting overall expenses match closely with budget as there was 74% of the budget remaining for the remainder of the year. Due to the timing of the tuition charges, approximately 52% of the budget for scholarships has been used. The service centers have offset their expenses with approximately \$8 million in charges to other departments. The majority of the debt payments were due in November and May of each year. As of September 30, 2008, only one interest payment related to the General Receipts Series A Bond had been made. Chair Jackson thanked Vice President Curtin for the report and noted no action was required.

III. Action Item: Approval of Resolution to Permit the VP for Business Affairs to Act as Agent in Matters Relating to Federal Disaster Assistance with the Storm Damage of September 2008

Vice President Owsley reported the University suffered damages as a result of the windstorm of September 14, 2008. This resolution will allow the University to file for federal assistance funding for any damages not recovered from the insurance company. Mr. Butt made a motion, which Ms. Scoppechio seconded, to approve the

President's recommendation that the Board of Trustees approve the adoption of the resolution hereto as Exhibit A in order to permit the Vice President for Business Affairs to act as agent to provide to the State and to the Federal Emergency Management agency (FEMA) for all matters relating to such Federal disaster assistance the assurances and agreements outlined on the attached document.

The motion passed.

IV. Information Item: Update on the Follow Up to Cotton & Allen Recommendation

Mr. Barker reported the College of Education and Human Development audit was completed in November. He met with Dean Hasleton and staff of the college in December to review the report in detail and was waiting for Dr. Hasleton's reply. President Ramsey created a task force which included Mr. Barker, Dr. Bhatnagar, Executive Vice President for Research Martinez, Vice Presidents Curtin, Owsley, and Hancock, and Trustee Brent Fryrear to address the recommendations identified by the Cotton & Allen report. The process was going well. Some of the recommendations already had been reviewed with plans developed to address them. The task force concluded the following:

- Policies and procedures of the University appear to be consistent with best practices of other universities
- Application of policies and procedures could be fine-tuned
- Future growth could present issues with University's current infrastructure; the recommendations they made centered around these.

Mr. Barker explained the task force didn't want to be reactionary, but comprehensive in its framework. Cotton & Allen created the following recommendations in six major categories, and the Task Force will proceed as follows with its work plan:

1. Principal investigators

Enhanced oversight, particularly where the dean is the Principal Investigator, will be provided and recommended additional grant training to chairs and Principal Investigators. The Task Force also wants to improve financial reporting for the Principal Investigators so they know at any given point the financial status of a

2. Conflicts of interest

There is a need to create a system to ensure all Conflict of Interest forms are submitted, and there needed to be a robust monitoring system to ensure accuracy with reasonable follow up. The Task Force determined enhanced communication to stress this importance was needed.

3. Restructuring Opportunities

The “front office” and “back office” concept for grants management, noting that Vice President Curtin’s office supplied the “front office” work, while EVP Martinez’s office provided the “back office” function, needs integration. Although this split was not uncommon, Cotton & Allen recommended merging those two functions under one responsible area.

4. Enhance Reporting

Mr. Barker assessed the need to develop a reporting mechanism to provide more concise and timely information and the need to look at Peoplesoft to capture more meaningful data.

5. Unit Business Managers

The Task Force is in the process of developing and recommending training for staff who administer grants and a database for faculty where they may go for questions about grants.

6. Procurement Card

The University has a system of controls, process for each department/unit where someone other than the cardholder reviews the statement and determines validity of those expenses. He noted this was a good system of internal controls and the Task Force wants to make sure all departments are following the system. The Task Force suggested with the volume of procurements card used at the University, the process has begun to review and possibly eliminate some that are either not utilized or are underutilized.

Mr. Barker stated the Task Force will recommend a timeline for implementation along with resources to accomplish goals. In order to implement all recommendations, it will be important for management to identify the resources needed and to determine how to allocate them. Of the three critical success factors, the most important will be determining responsibility for implementation. Mr. Barker anticipated the Task Force will complete its work in February and submit its report to the President Ramsey. Chair Jackson thanked Mr. Barker for the progress report.

V. Other Business

There was no other business.

VI. Adjournment

Mr. Butt made a motion, which Mr. Spencer seconded, to adjourn the meeting at 1:55p.m. The motion passed.



UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS

**Financial Statements
December 31, 2008 and 2007**

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