

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

In Open Session

Members of the Finance Committee of the University of Louisville Board of Trustees met on Thursday, March 3, 2011, at 1:15 p.m., in the Jefferson Room, Grawemeyer Hall, Belknap Campus, with members present and absent as follows:

Present: Dr. William Selvidge, Vice Chair, Presiding
Ms. Sana Abhari
Mr. Ron Butt
Mr. Frank Minnifield
Ms. Phoebe Wood

Absent: Judge Rebecca Jackson, Chair
Ms. Augusta Brown Holland

Other Trustees

Present: Mr. Brent Fryrear
Dr. Salem George
Dr. Robert Curtis Hughes
Dr. Mark Lynn
Ms. Brucie Moore
Mr. Robert Rounsavall, III
Dr. Robert Staat

Guests: Mr. Brian Lavin, NTS
Mr. Neil Mitchell, NTS
Ms. Rose Tafel, NTS

From the

University: Dr. James R. Ramsey, President
Dr. Shirley Willihnganz, Executive Vice President and Provost
Dr. William Pierce, Interim Executive Vice President for Research
Ms. Angela D. Koshewa, University Counsel
Mr. Mike Curtin, Vice President for Finance
Mr. Sam Connally, Vice President for Human Resources
Dr. Priscilla Hancock, Vice President for Information Technology
Ms. Susan Howarth, Director of Budgets
Ms. Anne Rademaker, CPA, Director of Financial Reporting and University Accounting
Mr. John Drees, Assoc. VP, Communications & Marketing
Mr. Glenn Bossmeyer, Associate University Counsel
Mr. Gary Mans, Director, HSC Communications & Marketing
Mr. Mark Hebert, Director, Media Relations

Ms. Cindy Hess, Director of Communications
Ms. Carolyn Cochran, Assistant to the Provost
Mrs. Kathleen M. Smith, Assistant Secretary
Ms. Trisha Smith, Director of Special Programs
Ms. Debbie Dougherty, Board Liaison

I. Call to Order

Having determined a quorum present, Vice Chair Selvidge called the meeting to order at 1:15 p.m.

Approval of Minutes, January 13, 2011

Mr. Minnifield made a motion, which Ms. Wood seconded, to approve the minutes of January 13, 2011. The motion passed.

II. Information Item: Proposal for School of Medicine Professional Practice Plan Revisions

Executive Vice President Cook stated that a professional practice plan is crucial to the School of Medicine in order to maintain faculty excellence in teaching, research and clinical services, and to monitor faculty performance in academic duties. He said the current Professional Practice Plan (the “Plan”) was adopted by the Board of Trustees on December 17, 1991. The Board has amended it modestly several times since then. The Plan continues to rely on a diversified group of practice groups (in many cases including multiple practice groups in a single clinical department), and this method of operation is increasingly cumbersome. Since 2008, a working group of the faculty, including the Chairs of the School of Medicine Clinical Departments, has worked on amendments to organize the practice groups more effectively. The group explored several other practice models by visiting various selected medical schools. The faculty of the School of Medicine approved the adoption of the proposed amendments in December, 2010.

Dr. Cook said the major change will reorganize the multiple practice groups currently approved by the Plan into a single practice group for each Clinical Department in the School of Medicine, which will function as a subsidiary of the University of Louisville Physicians, Inc. (ULP). This revised plan allows the physicians to operate as an integrated multispecialty group practice. Certain technical changes must take place in the current Plan to conform to this new organizational structure, and to assure the types of revenue paid into the Dean’s Fund do not change. Dr. Cook reviewed the next steps for implementation. Vice Chair Selvidge noted this presentation was for information purposes today and no action was required.

III. Action Item: Approval of Capital Construction Project: Miller IT Roof Replacement

Vice President Owsley explained the roof on Miller Information Technology Center is 19 years old and has several leaks. Ms. Abhari made a motion, which Ms. Wood seconded to approve the

President's recommendation that the following project be approved:

<u>PROJECT:</u>	<u>ESTIMATED COST:</u>	<u>FUND SOURCE:</u>
Miller Information Technology: Roof Replacement	\$490,000	Plant Funds

The motion passed.

IV. Information Item: Interim Financial Statements for Period Ending December 31, 2010

Vice President Curtin reviewed the interim financial statements, noting the University had an increase in total assets of \$103 Million during the six months ended December 31, 2010, as compared to a \$102 Million increase for the same period in the prior fiscal year. Vice President Curtin's report included the following highlights:

- Revenues increased \$28 Million, or 8%, mainly from an increase in intercollegiate revenue of \$14 Million. This increase was due to a higher number of suites and other seats available for both the basketball and football programs in the upgraded facilities. Additionally, tuition revenue increased \$14 Million due to increased tuition rates.
- Expenses increased \$18 Million, or 5%, due mainly to increases in instructional expense and research expense. These increases reflect the University's use of resources for strategic initiatives.
- State appropriations decreased \$9 Million, or 10%, in accordance with the schedule from the Commonwealth. The budget cut related to the \$11 Million state fiscal stabilization funds for fiscal year 2010 was spread among all four quarters.
- Gifts increased due to additional Cardinal Athletic Fundraising related to additional seats in the arena and stadium. Capital gifts decreased because two large gifts toward the Papa John's Cardinal Stadium Expansion were received in August 2009.

Vice President Curtin concluded his report stating overall revenues are on budget with 72% of budgeted revenue recognized as of December 31, 2010. This is slightly more than the expected 50% due to the cyclic nature of tuition receipts. Overall expenses match closely with budget and there is 51% of the budget remaining for the remainder of the year. Pointing out this was for information purposes, Vice Chair Selvidge thanked Vice Curtin for his report.

V. Information Item: Update on Shelby Campus

President Ramsey recounted the historical use of Shelby Campus. Kentucky Southern College was a Baptist-affiliated college operating from 1962 to 1969. The school opened initially on the campus of the Southern Baptist Theological Seminary, moving to Shelby Campus in 1963. Due to financial reasons, the institution closed in 1969, and the University of Louisville purchased its land and buildings, which now constitute UofL's Shelby Campus. The University had reviewed possible options for use of this land before deciding to enter into an agreement with NTS for development of the new building under construction. The building will preliminarily be called 600 North (because its address is on North Hurstbourne Parkway) in order to allow a major tenant the option to name the building.

President Ramsey noted the UofL Foundation serves as the master developer of the property through its UofL Development Company. The rents coming back to the University through the Foundation would come from a 51 (UofL) 49 (NTS) split. NTS is investing the same amount of money as the UL Foundation. The President further stated the Foundation is being paid for the use of the land. NTS will receive some fees for overseeing the development of the first building. President Ramsey called upon Brian Lavin, CEO and Chair of NTS.

Mr. Lavin referred to the renderings, which very closely resemble the final look of the building. The multi-tenant four-story building is expected to be completed on budget and on time. People driving along Hurstbourne Parkway will see the building going up this week. Vice Chair Selvidge thanked President Ramsey and Mr. Lavin for an excellent update.

VIII. Adjournment

Mr. Minnifield made a motion, which Ms. Abhari seconded, to adjourn the meeting at 2:20 p.m. The motion passed.

Approved



Asst. Secretary