Schedule for March 6, 2014

Board of Trustees

Trustees are invited to attend all meetings.

Jefferson Room, Grawemeyer Hall

10:30 a.m.	**Audit Committee**
11:00 a.m.	**Pre-Meeting Workshop: Economic Development**
1:00 p.m.	**Finance Committee**
Immediately Following:	**Academic and Student Affairs Committee**
Immediately Following:	**Personnel Committee**

AUDIT COMMITTEE
UNIVERSITY OF LOUISVILLE BOARD OF TRUSTEES

March 6, 2014

Jefferson Room
Grawemeyer Hall

Open Session Agenda

			Tab
I.	Call to Order	Moore	
	• Approval of Minutes, November 21, 2013		1
II.	Information Item: Strothman + Co. Update	Moore	
IV.	Adjournment		

Committee Members:
Brucie Moore, Chair
Bruce Henderson, Vice Chair
Marie Abrams
Douglas Hall
Jody Prather

MINUTES OF THE AUDIT COMMITTEE OF THE UNIVERSITY OF LOUISVILLE BOARD OF TRUSTEES MEETING

November 21, 2013

In Open Session

Members of the Audit Committee of the University of Louisville Board of Trustees met at 10:02 a.m. on November 21, 2013, in the President's Suite of Papa John's Cardinal Stadium, with members present and absent as follows:

Present: Ms. Brucie Moore, Chair
Mr. Robert P. Benson, Vice Chair
Mr. Jonathan Blue (arrived at 10:20 a.m.)
Mr. Ron Butt
Ms. Angela Lewis-Klein (arrived at 10:15 a.m.)
Mr. Douglas Hall
Dr. Jody Prather

Other Trustees Present: Dr. Larry Benz
Dr. Emily Bingham
Mr. Stephen Campbell
Mr. Bruce Henderson
Dr. Robert Curtis Hughes
Mr. Robert W. Rounsavall, III
Dr. Joe Steffen

From the University: Dr. James R. Ramsey, President
Dr. Shirley Willihnganz, Executive Vice President and Provost
Ms. Susan Howarth, Director of Budgets
Ms. Angela D. Koshewa, University Counsel
Mr. Gary Mans, Director, HSC Communications and Marketing
Mr. Dave Barker, Assoc. VP, Audit Services
Ms. Cheri Jones, Director, Audit Services
Mr. Dale Billingsley, Vice Provost
Ms. Anne Rademaker, Program Director, Controller's Office
Mr. Jason Tomlinson, Asst. VP for Finance
Ms. Terri Rutledge, Asst. VP for Business Affairs
Ms. Becky Simpson, Senior Assoc. VP for Communication and Marketing
Ms. Cynthia Hess, Director, Communication and Marketing
Mrs. Kathleen Smith, Assistant Secretary
Mr. Jake Beamer, Board Liaison

Guests: Mr. Bill Meyer, Strothman + Co.
Mr. Jason Aberli, Strothman + Co.
Ms. Jennifer Williams, BKD
Ms. Mary McKinley, BKD

I. Call to Order

Having determined a quorum present, Chair Moore called the meeting to order at 10:02 a.m.

Approval of Minutes, November 21, 2013

Mr. Benson made a motion, which Mr. Butt seconded, to approve the minutes of November 21, 2013. The motion passed.

II. Information Item: Discussion with Strothman and Company

Chair Moore introduced Bill Meyer and Jason Aberli from Strothman and Company, the independent CPA firm selected for the special engagement.

Mr. Meyer share with the Audit Committee the firm's approach to the assignment. It included six key areas: a review of work done by the University's internal audit services; internal audit's current operations; surveying banks within a 50-mile radius; assessing internal controls over disbursements related to check signing and wire transfers; a review of Dean Dorton Allen Ford, Inc.; and reviewing controls over vendor processes.

Chair Moore thanked Mr. Meyer for his report. She noted Strothman would update herself, the Audit Committee, and Kathleen Smith, Assistant Secretary to the Board of Trustees.

This item was for information purposes only, and no action was taken.

III. Action Item: Approval of

- Internal Audit Plan for FY 14
- ULRF Audit; A-133 Audit
- ULMSF Audit

Mr. Barker and Ms. Jones briefed the board on the Internal Audit Plan for FY 14 and fielded its questions.

Mr. Benson made a motion, which Mr. Butt seconded, to approve the

> **President's recommendation that the Board of Trustees approve the attached Audit Services project plan for 2013-14.**

The motion passed.

Action Item: Approval of ULRF Audit; A-133 Audit

Ms. Howarth briefed the board and gave a presentation of high level items on the audit and financial statements. She stated that the ULRF received an unmodified

opinion which represented a "clean audit." Ms. McKinley and Ms. Williams discussed the ULRF financial statement's detail with regard to new auditing standards. They also briefed the board on the A-133 Audit. Ms. Howarth noted corrective action was taken for a natural weakness because of Financial Aid; in a sample of 25 items, student data had not been input properly for four accounts. Provost Willihnganz introduced Mr. Dale Billingsley, Vice Provost, who had retrained the entire Financial Aid staff on the new standards, and implemented a safety net to avoid similar mistakes.

Mr. Hall made a motion, which Dr. Prather seconded, to approve the

> **President's recommendation that the Board of Directors of the University of Louisville Research Foundation, Inc. approve the attached financial statement for the period ending June 30, 2013 and Independent Auditor's Report.**

and to approve the

> **President's recommendation that the Board of Directors of the University of Louisville Research Foundation, Inc. approve accept the attached Consolidated Schedule of Expenditures of Federal Awards and Other Reports Required by OMB Circular A-133 for the Year Ended June 30, 2013.**

The motions passed.

Action Item: Approval of the ULMSF Audit

Ms. Howarth briefed the board on the University of Louisville Medical School Fund, Inc. audited financial statements for the period ending June 30, 2013. The held an unmodified opinion, or "clean audit." Ms. Howarth, Ms. McKinley, and Ms. Williams fielded questions from the Board.

Mr. Benson made a motion, which Mr. Butt seconded, to approve the

> **President's recommendation that the Board of Directors approve the attached audited financial statements for the period ending June 30, 2013 and Independent Auditor's Report.**

The motion passed.

IV. Executive Session

Pursuant to KRS 61.810(1)(c), Mr. Butt made a motion, which Mr. Hall seconded, to go into executive session to discuss potential litigation. The motion passed.

V. Reconvene Open Session

Chair Moore reconvened the open session at 1:08 p.m. and reported that the committee discussed a potential litigation. No action was taken.

VI. Adjournment

Ms. Lewis-Klein made a motion, which Mr. Blue seconded, to adjourn the meeting at 1:09 p.m.

The motion passed.

Approved by:

_____

Assistant Secretary

PRE-MEETING WORKSHOP: ECONOMIC DEVELOPMENT

UNIVERSITY OF LOUISVILLE
BOARD OF TRUSTEES

March 6, 2014

Jefferson Room
Grawemeyer Hall

I. Introduction — Ramsey
- Changing Expectations of the Academy
  - Building New Economic Clusters with Research and Intellectual Property
  - Economic Development Recruitment Efforts for New Business Industries
  - Efforts to Retain Existing Jobs Within the Community
  - Enhancing Overall Quality of Life in the Community

II. Healthcare/Life Sciences — Brown
- Update from 2013 Board Retreat
- Role of Nucleus in Building Vibrant Life Science Sector/Economic Cluster
- Introduce John Moore, CEO, Atria Senior Living Group

III. Belknap Research Park — Pinto
- Update on Project Development and Belknap Research Park
- Introduce Chip Blankenship, President/CEO, GE Home & Business Solutions

IV. ShelbyHurst — Smith
- History and Overview
- Introduce Brian Lavin, President/CEO, NTS Development Company

FINANCE COMMITTEE
UNIVERSITY OF LOUISVILLE BOARD OF TRUSTEES

March 6, 2014

Jefferson Room
Grawemeyer Hall

			Tab
I.	Call to Order	Wood	
	• Approval of Minutes, 1-9-2014		1
II.	Action Item: Approval of Bond Refinancing	Wood	
	• Medical Laundry Facility		2
	• Steam and Chilled Water Plant		3
III.	Information Item: Interim Financial Statements	Howarth	4
IV.	Adjournment		

Committee Members:
Phoebe Wood, Chair
Larry Benz
Stephen Campbell
Kevin Cosby
Carrie Mattingly
Robert Rounsavall
Joe Steffen

MINUTES OF THE FINANCE COMMITTEE OF THE
UNIVERSITY OF LOUISVILLE BOARD OF TRUSTEES

January 9, 2014

In Open Session

Members of the Finance Committee of the University of Louisville Board of Trustees met at 3:52 p.m. on January 9, 2014, in the Press Lounge of Papa John's Cardinal Stadium, with members present and absent as follows:

Present: Ms. Phoebe Wood, Chair, via phone
Dr. Larry Benz, Vice Chair
Mr. Stephen Campbell
Ms. Carrie Mattingly
Mr. Robert W. Rounsavall, III
Dr. Joe Steffen

Absent: Dr. Kevin Cosby

Other Trustees
Present: Mr. Robert P. Benson
Mr. Douglas Hall
Mr. Bruce Henderson
Dr. Robert Curtis Hughes
Ms. Angela Lewis-Klein
Ms. Brucie Moore

From the
University: Dr. James R. Ramsey, President
Dr. David Dunn, EVP for Health Affairs
Dr. William Pierce, EVP for Research and Innovation
Ms. Angela D. Koshewa, University Counsel
Mr. Jason Tomlinson, Asst.Vice President for Finance
Dr. Tom Jackson, Vice President for Student Affairs
Mr. Keith Inman, Vice President for University Advancement
Mr. Sam Connally, Vice President for Human Resources
Dr. Priscilla Hancock, Vice President for Information Technology
Ms. Becky Simpson, Senior Assoc. VP, Communications and Marketing
Ms. Susan Howarth, Director of Budget, Vice President for Finance
Mr. Mitchell Payne, Asst. Vice President for Business Affairs
Ms. Anne Rademaker, Manager, General Accounting and Reporting
Mrs. Kathleen Smith, Assistant Secretary
Mrs. Trisha W. Smith, Director of Special Projects
Mr. Jake Beamer, Board Liaison

I. Call to Order

Having determined a quorum present, Vice Chair Benz called the meeting to order at 3:52 p.m.

- Approval of Minutes, 10-10-2013

Dr. Steffen made a motion, which Mr. Campbell seconded, to approve minutes of October 10, 2013. The motion passed.

II. Adjournment

Ms. Mattingly made a motion, which Mr. Rounsavall seconded, to adjourn the meeting at 4:00 p.m. The motion passed.

RECOMMENDATION TO THE BOARD OF TRUSTEES OF
THE UNIVERSITY OF LOUISVILLE CONCERNING THE ISSUANCE OF
LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT, KENTUCKY, ("METRO GOVERNMENT") LOUISVILLE MEDICAL CENTER TAXABLE REVENUE BONDS, SERIES 2014

Finance Committee – March 6, 2014
Board of Trustees - April 10, 2014

RECOMMENDATION:

The President recommends that the Board of Trustees adopt the Resolution attached hereto as Exhibit A for the purposes of:

1. approving the issuance by Metro Government of taxable revenue bonds in one or more series for the purpose of equipping and renovating the central medical laundry facility operated by Louisville Medical Center, Inc. (the "Laundry") in the amount of $1,000,000.

2. authorizing officers of the University of Louisville (the "University") to approve and execute all documents necessary to accomplish such issuance.

ACTION:
Passed: _____
Did not Pass: _____
Other: _____
Date: _____

_____
Assistant Secretary

EXHIBIT A
RESOLUTION OF THE BOARD OF TRUSTEES
(See attachment)

RESOLUTION OF THE BOARD OF TRUSTEES
OF UNIVERSITY OF LOUISVILLE

Finance Committee – March 6, 2014
Board of Trustees - April 10, 2014

Approval of Laundry Facility Bond Financing

WITNESSETH:

WHEREAS, the University of Louisville ("UofL") owns and operates healthcare and educational facilities located in downtown Louisville, Kentucky; and

WHEREAS, the Medical Center Commission of Louisville/Jefferson County Metro Government, Kentucky (the "Commission") owns a central medical laundry facility located at 1400 Story Avenue in downtown Louisville (the "Laundry") and operates the Laundry with the advice and assistance of Louisville Medical Center, Inc. ("LMC"); and

WHEREAS, UofL is a party to an Amended and Restated Central Laundry Services Contract dated as of October 1, 2012 (the "Laundry Contract"), whereby LMC and the Commission have agreed to provide medical laundry services to (i) UofL; (ii) Jewish Hospital & St. Mary's Healthcare, Inc.; (iii) Norton Healthcare, Inc.; and (iv) University Medical Center, Inc. (collectively, the "User Institutions") in exchange for the agreement of the User Institutions to pay the operating costs of the Laundry and the debt service of any revenue bonds issued by Metro Government to finance or refinance improvements to the Laundry; and

WHEREAS, LMC and the Commission desire to finance the acquisition, construction and installation of new air conditioning equipment, washing equipment, linen carts and related equipment and property or to permanently finance interim bank debt incurred to finance the same (the "Project") through the issuance by Metro Government of its Taxable Revenue Bonds, Series 2014 (Louisville Medical Center Laundry Facility Project) in one or more series in an approximate aggregate principal amount of $1,000,000 (the "2014 Bonds"); and

WHEREAS, the Board of Trustees of UofL desires to approve the issuance of the 2014 Bonds to finance the Project;

NOW THEREFORE, THE BOARD OF TRUSTEES OF THE UNIVERSITY OF LOUISVILLE HEREBY RESOLVES AS FOLLOWS:

Section 1. Incorporation of Preamble. The facts and recitations set out in the preamble of these Resolutions are adopted and incorporated as a part hereof, and the terms defined in said preamble shall have the same meanings when used herein.

Section 2. Approval of 2014 Bonds. The proposed financing of the Project to be achieved by Metro Government's issuance of the 2014 Bonds in one or more series is hereby approved and each, and any one, of the President, Secretary and Treasurer of UofL is authorized and directed to execute and deliver on behalf of UofL all documents necessary to accomplish such financing.

CERTIFICATE OF SECRETARY

I, Kathleen M. Smith, hereby certify that I am the duly elected, qualified and acting Assistant Secretary of the Board of Trustees of the University of Louisville, and I certify that the foregoing is a true and accurate copy of the Resolution of the Board of Trustees of the University of Louisville, adopted on April 10, 2014.

IN TESTIMONY WHEREOF, witness my signature on this 10th day of April, 2014.

_____

Assistant Secretary

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RECOMMENDATION TO THE BOARD OF TRUSTEES OF
THE UNIVERSITY OF LOUISVILLE CONCERNING THE REFUNDING OF
LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT, KENTUCKY,
LOUISVILLE MEDICAL CENTER TAX EXEMPT REVENUE BONDS, SERIES 2009

Finance Committee – March 6, 2014
Board of Trustees - April 10, 2014

RECOMMENDATION:

The President recommends that the Board of Trustees adopt the Resolution attached hereto as Exhibit A for the purposes of:

1. approving the issuance by Metro Government of taxable revenue refunding bonds in one or more series for the purpose of refunding the Louisville/Jefferson County Metro Government, Kentucky, Louisville Medical Center Tax Exempt Revenue Bonds, Series 2009 for the benefit of the Steam and Chilled Water Plant (the "Plant") in the approximate outstanding principal amount of $3,930,000; and

2. authorizing officers of the University of Louisville (the "University") to approve and execute all documents necessary to accomplish such refunding.

ACTION:
Passed: _____
Did not Pass: _____
Other: _____
Date: _____

_____
Assistant Secretary

EXHIBIT A
RESOLUTION OF THE BOARD OF TRUSTEES
(See attachment)

RESOLUTION OF THE BOARD OF TRUSTEES
OF UNIVERSITY OF LOUISVILLE

Finance Committee – March 6, 2014
Board of Trustees - April 10, 2014

Approval of Steam and Chilled Water Plant Bond Refunding

WITNESSETH:

WHEREAS, the University of Louisville ("UofL") owns and operates healthcare and educational facilities located in downtown Louisville, Kentucky; and

WHEREAS, Louisville Medical Center, Inc. ("LMC") owns a steam and chilled water plant located at 235 Abraham Flexner Way in downtown Louisville (the "Plant") and provides advice and assistance to the Medical Center Commission of Louisville/Jefferson County Metro Government, Kentucky (the "Commission"), which operates the Plant; and

WHEREAS, UofL previously entered into a User Contract dated as of April 23, 2002 by and among (i) UofL, (ii) the County of Jefferson, Kentucky (the "Predecessor County"), (iii) LMC, (iv) Jewish Hospital & St. Mary's Healthcare, Inc. ("JHSMH"), (v) Norton Healthcare, Inc. ("Norton"), (vi) University Medical Center, Inc. ("UofL Hospital") and (vii) Kentucky Community & Technical College System ("KCTCS") whereby LMC agreed to supply UofL, JHSMH, Norton, UofL Hospital and KCTCS (collectively, the "User Institutions") steam and chilled water from the Plant for purposes of providing heating and cooling to certain of the User Institutions facilities in exchange for the User Institutions' collective agreement to pay the operating costs of the Plant and the debt service of revenue bonds issued to finance or refinance improvements to the Plant (the "2002 Plant Contract"); and

WHEREAS, Louisville/Jefferson County Metro Government, Kentucky, as the statutory successor of the Predecessor County ("Metro Government"), previously issued its Louisville/Jefferson County Metro Government, Kentucky, Louisville Medical Center Tax Exempt Revenue Bonds, Series 2009 in the original principal amount of $6,550,000 (the "Original 2009 Bonds") in accordance with the requirements of the 2002 Plant Contract to finance improvements to the Plant; and

WHEREAS, Metro Government, LMC and the User Institutions previously entered into a First Supplemental User Contract dated as of October 1, 2011 to amend the 2002 Plant Contract (the "First Supplemental Plant Contract"); and

WHEREAS, Metro Government previously issued its Louisville/Jefferson County Metro Government, Kentucky, Louisville Medical Center Taxable Revenue Bonds, Series 2011 in the original principal amount of $11,000,000 (the "2011 Bonds") pursuant to the requirements of the 2002 Plant Contract, as amended, for the purpose of financing improvements to the Plant; and

WHEREAS, Metro Government previously issued its Louisville/Jefferson County Metro Government, Kentucky, Louisville Medical Center Tax Exempt Revenue Bonds, Series 2009 in

the original principal amount of $5,240,000 for the purpose of reissuing the Original 2009 Bonds with a lower interest rate (the "2009 Bonds"); and

WHEREAS, Metro Government, LMC and the User Institutions previously entered into a Second Supplemental User Contract dated as of October 1, 2012 to further amend the 2002 Plant Contract (the "Second Supplemental Plant Contract"); and

WHEREAS, Metro Government previously issued its Louisville/Jefferson County Metro Government, Kentucky, Refunding Revenue Bonds, Series 2012A (Louisville Medical Center, Inc. Steam and Chilled Water Plant Project) in the original principal amount of $7,510,000 (the "2012A Bonds") and its Louisville/Jefferson County Metro Government, Kentucky, Taxable Refunding Revenue Bonds, Series 2012B (Louisville Medical Center, Inc. Steam and Chilled Water Plant Project) in the original principal amount of $615,000 (the "2012B Bonds" and, together with the 2012A Bonds, the "2012 Bonds"), pursuant to the requirements of the 2002 Plant Contract, as amended by the First Supplemental Plant Contract and as further amended by the Second Supplemental Plant Contract (as amended, the "Plant Contract") for the purpose of refinancing improvements to the Plant; and

WHEREAS, the 2009 Bonds, the 2011 Bonds and the 2012 Bonds are all secured on a parity basis pursuant to the Plant Contract and their related bond trust indentures and the User Institutions have paid and continue to pay the debt service required for the 2009 Bonds, the 2011 Bonds and the 2012 Bonds to LMC pursuant to the requirements of the Plant Contract; and

WHEREAS, LMC and the Commission desire (i) to reduce the principal balance of the 2009 Bonds using remaining unused proceeds from the 2011 Bonds in an approximate amount of $1,000,000 and (ii) to refund the remaining principal balance of the 2009 Bond through the issuance by Metro Government of its Taxable Refunding Revenue Bonds, Series 2014 (Louisville Medical Center Steam and Chilled Water Plant Project) in one or more series of taxable bonds in an approximate aggregate principal amount of $3,000,000 (the "2014 Bonds") on a parity with the 2011 Bonds and the 2012 Bonds; and

WHEREAS, the Board of Directors of UofL desires to approve the refunding of the 2009 Bonds through the issuance of the 2014 Bonds;

NOW THEREFORE, THE BOARD OF TRUSTEES OF THE UNIVERSITY OF LOUISVILLE HEREBY RESOLVES AS FOLLOWS:

Section 1. Incorporation of Preamble. The facts and recitals set out in the preamble of these Resolutions are adopted and incorporated as a part hereof, and the terms defined in said preamble shall have the same meanings when used herein.

Section 2. Approval of Refunding of 2009 Bonds. The proposed refunding of the 2009 Bonds to be achieved by Metro Government's issuance of the 2014 Bonds in one or more series on a parity with the 2011 Bonds and the 2012 Bonds is hereby approved and each and any one of the President, Secretary and Treasurer of UofL is authorized and directed to execute and deliver on behalf of UofL all documents necessary to accomplish such refunding, including any certificates related thereto.

CERTIFICATE OF SECRETARY

I, Kathleen M. Smith, hereby certify that I am the duly elected, qualified and acting Assistant Secretary of the Board of Trustees of the University of Louisville, and I certify that the foregoing is a true and accurate copy of the Resolution of the Board of Trustees of the University of Louisville, adopted on April 10, 2014.

IN TESTIMONY WHEREOF, witness my signature on this 10th day of April, 2014.

_____

Assistant Secretary

UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS

Financial Statements
December 31, 2013 and 2012

Table of Contents:

Statements of Net Assets – Consolidating Schedule 1

Statements of Revenues, Expenses and Changes in Net Assets – Consolidating Schedule 2

Consolidated Highlights.....3

Budget vs. Actual Analysis.....5

UNIVERSITY OF LOUISVILLE
It's Happening Here.

University of Louisville and Affiliated Corporations
A Component Unit of the Commonwealth of Kentucky
Statements of Net Position
December 31, 2013 and 2012
(In Thousands)

	12/31/13				12/31/12			
	Total	**UL**	**ULRF**	**ULAA**	**Total**	**UL**	**ULRF**	**ULAA**
ASSETS								
Current Assets								
Cash and cash equivalents	**$ 56,709**	$ 26,494	$ 3,384	$ 26,831	**$ 108,261**	$ 51,198	$ 27,633	$ 29,430
Deposit with bond trustee and escrow agent	**11,105**	4,795	-	6,310	**12,824**	6,665	-	6,159
Short-term investments	**10,284**	10,284	-	-	**2,825**	2,825	-	-
Loans, accounts and contributions receivable, net	**143,418**	123,051	16,604	3,763	**153,128**	121,879	30,221	1,028
Due from University of Louisville Foundation, Inc.	**2,690**	2,690	-	-	**5,826**	5,826	-	-
Inventories	**1,118**	757	361	-	**1,096**	687	409	-
Other assets	**2,724**	1,981	55	688	**3,617**	2,370	97	1,150
Total current assets	**228,048**	170,052	20,404	37,592	**287,577**	191,450	58,360	37,767
Noncurrent Assets								
Restricted cash and cash equivalents	**28,865**	15,300	-	13,565	**51,648**	44,976	-	6,672
Deposit with bond trustee	**2,794**	2,757	-	37	**7,160**	6,361	-	799
Loans, accounts and contributions receivable, net	**46,666**	21,331	1,181	24,154	**39,305**	21,626	1,978	15,701
Due from University of Louisville Foundation, Inc.	**8,509**	8,509	-	-	**8,348**	8,348	-	-
Investments held with University of Louisville Foundation, Inc.	**34,538**	-	-	34,538	**35,119**	-	-	35,119
Other long-term investments	**33,748**	33,746	2	-	**25,978**	25,578	4	396
Other long-term assets	**2,438**	1,402	-	1,036	**2,777**	1,571	-	1,206
Capital assets, net	**876,859**	665,560	70,793	140,506	**878,870**	671,634	73,449	133,787
Total noncurrent assets	**1,034,417**	748,605	71,976	213,836	**1,049,205**	780,094	75,431	193,680
Total assets	**1,262,465**	918,657	92,380	251,428	**1,336,782**	971,544	133,791	231,447
LIABILITIES								
Current Liabilities								
Accounts payable and accrued liabilities	**68,170**	51,578	10,794	5,798	**91,133**	75,021	11,633	4,479
Deferred compensation and wages payable	**1,233**	-	-	1,233	**1,062**	-	-	1,062
Advances	**10,774**	466	9,698	610	**15,266**	505	14,442	319
Note payable to University of Louisville Foundation, Inc.	**200**	-	-	200	**200**	-	-	200
Bonds and notes payable	**23,184**	16,306	-	6,878	**24,365**	17,716	-	6,649
Total current liabilities	**103,561**	68,350	20,492	14,719	**132,026**	93,242	26,075	12,709
Noncurrent Liabilities								
Due to University of Louisville	**-**	(9,173)	-	9,173	**-**	(9,173)	-	9,173
Due to related entities	**316**	-	-	316	**316**	-	-	316
Note payable to University of Louisville Foundation, Inc.	**1,000**	-	-	1,000	**1,200**	-	-	1,200
Deferred compensation and wages payable	**7,329**	-	-	7,329	**8,135**	-	-	8,135
Deposits	**779**	779	-	-	**809**	809	-	-
Advances	**4,720**	1,377	-	3,343	**5,271**	1,762	-	3,509
Amounts due to federal government for student loan programs	**16,525**	16,525	-	-	**16,849**	16,849	-	-
Other long-term liabilities	**34,382**	25,542	7,980	860	**20,282**	12,768	6,753	761
Bonds and notes payable	**257,533**	191,725	-	65,808	**265,390**	207,704	-	57,686
Total noncurrent liabilities	**322,584**	226,775	7,980	87,829	**318,252**	230,719	6,753	80,780
Total liabilities	**426,145**	295,125	28,472	102,548	**450,278**	323,961	32,828	93,489
DEFERRED INFLOWS								
Derivative fair market value	**452**	-	-	452	**552**	-	-	552
Service concession arrangements	**5,559**	5,559	-	-	**6,671**	6,671	-	-
Total deferred inflows	**6,011**	5,559	-	452	**7,223**	6,671	-	552
NET POSITION								
Net investment in capital assets	**610,050**	456,119	70,459	83,472	**611,184**	467,542	73,465	70,177
Restricted for:								
Nonexpendable								
Scholarships and fellowships	**1,635**	-	-	1,635	**1,510**	-	-	1,510
Expendable								
Scholarships and fellowships	**771**	-	47	724	**700**	-	-	700
Research	**-**	(154)	154	-	**-**	-	-	-
Instruction	**10**	10	-	-	**-**	(602)	602	-
Public service	**148**	76	72	-	**290**	251	39	-
Academic support	**-**	(6)	6	-	**-**	(7)	7	-
Institutional support	**18,852**	16,658	-	2,194	**10,274**	8,237	-	2,037
Operation and maintenance of plant	**-**	-	-	-	**898**	(67)	965	-
Loans	**2,557**	2,557	-	-	**2,502**	2,502	-	-
Capital projects	**32,889**	26,629	-	6,260	**37,159**	33,578	-	3,581
Debt service	**22,044**	4,895	-	17,149	**28,415**	9,795	-	18,620
Unrestricted	**141,353**	111,189	(6,830)	36,994	**186,349**	119,683	25,885	40,781
Total net position	**$ 830,309**	$ 617,973	$ 63,908	$ 148,428	**$ 879,281**	$ 640,912	$ 100,963	$ 137,406

UNIVERSITY OF LOUISVILLE
It's Happening Here.

University of Louisville and Affiliated Corporations
A Component Unit of the Commonwealth of Kentucky
Statements of Revenues, Expenses and Changes in Net Position
Six Months Ended December 31, 2013 and 2012
(In Thousands)

	12/31/2013				12/31/12			
	Total	**UL**	**ULRF**	**ULAA**	**Total**	**UL**	**ULRF**	**ULAA**
OPERATING REVENUES								
Student tuition and fees, net of scholarship allowance of $35,276 in 2013 and $33,927 in 2012	**$ 222,382**	$ 222,382			**$ 206,312**	$ 206,312		
Clinical services and practice plans	**100,843**	4,814	$ 96,029		**94,087**	1,678	$ 92,409	
Federal grants and contracts	**30,074**	(157)	30,231		**33,745**	937	32,808	
State and local grants and contracts	**3,539**	6	3,533		**3,496**	1	3,495	
Nongovernmental grants and contracts	**4,960**	25	4,935		**3,279**	16	3,263	
Sales and services of educational departments	**5,785**	5,801	(16)		**5,638**	5,655	(17)	
Facilities and administrative cost recoveries	**10,798**	-	10,798		**12,208**	-	12,208	
Auxiliary enterprises, net of discount of $773 in 2013 and $757 in 2012	**9,709**	9,709	-		**9,389**	9,389	-	
Intercollegiate athletics	**40,361**	-	-	$ 40,361	**38,674**	-	-	$ 38,674
Other operating revenues	**2,144**	1,709	435	-	**2,199**	1,751	448	-
Total operating revenues	**430,595**	244,289	145,945	40,361	**409,027**	225,739	144,614	38,674
OPERATING EXPENSES								
Instruction	**136,468**	79,861	56,607	-	**128,243**	76,097	52,146	-
Research	**56,982**	12,784	44,198	-	**59,195**	12,650	46,545	-
Public service	**40,080**	5,720	34,360	-	**39,363**	5,353	34,010	-
Academic support	**47,619**	26,139	21,480	-	**41,564**	25,247	16,317	-
Student services	**13,802**	13,794	8	-	**13,582**	13,574	8	-
Institutional support	**27,138**	26,726	412	-	**24,968**	24,675	293	-
Operation and maintenance of plant	**29,359**	28,264	1,095	-	**26,105**	24,730	1,375	-
Scholarships and fellowships	**19,174**	(824)	19,998	-	**17,649**	(2,137)	19,786	-
Auxiliary enterprises	**4,110**	4,110	-	-	**4,618**	4,618	-	-
Intercollegiate athletics	**38,920**	(3,677)	-	42,597	**37,389**	(944)	-	38,333
Depreciation and amortization	**25,542**	19,191	4,185	2,166	**24,867**	18,422	4,363	2,082
Total operating expenses	**439,194**	212,088	182,343	44,763	**417,543**	202,285	174,843	40,415
Operating (loss)/income	**(8,599)**	32,201	(36,398)	(4,402)	**(8,516)**	23,454	(30,229)	(1,741)
NONOPERATING REVENUES (EXPENSES)								
State appropriations	**81,713**	81,713	-	-	**78,476**	78,476	-	-
Gifts	**21,304**	212	745	20,347	**21,219**	54	1,002	20,163
Nonexchange grants and contracts	**20,370**	-	20,370	-	**19,770**	1	19,769	-
Investment income	**640**	608	-	32	**945**	840	-	105
Realized and unrealized gain/(loss) on investments	**1,849**	-	-	1,849	**1,194**	-	(14)	1,208
Interest on capital asset-related debt	**(5,850)**	(4,395)	-	(1,455)	**(6,198)**	(4,829)	-	(1,369)
Other nonoperating revenues	**121**	105	16	-	**233**	232	1	-
Net nonoperating revenues	**120,147**	78,243	21,131	20,773	**115,639**	74,774	20,758	20,107
Income/(loss) before other revenues, expenses, gains and losses	**111,548**	110,444	(15,267)	16,371	**107,123**	98,228	(9,471)	18,366
Capital gifts	**10,248**	-	-	10,248	**2,308**	26	-	2,282
Net assets transferred from/(to) University of Louisville Foundation, Inc.	**3,828**	9,235	(8,366)	2,959	**473**	3,838	(2,882)	(483)
Total other revenues/(expenses)	**14,076**	9,235	(8,366)	13,207	**2,781**	3,864	(2,882)	1,799
Increase/(decrease) in net position	**125,624**	119,679	(23,633)	29,578	**109,904**	102,092	(12,353)	20,165
NET POSITION								
Net position-beginning of year	**704,685**	498,294	87,541	118,850	**769,377**	538,820	113,316	117,241
Net position-end of period	**$ 830,309**	$ 617,973	$ 63,908	$ 148,428	**$ 879,281**	$ 640,912	$ 100,963	$ 137,406

University of Louisville
Financial Statement Highlights
Six Months Ended December 31, 2013

Statements of Net Assets:

The University remains in a strong position, with assets of $1.3 billion and net assets of $830 million.

- Assets:
  - Current assets decreased $60 million due to decreased cash and cash equivalents of $51 million. At December 31, 2012 the University held $18 million in cash related to FICA refunds for former residents. These payments were made to the residents in April 2013. Additionally, the integration of clinical departments into the University of Louisville Physicians, Inc., combined with significant contract delays with one of our affiliated hospitals, contributed the decrease in cash on the Research Foundation.

  - Restricted cash and cash equivalents decreased $23 million due to the use of funds related to capital projects. The most significant capital project was the Student Recreation Center, with expenses of $22 million since December 2012.

- Liabilities and Deferred Inflows:
  - Current liabilities decreased due to the $18 million payout of FICA refunds to the students and the recognition of $12 million of the related employer portion made in April 2013.

  - Other long-term liabilities increased $14 million due to the $11 million of voluntary separation incentive payments accrued at the end of fiscal year 2013 and the $3 million increase in the other post-employment benefits liability.

  - Deferred inflows primarily represent future cash inflows from the service concession arrangement with Sodexo, the University's food service provider. The decrease in the prior year relates to the current year recognition of revenue.

- Net Assets:
  - A comparison of the $141.4 and $186.3 million in Unrestricted Net Assets as of December 31, 2013 and 2012 respectively, is as follows:

	2013	2012
General Funds	$ 97.0	$ 111.5
Invested with UL Foundation, Inc.	29.3	29.6
IRIG/RIF	12.2	13.9
Auxiliary	10.8	6.3
Athletics	7.7	11.2
Service Centers	5.1	5.5
Other Research Funds	0.2	1.0
Clinical	(19.1)	12.8
Deficit Restricted Net Assets	(1.8)	(5.5)
Total	**$ 141.4**	**$ 186.3**

University of Louisville
Financial Statement Highlights
Six Months Ended December 31, 2013

Statement of Revenues, Expenses, and Changes in Net Assets

- The University recognized an increase in total net assets of $126 million during the six months ended December 31, 2013, as compared to $110 million in the prior year.

  - Operating Revenues and Expenses:
    - Revenues increased $22 million, or 5%, over the same period in the prior year. The majority of the increase relates to a $16 million increase in tuition due to increased rates and increased class size.

    - Expenses also increased $22 million to $439 million in total, an increase of 5% over the prior year. The most significant change was the $6 million increase in salary expense, related to the 4% permanent salary increase for staff and faculty. Additionally, employee benefit expense increased $3.5 million due primarily to a $1 million increase in tuition remission benefits for staff and dependents.

  - Nonoperating Revenues and Expenses:
    - Capital gifts increased $8 million over the prior year due to significant gifts to the Mark and Cindy Lynn Soccer Stadium and Athletic Academic Center.

    - Transfers from the University of Louisville Foundation, Inc. increased $3 million as compared to the prior year. During fiscal year 2014, the Foundation transferred $2 million from the Tax Increment Financing revenue to support the salary initiatives of the University.

University of Louisville
General Funds
Budget vs. Actual
Six Months Ended December 31, 2013

	Annual Budget	Actual	Variance to Budget	Percent of Variance to Budget
REVENUES				
State appropriations	$ 164,186	$ 92,102	$ 72,084	44%
Tuition and fees	276,542	257,554	18,988	7%
Clinical	13,861	4,814	9,047	65%
Sales and services	3,472	1,815	1,657	48%
Auxiliary	14,667	11,350	3,317	23%
Facilities and administrative cost recoveries	11,581	3,977	7,604	66%
Interest income	3,518	634	2,884	82%
Other revenue	16,081	7,439	8,642	54%
Total revenue	503,908	379,685	124,223	25%
EXPENSES				
Instruction	176,800	81,046	95,754	54%
Research	34,028	14,392	19,636	58%
Public service	10,677	5,508	5,169	48%
Academic support	65,273	30,758	34,515	53%
Student services	30,127	14,002	16,125	54%
Institutional support	66,418	31,341	35,077	53%
Operations and maintenance	51,077	24,532	26,545	52%
Scholarships and fellowships	56,532	32,279	24,253	43%
Auxiliary	9,937	4,236	5,701	57%
Service centers	1,753	(2,290)	4,043	231%
Debt service	22,901	12,977	9,924	43%
Hospital	18,983	10,376	8,607	45%
Total expenses	544,506	259,157	$ 285,349	52%
Net (decrease)/increase	$ (40,598)	$ 120,528		

University of Louisville
General Funds
Budget vs. Actual Analysis
For the Six Months ended December 31, 2013

REVENUES

- Overall revenues are on budget, with 75% of budgeted revenue recognized as of December 31, 2013. This is slightly more than the expected 50% due to the cyclic nature of tuition revenue.

- Tuition revenue – Approximately 93% of tuition and fee budgeted revenue has been recognized. This is due to the fact that Fall and Spring tuition comprise approximately 92% of total tuition, and as of December 31, 2013, both semesters have been billed and recognized as revenue.

- Auxiliary revenue – Due to the same billing cycles as tuition, Housing has recognized the majority of their revenue by December 31. Thus, 77% of total auxiliary revenues have been recognized.

EXPENSES

- Overall expenses match closely with budget as there is 52% of the budget remaining for the remainder of the year.

- Service Centers – The service centers have offset their expenses with approximately $11 million in charges to other departments. Information technology charges all units for the entire fiscal year's normal services at the beginning of each fiscal year.

ACADEMIC AND STUDENT AFFAIRS COMMITTEE
UNIVERSITY OF LOUISVILLE BOARD OF TRUSTEES

March 6, 2014

Jefferson Room
Grawemeyer Hall

			Tab
I.	Call to Order	Henderson	
	• Approval of Minutes, 10-10-2013		1
II.	Report of the SGA President	Mattingly	
III.	Louisville Night in Frankfort: Legislative Update	Mayton	
IV.	Adjournment	Henderson	

Committee Members:
Bruce Henderson, Chair
Carrie Mattingly
Emily Bingham
Kevin Cosby
Debbie Scoppechio
Joe Steffen
Phoebe Wood

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

October 10, 2013

Members of the Academic & Student Affairs Committee of the University of Louisville Board of Trustees met at 1:00 p.m. on Thursday, October 10, 2013, in the Jefferson Room of Grawemeyer Hall, Belknap Campus, with members present and absent as follows:

Present: Mr. Bruce Henderson, Chair
Ms. Carrie Mattingly, Vice Chair
Dr. Emily Bingham
Ms. Debbie Scoppechio
Dr. Joe Steffen

Absent: Dr. Kevin Cosby
Ms. Phoebe Wood

Other Trustees
Present: Mr. Robert P. Benson
Mr. Ron Butt
Dr. Laurence Benz
Mr. Stephen Campbell
Mr. Douglas Hall
Dr. Robert Curtis Hughes
Ms. Angela Lewis-Klein
Ms. Brucie Moore
Mr. Robert W. Rounsavall, III

Fr From the
University: Dr. James R. Ramsey, President
Dr. Shirley Willihnganz, Executive Vice President and Provost
Dr. David Dunn, EVP for Health Affairs
Dr. William Pierce, EVP for Research and Innovation
Ms. Angela D. Koshewa, University Counsel
Mr. Jason Tomlinson, Asst.Vice President for Finance
Dr. Tom Jackson, Vice President for Student Affairs
Mr. Keith Inman, Vice President for University Advancement
Mr. Sam Connally, Vice President for Human Resources
Dr. Priscilla Hancock, Vice President for Information Technology
Mr. Dale Billingsley, Vice Provost
Ms. Becky Simpson, Senior Assoc. VP, Communications and Marketing
Ms. Susan Howarth, Director of Budget, Vice President for Finance
Mr. Mitchell Payne, Asst. Vice President for Business Affairs
Ms. Anne Rademaker, Manager, General Accounting and Reporting
Dr. Michael Mardis, Dean of Students

Ms. Jenny Sawyer, Executive Director of Admissions
Mrs. Kathleen Smith, Assistant Secretary
Mr. Jake Beamer, Board Liaison

Guests: Mr. Camero Neblitt
Ms. Katy Ashby

I. Call to Order

Having determined a quorum present, Chair Henderson called the meeting to order at 1:00 p.m.

Approval of Minutes May 23, 2013

Dr. Steffen made a motion, which Ms. Scoppechio seconded, to approve the minutes of May 23, 2013. The motion passed.

II. Information Item: Student Recruitment

Provost Willihnganz introduced Ms. Jenny Sawyer, Executive Director of Admissions, who thanked the Board for the opportunity to speak. She introduced two students, Katie Ashby, a sophomore in Mechanical Engineering, and Camero Neblitt, a senior Finance major. Both students discussed their respective student experiences and shared their appreciation for what the University has allowed them to achieve.

Ms. Sawyer briefed the Board on undergraduate freshmen recruitment and discussed how freshman class numbers have changed over the last ten years: increased competition; expounded on the use of multichannel communication; expected higher student performance; required currency with technology; enhanced recognition beyond Kentucky; increased programming for college awareness; and demand for more financial counseling.

She indicated significant growth, with nearly 200 more students admitted than the previous year. 86% of freshman class entered the University as college-ready for English and Math.

Provost Willihnganz and Ms. Sawyer fielded questions from the Board.

Chair Henderson thanked Ms. Sawyer, Provost Willihnganz, and the two student guests for their presentations and discussions.

This item was for informational purposes only, and no action was taken.

III. Information Item: Report of the SGA President

SGA President Mattingly discussed proposals to update Strickler Hall, increase the 24 hour spaces in the library or in the SAC with renovations, and the establishment of a sustainable student lobbying program in which students go to Frankfort and speak to legislators on a monthly basis.

Ms. Mattingly concluded her report by briefing the Board on the efforts of the 21st Century Student Committee, which is working in conjunction with the administrative committee, to continue the University's upward trajectory.

Chair Henderson thanked Ms. Mattingly for her report. This report was for informational purposes only, and no action was taken.

IV. Adjournment

Dr. Steffen made a motion, which Dr. Bingham seconded, to adjourn the meeting at 1:49p.m. The motion passed.

PERSONNEL COMMITTEE OF THE BOARD OF TRUSTEES
UNIVERSITY OF LOUISVILLE

March 6, 2014

Jefferson Room
Grawemeyer Hall

Open Session Agenda

			Tab
I.	Call to Order	Lewis-Klein	
	• Approval of Minutes, 2-13-2014		1
II.	Executive Session		
	• Motion to recess to discuss potential litigation and personnel matters pursuant to KRS 61.810(1)(c) and (f)	Lewis-Klein	
III.	Open Meeting Reconvenes	Lewis-Klein	
	• Report on Executive Session		
	• Appropriate action, if any		
IV.	Adjournment		

Committee Members
Doug Hall, Chair
Angela Lewis-Klein, Vice Chair
Marie Abrams
Emily Bingham
Robert Rounsavall
Joe Steffen
Steve Wilson

MINUTES OF THE PERSONNEL COMMITTEE OF THE
UNIVERSITY OF LOUISVILLE BOARD OF TRUSTEES

February 13, 2014

In Open Session

Members of the Personnel Committee of the University of Louisville Board of Trustees met at 1:00 p.m. on February 13, 2014, in the Jefferson Room of Grawemeyer Hall, Belknap Campus, with members present and absent as follows:

Present: Mr. Douglas Hall, Chair
Ms. Angela Lewis-Klein, Vice Chair
Mrs. Marie Abrams
Dr. Emily Bingham
Mr. Robert W. Rounsavall, III
Dr. Joe Steffen
Mr. Steve Wilson

Other Trustees
Present: Mr. Robert P. Benson
Dr. Laurence Benz
Mr. Jonathan Blue
Mr. Stephen Campbell
Dr. Kevin Cosby (arrived at 1:14 p.m.)
Mr. Bruce Henderson
Dr. Robert Curtis Hughes
Ms. Carrie Mattingly
Dr. Jody Prather
Ms. Phoebe Wood, via phone

From the
University: Dr. James R. Ramsey, President
Dr. Shirley Willihnganz, Executive Vice President and Provost
Dr. David Dunn, EVP for Health Affairs
Dr. William Pierce, EVP for Research and Innovation
Ms. Angela D. Koshewa, University Counsel
Mr. Jason Tomlinson, Associate Vice President for Finance, Interim CFO
Mr. Keith Inman, Vice President for University Advancement
Mr. Sam Connally, Vice President for Human Resources
Dr. Priscilla Hancock, Vice President for Information Technology
Dr Tom Jackson, Vice President for Student Affairs
Mr. Mark Hebert, Director of Media Relations
Ms. Becky Simpson, Senior Assoc. VP, Communications and Marketing
Ms. Susan Howarth, Assoc.VP for Finance and Business Affairs, Interim CFO
Mr. Mitchell Payne, Senior Assoc. Vice President for Business Affairs

Mr. John Drees, Assoc. VP, Communications and Marketing
Mrs. Kathleen Smith, Assistant Secretary
Mr. Jake Beamer, Board Liaison

I. Call to Order

Having determined a quorum present, Chair Hall called the meeting to order at 1:00 p.m.

Approval of Minutes, February 13, 2014

Ms. Abrams made a motion, which Dr. Steffen seconded, to approve the minutes of February 13, 2014. The motion passed.

II. Executive Session

Pursuant to KRS 61.810(1)(c) and (f), Dr. Steffen made a motion, which Ms. Lewis-Klein seconded, to go into executive session to discuss potential litigation and personnel matters. The motion passed.

III. Open Meeting Reconvenes

Chair Hall reconvened the open session at 2:05 p.m. The committee discussed potential litigation and personnel matters. Mrs. Abrams made a motion, which Dr. Steffen seconded, to approve the

President's recommendation that the following appointments be approved:

COLLEGE OF EDUCATION AND HUMAN DEVELOPMENT

Richard Scott Balkin, Ph.D., University of Arkansas; Professor with Tenure and additional appointment as Chair, Department of Educational and Counseling Psychology, August 1, 2014. The additional appointment as Chair is at the pleasure of the Board of Trustees.

SCHOOL OF MEDICINE

Swapna K. Chandran, M.D., Assistant Professor (Probationary), Department of Surgery (Otolaryngology) and Associate in Pediatrics; additional appointment as the Louisa Bumgardner Professorship in Otolaryngology, March 1, 2014. The additional appointment as the Louisa Bumgardner Professor in Otolaryngology is at the pleasure of the Board of Trustees.

Amy R. Quillo, M.D., Assistant Professor (Probationary), Department of Surgery (Surgical Oncology); additional appointment as the Kenneth F. Von Roenn, M.D. Family Chair in Surgical Endocrinology, March 1, 2014. The

additional appointment as the Kenneth F. Von Roenn, M.D. Family Chair in Surgical Endocrinology is at the pleasure of the Board of Trustees.

Jason W. Smith, M.D., Ph.D., FACS, Assistant Professor (Probationary), Department of Surgery (General Surgery); additional appointment as the Dr. Hiram C. Polk, Jr. and Mrs. Lily Banerjee Chair in Surgery, March 1, 2014. The additional appointment as the Dr. Hiram C. Polk, Jr. and Mrs. Lily Banerjee Chair in Surgery is at the pleasure of the Board of Trustees.

COLLEGE OF ARTS AND SCIENCES

Brian Leung, M.F.A., promotion from Associate Professor to Professor of English, July 1, 2014.

The motion passed.

Dr. Steffen made a motion, which Mrs. Abrams seconded, to approve the

President's recommendation that the Board of Trustees approve the attached position descriptions for the

- **Senior Vice President for Finance and Administration/Chief Operating Officer (SVP/COO)**
- **Vice President for Strategy and General Counsel**

The motion passed.

IV. Adjournment

Dr. Bingham made a motion, which Mr. Rounsavall seconded, to adjourn the meeting at 2:02 p.m. The motion passed.